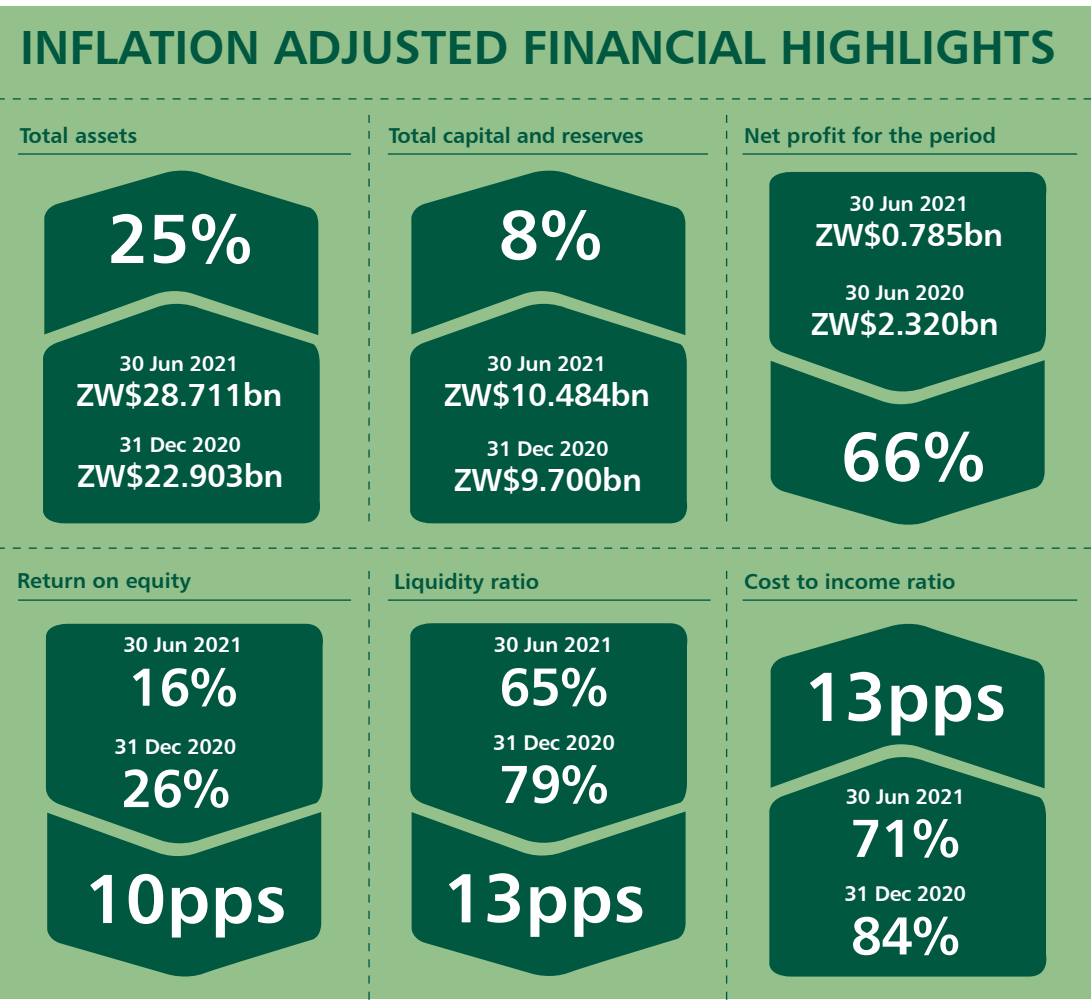




ZB FINANCIAL HOLDINGS LIMITED

Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021



pps - percentage points

CHAIRMAN’S STATEMENT

Operating environment:
The COVID-19 health and social pandemic remained an albatross on the neck for world economies as they attempted to chart a sustainable course to recovery following a contraction in 2020 estimated by the International Monetary Fund (IMF) in their January 2021 World Economic Outlook Update at 3.5%. In the period under review, Zimbabwe, like many other countries, grappled with the effects of a second and third wave of the pandemic, with each subsequent wave characterised by a more rapid rate of infections and increased morbidity and mortality. Consequently, the country endured heightened lock-down measures as the Government took measures to limit the spread of the virus. The restrictive measures, whilst having a negative impact on business, combined with the national vaccination program rolled out by Government resulted in a vastly improved health environment.

Cost pressure remained high, with year-on-year inflation closing the period at 106.64% in June 2021, having improved from a high of 362.63% in January 2021. General prices increased by an average of 3.19% over the six-month period. The improved inflation trend is largely attributed to the continued stability observed on the Foreign Exchange Auction Trading System which saw the local currency depreciating against the United States by only 4% between December 2020 and June 2021, closing at ZWL85.4234:USD1.

Group Performance:
Despite the challenges in the macroeconomic environment, the Group posted a profitable outturn, which is detailed by the Group Chief Executive in his report.

Capital Requirements:
As at 30 June 2021, all Group companies were in compliance with prescribed minimum capital requirements. The Group remains confident that it will continue to meet the new minimum capital requirements for banking operations, which come into effect from 31 December 2021. This will be achieved mainly through the planned merger of the banking operations within the Group, being ZB Bank Limited and ZB Building Society.

Dividends:
The Board has not declared a dividend for the period under review.

Directorate:
Messrs Peter B. Nyoni and Alexio Z. Mangwiro resigned from the Board on 16 July 2021 and 30 July 2021 respectively. Messrs Sydney T. Bvurere and Olatunde Akerere resigned from the Board on 3 May 2021. Mr Ronald Mutandagayi resigned as Group Chief Executive from the Board and Company on 31 May 2021. On behalf of the Board, I extend gratitude for their service and wish them success in their future endeavours.

Executive appointments:
Mr. Shepherd T. Fungura was appointed as the substantive Group Chief Executive Officer with effect from 1 August 2021. I welcome Shepherd to the Group and wish him success in his career with the Group.

Outlook:
The Government of Zimbabwe revised the forecast for the growth of the economy in 2021 from 7.4% to 7.8% regardless of the debilitating effects of COVID-19. This projection is underpinned by anticipated recovery across all sectors, with agriculture projected to achieve a record 34% growth in 2021.

In the outlook, Government is projecting a growth forecast of 5.4% in 2022, underpinned by resurgence in the productive sectors of the economy, improvement in the energy situation, as well as significant progress towards taming the COVID-19 pandemic particularly through heightened roll out of the national vaccination program, among other factors.

The chances of attaining the growth projections for 2021 and 2022 have been enhanced by the injection of US\$961 million into the economy from the IMF Special Drawing Rights (SDRs).

The Group will continue to be cautiously optimistic and stands ready to support and partner with the Government in initiatives to resuscitate the economy, including inter alia sustainable infrastructure development, retooling and capacitating the productive sectors and promoting financial inclusion. Focus will continue to be placed on the preservation of the capital and asset base from value erosion attendant to inflation, as well as building digital capacities for customer service delivery in a sustainable and cost-effective manner.

Conclusion:
I wish to extend my appreciation to all our stakeholders, for the support and commitment to the ZBFH Group. I am greatly indebted to Board colleagues, management and staff, for their varied contributions during the period under review.

P. Chiromo
Chairman

15 September, 2021

GROUP CHIEF EXECUTIVE’S REPORT

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

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

Performance Outturn:
The Group recorded a 29.8% decline in total income from ZW\$4.128bn for the period to 30 June 2020 to ZW\$2.897bn for the comparable period to 30 June 2021. The decline in revenue performance was mainly underpinned by a 67% decrease in fair value credits, from ZW\$1.571bn in 2020 to ZW\$0.519bn in 2021 and an 80% decline in other operating income from ZW\$1.706bn in 2020 to ZW\$0.336bn in 2021.

Net interest income rose by 148.6%, from ZW\$0.366bn in 2020 to ZW\$0.909bn in 2021, whilst banking commissions and fees also rose in real terms by 115.6%, from ZW\$0.533bn in 2020 to ZW\$1.15bn in 2021.

Loan impairment charges to the income statement rose from ZW\$0.164bn in 2020 to ZW\$0.256bn in 2021.

Net insurance related earnings rose from ZW\$0.116bn in 2020 to ZW\$0.239bn in 2021, on the back of a favourable claims experience. Gross premiums increased by 18.4% from ZW\$0.592bn in 2020 to ZW\$0.701bn in 2021, whilst there was a 3.1% decrease in insurance related expenses from ZW\$0.477bn to ZW\$0.462bn during the same period.

Operating costs increased by 73.5% from ZW\$1.180bn in 2020 to ZW\$2.048bn in 2021, largely as a result of the catch-up adjustment on the cost base in tandem with the inflation profile.

The cost to income ratio improved from 84% in 2020 to 71% in 2021. The Group continues to monitor the sustainability of its operations, especially in light of continued upward pressure on the cost base exerted by the inflationary environment.

Profit from ordinary activities declined by 71.2% from ZW\$2.948bn in 2020 to ZW\$0.849bn in 2021.

An increased transfer to the life fund of ZW\$0.226bn, compared to ZW\$0.028bn in 2020 was made, underpinned by sustained strong performance of the underlying assets.

The Group earned ZW\$0.357bn as its share of profits reported by its associate companies for 2021, compared to a loss of ZW\$0.234bn in 2020. The share of profits from associates continues to be driven mainly 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 of ZW\$0.785bn in 2021, representing a 66.2% decline from the ZW\$2.320bn attained in 2020.

Meanwhile, the Group’s total assets increased by 25.4% in real terms, from ZW\$22.903bn as at 31 December 2020 to ZW\$28.711bn as at 30 June 2021.

Deposits and other related funding account balances grew by 45.8%, from ZW\$8.578bn as at 31 December 2020 to ZW\$12.510bn as at 30 June 2021.

The Group maintained a comfortable liquidity margin of safety, with the ratio of liquid assets to customer deposits being 65.44% as at 30 June 2021, down from 78.9% reported on 31 December 2020. This compares favourably against a regulatory benchmark of 30%.

The Group’s total equity increased by 8.3%, from ZW\$9.7bn as at 31 December 2020 to ZW\$10.484bn as at 30 June 2021, driven mainly by the positive performance for the period.

Operations Review:

Banking Operations:
ZB Bank Limited posted a profit of ZW\$0.506bn for the six months to 30 June 2021, 66.4% down from ZW\$1.504bn in the corresponding period in 2020. This was mainly on the back a 72.7% increase in operating expenses from ZW\$0.976bn in 2020 to ZW\$1.686bn in 2021.

The Bank’s total assets stood at ZW\$19.769bn as at 30 June 2021, from ZW\$15.006bn as at 31 December 2020.

ZB Building Society posted a profit of ZW\$0.066bn in 2021, 73% down from ZW\$0.243bn in 2020. The Society’s total assets stood at ZW\$1.639bn as at 30 June 2021, from ZW\$1.35bn as at 31 December 2020.

The banking operations have continued to leverage on established strategic partnerships to drive performance and will widen this base going forward.

Insurance Operations:
ZB Reinsurance Limited posted a profit of ZW\$0.1bn for the first six months in 2021 compared to ZW\$0.266bn in the corresponding period 2020. Its total assets increased in real terms from ZW\$1.013bn as at 31 December 2020 to ZW\$1.129bn.

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

ZB Life Assurance Limited posted a profit of ZW\$0.21bn in the first six months to 30 June 2021, compared to ZW\$0.09bn in the corresponding period in 2020. Its total assets increased in real terms from ZW\$3.93bn as at 31 December 2020 to ZW\$4.378bn as at 30 June 2021.

The company has rolled out interesting products including the funeral service facility, which is being offered as an add-on to its bouquet of services.

Other Strategic Operations:
The Group, through its investment banking unit, ZB Capital (Private) Limited, continues to offer fund-raising and advisory services to a wide range of partners, including but not limited to Government, State-Owned Enterprises and the private sector.

Internal Processes:
The Group is progressing the digitalisation agenda in order to enhance its operational efficiencies and most importantly, offer improved service delivery to its customers.

Appreciation:
I would like to express my appreciation to our valued customers for their continued support.

I also extend my gratitude to staff and the management team for their contributions to the performance outturn during this review period.

Finally, I remain grateful to the Board for its invaluable oversight.

S. T. Fungura
Group Chief Executive

15 September, 2021



ZB FINANCIAL HOLDINGS LIMITED

Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021

AUDITOR'S STATEMENT

These condensed consolidated inflation adjusted interim financial results of ZB Financial Holdings Limited and its subsidiaries, incorporating the following condensed inflation adjusted interim financial results for ZB Bank Limited, ZB Building Society, ZB Life Assurance Limited and ZB Reinsurance Limited for the half year financial period ended 30 June 2021, have been reviewed by Messrs KPMG Chartered Accountants (Zimbabwe). An adverse review conclusion has been expressed for both ZB Financial Holdings Limited and ZB Life Assurance Limited's because of non-compliance with International Accounting Standard 28, *Investments in Associates and Joint Ventures, IAS 8, Accounting policies, Changes in Accounting Estimates and Errors* and IFRS 13 *Fair Value Measurement*, whilst unmodified review conclusions have been expressed for ZB Bank Limited, ZB Building Society and ZB Reinsurance Limited. A copy of the auditor's review conclusion is available for inspection at the ZB Financial Holdings' registered office. The engagement partner for this review is Michael de Beer (PAAB Practising Certificate Number 0369).

CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM STATEMENT OF FINANCIAL POSITION As at 30 June 2021				
Notes	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
ASSETS				
Cash and cash equivalents	6 985 981 279	6 139 030 851	6 985 981 279	5 086 686 008
Treasury bills	1 200 308 690	625 302 767	1 200 308 690	518 114 164
Mortgages and other advances	6 382 953 754	3 798 472 833	6 382 953 754	3 147 343 462
Financial asset at fair value through profit or loss	1 857 697 607	1 148 958 381	1 857 697 607	952 005 400
Financial assets held at amortised cost	46 164 336	55 714 916	46 164 336	46 164 336
Investments in associates	4 162 433 236	3 811 652 688	3 654 629 490	2 902 113 354
Inventories	216 474 571	61 417 234	42 760 326	36 230 398
Trade and other receivables	1 462 791 605	731 566 782	1 462 791 605	606 162 537
Investment properties	2 684 849 294	2 628 586 860	2 224 615 851	2 177 997 851
Right of use assets	99 860 834	79 936 705	66 700 654	66 234 057
Property and equipment	3 370 389 739	3 561 927 627	2 779 649 328	2 951 346 535
Intangible assets	240 791 544	260 022 403	27 670 283	28 389 024
Total assets	28 710 696 489	22 903 495 047	26 731 923 203	18 518 787 126
LIABILITIES				
Deposits and other accounts	12 510 431 827	8 578 256 846	12 510 431 827	7 107 782 993
Trade and other payables	2 314 608 696	1 424 945 667	2 314 608 696	1 180 683 296
Current tax liabilities	348 917 977	111 978 938	348 917 977	92 783 651
Deferred tax liabilities	526 336 752	670 867 486	426 926 995	498 499 777
Lease liabilities	73 107 113	83 971 911	73 107 113	69 577 553
Long term borrowings	16 544 155	19 479 850	16 544 155	16 140 639
Life assurance funds	2 245 912 870	2 020 026 521	2 245 912 870	1 673 756 150
Offshore borrowings	190 515 971	293 521 765	190 515 971	243 206 638
Total liabilities	18 226 375 361	13 203 048 984	18 126 965 604	10 882 430 697
EQUITY				
Share capital	87 753 501	87 753 501	1 751 906	1 751 906
Share premium	1 356 529 999	1 356 529 999	27 081 696	27 081 696
Other components of equity	2 409 379 273	2 410 032 583	2 409 802 293	2 410 826 591
Retained income	4 984 163 226	4 342 449 037	4 673 634 814	3 844 673 945
Functional currency translation reserve	-	-	101 292 105	101 292 105
Attributable to equity holders of parent	8 837 825 999	8 196 765 120	7 213 562 814	6 385 626 243
Non-controlling interests	1 646 495 129	1 503 680 943	1 391 394 785	1 250 730 186
Total equity	10 484 321 128	9 700 446 063	8 604 957 599	7 636 356 429
Total equity and liabilities	28 710 696 489	22 903 495 047	26 731 923 203	18 518 787 126
CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the half year ended 30 June 2021				
Notes	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	*Restated Reviewed 30 Jun 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	*Restated Unreviewed 30 Jun 2020 ZW\$
Interest and related income	1 102 278 532	418 820 941	1 033 337 017	124 815 443
Interest and related expenses	(193 584 234)	(53 245 387)	(184 345 525)	(15 336 613)
Net interest and related income	908 694 298	365 575 554	848 991 492	109 478 830
Loan impairment charges, net recoveries	(256 192 754)	(164 016 726)	(248 526 662)	(58 999 264)
Net income from lending activities	652 501 544	201 558 828	600 464 830	50 479 566
Gross insurance premium income	701 174 982	592 285 778	657 733 728	203 236 813
Total insurance expenses	(461 744 716)	(476 732 717)	(434 342 587)	(169 498 381)
Net insurance premium income	239 430 266	115 553 061	223 391 141	33 738 432
Commissions and fees	1 150 175 051	533 399 825	1 079 790 767	151 968 488
Other operating income	335 682 915	1 706 487 731	326 138 026	836 908 099
Fair value adjustments	518 961 587	1 571 199 885	696 335 798	1 761 560 155
Total income	2 896 751 363	4 128 199 330	2 926 120 562	2 834 654 740
Operating expenses	(2 047 737 295)	(1 180 401 502)	(1 866 586 034)	(361 273 620)
Profit from ordinary activities	849 014 068	2 947 797 828	1 059 534 528	2 473 381 120
Movement in life assurance funds	(225 886 349)	(27 717 764)	(572 156 719)	(282 053 348)
Share of associate companies' profit / (losses) net of tax	356 886 483	(233 857 456)	760 205 256	224 651 938
Net monetary gain or (loss)	19 796 400	(237 250 443)	-	-
Profit before taxation	999 810 602	2 448 972 165	1 247 583 065	2 415 979 710
Income tax expense	(215 282 229)	(129 306 172)	(277 957 597)	(51 140 733)
Net profit for the period	784 528 373	2 319 665 993	969 625 468	2 364 838 977
Profit attributable to: Owners of parent	641 714 189	2 144 190 419	828 960 869	1 826 180 460
Non-controlling interests	142 814 184	175 475 574	140 664 599	538 658 517
Profit for the period	784 528 373	2 319 665 993	969 625 468	2 364 838 977
Other comprehensive income: Items that will not be reclassified to profit or loss	-	525 605 149	-	829 716 919
Gains on property and equipment revaluation	-	525 605 149	-	829 716 919
Fair value (losses) / gains on financial assets at FVTOCI	(1 360 652)	10 085 265	(1 360 652)	4 880 502
Income tax relating to components of other comprehensive income	336 354	(31 479 134)	336 354	(45 851 879)
Other comprehensive income / (loss) for the period net of tax	(1 024 298)	504 211 280	(1 024 298)	788 745 542
Total comprehensive income for the period	783 504 075	2 823 877 273	968 601 170	3 153 584 519
Total comprehensive income attributable to: Owners of parent	640 689 891	2 640 050 934	827 936 571	2 597 264 886
Non-controlling interests	142 814 184	183 826 339	140 664 599	556 319 633
Total comprehensive income for the period	783 504 075	2 823 877 273	968 601 170	3 153 584 519
Earnings per share Basic and fully diluted earnings per share (ZW cents)	407	1 361	526	1 159

* The restatement is in respect of prior period error on revaluation of intangible assets (see note 8)

CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM STATEMENT OF CHANGES IN EQUITY For the half year ended 30 June 2021										
	Reviewed inflation adjusted								Total ZW\$	
	Share capital ZW\$	Share premium ZW\$	General reserve ZW\$	Property and equipment revaluation reserve ZW\$	Financial assets at FVTOCI ZW\$	Retained income ZW\$	Attributable to equity holders of parent ZW\$	Non controlling interests ZW\$		
30 June 2021										
Balance at 31 December 2020	87 753 501	1 356 529 999	15 854 950	2 396 341 852	(2 164 219)	4 342 449 037	8 196 765 120	1 503 680 945	9 700 446 065	
Changes in equity for 2021										
Profit or loss	-	-	-	-	-	641 714 189	641 714 189	142 814 184	784 528 373	
Profit for the period	-	-	-	-	-	641 714 189	641 714 189	142 814 184	784 528 373	
Other comprehensive income, net of tax	-	-	-	-	-	(1 024 298)	-	-	(1 024 298)	
Fair value loss on financial assets at FVTOCI	-	-	-	-	-	(1 024 298)	-	-	(1 024 298)	
Other movements	-	-	-	-	-	370 988	-	-	370 988	
Effects of monetary adjustments	-	-	-	-	-	370 988	-	-	370 988	
Balance at 30 June 2021	87 753 501	1 356 529 999	15 854 950	2 396 341 852	(2 817 529)	4 984 163 226	8 837 825 999	1 646 495 129	10 484 321 128	
30 June 2020										
Balance at 31 December 2019	87 752 809	1 356 519 302	15 854 950	2 026 872 623	107 458 987	3 020 548 644	6 615 007 315	1 539 911 708	8 154 919 023	
*Prior period error	-	-	-	(226 511 487)	-	(121 268 047)	(347 779 534)	128 550 916	(219 228 618)	
Restated balance 1 January 2020	87 752 809	1 356 519 302	15 854 950	1 800 361 136	107 458 987	2 899 280 597	6 267 227 781	1 668 462 624	7 935 690 405	
Changes in equity for 2020										
Profit or loss	-	-	-	-	-	2 144 190 419	2 144 190 419	175 475 574	2 319 665 993	
Profit for the period	-	-	-	-	-	2 144 190 419	2 144 190 419	175 475 574	2 319 665 993	
Profit for the period as previously reported	-	-	-	-	-	1 977 423 243	1 977 423 243	357 767 833	2 335 191 076	
*Prior period error	-	-	-	-	-	166 767 176	166 767 176	(182 292 259)	(15 525 083)	
Other comprehensive income, net of tax	-	-	-	479 362 738	-	-	479 362 738	17 256 355	496 619 093	
Revaluation of property	-	-	-	479 362 738	-	-	479 362 738	17 256 355	496 619 093	
Fair value gain on financial assets at FVTOCI	-	-	-	-	7 592 188	-	7 592 188	-	7 592 188	
Dividends paid	-	-	-	-	(55 346 646)	(55 346 646)	-	(780 918)	(56 127 564)	
Balance at 30 June 2020	87 752 809	1 356 519 302	15 854 950	2 279 723 874	115 051 175	4 988 124 370	8 843 026 480	1 860 413 635	10 703 440 115	
Unreviewed and Unaudited Historical cost										
	Share capital ZW\$	Share premium ZW\$	Functional currency translation reserve ZW\$	General reserve ZW\$	Property and equipment revaluation reserve ZW\$	Financial assets at FVTOCI ZW\$	Retained income ZW\$	Attributable to equity holders of parent ZW\$	Non controlling interests ZW\$	Total ZW\$
30 June 2021										
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	1 250 730 186	7 636 356 429
Changes in equity for 2021										
Profit or loss	-	-	-	-	-	-	828 960 869	828 960 869	140 664 599	969 625 468
Profit for the period	-	-	-	-	-	-	828 960 869	828 960 869	140 664 599	969 625 468
Other comprehensive income, net of tax	-	-	-	-	-	(1 024 298)	-	(1 024 298)	-	(1 024 298)
Fair value gain on financial assets at FVTOCI	-	-	-	-	-	(1 024 298)	-	(1 024 298)	-	(1 024 298)
Dividends paid	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2021	1 751 906	27 081 696	101 292 105	5 817 958	2 406 801 864	(2 817 529)	4 673 634 814	7 213 562 814	1 391 394 785	8 604 957 599
30 June 2020										
Balance at 31 December 2019	1 751 906	27 081 696	113 962 188	5 870 251	479 073 735	(2 987 053)	586 598 447	1 211 351 170	295 790 385	1 507 141 555
*Prior period error	-	-	(8 551 338)	-	(46 739 302)	-	10 257 264	(45 033 376)	(13 236 760)	(58 270 136)
Restated balance 1 January 2020	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
Changes in equity for 2020										
Profit or loss	-	-	-	-	-	-	1 826 180 460	1 826 180 460	538 658 517	2 364 838 977
Profit for the period	-	-	-	-	-	-	1 826 180 460	1 826 180 460	538 658 517	2 364 838 977
Profit for the period as previously reported	-	-	-	-	-	-	1 845 630 786	1 845 630 786	538 658 517	2 384 289 303
*Prior period error	-	-	-	-	-	-	(19 450 326)	(19 450 326)	-	(19 450 326)
Other comprehensive income, net of tax	-	-	-	-	767 410 385	-	-	767 410 385	17 661 115	785 071 500
Revaluation of property	-	-	-	-	767 410 385	-	-	767 410 385	17 661 115	785 071 500
Fair value gain on financial assets at FVTOCI	-	-	-	-	-	3 674 042	-	3 674 042	-	3 674 042
Dividends paid	-	-	-	-	-	-	(10 223 236)	(10 223 236)	(377 880)	(10 601 116)</

NOTES TO THE CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

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 whose functional and presentation currency is the Zimbabwean dollar are required to apply the requirements of IAS 29 with effect from 1 July 2019.

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 condensed consolidated inflation adjusted interim financial results at 30 June 2021 are as follows:

	Index	Conversion factors
30 June 2021	2 986.44	1.00
31 December 2020	2 474.51	1.21
30 June 2020	1 445.21	2.07

The main guidelines for the restatement are as follows:

- All amounts not already expressed in terms of the measuring unit current at the balance sheet date are restated by applying a general CPI. Corresponding figures for previous periods are similarly restated.
- Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the statement of financial position date. Monetary items are money held, assets and liabilities to be recovered or paid at the nominal value recorded in the historical cost.
- Non-monetary assets and liabilities and the components of shareholding’s equity are restated by applying (to the initial acquisition cost and any accumulated depreciation for property and equipment), the relevant conversion factors reflecting the increase in the CPI from the date of change in functional currency from USD to ZW\$ in 2018.
- All items in the condensed consolidated inflation adjusted interim statement of profit or loss 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 condensed consolidated inflation adjusted interim statement of profit or loss and replaced by indexed cost.
- The effect of general inflation on the Group’s net monetary position is included in the condensed consolidated inflation adjusted interim statement of profit or loss as a monetary gain or loss.
- Share capital and share premium were restated from the date of change in functional currency from USD to ZW\$ in 2018.

The above inflation adjustment guidelines were also applied to the financial results as at the reporting date of ZB Bank Limited, ZB Building Society, ZB Life Limited and ZB Reinsurance Limited, incorporated in this reporting package.

1.4 Basis of reporting

The preparation of the condensed consolidated inflation adjusted interim financial results are in conformity with IAS 29 “*Financial Reporting in Hyperinflationary Economies*” is required by International Financial Reporting Standards (IFRSs). The condensed consolidated inflation adjusted interim financial results are the principal condensed financial results of the Group. The historical cost information is 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 issued a review conclusion on the historical cost financial information as this is presented as supplementary information. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the December 2020 financial statements.

The same accounting policies and methods of computation were applied to the financial results as at the reporting date of ZB Bank Limited, ZB Building Society, ZB Life Limited and ZB Reinsurance Limited, incorporated in this reporting package.

1.5 Basis of consolidation

The Group’s condensed consolidated inflation adjusted interim 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 condensed consolidated inflation adjusted interim financial results 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 condensed 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 condensed consolidated inflation adjusted interim statement of profit or loss and other comprehensive income and within equity in the condensed consolidated inflation adjusted interim 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 report as at 31 December 2020.

The same above significant assumptions and estimates were applied to the extent where relevant, to the financial results as at the reporting date of ZB Bank Limited, ZB Building Society, ZB Life Limited and ZB Reinsurance Limited, incorporated in this reporting package.

2. SEGMENT INFORMATION

30 June 2021	Reviewed inflation adjusted			
	Banking operations ZW\$	Insurance operations ZW\$	Other strategic investments¹ ZW\$	Total ZW\$
External revenue				
Net earnings/(losses) from lending activities	680 646 273	(6 840 799)	(21 303 930)	652 501 544
Fees and commission income	1 129 231 547	240 389 116	19 984 654	1 389 605 317
Other revenue/(losses)	338 131 675	54 239 680	(56 688 440)	335 682 915
Fair value adjustments	450 872 248	165 471 632	(97 382 293)	518 961 587
Total segment revenue/(losses)	2 598 881 743	453 259 629	(155 390 009)	2 896 751 363
Total segment (operating expenses)/income	(1 852 360 950)	(242 011 441)	46 635 096	(2 047 737 295)
Material non-cash items included in the above figures:				
Depreciation	(170 531 458)	(5 139 294)	(9 364 640)	(185 035 392)
Amortisation of intangible assets	(20 049 338)	(86 521)	-	(20 135 859)
Reportable segment profit/(loss) before taxation	774 009 710	281 879 359	(56 078 467)	999 810 602
Reportable segment assets as at 30 June 2021	22 363 726 021	5 523 182 068	823 788 400	28 710 696 489
Reportable segment liabilities as at 30 June 2021	15 677 993 629	2 973 070 188	(424 688 456)	18 226 375 361

¹Includes consolidation journals.

30 June 2020	Reviewed inflation adjusted			
	Banking operations ZW\$	Insurance operations ZW\$	Other strategic investments¹ ZW\$	Total ZW\$
External revenue				
Net earnings from lending activities	206 333 273	(4 774 445)	-	201 558 828
Fees and commission income	524 092 711	115 931 929	8 928 246	648 952 886
Other revenue	2 168 627 120	803 454 259	(1 265 593 648)	1 706 487 731
Fair value adjustments	658 772 385	514 620 889	397 806 611	1 571 199 885
Total segment revenue	3 557 825 489	1 429 232 632	(858 858 791)	4 128 199 330
Total segment operating expenses	(1 044 432 258)	(143 727 780)	7 758 536	(1 180 401 502)
Material non-cash items included in the above figures:				
Depreciation	(27 122 568)	(5 615 756)	(2 109 596)	(34 847 920)
Amortisation of intangible assets	(37 081 004)	(11 896 448)	-	(48 977 452)
Reportable segment profit before taxation	1 682 778 285	379 110 308	387 083 572	2 448 972 165
Reportable segment assets as at 31 December 2020	17 267 658 277	4 959 699 452	676 137 319	22 903 495 047
Reportable segment liabilities as at 31 December 2020	10 600 651 671	2 709 577 257	(107 179 945)	13 203 048 984

¹Includes consolidation journals.

NOTES TO THE CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

30 June 2021	Unreviewed historical cost			
	Banking operations ZW\$	Insurance operations ZW\$	Other strategic investments¹ ZW\$	Total ZW\$
External revenue				
Net earnings/(losses) from lending activities	627 069 754	(6 937 887)	(19 667 037)	600 464 830
Fees and commission income	1 060 279 809	224 298 728	18 603 371	1 303 181 908
Fair value adjustments	548 852 627	274 617 968	(127 134 797)	696 335 798
Other revenue/(losses)	328 642 616	50 410 948	(52 915 538)	326 138 026
Total segment revenue/(losses)	2 564 844 806	542 389 757	(181 114 001)	2 926 120 562
Total segment operating expenses/(income)	(1 688 688 985)	(227 383 392)	49 486 343	(1 866 586 034)
Material non-cash items included in the above figures:				
Depreciation	(159 102 755)	(4 603 738)	(8 408 481)	(172 114 974)
Amortisation of intangible assets	(587 584)	(131 157)	-	(718 741)
Reportable segment profit before taxation	876 155 821	361 162 866	10 264 378	1 247 583 065
Reportable segment assets as at 30 June 2021	21 067 811 293	5 125 634 130	538 477 780	26 731 923 203
Reportable segment liabilities as at 30 June 2021	15 515 019 778	3 025 525 545	(413 579 719)	18 126 965 604

¹Includes consolidation journals.

