

ZB FINANCIAL HOLDINGS

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Audited Financial Results for the year ended 31 December 2021

INFLATION ADJUSTED FINANCIAL HIGHLIGHTS

Total assets



Total capital and reserves



Net profit after tax



Return on equity



Liquidity ratio



Cost to income ratio



pps - percentage points

CHAIRMAN'S STATEMENT

Operating Environment:

Following a COVID-19 induced contraction in 2020, the domestic economy is estimated to have grown by 7.8% in 2021, underpinned by the good 2020/21 agriculture season, higher international mineral commodity prices, as well as reasonable success in the management of the COVID-19 pandemic.

In as much as COVID-19 continued to pose a significant operational challenge, with the second and third waves sweeping over the country, the national vaccination program gradually began to bear fruit. The number of cases and fatalities reduced progressively. Resultantly, lockdown restrictions were eased, and business could operate normally.

Although inflation remained high during the year under review, there was a significant improvement in the inflation profile, from 362.63% year on year inflation recorded in January 2021, to end the year at 60.74% by December 2021.

Group Performance:

The Group posted a profitable performance for the year. This is discussed in greater detail by the Group Chief Executive in his report.

Capital Requirements:

As at 31 December 2021, all Group companies, with the exception of ZB Building Society, were in compliance with prescribed minimum capital requirements. The target was to finalise the consolidation of the Group's banking operations, that is, ZB Bank Limited, ZB Building Society and Intermarket Banking Corporation, by 31 December 2021, but the transaction has taken longer than anticipated, and is now scheduled to be completed in 2022.

Dividends:

The Board has declared a dividend of ZW144.93 cents per share for the year ended 31 December, 2021. A separate dividend notice will be published to this effect.

Compliance & Regulatory Issues:

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

Directorate:

Mr R. Mutandagayi resigned as the Group Chief Executive Officer on 30 May 2021. I would like to extend my gratitude and appreciation to him for his distinguished service to the Group.

Mr. F. Kapanje resigned as Group Finance Director on 30 November 2021. I would like to extend my gratitude and appreciation to him for his distinguished service to the Group.

Mr S.T. Fungura was appointed as Group Chief Executive Officer with effect from 1 August 2021.

Mrs. E.N. Mungoni was appointed as Group Finance Director with effect from 1 January 2022. I wish her success in this new role.

Messrs P.M.V. Wood, S. Dimairho and L. Zembe were appointed to the ZBFH Board as Non-Executive Directors with effect from the 23rd of September 2021 for Mr P.M.V. Wood and 29 September for Mr. S Dimairho and Mr L. Zembe. I look forward to their invaluable contributions towards the Group's continued success.

Outlook:

In the outlook, the domestic economy is projected to maintain the growth momentum in 2022 and beyond, with the Government of Zimbabwe projecting 5.5% GDP growth in 2022, supported by higher output in mining, manufacturing, agriculture, construction as well as the accommodation and food services (tourism) sector.

The inflation outturn is expected to continue improving in 2022, supported by a tight monetary policy, complemented by fiscal discipline. However, the slow-down in inflation remains under threat from possible expansion in the monetary base to fund obligations such as civil service wage increases and the 2023 harmonised national elections, the widening gap between the formal and alternative market exchange rates, among other factors.

Downside risks to the attainment of projected economic growth for 2022 pertain mainly to the possibility of a sub-optimal 2021/2022 agriculture season, following prolonged dry spells during the season, which look set to negatively impact on the food security situation. Furthermore, although the COVID-19 pandemic situation appears to have improved significantly, there remains significant uncertainty as regards the path that the virus will ultimately take, including the efficacy of vaccines to combat any future variants. Risk also arises from uncertainty in international commodity prices, and higher than anticipated international oil prices especially following the Russian invasion of Ukraine and resultant disruption of supply chains.

Conclusion:

I wish to extend my appreciation to all our valued stakeholders, for the continued support to the ZBFH Group. I would also like to express my gratitude to Board colleagues, Management and Staff, for their collective contributions to the 2021 performance.

P. Chiromo
Chairman

29 April, 2022

GROUP CHIEF EXECUTIVE'S REPORT

Introduction:

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

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

Performance Outturn:

For the year 2021, the Group recorded a 122% increase in total income from ZW\$5.288bn in 2020 to ZW\$11.736bn. This performance outturn was on the back of an improved non funded-income. Banking commissions and fees contributed significantly, rising by 83%, from ZW\$1.836bn in 2020 to ZW\$3.366bn in 2021. The fair value adjustments increased by 1 526% from ZW\$0.218bn in 2020 to ZW\$3.548bn in 2021 mainly as a result of improved performance of the Zimbabwe Stock Exchange and investment property valuations.

Net interest income registered a solid performance during the year 2021, rising by 212%, from ZW\$1.060bn in 2020 to ZW\$3.304bn in 2021.

As the loans and advances book rose, loan impairment charges also rose by 37%, from ZW\$0.453bn in 2020 to ZW\$0.621bn in 2021. Resultantly, net income from lending activities rose from ZW\$0.607bn in 2020 to ZW\$2.683bn in 2021, a 342% increase.

Net insurance related earnings improved from a loss of ZW\$0.003bn in 2020, to a profit of ZW\$0.830bn in 2021, on the back of a 7% rise in gross premiums from ZW\$1.845bn in 2020 to ZW\$1.982bn in 2021, whilst a 38% decrease in insurance related expenses was recorded, from ZW\$1.847bn in 2020 to ZW\$1.152bn in 2021.