30 June 2020	Unreviewed historical cost			
	Banking operations ZW\$	Insurance operations ZW\$	Other strategic investments¹ ZW\$	Total ZW\$
External revenue				
Net earnings from lending activities	48 754 576	1 724 990	-	50 479 566
Fees and commission income	149 252 739	33 843 839	2 610 342	185 706 920
Fair value adjustments	1 093 042 725	596 812 067	71 705 363	1 761 560 155
Other revenue/(losses)	711 406 121	133 485 282	(7 983 304)	836 908 099
Total segment revenue	2 002 456 161	765 866 178	66 332 401	2 834 654 740
Total segment operating expenses	(315 682 909)	(42 546 336)	(3 044 375)	(361 273 620)
Material non-cash items included in the above figures:				
Depreciation	(7 102 512)	(1 840 423)	(637 300)	(9 580 235)
Amortisation of intangible assets	(1 119 285)	(123 230)	-	(1 242 515)
Reportable segment profit before taxation	1 686 773 251	609 415 722	119 790 737	2 415 979 710
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.

3. TREASURY BILLS

3(a) Balances on the Condensed Consolidated Interim Statement of Financial Position

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

a) as “at fair value through profit or loss” (FVTPL);

b) as “at fair value through other comprehensive income” (FVTOCI); and

c) as “at amortised cost” (AMCO)

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
Treasury bills include:				
Assets classified as ‘at fair value through profit or loss’ (FVTPL):				
Short term treasury bills ¹	1 033 916 104	372 988 355	1 033 916 104	309 051 167
Assets classified as ‘at fair value through other comprehensive income’ (FVTOCI):				
Medium term treasury bills acquired from the market ²	122 861 431	200 308 778	122 861 431	165 972 103
Assets classified as ‘amortised cost’ (AMCO):				
Treasury bills issued as substitution for debt instruments ³	25 332 584	30 577 798	25 332 584	25 336 191
Capitalisation treasury bills ⁴	18 198 571	21 427 836	18 198 571	17 754 703
	1 200 308 690	625 302 767	1 200 308 690	518 114 164

1

The Group invested in treasury bills issued by the RBZ with tenures ranging from 3 days to 12 months (December 2020: 3 months to 24 months) at rates ranging from 5% to 20.833% (December 2020: 7% to 10%)

2

The Group did not purchase treasury bills from the secondary market in the period January 2021 to June 2021.

3

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 2020: 5%) and maturity periods ranging from 9 months to 11 years (December 2020: 1 month to 14 years) (nothing was actually received during the period January 2021 to June 2021, these were acquired during previous years and are yet to mature).

4

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.

Treasury bills amounting to ZW\$935 062 413 were pledged as security for deposits

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. Expected Credit Losses (ECL) for treasury bills was not material for the period ended 30 June 2021.

3

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NOTES TO THE CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

Inflation adjusted		Historical cost	
Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$

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\$17 137 394 as at 30 June 2021 (31 December 2020: ZW\$18 389 830).

4.6 Finance lease receivables

Inflation adjusted		Historical cost	
Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$

Inflation adjusted		Historical cost	
Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$

7. PROPERTY AND EQUIPMENT

	Audited inflation adjusted						
	Freehold properties	Leasehold improvements	Equipment furniture & fittings	Computer equipment	Marine assets and motor vehicles	Capital work in progress	Total
31 December 2020	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$

	Unreviewed historical cost						
	Freehold properties	Leasehold improvements	Equipment furniture & fittings	Computer equipment	Marine assets and motor vehicles	Capital work in progress	Total
30 June 2021	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$

	Unaudited historical cost						
	Freehold properties	Leasehold improvements	Equipment furniture & fittings	Computer equipment	Marine assets and motor vehicles	Capital work in progress	Total
31 December 2020	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$



Investments Savings Loans Mortgages Insurance Financial Advisory Community Involvement

ZB FINANCIAL HOLDINGS LIMITED

Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021

NOTES TO THE CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

8. INTANGIBLE ASSETS

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
Computer software				
Carrying amount at beginning of year	260 927 403	362 285 363	28 389 024	47 551 609
Additions at cost	-	18 608 807	-	4 081 548
Reversal of cancelled projects	-	(19 375 794)	-	(16 054 420)
Amortisation	(20 135 859)	(100 365 651)	(718 741)	(2 449 933)
Effects of changes in functional currency translation reserve	-	-	-	(4 739 780)
Impairment	-	(225 322)	-	-
Balance at end of period	240 791 544	260 927 403	27 670 283	28 389 024

Prior period 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 and 31 December 2020.

Further reassessment made on the application of revaluation model on computer software in the year ended 31 December 2020 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 reverted to the historical cost model from the 2020 financial year.

The condensed consolidated inflation adjusted interim financial results for the half year ended 30 June 2020 have been restated to reverse the revaluation gain adjustment on computer software and recognised amortisation. The condensed consolidated inflation adjusted interim financial results 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		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
9. DEPOSITS AND OTHER ACCOUNTS				
9.1 Summary of deposits by type				
Balances of banks	199 008 904	36 845 267	199 008 904	30 529 298
Current accounts	3 273 731 551	2 242 193 902	3 273 731 551	1 857 839 882
Savings and call accounts	7 645 188 506	5 649 496 007	7 645 188 506	4 681 066 603
Fixed deposits	1 392 502 866	649 721 670	1 392 502 866	538 347 210
	12 510 431 827	8 578 256 846	12 510 431 827	7 107 782 993
9.2 Maturity analysis				
On demand	8 461 675 706	8 129 721 706	8 461 675 706	6 736 135 175
Within 1 month	3 846 373 045	408 900 642	3 846 373 045	338 807 415
Between 1 and 6 months	164 725 115	25 556 221	164 725 115	21 175 406
Between 6 and 12 months	26 298 806	8 999 244	26 298 806	7 456 605
After 12 months	11 359 155	5 079 033	11 359 155	4 208 392
	12 510 431 827	8 578 256 846	12 510 431 827	7 107 782 993

	Inflation adjusted				Historical cost			
	Reviewed 30 Jun 2021 ZW\$	% Contribution	Audited 31 Dec 2020 ZW\$	% Contribution	Unreviewed 30 Jun 2021 ZW\$	% Contribution	Unaudited 31 Dec 2020 ZW\$	% Contribution
9.3 Deposit concentration								
Private individuals	2 165 650 877	17%	1 538 963 967	18%	2 165 650 877	17%	1 275 156 726	18%
Agriculture	939 498 550	8%	632 403 023	7%	939 498 550	8%	523 997 303	7%
Mining	81 724 308	1%	62 036 847	1%	81 724 308	1%	51 402 570	1%
Manufacturing	570 906 544	5%	354 309 059	4%	570 906 544	5%	293 573 852	4%
Distribution	229 810 832	2%	570 581 159	7%	229 810 832	2%	472 772 864	7%
Construction	188 309 465	2%	144 988 076	2%	188 309 465	2%	120 134 405	2%
Transport	29 300 015	0%	98 314 858	1%	29 300 015	0%	81 461 850	1%
Services	5 601 824 095	45%	3 612 198 956	42%	5 601 824 095	45%	2 993 000 416	42%
Financial	1 417 329 219	11%	788 460 283	9%	1 417 329 219	11%	653 303 426	9%
Communication	1 286 077 922	10%	776 000 618	9%	1 286 077 922	10%	642 979 581	9%
	12 510 431 827	100%	8 578 256 846	100%	12 510 431 827	100%	7 107 782 993	100%

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
9.4 Secured and unsecured deposits analysis				
Secured deposits	935 062 413	-	935 062 413	-
Unsecured deposits	11 575 369 414	8 578 256 846	11 575 369 414	7 107 782 993
	12 510 431 827	8 578 256 846	12 510 431 827	7 107 782 993

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

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
10. LEASE LIABILITIES				
Balance at the beginning of period	83 971 911	35 978 951	69 577 553	6 645 722
Add accrued interest posted to profit or loss	32 328 634	41 233 302	15 810 513	16 708 668
Less lease commitments paid during the period	(50 244 611)	(57 339 319)	(24 572 429)	(23 235 191)
Lease adjustments	12 391 114	77 354 148	11 846 982	68 889 265
(Loss) / profit on lease liability reassessment	(544 132)	(104 117)	444 494	569 089
Effects of monetary adjustments	(4 795 803)	(13 151 054)	-	-
Balance at end of period	73 107 113	83 971 911	73 107 113	69 577 553
Within 1 year	14 621 423	16 794 382	14 621 423	13 915 511
Over 1 year	58 485 690	67 177 529	58 485 690	55 662 042
	73 107 113	83 971 911	73 107 113	69 577 553
11. LONG TERM BORROWINGS				
Comprising of:				
Face value of loan	20 000 000	24 137 644	20 000 000	20 000 000
Valuation discount	(3 455 845)	(4 657 794)	(3 455 845)	(3 859 361)
Balance at end of period	16 544 155	19 479 850	16 544 155	16 140 639
Valuation discount:				
Balance at beginning of the period	4 657 794	25 055 104	3 859 361	4 627 963
Amortisation during the period	(432 937)	(1 896 740)	(403 516)	(768 602)
Effects of inflation adjustments	(769 012)	(18 500 570)	-	-
Balance at end of period	3 455 845	4 657 794	3 455 845	3 859 361

NOTES TO THE CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Reviewed 30 Jun 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unreviewed 30 Jun 2020 ZW\$
12. INTEREST AND RELATED INCOME				
Interest and related income				
comprises interest on:				
Advances	851 200 602	283 277 915	796 375 696	84 376 946
Mortgages	29 267 869	12 205 422	26 273 673	3 642 499
Overdraft accounts	116 931 680	34 119 790	110 338 426	10 264 380
Trading income	73 487 668	57 054 254	69 259 164	17 464 193
Cash and short-term funds	3 520 182	342 925	4 318 346	103 027
Loans to other banks	50 579	2 513 111	45 052	651 314
Other	27 819 952	29 307 524	26 726 660	8 313 084
Total interest and related income	1 102 278 532	418 820 941	1 033 337 017	124 815 443
13. INTEREST AND RELATED EXPENSE				
Interest and related expense				
comprises interest on:				
Retail deposits	15 862 192	9 885 362	14 916 925	2 958 686
Fixed deposits	117 992 434	18 351 024	111 281 568	5 725 290
Other interest payable categories	59 729 608	25 009 001	58 147 032	6 652 637
Total interest and related expense	193 584 234	53 245 387	184 345 525	15 336 613
14. LOAN IMPAIRMENTS				
Loans and advances	(241 903 545)	(170 863 605)	(234 276 129)	(60 237 153)
Insurance debtors	(7 615 494)	6 774 452	(7 615 494)	1 202 841
Total loans and other advances	(249 519 039)	(164 089 153)	(241 891 623)	(59 034 312)
Other financial assets	(6 236 526)	149 059	(6 236 526)	72 133
Guarantees	(576 553)	(1 606 285)	(360 510)	(777 320)
Loan commitments	(1 707 817)	(285 169)	(1 556 855)	(138 000)
Net recoveries against loans previously written off	1 847 181	1 814 822	1 518 853	878 235
	(256 192 754)	(164 016 726)	(248 526 662)	(58 999 264)
15. OPERATING EXPENSES				
Commission and fees	40 231 610	19 043 498	37 838 709	5 526 806
Staff expenses	756 120 635	521 077 858	709 953 080	166 222 594
Communication expenses	57 528 523	40 379 627	53 859 830	13 982 634
National Social Security Authority expenses	6 335 726	2 525 915	6 049 228	893 304
Pension fund expenses	27 924 836	14 330 329	26 221 894	4 187 115
Computers and information technology expenses	290 185 668	170 115 384	223 211 523	40 517 527
Occupation expenses	93 081 715	56 785 389	81 700 948	14 490 573
Transport expenses	18 184 620	21 984 814	16 750 154	7 299 899
Travelling expenses	25 440 244	15 622 494	24 483 812	5 023 855
Depreciation of property and equipment	185 035 392	34 847 920	172 114 974	9 580 235
Amortisation of intangible assets	20 135 859	48 977 452	718 741	1 242 515
Depreciation of right of use asset	21 969 044	6 553 762	10 744 093	1 381 408
Finance cost on lease liabilities	32 328 634	6 553 762	15 810 513	224 079
*Administration expenses	414 093 715	197 616 766	430 452 097	81 933 329
Directors fees	25 671 202	9 711 853	24 235 532	4 278 992
Auditors' remuneration	33 469 872	14 274 679	32 440 906	4 488 755
	2 047 737 295	1 180 401 502	1 866 586 034	361 273 620

Cash Heist

* The Group lost US\$2 775 000 and ZW\$43 090 in a heist on 6 January 2021 after a Cash In Transit vehicle was involved in a robbery incident. The cash heist loss is included in administration expenses.

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Reviewed 30 Jun 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unreviewed 30 Jun 2020 ZW\$
16. INCOME TAX EXPENSE				
Current income tax	348 190 522	26 230 371	349 194 025	7 061 803
Deferred tax (expense)/credit	(132 908 293)	103 075 801	(71 236 428)	44 078 930
	215 282 229	129 306 172	277 957 597	51 140 733

17. EARNINGS PER SHARE

Basic and fully diluted earnings per share (ZW cents)

The Inflation adjusted calculation of basic and fully diluted profit per share for the period ended 30 June 2021 of ZW407 cents (June 2020: ZW1 361 cents) is based on the attributable profit after tax of ZW\$784 528 373 (June 2020: ZW\$2 319 665 993) and weighted average number of shares of 157 522 902 (June 2020: 157 522 902).

The historical cost calculation of basic and fully diluted profit per share for the period ended 30 June 2021 of ZW508 cents (June 2020: ZW1 159 cents) is based on the attributable profit after tax of ZW\$969 625 468 (June 2020: ZW\$2 364 838 977) and weighted average number of shares of 157 522 902 (June 2020: 157 522 902).

18. RISK MANAGEMENT

18.1 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 throughout the course of the period under review. Gearing was maintained at 2% and this is due to the borrowing made in 2015 and offshore borrowings of ZW\$190 515 971 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.

NOTES TO THE CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

18. RISK MANAGEMENT (continued)

18.2 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 reasonably approximates fair value.

30 June 2021	Reviewed inflation adjusted							
	CARRYING AMOUNT				FAIR VALUE			
	Classified at FVTPL	Classified at AMCO	Classified at FVTOCI	Total	Level 1	Level 2	Level 3	Total
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
Financial assets measured at fair value:								
Listed equity securities	1 295 996 199	-	-	1 295 996 199	1 295 996 199	-	-	1 295 996 199
Government public utility stock	142 679 289	-	-	142 679 289	-	-	142 679 289	142 679 289
Unlisted equity investments	908 796 035	-	-	908 796 035	-	-	908 796 035	908 796 035
Treasury bills	1 033 916 104	-	122 861 431	1 156 777 535	-	1 033 916 104	122 861 431	1 156 777 535
Financial assets not measured at fair value:								
Trade and other receivables	-	1 462 791 605	-	1 462 791 605				
Cash and cash equivalents	-	6 985 981 279	-	6 985 981 279				
Treasury bills	-	43 531 155	-	43 531 155				
Advances and other accounts	-	6 382 953 754	-	6 382 953 754				
Total	3 381 387 627	14 875 257 793	122 861 431	18 397 506 851				
Financial liabilities								
Deposit and other accounts	-	(12 510 431 827)	-	(12 510 431 827)				
Trade and other payables	-	(2 314 608 696)	-	(2 314 608 696)				
Offshore borrowings	-	(190 515 971)	-	(190 515 971)				
Total	-	(15 015 556 494)	-	(15 015 556 494)				

31 December 2020	Audited inflation adjusted							
	CARRYING AMOUNT				FAIR VALUE			
	Classified at FVTPL	Classified at AMCO	Classified at FVTOCI	Total	Level 1	Level 2	Level 3	Total
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
Financial assets measured at fair value:								
Listed equity securities	644 900 439	-	-	644 900 439	644 900 439	-	-	644 900 439
Government public utility stock	3 829 201	-	-	3 829 201	-	-	3 829 201	3 829 201
Unit trusts	53 865 412	-	-	53 865 412	-	53 865 412	-	53 865 412
Unlisted equity investments	695 583 018	-	-	695 583 018	-	695 583 018	-	695 583 018
Treasury bills	372 988 355	-	200 308 778	573 297 134	-	372 988 356	200 308 778	573 297 134
Financial assets not measured at fair value:								
Trade and other receivables	-	731 566 782	-	731 566 782				
Cash and cash equivalents	-	6 139 030 851	-	6 139 030 851				
Treasury bills	-	52 005 633	-	52 005 633				
Advances and other accounts	-	3 798 472 833	-	3 798 472 833				
Total	1 771 166 425	10 721 076 099	200 308 778	12 692 551 303				
Financial liabilities								
Deposit and other accounts	-	(8 578 256 846)	-	(8 578 256 846)				
Trade and other payables	-	(1 424 945 667)	-	(1 424 945 667)				
Offshore borrowings	-	(293 521 765)	-	(293 521 765)				
Total	-	(10 296 724 278)	-	(10 296 724 278)				

30 June 2021	Unreviewed historical cost							
	CARRYING AMOUNT				FAIR VALUE			
	Classified at FVTPL	Classified at AMCO	Classified at FVTOCI	Total	Level 1	Level 2	Level 3	Total
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
Financial assets measured at fair value:								
Listed equity securities	1 295 996 199	-	-	1 295 996 199	1 295 996 199	-	-	1 295 996 199
Government public utility stock	142 679 289	-	-	142 679 289	-	-	142 679 289	142 679 289
Unlisted equity investments	908 796 035	-	-	908 796 035	-	-	908 796 035	908 796 035
Treasury bills	1 033 916 104	-	122 861 431	1 156 777 535	-	1 033 916 104	122 861 431	1 156 777 535
Financial assets not measured at fair value:								
Trade and other receivables	-	1 462 791 605	-	1 462 791 605				
Cash and cash equivalents	-	6 985 981 279	-	6 985 981 279				
Treasury bills	-	43 531 155	-	43 531 155				
Advances and other accounts	-	6 382 953 754	-	6 382 953 754				
Total	3 381 387 627	14 875 257 793	122 861 431	18 379 506 851				
Financial liabilities								
Deposit and other accounts	-	(12 510 431 827)	-	(12 510 431 827)				
Trade and other payables	-	(2 314 608 696)	-	(2 314 608 696)				
Offshore borrowings	-	(190 515 971)	-	(190 515 971)				
Total	-	(15 015 556 494)	-	(15 015 556 494)				

31 December 2020	Unaudited historical cost							
	CARRYING AMOUNT				FAIR VALUE			
	Classified at FVTPL	Classified at AMCO	Classified at FVTOCI	Total	Level 1	Level 2	Level 3	Total
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
Financial assets measured at fair value:								
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
Financial assets not measured at fair value:								
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				
Financial liabilities								
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)				

18.2.1.1 Level 1 valuation
Listed equity investments are valued in relation to prices ruling at the stock market at which the stock is listed at the close of business on 30 June 2021.

18.2.1.2 Level 2 valuation
These investments are valued using inputs other than quoted prices which are observable for the asset. The unit trust investments are valued in relation to gold prices on the international market. Treasury bills are valued by discounting cash flows using the market rate for similar instruments as the discounting rate.

18.2.1.3 Level 3 valuation
Unlisted investments whose fair value is categorised under level 3, were valued using methods listed in the below table. In applying these methods judgement was used.

Valuation techniques for the level 3 fair value measurement of assets and liabilities held at fair value

Asset category	Valuation Technique	Unobservable inputs	Range of estimates utilised for the unobservable inputs
Unquoted equities	Net asset value/ dividend model	Growth rate /cost of capital	28%
Treasury bills	Discounted cashflow	Discount rate	20.61%

18.2.1.4 Reconciliation of recurring level 3 fair value measurements
A reconciliation from the opening balances to the closing balances for level 3 fair values is shown below:

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
Balance at beginning of year	899 720 997	957 050 790	745 491 971	176 778 179
Additions	14 005 301 790	247 824 881	13 200 000 000	113 661 763
Maturities and disposals	(13 199 186 801)	(204 931 753)	(12 489 171 233)	(66 844 314)
Fair value recognised in profit or loss	(530 138 579)	(102 136 847)	(280 623 331)	520 310 500
Fair value recognised in other comprehensive income	(1 360 652)	1 913 926	(1 360 652)	1 585 843
Balance at end of period	1 174 336 755	899 720 997	1 174 336 755	745 491 971

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

NOTES TO THE CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

18. RISK MANAGEMENT (continued)

18.2.2 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 Group uses liquidity management tools such as liquidity ratio, maturity gap analysis (contractual and behavioural), daily cash flow summary & focusing and stress testing to measures liquidity risk.

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

Liquidity gap analysis as at 30 June 2021
The tables below set out the remaining contractual maturities of the Group's financial assets and financial liabilities.

	Reviewed inflation adjusted					
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Total ZW\$	Carrying amount ZW\$
FINANCIAL ASSETS BY TYPE:						
Cash and cash equivalents	6 243 864 435	412 965 147	329 151 697	-	6 985 981 279	6 985 981 279
Treasury bills	-	410 790 410	858 038 141	88 452 093	1 357 280 644	1 200 308 690
Mortgages and other advances	852 291 339	942 193 113	999 917 323	5 459 369 629	8 253 771 404	6 382 953 754
Investment securities	-	-	-	1 903 861 943	1 903 861 943	1 903 861 943
	7 096 155 774	1 765 948 670	2 187 107 161	7 451 683 665	18 500 895 270	16 473 105 666
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(12 674 887 118)	(233 444 280)	(26 317 222)	(21 540 997)	(12 956 189 617)	(12 510 431 827)
Trade and other payables	(1 528 908 478)	(353 825 799)	(431 874 419)	-	(2 314 608 696)	(2 314 608 696)
Long term loan	-	-	-	(20 000 000)	(20 000 000)	(16 544 155)
Offshore borrowings	-	(72 897 564)	(72 897 564)	(72 897 569)	(218 692 697)	(190 515 971)
Lease liabilities	(1 218 452)	(6 092 259)	(7 310 711)	(58 485 691)	(73 107 113)	(73 107 113)
	(14 205 014 048)	(666 259 902)	(538 399 916)	(172 924 257)	(15 582 598 123)	(15 105 207 762)
Period gap	(7 108 858 274)	1 099 688 768	1 648 707 245	7 278 759 408	2 918 297 147	1 367 897 904
Cumulative gap	(7 108 858 274)	(6 009 169 506)	(4 360 462 261)	2 918 297 147	-	-

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.

	Audited inflation adjusted					
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Total ZW\$	Carrying amount ZW\$
FINANCIAL ASSETS BY TYPE:						
Cash and cash equivalents	5 223 040 417	147 653 498	768 336 935	-	6 139 030 851	6 139 030 851
Treasury bills	60 542 503	291 825 326	102 893 520	227 770 991	683 032 340	625 302 767
Mortgages and other advances	572 475 783	408 051 000	1 163 394 174	2 410 686 467	4 554 607 424	3 798 472 833
Investment securities	-	-	-	1 204 673 297	1 204 673 297	1 204 673 297
	5 856 058 703	847 529 824	2 034 624 629	3 843 130 755	12 581 343 912	11 767 479 748
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(8 592 895 039)	(53 660 776)	(33 632 743)	(5 211 608)	(8 685 400 166)	(8 578 256 846)
Trade and other payables	(1 071 125 926)	(317 512 228)	(36 307 513)	-	(1 424 945 667)	(1 424 945 667)
Long term loan	-	-	-	(24 137 644)	(24 137 644)	(19 479 850)
Offshore borrowings	-	(80 689 097)	(80 689 097)	(161 378 198)	(322 756 392)	(293 521 765)
Lease liabilities	(1 399 532)	(6 997 659)	(8 397 191)	(67 177 529)	(83 971 911)	(83 971 911)
	(9 665 420 479)	(458 859 760)	(159 026 544)	(257 924 979)	(10 541 211 780)	(10 400 176 039)
Period gap	(3 809 361 794)	388 670 064	1 875 598 085	3 585 225 776	2 040 132 132	1 367 303 709
Cumulative gap	(3 809 361 794)	(3 420 691 730)	(1 545 093 645)	2 040 132 132	-	-

Liquidity gap analysis as at 30 June 2021
The tables below set out the remaining contractual maturities of the Group's financial assets and financial liabilities.

	Unreviewed 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\$
FINANCIAL ASSETS BY TYPE:						
Cash and cash equivalents	6 243 864 435	412 965 147	329 151 697	-	6 985 981 279	6 985 981 279
Money market investments	-	-	-	-	-	-
Treasury bills	-	410 790 410	858 038 141	88 452 093	1 357 280 644	1 200 308 690
Mortgages and other advances	852 291 339	942 193 113	999 917 323	5 459 369 629	8 253 771 404	6 400 877 392
Investment securities	-	-	-	1 903 861 943	1 903 861 943	1 903 861 943
	7 096 155 774	1 765 948 670	2 187 107 161	7 451 683 665	18 500 895 270	16 491 029 304
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(12 674 887 118)	(233 444 280)	(26 317 222)	(21 540 997)	(12 956 189 617)	(12 510 431 827)
Trade and other payables	(1 528 908 478)	(353 825 799)	(431 874 419)	-	(2 314 608 696)	(2 314 608 696)
Long term loan	-	-	-	(20 000 000)	(20 000 000)	(16 544 155)
Offshore borrowings	-	(72 897 564)	(72 897 564)	(72 897 569)	(218 692 697)	(190 515 971)
Lease liabilities	(1 218 452)	(6 092 259)	(7 310 711)	(58 485 691)	(73 107 113)	(73 107 113)
	(14 205 014 048)	(666 259 902)	(538 399 916)	(172 924 257)	(15 582 598 123)	(15 105 207 762)
Period gap	(7 108 858 274)	1 099 688 768	1 648 707 245	7 278 759 408	2 918 297 147	1 367 897 904
Cumulative gap	(7 108 858 274)	(6 009 169 506)	(4 360 462 261)	2 918 297 147	-	-



ZB FINANCIAL HOLDINGS LIMITED

Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021

NOTES TO THE CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

18. RISK MANAGEMENT (continued)

18.2.3 Market risk

Market risk 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.

18.2.3.1 Interest rate risk

Interest rate gap analysis as at 30 June 2021

	Reviewed inflation adjusted				
	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Carrying amount
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	6 985 981 279	-	-	-	6 985 981 279
Treasury bills	-	391 187 547	732 613 478	76 507 665	1 200 308 690
Advances and other accounts	858 818 202	1 056 446 218	894 974 949	3 590 638 023	6 400 877 392
	7 844 799 481	1 447 633 765	1 627 588 427	3 667 145 688	14 587 167 361
FINANCIAL LIABILITIES BY TYPE					
Deposits and other accounts	(12 145 752 658)	(180 787 771)	(26 302 796)	(157 588 602)	(12 510 431 827)
Long term loan	-	-	-	(16 544 155)	(16 544 155)
Offshore borrowings	-	(63 505 322)	(63 505 322)	(63 505 327)	(190 515 971)
	(12 145 752 658)	(244 293 093)	(89 808 118)	(237 638 084)	(12 717 491 953)
Period gap	(4 300 953 177)	1 203 340 672	1 537 780 309	3 429 507 604	1 869 675 408
Cumulative gap	(4 300 953 177)	(3 097 612 505)	(1 559 832 196)	1 869 675 408	-

Interest rate gap analysis as at 31 December 2020

	Audited inflation adjusted				
	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Carrying amount
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	6 139 030 851	-	-	-	6 139 030 851
Treasury bills	60 344 110	275 364 373	94 142 867	195 451 417	625 302 767
Advances and other accounts	571 043 267	361 045 422	1 061 907 368	1 804 476 776	3 798 472 833
	6 770 418 228	636 409 795	1 156 050 235	1 999 928 193	10 562 806 451
FINANCIAL LIABILITIES BY TYPE					
Deposits and other accounts	(8 496 132 606)	(53 238 077)	(32 492 623)	3 606 460	(8 578 256 846)
Long term loan	-	-	-	(19 479 850)	(19 479 850)
Offshore borrowings	-	(73 380 439)	(73 380 440)	(146 760 886)	(293 521 765)
	(8 496 132 606)	(126 618 516)	(105 873 063)	(162 634 276)	(8 891 258 461)
Period gap	(1 725 714 378)	509 791 279	1 050 177 172	1 837 293 917	1 671 547 990
Cumulative gap	(1 725 714 378)	(1 215 923 099)	(165 745 927)	1 671 547 990	-

Interest rate gap analysis as at 30 June 2021

	Unreviewed historical cost				
	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Carrying amount
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	6 985 981 279	-	-	-	6 985 981 279
Treasury bills	-	391 187 547	732 613 478	76 507 665	1 200 308 690
Advances and other accounts	858 818 202	1 056 446 218	894 974 949	3 590 638 023	6 400 877 392
	7 844 799 481	1 447 633 765	1 627 588 427	3 667 145 688	14 587 167 361
FINANCIAL LIABILITIES BY TYPE					
Deposits and other accounts	(12 145 752 658)	(180 787 771)	(26 302 796)	(157 588 602)	(12 510 431 827)
Long term loan	-	-	-	(16 544 155)	(16 544 155)
Offshore borrowings	-	(63 505 322)	(63 505 322)	(63 505 327)	(190 515 971)
	(12 145 752 658)	(244 293 093)	(89 808 118)	(237 638 084)	(12 717 491 953)
Period gap	(4 300 953 177)	1 203 340 672	1 537 780 309	3 429 507 604	1 869 675 408
Cumulative gap	(4 300 953 177)	(3 097 612 505)	(1 559 832 196)	1 869 675 408	-

Interest rate gap analysis as at 31 December 2020

	Unaudited historical cost				
	Up to 1 month	2 to 6 months	7 to 12 months	Above 12 months	Carrying amount
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
FINANCIAL ASSETS BY TYPE:					
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
FINANCIAL LIABILITIES BY TYPE					
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	-

Interest rate risk sensitivity analysis

A 2% change in the rate for rate sensitive assets would result in the reported profits increasing or decreasing by ZW\$219.6 million (December 2020: ZW\$158.5 million)

A 2% change in the rate for rate sensitive liabilities would result in the reported profits increasing or decreasing by ZW\$159.0 million (December 2020: ZW\$133.54 million).

18.2.3.2 Foreign exchange risk

Foreign currency position

The carrying amount of the Group's non Zimbabwean dollar monetary assets and liabilities as at 30 June 2021 were as follows:

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
Botswana pula	323 142 463	389 994 890	323 142 463	323 142 463
British pound	1 529 232 311	1 845 603 271	1 529 232 311	1 529 232 311
Euro	1 582 674 325	1 910 101 487	1 582 674 325	1 582 674 325
South African rand	7 526 665 268	9 083 798 412	7 526 665 268	7 526 665 268
USD	17 040 893 746	20 566 351 503	17 040 893 746	17 040 893 746
Total assets	28 002 608 113	33 795 849 563	28 002 608 113	28 002 608 113
Botswana pula	(182 980 623)	(220 836 059)	(182 980 623)	(182 980 623)
British pound	(833 987 347)	(1 006 524 492)	(833 987 347)	(833 987 347)
Euro	(901 990 745)	(1 088 596 584)	(901 990 745)	(901 990 745)
South African rand	(3 690 183 563)	(4 453 616 894)	(3 690 183 563)	(3 690 183 563)
USD	(7 468 591 071)	(9 013 709 697)	(7 468 591 071)	(7 468 591 071)
Total liabilities	(13 077 733 349)	(15 783 283 726)	(13 077 733 349)	(13 077 733 349)
	14 924 874 764	18 012 565 837	14 924 874 764	14 924 874 764

The exchange rate as at 30 June 2021 was US\$1:ZW\$85.4234 (December 2020: ZW\$81.7866).

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.

Foreign currency risk sensitivity analysis

A 10% change in exchange rates would result in the reported profit being reduced or increased by ZW\$1.1 billion (December 2020: ZW\$1.3 billion) and equity being reduced or increased by ZW\$1.5 billion (December 2020: ZW\$1.8 billion).

NOTES TO THE CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

18. RISK MANAGEMENT (continued)

18.2.4 Credit risk

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

Internal rating grade

	Reviewed inflation adjusted June 2021				Audited inflation adjusted December 2020			
	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	6 181 390 743	517 305 780	17 968 960	6 716 665 483	3 376 602 454	624 159 636	7 234 638	4 007 996 728
Guarantees	700 460 558	-	-	700 460 558	831 122 628	-	-	831 122 628
Loan commitments	746 603 845	-	-	746 603 845	265 433 883	-	-	265 433 883
Treasury bills	1 200 308 690	-	-	1 200 308 690	625 302 767	-	-	625 302 767
Insurance debtors	154 441 484	-	29 277 561	183 719 045	96 497 264	-	26 143 563	122 640 827
Other financial assets	162 764 365	-	-	162 764 365	26 484 557	-	-	26 484 557
Total financial assets	9 145 969 685	517 305 780	47 246 521	9 710 521 986	5 221 443 553	624 159 636	33 378 201	5 878 981 390
Total loans and advances								
Good(AAA to -BBB-)	6 181 390 743	643 976	718 365	6 182 753 084	3 376 602 454	907 385	175 523	3 377 685 362
Special Mention(BB+ to CCC-)	-	516 661 804	48 318	516 710 122	-	623 252 251	1 010	623 253 261
Nonperforming(CC to D)	-	-	17 202 277	17 202 277	-	-	7 058 105	7 058 105
Total loans and advances	6 181 390 743	517 305 780	17 968 960	6 716 665 483	3 376 602 454	624 159 636	7 234 638	4 007 996 728
Corporate Lending								
Good(AAA to -BBB-)	2 432 175 407	-	-	2 432 175 407	1 983 899 587	-	-	1 983 899 587
Special Mention(BB+ to CCC-)	-	391 031 237	-	391 031 237	-	592 864 356	-	592 864 356
Nonperforming(CC to D)	-	-	6 734 700	6 734 700	-	-	3 746 183	3 746 183
Total corporate lending	2 432 175 407	391 031 237	6 734 700	2 829 941 344	1 983 899 587	592 864 356	3 746 183	2 580 510 126
Small business Lending								
Good(AAA to -BBB-)	244 133 645	30 475	12 341	244 176 461	131 264 290	51	1 259	131 265 600
Special Mention(BB+ to CCC-)	23 967	1 779 941	-	1 803 908	-	11 769 210	-	11 769 210
Nonperforming(CC to D)	-	-	2 490 144	2 490 144	-	-	244 548	244 548
Total small business Lending	244 157 612	1 810 416	2 502 485	248 470 513	131 264 290	11 769 261	245 807	143 279 358
Consumer Lending								
Good(AAA to -BBB-)	3 484 834 513	613 501	632 530	3 486 080 544	1 148 652 137	907 334	174 264	1 149 733 735
Special Mention(BB+ to CCC-)	5 243 805	6 691 564	48 318	11 983 687	578 176	6 268 219	1 010	6 847 405
Nonperforming(CC to D)	-	-	7 199 698	7 199 698	-	-	2 714 163	2 714 163
Total consumer lending	3 490 078 318	7 305 065	7 880 546	3 505 263 929	1 149 230 313	7 175 553	2 889 438	1 159 295 303
Mortgage Lending								
Good(AAA to -BBB-)	20 247 178	-	73 494	20 320 672	112 786 440	-	-	112 786 440
Special Mention(BB+ to CCC-)	-	117 159 062	-	117 159 062	45 433	12 350 466	-	12 395 899
Nonperforming(CC to D)	-	-	777 735	777 735	-	-	353 211	353 211
Total Mortgage Lending	20 247 178	117 159 062	851 229	138 257 469	112 831 873	12 350 466	353 211	125 535 550
Guarantees								
Good(AAA to -BBB-)	700 460 558	-	-	700 460 558	831 122 628	-	-	831 122 628
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Total guarantees	700 460 558	-	-	700 460 558	831 122 628	-	-	831 122 628
Loan commitments								
Good(AAA to -BBB-)	728 680 207	-	-	728 680 207	265 433 883	-	-	265 433 883
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Total loan commitments	728 680 207	-	-	728 680 207	265 433 883	-	-	265 433 883
Other financial assets								
Bonds								
Good (AAA to BBB0)	162 764 365	-	-	162 764 365	26 484 557	-	-	26 484 557
Total other financial assets	162 764 365	-	-	162 764 365	26 484 557	-	-	26 484 557

	Unreviewed historical cost June 2021				Unaudited historical cost December 2020			
	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	6 181 390 743	517 305 780	17 968 960	6 716 665 483	2 797 789 565	517 166 987	5 994 486	3 320 951 038
Guarantees	700 460 558	-	-	700 460 558	688 652 647	-	-	688 652 647
Loan commitments	746 603 845	-	-	746 603 845	219 933 545	-	-	219 933 545
Treasury bills	1 200 308 690	-	-	1 200 308 690	518 114 164	-	-	518 114 164
Insurance debtors	154 441 484	-	29 277 561	183 719 045	79 955 826	-	21 662 067	101 617 893
Other financial assets	162 764 365	-	-	162 764 365	21 944 608	-	-	21 944 608
Total financial assets	9 145 969 685	517 305 780	47 246 521	9 710 521 986	4 326 390 355	517 166 987	27 656 553	4 871 213 895
Total loans and advances								
Good(AAA to -BBB-)	6 181 390 743	643 976	718 365	6 182 753 084	2 797 789 565	751 842	145 435	2 798 686 842
Special Mention(BB+ to CCC-)	-	516 661 804	48 318	516 710 122	-	516 415 145	837	516 415 982
Nonperforming(CC to D)	-	-	17 202 277	17 202 277	-	-	5 848 214	5 848 214
Total loans and advances	6 181 390 743	517 305 780	17 968 960	6 716 665 483	2 797 789 565	517 166 987	5 994 486	3 320 951 038
Corporate Lending								
Good(AAA to -BBB-)	2 432 175 407	-	-	2 432 175 407	1 643 822 049	-	-	1 643 822 049
Special Mention(BB+ to CCC-)	-	391 031 237	-	391 031 237	-	491 236 304	-	491 236 304
Nonperforming(CC to D)	-	-	6 734 700	6 734 700	-	-	3 104 017	3 104 017
Total corporate lending	2 432 175 407	391 031 237	6 734 700	2 829 941 344	1 643 822 049	491 236 304	3 104 017	2 138 162 370
Small business Lending								
Good(AAA to -BBB-)	244 133 645	30 475	12 341	244 176 461	108 763 132	42	1 043	108 764 217
Special Mention(BB+ to CCC-)	23 967	1 779 941	-	1 803 908	-	9 751 747	-	9 751 747
Nonperforming(CC to D)	-	-	2 490 144	2 490 144	-	-	202 628	202 628
Total small business Lending	244 157 612	1 810 416	2 502 485	248 470 513	108 763 132	9 751 789	203 671	118 718 592
Consumer Lending								
Good(AAA to -BBB-)	3 484 834 513	613 501	632 530	3 486 080 544	951 751 652	751 800	144 392	952 647 844
Special Mention(BB+ to CCC-)	5 243 805	6 691 564	48 318	11 983 687	479 066	5 193 729	837	5 673 632
Nonperforming(CC to D)	-	-	7 199 698	7 199 698	-	-	2 248 905	2 248 905
Total consumer lending	3 490 078 318	7 305 065	7 880 546	3 505 263 929	952 230 718	5 945 529	2 394 134	960 570 381
Mortgage Lending								
Good(AAA to -BBB-)	20 247 178	-	73 494	20 320 672	93 452 732	-	-	93 452 732
Special Mention(BB+ to CCC-)	-	117 159 062	-	117 159 062	37 645	10 233 365	-	10 271 010
Nonperforming(CC to D)	-	-	777 735	777 735	-	-	292 664	292 664
Total Mortgage Lending	20 247 178	117 159 062	851 229	138 257 469	93 490 377	10 233 365	292 664	104 016 406
Guarantees								
Good(AAA to -BBB-)	700 460 558	-	-	700 460 558	688 652 647	-	-	688 652 647
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Total guarantees	700 460 558	-	-	700 460 558	688 652 647	-	-	688 652 647
Loan commitments								
Good(AAA to BBB-)	746 603 845	-	-	746 603 845	219 933 545	-	-	219 933 545
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Total loan commitments	746 603 845	-	-	746 603 845	219 933 545	-	-	219 933 545
Other financial assets								
Bonds								
Good (AAA to BBB-)	162 764 365	-	-	162 764 365	21 944 608	-	-	21 944 608
Total other financial assets	162 764 365	-	-	162 764 365	21 944 608	-	-	21 944 608

**ZB FINANCIAL HOLDINGS
LIMITED**

NOTES TO THE CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

18. RISK MANAGEMENT (continued)

18.2.4 Credit risk (continued)

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

	Reviewed inflation adjusted June 2021				Audited inflation adjusted December 2020			
	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	210 528 084	270 110 375	7 514 754	488 153 213	146 654 321	157 074 030	2 292 807	306 021 158
Insurance debtors	-	-	29 277 561	29 277 561	-	-	26 143 564	26 143 564
Other financial assets	-	-	-	-	-	-	-	-
Total impairment allowances	210 528 084	270 110 375	36 792 315	517 430 774	146 654 321	157 074 030	28 436 371	332 164 722
In respect of guarantees	1 193 043	-	-	1 193 043	1 004 769	-	-	1 004 769
In respect of loan commitments	2 187 015	-	-	2 187 015	760 529	-	-	760 529
In respect of other financial assets	7 773 479	-	-	7 773 479	1 854 921	-	-	1 854 921
Total	221 681 621	270 110 375	36 792 315	528 584 311	150 274 540	157 074 030	28 436 371	335 784 941

Treasury bills were assessed for impairment as at 30 June 2021 and, having been considered to carry low credit risk, no IFRS 9 impairment charge was raised.

Total loans and advances	208 588 219	171 298	368 172	209 127 689	146 632 118	220 703	101 709	146 954 530
Good(AAA to -BBB-)	1 939 865	269 939 077	46 737	271 925 679	22 203	156 853 327	1 010	156 876 540
Special Mention(BB+ to CCC-)	-	-	7 099 845	7 099 845	-	-	2 190 088	2 190 088
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Impairment allowance for total loans and advances	210 528 084	270 110 375	7 514 754	488 153 213	146 654 321	157 074 030	2 292 807	306 021 158
Impairment allowance for loans and advances by lending category:								
Corporate Lending								
Good(AAA to -BBB-)	154 475 988	-	-	154 475 988	111 436 298	-	-	111 436 298
Special Mention(BB+ to CCC-)	-	137 273 705	-	137 273 705	-	155 092 160	-	155 092 160
Nonperforming(CC to D)	-	-	2 852 514	2 852 514	-	-	620 237	620 237
Impairment allowance for corporate lending	154 475 988	137 273 705	2 852 514	294 602 207	111 436 298	155 092 160	620 237	267 148 695
Small business Lending								
Good(AAA to -BBB-)	15 706 468	30 475	12 341	15 749 284	4 929 170	19	689	4 929 878
Special Mention (BB+ to CCC-)	682	248 766	-	249 448	-	276 503	-	276 503
Nonperforming(CC to D)	-	-	398 564	398 564	-	-	127 931	127 931
Impairment allowance for small business lending	15 707 150	279 241	410 905	16 397 296	4 929 170	276 522	128 620	5 334 312
Consumer lending								
Good(AAA to -BBB-)	32 911 089	140 823	355 831	33 407 743	28 643 882	220 684	101 020	28 965 586
Special Mention(BB+ to CCC-)	434 928	132 412 153	21 133	132 868 214	22 203	1 141 820	1 010	1 165 033
Nonperforming(CC to D)	-	-	3 848 767	3 848 767	-	-	1 441 920	1 441 920
Impairment allowance for consumer lending	33 346 017	132 552 976	4 225 731	170 124 724	28 666 085	1 362 504	1 543 950	31 572 539
Mortgage Lending								
Good(AAA to -BBB-)	5 494 674	-	-	5 494 674	1 622 768	-	-	1 622 768
Special Mention(BB+ to CCC-)	1 504 255	4 453	25 604	1 534 312	-	342 844	-	342 844
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Impairment allowance for mortgage lending	6 998 929	4 453	25 604	7 028 986	1 622 768	342 844	-	1 965 612
Impairment allowances on guarantees and loan commitments included in provisions under other liabilities								
Guarantees								
Good(AAA to -BBB-)	1 193 043	-	-	1 193 043	1 004 769	-	-	1 004 769
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Impairment allowances for guarantees	1 193 043	-	-	1 193 043	1 004 769	-	-	1 004 769
Loan commitments								
Good(AAA to -BBB-)	2 187 015	-	-	2 187 015	760 529	-	-	760 529
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Impairment allowances for loan commitments	2 187 015	-	-	2 187 015	760 529	-	-	760 529
Other financial assets								
Bonds	-	-	-	-	-	-	-	-
Good (AAA to BBB)	7 773 479	-	-	7 773 479	1 854 921	-	-	1 854 921
Impairment allowances for other financial assets	7 773 479	-	-	7 773 479	1 854 921	-	-	1 854 921

	Unreviewed historical cost June 2021				Unaudited historical cost December 2020			
	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	210 528 084	270 110 375	7 514 754	488 153 213	121 515 026	130 148 598	1 899 778	253 563 402
Treasury bills	-	-	-	-	-	-	-	-
Insurance debtors	-	-	29 277 561	29 277 561	-	-	21 662 067	21 662 067
Other financial assets	-	-	-	-	-	-	-	-
Total impairment allowances	210 528 084	270 110 375	36 792 315	517 430 774	121 515 026	130 148 598	23 561 845	275 225 460
In respect of guarantees	1 193 043	-	-	1 193 043	832 533	-	-	832 533
In respect of loan commitments	2 187 016	-	-	2 187 016	630 160	-	-	630 160
In respect of other financial assets	7 773 479	-	-	7 773 479	1 536 953	-	-	1 536 953
Total	221 681 622	270 110 375	36 792 315	528 584 312	124 514 672	130 148 598	23 561 845	278 225 115

Treasury bills were assessed for impairment as at 30 June 2021 and, having been considered to carry low credit risk, no IFRS 9 impairment charge was raised.

Total loans and advances	208 588 219	171 298	368 172	209 127 689	121 496 629	182 868	84 274	121 763 771
Good(AAA to -BBB-)	1 939 865	269 939 077	46 737	271 925 679	18 397	129 965 730	837	129 984 964
Special Mention(BB+ to CCC-)	-	-	7 099 845	7 099 845	-	-	1 814 666	1 814 666
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Impairment allowance for total loans and advances	210 528 084	270 110 375	7 514 754	488 153 213	121 515 026	130 148 598	1 899 777	253 563 401
Impairment allowance for loans and advances by lending category:								
Corporate Lending								
Good(AAA to -BBB-)	154 475 988	-	-	154 475 988	92 334 033	-	-	92 334 033
Special Mention(BB+ to CCC-)	-	137 273 705	-	137 273 705	-	128 506 460	-	128 506 460
Nonperforming(CC to D)	-	-	2 852 514	2 852 514	-	-	513 917	513 917
Impairment allowance for corporate lending	154 475 988	137 273 705	2 852 514	294 602 207	92 334 033	128 506 460	513 917	221 354 410
Small business Lending								
Good(AAA to -BBB-)	15 706 468	30 475	12 341	15 749 284	4 084 218	13	571	4 084 802
Special Mention(BB+ to CCC-)	682	248 766	-	249 448	-	229 105	-	229 105
Nonperforming(CC to D)	-	-	398 564	398	-	-	106 001	106 001
Impairment allowance for small business lending	15 707 150	279 241	410 905	16 397 296	4 084 218	229 118	106 572	4 419 908
Consumer lending								
Good(AAA to -BBB-)	32 911 089	140 823	355 831	33 407 743	23 733 784	182 855	83 703	24 000 342
Special Mention(BB+ to CCC-)	434 928	132 412 153	21 133	132 868 214	18 397	946 091	837	965 325
Nonperforming(CC to D)	-	-	3 848 767	3 848 767	-	-	1 194 748	1 194 748
Impairment allowance for consumer lending	33 346 017	132 552 976	4 225 731	170 124 724	23 752 181	1 128 946	1 279 288	26 160 415
Mortgage Lending								
Good(AAA to -BBB-)	5 494 674	-	-	5 494 674	1 344 595	-	-	1 344 595
Special Mention(BB+ to CCC-)	1 504 255	4 453	25 604	1 534 312	-	284 074	-	284 074
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Impairment allowance for mortgage lending	6 998 929	4 453	25 604	7 028 986	1 344 595	284 074	-	1 628 669
Impairment allowances on guarantees and loan commitments included in provisions under other liabilities								
Guarantees								
Good(AAA to -BBB-)	1 193 043	-	-	1 193 043	832 533	-	-	832 533
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Impairment allowances for guarantees	1 193 043	-	-	1 193 043	832 533	-	-	832 533
Loan commitments								
Good(AAA to -BBB-)	2 187 015	-	-	2 187 015	630 160	-	-	630 160
Special Mention(BB+ to CCC-)	-	-	-	-	-	-	-	-
Nonperforming(CC to D)	-	-	-	-	-	-	-	-
Impairment allowances for loan commitments	2 187 016	-	-	2 187 015	630 160	-	-	630 160
Other financial assets								
Bonds	-	-	-	-	-	-	-	-
Good (AAA to BBB)	7 773 479	-	-	7 773 479	1 536 953	-	-	1 536 953
Impairment allowances for other financial assets	7 773 479	-	-	7 773 479	1 536 953	-	-	1 536 953

NOTES TO THE CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)								
18. RISK MANAGEMENT (continued)								
18.2.4 Credit risk (continued)								
An analysis of changes in the gross carrying amount are as follows:								
	Reviewed inflation adjusted June 2021				Audited inflation adjusted December 2020			
	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	6 181 390 743	517 305 780	17 968 960	6 716 665 483	3 376 602 453	624 159 636	7 234 639	4 007 996 728
Guarantees	700 460 558	-	-	700 460 558	831 122 628	-	-	831 122 628
Loan commitments	746 603 845	-	-	746 603 845	265 433 883	-	-	265 433 883
Treasury bills	1 200 308 690	-	-	1 200 308 690	625 302 767	-	-	625 302 767
Insurance debtors	154 441 484	-	29 277 561	183 719 045	96 497 263	-	26 143 562	122 640 825
Other financial assets	162 764 365	-	-	162 764 365	26 484 559	-	-	26 484 559
Total financial assets	9 145 969 685	517 305 780	47 246 521	9 710 521 986	5 221 443 553	624 159 636	33 378 201	5 878 981 390
Balance at beginning of period	5 221 443 553	624 159 636	33 378 201	5 878 981 390	5 504 219 588	113 099 631	87 210 500	5 704 529 719
Effects of monetary adjustments	(806 262 649)	(106 992 649)	(5 721 648)	(1 007 767 495)	(4 277 192 058)	(87 886 908)	(67 769 109)	(4 432 848 076)
New assets	6 855 708 624	157 655 275	12 327 063	7 025 690 962	5 727 568 483	495 543 190	16 327 384	6 239 439 057
Repayments	(2 100 266 302)	(84 861 320)	(1 255 249)	(2 186 382 871)	(1 565 123 397)	(64 890 583)	(2 125 330)	(1 632 439 310)
Stage reassignments	-	-	-	-	-	-	-	-
Stage 1	-	(71 641 181)	7 504 173	(64 137 008)	-	168 315 223	(286 160)	168 029 063
Stage 2	71 641 181	-	1 013 981	72 655 162	(168 315 223)	-	20 916	(168 294 301)
Stage 3	(7 504 173)	(1 013 981)	-	(8 518 154)	286 160	(20 916)	-	265 244
Balance at the end of period	9 145 969 685	517 305 780	47 246 521	9 710 521 986	5 221 443 553	624 159 636	33 378 201	5 878 981 390
An analysis of changes in the ECLs are as follows:								
	Reviewed inflation adjusted June 2021				Audited inflation adjusted December 2020			
	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	210 528 084	270 110 375	7 514 754	488 153 213	146 654 324	157 074 028	2 292 807	306 021 159
Insurance debtors	-	-	29 277 561	29 277 561	-	-	26 143 566	26 143 566
Total Loans and other advances	210 528 084	270 110 375	36 792 315	517 430 774	146 654 324	157 074 028	28 436 373	332 164 725
In respect of guarantees	1 193 043	-	-	1 193 043	1 004 769	-	-	1 004 769
In respect of Loan commitments	2 187 016	-	-	2 187 016	760 529	-	-	760 529
In respect of other financial assets	7 773 479	-	-	7 773 479	1 854 913	4	-	1 854 917
Total impairment allowances	221 681 621	270 110 375	36 792 315	528 584 311	150 274 535	157 074 032	28 436 373	335 784 940
Balance at beginning of period	150 274 540	157 074 030	28 436 371	335 784 941	273 039 226	12 405 932	82 363 588	367 808 746
Effects of monetary adjustments	(25 759 869)	(26 925 432)	(4 874 526)	(57 559 827)	(212 171 986)	(9 640 342)	(64 002 694)	(285 815 022)
New assets	277 204 214	47 490 970	1 409 576	326 104 760	188 388 978	114 311 791	11 333 025	314 033 794
Repayments	(54 963 598)	(20 414 778)	(367 187)	(75 745 563)	(41 856 024)	(16 192 399)	(2 194 154)	(60 242 577)
Stage reassignments	-	-	-	-	-	-	-	-
Stage 1	-	121 255 495	3 818 171	125 073 666	-	56 301 996	823 658	57 125 654
Stage 2	(121 255 495)	-	8 369 910	(112 885 585)	(56 301 996)	-	112 948	(56 189 048)
Stage 3	(3 818 171)	(8 369 910)	-	(12 188 081)	(823 658)	(112 948)	-	(936 606)
Balance at end of period	221 681 621	270 110 375	36 792 315	528 584 311	150 274 540	157 074 030	28 436 371	335 784 941
An analysis of changes in the gross carrying amount are as follows:								
	Unreviewed historical cost June 2021				Unaudited historical cost December 2020			
	STAGE 1	STAGE 2	STAGE 3	TOTAL	STAGE 1	STAGE 2	STAGE 3	TOTAL
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
Total financial assets	6 181 390 743	517 305 780	17 968 960	6 716 665 483	2 797 789 565	517 166 987	5 994 486	3 320 951 038
Total loans and advances	700 460 558	-	-	700 460 558	688 652 647	-	-	688 652 647
Loan commitments	746 603 845	-	-	746 603 845	219 933 545	-	-	219 933 545
Treasury bills	1 200 308 690	-	-	1 200 308 690	518 114 164	-	-	518 114 164
Insurance debtors	154 441 484	-	29 277 561	183 719 045	79 955 826	-	21 662 067	101 617 893
Other financial assets	162 764 365	-	-	162 764 365	21 944 608	-	-	21 944 608
Total financial assets	9 145 969 685	517 305 780	47 246 521	9 710 521 986	4 326 390 355	517 166 987	27 656 553	4 871 213 895
Balance at beginning of period	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
New assets	6 855 708 624	157 655 275	12 327 063	7 025 690 962	4 745 755 995	410 597 808	13 528 565	5 169 882 368
Repayments	(2 100 266 302)	(84 861 320)	(1 255 249)	(2 186 382 871)	(1 296 831 940)	(53 767 122)	(1 761 009)	(1 352 360 071)
Stage reassignments	-	-	-	-	-	-	-	-
Stage 1	-	(71 641 181)	7 504 173	(64 137 008)	-	139 462 842	(237 107)	139 225 735
Stage 2	71 641 181	-	1 013 981	72 655 162	(139 462 842)	-	17 331	(139 445 511)
Stage 3	(7 504 173)	(1 013 981)	-	(8 518 154)	237 107	(17 331)	-	219 776
Balance at end of period	9 145 969 685	517 305 780	47 246 521	9 710 521 986	4 326 390 355	517 166 987	27 656 553	4 871 213 895
An analysis of changes in the ECLs are as follows:								
	Unreviewed historical cost June 2021				Unaudited historical cost December 2020			
	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	210 528 084	270 110 375	7 514 754	488 153 213	121 515 027	130 148 598	1 899 777	253 563 402
Insurance debtors	-	-	29 277 561	29 277 561	-	-	21 662 068	21 662 068
Total Loans and other advances	210 528 084	270 110 375	36 792 315	517 430 774	121 515 027	130 148 598	23 561 845	275 225 470
In respect of guarantees	1 193 043	-	-	1 193 043	832 533	-	-	832 533
In respect of Loan commitments	2 187 016	-	-	2 187 016	630 160	-	-	630 160
In respect of other financial assets	7 773 479	-	-	7 773 479	1 536 952	-	-	1 536 952
Total impairment allowances	221 681 622	270 110 375	36 792 315	528 584 312	124 514 672	130 148 598	23 561 845	278 225 115
Balance at beginning of period	124 514 672	130 148 598	23 561 845	278 225 115	50 433 455	2 291 516	15 213 493	67 938 464
Effects of monetary adjustments	(277 204 214)	(47 490 970)	(1 409 576)	(326 104 760)	(156 095 583)	(94 716 608)	(9 390 332)	(260 202 523)
Repayments	(54 963 598)	(20 414 778)	(367 187)	(75 745 563)	(34 681 118)	(13 416 719)	(1 818 035)	(49 915 872)
Stage reassignments	-	-	-	-	-	-	-	-
Stage 1	-	121 255 495	3 818 171	125 073 666	-	46 650 780	682 468	47 333 248
Stage 2	(121 255 495)	-	8 369 910	(112 885 585)	(46 650 780)	-	93 587	(46 557 193)
Stage 3	(3 818 171)	(8 369 910)	-	(12 188 081)	(682 468)	(93 587)	-	(776 055)
Balance at end of period	221 681 622	270 110 375	36 792 315	528 584 312	124 514 672	130 148 598	23 561 845	278 225 115
					Inflation adjusted		Historical cost	
					Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
ECL Movement								
Balance at beginning of period			332 164 722		362 526 820		275 225 469	66 962 832
Loans and insurance debtors			249 519 039		325 120 841		241 891 623	208 074 088
Write offs against provision			313 682		227 556		313 682	188 549
Effects of monetary adjustments			(64 566 669)		(355 710 495)		-	-
Balance at end of period			517 430 774		332 164 722		517 430 774	275 225 469
Analysis of loans and advances								
Balance at beginning of period			306 021 158		295 228 017		253 563 402	54 531 977
ECL for current period			241 903 545		313 979 856		234 276 129	198 842 876
Write offs against provision			313 682		227 556		313 682	188 549
Effects of monetary adjustments			(60 085 172)		(303 414 271)		-	-
Balance at end of period			488 153 213		306 021 158		488 153 213	253 563 402
Analysis of insurance debtors								
Balance at beginning of period			26 143 564		67 298 803		21 662 067	12 430 855
ECL for current period			7 615 494		11 140 986		7 615 494	9 231 212
Effects of monetary adjustments			(4 481 497)		(52 296 225)		-	-
Balance at end of period			29 277 561		26 143 564		29 277 561	21 662 067
Analysis of guarantees and loan commitments								
Guarantees								
Balance at beginning of period			1 004 769		756 948		832 533	139 817
ECL for current period			576 553		836 027		360 510	692 716
Effects of monetary adjustments			(388 279)		(588 206)		-	-
Balance at end of period			1 193 043		1 004 769		1 193 043	832 533
Loan commitments								
Balance at beginning of period			760 529		4 030 704		630 160	744 517
ECL for current period			1 707 817		19 999 208		1 556 855	(114 357)
Effects of monetary adjustments			(281 331)		(23 269 383)		-	-
Balance at end of period			2 187 015		760 529		2 187 015	630 160
Analysis of other financial assets								
Balance at beginning of period			1 854 921		494 274		1 536 953	91 298
ECL for current period			6 236 526		1 682 733		6 236 526	1 445 655
Effects of monetary adjustments			(317 968)		(322 086)		-	-
Balance at end of period			7 773 479		1 854 921		7 773 479	1 536 953

NOTES TO THE CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

18. RISK MANAGEMENT (continued)

18.3 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.

18.4 Risk rating

18.4.1 Regulatory risk rating

The Reserve Bank of Zimbabwe (RBZ) 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 Capital adequacy, Asset quality, Management, Earnings, Liquidity and Sensitivity (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

18.4.2 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 Limited	BBB	BBB	A-

Ratings for ZB Bank Limited and ZB Building Society expired in September 2020 whilst the rating for ZB Reinsurance Limited expires in May 2022.

19. COMPLIANCE WITH REGULATIONS

19.1 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 30 June 2021. ZB Bank Limited and ZB Building Society (ZBBS) met these requirements as at 30 June 2021.

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. Based on the projected performance to 31 December 2021, ZB Building Society faces a threat of failing to meet this capital target if it continues to operate as a sole entity.

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.

NOTES TO THE CONDENSED CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

19. COMPLIANCE WITH REGULATIONS (Continued)

19.2 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 the half year ended 30 June 2021, closing the period with ratios at 1.17% (31 December 2020: 0.7%) for the Life Company and 5% (31 December 2020: 5%) 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 condensed consolidated interim financial statements. No penalties have been levied on the entities for the non-compliance.

19.3 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.

20. SUBSEQUENT EVENTS

There were no material events between the period end and the date of reporting for ZB Financial Holdings Limited and its subsidiaries including ZB Bank Limited, ZB Building Society, ZB Life Limited and ZB Reinsurance Limited incorporated in this reporting package.

21. GOING CONCERN

The Board undertakes regular assessments 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 Group comprised of the holding company and its subsidiaries which include ZB Bank Limited, ZB Building Society, ZB Life Limited and ZB Reinsurance Limited incorporated in this reporting package.

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 condensed consolidated inflation adjusted interim financial results including performing sensitivity analysis. 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.

The proposed merger of the Group banking operations namely ZB Bank Limited and ZB Building Society (see note 19.1) had not yet materialised as at the reporting date. Stakeholders consultation regarding the transaction is in progress with the technical processes at a preliminary stage.

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 period, 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 a slight increase in the claims experience for the period ended June 2021 where the overall claims ratio increased to 33% compared to 32% in December 2020. Current claims levels have been in line with expected trends.

d) Market risk

– the valuation of equity investments may be affected through an unfavourable underlying performance fundamentals as a result of COVID-19. This may have an effect of reducing the carrying value for investments designated as fair value instruments. The Group does not hold any derivative instruments which may be exposed to secondary risks related to COVID-19. Additionally, there may be a market wide requirement to re-price instruments which may affect the Group's investment portfolio of interest rate sensitive instruments. This may result in a repricing gap between assets and liabilities. The Group's interest sensitive liabilities were higher than interest sensitive assets as at 30 June 2021. A market wide increase in interest rates is likely to reduce the Group's net interest earnings in the short-term.

Consequently, the condensed consolidated inflation adjusted interim financial results for the period ended 30 June 2021 have been prepared on a going concern basis.