Meanwhile, operating costs rose by 83% from ZW\$4.442bn in 2020 to ZW\$8.124bn in 2021, largely as a result of the inflationary environment.

Profit from ordinary activities rose by 327%, from ZW\$0.845bn in 2020 to ZW\$3.612bn in 2021.

Transfer to the life fund declined by 51% from ZW\$0.963bn in 2020 to ZW\$0.472bn in 2021 due to a subdued performance by the underlying assets.

Net profit registered an 20% increase, from ZW\$1.712bn attained in 2020 to ZW\$2.058bn in 2021.

Meanwhile, the Group's total assets increased by 66% in real terms, from ZW\$30.504bn as at 31 December 2020 to ZW\$50.493bn as at 31 December 2021. The growth rate however remained below average inflation.

Deposits and other related funding account balances grew by 72%, from ZW\$11.425bn as at 31 December 2020 to ZW\$19.670bn as at 31 December 2021.

Earning assets increased by 80% from ZW\$16.074bn as at 31 December 2020 to ZW\$28.902bn as at 31 December 2021 whilst constituting 57% of total assets (53% at 31 December 2020).

The Group maintained a comfortable liquidity margin of safety, with the ratio of liquid assets to customer deposits being above 60% throughout the year against a prescribed ratio of 30%.

The Group's total equity increased by 56%, from ZW\$12.919bn as at 31 December 2020 to ZW\$20.127bn as at 31 December 2021, underpinned by the positive performance outturn for the period, as well as gains on the revaluation of properties and equipment.

Operations Review:

Banking Operations:

ZB Bank Limited posted a profit after tax of ZW\$1.866bn in 2021, as compared to ZW\$1.018bn in 2020. Its total assets stood at ZW\$37.029bn as at 31 December 2021, from ZW\$19.986bn as at 31 December 2020.

ZB Building Society posted a profit after tax of ZW\$0.817bn in 2021, as compared to a loss of ZW\$0.089bn in 2020. The Society's total assets stood at ZW\$2.936bn as at 31 December 2021, from ZW\$1.798bn as at 31 December 2020.

Insurance Operations:

ZB Reinsurance posted a profit after tax of ZW\$0.447bn in 2021 compared to ZW\$0.139bn in 2020. Its total assets increased in real terms from ZW\$1.349bn as at 31 December 2020 to close the year 2021 at ZW\$1.861bn.

The company maintained good relations with its cedants and retrocession partners during the year. Expansion into the Botswana market is set to be finalised in FY2022, after the company managed to get an operating licence.

ZB Life Assurance posted a loss of ZW\$0.028bn in 2021, compared to ZW\$0.217bn in 2020. Its total assets increased in real terms from ZW\$5.235bn as at 31 December 2020 to ZW\$5.888bn as at 31 December 2021.

Other Strategic Operations:

The Group discontinued operations of ZB Associated Services during the year under review.

The Group's microfinance operation, which was launched in December 2020 and started trading in earnest in January 2021, continues to grow and contribute positively to the Group's performance.

Internal Processes:

The Group has embarked on a transformation programme to improve customer service through the conversion of its bank branches into service centres for the convenience of customers across the different units of the Group. Central to the transformation is the digitisation of the business.

Group Human Resources and Training:

Despite the operating environment progressively becoming less competitive relative to other countries in the region and beyond, staff attrition in the Group remained within acceptable levels. The Group continues to train and develop its staff to improve customer service.

The Group staff complement as at 31 December 2021 stood at 944.

Industrial relations remained cordial during the year under review.

Appreciation:

I extend my gratitude to our valued customers and other stakeholders for their continued support as well as commitment to the ZBFH Group.

I also express my appreciation to Staff and the Management team for their contribution to the 2021 financial results.

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

S. T. Fungura
Group Chief Executive

29 April, 2022



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Audited Financial Results for the year ended 31 December 2021



AUDITOR'S STATEMENT

The inflation adjusted consolidated financial results should be read in conjunction with the complete set of inflation adjusted consolidated financial statements as at and for the year ended 31 December 2021, which have been audited by KPMG Chartered Accountants (Zimbabwe) and a qualified opinion has been issued thereon indicating that except for the possible effects of the matter described in the Basis for opinions section of our report, the inflation adjusted consolidated financial statements present fairly, in all material respects the inflation adjusted consolidated statement of financial position of ZB Financial Holdings Limited and its subsidiaries as at 31 December 2021 and the inflation adjusted consolidated financial performance and inflation adjusted consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the manner required by the relevant legislation. The auditors' report carries a modified opinion in respect of inconsistent application of fair value measurement principles related to valuation of investment properties and owner-occupied properties between ZB Financial Holdings Limited, its subsidiaries and an associate in the prior year and residual impact in the current year.