22. BOARD ATTENDANCE DURING THE PERIOD

ENTITY	ZBFH	ZBBL	ZBBS	ZBRE	ZBLA
TOTAL MEETINGS	5	3	3	2	2
P CHIROMO	5	X	X	X	X
*R MUTANDAGAYI	1	0	0	1	1
**O AKERELE	4	X	X	X	X
*** T S BVURERE	4	X	X	X	X
F KAPANJE	5	X	X	X	X
****A Z MANGWIRO	4	X	X	X	X
J MUTEVEDZI	5	X	X	X	X
****P B NYONI	5	X	X	X	X
T SIBANDA	4	X	X	X	X
A MAKAMURE	4	X	X	X	X
K MAUKAZUVA	5	X	X	X	X
S A SIBANDA	X	3	X	X	X
P M MATUPIRE	X	3	X	X	X
C MANDIZVIDZA	X	3	X	X	X
G N MAHLANGU	X	3	X	X	X
G CHIKOMO	X	3	X	X	X
F NYAMBIRI	X	3	X	X	X
K J LANGLEY	X	3	X	X	X
P MURENA	X	2	X	X	X
E MASINIRE	X	3	X	X	X
O MANDIMIKA	X	X	3	X	X
S K CHIGANZE	X	X	3	X	X
T KAPUMHA	X	X	3	X	X
J KATSIDZIRA	X	X	3	X	X
F B CHIRIMUUTA	X	X	X	2	X
B SHUMBA	X	X	X	2	X
P MURAMBINDA (MRS)	X	X	X	2	X
A NYAKONDA	X	X	X	2	X
M SHONIWA	X	X	X	2	X
C MASIMBE	X	X	X	2	X
E T Z CHIDZONGA	X	X	X	X	2
L MAWIRE (MRS)	X	X	X	X	2
C MAKONI	X	X	X	X	2
A MANGORO	X	X	X	X	2
R DZIMBA-MABVURUNGE (MRS)	X	X	X	X	2
T SANDURA	X	X	X	X	1

*R Mutandagayi resigned from the Board with effect from 31 May 2021.

**O Akerele resigned from the Board with effect from 3 May 2021.

***T S Bvurere resigned from the Board with effect from 3 May 2021.

****P B Nyoni resigned from the Board with effect from 16 July 2021.

*****A.Z Mangwiro resigned from the Board with effect from 30 July 2021.

KEY

ZBFH - ZB Financial Holdings Limited Board

ZBBL - ZB Bank Limited Board

ZBBS - ZB Building Society Board

ZBRE - ZB Reinsurance Limited Board

ZBLA - ZB Life Assurance Limited Board

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ZBFH 147



ZB FINANCIAL HOLDINGS LIMITED

Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021



ZB BANK LIMITED
Registered Commercial Bank
(A member of the Deposit Protection Corporation)

REVIEWED FINANCIAL RESULTS

for the half year ended 30 June 2021

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

		Inflation adjusted		Historical cost	
		Reviewed 30 Jun 2021 ZWS	Audited 31 Dec 2020 ZWS	Unreviewed 30 Jun 2021 ZWS	Unaudited 31 Dec 2020 ZWS
Notes					
ASSETS					
Cash and short term funds	2	6 383 621 596	5 581 652 826	6 383 621 596	4 624 853 014
Treasury Bills	3	1 200 308 690	625 302 768	1 200 308 690	518 114 164
Advances and other accounts	4	5 818 484 361	3 611 554 760	5 818 484 361	2 992 466 648
Inventories	5	47 041 892	38 549 426	36 255 431	29 710 244
Trade and other receivables	6	1 506 559 603	623 406 914	1 506 559 603	516 543 296
Financial assets at fair value through profit or loss	7	614 931 092	489 488 752	614 931 092	405 581 214
Financial assets at amortised cost	8	211 046 064	82 199 476	211 046 064	68 108 946
Investment in Subsidiary company	9	2 075 461 740	1 904 667 021	1 604 544 032	1 560 019 251
Right of use asset	10	226 762 289	234 199 434	187 108 774	194 053 264
Intangible assets	11	212 013 258	232 062 596	26 853 764	27 441 348
Property and equipment	12	1 473 207 887	1 583 384 901	1 209 734 691	1 311 963 081
		19 769 438 472	15 006 468 874	18 799 448 098	12 248 854 470
Liabilities					
Deposits from customers	13	12 504 864 405	8 377 207 542	12 504 864 405	6 941 197 305
Offshore borrowings	14	190 515 971	293 521 765	190 515 971	243 206 638
Trade and other payables	15	1 737 426 016	1 047 912 353	1 737 426 016	868 280 553
Lease liability	16	212 609 093	250 701 035	212 609 093	207 726 184
Current tax liabilities		276 463 051	54 519 629	276 463 051	45 173 943
Deferred tax liabilities		136 513 930	248 589 726	13 450 238	137 274 209
Total liabilities		15 058 392 466	10 272 452 050	14 935 328 774	8 442 858 832
Equity					
Share Capital	17	90 683 544	90 683 544	1 810 402	1 810 402
Share premium	17	1 650 877 390	1 650 877 390	32 958 032	32 958 032
Functional currency translation reserve	17	-	-	45 437 973	45 437 973
Revaluation reserves	17	1 082 444 279	1 082 444 279	919 239 238	919 239 238
General reserves	17	(2 817 530)	(2 164 218)	(2 817 530)	(1 793 231)
Retained income	17	1 889 858 323	1 912 175 829	2 867 491 209	2 808 343 224
Total equity		4 711 046 006	4 734 016 824	3 864 119 324	3 805 995 638
Total equity and liabilities		19 769 438 472	15 006 468 874	18 799 448 098	12 248 854 470

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 30 June 2021

		Inflation adjusted		Historical cost	
		Reviewed 30 Jun 2021 ZWS	*Restated Reviewed 30 Jun 2020 ZWS	Unreviewed 30 Jun 2021 ZWS	*Restated Unreviewed 30 Jun 2020 ZWS
Notes					
Interest and related income	18.1	996 412 821	404 996 375	933 042 135	120 701 419
Interest and related expenses	18.2	(175 394 359)	(52 956 825)	(167 312 173)	(15 569 852)
Net interest income		821 018 462	352 039 550	765 729 962	105 131 567
Allowance for loan impairment	19	(218 728 595)	(158 446 870)	(211 180 386)	(60 785 038)
Net income from lending activities		602 289 867	193 592 680	554 549 576	44 346 529
Commission and fee income	20	1 063 456 784	507 381 431	998 566 980	141 086 736
Other income	21	273 040 023	1 470 907 595	266 789 465	699 761 820
Fair value adjustment	22	562 821 436	554 347 496	520 459 036	857 626 083
Total income		2 501 608 110	2 726 229 202	2 340 365 057	1 742 821 168
Operating expenses	23	(1 686 450 196)	(976 356 730)	(1 562 421 342)	(295 919 470)
Profit before tax		815 157 914	1 749 872 472	777 943 715	1 446 901 698
Income tax (expense)/credit	24	(202 691 754)	(64 019 976)	(190 943 578)	37 541 386
Net monetary gain/(loss)		(106 931 514)	(181 764 680)	-	-
Net profit/(loss) after taxation		505 534 646	1 504 087 816	587 000 137	1 484 443 083
Other Comprehensive income: Items that will never be reclassified to profit or loss					
Gains on property revaluation	12	-	18 248 902	-	24 227 220
Items that may be reclassified to profit or loss					
Gains on treasury bills classified as at FVOCI financial assets		(1 360 652)	10 085 265	(1 360 652)	4 880 502
Related tax		336 353	(3 405 523)	336 353	(2 417 821)
Other comprehensive income for the year, net of tax		(1 024 299)	24 928 644	(1 024 299)	26 689 901
Total comprehensive income/ (loss) for the period		504 510 347	1 529 016 460	585 975 838	1 511 932 984

* The restatement is in respect of prior period error on revaluation of intangible assets (see note 11)

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2021

Reviewed inflation adjusted						
	Share capital ZWS	Share premium ZWS	Revaluation property and equipment ZWS	Financial assets at FVOCI ZWS	Retained income ZWS	Total ZWS
Balance at 1 January 2021	90 683 544	1 650 877 390	1 082 444 279	(2 164 218)	1 912 175 829	4 734 016 824
Changes in equity for 2021						
Profit or loss	-	-	-	-	505 534 646	505 534 646
Profit for the period	-	-	-	-	505 534 646	505 534 646
Other comprehensive income, net of tax	-	-	-	(1 024 299)	-	(1 024 299)
Fair value gains on financial assets at FVOCI	-	-	-	(1 024 299)	-	(1 024 299)
Transactions with owners of the Bank	-	-	-	-	-	-
Distributions	-	-	-	-	(527 852 152)	(527 852 152)
Dividend to equity holders	-	-	-	-	(527 852 152)	(527 852 152)
Other movements	-	-	-	-	-	-
Effect of changes in general price index	-	-	-	370 987	-	370 987
Balance at 30 June 2021	90 683 544	1 650 877 390	1 082 444 279	(2 817 530)	1 889 858 323	4 711 046 006
Balance at 31 December 2019	-	-	680 707 051	-	1 388 895 778	3 918 622 750
*Prior period error	-	-	(289 862 329)	-	(357 007 668)	(646 869 997)
Restated balance 1 January 2020	90 683 544	1 650 877 390	390 844 722	107 458 987	1 031 888 110	3 271 752 753
Changes in equity for 2020						
Profit or loss	-	-	-	-	1 504 087 816	1 504 087 816
Profit for the period	-	-	-	-	1 504 087 816	1 504 087 816
Profit for the period as previously reported	-	-	-	-	1 301 673 968	1 301 673 968
*Prior period error	-	-	-	-	202 413 848	202 413 848
Other comprehensive income, net of tax	-	-	17 336 457	-	-	17 336 457
Revaluation of property	-	-	-	7 592 187	-	7 592 187
Fair value gains on financial assets at FVOCI	-	-	-	-	-	-
Distributions	-	-	-	-	(73 302 600)	(73 302 600)
Dividend to equity holders	-	-	-	-	(73 302 600)	(73 302 600)
Balance at 30 June 2020	90 683 544	1 650 877 390	408 181 179	115 051 174	2 462 673 326	4 727 466 613

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2021

Unreviewed and Unaudited historical cost							
	Share capital ZWS	Share premium ZWS	Functional currency translation reserve ZWS	Revaluation property and equipment ZWS	Financial assets at FVOCI ZWS	Retained income ZWS	Total ZWS
Balance at 1 January 2021	1 810 402	32 958 032	45 437 973	919 239 238	(1 793 231)	2 808 343 224	3 805 995 638
Changes in equity for 2021							
Profit or loss	-	-	-	-	-	587 000 137	587 000 137
Profit for the period	-	-	-	-	-	587 000 137	587 000 137
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Fair value gains on financial assets at FVOCI	-	-	-	-	(1 024 299)	-	(1 024 299)
Distributions	-	-	-	-	-	(527 852 152)	(527 852 152)
Dividend to equity holders	-	-	-	-	-	(527 852 152)	(527 852 152)
Balance at 30 June 2021	1 810 402	32 958 032	45 437 973	919 239 238	(2 817 530)	2 867 491 209	3 864 119 324
Balance at 31 December 2019	-	-	57 470 363	161 395 893	-	460 620 526	711 268 163
*Prior period error	-	-	(7 913 644)	26 990 818	-	(38 090 842)	(72 995 304)
Balance at 1 January 2020	1 810 402	32 958 032	49 556 719	134 405 075	(2 987 053)	422 529 684	638 272 859
Changes in equity for 2020							
Profit or loss	-	-	-	-	-	1 484 443 083	1 484 443 083
Profit for the period	-	-	-	-	-	1 484 443 083	1 484 443 083
Profit for the period as previously reported	-	-	-	-	-	1 446 896 244	1 446 896 244
*Prior period error	-	-	-	-	-	37 546 839	1 446 896 244
Other comprehensive income, net of tax	-	-	-	23 015 859	-	-	23 015 859
Revaluation of property	-	-	-	-	-	-	-
Fair value gains on financial assets at FVOCI	-	-	-	-	3 674 042	-	3 674 042
Distributions	-	-	-	-	-	(35 472 888)	(35 472 888)
Dividend to equity holders	-	-	-	-	-	(35 472 888)	(35 472 888)
Balance at 30 June 2020	1 810 402	32 958 032	49 556 719	157 420 934	686 989	1 871 499 879	2 113 932 955

* The restatement is in respect of prior period error on revaluation of intangible assets (see note 11) and reversal of the change in valuation method of Mashonaland Holdings (see note 7.3)

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF CASH FLOWS
For the half year ended 30 June 2021

		Inflation adjusted		Historical cost	
		Reviewed 30 Jun 2021 ZWS	Reviewed 30 Jun 2020 ZWS	Unreviewed 30 Jun 2021 ZWS	Unreviewed 30 Jun 2020 ZWS
Cash generated from/(used in) operating activities					
- Interest received		441 099 901	(1 708 025 437)	1 411 798 318	689 083 244
- Interest paid		996 412 821	404 996 375	933 042 135	120 701 419
- Income taxes paid		(175 394 359)	(52 956 824)	(167 312 173)	(15 569 852)
Net cash used in operating activities		(92 487 773)	(41 333 582)	(83 142 088)	(7 930 133)
Cash flows from investing activities		1 169 630 590	(1 397 319 468)	2 094 386 192	786 284 678
Dividends received		38 269 239	36 672 047	36 424 493	9 354 516
Proceeds on disposal of financial assets at fair value through profit or loss		299 606 419	-	299 606 419	-
Purchase of bonds		(149 572 650)	-	(149 572 650)	-
Purchase of property and equipment		(37 626 608)	(49 380 767)	(35 790 121)	(10 891 934)
Purchase of intangible assets		-	(24 011 529)	-	(4 584 148)
Net cash used in investing activities		150 676 400	(36 720 249)	150 668 141	(6 121 566)
Cash flows from financing activities					
Lease liability payments		(95 327 928)	(13 263 950)	(63 275 459)	(4 079 203)
Offshore loan repayments		(63 124 952)	(115 575 584)	(63 124 952)	(53 199 132)
Dividend paid		(527 852 152)	(73 302 600)	(527 852 152)	(35 472 888)
Net cash used in financing activities		(686 305 032)	(202 142 134)	(654 252 563)	(92 751 223)
Net decrease in cash and cash equivalents		634 001 958	(1 636 181 851)	1 590 801 770	687 411 889
Cash and cash equivalents at 31 December 2020		5 581 652 826	4 977 085 536	4 624 853 014	929 331 624
Effect of exchange rate fluctuations on cash and cash equivalents held		167 966 812	1 380 357 346	167 966 812	667 988 064
Cash and cash equivalents at 30 June 2021		6 383 621 596	4 721 261 031	6 383 621 596	2 284 731 577
Cash and cash equivalents comprise:					
- Cash on hand		2 786 303 438	2 356 367 689	2 786 303 438	1 140 302 904
- Local bank accounts		2 120 993 940	1 720 321 493	2 120 993 940	832 504 878
- Foreign bank accounts		1 476 324 218	644 571 849	1 476 324 218	311 923 795
Cash and cash equivalents at 30 June 2021		6 383 621 596	4 721 261 031	6 383 621 596	2 284 731 577

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS
For the half year ended 30 June 2021

1. STATEMENT OF COMPLIANCE

The condensed inflation adjusted interim financial results are required to be prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting." They do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However



Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZWS	Audited 31 Dec 2020 ZWS	Unreviewed 30 Jun 2021 ZWS	Unaudited 31 Dec 2020 ZWS
4. ADVANCES AND OTHER ACCOUNTS				
4.1 At amortised cost				
Loans, overdrafts and other accounts at amortised cost	5 368 915 852	3 468 993 591	5 368 915 852	2 874 343 132
Mortgage loans	122 040 027	114 795 869	122 040 027	95 117 708
Finance leases	689 440 670	328 020 808	689 440 670	271 791 899
Bills Discounted	92 882 003	1 386 792	92 882 003	1 149 070
Gross advances	6 273 278 552	3 913 197 060	6 273 278 552	3 242 401 809
Off balance sheet exposures				
In respect of guarantees	700 460 558	831 122 629	700 460 558	688 652 647
In respect of loan commitments	728 680 207	336 280 242	728 680 207	278 635 511
	1 429 140 765	1 167 402 871	1 429 140 765	967 288 158
Gross credit exposure	7 702 419 317	5 080 599 931	7 702 419 317	4 209 689 967
Gross advances	6 273 278 552	3 913 197 060	6 273 278 552	3 242 401 809
Less: Allowance for loan impairment	(454 794 191)	(301 642 300)	(454 794 191)	(249 935 161)
Net Advances	5 818 484 361	3 611 554 760	5 818 484 361	2 992 466 648
4.2 Maturity analysis				
On Demand	555 565 583	413 971 259	555 565 583	343 008 834
Within 1 Month	291 940 430	156 007 362	291 940 430	129 264 778
Between 1 and 6 Months	900 560 030	359 613 923	900 560 030	297 969 363
Between 6 and 12 Months	811 044 339	960 282 650	811 044 339	795 672 222
After 12 Months	5 143 308 935	3 190 724 737	5 143 308 935	2 643 774 770
	7 702 419 317	5 080 599 931	7 702 419 317	4 209 689 967
4.3 Loans and advances to customers by business line				
Corporate lending	4 246 266 992	3 747 912 998	4 246 266 992	3 105 450 529
Small business lending	246 016 078	152 327 544	246 016 078	126 215 751
Consumer lending	3 088 096 220	1 065 563 520	3 088 096 220	882 905 979
Mortgage lending	122 040 027	114 795 869	122 040 027	95 117 708
	7 702 419 317	5 080 599 931	7 702 419 317	4 209 689 967
4.4 Mortgage loans				
Mortgage advances were spread as follows:				
Type of property:				
High density	1 711 929	794 494	1 711 929	658 303
Medium density	525 774	2 985 634	525 774	2 473 840
Low density	110 892 279	104 045 553	110 892 279	86 210 197
Commercial	8 910 045	6 970 188	8 910 045	5 775 368
	122 040 027	114 795 869	122 040 027	95 117 708
4.5 Finance lease receivables				
Gross investment in finance leases:				
Less than 1 year	277 948 656	271 060 482	277 948 656	224 595 640
Between 1 and 5 years	1 514 993 707	553 581 796	1 514 993 707	458 687 510
Gross investment in finance leases	1 792 942 363	824 642 278	1 792 942 363	683 283 150
Unearned finance charges	(1 103 501 693)	(496 621 470)	(1 103 501 693)	(411 491 251)
Net investment in finance leases	689 440 670	328 020 808	689 440 670	271 791 899
Less than 1 year	112 052 855	118 670 915	112 052 855	98 328 499
Between 1 and 5 years	577 387 815	209 349 893	577 387 815	173 463 400
	689 440 670	328 020 808	689 440 670	271 791 899

	Inflation adjusted				Historical cost			
	Reviewed 30 Jun 2021 ZWS	Contribution	%		Audited 31 Dec 2020 ZWS	Contribution	%	
4.6 Sectoral analysis of advances								
Private	3 302 615 272	52.65%			1 207 498 212	30.86%		
Agriculture	635 906 691	10.14%			749 038 982	19.14%		
Mining	351 929 808	5.61%			401 924 196	10.27%		
Manufacturing	180 366 294	2.88%			123 728 938	3.16%		
Distribution	502 053 990	8.00%			335 419 134	8.57%		
Construction	13 922 461	0.22%			10 367 680	0.26%		
Transport	264 652 084	4.22%			317 334 231	8.11%		
Services	793 729 745	12.65%			645 356 889	16.49%		
Financial	225 061 044	3.59%			119 198 895	3.05%		
Communication	3 041 163	0.05%			3 329 903	0.09%		
	6 273 278 552	100%			3 913 197 060	100%		
4.7 Sectoral analysis of guarantees								
Manufacturing	693 064 951	98.94%			823 652 694	99.10%		
Distribution	462 700	0.07%			-	-		
Construction	750 000	0.11%			1 478 431	0.18%		
Services	5 767 907	0.82%			5 490 648	0.66%		
Financial	415 000	0.06%			500 856	0.06%		
	700 460 558	100%			831 122 629	100%		
4.8 Sectoral analysis of loan commitment								
Agriculture	295 262 260	40.52%			153 681 481	45.70%		
Mining	1 444 860	0.20%			846 326	0.25%		
Manufacturing	86 954 959	11.93%			21 317 677	6.34%		
Distribution	113 942 513	15.64%			69 691 372	20.72%		
Construction	5 338 621	0.73%			3 436 328	1.02%		
Transport	55 162 871	7.57%			15 942 468	4.74%		
Communications	-	0.00%			518 230	0.15%		
Services	136 583 491	18.74%			70 163 569	20.86%		
Financial	33 990 632	4.66%			682 791	0.20%		
	728 680 207	100%			336 280 242	100%		

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZWS	Audited 31 Dec 2020 ZWS	Unreviewed 30 Jun 2021 ZWS	Unaudited 31 Dec 2020 ZWS
4.9 Non-performing debt				
Non-performing loans and advances	14 086 966	21 241 898	14 086 966	4 735 348
Less: Allowance for loan impairment	(6 610 008)	(6 664 398)	(6 610 008)	(1 485 660)
Value to be received from security held	7 476 958	14 577 500	7 476 958	3 249 688

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

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZWS	Audited 31 Dec 2020 ZWS	Unreviewed 30 Jun 2021 ZWS	Unaudited 31 Dec 2020 ZWS
4.10 Loan impairment movement				
Balance at beginning of the period	301 642 300	284 286 608	249 935 161	52 510 974
Effects of monetary gain or loss	(58 902 989)	(294 911 973)	-	-
Change to profit or loss	212 054 880	312 040 108	204 859 030	197 235 637
Recoveries/(Write offs) charged to provision	-	227 557	-	188 550
Balance at 30 June 2021	454 794 191	301 642 300	454 794 191	249 935 161

4.11 Internal rating grade:
Loans and advances are carried at amortised cost using the effective interest method.

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

4.11.1 Total loans and advances

	Inflation adjusted						
	ECL STAGE CLASSIFICATION				Audited December 2020		
	Reviewed June 2021						
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS
Total loans and advances							
Good (AAA to A-)	5 773 376 693	-	-	5 773 376 693	3 284 303 386	-	-
Special mention (BBB+ to B-)	-	485 814 893	-	485 814 893	-	623 178 667	-
Non performing (CC to D)	-	-	14 086 966	14 086 966	-	-	5 715 007
Total	5 773 376 693	485 814 893	14 086 966	6 273 278 552	3 284 303 386	623 178 667	5 715 007
Corporate lending							
Good (AAA to A-)	2 450 099 045	-	-	2 450 099 045	1 983 899 589	-	-
Special mention (BBB+ to B-)	-	360 292 481	-	360 292 481	-	592 864 356	-
Non performing (CC to D)	-	-	6 734 700	6 734 700	-	-	3 746 183
Total	2 450 099 045	360 292 481	6 734 700	2 817 126 226	1 983 899 589	592 864 356	2 580 510 128
Small business lending							
Good (AAA to A-)	242 618 388	-	-	242 618 388	140 313 786	-	-
Special mention (BBB+ to B-)	-	1 693 362	-	1 693 362	-	11 769 210	-
Non performing (CC to D)	-	-	1 704 329	1 704 329	-	-	244 548
Total	242 618 388	1 693 362	1 704 329	246 016 079	140 313 786	11 769 210	244 548
Consumer lending							
Good (AAA to A-)	3 076 297 818	-	-	3 076 297 818	1 057 644 608	-	-
Special mention (BBB+ to B-)	-	6 669 988	-	6 669 988	-	6 194 634	-
Non performing (CC to D)	-	-	5 128 414	5 128 414	-	-	1 724 276
Total	3 076 297 818	6 669 988	5 128 414	3 088 096 220	1 057 644 608	6 194 634	1 724 276
Mortgage lending							
Good (AAA to A-)	4 361 442	-	-	4 361 442	102 445 403	-	-
Special mention (BBB+ to CCC-)	-	117 159 062	-	117 159 062	-	12 350 467	-
Non performing (CC to D)	-	-	519 523	519 523	-	-	-
Total	4 361 442	117 159 062	519 523	122 040 027	102 445 403	12 350 467	-

	Historical cost						
	ECL STAGE CLASSIFICATION				Unaudited December 2020		
	Unreviewed June 2021						
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS
Total loans and advances							
Good (AAA to A-)	5 773 376 693	-	-	5 773 376 693	2 721 312 287	-	-
Special mention (BBB+ to B-)	-	485 814 893	-	485 814 893	-	516 354 174	-
Non performing (CC to D)	-	-	14 086 966	14 086 966	-	-	4 735 348
Total	5 773 376 693	485 814 893	14 086 966	6 273 278 552	2 721 312 287	516 354 174	4 735 348
Corporate lending							
Good (AAA to A-)	2 450 099 045	-	-	2 450 099 045	1 643 822 050	-	-
Special mention (BBB+ to B-)	-	360 292 481	-	360 292 481	-	491 236 304	-
Non performing (CC to D)	-	-	6 734 700	6 734 700	-	-	3 104 017
Total corporate lending	2 450 099 045	360 292 481	6 734 700	2 817 126 226	1 643 822 050	491 236 304	3 104 017
Small business lending							
Good (AAA to A-)	242 618 388	-	-	242 618 388	116 261 376	-	-
Special mention (BBB+ to B-)	-	1 693 362	-	1 693 362	-	9 751 747	-
Non performing (CC to D)	-	-	1 704 329	1 704 329	-	-	202 628
Total small business lending	242 618 388	1 693 362	1 704 329	246 016 079	116 261 376	9 751 747	202 628
Consumer lending							
Good (AAA to A-)	3 076 297 818	-	-	3 076 297 818	876 344 518	-	-
Special mention (BBB+ to B-)	-	6 669 988	-	6 669 988	-	5 132 758	-
Non performing (CC to D)	-	-	5 128 414	5 128 414	-	-	1 428 703
Total consumer lending	3 076 297 818	6 669 988	5 128 414	3 088 096 220	876 344 518	5 132 758	1 428 703
Mortgage lending							
Good (AAA to A-)	4 361 442	-	-	4 361 442	84 884 343	-	-
Special mention (BBB+ to CCC-)	-	117 159 062	-	117 159 062	-	10 233 365	-
Non performing (CC to D)	-	-	519 523	519 523	-	-	-
Total mortgage lending	4 361 442	117 159 062	519 523	122 040 027	84 884 343	10 233 365	-

	Inflation adjusted							
	Reviewed June 2021				ECL STAGE CLASSIFICATION			
					Audited December 2020			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
4.11.2 Financial guarantees and loan commitments								
Financial guarantees								
Good (AAA to A-)	700 460 558	-	-	700 460 558	831 122 629	-	-	831 122 629
Total	700 460 558	-	-	700 460 559	831 122 629	-	-	831 122 629
Loan commitments								
Good (AAA to A-)	728 680 207	-	-	728 680 207	336 280 242	-	-	336 280 242
Total	728 680 207	-	-	728 680 207	336 280 242	-	-	336 280 242

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)								
4.12.1 Total loans and advances (continued)								
	Historical cost							
	ECL STAGE CLASSIFICATION							
	Unreviewed June 2021				Unaudited December 2020			
	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$
Total loans and advances								
Good (AAA to A-	178 570 224	-	-	178 570 224	118 496 727	-	-	118 496 727
Special mention (BBB+ to B-	-	269 613 959	-	269 613 959	-	129 952 774	-	129 952 774
Non performing (CC to D)	-	-	6 610 008	6 610 008	-	-	1 485 660	1 485 660
Total	178 570 224	269 613 959	6 610 008	454 794 191	118 496 727	129 952 774	1 485 660	249 935 161
Corporate lending								
Good (AAA to A-	154 475 988	-	-	154 475 988	92 334 034	-	-	92 334 034
Special mention (BBB+ to B-	-	136 960 024	-	136 960 024	-	128 506 460	-	128 506 460
Non performing (CC to D)	-	-	2 852 512	2 852 512	-	-	513 917	513 917
Total	154 475 988	136 960 024	2 852 512	294 288 524	92 334 034	128 506 460	513 917	221 354 411
Small business lending								
Good (AAA to A-	15 494 062	-	-	15 494 062	4 076 504	-	-	4 076 504
Special mention (BBB+ to B-	-	243 229	-	243 229	-	229 105	-	229 105
Non performing (CC to D)	-	-	255 797	255 797	-	-	106 001	106 001
Total	15 494 062	243 229	255 797	15 993 088	4 076 504	229 105	106 001	4 411 610
Consumer lending								
Good (AAA to A-	3 105 500	-	-	3 105 500	20 843 043	-	-	20 843 043
Special mention (BBB+ to B-	-	132 406 253	-	132 406 253	-	933 135	-	933 135
Non performing (CC to D)	-	-	3 501 699	3 501 699	-	-	865 742	865 742
Total	3 105 500	132 406 253	3 501 699	139 013 452	20 843 043	933 135	865 742	22 641 920
Mortgage lending								
Good (AAA to A-	5 494 674	-	-	5 494 674	1 243 146	-	-	1 243 146
Special mention (BBB+ to CCC-)	-	4 453	-	4 453	-	284 074	-	284 074
Total	5 494 674	4 453	-	5 499 127	1 243 146	284 074	-	1 527 220
Inflation adjusted								
ECL STAGE CLASSIFICATION								
Reviewed June 2021				Audited December 2020				
STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	
4.12.2 Financial guarantees and loan commitments								
Financial guarantees								
Good (AAA to A-)	1 193 043	-	-	1 193 043	1 004 769	-	-	1 004 769
Total	1 193 043	-	-	1 193 043	1 004 769	-	-	1 004 769
Loan commitments								
Good (AAA to A-)	2 187 014	-	-	2 187 014	760 528	-	-	760 528
Total	2 187 014	-	-	2 187 014	760 528	-	-	760 528
Historical cost								
ECL STAGE CLASSIFICATION								
Unreviewed June 2021				Unaudited December 2020				
STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	
Guarantees								
Good (AAA to A-)	1 193 043	-	-	1 193 043	832 532	-	-	832 532
Total guarantees	1 193 043	-	-	1 193 043	832 532	-	-	832 532
Loan commitments								
Good (AAA to A-)	2 187 014	-	-	2 187 014	630 159	-	-	630 159
Total	2 187 014	-	-	2 187 014	630 159	-	-	630 159
Inflation adjusted								
ECL STAGE CLASSIFICATION								
Reviewed June 2021				Audited December 2020				
STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	
4.12.3 Other financial assets								
Bonds								
Good (AAA to A-)	7 773 480	-	-	7 773 480	1 854 922	-	-	1 854 922
Total	7 773 480	-	-	7 773 480	1 854 922	-	-	1 854 922
Historical cost								
ECL STAGE CLASSIFICATION								
Unreviewed June 2021				Unaudited December 2020				
STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	
Other financial assets								
Bonds								
Special mention (BBB+ to CCC-)	7 773 480	-	-	7 773 480	1 536 953	-	-	1 536 953
Total	7 773 480	-	-	7 773 480	1 536 953	-	-	1 536 953
Inflation adjusted								
ECL STAGE CLASSIFICATION								
Reviewed June 2021				Audited December 2020				
STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	
5. INVENTORIES								
Point of sale machines	1 379 982			1 664 556	1 063 559			1 282 882
Stationery	42 601 482			34 817 024	32 833 184			26 833 663
Fuel	170 855			841 054	131 679			648 204
Ppe materials	2 785 648			1 113 348	2 146 913			858 063
Atm spares	95 839			104 310	73 863			80 392
Computer consumables	8 086			9 134	6 233			7 040
	47 041 892			38 549 426	36 255 431			29 710 244
Current	47 041 892			38 549 426	36 255 431			29 710 244
6. TRADE AND OTHER RECEIVABLES								
Accrued interest	14 916 286			-	14 916 286			-
*Remittances in transit	152 422 920			9 176	152 422 920			7 603
Advance payments and sundry assets	1 274 761 591			586 668 814	1 274 761 591			486 102 794
Amounts clearing from other banks	64 458 806			36 728 924	64 458 806			30 432 899
	1 506 559 603			623 406 914	1 506 559 603			516 543 296
* Remittances in transit relate mainly to transactions between entities which were still outstanding as at the end of the period.								
7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS								
7.1 Carrying amounts								
Unlisted equities	518 737 755			288 881 134	518 737 755			239 361 498
Listed Equities	96 193 337			200 607 618	96 193 337			166 219 716
	614 931 092			489 488 752	614 931 092			405 581 214
7.2 Movement of financial assets at fair value through profit or loss								
Balance at beginning of the period	489 488 752			152 625 037	405 581 214			28 191 582
Movements during the period:								
- on listed equities	(299 606 419)			-	(299 606 419)			-
	189 882 333			152 625 037	105 974 795			28 191 582
Fair value adjustments								
- On listed equity investments	191 484 203			81 221 278	225 872 105			84 174 536
- On unlisted equity investments	229 854 377			255 642 437	279 374 013			233 058 475
	611 220 913			489 488 752	611 220 913			345 424 593
Exchange gains/(losses)								
- On listed equity investments	3 707 936			72 404 681	3 707 936			59 993 163
- On unlisted equity investments	2 243			197 275	2 243			163 458
	614 931 092			562 090 708	614 931 092			405 581 214
Net monetary gains/(losses) on listed equity investments	-			(72 601 956)	-			-
Balance at end of period	614 931 092			489 488 752	614 931 092			405 581 214
7.3 Prior period adjustment in respect of Mashonaland Holdings Limited								
The Bank held shares in Mashonaland Holdings, a listed entity on the Zimbabwe Stock Exchange. The investment in Mashonaland Holdings was incorrectly measured at Net Asset Value in prior period instead of using the level 1 observable input, that is the share price of shares. Mashonaland Holdings is now being valued based on the share prices being traded on the Zimbabwe Stock Exchange.								

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZWS	Audited 31 Dec 2020 ZWS	Unreviewed 30 Jun 2021 ZWS	Unaudited 31 Dec 2020 ZWS
8. FINANCIAL ASSETS AT AMORTISED COST				
8.1 Carrying amounts				
Bank balances	48 281 699	55 714 919	48 281 699	46 164 338
Bonds	162 764 365	26 484 557	162 764 365	21 944 608
	211 046 064	82 199 476	211 046 064	68 108 946
8.2 Movement of financial assets held at amortised cost				
Carrying amounts				
Balance at beginning of the period	82 199 476	115 853 136	68 108 946	21 399 392
Movements during the period:				
- On Bonds	146 171 685	11 240 227	146 176 817	11 360 356
	228 371 161	127 093 363	214 285 763	32 759 748
Accrued interest on debentures and bonds				
- current period	130 219	166 280	130 219	137 777
- prior year received in current period	(290 362)	(350 433)	(137 777)	(64 729)
	228 211 018	126 909 210	214 278 205	32 832 796
Exchange gains/(losses) on bank balances				
Exchange gains/(losses) on bonds	2 117 361	44 318 893	2 117 361	36 721 805
	1 383 330	-	1 383 330	-
	231 711 709	171 228 103	217 778 896	69 554 601
Impairment (charges)/reversal				
- on debentures	-	-	-	(1 285 126)
- on bonds	(6 732 832)	(1 682 733)	(6 732 832)	(160 529)
	224 978 877	169 545 370	211 046 064	68 108 946
Monetary gains/losses				
- On bank balances	(9 426 499)	(39 724 453)	-	-
- On debentures	-	(7 040 742)	-	-
- On bonds	(4 506 314)	(40 580 699)	-	-
Balance at end of period	211 046 064	82 199 476	211 046 064	68 108 946
8.3 Impairment movement on Bonds				
Balance at beginning of the period	1 854 922	110 186	1 536 953	91 298
Charge to statement of profit or loss (Note 18)	6 236 526	1 744 736	6 236 526	1 445 655
Effects of monetary adjustments	(317 969)	-	-	-
Balance at end of the period	7 773 479	1 854 922	7 773 479	1 536 953
9. INVESTMENT IN SUBSIDIARY COMPANY				
Investment in Barcelona Investments Limited				
Opening Net Asset Value	1 904 667 021	1 924 563 918	1 560 019 251	347 762 808
Fair value gain to profit or loss	170 794 719	(19 896 897)	44 524 781	1 212 256 443
Carrying Value	2 075 461 740	1 904 667 021	1 604 544 032	1 560 019 251
10. RIGHT OF USE ASSETS				
Cost				
Balance at beginning of the period	610 016 452	360 291 373	225 316 384	18 398 860
Arising from Lease reassessment	22 470 803	249 725 079	22 470 803	206 917 524
Balance at the end of the period	632 487 255	610 016 452	247 787 187	225 316 384
Accumulated depreciation				
Balance at beginning of the period	375 817 018	288 552 545	31 263 120	5 147 881
Charge to statement of profit or loss	29 907 948	35 283 775	29 415 293	26 115 239
*Impairment	-	51 980 698	-	-
	405 724 966	375 817 018	60 678 413	31 263 120
Carrying value at the end of the period	226 762 289	234 199 434	187 108 774	194 053 264
* Impairment is determined where the recoverable amount is the lower than the carrying value of the assets				
	<div><div>Inflation adjusted</div><div><div>Computer software ZWS</div><div>Capital work in progress ZWS</div><div>Total ZWS</div></div></div>			
11. INTANGIBLE ASSETS				
Reviewed June 2021				
Cost or valuation				
Balance at 1 January 2021	1 102 247 764	162 383 331	1 264 631 095	
Balance at 30 June 2021	1 102 247 764	162 383 331	1 264 631 095	
Accumulated depreciation and impairment				
Balance at 1 January 2021	1 032 568 499	-	1 032 568 499	
Charge to profit or loss	20 049 338	-	20 049 338	
Balance at 30 June 2021	1 052 617 837	-	1 052 617 837	
Net book value at 30 June 2021	49 629 927	162 383 331	212 013 258	
Audited December 2020				
Cost or valuation				
Balance at 1 January 2020	1 102 060 189	165 090 627	1 267 150 816	
Additions at cost	187 575	16 668 498	16 856 073	
Reversal of cancelled projects	-	(19 375 794)	(19 375 794)	
Balance at 31 December 2020	1 102 247 764	162 383 331	1 264 631 095	
Accumulated depreciation and impairment				
Balance at 1 January 2020	939 916 758	-	939 916 758	
Charge to profit or loss	92 651 741	-	92 651 741	
Balance at 31 December 2020	1 032 568 499	-	1 032 568 499	
Net book value at 31 December 2020	69 679 265	162 383 331	232 062 596	
	<div><div>Historical cost</div><div><div>Computer software ZWS</div><div>Capital work in progress ZWS</div><div>Total ZWS</div></div></div>			
Unreviewed June 2021				
Cost or valuation				
Balance at 1 January 2021	23 077 903	24 971 484	48 049 387	
Balance at 30 June 2021	23 077 903	24 971 484	48 049 387	
Accumulated depreciation and impairment				
Balance at 1 January 2021	20 608 039	-	20 608 039	
Charge to profit or loss	587 584	-	587 584	
Balance at 30 June 2021	21 195 623	-	21 195 623	
Net book value at 30 June 2021	1 882 280	24 971 484	26 853 764	
Unaudited December 2020				
Cost or valuation				
Balance at 1 January 2020	22 954 866	42 241 174	65 196 040	
Additions at cost	123 037	3 482 890	3 605 927	
Effect of change in functional currency	-	(4 698 160)	(4 698 160)	
Reversal of cancelled projects	-	(16 054 420)	(16 054 420)	
Balance at 31 December 2020	23 077 903	24 971 484	48 049 387	
Accumulated depreciation and impairment				
Balance at 1 January 2020	18 404 565	-	18 404 565	
Charge to profit or loss	2 203 474	-	2 203 474	
Balance at 31 December 2020	20 608 039	-	20 608 039	
Net book value at 31 December 2020	2 469 864	24 971 484	27 441 348	



ZB FINANCIAL HOLDINGS LIMITED

Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

11. INTANGIBLE ASSETS (Continued)

Prior period error

The Bank 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 Bank 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 Bank’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 and 31 December 2020.

Further reassessment made on the application of revaluation model on computer software in the year ended 31 December 2020 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 Bank and this has made it a unique product.

The Bank reverted to the historical cost model from the 2020 financial year.

The condensed consolidated inflation adjusted interim financial results for the half year ended 30 June 2020 have been restated to reverse the revaluation gain adjustment on computer software and recognised amortisation. The condensed consolidated inflation adjusted interim financial results 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						
	Freehold properties ZW\$	Leasehold improvements ZW\$	Equipment furniture & fittings ZW\$	Computer equipment ZW\$	Motor vehicles ZW\$	Capital work in progress ZW\$	Total ZW\$
12. PROPERTY, PLANT AND EQUIPMENT							
Reviewed June 2021							
Cost or valuation							
Balance at 1 January 2021	101 332 939	520 914 957	540 504 484	1 377 962 517	477 115 896	67 912 708	3 085 743 501
Additions	-	2 963 225	7 382 499	11 949 947	-	15 330 937	37 626 608
Transfer between categories	-	-	81 574	-	-	(81 574)	-
Balance at 30 June 2021	101 332 939	523 878 182	547 968 557	1 389 912 464	477 115 896	83 162 071	3 123 370 109
Accumulated depreciation and impairment							
Balance at 1 January 2021	12 398 118	435 189 303	203 566 940	542 487 364	308 716 875	-	1 502 358 600
Charge to income statement	-	5 259 850	13 617 644	112 115 848	16 810 280	-	147 803 622
Balance at 30 June 2021	12 398 118	440 449 153	217 184 584	654 603 212	325 527 155	-	1 650 162 222
Net book value at 30 June 2021	88 934 821	83 429 029	330 783 973	735 309 252	151 588 741	83 162 071	1 473 207 887
Audited December 2020							
Balance at 1 January 2020	22 960 144	461 614 033	322 346 398	753 811 039	480 308 550	34 394 458	2 075 434 622
Additions	78 372 795	2 974 491	14 814 143	54 306 143	-	141 049 936	291 517 508
Gain on revaluation	-	-	178 174 101	564 234 081	-	-	742 408 182
Disposals	-	-	(146 059)	(46 324)	(3 192 654)	-	(3 385 037)
Transfer between categories	-	56 326 433	25 315 901	5 657 578	-	(87 299 912)	-
Balance at 31 December 2020	101 332 939	520 914 957	540 504 484	1 377 962 517	477 115 896	88 144 482	3 105 975 275
Accumulated depreciation and impairment							
Balance at 1 January 2020	-	248 752 654	166 017 900	377 165 314	190 166 533	-	982 102 401
Charge to income statement	-	54 979 136	37 605 516	165 322 050	85 573 068	-	343 479 770
Disposals	-	-	(56 476)	-	(780 540)	-	(837 016)
Impairment	12 398 118	131 457 513	-	-	33 757 814	20 231 774	197 845 219
Balance at 31 December 2020	12 398 118	435 189 303	203 566 940	542 487 364	308 716 875	20 231 774	1 522 590 374
Net book value at 31 December 2020	88 934 821	85 725 654	336 937 544	835 475 153	168 399 021	67 912 708	1 583 384 901

	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\$
Unreviewed June 2021							
Cost or valuation							
Balance at 1 January 2021	73 689 726	87 440 441	290 425 362	737 281 010	160 492 884	56 271 197	1 405 600 620
Additions	-	2 742 724	6 994 372	11 305 842	-	14 747 183	35 790 121
Balance at 30 June 2021	73 689 726	90 183 165	297 419 734	748 586 852	160 492 884	71 018 380	1 441 390 741
Accumulated depreciation and impairment							
Balance at 1 January 2021	-	16 409 771	11 245 221	45 021 941	20 960 606	-	93 637 539
Charge to income statement	-	4 911 630	12 716 109	104 693 391	15 697 381	-	138 018 511
Balance at 30 June 2021	-	21 321 401	23 961 330	149 715 332	36 657 987	-	231 656 050
Net book value at 30 June 2021	73 689 726	68 861 764	273 458 404	598 871 520	123 834 897	71 018 380	1 209 734 691
Unaudited December 2020							
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
Currency conversion reversal	-	-	-	-	-	(773 075)	(773 075)
Gain on revaluation	23 938 275	-	230 322 831	614 800 713	104 391 440	-	973 453 259
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
Accumulated depreciation and impairment							
Balance at 1 January 2020	-	5 754 792	4 007 851	12 870 390	5 154 282	-	27 787 315
Charge to income statement	-	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

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
13. DEPOSITS FROM CUSTOMERS				
Deposits by type				
Current accounts	3 273 731 551	2 242 193 902	3 273 731 551	1 857 839 882
Savings and call accounts	7 586 573 982	5 440 575 208	7 586 573 982	4 507 958 741
Term deposits	1 445 549 968	657 593 166	1 445 549 968	544 869 384
Bank deposits	199 008 904	36 845 266	199 008 904	30 529 298
	12 504 864 405	8 377 207 542	12 504 864 405	6 941 197 305
Maturity Analysis of deposits from customers				
On Demand	8 373 652 119	5 427 290 356	8 373 652 119	4 496 951 163
Within 1 Month	3 892 301 184	2 894 879 608	3 892 301 184	2 398 643 036
Between 1 and 6 Months	230 381 147	52 774 675	230 381 147	43 728 106
Between 6 and 12 months	1 251 027	2 262 903	1 251 027	1 875 000
After 12 Months	7 278 928	-	7 278 928	-
	12 504 864 405	8 377 207 542	12 504 864 405	6 941 197 305
Secured and unsecured deposits analysis				
Secured deposits	935 062 413	81 199 689	935 062 413	67 280 542
Unsecured deposits	11 569 801 992	8 296 007 853	11 569 801 992	6 873 916 763
	12 504 864 405	8 377 207 542	12 504 864 405	6 941 197 305

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

13. DEPOSITS FROM CUSTOMERS

	Inflationary adjusted				Historical cost			
	Reviewed 30 Jun 2021 ZW\$	% Contribution	Audited 31 Dec 2020 ZW\$	% Contribution	Unreviewed 30 Jun 2021 ZW\$	% Contribution	Unaudited 31 Dec 2020 ZW\$	% Contribution
Private	1 769 911 316	14%	1 223 190 609	15%	1 769 911 316	14.15%	1 013 512 834	14.60%
Agriculture	932 753 231	7%	624 262 218	7%	932 753 231	7.46%	517 251 984	7.45%
Mining	81 724 308	1%	62 036 847	1%	81 724 308	0.65%	51 402 570	0.74%
Manufacturing	570 850 201	5%	354 241 059	4%	570 850 201	4.57%	293 517 509	4.23%
Distribution	221 087 411	2%	560 053 017	7%	221 087 411	1.77%	464 049 443	6.69%
Construction	188 256 446	2%	144 715 233	2%	188 256 446	1.51%	119 908 332	1.73%
Transport	29 300 015	0%	98 314 857	1%	29 300 015	0.23%	81 461 850	1.17%
Services	5 594 945 178	45%	3 603 896 914	43%	5 594 945 178	44.74%	2 986 121 499	43.02%
Financial	1 830 378 862	15%	931 003 646	11%	1 830 378 862	14.64%	771 412 188	11.11%
Communications	1 285 657 437	10%	775 493 142	9%	1 285 657 437	10.28%	642 559 096	9.26%
	12 504 864 405	100%	8 377 207 542	100%	12 504 864 405	100%	6 941 197 306	100%

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
14. OFFSHORE BORROWINGS				
Balance at beginning of the period	293 521 765	405 053 100	243 206 638	74 817 920
Repayments	(63 124 952)	(158 740 546)	(63 124 952)	(92 033 778)
Exchange rate movement	10 434 285	47 209 211	10 434 285	260 422 496
Effects of monetary adjustments	(50 315 127)	-	-	-
Balance at 30 June 2021	190 515 971	293 521 765	190 515 971	243 206 638

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. Offshore borrowings balances at period end are non current.

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
15. TRADE AND OTHER PAYABLES				
Interest accrued on deposits	59 571 493	44 898 122	59 571 493	37 095 624
*Items in transit	91 715 132	255 928 465	91 715 132	212 057 533
Tax related liabilities	330 099 232	117 420 095	330 099 232	97 292 092
Payroll related liabilities	652 042 755	287 251 657	652 042 755	238 117 464
Accruals and sundries	401 522 926	208 118 726	401 522 926	172 443 279
Expected credit loss on loan commitments	3 380 057	1 765 296	3 380 057	1 462 691
Amounts clearing to other banks	199 094 421	132 529 992	199 094 421	109 811 870
	1 737 426 016	1 047 912 353	1 737 426 016	868 280 553

* Items in transit relate mainly to transactions on suspense which were still outstanding as at end of period.

16. LEASE LIABILITIES				
Balance at beginning of the period	250 701 035	71 738 828	207 726 184	13 250 979
Add accrued interest posted to profit and loss	71 131 476	84 032 640	47 214 672	44 432 365
Less lease commitments paid during the period	(95 327 928)	(104 590 739)	(63 275 459)	(55 302 486)
Add lease liability reassessment	22 470 803	249 725 079	22 470 803	206 917 524
Add (profit)/loss on adjustment of lease liabilities	(1 527 107)	(1 897 458)	(1 527 107)	(1 572 198)
Arising from monetary adjustments	(34 839 186)	(48 307 315)	-	-
	212 609 093	250 701 035	212 609 093	207 726 184
17. CAPITAL ADEQUACY				
Ordinary share capital	90 683 544	90 683 544	1 810 402	1 810 402
Share premium	1 650 877 390	1 650 877 390	32 958 032	32 958 032
Total reserves	2 969 485 072	2 992 455 890	3 829 350 890	3 771 227 204
IFRS Capital	4 711 046 006	4 734 016 824	3 864 119 324	3 805 995 638
Add/(less) Regulatory adjustments				
Fair value adjustment on capitalisation treasury bills	2 646 892	2 709 809	2 646 892	2 245 297
Interest in reserve on non-performing loans	(7 600 312)	(4 966 182)	(7 600 312)	(4 114 885)
Loans to group entities and directors	(38 532 970)	(4 192 008)	(38 532 970)	(3 473 420)
Revaluation reserve	(1 082 444 279)	(1 082 444 279)	(964 677 211)	(964 677 211)
Tier 1 capital	3 585 115 337	3 645 124 164	2 855 955 723	2 835 975 419
Revaluation reserve	1 082 444 279	1 082 444 279	919 239 238	919 239 238
Effect of changes in functional currency	-	-	45 437 973	45 437 973
Tier 2 Capital	1 082 444 279	1 082 444 279	964 677 211	964 677 211
Total Capital Base	4 667 559 616	4 727 568 443	3 820 632 934	3 800 652 630
Credit risk weighted assets	11 966 772 052	8 709 420 879	10 996 781 677	7 031 238 414
Operational risk equivalent assets	2 867 151 080	7 422 559 760	3 707 584 746	3 012 044 211
Market risk equivalent assets	2 092 860 424	1 945 029 724	2 094 588 417	1 611 615 208
Total Risk weighted Assets	16 926 783 556	18 077 010 363	16 798 954 840	11 654 897 833
Tier 1 capital ratio	21.18%	20.16%	17.00%	24.33%
Tier 2 capital ratio	6.39%	5.99%	5.74%	8.28%
Capital adequacy ratio	27.57%	26.15%	22.74%	32.61%



Investments Savings Loans Mortgages Insurance Financial Advisory Community Involvement

ZB FINANCIAL HOLDINGS LIMITED

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NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZWS	Audited 31 Dec 2020 ZWS	Unreviewed 30 Jun 2021 ZWS	Unaudited 31 Dec 2020 ZWS
22. FAIR VALUE ADJUSTMENTS				
Arising from FVTPL investments				
Investment securities	421 338 580	103 220 487	505 246 118	57 962 696
Investment in subsidiary company	170 794 719	451 127 009	44 524 781	799 663 387
Treasury bills at fair value through profit or loss (FVTPL)	(29 311 863)	-	(29 311 863)	-
	562 821 436	554 347 496	520 459 036	857 626 083
23. OPERATING EXPENSES				
Staff expenses	498 241 013	394 350 523	466 681 353	128 030 902
Communication expenses	52 941 849	37 197 084	49 566 810	13 066 946
Computer and information technology	240 294 340	146 954 554	226 295 391	46 280 186
Occupation expenses	66 748 367	36 510 977	59 399 761	9 587 809
Transport expenses	7 344 868	6 515 716	6 978 208	2 095 851
Travelling expenses	9 547 151	6 575 660	9 224 703	2 071 966
Administration expenses*	811 332 608	348 252 216	744 275 116	94 785 810
	1 686 450 196	976 356 730	1 562 421 342	295 919 470
Included in operating expenses are the following				
Depreciation charge on property and equipment	147 803 622	26 261 183	138 018 511	6 347 466
Amortisation of intangible assets	20 049 338	48 534 523	587 584	1 119 285
Depreciation charge on right of use asset	29 907 948	5 709 918	29 415 293	2 763 166
Auditors' remuneration	11 563 181	7 170 084	11 275 327	1 424 707

Cash Heist

* The Bank lost US\$2 775 000 and ZW\$43 090 in a heist on 6 January 2021 after a Cash In Transit vehicle was involved in a robbery incident. The cash heist loss is included in adminstration expenses.

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZWS	Audited 31 Dec 2020 ZWS	Unreviewed 30 Jun 2021 ZWS	Unaudited 31 Dec 2020 ZWS
24. INCOME TAX EXPENSE				
Current income tax	314 431 196	181 319	314 431 196	87 744
Deferred taxation (credit)/expense	(111 739 442)	63 838 656	(123 487 618)	(37 629 130)
	202 691 754	64 019 976	190 943 578	(37 541 386)
25. CONTINGENT LIABILITIES				
25.1 The nominal values of such commitments are listed below:				
In respect of guarantees	700 460 558	831 122 629	700 460 558	688 652 647
In respect of undrawn commitments	728 680 207	336 280 242	728 680 207	278 635 511
	1 429 140 765	1 167 402 871	1 429 140 765	967 288 158
25.2 Impairment movement on Guarantees				
Balance at beginning of the period	1 004 769	2 555 439	832 532	139 817
Charge to statement of profit or loss (note 18)	576 553	15 375 959	360 510	692 715
Effects of monetary adjustment	449 085	(16 926 629)	-	-
Balance at end of the period	2 030 407	1 004 769	1 193 042	832 532
25.3 Impairment movement on undrawn commitments				
Balance at beginning of the period	760 527	2 232 222	630 159	744 516
Charge to statement of profit or loss (note 18)	1 707 817	5 459 275	1 556 855	(114 357)
Effects of monetary adjustment	(281 330)	(6 930 970)	-	-
Balance at end of the period	2 187 014	760 527	2 187 014	630 159

26. RISK MANAGEMENT

26.1 Financial assets and financial liabilities classification and fair values

	Reviewed inflation adjusted								
	CARRYING AMOUNT				FAIR VALUE				
	Classified at Fair Value P/L ZWS	Classified at AMCO ZWS	Classified at FVTOCI ZWS	Other financial liabilities ZWS	Total ZWS	Level 1 ZWS	Level 2 ZWS	Level 3 ZWS	Total ZWS
Reviewed 30 June 2021									
Equity Securities	614 931 092	-	-	-	614 931 092	96 193 337	-	518 737 755	614 931 092
Treasury Bills	1 033 916 104	-	122 861 431	-	1 156 777 535	-	1 033 916 104	122 861 431	1 156 777 535
Investment in Subsidiary company	2 075 461 740	-	-	-	2 075 461 740	-	2 075 461 740	2 075 461 740	-
	3 724 308 936	-	122 861 431	-	3 847 170 367	96 193 337	1 033 916 104	2 717 060 926	3 847 170 367
Cash and short term funds	-	6 383 621 596	-	-	6 383 621 596	-	-	-	6 383 621 596
Treasury Bills	-	43 531 155	-	-	43 531 155	-	-	-	43 531 155
Advances and other accounts	-	5 818 484 361	-	-	5 818 484 361	-	-	-	5 818 484 361
Inventories, trade other receivables	-	1 442 100 797	-	-	1 442 100 797	-	-	-	1 442 100 797
Investment securities	-	211 046 064	-	-	211 046 064	-	-	-	211 046 064
Amounts clearing from other banks	-	64 458 806	-	-	64 458 806	-	-	-	64 458 806
	-	13 963 242 779	-	-	13 963 242 779	-	-	-	13 963 242 779
Deposits from customers	-	(12 504 864 405)	-	-	(12 504 864 405)	-	-	-	(12 504 864 405)
Offshore borrowings	-	-	-	-	(190 515 971)	-	-	-	(190 515 971)
Trade and other payables	-	-	-	-	(1 538 331 595)	-	-	-	(1 538 331 595)
Amounts clearing to other banks	-	(199 094 421)	-	-	(199 094 421)	-	-	-	(199 094 421)
	-	(12 703 958 826)	-	-	(12 703 958 826)	-	-	-	(12 703 958 826)
Audited 31 December 2020									
Equity Securities	489 488 752	-	-	-	489 488 752	200 607 618	-	288 881 134	489 488 752
Treasury Bills	372 988 356	-	200 308 778	-	573 297 134	-	372 988 356	200 308 778	573 297 134
Investment in subsidiary	1 904 667 021	-	-	-	1 904 667 021	-	-	1 904 667 021	1 904 667 021
	2 767 144 129	-	200 308 778	-	2 967 452 907	200 607 618	372 988 356	2 393 856 933	2 967 452 907
Cash and short term funds	-	5 581 652 826	-	-	5 581 652 826	-	-	-	5 581 652 826
Treasury Bills	-	52 005 634	-	-	52 005 634	-	-	-	52 005 634
Advances and other accounts	-	3 611 554 760	-	-	3 611 554 760	-	-	-	3 611 554 760
Inventories, trade other receivables	-	586 677 989	-	-	586 677 989	-	-	-	586 677 989
Investment securities	-	82 199 476	-	-	82 199 476	-	-	-	82 199 476
Amounts clearing from other banks	-	36 728 924	-	-	36 728 924	-	-	-	36 728 924
	-	9 950 819 610	-	-	9 950 819 610	-	-	-	9 950 819 610
Deposits from customers	-	(8 377 207 542)	-	-	(8 377 207 542)	-	-	-	(8 377 207 542)
Offshore borrowings	-	-	-	-	(293 521 765)	-	-	-	(293 521 765)
Trade and other payables	-	-	-	-	(915 382 361)	-	-	-	(915 382 361)
Amounts clearing to other banks	-	(132 529 992)	-	-	(132 529 992)	-	-	-	(132 529 992)
	-	(8 509 737 534)	-	-	(8 509 737 534)	-	-	-	(8 509 737 534)

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

26. RISK MANAGEMENT (Continued)

	Historical cost				FAIR VALUE				
	Classified at Fair Value P/L ZWS	Classified at AMCO ZWS	Classified at FVTOCI ZWS	Other financial liabilities ZWS	Total ZWS	Level 1 ZWS	Level 2 ZWS	Level 3 ZWS	Total ZWS
Unreviewed 30 June 2021									
Equity Securities	614 931 092	-	-	-	614 931 092	96 193 337	-	518 737 755	614 931 092
Treasury Bills	1 033 916 104	-	122 861 431	-	1 156 777 535	-	1 033 916 104	122 861 431	1 156 777 535
Investment in Subsidiary company	1 604 544 032	-	-	-	1 604 544 032	-	-	1 604 544 032	1 604 544 032
	3 253 391 228	-	122 861 431	-	3 376 252 659	96 193 337	1 033 916 104	2 246 143 218	3 376 252 659
Cash and short term funds	-	6 383 621 596	-	-	6 383 621 596	-	-	-	6 383 621 596
Treasury Bills	-	43 531 155	-	-	43 531 155	-	-	-	43 531 155
Advances and other accounts	-	5 818 484 361	-	-	5 818 484 361	-	-	-	5 818 484 361
Trade other receivables	-	1 442 100 797	-	-	1 442 100 797	-	-	-	1 442 100 797
Investment securities	-	211 046 064	-	-	211 046 064	-	-	-	211 046 064
Amounts clearing from other banks	-	64 458 806	-	-	64 458 806	-	-	-	64 458 806
	-	13 963 242 779	-	-	13 963 242 779	-	-	-	13 963 242 779
Deposits from customers	-	(12 504 864 405)	-	-	(12 504 864 405)	-	-	-	(12 504 864 405)
Offshore borrowings	-	-	-	-	(190 515 971)	-	-	-	(190 515 971)
Trade and other payables	-	-	-	-	(1 538 331 595)	-	-	-	(1 538 331 595)
Amounts clearing to other banks	-	(199 094 421)	-	-	(199 094 421)	-	-	-	(199 094 421)
	-	(12 703 958 826)	-	-	(12 703 958 826)	-	-	-	(12 703 958 826)
Unaudited 31 December 2020									
Equity Securities	405 581 214	-	-	-	405 581 214	166 219 716	-	239 361 488	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	1 560 019 251	-	-	-	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	2 440 623 735
Cash and short term funds	-	4 624 853 014	-	-	4 624 853 014	-	-	-	4 624 853 014
Treasury Bills	-	43 090 894	-	-	43 090 894	-	-	-	43 090 894
Advances and other accounts	-	2 992 466 648	-	-	2 992 466 648	-	-	-	2 992 466 648
Trade and 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
	-	8 245 062 798	-	-	8 245 062 798	-	-	-	8 245 062 798
Deposits from customers	-	(6 941 197 305)	-	-	(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)	-	-	-	(109 811 870)
	-	(7 051 009 175)	-	-	(7 051 009 175)	-	-	-	(7 051 009 175)

The carrying amount of the items classified at AMCO reasonably approximates fair value.