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

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

Notes	Inflation adjusted		Unaudited Historical cost*	
	31 Dec 2021 ZWS	31 Dec 2020 ZWS	31 Dec 2021 ZWS	31 Dec 2020 ZWS
ASSETS				
Cash and cash equivalents	9 712 078 202	8 176 195 747	9 712 078 202	5 086 686 008
Treasury bills	3 241 030 922	832 802 107	2 410 330 922	518 114 164
Mortgages and other advances	4.1 12 232 917 414	5 058 951 189	12 232 917 414	3 147 343 462
Financial assets at fair value through profit or loss	4 074 467 484	1 483 448 893	4 074 467 484	922 903 385
Financial assets held at amortised cost	591 167 359	120 981 012	591 167 359	75 266 351
Investments in associates	5 144 121 331	5 076 504 623	4 816 276 853	2 902 113 354
Inventories	79 038 179	81 797 817	72 791 173	36 230 398
Trade and other receivables	1 992 460 506	974 328 580	1 992 460 506	606 162 537
Investment properties	5.1 4 448 499 501	3 500 852 370	4 448 499 501	2 177 997 851
Right of use assets	6 221 354 379	106 462 757	102 568 596	66 234 057
Property and equipment	7 9 373 013 779	4 743 911 252	9 373 518 085	2 951 346 535
Intangible assets	202 454 204	347 513 080	22 206 622	28 389 024
Deferred tax assets	6 442 228	-	101 233	-
Total assets	50 492 795 488	30 503 749 427	49 849 833 950	18 518 787 126
LIABILITIES				
Deposits and other accounts	9 19 669 689 027	11 424 850 086	19 669 689 027	7 107 782 993
Short term borrowings	403 331 507	403 331 507	-	-
Trade and other payables	4 251 843 409	1 897 797 058	4 251 843 409	1 180 683 296
Current tax liabilities	120 342 809	149 137 826	120 342 809	92 783 651
Long term borrowings	11 16 947 671	25 944 008	16 947 671	16 140 639
Life assurance funds	3 162 315 677	2 690 348 469	3 162 315 677	1 673 756 150
Offshore borrowings	657 911 243	390 923 496	657 911 243	243 206 638
Deferred tax liabilities	1 963 675 848	893 486 940	1 959 555 227	498 499 777
Lease liabilities	10 119 687 540	111 836 998	119 687 540	69 577 553
Total liabilities	30 365 744 731	17 584 324 881	30 361 624 110	10 882 430 697
EQUITY				
Share capital	116 873 465	116 873 465	1 751 906	1 751 906
Share premium	1 806 678 461	1 806 678 461	27 081 696	27 081 696
Other components of equity	8 429 040 895	3 209 773 438	8 077 241 786	2 410 826 591
Retained income	7 241 833 932	5 783 439 473	8 721 358 380	3 844 673 945
Functional currency translation reserve	-	-	101 292 105	101 292 105
Attributable to equity holders of parent	17 594 426 753	10 916 764 837	16 928 725 873	6 385 626 243
Non-controlling interests	2 532 624 004	2 002 659 709	2 559 483 967	1 250 730 186
Total equity	20 127 050 757	12 919 424 546	19 488 209 840	7 636 356 429
Total equity and liabilities	50 492 795 488	30 503 749 427	49 849 833 950	18 518 787 126

*The historical cost financial information is shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on the historical financial information.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

Notes	Inflation adjusted		Unaudited Historical cost*	
	31 Dec 2021 ZWS	31 Dec 2020** ZWS	31 Dec 2021 ZWS	31 Dec 2020** ZWS
Interest income				
12	3 948 861 847	1 381 252 568	3 208 995 587	576 746 607
Interest expense	(644 451 300)	(320 916 833)	(527 138 481)	(131 366 383)
Net interest income	3 304 410 547	1 060 335 735	2 681 857 106	445 380 224
Loan impairment charges, net recoveries	14 (621 274 564)	(453 008 587)	(486 046 039)	(205 384 931)
Net income from lending activities	2 683 135 983	607 327 148	2 195 811 067	239 995 293
Gross insurance premium income	1 982 154 565	1 844 873 692	1 648 030 847	844 470 475
Total insurance expenses	(1 151 859 851)	(1 847 417 528)	(930 048 584)	(873 235 644)
Net insurance income	830 294 714	(2 543 836)	717 982 263	(28 765 169)
Commissions and fees	3 365 738 716	1 835 766 612	2 693 561 584	795 293 987
Operating income	1 309 152 207	2 629 088 897	1 395 228 355	1 387 110 817
Fair value adjustments	3 547 514 960	218 153 709	5 438 108 413	2 377 458 643
Total income	11 735 836 580	5 287 792 530	12 440 691 682	4 771 093 571
Operating expenses	15 (8 123 528 222)	(4 442 333 615)	(5 370 447 701)	(1 542 162 166)
Profit from ordinary activities	3 612 308 358	845 458 915	7 070 243 981	3 228 931 405
Movement in life assurance funds	(471 967 208)	(962 586 390)	(1 488 559 527)	(1 435 100 181)
Share of associate companies profit net of tax	78 116 446	2 258 767 473	1 922 594 906	2 673 601 949
Effects of inflation adjustments	(678 489 417)	(247 814 749)	-	-
Profit before taxation	2 539 968 179	1 893 825 249	7 504 279 360	4 467 433 173
Income tax expense	16 (482 446 757)	(190 414 245)	(1 282 283 022)	(293 816 850)
Net profit for the year from continuing operations	2 057 521 422	1 703 411 004	6 221 996 338	4 173 616 323
Profit from discontinued operations	17 454 021	8 350 343	10 802 471	12 310 710
Net profit for the year	2 057 975 443	1 711 761 347	6 232 798 809	4 185 927 033
Profit attributable to:				
Owners of parent from continuing operations	1 528 088 712	1 681 938 428	4 938 345 407	3 243 020 782
Owners of parent from discontinued operations	454 021	8 350 343	10 802 471	12 310 710
Non-controlling interests	529 432 710	21 472 576	1 283 650 931	930 595 541
Profit for the year	2 057 975 443	1 711 761 347	6 232 798 809	4 185 927 033
Other comprehensive income:				
Items that will not be reclassified to profit or loss	6 670 685 101	1 080 592 967	6 715 244 649	2 279 135 715
Gains on property and equipment revaluation	55 149	2 549 040	55 149	1 585 843
Fair value gains on financial assets at FVTOCI	(1 381 085 975)	(258 625 136)	(977 845 507)	(264 447 293)
Income tax relating to components of other comprehensive income	5 289 654 275	824 516 871	5 737 454 291</	