26.2 Liquidity risk

	Inflation adjusted					
	Up to 1 month ZWS	2 to 6 months ZWS	7 to 12 months ZWS	Above 12 months ZWS	Total ZWS	Carrying amount ZWS
Liquidity gap analysis						
Reviewed as at 30 June 2021						
Assets						
Cash and short term funds	5 641 504 752	412 965 147	329 151 697	-	6 383 621 596	6 383 621 596
Treasury bills	-	410 790 410	858 038 141	88 452 093	1 357 280 646	1 200 308 690
Advances and other accounts	851 957 679	933 893 739	966 685 838	4 692 920 069	7 445 457 325	5 818 484 361
Financial assets at fair value through profit or loss	-	-	-	614 931 092	614 931 092	614 931 092
Financial assets held at amortised cost	-	-	-	211 046 064	211 046 064	211 046 064
	6 493 462 431	1 757 649 296	2 153 875 676	5 607 349 318	16 012 336 723	14 228 391 803
Liabilities						
Deposits and other accounts	12 295 087 763	233 037 656	1 265 453	7 362 863	12 536 753 735	12 504 864 405
Offshore borrowings	-	72 897 564	72 897 564	72 897 569	218 692 697	190 515 971
Trade and other payables	489 847 657	353 825 799	181 874 419	651 812 084	1 677 359 960	1 737 426 016
Lease liability	-	-	88 587 122	124 021 969	212 609 093	212 609 093
	12 784 935 420	659 761 019	344 624 560	856 094 485	14 645 415 485	14 645 415 485
Period gap	(6 291 472 989)	1 097 888 277	1 809 251 118	4 751 254 832	1 366 921 238	(417 023 682)
Cumulative gap	(6 291 472 989)	(5 193 584 712)	(3 384 333 594)	1 366 921 238	-	-
Audited as at 31 December 2020						
Assets						
Cash and short term funds	4 665 662 393	147 653 498	768 336 935	-	5 581 652 826	5 581 652 826
Treasury bills	60 542 502	291 825 326	102 893 520	227 770 991	683 032 339	625 302 768
Advances and other accounts	572 147 934	401 053 289	1 139 747 318	2 214 684 663	4 327 633 204	3 611 554 760
Investment securities at fair value through profit or loss	-	-	-	489 488 752	489 488 752	489 488 752
Investment securities held at amortised cost	-	-	-	82 199 476	82 199 476	82 199 476
	5 298 352 829	840 532 113	2 010 977 773	3 014 143 882	11 164 006 597	10 390 198 582
Liabilities						
Deposits from customers	8 337 398 579	53 191 660	2 280 798	-	8 392 871 037	8 377 207 542
Offshore borrowings	-	80 689 097	80 689 097	161 378 199	322 756 393	293 521 765
Trade and other payables	619 049 884	219 630 779	164 333 569	-	1 003 014 232	1 047 912 353
Lease liability	-	-	104 458 765	146 242 270	250 701 035	250 701 035
	8 956 448 463	353 511 536	351 762 229	307 620 469	9 969 342 697	9 969 342 695
Period gap	(3 658 095 634)	487 020 577	1 659 215 544	2 706 523 413	1 194 663 900	420 855 887
Cumulative gap	(3 658 095 634)	(3 171 075 051)	(1 512 859 513)	1 194 663 900	-	-



Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)						NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)					
26.3 Interest gap											
Interest rate gap analysis						Historical cost					
Reviewed as at 30 June 2021											
Assets						Assets					
Cash and short term funds						Cash and cash equivalents					
Treasury bills						Treasury bills					
Advances and other accounts						Advances and other accounts					
Financial assets at fair value through profit or loss						Financial assets at fair value through profit or loss					
Financial assets held at amortised cost						Financial assets held at amortised cost					
Liabilities						Liabilities					
Deposits from customers						Deposits from customers					
Offshore borrowings						Offshore borrowings					
Lease liability						Lease liability					
Period gap						Period gap					
Cumulative gap						Cumulative gap					
Audited as at 31 December 2020						Unaudited as at 31 December 2020					
Financial asset by type						Financial asset by type					
Cash and short term funds						Cash and cash equivalents					
Treasury bills						Treasury bills					
Advances and other accounts						Advances and other accounts					
Financial assets at fair value through profit or loss						Financial assets at fair value through profit or loss					
Financial assets held at amortised cost						Financial assets held at amortised cost					
Financial liability by type						Financial liability by type					
Deposits from customers						Deposits and other accounts					
Offshore borrowings						Offshore borrowings					
Lease liability						Lease liability					
Period gap						Period gap					
Cumulative gap						Cumulative gap					

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ZB FINANCIAL HOLDINGS LIMITED

Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021

REVIEWED FINANCIAL RESULTS for the half year ended 30 June 2021

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF FINANCIAL POSITION As at 30 June 2021

		Inflation adjusted		Historical cost	
		Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
Notes					
ASSETS					
Cash and cash equivalents	2	150 701 253	51 088 154	150 701 253	42 330 688
Money market investments	3	20 013 635	60 334 963	20 013 635	49 992 421
Loans and other advances	4	402 794 242	101 902 640	402 794 242	84 434 619
Trade and other receivables	5	55 254 694	164 358 489	55 254 694	136 184 366
Inventories	6	3 078 762	3 078 762	2 372 818	2 372 818
Financial assets at FVTPL	7	64 730 113	35 975 182	64 730 113	29 808 362
Right of use assets	8	619 861	797 617	495 214	660 890
Property and equipment	9	11 059 685	68 359 915	9 199 759	56 641 745
Investment properties	10	598 805 470	542 543 036	496 159 000	449 541 000
Investments in subsidiaries	11	331 774 416	321 507 113	279 614 147	266 388 063
Total assets		1 638 832 131	1 349 945 871	1 481 334 875	1 118 354 972
LIABILITIES					
Deposits from customers	12	419 435 882	344 372 026	419 435 882	285 340 212
Trade and other payables	13	185 214 730	36 881 918	185 214 730	30 559 666
Lease liabilities	14	600 468	880 038	600 468	729 183
Deferred tax liabilities	15	29 940 274	29 940 274	24 807 950	24 807 950
Total liabilities		635 191 354	412 074 256	630 059 030	341 437 011
EQUITY					
Share capital	16.1	47 826 910	47 826 910	954 814	954 814
Share premium	16.1	445 650 954	445 650 954	8 896 953	8 896 953
Reserves	16.2	510 162 913	444 393 751	841 424 078	767 066 194
Total equity		1 003 640 777	937 871 615	851 275 845	776 917 961
Total equity and liabilities		1 638 832 131	1 349 945 871	1 481 334 875	1 118 354 972

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the half year ended 30 June 2021

		Inflation adjusted		Historical cost	
		Reviewed 30 Jun 2021 ZW\$	Audited 30 Jun 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 30 Jun 2020 ZW\$
Notes					
Interest income	17.1	68 962 217	11 939 328	65 607 204	3 545 163
Interest expense	17.2	(1 086 742)	(624 236)	(1 031 209)	(243 829)
Net interest income	17	67 875 475	11 315 092	64 575 995	3 301 334
Allowance for loan impairment	18	(29 534 984)	1 204 596	(29 417 100)	582 933
Net income from lending activities		38 340 491	12 519 688	35 158 895	3 884 267
Commissions, fees and operating income	19	90 414 563	33 571 693	85 249 873	15 528 810
Fair value adjustments	20	39 022 234	261 483 927	48 147 835	402 365 129
Total income		167 777 288	307 575 308	168 556 603	421 778 206
Total operating expenses	21	(99 260 972)	(61 241 614)	(94 198 719)	(18 567 198)
Operating profit		68 516 316	246 333 694	74 357 884	403 211 008
Net monetary (loss) / gain		(2 747 154)	5 679 499	-	-
Profit before taxation		65 769 162	252 013 193	74 357 884	403 211 008
Income tax expense	22	-	(8 791 896)	-	(12 252 814)
Profit for the period		65 769 162	243 221 297	74 357 884	390 958 194
Other comprehensive income: Items that will not be reclassified to profit or loss					
Gains on property and equipment revaluation		-	15 900 387	-	25 063 104
Related tax		-	(795 019)	-	(1 253 155)
Other comprehensive income for the period, net of tax		-	15 105 368	-	23 809 949
Total comprehensive income for the period		65 769 162	258 326 665	74 357 884	414 768 143

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF CHANGES IN EQUITY For the half year ended 30 June 2021

		Reviewed inflation adjusted				
		Ordinary shares ZW\$	Share premium ZW\$	Property and equipment revaluation reserve ZW\$	Retained income/(loss) ZW\$	Total ZW\$
Balance at 1 January 2021		47 826 910	445 650 954	67 158 040	377 235 711	937 871 615
Profit or loss		-	-	-	65 769 162	65 769 162
Balance at 30 June 2021		47 826 910	445 650 954	67 158 040	443 004 873	1 003 640 777
Balance at 1 January 2020		47 826 910	445 650 954	63 826 263	443 686 274	1 000 990 401
Profit or loss		-	-	-	243 221 297	243 221 297
Other comprehensive income, net of tax		-	-	15 105 368	-	15 105 368
Balance at 30 June 2020		47 826 910	445 650 954	78 931 631	686 907 571	1 259 317 066

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF CHANGES IN EQUITY (continued) For the half year ended 30 June 2021

	Unreviewed historical cost					
	Ordinary shares ZW\$	Share premium ZW\$	Foreign currency translation reserve ZW\$	Property and equipment revaluation reserve ZW\$	Retained income/(loss) ZW\$	Total ZW\$
Balance at 1 January 2021	954 814	8 896 953	18 061 563	54 107 801	694 896 830	776 917 961
Profit or loss	-	-	-	-	74 357 884	74 357 884
Balance at 30 June 2021	954 814	8 896 953	18 061 563	54 107 801	769 254 714	851 275 845
Balance at 1 January 2020	954 814	8 896 953	18 061 563	13 867 705	142 985 649	184 766 684
Profit or loss	-	-	-	-	390 958 194	390 958 194
Other comprehensive income, net of tax	-	-	-	23 809 949	-	23 809 949
Balance at 30 June 2020	954 814	8 896 953	18 061 563	37 677 654	533 943 843	599 534 827

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF CASH FLOWS For the half year ended 30 June 2021

		Inflation adjusted		Historical cost	
		Reviewed 30 Jun 2021 ZW\$	Reviewed 30 Jun 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 30 Jun 2020 ZW\$
Notes					
Cash flows generated from operating activities		23 698 291	28 347 368	56 407 048	15 836 194
Interest received	16.1	68 962 217	11 939 328	65 607 204	3 545 163
Interest paid	16.2	(1 086 742)	(624 236)	(1 031 209)	(243 829)
Net cash generated from operating activities		91 573 766	39 662 460	120 983 043	19 137 528
Cash flows from investing activities		(267 891)	-	(257 881)	-
Purchase of property and equipment	8	2 672 855	3 517 252	2 602 943	1 702 083
Dividends received	18	-	-	-	-
Net cash generated from investing activities		2 404 964	3 517 252	2 345 062	1 702 083
Cash flows from financing activities		(423 945)	(712 692)	(281 400)	(288 800)
Lease commitments paid during the period	13	(423 945)	(712 692)	(281 400)	(288 800)
Net cash used in financing activities		(423 945)	(712 692)	(281 400)	(288 800)
Net increase in cash and cash equivalents		93 554 785	42 467 020	123 046 705	20 550 811
Cash and cash equivalents at beginning of period		57 146 468	14 679 447	27 654 548	7 103 737
Cash and cash equivalents at end of period		150 701 253	57 146 467	150 701 253	27 654 548
Cash and cash equivalents comprise of:					
Cash on hand		14 028 127	10 143 956	14 028 127	4 908 904
Local bank accounts		115 232 066	44 038 792	115 232 066	21 311 429
Local bank accounts		21 441 060	2 963 719	21 441 060	1 434 215
Balances at the RBZ		150 701 253	57 146 467	150 701 253	27 654 548

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS For the half year ended 30 June 2021

1. STATEMENT OF COMPLIANCE

The condensed inflation adjusted interim financial results are required to be prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting." They do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Society's financial position and performance since the last Society annual financial statements. They should therefore be read in conjunction with the Society's annual financial statements for the year ended 31 December 2020.

		Inflation adjusted		Historical cost	
		Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
2. CASH AND CASH EQUIVALENTS					
Cash on hand		14 028 127	8 645 429	14 028 127	7 163 441
Local bank accounts		115 232 066	34 795 827	115 232 066	28 831 171
Balances at the RBZ		21 441 060	7 646 898	21 441 060	6 336 076
150 701 253		150 701 253	51 088 154	150 701 253	42 330 688
Current		150 701 253	51 088 154	150 701 253	42 330 688
3. MONEY MARKET INVESTMENTS					
Fixed deposits		20 013 635	60 334 963	20 013 635	49 992 421
Maturing within 1 year		20 013 635	60 334 963	20 013 635	49 992 421

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 8.5% per annum (2020: 8.0%).

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

		Inflation adjusted		Historical cost	
		Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
4. LOANS AND ADVANCES					
4.1 Categories of loans and advances					
Mortgage loans					
Residential properties		16 217 441	10 739 680	16 217 441	8 898 698
Other loans and overdrafts					
Consumer loans		419 622 142	95 541 820	419 622 142	79 164 163
Gross loans and advances		435 839 583	106 281 500	435 839 583	88 062 861
Less: Allowance for loan impairment		(33 045 341)	(4 378 860)	(33 045 341)	(3 628 242)
Loans and advances		402 794 242	101 902 640	402 794 242	84 434 619
4.2 Maturity analysis					
Within 1 month		19 357 530	5 443 506	19 357 530	4 510 388
Between 2 – 6 months		5 886 188	1 431 499	5 886 188	1 186 113
Between 7 – 12 months		46 236 746	16 609 287	46 236 746	13 762 144
After 12 months		364 359 119	82 797 208	364 359 119	68 604 216
435 839 583		435 839 583	106 281 500	435 839 583	88 062 861
4.3 Loans and advances to customers by business line					
Mortgage lending		16 217 441	10 739 680	16 217 441	8 898 698
Consumer lending		417 167 708	93 731 784	417 167 708	77 664 401
Small business lending		2 454 434	1 810 036	2 454 434	1 499 762
435 839 583		435 839 583	106 281 500	435 839 583	88 062 861
4.4 Mortgage loans spread					
Residential high density		6 545 392	2 654 085	6 545 392	2 199 125
Residential medium density		1 214 158	1 135 495	1 214 158	940 850
Residential low density		8 457 891	6 950 100	8 457 891	5 758 723
16 217 441		16 217 441	10 739 680	16 217 441	8 898 698



Investments Savings Loans Mortgages Insurance Financial Advisory Community Involvement

ZB FINANCIAL HOLDINGS LIMITED

Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
4.5 Non-performing debt				
Non-performing loans and advances	3 117 519	1 343 143	3 117 519	1 112 903
Less: Allowance for loan impairment	(489 835)	(479 219)	(489 835)	(329 006)
Value to be received from security held	2 627 684	863 924	2 627 684	783 897

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\$3 050 428 as at 30 June 2021 (2020: ZW\$1 815 689).

	Inflation adjusted			
	Reviewed 30 Jun 2021 ZW\$	Percentage Contribution	Audited 31 Dec 2020 ZW\$	Percentage Contribution
4.6 Sectoral analysis				
Private	433 385 148	100%	104 471 464	99%
Distribution	823 255	0%	282 044	0%
Services	1 631 180	0%	1 527 992	1%
	435 839 583	100%	106 281 500	100%
	Historical cost			
	Unreviewed 30 Jun 2021 ZW\$	Percentage Contribution	Unaudited 31 Dec 2020 ZW\$	Percentage Contribution
Private	433 385 148	100%	86 563 099	99%
Distribution	823 255	0%	233 697	0%
Services	1 631 180	0%	1 266 065	1%
	435 839 583	100%	88 062 861	100%

4.7 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.

	Reviewed inflation adjusted 30 Jun 2021				Audited inflation adjusted 31 Dec 2020			
	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$
Total loans and advances	425 937 688	643 976	718 365	427 300 029	103 157 290	907 385	175 523	104 240 198
Good (AAA to BBB-)	5 267 772	108 155	48 318	5 424 245	623 609	73 585	1 010	698 204
Special mention (BB+ to CCC-)	-	-	3 115 309	3 115 309	-	-	1 343 098	1 343 098
Non-performing (CC+ to D)	-	-	-	-	-	-	-	-
Total	431 205 460	752 131	3 881 992	435 839 583	103 780 899	980 970	1 519 631	106 281 500
Mortgage lending								
Good (AAA to BBB-)	15 885 736	-	73 494	15 959 230	10 341 036	-	-	10 341 036
Special mention (BB+ to CCC-)	-	-	-	-	45 433	-	-	45 433
Non-performing (CC+ to D)	-	-	258 211	258 211	-	-	353 211	353 211
Total	15 885 736	-	331 705	16 217 441	10 386 469	-	353 211	10 739 680
Consumer lending								
Good (AAA to BBB-)	408 536 695	613 501	632 530	409 782 726	91 007 528	907 334	174 264	92 089 126
Special mention (BB+ to CCC-)	5 243 805	21 576	48 318	5 313 699	578 176	73 585	1 010	652 771
Non-performing (CC+ to D)	-	-	2 071 283	2 071 283	-	-	980 887	989 887
Total	413 780 500	635 077	2 752 131	417 167 708	91 585 704	980 919	1 165 161	93 731 784
Small business lending								
Good (AAA to BBB-)	1 515 257	30 475	12 341	1 558 073	1 808 726	51	1 259	1 810 036
Special mention (BB+ to CCC-)	23 967	86 579	-	110 546	-	-	-	-
Non-performing (CC+ to D)	-	-	785 815	785 815	-	-	-	-
Total	1 539 224	117 054	798 156	2 454 434	1 808 726	51	1 259	1 810 036

	Unreviewed historical cost 30 Jun 2021				Unaudited historical cost 31 Dec 2020			
	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$
Total loans and advances	425 937 688	643 976	718 365	427 300 029	85 474 199	751 842	145 435	86 371 476
Good (AAA to BBB-)	5 267 772	108 155	48 318	5 424 245	516 711	60 971	837	578 519
Special mention (BB+ to CCC-)	-	-	3 115 309	3 115 309	-	-	1 112 866	1 112 866
Non-performing (CC+ to D)	-	-	-	-	-	-	-	-
Total	431 205 460	752 131	3 881 992	435 839 583	85 990 910	812 813	1 259 138	88 062 861
Mortgage lending								
Good (AAA to BBB-)	15 885 736	-	73 494	15 959 230	8 568 389	-	-	8 568 389
Special mention (BB+ to CCC-)	-	-	-	-	37 645	-	-	37 645
Non-performing (CC+ to D)	-	-	258 211	258 211	-	-	292 664	292 664
Total	15 885 736	-	331 705	16 217 441	8 606 034	-	292 664	8 898 698
Consumer lending								
Good (AAA to BBB-)	408 536 695	613 501	632 530	409 782 726	75 407 133	751 800	144 392	76 303 325
Special mention (BB+ to CCC-)	5 243 805	21 576	48 318	5 313 699	479 066	60 971	837	540 874
Non-performing (CC+ to D)	-	-	2 071 283	2 071 283	-	-	820 202	820 202
Total	413 780 500	635 077	2 752 131	417 167 708	75 886 199	812 771	965 431	77 664 401
Small business lending								
Good (AAA to BBB-)	1 515 257	30 475	12 341	1 558 073	1 498 677	42	1 043	1 499 762
Special mention (BB+ to CCC-)	23 967	86 579	-	110 546	-	-	-	-
Non-performing (CC+ to D)	-	-	785 815	785 815	-	-	-	-
Total	1 539 224	117 054	798 156	2 454 434	1 498 677	42	1 043	1 499 762

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

	Reviewed inflation adjusted 30 Jun 2021				Audited inflation adjusted 31 Dec 2020			
	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$
Total ECL for loans and advances	31 522 250	171 298	393 776	32 087 324	3 620 531	220 700	101 709	3 942 940
Good (AAA to BBB-)	435 610	11 439	21 133	468 182	22 203	15 636	1 010	38 849
Special mention (BB+ to CCC-)	-	-	489 835	489 835	-	-	397 071	397 071
Non-performing (CC+ to D)	-	-	-	-	-	-	-	-
Total	31 957 860	182 737	904 744	33 045 341	3 642 734	236 336	499 790	4 378 860
ECL for mortgage lending								
Good (AAA to BBB-)	1 504 255	-	25 604	1 529 859	122 437	-	-	122 437
Total	1 504 255	-	25 604	1 529 859	122 437	-	-	122 437
ECL for consumer lending								
Good (AAA to BBB-)	29 805 589	140 823	355 831	30 302 243	3 488 784	220 684	101 020	3 810 488
Special mention (BB+ to CCC-)	434 928	5 902	21 133	461 963	22 203	15 636	1 010	38 849
Non-performing (CC+ to D)	-	-	347 068	347 068	-	-	397 071	397 071
Total	30 240 517	146 725	724 032	31 111 274	3 510 987	236 320	499 101	4 246 408
ECL for small business lending								
Good (AAA to BBB-)	212 406	30 475	12 341	255 222	9 310	16	689	10 015
Special mention (BB+ to CCC-)	682	5 537	-	6 219	-	-	-	-
Non-performing (CC+ to D)	-	-	142 767	142 767	-	-	-	-
Total	213 088	36 012	155 108	404 208	9 310	16	689	10 015

	Unreviewed historical cost 30 Jun 2021				Unaudited historical cost 31 Dec 2020			
	STAGE 1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$	STAGE1 ZW\$	STAGE 2 ZW\$	STAGE 3 ZW\$	TOTAL ZW\$
Total ECL for loans and advances	31 522 250	171 298	393 776	32 087 324	2 999 904	182 868	84 274	3 267 046
Good (AAA to BBB-)	435 610	11 439	21 133	468 182	18 397	12 956	837	32 190
Special mention (BB+ to CCC-)	-	-	489 835	489 835	-	-	329 006	329 006
Non-performing (CC+ to D)	-	-	-	-	-	-	-	-
Total	31 957 860	182 737	904 744	33 045 341	3 018 301	195 824	414 117	3 628 242
ECL for mortgage lending								
Good (AAA to BBB-)	1 504 255	-	25 604	1 529 859	101 449	-	-	101 449
Special mention (BB+ to CCC-)	-	-	-	-	-	-	-	-
Non-performing (CC+ to D)	-	-	-	-	-	-	-	-
Total	1 504 255	-	25 604	1 529 859	101 449	-	-	101 449
ECL for consumer lending								
Good (AAA to BBB-)	29 805 589	140 823	355 831	30 302 243	2 890 741	182 855	83 703	3 157 299
Special mention (BB+ to CCC-)	434 928	5 902	21 133	461 963	18 397	12 956	837	32 190
Non-performing (CC+ to D)	-	-	347 068	347 068	-	-	329 006	329 006
Total	30 240 517	146 725	724 032	31 111 274	2 909 138	195 811	413 546	3 518 495
ECL for small business lending								
Good (AAA to BBB-)	212 406	30 475	12 341	255 222	7 714	13	571	8 298
Special mention (BB+ to CCC-)	682	5 537	-	6 219	-	-	-	-
Non-performing (CC+ to D)	-	-	142 767	142 767	-	-	-	-
Total	213 088	36 012	155 108	404 208	7 714	13	571	8 298

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
5. TRADE AND OTHER RECEIVABLES				
Sundry debtors and other accounts	40 284 823	146 294 730	40 284 823	121 217 073
Intercompany balances	3 045	564	3 045	467
Prepayments	14 966 826	18 063 195	14 966 826	14 966 826
	55 254 694	164 358 489	55 254 694	136 184 366
Current	55 254 694	164 358 489	55 254 694	136 184 366

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
5. TRADE AND OTHER RECEIVABLES (cont.)				
Sundry debtors and other accounts comprises of;				
VAT claimable	58 449	66 637	58 449	55 214
Trade debtors	29 956 274	141 748 624	29 956 274	120 649 335
Rental receivables	10 935 067	5 282 006	10 935 067	1 177 491
ECL on rental receivables	(664 967)	(802 537)	(664 967)	(664 967)
	40 284 823	146 294 730	40 284 823	121 217 073
6. INVENTORIES				
Housing stands	3 078 762	3 078 762	2 372 818	2 372 818
Non-current	3 078 762	3 078 762	2 372 818	2 372 818
7. FINANCIAL ASSETS MEASURED AT FVTPL				
7.1 Unlisted equity investments				
Balance at beginning of period	35 975 182	3 364 352	29 808 362	120 742
Fair value gain	28 754 931	32 610 830	34 921 751	29 687 620
Balance at end of period	64 730 113	35 975 182	64 730 113	29 808 362
Non-current	64 730 113	35 975 182	64 730 113	29 808 362

7.2 Measurement of fair value

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

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
8. RIGHT OF USE ASSETS				
Balance at beginning of period	797 617	776 731	660 890	143 471
Lease reassessments	-	833 819	-	690 886
Depreciation charge	(177 756)	(328 070)	(165 676)	(173 467)
Impairment loss	-	(484 863)	-	-
Balance at end of period	619 861	797 617	495 214	660 890

9. PROPERTY AND EQUIPMENT

Inflation adjusted						
Freehold properties ZW\$	Leasehold improvements ZW\$	Motor vehicles ZW\$	Office furniture & equipment ZW\$	Computer equipment ZW\$	Total ZW\$	
Reviewed June 2021						
Cost / Valuation						
Balance at beginning of period	69 355 928	16 762 889	17 661 091	38 835 224	17 938 378	160 553 510
Transfer to investment property	(69 355 928)	-	-	-	-	(69 355



Investments Savings Loans Mortgages Insurance Financial Advisory Community Involvement

ZB FINANCIAL HOLDINGS LIMITED

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NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
11. INVESTMENT IN SUBSIDIARIES				
11.1 Assets at fair value through profit or loss				
Balance at beginning of period	321 507 113	1 442 221 717	266 388 063	65 174 750
Fair value gain / (loss)	10 267 303	(1 120 714 604)	13 226 084	201 213 313
Balance at end of period	331 774 416	321 507 113	279 614 147	266 388 063
Non-current	331 774 416	321 507 113	279 614 147	266 388 063

11.2 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		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
12. DEPOSITS FROM CUSTOMERS				
12.1 Deposit by type				
Savings accounts	403 734 567	339 447 671	403 734 567	281 259 984
Fixed deposits	15 701 315	4 924 355	15 701 315	4 080 228
	419 435 882	344 372 026	419 435 882	285 340 212
12.2 Maturity analysis				
On demand	331 729 540	238 539 102	331 729 540	197 649 032
Within 1 month	48 069 815	70 215 450	48 069 815	58 179 207
1 month to 6 months	406 624	463 401	406 624	383 966
6 months to 12 months	25 051 769	30 229 718	25 051 769	25 047 779
More than 1 year	14 178 134	4 924 355	14 178 134	4 080 228

	Inflation adjusted				Historical cost			
	Reviewed 30 Jun 2021 ZW\$	% Contribution	Audited 31 Dec 2020 ZW\$	% Contribution	Unreviewed 30 Jun 2021 ZW\$	% Contribution	Unaudited 31 Dec 2020 ZW\$	% Contribution
12.3 Sectorial analysis								
Private individuals	395 739 562	94%	315 773 357	92%	395 739 562	94%	261 643 892	92%
Financial institutions	640 560	0%	773 081	0%	640 560	0%	640 560	0%
Communication	420 484	0%	507 475	0%	420 484	0%	420 484	0%
Manufacturing	56 343	0%	67 999	0%	56 343	0%	56 343	0%
Distribution	8 723 421	2%	10 528 142	3%	8 723 421	2%	8 723 421	3%
Construction	231 276	0%	279 123	0%	231 276	0%	231 276	0%
Agriculture	6 745 319	2%	8 140 806	2%	6 745 319	2%	6 745 319	2%
Services	6 878 917	2%	8 302 043	3%	6 878 917	2%	6 878 917	3%
	419 435 882	100%	344 372 026	100%	419 435 882	100%	285 340 212	100%

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
13. TRADE AND OTHER PAYABLES				
Leave pay accrual	132 184	177 045	132 184	146 696
Creditors and other accounts	155 522 482	13 905 672	155 522 482	11 521 979
Deferred income	2 296 166	2 771 202	2 296 166	2 296 166
Intercompany balances	27 263 898	20 027 999	27 263 898	16 594 825
	185 214 730	36 881 918	185 214 730	30 559 666
Current	185 214 730	36 881 918	185 214 730	30 559 666
14. LEASE LIABILITIES				
Balance at beginning of period	880 038	776 730	729 183	143 471
Lease reassessments	-	833 819	-	690 887
Accrued interest expense posted to profit or loss	230 029	462 037	152 685	187 228
Lease commitments paid during the period	(423 945)	(712 692)	(281 400)	(288 800)
Gain on lease modification	-	(4 349)	-	(3 603)
Net monetary adjustment	(85 654)	(475 507)	-	-
Balance at end of period	600 468	880 038	600 468	729 183

15. DEFERRED TAX LIABILITIES

	Inflation adjusted			
	Balance at 1 January ZW\$	Recognised in profit or loss ZW\$	Recognised in other comprehensive income ZW\$	Transfers between categories ZW\$
Reviewed June 2021				
Property and equipment	2 813 122	-	-	(2 813 122)
Investment property	27 127 152	-	-	2 813 122
	29 940 274	-	-	-
Audited December 2020				
Property and equipment	2 914 601	(125 244)	23 765	-
Investment property	28 266 184	(1 139 032)	-	-
	31 180 785	(1 264 276)	23 765	-

	Historical cost			
	Balance at 1 January ZW\$	Recognised in profit or loss ZW\$	Recognised in other comprehensive income ZW\$	Transfers between categories ZW\$
Unreviewed June 2021				
Property and equipment	2 330 900	-	-	(2 330 900)
Investment property	22 477 050	-	-	2 330 900
	24 807 950	-	-	-
Unaudited December 2020				
Property and equipment	538 360	476 489	1 253 155	62 896
Investment property	5 221 086	16 691 973	-	563 991
	5 759 446	17 168 462	1 253 155	626 887

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
16. EQUITY AND RESERVES				
16.1 Share capital				
Authorised 100 000 000 ordinary shares of ZW\$0.01 each	1 000 000	1 000 000	1 000 000	1 000 000
Issued and fully paid 95 481 425 ordinary shares of ZW\$0.01 each	47 826 910	47 826 910	954 814	954 814
Share premium	445 650 954	445 650 954	8 896 953	8 896 953
16.2 Reserves				
Functional currency translation reserve	-	-	18 061 563	18 061 563
Revaluation reserves	67 158 040	67 158 040	54 107 801	54 107 801
Retained income	443 004 873	377 235 711	769 254 714	694 896 830
Total reserves	510 162 913	444 393 751	841 424 078	767 066 194
16.3 Capital adequacy				
Share capital	47 826 910	47 826 910	954 814	954 814
Share premium	445 650 954	445 650 954	8 896 953	8 896 953
Retained income	686 907 571	443 004 873	1 303 198 556	769 254 714
Tier 1 Capital	1 180 385 435	936 482 737	1 313 050 323	779 106 481
Functional currency translation reserve	-	-	18 061 563	18 061 563
Revaluation reserves	78 931 631	67 158 040	37 677 654	54 107 801
Tier 2 Capital	78 931 631	67 158 040	55 739 217	72 169 364
Total capital base	1 259 317 066	1 003 640 777	1 368 789 540	851 275 845
Credit risk weighted assets	1 328 929 437	1 238 016 999	1 328 929 437	1 025 797 703
Operational risk equivalent assets	174 169 289	403 776 930	174 169 289	334 562 004
Total risk weighted assets	1 503 098 726	1 641 793 929	1 503 098 726	1 360 359 707
Tier 1 ratio	78.5%	57.0%	87.4%	57.3%
Tier 2 ratio	5.3%	4.1%	3.7%	5.3%
Capital adequacy ratio	83.8%	61.1%	91.1%	62.6%

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Reviewed 30 Jun 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unreviewed 30 Jun 2020 ZW\$
17. NET INTEREST INCOME				
17.1 Interest income				
Mortgage advances	1 882 803	2 026 308	1 759 072	630 319
Consumer loans	64 887 027	8 855 576	61 821 856	2 569 587
Short term funds and securities	1 661 086	479 958	1 522 352	161 885
Other	531 301	577 486	503 924	183 372
	68 962 217	11 939 328	65 607 204	3 545 163
17.2 Interest expense				
Fixed deposits	171 166	222 193	162 558	106 691
Savings accounts	751 758	350 798	715 966	123 524
Other	163 818	51 245	152 685	13 614
	1 086 742	624 236	1 031 209	243 829
Net interest income	67 875 475	11 315 092	64 575 995	3 301 334
18. LOAN IMPAIRMENT MOVEMENT				
Balance at beginning of period	4 378 861	10 941 322	3 628 241	2 021 003
Net monetary adjustment	(868 504)	(6 765 042)	-	-
Charge / (credit) to statement of profit or loss	29 534 984	(1 204 596)	29 417 100	(582 933)
Balance at end of period	33 045 341	2 971 684	33 045 341	1 438 070
19. COMMISSIONS, FEES AND OPERATING INCOME				
Account service fees	30 225 475	11 354 370	27 993 509	5 494 344
Transaction fees	10 392 465	3 464 511	9 625 046	1 676 466
Other commissions and fees	26 398 206	2 795 123	25 256 307	1 248 916
Lease rental income	14 818 043	3 657 802	13 883 430	1 770 098
Exchange gains	5 732 778	7 251 529	5 732 778	3 509 189
Profit on disposal of equipment	-	-	-	-
Dividend income	2 672 855	3 517 252	2 602 943	1 702 083
Other	174 741	1 531 106	155 860	127 714
	90 414 563	33 571 693	85 249 873	15 528 810