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Audited Financial Results for the year ended 31 December 2021

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

1.2 Statement of compliance (continued)

The preparation of the consolidated and separate financial statements, in conformity with IAS 29 "Financial Reporting in Hyperinflationary Economies" is required by International Financial Reporting Standards (IFRS). The consolidated and separate inflation adjusted financial statements are to be the principal financial statements of the Company and its subsidiaries. The consolidated and separate historical cost financial statements have been provided as supplementary information and as a result the auditors have not expressed an opinion on them.

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB) which includes standards and interpretations approved by IASB, the International Financial Reporting Interpretations Committee (IFRIC) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02), the Insurance Act (Chapter 24:07), the Microfinance Act (24:29), Securities and Exchange Act (Chapter 24:25) and relevant regulations made thereunder.

The consolidated and separate financial statements were authorised for issue by the board of directors on 25 April 2022.

1.3 Effects of inflation adjustments

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 were now 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 consolidated and separate financial statements at 31 December 2021 are as follows:

	Index	Conversion factors
31 December 2021	3 977,46	1,00
31 December 2020	2 474,51	1,61
31 December 2019	551,63	7,21

The main guidelines for the restatement are as follows:

- All amounts not already expressed in terms of the measuring unit current at the statement of financial position 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 at the original cost.
- Non-monetary assets carried at cost (excluding PPE and investment property) and liabilities and the components of shareholding's equity are restated by applying the relevant conversion factors reflecting the increase in the CPI from the date of change in functional currency from US\$ to ZW\$ in 2018.
- All items in the consolidated and separate statement of profit or loss and other comprehensive income are restated by applying the respective monthly 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 consolidated and separate statement of profit or loss and other comprehensive income and replaced by indexed cost.
- The effect of general inflation on the net monetary position is included in the consolidated and separate statement of profit or loss and other comprehensive income as effects of inflation adjustments.
- Share capital and share premium were restated from the date of change in functional currency from US\$ to ZW\$ in 2018.

1.4 Basis of reporting

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

Subsidiaries

A subsidiary is an entity controlled by another entity, that is the parent. The Group controls an entity when it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to exert control over the entity's financial and operational decisions through its power over the investee. The results of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Subsidiaries are included in the separate financial statements of the Holding company at their net asset value which is considered to be an estimate of fair value. Assets valuation are done on a yearly basis as such the NAV will be approximately the fair value at year end.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the entity parent. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any excess of the consideration over the fair values of the identifiable net assets acquired is recognised as goodwill. Where the fair values of the identifiable net assets acquired exceed the consideration, a bargain purchase (negative goodwill) is recognised in profit or loss in the period of acquisition. Transaction costs are expensed, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Non-controlling interests (NCI)

Non-controlling interests are measured at their proportionate share of the fair values of the assets and liabilities recognised.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where necessary, adjustments are made to the financial statements of subsidiaries and associates to bring the accounting policies used into line with those used by the Group.

Transactions eliminated on consolidation

Intra-Group transactions, balances, and unrealised income and expenses are eliminated on consolidation.

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 2021.

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

	Inflation adjusted			
	Banking operations ZW\$	Insurance operations ZW\$	Other strategic investments ¹ ZW\$	Total ZW\$
	31 December 2021			
External revenue				
Net earnings from lending activities	2 672 727 376	13 162 357	(2 753 750)	2 683 135 983
Net fees and commission income	3 310 148 922	832 922 401	52 962 107	4 196 033 430
Other revenue	1 377 375 199	244 971 844	(313 194 836)	1 309 152 207
Fair value adjustments	2 513 076 314	957 883 769	76 554 877	3 547 514 960
Total segment revenue	9 873 327 811	2 048 940 371	(186 431 602)	11 735 836 580
Inter segmental revenue	756 898 547	-	8 078 050 495	8 834 949 042
Total segment operating expenses	(7 710 926 578)	(768 888 304)	356 286 660	(8 123 528 222)
Material non-cash items:				
Depreciation	(2 191 467 381)	(17 373 532)	(23 743 148)	(2 232 584 061)
Amortisation of intangible assets	(40 016 011)	(10 714 279)	(151 320)	(50 881 610)
Profit from associates net of tax	-	20 455 522	57 660 924	78 116 446
Reportable segment profit before taxation	1 609 579 444	660 628 833	269 759 902	2 539 968 179
Income tax expense	221 058 335	243 439 953	17 948 469	482 446 757
Reportable segment assets as at 31 December 2021	41 044 072 922	7 779 869 410	1 668 853 156	50 492 795 488
Reportable segment liabilities as at 31 December 2021	26 384 913 131	4 350 256 630	(369 425 030)	30 365 744 731
Investment in associates	-	3 986 435 528	1 157 685 803	5 144 121 331

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

31 December 2020

	Inflation adjusted			
	Banking operations ZW\$	Insurance operations ZW\$	Other strategic investments ¹ ZW\$	Total ZW\$
	31 December 2020			
External revenue				
Net earnings from lending activities	706 501 437	(19 061 534)	(80 112 755)	607 327 148
Net fees and commission income	1 808 187 123	(1 729 081)	26 764 734	1 833 222 776
Other revenue	2 114 380 552	683 909 440	(169 201 095)	2 629 088 897
Fair value adjustments	211 320 839	11 696 874	(4 864 004)	218 153 709
Total segment revenue	4 840 389 951	674 815 699	(227 413 120)	5 287 792 530
Inter segmental revenue	144 544 228	-	2 361 026 866	2 505 571 094
Total segment operating expenses	(4 028 258 954)	(475 901 237)	61 826 576	(4 442 333 615)
Material non-cash items:				
Depreciation	(566 329 033)	(21 615 152)	(18 661 517)	(606 605 702)
Amortisation of intangible assets	(123 397 128)	(10 273 679)	-	(133 670 807)
Profit from associates net of tax	764 702 652	1 681 571 878	577 195 595	2 258 767 473
Reportable segment profit before taxation	764 702 652	528 055 010	601 067 587	1 893 825 249
Income tax expense	47 181 285	171 375 135	(28 142 175)	190 414 245
Reportable segment assets as at 31 December 2020	22 997 726 774	6 605 517 149	900 505 504	30 503 749 427
Reportable segment liabilities as at 31 December 2020	14 118 352 752	3 608 718 475	(142 746 346)	17 584 324 881
Investment in associates	-	3 973 318 079	1 103 186 544	5 076 504 623



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Audited Financial Results for the year ended 31 December 2021

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

3. TREASURY BILLS (continued)

Determination of fair value of treasury bills

The fair value of treasury bills was determined using level 2 inputs due to lack of active market for treasury bills which are classified as "FVTPL". The Group used the discounted cash flow valuation technique by applying a risk discounted rate for comparable risk profiles on the contractual cash flows in order to determine the present value of the treasury bills.

Treasury bills purchased from the secondary market were fair valued using Capital Asset Pricing model (CAPM) rate of 20.50%.

USD denominated Treasury bills fair value was computed using a proxy discount rate of 2% by reference to US Federal Reserve TBs with same tenor and adjusted for country risk.

Valuation of treasury bills designated as at amortised cost

The treasury bills carried at amortised cost, level 3, which cost having been established at fair value at initial recognition using a Discounted Cash Flow valuation technique in which an assessed discount rate of 5% was applied as a proxy for trade on similar instruments.

Impairment assessment of treasury bills

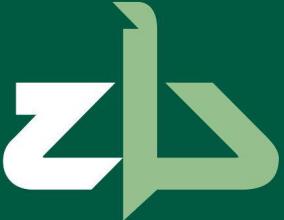
Treasury bills were assessed for ECL in the current year in line with IFRS 9. Treasury bills, being local sovereign exposures have been assessed as "low risk" instruments and there were no defaults recorded in past on all Government Instruments. The amount of ECL was insignificant as such no adjustment for impairment was recognized.

4. MORTGAGES AND OTHER ADVANCES

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZWS	31 Dec 2020 ZWS	31 Dec 2021 ZWS	31 Dec 2020 ZWS
4.1 Gross loan book				
Mortgage advances	325 323 401	167 193 040	325 323 401	104 016 406
Other advances:				
Loans, overdraft and other accounts	10 639 034 509	4 732 092 452	10 639 034 509	2 943 993 663
Finance leases	1 351 694 879	436 870 639	1 351 694 879	271 791 899
Bills discounted	405 592 200	1 846 983	405 592 200	1 149 070
Insurance advances	221 304 542	163 337 738	221 304 542	101 617 893
Total other advances	12 617 626 130	5 334 147 812	12 617 626 130	3 318 552 525
Gross advances	12 942 949 531	5 501 340 852	12 942 949 531	3 422 568 931
Off balance sheet exposures				
In respect of Guarantees	829 021 429	1 106 920 859	829 021 429	688 652 647
In respect of Loan commitment	728 680 207	353 514 983	728 680 207	219 933 545
Gross credit exposure	14 500 651 167	6 961 776 694	14 500 651 167	4 331 155 123
Gross advances	12 942 949 531	5 501 340 852	12 942 949 531	3 422 568 931
Less: Allowance for loan impairments				
Net advances	12 232 917 414	5 058 951 189	12 232 917 414	3 147 343 462
4.2 Maturity analysis				
On demand	989 790 356	599 243 533	989 790 356	372 809 530
Within 1 month	593 707 960	238 413 295	593 707 960	148 324 919
Between 1 and 6 months	1 372 730 396	550 775 444	1 372 730 396	342 655 904
Between 6 and 12 months	2 563 724 415	2 420 651 554	2 563 724 415	1 505 968 640
After 12 months	8 980 698 040	3 152 692 868	8 980 698 040	1 961 396 130
Total	14 500 651 167	6 961 776 694	14 500 651 167	4 331 155 123
4.3 Non-performing loans				
Included in the above are the following:				
Non-performing loans	499 375 970	9 400 314	499 375 970	5 848 251
Less: Allowance for loan impairments	(467 406 369)	(2 388 008)	(467 406 369)	(1 485 660)
Value to be received from security held	31 969 601	7 012 306	31 969 601	4 362 591

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 ZWS29 259 743 as at 31 December 2021 (2020: ZWS18 389 830).