20. FAIR VALUE ADJUSTMENT

Arising from fair value through profit or loss instruments:				
- Investment securities	28 754 931	(2 097 617)	34 921 751	98 068
- Investment properties	-	157 005 287	-	245 128 444
- Investments in subsidiaries	10 267 303	106 576 257	13 226 084	157 138 617
	39 022 234	261 483 927	48 147 835	402 365 129

21. OPERATING EXPENSES

Operating expenses comprise the following:				
Staff costs	6 629 661	9 235 154	6 202 965	2 865 173
Communication expenses	304 160	225 248	284 579	61 735
Computer and information technology expenses	27 617 024	6 021 681	26 496 683	1 834 368
Occupation expenses	4 769 847	2 885 458	4 462 009	974 639
Transport costs	85 542	253 343	81 353	86 922
Security	3 563 862	911 218	3 304 750	440 960
Administration expenses	56 290 876	41 709 512	53 366 380	12 303 401
	99 260 972	61 241 614	94 198 719	18 567 198

Included in administration expenses are the following:				
Audit fees	6 002 654	2 137 704	5 813 327	74 414
Directors fees	905 514	559 129	855 684	270 576
Depreciation of property and equipment	1 305 686	1 812 435	1 081 868	709 459
Depreciation right of use assets	177 756	328 070	165 676	173 467
Impairment of assets	-	484 863	-	-
Lease liabilities finance cost	230 029	462 037	152 685	187 228

22. INCOME TAX EXPENSE

Deferred tax expense	-	8 791 896	-	12 252 814
Total tax expense recognised in statement of profit or loss	-	8 791 896	-	12 252 814



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NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

23. RISK MANAGEMENT

23.1 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			
	Classified at FVTPL ZW\$	Amortised cost ZW\$	Classified at FVOCI ZW\$	Total ZW\$	Level 1 ZW\$	Level 2 ZW\$	Level 3 ZW\$	Total ZW\$
Reviewed as at 30 June 2021								
Financial assets measured at fair value								
Financial assets at FVTPL	64 730 113	-	-	64 730 113	-	-	64 730 113	64 730 113
Investments in subsidiaries	331 774 416	-	-	331 774 416	-	-	331 774 416	331 774 416
	396 504 529	-	-	396 504 529	-	-	396 504 529	396 504 529
Financial assets not measured at fair value								
Trade and other receivables	-	40 287 868	-	40 287 868				
Loans and advances	-	402 794 242	-	402 794 242				
Money market investments	-	20 013 635	-	20 013 635				
Cash and cash equivalents	-	150 701 253	-	150 701 253				
	-	613 796 998	-	613 796 998				
Financial liabilities not measured at fair value								
Trade and other payables	-	(185 214 730)	-	(185 214 730)				
Deposits from customers	-	(419 435 882)	-	(419 435 882)				
	-	(604 650 612)	-	(604 650 612)				
Audited as at 31 December 2020								
Financial assets measured at fair value								
Financial assets at FVTPL	35 975 182	-	-	35 975 182	-	-	35 975 182	35 975 182
Investments in subsidiaries	321 507 113	-	-	321 507 113	-	-	321 507 113	321 507 113
	357 482 295	-	-	357 482 295	-	-	357 482 295	357 482 295
Financial assets not measured at fair value								
Trade and other receivables	-	146 295 294	-	146 295 294				
Loans and advances	-	101 902 640	-	101 902 640				
Money market investments	-	60 334 963	-	60 334 963				
Cash and cash equivalents	-	51 088 154	-	51 088 154				
	-	359 621 051	-	359 621 051				
Financial liabilities not measured at fair value								
Trade and other payables	-	(36 881 918)	-	(36 881 918)				
Deposits from customers	-	(344 372 026)	-	(344 372 026)				
	-	(381 253 944)	-	(381 253 944)				

	Unreviewed historical cost							
	CARRYING AMOUNT				FAIR VALUE			
	Classified at FVTPL ZW\$	Amortised cost ZW\$	Classified at FVOCI ZW\$	Total ZW\$	Level 1 ZW\$	Level 2 ZW\$	Level 3 ZW\$	Total ZW\$
Unreviewed as at 30 June 2021								
Financial assets measured at fair value								
Financial assets at FVTPL	64 730 113	-	-	64 730 113	-	-	64 730 113	64 730 113
Investments in subsidiaries	279 614 147	-	-	279 614 147	-	-	279 614 147	279 614 147
	344 344 260	-	-	344 344 260	-	-	344 344 260	344 344 260
Financial assets not measured at fair value								
Trade and other receivables	-	40 287 868	-	40 287 868				
Loans and advances	-	402 794 242	-	402 794 242				
Money market investments	-	20 013 635	-	20 013 635				
Cash and cash equivalents	-	150 701 253	-	150 701 253				
	-	613 796 998	-	613 796 998				
Financial liabilities not measured at fair value								
Trade and other payables	-	(185 214 730)	-	(185 214 730)				
Deposits from customers	-	(419 435 882)	-	(419 435 882)				
	-	(604 650 612)	-	(604 650 612)				
Unaudited 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	-	121 217 540	-	121 217 540				
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				
	-	297 975 268	-	297 975 268				
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)				

23.2 Interest rate risk

23.2.1 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\$
Reviewed as at 30 June 2021					
Financial assets by type					
Local bank accounts	115 232 066	-	-	-	115 232 066
Money market investments	20 013 635	-	-	-	20 013 635
Loans and other advances	11 312 189	5 886 188	46 236 746	339 359 119	402 794 242
	146 557 890	5 886 188	46 236 746	339 359 119	538 039 943
Financial liability by type					
Deposits from customers	379 799 355	406 624	25 051 769	14 178 134	419 435 882
Sensitivity gap	(233 241 465)	5 479 564	21 184 977	325 180 985	118 604 061
Cumulative gap	(233 241 465)	(227 761 901)	(206 576 924)	118 604 061	-
Audited as at 31 December 2020					
Financial assets by type					
Local bank accounts	34 795 827	-	-	-	34 795 827
Money market investments	60 334 963	-	-	-	60 334 963
Loans and other advances	1 064 646	1 431 499	16 609 287	82 797 208	101 902 640
	96 195 436	1 431 499	16 609 287	82 797 208	197 033 430
Financial liability by type					
Deposits from customers	333 634 128	56 419	5 633 064	5 048 415	344 372 026
Sensitivity gap	(237 438 692)	1 375 080	10 976 223	77 748 793	(147 338 596)
Cumulative gap	(237 438 692)	(236 063 612)	(225 087 389)	(147 338 596)	-

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

23 RISK MANAGEMENT (Continued)

23.2.1 Interest rate gap analysis (continued)

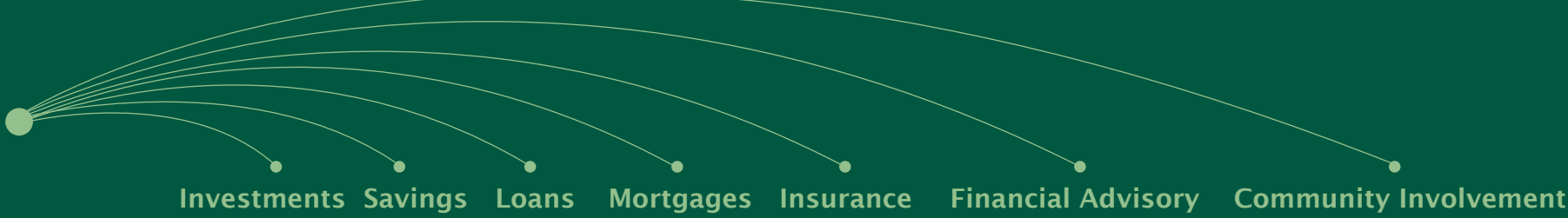
	Historical cost				
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Carrying amount ZW\$
Unreviewed as at 30 June 2021					
Financial assets by type					
Local bank accounts	115 232 066	-	-	-	115 232 066
Money market investments	20 013 635	-	-	-	20 013 635
Loans and other advances	11 312 189	5 886 188	46 236 746	339 359 119	402 794 242
	146 557 890	5 886 188	46 236 746	339 359 119	538 039 943
Financial liability by type					
Deposits from customers	379 799 355	406 624	25 051 769	14 178 134	419 435 882
Sensitivity gap	(233 241 465)	5 479 564	21 184 977	325 180 985	118 604 061
Cumulative gap	(233 241 465)	(227 761 901)	(206 576 924)	118 604 061	-
Unaudited 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	276 442 991	46 748	4 667 451	4 183 022	285 340 212
Sensitivity gap	(196 737 253)	1 139 365	9 094 693	64 421 194	(122 082 001)
Cumulative gap	(196 737 253)	(195 597 888)	(186 503 195)	(122 082 001)	-

23.3 Liquidity risk

23.3.1 Liquidity gap analysis

	Inflation adjusted					
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Total ZW\$	Carrying amount ZW\$
Reviewed as at 30 June 2021						
Financial assets by type						
Cash and cash equivalents	150 701 253	-	-	-	150 701 253	150 701 253
Money market investments	50 043 836	-	-	-	50 043 836	20 013 635
Loans and other advances	333 660	8 299 374	33 231 485	774 544 636	816 409 155	402 794 242
Financial assets at FVTPL	-	-	-	64 730 113	64 730 113	64 730 113
	201 078 749	8 299 374	33 231 485	839 274 749	1 081 884 357	638 239 243
Financial liabilities by type						
Deposits from customers	-	-	-	-	-	419 435 882
Trade and other payables	-	182 918 564	-	-	182 918 564	185 214 730
Lease liabilities	-	-	-	600 468	600 468	600 468
	-	182 918 564	-	600 468	183 519 032	605 251 080
Sensitivity gap	201 078 749	(174 619 190)	33 231 485	838 674 281	898 365 325	32 988 163
Cumulative gap	201 078 749	26 459 559	59 691 044	898 365 325	-	-
Audited as at 31 December 2020						
Financial assets by type						
Cash and cash equivalents	51 088 154	-	-	-	51 088 154	51 088 154
Money market investments	60 397 015	-	-	-	60 397 015	60 334 963
Loans and other advances	327 850	6 997 712	35 128 688	196 001 804	238 456 054	101 902 640
Financial assets at FVTPL	-	-	-	35 975 182	35 975 182	35 975 182
	111 813 019	6 997 712	35 128 688	231 976 986	385 916 405	249 300 939
Financial liabilities by type						
Deposits from customers	308 821 019	469 115	31 351 944	5 211 608	345 853 686	344 372 026
Trade and other payables	-	34 110 715	-	-	34 110 715	36 881 918
Lease liabilities	-	-	-	880 038	880 038	880 038
	308 821 019	34 579 830	31 351 944	6 091 646	380 844 439	382 133 982
Sensitivity gap	(197 008 000)	(27 582 118)	3 776 744	225 885 250	5 071 966	(132 833 043)
Cumulative gap	(197 008 000)	(206 590 338)	(202 813 594)	5 071 966	-	-

	Historical cost				
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Total ZW\$
Unreviewed as at 30 June 2021					
Financial assets by type					
Cash and cash equivalents	150 701 253	-	-	-	150 701 253
Money market investments	50 043 836	-	-	-	50 043 836
Loans and other advances	333 660	8 299 374	33 231 485	774 544 636	816 409 155
Financial assets at FVTPL	-	-	-	64 730 113	64 730 113
	201 078 749	8 299 374	33 231 485	839 274 749	1 081 884 357
Financial liabilities by type					
Deposits from customers	379 881 117	411 637	25 981 773	15 005 191	421 279 718
Trade and other payables	-	182 918 564	-	-	182 918 564
Lease liabilities	-	-	-	600 468	600 468
	379 881 117	183 330 201	25 981 773	15 605 659	604 798 750
Sensitivity gap	(178 802 368)	(175 030 827)	7 249 712	823 669 090	477 085 607
Cumulative gap	(178 802 368)	(353 833 195)	(346 583 483)	477 085 607	-
Unaudited as at 31 December 2020					
Financial assets by type					
Cash and cash equivalents	42 330 688	-	-	-	42 330 688
Money market investments	50 043 836	-	-	-	50 043 836
Loans and other advances	271 650	5 798 173	29 106 973	162 403 425	197 580 221
Financial assets at FVTPL	-	-	-	29 808 362	29 808 362
	92 646 174	5 798 173	29 106 973	192 211 787	319 763 107
Financial liabilities by type					
Deposits from customers	255 883 314	388 700	25 977 634	4 318 241	286 567 889



ZB FINANCIAL HOLDINGS LIMITED

Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021

REVIEWED FINANCIAL RESULTS

for the half year ended 30 June 2021

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF FINANCIAL POSITION As at 30 June 2021				
Notes	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
ASSETS				
Cash and cash equivalents	9 435 849	5 069 388	9 435 849	4 200 400
Funds on deposit	25 113 591	7 171 474	25 113 591	5 942 149
Reinsurance claim receivable	17 701	20 846	17 701	17 273
Inventories, trade and other receivables	3 21 652 283	16 303 466	21 652 283	13 508 749
Investment securities	4 641 001 882	568 452 041	641 001 882	471 008 719
Treasury bills and bonds	4 25 538 050	14 748 717	25 538 050	12 220 510
Investment properties	5 251 332 288	251 332 288	208 249 228	208 249 228
Right of use asset	6 13 091 641	8 889 758	9 384 394	5 099 666
Equity accounted investments	7 3 330 658 859	2 996 371 452	3 062 059 151	2 450 748 623
Intangible assets	8 28 778 286	28 923 486	865 138	996 295
Equipment	9 31 545 448	33 033 753	25 943 130	27 371 149
TOTAL ASSETS	4 378 165 877	3 930 316 669	4 029 260 397	3 199 362 761
LIABILITIES				
Life assurance funds	10 2 245 912 870	2 020 026 521	2 245 912 870	1 673 756 150
Lease liabilities	11 10 124 119	6 602 342	10 124 119	5 470 576
Deferred tax liability	182 292 108	187 935 124	170 544 831	155 719 526
Trade and other payables	12 61 559 678	62 443 983	61 559 678	50 704 315
Provisions	9 476 821	6 442 640	9 476 821	6 373 856
Reinsurance premium payable	3 089 740	2 481 973	3 089 740	2 056 516
Taxation	57 983 317	41 741 639	57 983 317	34 586 340
Total liabilities	2 570 438 653	2 327 674 222	2 558 691 376	1 928 667 279
EQUITY				
Share capital	11 628 180	11 628 180	231 908	231 908
Share premium	222 190 527	222 190 527	4 431 623	4 431 623
Investment reserve	-	-	827 451 668	827 451 668
Revaluation reserve	63 188 567	63 188 567	38 701 969	38 701 969
Foreign currency translation reserve	-	-	28 051 287	28 051 287
Retained earnings	1 510 719 950	1 305 635 173	571 700 566	371 827 027
Total equity	1 807 727 224	1 602 642 447	1 470 569 021	1 270 695 482
TOTAL EQUITY AND LIABILITIES	4 378 165 877	3 930 316 669	4 029 260 397	3 199 362 761

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the half year ended 30 June 2021				
Notes	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	*Restated Reviewed 30 Jun 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	*Restated Unreviewed 30 Jun 2020 ZW\$
INCOME				
Gross premium income	13 195 647 172	68 697 808	184 300 567	25 298 486
Premiums ceded to reinsurers	14 (23 275 325)	(2 404 301)	(21 966 115)	(924 611)
Net premiums	172 371 847	66 293 507	162 334 452	24 373 875
Fair value gains on fair value				
Through profit or loss financial instruments	112 111 557	291 901 277	202 773 262	309 536 554
Fair value gain on investment properties	-	90 206 969	-	118 658 116
Investment income	15 10 900 678	4 888 398	10 154 555	1 499 392
Profit on disposal of listed equity investments	11 769 452	23 212 264	10 721 262	6 328 645
Other (loss)/ income	16 5 441 454	1 012 437	5 144 748	351 350
Total income	312 594 988	477 514 852	391 128 277	460 747 932
Expenses and Policyholder Benefits				
Policyholders' benefits	17 (48 111 689)	(27 075 259)	(45 129 202)	(9 608 322)
Changes to policyholder liabilities	(225 886 349)	(27 717 764)	(572 156 720)	(282 053 348)
Operating expenses	18 (114 948 840)	(69 134 016)	(108 220 572)	(19 455 901)
Commissions	(13 063 687)	(15 779 086)	(10 698 814)	(5 526 806)
Profit share under bancassurance agreements	(27 167 922)	(3 151 579)	(27 167 922)	(1 058 220)
Total expenses and policyholder benefits	(429 178 487)	(142 857 704)	(763 373 230)	(317 702 597)
Operating profit before taxation	(116 583 499)	334 657 148	(372 244 953)	143 045 335
Share of profit/ (loss) of equity accounted investee net of tax	7 340 393 340	(222 754 266)	617 416 462	167 971 493
Lease finance charge	(1 905 780)	-	(1 776 271)	-
Net monetary gain/loss	17 520 125	(206 417)	-	-
Profit before taxation	239 424 186	111 696 465	243 395 238	311 016 828
Income tax expense	19 (34 339 409)	(21 809 102)	(43 521 699)	(15 009 229)
Profit for the period	205 084 777	89 887 363	199 873 539	296 007 599
Other comprehensive income				
Revaluation of Property and Equipment	-	-	-	-
Share of other comprehensive income of equity accounted investee net of tax	-	12 391 112	-	7 236 896
Other comprehensive income for the period	-	12 391 112	-	7 236 896
Total comprehensive income for the period	205 084 777	102 278 475	199 873 539	303 244 495

* The restatement is in respect of prior period error on revaluation of intangible assets (see note 8)

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF CHANGES IN EQUITY For the half year ended 30 June 2021							
	Reviewed inflation adjusted						
	Share capital ZW\$	Share premium ZW\$	Revaluation reserve ZW\$	Investment reserve ZW\$	Retained earnings ZW\$	FCTR equity ZW\$	Total ZW\$
30 June 2021							
Balance at 1 January 2021	11 628 180	222 190 527	63 188 567	-	1 305 635 173	-	1 602 642 447
Profit for the period	-	-	-	-	205 084 777	-	205 084 777
Balance at 30 June 2021	11 628 180	222 190 527	63 188 567	-	1 510 719 950	-	1 807 727 224
Restated 30 June 2020							
Balance at 31 December 2019	11 628 180	222 190 527	155 354 934	-	1 177 927 698	-	1 567 101 339
*Prior period error	-	-	(103 522 242)	-	(32 437 860)	-	(135 960 102)
Restated balance at 31 December 2019	11 628 180	222 190 527	51 832 692	-	1 145 489 838	-	1 431 141 237
Profit for the period	-	-	-	-	89 887 363	-	89 887 363
Profit for the period as previously reported	-	-	-	-	78 433 844	-	78 433 844
*Prior period error	-	-	-	-	11 453 519	-	11 453 519
Revaluation of property	-	-	12 391 112	-	-	-	12 391 112
Dividend paid	-	-	-	-	(2 054 656)	-	(2 054 656)
Balance at 30 June 2020	11 628 180	222 190 527	64 223 804	-	1 235 377 201	-	1 531 365 056

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF CHANGES IN EQUITY (continued) For the half year ended 30 June 2021							
	Unreviewed historical cost						
	Share capital ZW\$	Share premium ZW\$	Revaluation reserve ZW\$	Investment reserve ZW\$	Retained earnings ZW\$	FCTR equity ZW\$	Total ZW\$
30 June 2021							
Balance at 1 January 2021	231 908	4 431 623	38 701 969	827 451 668	371 827 027	28 051 287	1 270 695 482
Profit for the period	-	-	-	-	199 873 539	-	199 873 539
Balance at 30 June 2021	231 908	4 431 623	38 701 969	827 451 668	571 500 566	28 051 287	1 470 569 021
Restated 30 June 2020							
Balance at 31 December 2019	231 908	4 431 623	37 353 225	117 351 328	112 294 366	29 155 989	300 818 439
*Prior period error	-	-	(30 339 524)	-	132 882	(1 104 702)	(31 311 344)
Restated balance at 31 December 2019	231 908	4 431 623	7 013 701	117 351 328	112 427 248	28 051 287	269 507 095
Profit for the period	-	-	-	-	296 007 599	-	296 007 599
Profit for the period as previously reported	-	-	-	-	292 922 974	-	292 922 974
*Prior period error	-	-	-	-	3 084 625	-	3 084 625
Revaluation of Property	-	-	7 236 896	-	-	-	7 236 896
Dividend paid	-	-	-	-	(1 200 000)	-	(1 200 000)
Balance at 30 June 2020	231 908	4 431 623	14 250 597	117 351 328	407 234 847	28 051 287	571 551 590

* The restatement is in respect of prior period error on revaluation of intangible assets (see note 8)

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF CASH FLOWS For the half year ended 30 June 2021				
	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Reviewed 30 Jun 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unreviewed 30 Jun 2020 ZW\$
Cash generated from operations	9 439 021	(282 963 675)	6 787 388	(8 779 404)
Cash generated /(used) to increase working capital	(3 026 048)	17 580 878	8 185 844	6 195 000
Cash generated from operating activities	6 412 973	(265 382 797)	14 973 232	(2 584 404)
Interest received	2 551 220	3 531 104	2 342 001	457 465
Interest expense Paid	(1 905 780)	(5 090 251)	(1 776 271)	-
Lease liability payments	-	-	-	164 261
Taxation paid	(12 454 720)	(48 529 184)	(5 299 420)	(1 126 125)
Cash generated from operating activities	(5 396 307)	(315 471 128)	10 239 542	(3 088 803)
Cash flows from investing activities				
Purchase of property and equipment	(394 713)	(2 076 210)	(327 052)	(187 698)
Purchase of intangible assets	-	-	-	(475 621)
Net (purchase) / disposal of financial assets at amortised cost	(18 022 228)	(6 677 609)	-	(728 822)
Purchase of equity investments	(12 073 795)	242 787 768	(8 957 449)	(1 909 082)
(Purchase) /maturity of funds on deposit	-	-	(19 251 371)	2 004 558
Proceeds on disposal of listed equity investments	41 765 209	90 218 708	23 884 608	7 510 888
Dividends received from other equity investments	2 312 583	2 493 147	2 182 923	-
Cash used in investing activities	13 587 056	326 745 804	(2 468 341)	6 214 223
Cash flows from financing activities				
Lease payment	(3 832 265)	(4 657 633)	(2 543 728)	(398 054)
Dividend paid	-	(2 479 728)	-	(1 200 000)
Cash used in financing activities	(3 832 265)	(7 137 361)	(2 543 728)	(1 598 054)
(Decrease)/Increase in cash and cash equivalents	4 358 484	4 137 315	5 227 472	1 527 366
Cash and cash equivalents at the beginning of the period	5 069 388	934 639	4 200 400	172 638
Cash and cash equivalents at the end of period	9 427 872	5 071 954	9 427 872	1 700 004

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2021

1. STATEMENT OF COMPLIANCE

The condensed inflation adjusted interim financial results are required to be prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting.” They do not include all the information required for a complete set of International Financial Reporting Standards (“IFRS”) financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company’s financial position and performance since the last Company annual financial statements. They should therefore be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2020.

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
2. FUNDS ON DEPOSIT				
Fixed deposits	25 113 591	7 171 474	25 113 591	5 942 149

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

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
3. INVENTORIES & TRADE AND OTHER RECEIVABLES				
Printing and stationery stock	246 116	315 452	246 116	261 377
Prepayments	902 324	3 464 840	902 324	2 870 901
Related party balances	1 227 129	666 834	1 227 129	535 256
Rent debtors	1 400 824	101 296	1 400 824	83 932
Sundry debtors	15 963 188	9 118 133	15 963 188	7 572 387
Advances for sales agents	2 023 915	2 771 133	2 023 915	2 296 109
Allowance for credit losses	(111 213)	(134 221)	(111 213)	(111 213)
Closing balance	21 652 283	16 303 466	21 652 283	13 508 749
4. INVESTMENT SECURITIES				
<u>Designated as fair value through profit and loss:-</u>				
Equity securities – Listed	322 392 794	167 127 005	322 392 794	138 478 307
Equity securities – Unlisted	318 609 088	359 559 827	318 609 088	297 924 541
Gold Fund	-	41 765 209	-	34 605 871
Balance at end of period	641 001 882	568 452 041	641 001 882	471 008 719
<u>At Amortised cost</u>				
Bonds	23 616 915	12 526 598	23 616 915	10 379 305
Treasury bills	1 884 163	2 178 562	1 884 163	1 805 115
Debentures	36 972	43 557	36 972	36 090
Total	25 538 050	14 748 717	25 538 050	12 220 510



Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

4.1 Reconciliation of carrying amount

	Inflation adjusted			
	Equities listed ZW\$	Equities unlisted ZW\$	Gold fund ZW\$	Total ZW\$
Reviewed 30 June 2021				
Balance at 1 January 2021	167 127 005	359 559 827	41 765 209	568 452 041
Additions	2 203 493	-	-	2 203 493
Disposals	-	-	(41 765 209)	(41 765 209)
Fair value gains	153 062 296	(40 950 739)	-	112 111 557
Balance at end of period	322 392 794	318 609 088	-	641 001 882
Audited 31 December 2020				
Balance at 1 January 2020	155 576 371	375 070 379	30 382 773	561 029 523
Additions	10 777 757	-	-	10 777 757
Disposals	(26 142 951)	-	-	(26 142 951)
Fair value gains	26 915 828	(15 510 552)	11 382 436	22 787 713
Balance at end of period	167 127 005	359 559 827	41 765 209	568 452 041
	Historical cost			
	Equities listed ZW\$	Equities unlisted ZW\$	Gold fund ZW\$	Total ZW\$
Unreviewed 30 June 2021				
Balance at beginning period	138 478 307	297 924 542	34 605 871	471 008 720
Additions	1 825 773	-	-	1 825 773
Disposals	-	-	(34 605 871)	(34 605 871)
Fair Value gains	182 088 714	20 684 546	-	202 773 260
Balance at end of period	322 392 794	318 609 088	-	641 001 882
Unaudited 31 December 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	228 644 770	28 993 826	416 152 999
Balance at end of year	138 478 307	297 924 542	34 605 871	471 008 720

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
5. INVESTMENT PROPERTIES				
Reconciliation of carrying amount				
Opening balance at 1 January	251 332 288	250 677 107	208 249 228	46 302 916
Fair value adjustment	-	655 181	-	161 946 312
Closing balance at end of period	251 332 288	251 332 288	208 249 228	208 249 228
6. RIGHT OF USE ASSET				
Cost				
Balance at 1 January	35 906 157	25 737 930	7 010 210	1 674 396
Remeasurement of lease asset	5 420 999	10 168 226	5 420 999	5 335 814
Balance at end of period	41 327 156	35 906 156	12 431 209	7 010 210
Amortisation and impairment losses				
Balance as at 1 January	27 016 398	19 872 235	1 910 544	590 936
Amortisation	1 219 117	7 144 163	1 136 271	1 319 608
Balance at end of period	28 235 515	27 016 398	3 046 815	1 910 544
Net book value at end of period	13 091 641	8 889 758	9 384 394	5 099 666

7. EQUITY ACCOUNTED INVESTMENTS

	Inflation adjusted		
	Associate ZW\$	Subsidiary ZW\$	Total ZW\$
Reviewed 30 June 2021			
Balance at 1 January 2021	2 983 333 940	13 037 513	2 996 371 453
Share of profit/(loss) for the period	341 475 898	(1 082 558)	340 393 340
Dividends received	(6 105 934)	-	(6 105 934)
Balance at 30 June 2021	3 318 703 904	11 954 955	3 330 658 859
Audited 31 December 2020			
Balance at 1 January 2020	1 974 920 691	12 625 234	1 987 545 925
Share of profit/(loss) for the year	1 263 728 943	414 843	1 264 143 786
Share of other comprehensive income	-	(2 565)	(2 565)
Dividends received	(12 222 997)	-	(12 222 997)
Termination transfer	(243 092 697)	-	(243 092 697)
Balance at 31 December 2020	2 983 333 940	13 037 513	2 996 371 452
	Historical cost		
	Associate ZW\$	Subsidiary ZW\$	Total ZW\$
Unreviewed 30 June 2021			
Balance at 1 January 2021	2 440 255 455	10 493 168	2 450 748 623
Share of profit/(loss) for the period	618 313 225	(896 763)	617 416 462
Dividends received	(6 105 934)	-	(6 105 934)
Balance at 30 June 2021	3 052 462 746	9 596 405	3 062 059 151
Unaudited 31 December 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
Share of other comprehensive income	-	9 094 132	9 094 132
Dividends received	(9 437 765)	-	(9 437 765)
Termination transfer	(201 422 057)	-	(201 422 057)
Balance at 31 December 2020	2 440 255 455	10 493 168	2 450 748 623

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
8. INTANGIBLE ASSETS				
Cost				
Balance at 1 January	40 030 464	38 277 730	1 311 569	835 948
Additions	-	1 752 733	-	475 621
Balance at end of period	40 030 464	40 030 463	1 311 569	1 311 569
Amortisation and impairment losses				
Balance at 1 January	11 106 977	3 188 521	315 274	68 814
Amortisation	145 201	7 918 456	131 157	246 460
Balance at end of period	11 252 178	11 106 977	446 431	315 274
Balance at end of period	28 778 286	28 923 486	865 138	996 295

Prior period error
The Company 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 Company 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 Company'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 and 31 December 2020.

Further reassessment made on the application of revaluation model on computer software in the year ended 31 December 2020 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 Company and this has made it a unique product.

The Company reverted to the historical cost model from the 2020 financial year.

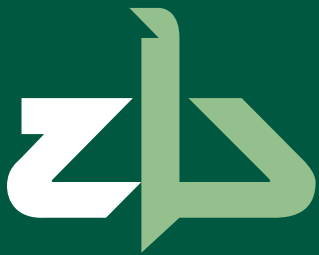
The condensed consolidated inflation adjusted interim financial results for the half year ended 30 June 2020 have been restated to reverse the revaluation gain adjustment on computer software and recognised amortisation. The condensed consolidated inflation adjusted interim financial results have also 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.