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZWS	As a % of Total	31 Dec 2020 ZWS	As a % of Total
4.4 Sectorial analysis				
Gross advances:				
Private	6 330 548 124	44%	1 747 331 323	25%
Agriculture	1 183 597 092	8%	997 598 724	16%
Mining	478 780 767	3%	535 297 993	8%
Manufacturing	226 411 963	2%	164 786 925	2%
Distribution	715 241 619	5%	447 099 650	6%
Construction	24 546 695	0%	13 808 073	0%
Transport	452 988 725	3%	422 637 849	6%
Services	2 831 857 506	20%	861 545 983	12%
Financial	648 746 560	4%	306 799 437	4%
Communication	50 230 480	0%	43 434 895	0%
Total gross advances	12 942 949 531	89%	5 501 340 852	79%
Guarantees:				
Manufacturing	786 383 990	6%	1 096 972 114	16%
Distribution	33 192 086	0%	33 192 086	0%
Construction	940 000	0%	1 969 030	0%
Services	8 505 353	0%	7 312 655	0%
Communication	-	0%	-	0%
Financial Services	-	0%	667 060	0%
Total guarantees	829 021 429	6%	829 021 429	6%
Loan commitments:				
Private	-	0%	-	0%
Agriculture	295 262 260	2%	295 262 260	2%
Mining	1 444 860	0%	1 444 860	1%
Manufacturing	86 954 959	1%	204 678 865	3%
Distribution	113 942 513	1%	1 127 169	0%
Construction	5 338 621	0%	28 391 696	0%
Transport	55 162 871	0%	92 817 631	2%
Communication	136 583 491	1%	21 232 787	0%
Financial Services	33 990 632	0%	690 202	0%
Total loan commitments	728 680 207	5%	353 514 983	5%
Letters of credit:				
Manufacturing	-	0%	-	0%
Total letters of credit	-	0%	-	0%
Total credit exposure	14 500 651 167	100%	6 961 776 694	100%
4.5 Mortgage advances				
Mortgage advances were spread as follows:				
Type of property:-				
High density	15 556 317	5%	4 592 949	3%
Medium density	7 591 764	2%	5 488 676	3%
Low density	296 622 192	91%	147 828 249	88%
Commercial	5 553 128	2%	92 913 166	6%
Total	325 323 401	100%	167 193 040	100%
4.6 Finance lease receivables				
Loans and advances to customers include the following finance lease receivables for leases of certain equipment where the Group is the lessor:				
	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZWS	31 Dec 2020 ZWS	31 Dec 2021 ZWS	31 Dec 2020 ZWS
Gross investment in finance leases:				
Maturing within 1 year	1 525 532 013	361 008 703	1 525 532 013	224 595 640
Maturing after 1 year	2 051 456 570	737 281 379	2 051 456 570	458 687 511
Gross investment in finance leases	3 576 988 583	1 098 290 082	3 576 988 583	683 283 151
Unearned finance charges	(2 225 293 704)	(661 419 443)	(2 225 293 704)	(411 491 252)
Net investment in finance leases	1 351 694 879	436 870 639	1 351 694 879	271 791 899
Maturing within 1 year	620 977 737	158 050 458	620 977 737	98 328 499
Maturing after 1 year	730 717 142	278 820 181	730 717 142	173 463 400
Total	1 351 694 879	436 870 639	1 351 694 879	271 791 899
4.7 INVESTMENT PROPERTIES				
5.1 Made up as follows:				
Land stock held for capital appreciation and completed properties available for lease:				
-Residential	358 563 710	282 151 688	358 563 710	175 536 043
-Commercial	3 979 005 689	3 131 056 330	3 979 005 689	1 947 935 313
-Industrial	111 380 102	87 644 352	111 380 102</	



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Audited Financial Results for the year ended 31 December 2021

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

8. INTANGIBLE ASSETS

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
Computer software				
Carrying amount at beginning of year	347 513 080	482 505 483	28 389 024	47 551 609
Additions at cost	10 971 439	24 783 920	10 358 475	4 081 548
Reversal of cancelled projects	(10 349 589)	(26 105 516)	(1 385 883)	(16 054 420)
Amortisation	(50 881 610)	(133 670 807)	(1 644 934)	(2 449 933)
Effects of changes in functional currency translation	-	-	-	(4 739 780)
Reclassification to equipment	(94 799 116)	-	(13 510 060)	-
Balance at end of year	202 454 204	347 513 080	22 206 622	28 389 024

9. DEPOSITS AND OTHER ACCOUNTS

9.1 Summary of deposits by type

	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
Balances of banks	489 710 308	49 071 933	489 710 308	30 529 298
Current accounts	5 261 470 343	2 986 239 473	5 261 470 343	1 857 839 882
Savings and call accounts	11 324 394 028	7 524 214 546	11 324 394 028	4 681 066 603
Fixed deposits	2 594 114 348	865 324 134	2 594 114 348	538 347 210
19 669 689 027	11 424 850 086	19 669 689 027	7 107 782 993	

9.2 Maturity analysis

	31 Dec 2021 ZW\$	7 535 538 017	13 779 070 458	4 688 111 315
On demand	13 779 070 458	7 535 538 017	13 779 070 458	4 688 111 315
Within 1 month	5 409 906 971	3 797 638 564	5 409 906 971	2 362 638 511
Between 1 and 6 months	160 374 241	41 840 147	160 374 241	26 030 161
Between 6 and 12 months	296 899 794	43 274 916	296 899 794	26 922 779
After 12 months	23 437 563	6 558 442	23 437 563	4 080 227
19 669 689 027	11 424 850 086	19 669 689 027	7 107 782 993	

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZWS	% Contribution	31 Dec 2020 ZWS	% Contribution
9.3 Deposit concentration				
Private individuals	3 156 025 012	16%	2 049 650 988	18%
Agriculture	1 035 323 542	6%	842 258 499	7%
Mining	198 235 385	1%	82 623 042	1%
Manufacturing	854 681 841	4%	471 882 337	4%
Distribution	560 711 578	3%	759 921 779	7%
Construction	247 940 891	1%	193 100 657	2%
Transport	301 123 061	2%	130 939 482	1%
Services	8 416 934 114	43%	4 810 864 526	42%
Financial	2 441 675 783	12%	1 050 101 517	9%
Communication	2 457 037 820	12%	1 033 507 259	9%
19 669 689 027	100%	11 424 850 086	100%	19 669 689 027
				100%

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
9.4 Secured and unsecured deposits analysis				
Secured deposits	-	-	-	-
Unsecured deposits	19 669 689 027	11 424 850 086	19 669 689 027	7 107 782 993
19 669 689 027	11 424 850 086	19 669 689 027	7 107 782 993	

For secured deposits security was provided in the form of treasury bills which are included in the note 7.

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZWS	31 Dec 2020 ZWS	31 Dec 2021 ZWS	31 Dec 2020 ZWS
10. LEASE LIABILITIES				
Balance at the beginning of year	111 836 998	47 918 141	69 577 553	6 645 722
Add finance cost posted to profit or loss	68 917 278	54 916 086	19 538 243	16 708 668
Exchange gains	(44 176 145)	-	31 108 045	-
Less lease liability payments during the year	(89 863 857)	(76 366 695)	(69 639 836)	(23 235 191)
Lease modifications	82 615 881	110 730 663	69 103 535	69 458 354
Effects of inflation adjustment	(9 642 615)	(25 361 197)	-	-
119 687 540	111 836 998	111 836 998	119 687 540	69 577 553
Maturing within 1 year	23 937 508	22 367 400	23 937 508	13 915 511
Maturing after 1 year	95 750 032	89 469 598	95 750 032	55 662 042
Total	119 687 540	111 836 998	119 687 540	69 577 553

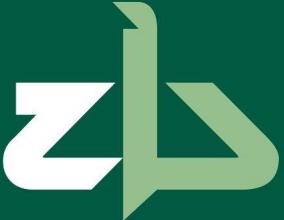
11. LONG TERM BORROWINGS

Comprising of:				
Face value of loan	20 000 000	32 147 436	20 000 000	20 000 000
Valuation discount	(3 052 329)	(6 203 428)	(3 052 329)	(3 859 361)
Balance at end of year	16 947 671	25 944 008	16 947 671	16 140 639
Valuation discount:				
Balance at beginning of the year	6 203 428	33 369 344	3 859 361	4 627 963
Amortisation during the year (note 31)	(1 041 401)	(2 526 150)	(807 032)	(768 602)
Effects of inflation adjustment	(2 109 698)	(24 639 766)	-	-
Balance at end of year	3 052 329	6 203 428	3 052 329	3 859 361

12. INTEREST AND RELATED INCOME

Interest income comprises interest on:				

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Audited Financial Results for the year ended 31 December 2021

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

19.1 Capital risk management (continued)

The Group's capital consists of equity attributable to the shareholders of the parent Company, comprising the issued share capital, reserves and retained income (all referred to as shareholder's equity) and debt, which includes direct loans plus the residual funding from deposit taking activities after deducting the associated liquidity buffer (referred to as operational funding).

The Group's operating target is to maintain operating assets at a level that is lower than the available operating funds at all times in order to restrict recourse on shareholders' equity for operational funding. Gearing was maintained at above 18%, throughout the year, the Group borrowed funds with a maturity value of ZW\$20 million in 2025.

The gearing level, and the loan instrument used are considered comfortable for the Group's operations and are not expected to cause a strain in cash resources in the foreseeable future.

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

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

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

19.2 Financial risk management

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

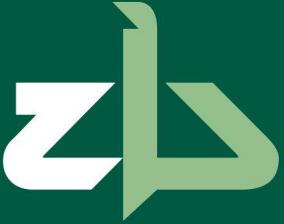
19.2.1 Classification and measurement of financial assets and liabilities

31 December 2021	Inflation adjusted							
	CARRYING AMOUNT			FAIR VALUE				
	Designated at FVTPL ZWS	Classified at AMCO ZWS	Designated at FVTOCI ZWS	Total ZWS	Level 1 ZWS	Level 2 ZWS	Level 3 ZWS	Total ZWS
Financial assets measured at fair value								
Listed equity securities	1 006 800 279	-	-	1 006 800 279	1 006 800 279	-	-	1 006 800 279
Unlisted equity investments	3 042 331 014	-	-	3 042 331 014	-	-	-	3 042 331 014
Treasury bills	2 081 308 636	-	285 043 656	2 366 352 292	-	2 081 308 636	285 043 656	2 366 352 292
Financial assets not measured at fair value								
Trade and other receivables	- 1 992 460 506	-	- 1 992 460 506	-	-	-	-	-
Cash and cash equivalents	- 9 712 078 202	-	- 9 712 078 202	-	-	-	-	-
Treasury bills	- 43 978 630	-	- 43 978 630	-	-	-	-	-
Advances and other accounts	- 12 232 917 414	-	- 12 232 917 414	-	-	-	-	-
Total	6 130 439 929	23 981 434 752	285 043 656	30 396 918 337	-	-	-	-
Financial liabilities								
Deposit and other accounts	- (19 669 689 027)	-	- (19 669 689 027)	-	-	-	-	-
Trade and other payables	- (4 251 843 409)	-	- (4 251 843 409)	-	-	-	-	-
Offshore borrowings	(657 911 243)	-	(657 911 243)	-	-	-	-	-
Short term borrowings	(403 331 507)	-	(403 331 507)	-	-	-	-	-
Long term borrowings	(16 947 671)	-	(16 947 671)	-	-	-	-	-
Total	- (24 999 722 857)	-	- (24 999 722 857)	-	-	-	-	-