9. EQUIPMENT

	Inflation adjusted			
	Motor vehicles ZW\$	Equipment furniture & fittings ZW\$	Computers ZW\$	Total ZW\$
Reviewed 30 June 2021				
Cost or valuation				
At 1 January 2021	5 654 715	20 367 600	7 011 438	33 033 753
Additions	-	-	394 713	394 713
At 30 June 2021	5 654 715	20 367 600	7 406 151	33 428 466
Accumulated depreciation and impairment				
Balance at 1 January 2021	-	-	-	-
Charge for the period	344 239	856 962	681 817	1 883 018
Balance at 30 June 2021	344 239	856 962	681 817	1 883 018
Balance at 30 June 2021	5 310 476	19 510 638	6 724 334	31 545 448
Balance at 31 December 2020	5 654 715	20 367 600	7 011 438	33 033 753
Audited 31 December 2020				
Cost or valuation				
At 1 January 2020	16 044 361	5 979 953	6 854 783	28 879 096
Additions	-	923 751	1 152 459	2 076 210
Revaluation	(10 389 646)	13 463 896	(995 804)	2 078 446
At 31 December 2020	5 654 715	20 367 600	7 011 438	33 033 753
Accumulated depreciation and impairment				
Balance at 1 January 2020	-	-	-	-
Charge for the year	5 453 380	2 198 921	1 627 693	9 279 994
Revaluation	(5 453 380)	(2 198 921)	(1 627 693)	(9 279 994)
Balance at 31 December 2020	-	-	-	-
Balance at 31 December 2020	5 654 715	20 367 600	7 011 438	33 033 753

	Historical cost			
	Motor vehicles ZW\$	Equipment furniture & fittings ZW\$	Computers ZW\$	Total ZW\$
Unreviewed 30 June 2021				
Cost or valuation				
At 1 January 2020	4 685 391	16 876 212	5 809 546	27 371 149
Additions	-	-	327 052	327 052
At 30 June 2021	4 685 391	16 876 212	6 136 598	27 698 201
Accumulated depreciation and impairment				
Balance at 1 January 2021	-	-	-	-
Charge for the period	320 849	798 733	635 489	1 755 071
Balance at 30 June 2021	320 849	798 733	635 489	1 755 071
Balance at 30 June 2021	4 364 542	16 077 479	5 501 109	25 943 130
Unaudited 31 December 2020				
Cost or valuation				
At 1 January 2020	2 963 576	1 104 566	1 266 155	5 334 297
Additions	-	209 855	772 970	982 825
Revaluation	1 721 815	15 561 792	3 770 420	21 054 027
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	-	-	-	-
Charge for the year	1 007 301	244 812	287 997	1 540 110
Revaluation	(1 007 301)	(244 812)	(287 997)	(1 540 110)
Balance at 31 December 2020	-	-	-	-
Balance at 31 December 2020	4 685 391	16 876 213	5 809 545	27 371 149

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
10. LIFE ASSURANCE FUNDS				
Balance at 1 January	2 020 026 521	1 297 276 268	1 673 756 150	238 655 969
Changes to policyholder liabilities	225 886 349	558 174 760	572 156 719	1 298 736 009
Additional expense reserve	-	164 575 493	-	136 364 172
Balance at end of period	2 245 912 870	2 020 026 521	2 245 912 870	1 673 756 150
11. LEASE LIABILITIES				
Balance at 1 January	6 602 342	5 730 698	5 470 576	1 058 525
Remeasurement	5 421 000	439 026	5 421 000	5 335 814
Finance charge	2 676 050	5 090 251	1 776 271	2 062 685
Effects of monetary adjustments	(743 008)	-	-	-
Lease payments	(3 832 265)	(4 657 633)	(2 543 728)	(2 986 448)
Balance at end of period	10 124 119	6 602 342	10 124 119	5 470 576



Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZWS	Audited 31 Dec 2020 ZWS	Unreviewed 30 Jun 2021 ZWS	Unaudited 31 Dec 2020 ZWS
12. TRADE AND OTHER PAYABLES				
Policyholders claims intimated but not paid	5 197 676	24 885 165	5 197 676	20 619 382
Other liabilities	12 763 975	13 798 157	12 763 975	10 397 294
Related parties	15 954 502	6 701 404	15 954 502	5 552 658
Unearned Premium	27 643 525	17 059 257	27 643 525	14 134 981
	61 559 678	62 443 983	61 559 678	50 704 315
	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZWS	Reviewed 30 Jun 2020 ZWS	Unreviewed 30 Jun 2021 ZWS	Unreviewed 30 Jun 2020 ZWS
13. GROSS PREMIUM INCOME				
Individual life	16 626 899	8 688 827	15 662 619	3 157 227
Group business	179 020 273	60 008 981	168 637 948	22 141 259
	195 647 172	68 697 808	184 300 567	25 298 486
14. PREMIUMS CEDED TO REINSURERS				
Individual life	(187 821)	441 717	(177 256)	90 361
Group business	(23 087 504)	(2 846 016)	(21 788 859)	(1 014 972)
	(23 275 325)	(2 404 301)	(21 966 115)	(924 611)
15. INVESTMENT INCOME				
Interest income on held to maturity financial instruments	2 551 220	1 350 243	2 342 001	457 465
Rentals from investment properties	6 036 875	3 085 134	5 629 631	877 667
Dividends from financial assets designated at fair value through profit or loss	2 312 583	453 021	2 182 923	164 260
	10 900 678	4 888 398	10 154 555	1 499 392

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZWS	Reviewed 30 Jun 2020 ZWS	Unreviewed 30 Jun 2021 ZWS	Unreviewed 30 Jun 2020 ZWS
16. OTHER INCOME				
Loss on disposal of property and equipment	-	-	-	-
Sundry income	108 781	125 302	101 778	48 877
Reinsurance commission	4 373 822	573 213	4 135 383	197 066
Asset Management income	958 851	313 922	907 586	105 407
	5 441 454	1 012 437	5 144 748	351 350
17. POLICYHOLDERS' BENEFITS				
Claims during the period were as follows:-				
Death and disability benefits	29 342 977	10 548 051	27 166 170	3 603 913
Maturities	891 867	6 619 204	854 491	1 880 979
Annuities	2 474 259	1 751 127	2 330 148	585 679
Surrenders and pensions withdrawals	15 402 586	8 156 878	14 778 393	3 537 751
	48 111 689	27 075 259	45 129 202	9 608 322
18. OPERATING EXPENSES				
Staff expenses	55 517 189	19 619 886	52 383 912	7 463 344
Administration expenses	44 036 559	29 990 956	41 396 624	8 597 740
Depreciation of equipment	1 883 018	9 857 174	1 755 071	123 223
Depreciation of software	145 200	2 293 370	131 157	770 055
Depreciation of right of use asset	1 219 117	-	1 136 271	-
Foreign exchange loss	2 150 172	4 513 332	2 121 850	1 444 590
Directors Fees	3 408 589	1 483 488	3 154 400	613 565
Audit Fees	6 588 996	1 375 810	6 141 287	468 384
Total	114 948 840	69 134 016	108 220 572	19 455 901
19. INCOME TAX CHARGE				
Current taxation	28 696 394	(4 355 739)	28 696 394	1 253 023
Deferred taxation	5 643 015	26 164 841	14 825 305	13 756 206
Total	34 339 409	21 809 102	43 521 699	15 009 229

We understand that life has to go on!

Tinewe nguva dzose/
Silani isikhathi sonke





ZB FINANCIAL HOLDINGS LIMITED

Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021

REVIEWED FINANCIAL RESULTS for the half year ended 30 June 2021

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF FINANCIAL POSITION As at 30 June 2021

Notes	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
Non-current assets				
Equipment	13 660 803	14 179 516	11 232 920	11 748 882
Right of use assets	6 922 552	7 391 936	5 687 333	6 124 820
Investment properties	226 727 306	226 727 306	187 862 000	187 862 000
Investments	214 926 081	158 425 541	214 926 081	131 268 437
*Deferred tax asset	3 834 497	-	-	-
Total non-current assets	466 071 239	406 724 299	419 708 334	337 004 139
Current assets				
Other assets	8 009 647	522 440	8 009 647	432 884
Balances receivable from insurance companies	154 441 484	96 497 264	154 441 484	79 955 826
Cash and cash equivalent	500 285 459	509 118 032	500 285 459	421 845 668
Total current assets	662 736 590	606 137 736	662 736 590	502 234 378
Total assets	1 128 807 829	1 012 862 035	1 082 444 924	839 238 517
EQUITY AND LIABILITIES				
Equity				
Share capital	247 165	247 165	5 000	5 000
Share premium	123 335 498	123 335 498	2 495 000	2 495 000
Foreign currency translation reserve	-	-	9 649 178	9 649 178
Property revaluation reserve	3 879 374	3 879 374	8 959 434	8 959 434
Retained earnings	606 522 608	511 326 032	601 603 306	508 179 221
Total shareholders' equity	733 984 645	638 788 069	622 711 918	529 287 833
Non-current liabilities				
Deferred tax liability	-	38 706 694	64 909 822	32 071 642
Current liabilities				
Unearned premium reserve	204 088 099	134 357 418	204 088 099	111 326 041
Incurred but not reported claims reserve (IBNR)	71 522 186	108 816 889	71 522 186	90 163 636
Outstanding claims	28 787 686	34 482 517	28 787 686	28 571 568
Balances payable to insurance companies	38 442 125	13 055 960	38 442 125	10 817 924
Taxation	-	10 053 437	-	8 330 090
Other payables	45 816 682	26 893 400	45 816 682	22 283 368
Lease Liabilities	6 166 406	7 707 651	6 166 406	6 386 415
Total current liabilities	394 823 184	335 367 272	394 823 184	277 879 042
Total equity and liabilities	1 128 807 829	1 012 862 035	1 082 444 924	839 238 517

* The deferred tax asset arose from provisions on insurance advances.

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the half year ended 30 June 2021

Notes	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Reviewed 30 Jun 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unreviewed 30 Jun 2020 ZW\$
Gross premium	699 015 596	673 831 596	656 890 965	224 237 563
Retrocession premium	(193 487 787)	(164 455 979)	(183 457 803)	(46 299 235)
Net premium income	505 527 809	509 375 617	473 433 162	177 938 328
Unearned premium	(99 911 557)	(110 245 811)	(92 762 058)	(45 703 295)
Net earned premium	405 616 252	399 129 806	380 671 104	132 235 033
Net claims	(142 177 300)	(202 075 998)	(135 724 020)	(68 456 964)
Net commission	(148 268 847)	(128 832 491)	(138 761 192)	(44 805 189)
Operating expenses	(93 034 619)	(48 632 088)	(88 188 100)	(11 643 723)
Underwriting result	22 135 486	19 589 229	17 997 792	7 329 157
Investment income	30 176 892	260 601 549	28 092 932	125 655 447
Fair value adjustment	53 360 075	132 512 646	71 844 706	168 617 397
Net operating profit	105 672 453	412 703 424	117 935 430	301 602 001
Net monetary loss	(62 925 615)	(137 411 268)	-	-
Profit before tax	42 746 838	275 292 156	117 935 430	301 602 001
Income tax expense / credit	52 449 738	(8 814 367)	(24 511 345)	(17 417 024)
Profit for the period	95 196 576	266 477 789	93 424 085	284 184 977

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF CHANGES IN EQUITY For the half year ended 30 June 2021

	Reviewed inflation adjusted				
	Share capital ZW\$	Share premium ZW\$	Property revaluation reserve ZW\$	Retained earnings ZW\$	Total equity ZW\$
2021					
Balance at 1 January 2021	247 165	123 335 498	3 879 374	511 326 032	638 788 069
Profit for the period	-	-	-	95 196 576	95 196 576
Balance at 30 June 2021	247 165	123 335 498	3 879 374	606 522 608	733 984 645
2020					
Balance at 1 January 2020	247 165	123 335 498	5 916 959	406 555 958	536 055 580
Profit for the period	-	-	-	266 477 789	266 477 789
Balance at 30 June 2020	247 165	123 335 498	5 916 959	673 033 747	802 533 369

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF CHANGES IN EQUITY (continued) For the half year ended 30 June 2021

	Unreviewed historical cost					
	Share capital ZW\$	Share premium ZW\$	Foreign currency translation reserve ZW\$	Property revaluation reserve ZW\$	Retained earnings ZW\$	Total equity ZW\$
2021						
Balance at 1 January 2021	5 000	2 495 000	9 649 178	8 959 434	508 179 221	529 287 833
Profit for the period	-	-	-	-	93 424 085	93 424 085
Balance at 30 June 2021	5 000	2 495 000	9 649 178	8 959 434	601 603 306	622 711 918
2020						
Balance at 1 January 2020	5 000	2 495 000	9 649 178	3 120 527	83 745 866	99 015 571
Profit for the period	-	-	-	-	284 184 977	284 184 977
Balance at 30 June 2020	5 000	2 495 000	9 649 178	3 120 527	367 930 843	383 200 548

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF CASH FLOWS For the half year ended 30 June 2021

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Reviewed 30 Jun 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unreviewed 30 Jun 2020 ZW\$
Cash generated from operating activities	3 668 344	(108 810 480)	96 376 455	30 303 768
Income taxes paid	(7 243 026)	(2 124 375)	(7 101 391)	(739 307)
Interest received	1 651 079	830 645	1 529 691	195 386
Net cash generated from operating activities	(1 923 603)	(110 104 210)	90 804 755	29 759 847
Cash flows from investing activities				
Additions to equipment	(933 751)	(61 090)	(838 100)	(13 095)
Purchase of prescribed assets	(52 706 238)	-	(52 706 238)	-
Purchase of listed securities	-	(774 927)	-	(375 006)
Maturity of prescribed assets	46 813 081	5 648 804	40 893 300	2 076 202
Proceeds on disposal of listed securities	-	787 884	-	381 276
Dividend received	1 261 368	750 130	1 186 565	265 724
Net cash generated from investing activities	(5 565 540)	6 350 801	(11 464 473)	2 335 101
Cash flows from financing activities				
Lease liability paid	(1 977 106)	(351 173)	(1 638 193)	(108 000)
Interest paid	(1 522 210)	-	(1 418 183)	-
Net cash utilised in financing activities	(3 499 316)	(351 173)	(3 056 376)	(108 000)
Net decrease in cash and cash equivalents	(10 988 459)	(104 104 582)	76 283 906	31 986 948
Cash and cash equivalents at the beginning of the period	509 118 033	275 276 004	421 845 668	50 847 014
Effect of movement in exchange rates	2 155 885	258 306 257	2 155 885	125 000 600
Cash and cash equivalents at the end of the period	500 285 459	429 477 679	500 285 459	207 834 562

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS For the half year ended 30 June 2021

1. STATEMENT OF COMPLIANCE

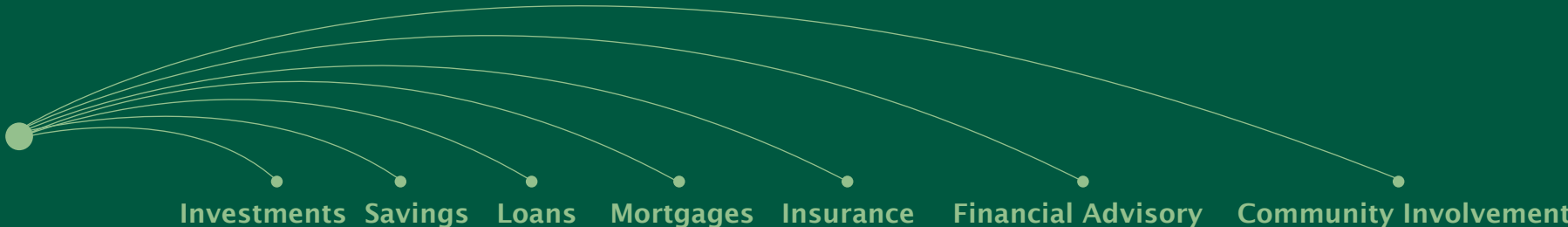
The condensed inflation adjusted interim financial results are required to be prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting." They do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last Company annual financial statements. They should therefore be read in conjunction with the Company's annual financial statements for the year ended 31 December 2020.

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
2. INVESTMENT PROPERTY				
Opening balances	226 727 306	241 943 546	187 862 000	44 689 728
Fair value adjustment	-	(15 216 240)	-	143 172 272
Closing balances	226 727 306	226 727 306	187 862 000	187 862 000

Investment properties comprise a number of residential properties that are leased out to third parties to earn rental income. The Company recognises the rental income from its investment property in profit or loss. 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.

3. INVESTMENTS

	Inflation adjusted			
	Quoted Shares classified at FVPL ZW\$	Bonds & Bills classified at AMCO ZW\$	Unquoted investment classified at FVPL ZW\$	Total ZW\$
Reviewed June 2021				
Balance at 1 January 2021	107 206 432	50 592 333	626 776	158 425 541
Fair value adjustments	53 467 516	-	(107 441)	53 360 075
Effects of monetary adjustments	-	(2 752 692)	-	(2 752 692)
Additions	-	52 706 238	-	52 706 238
Maturities	-	(46 813 081)	-	(46 813 081)
Balance at 30 June 2021	160 673 948	53 732 798	519 335	214 926 081
Audited December 2020				
Balance at 1 January 2020	104 470 355	11 384 039	2 811 605	118 665 999
Fair value adjustments	2 740 677	-	(2 184 829)	555 848
Effects of monetary adjustments	-	(503 677)	-	(503 677)
Additions	783 498	50 707 642	-	51 491 140
Maturities	(788 098)	(10 995 671)	-	(11 783 769)
Balance at 31 December 2020	107 206 432	50 592 333	626 776	158 425 541
Unreviewed June 2021				
Balance at 1 January 2021	88 829 242	41 919 860	519 335	131 268 437
Fair value adjustments	71 844 706	-	-	71 844 706
Additions	-	52 706 238	-	52 706 238
Maturities	-	(40 893 300)	-	(40 893 300)
Balance at 30 June 2021	160 673 948	53 732 798	519 335	214 926 081
Unaudited December 2020				
Balance at 1 January 2020	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)
Balance at 31 December 2020	88 829 242	41 919 860	519 335	131 268 437



Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2021

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Audited 31 Dec 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unaudited 31 Dec 2020 ZW\$
4. BALANCES RECEIVABLE FROM INSURANCE COMPANIES				
Balances receivable	183 719 045	122 640 827	183 719 045	101 617 893
Impairment allowance	(29 277 561)	(26 143 563)	(29 277 561)	(21 662 067)
	154 441 484	96 497 264	154 441 484	79 955 826
5. CASH AND CASH EQUIVALENTS				
Local banks	228 196 407	186 667 714	228 196 407	154 669 372
Foreign banks	272 089 052	322 450 318	272 089 052	267 176 296
	500 285 459	509 118 032	500 285 459	421 845 668
6. UNEARNED PREMIUM RESERVE (UPR)				
Balance at 1 January	134 357 418	84 240 572	111 326 041	15 560 193
Charge/(credit) to profit or loss	99 911 557	175 240 847	92 762 058	95 765 848
Effects of monetary movements	(30 180 876)	(125 124 001)	-	-
Balance at end of period	204 088 099	134 357 418	204 088 099	111 326 041
7. INCURRED BUT NOT REPORTED CLAIMS RESERVE (IBNR)				
Balance at 1 January	108 816 889	65 582 253	90 163 636	12 113 789
Charge/(credit) to profit or loss	(21 473 676)	111 130 872	(18 641 450)	78 049 847
Effects of monetary movements	(15 821 027)	(67 896 236)	-	-
Balance at end of period	71 522 186	108 816 889	71 522 186	90 163 636
8. OUTSTANDING CLAIMS RESERVE				
Balance at 1 January	34 482 517	-	28 571 568	-
Charge/(credit) to profit or loss	1 849 434	58 182 905	216 118	28 571 568
Effects of monetary movements	(7 544 265)	(23 700 388)	-	-
Balance at end of period	28 787 686	34 482 517	28 787 686	28 571 568

NOTES TO THE CONDENSED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2021 ZW\$	Reviewed 30 Jun 2020 ZW\$	Unreviewed 30 Jun 2021 ZW\$	Unreviewed 30 Jun 2020 ZW\$
9. NET CLAIMS				
Gross claims	185 334 136	150 078 189	176 569 003	44 174 086
Retrocession recoveries	(23 532 594)	(7 536 305)	(22 419 651)	(2 133 222)
IBNR movement	(21 473 676)	24 971 082	(18 641 450)	14 096 376
Outstanding claims movement	1 849 434	34 563 032	216 118	12 319 724
	142 177 300	202 075 998	135 724 020	68 456 964
10. NET COMMISSIONS				
Gross commissions	195 685 561	172 277 692	183 137 337	57 638 401
Retrocession commissions	(47 416 714)	(43 445 201)	(44 376 145)	(12 833 212)
	148 268 847	128 832 491	138 761 192	44 805 189
11. OPERATING EXPENSES				
Staff expenses	26 894 531	13 735 837	25 392 141	4 337 990
Impairment on balances receivable from insurance companies	7 615 494	6 774 452	7 615 494	(1 202 841)
Administration expenses	48 070 848	21 774 145	45 089 325	6 964 924
Depreciation of PPE	1 452 464	1 783 210	1 354 062	503 281
Directors' remuneration	5 097 446	1 536 698	4 910 670	438 250
Audit fees	3 903 836	3 027 746	3 826 408	602 119
	93 034 619	48 632 088	88 188 100	11 643 723
12. INVESTMENT INCOME				
Interest income	1 651 079	830 645	1 529 691	195 386
Dividend income	1 261 368	750 130	1 186 565	265 724
Exchange gain/loss	25 425 325	258 306 257	23 660 076	125 000 600
Rental Income	1 839 120	714 517	1 716 600	193 737
	30 176 892	260 601 549	28 092 932	125 655 447
13. FAIR VALUE ADJUSTMENT				
Increase in fair value of equity investments	53 360 075	32 227 376	71 844 706	47 695 307
Increase in fair value of investment property	-	100 285 270	-	120 922 090
	53 360 075	132 512 646	71 844 706	168 617 397
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 30 June 2021 the company had a solvency margin of 145%(Inflation adjusted), 132% (Historical) (December 2020: 52%- Inflation adjusted and 73%-Historical). The solvency ratio is not significantly affected by the application of IPEC asset admissibility guidelines for the calculation of regulatory capital given the company's strong liquidity position. The company is also compliant with the IPEC prescribed minimum capital requirement of ZW\$75,000,000. The minimum prescribed assets ratios for short-term reinsurance businesses is at the rate of 10% of the market value of total adjusted assets. The Company did not comply with this ratio as it closed the June 2021 period with ratio at 5%.

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Independent Reviewer's Report on Review of the Condensed Inflation Adjusted Interim Financial Results

To the shareholders of ZB Financial Holdings Limited, ZB Bank Limited, ZB Building Society, ZB Life Assurance Limited and ZB Reinsurance Limited

Introduction

We have reviewed the accompanying condensed inflation adjusted interim financial results of:

- ZB Financial Holdings Limited and its subsidiaries ("the Group"), set out on pages 2 to 9, which comprise the condensed consolidated inflation adjusted interim statement of financial position as at 30 June 2021, the condensed consolidated inflation adjusted interim statement of profit or loss and other comprehensive income, the condensed consolidated inflation adjusted interim statement of changes in equity and the condensed consolidated inflation adjusted interim statement of cash flows for the half year then ended, and selected notes to the condensed consolidated inflation adjusted interim financial results;
- ZB Bank Limited ("the Bank"), set out on pages 10 to 15, which comprise the condensed inflation adjusted interim statement of financial position as at 30 June 2021, the condensed inflation adjusted interim statement of profit or loss and other comprehensive income, the condensed inflation adjusted interim statement of changes in equity and the condensed inflation adjusted interim statement of cash flows for the half year then ended, and selected notes to the condensed inflation adjusted interim financial results;
- ZB Building Society ("the Society"), set out on pages 16 to 19, which comprise the condensed inflation adjusted interim statement of financial position as at 30 June 2021, the condensed inflation adjusted interim statement of profit or loss and other comprehensive income, the condensed inflation adjusted interim statement of changes in equity and the condensed inflation adjusted interim statement of cash flows for the half year then ended, and selected notes to the condensed inflation adjusted interim financial results;
- ZB Life Assurance Limited ("the Life Assurer"), set out on pages 20 to 22, which comprise the condensed inflation adjusted interim statement of financial position as at 30 June 2021, the condensed inflation adjusted interim statement of profit or loss and other comprehensive income, the condensed inflation adjusted interim statement of changes in equity and the condensed inflation adjusted interim statement of cash flows for the half year then ended, and selected notes to the condensed inflation adjusted interim financial results; and

- ZB Reinsurance Limited ("the Reinsurer"), set out on pages 23 to 24, which comprise the condensed inflation adjusted interim statement of financial position as at 30 June 2021, the condensed inflation adjusted interim statement of profit or loss and other comprehensive income, the condensed inflation adjusted interim statement of changes in equity and the condensed inflation adjusted interim statement of cash flows for the half year then ended, and selected notes to the condensed inflation adjusted interim financial results.

Directors' responsibility for the:

- ***ZB Financial Holdings Limited and its subsidiaries' (the Group) condensed inflation adjusted interim financial results***

The directors are responsible for the preparation and fair presentation of these condensed inflation adjusted interim financial results in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34) and in the manner required by the Securities and Exchange (Zimbabwe Stock Exchange('ZSE')) Listings Rules, 2019.

- ***ZB Bank Limited's, ZB Building Society's, ZB Life Assurance Limited's and ZB Reinsurance Limited's condensed inflation adjusted interim financial results***

The directors are responsible for the preparation and fair presentation of these condensed inflation adjusted interim financial results in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34).

Auditor's responsibility in respect of ZB Financial Holdings Limited and its subsidiaries, ZB Bank Limited, ZB Building Society, ZB Life Assurance Limited and ZB Reinsurance Limited's condensed inflation adjusted interim financial results

Our responsibility is to express our conclusions on these interim financial results based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial results are not prepared, in all material respects, in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial results in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures primarily consisting of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these results.

Basis for Adverse Conclusion in respect of ZB Financial Holdings Limited and its subsidiaries and ZB Life Assurance Limited

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 (the group) and an associate in the current and prior year financial statements

ZB Financial Holdings Limited, through its life assurance subsidiary, ZB Life Assurance Limited 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 the December 2020 year end valuations, with ZB Financial Holdings Limited and its subsidiaries' and ZB Life Assurance Limited's 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 was consistent with the basis adopted in the prior years. The associate engaged the same valuer to conduct two full valuations at December 2020 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 prior years as well as with the valuation approach applied in respect of ZB Financial Holdings Limited's and ZB Life Assurance Limited's owner occupied and investment properties.

Furthermore, for half year interim reporting purposes in the current year, the associate valued its property portfolio by performing a director's (internal) valuation using Zimbabwe dollar based inputs for commercial properties whilst for non-commercial properties it adopted the market comparable approach, whilst the rest of the ZB Financial Holdings Limited and its subsidiaries and ZB Life Assurance Limited did not perform an interim valuation and maintained year end values, determined using United States dollar inputs and converted using the official exchange rate.

There is a lack of consistency between property valuation basis and translation methods applied by ZB Financial Holdings Limited and its subsidiaries, ZB Life Assurance Limited and the associate. International Financial Reporting Standards 13 'Fair Value Measurement' (IFRS 13) 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 ZW\$ 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 ZW\$ market evidence.

In accordance with International Accounting Standard 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 of ZB Financial Holdings Limited (the Group) and the directors of ZB Life Assurance Limited did not adjust the comparative financial records for the year ended 31 December 2020 and their condensed inflation adjusted interim financial results respectively to align the valuation approaches between the Group, the Life Assurer and their associate at the prior year end, as well as for this interim reporting period. Had the directors adjusted the financial records to align the valuation approaches between the Group, the Life Assurer and the associate, the following financial statement captions for the respective companies would have resulted in significant decreases:

- Equity accounted investments
- Deferred tax liability
- Life assurance funds liability
- Retained income
- Share of profit from equity accounted investments
- Changes to policyholder liabilities
- Income tax expense

The Group and the Life Assurer have not restated the comparative condensed inflation adjusted interim financial results respectively, as required by International Accounting Standard 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8), to resolve the matter of non-compliance with IFRS13 and IAS 28 which resulted in the adverse opinions in the prior year financial statements respectively. In addition, the effect of this non-compliance with IAS 28 and IFRS 13 on the condensed inflation adjusted interim financial results of both ZB Financial Holdings Limited and ZB Life Assurance Limited of the current interim period was also seen as material and pervasive.

Restatement of comparative information presented: Amortisation of Intangible Assets in respect of ZB Financial Holdings Limited and its subsidiaries, and ZB Life Assurance Limited

In addition, we draw attention to note 8 to the condensed inflation adjusted interim financial results of ZB Financial Holdings Limited and its subsidiaries and ZB Life Assurance Limited, which indicates that the comparative information presented in respect of the previously reviewed condensed inflation adjusted interim statements for the six month period ended 30 June 2020 have been restated. The review conclusions of ZB Financial Holdings Limited and its subsidiaries and ZB Life Assurance Limited would not be further modified in this respect.

Adverse Conclusion in respect of ZB Financial Holdings Limited and its subsidiaries

Based on our review, because of the significance of the matters described in the *Basis for Adverse Conclusion* paragraph, the accompanying condensed consolidated inflation adjusted interim financial results for ZB Financial Holdings Limited comprising the condensed consolidated inflation adjusted interim statement of financial position as at 30 June 2021, and its condensed consolidated inflation adjusted interim statements of performance and cash flows for the period then ended, are not prepared, in all material respects, in accordance with International Accounting Standard 34, *"Interim Financial Reporting"* (IAS 34) and in the manner required by the Securities and Exchange (Zimbabwe Stock Exchange ('ZSE') Listings Rules, 2019.

Adverse Conclusion in respect of ZB Life Assurance Limited

Based on our review, because of the significance of the matters described in the *Basis for Adverse Conclusion* paragraph, the accompanying condensed inflation adjusted interim financial results for ZB Life Assurance Limited comprising the condensed inflation adjusted interim statement of financial position as at 30 June 2021, and its condensed inflation adjusted interim statements of performance and cash flows for the period then ended, are not prepared, in all material respects, in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34).

Restatement of comparative information presented: Amortisation of Intangible Assets in respect of ZB Bank Limited

In addition, we draw attention to note 11 to the condensed inflation adjusted interim financial results of ZB Bank Limited which indicates that the comparative information presented in respect of the reviewed condensed inflation adjusted interim statement of profit or loss and other comprehensive income, reviewed condensed inflation adjusted interim statement of changes in equity and reviewed condensed inflation adjusted interim statement of cash flows for the six month period ended 30 June 2020 have been restated. The review conclusion for ZB Bank Limited would not be modified in this respect.

Conclusion in respect of ZB Building Society, ZB Reinsurance Limited and ZB Bank Limited

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed inflation adjusted interim financial results of ZB Building Society, ZB Reinsurance Limited and ZB Bank Limited, comprising the condensed inflation adjusted interim statement of financial position as at 30 June 2021, and its condensed inflation adjusted interim statements of performance and cash flows for the period then ended, have not been prepared, in all material respects, in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34).

Other Information

The Directors of the respective entities are responsible for the other information. The other information comprises the Chairman's Statement, the Group Chief Executive's Report and the financial information in the condensed inflation adjusted interim financial results titled "unreviewed historical cost" and "unaudited historical cost" but does not include the condensed inflation adjusted interim financial results.

Our conclusion on the condensed inflation adjusted interim financial results does not cover the other information and we do not express a conclusion or any form of assurance conclusion thereon.

In connection with our review of the condensed inflation adjusted interim financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the condensed inflation adjusted interim financial statements or our knowledge obtained in the review, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, 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 Conclusion* section above in respect of ZB Financial Holdings Limited and its subsidiaries, and ZB Life Assurance Limited, the Group and the Life Assurer have not restated the condensed inflation adjusted interim financial results, as required by IAS 8 to resolve the matters which resulted in the adverse opinion in the prior year and the adverse conclusion of the current interim period relating to the non-compliance with IFRS 13 and IAS 28. We have, therefore, concluded that the other information is materially misstated for the same reasons with respect to the financial information in the Chairman's Statement, the Group Chief Executive's Report and the financial information in the condensed inflation adjusted interim financial results titled "Unreviewed Historical cost" and "Unaudited historical cost", affected by the failure to comply with the requirements of IFRS 13 and IAS 28.

A handwritten signature of the KPMG firm, written in blue ink, appearing as 'KPMG' with a stylized flourish at the end.

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

15 September 2021

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

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