31 December 2020	Inflation adjusted							
	CARRYING AMOUNT			FAIR VALUE				
	Designated at FVTPL ZWS	Classified at AMCO ZWS	Designated at FVTOCI ZWS	Total ZWS	Level 1 ZWS	Level 2 ZWS	Level 3 ZWS	Total ZWS
Financial assets measured at fair value								
Listed equity securities	471 409 038	-	-	471 409 038	471 409 038	-	-	471 409 038
Government public utility stock	40 724 679	-	-	40 724 679	-	40 724 679	-	40 724 679
Unit trusts	16 115 513	-	-	16 115 513	-	16 115 513	-	16 115 513
Unlisted equity investments	955 199 663	-	-	955 199 663	955 199 663	955 199 663	-	955 199 663
Treasury bills	496 760 137	69 263 089	266 778 881	832 802 107	-	541 822 852	290 979 255	832 802 107
Total	1 980 209 030	14 348 001 694	266 778 881	16 594 989 605	-	-	-	-
Financial liabilities								
Deposit and other accounts	- (11 424 850 086)	-	- (11 424 850 086)	-	-	-	-	-
Trade and other payables	- (1 897 797 058)	-	- (1 897 797 058)	-	-	-	-	-
Offshore borrowings	(390 923 496)	-	(390 923 496)	-	-	-	-	-
Short term borrowings	(25 944 008)	-	(25 944 008)	-	-	-	-	-
Total	- (13 739 514 648)	-	- (13 739 514 648)	-	-	-	-	-

31 December 2021	Unaudited Historical cost							
	CARRYING AMOUNT			FAIR VALUE				
	Designated at FVTPL ZWS	Classified at AMCO ZWS	Designated at FVTOCI ZWS	Total ZWS	Level 1 ZWS	Level 2 ZWS	Level 3 ZWS	Total ZWS
Financial assets measured at fair value								
Listed equity securities	1 006 800 279	-	-	1 006 800 279	1 006 800 279	-	-	1 006 800 279
Unlisted equity investments	3 042 331 014	-	-	3 042 331 014	-	3 042 331 014	-	3 042 331 014
Treasury bills	2 081 308 636	-	285 043 656	2 366 352 292	-	2 081 308 636	285 043 656	2 366 352 292
Total	6 130 439 929	23 981 434 752	285 043 656	30 396 918 337	-	-	-	-
Financial liabilities								
Deposit and other accounts	- (19 669 689 027)	-	- (19 669 689 027)	-	-	-	-	-
Trade and other payables	- (4 251 843 409)	-	- (4 251 843 409)	-	-	-	-	-
Offshore borrowings	(657 911 243)	-	(657 911 243)	-	-	-	-	-
Short term borrowings	(403 331 507)	-	(403 331 507)	-	-	-	-	-
Long term borrowings	(16 947 671)	-	(16 947 671)	-	-	-	-	-
Total	- (24 999 722 857)	-	- (24 999 722 857)	-	-	-	-	-

31 December 2020	Unaudited Historical cost							
	CARRYING AMOUNT			FAIR VALUE				



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NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

19.2.2 Liquidity risk (continued)

Liquidity gap analysis as at 31 December 2020

	Unaudited Historical cost					
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Total ZW\$	Carrying amount ZW\$
FINANCIAL ASSETS BY TYPE:						
Cash and cash equivalents	4 327 713 487	122 342 924	636 629 597	-	5 086 686 008	5 086 686 008
Trade and other receivables	454 621 903	151 540 634	-	606 162 537	606 162 537	
Treasury bills	50 164 384	241 801 001	85 255 644	188 726 778	565 947 807	518 114 164
Mortgages and other advances	254 409 169	338 103 418	963 966 628	1 997 449 666	3 553 928 881	3 147 343 462
Financial assets held at fair value through profit or loss	-	-	922 903 385	922 903 385	922 903 385	
Financial assets held at amortised cost	-	-	75 266 351	75 266 351	75 266 351	
Loan commitments	219 933 545	-	-	219 933 545	219 933 545	-
	5 306 842 488	853 787 977	1 685 851 869	3 184 346 180	11 030 828 514	10 356 475 907
FINANCIAL LIABILITIES BY TYPE:						
Deposits and other accounts	(7 119 911 925)	(44 462 314)	(27 867 461)	(4 318 241)	(7 196 559 941)	(7 107 782 993)
Trade and other payables	(887 514 885)	(263 084 687)	(30 083 724)	(1 180 683 296)	(1 180 683 296)	
Long term loan	-	-	(20 000 000)	(20 000 000)	(16 947 671)	(16 947 671)
Offshore borrowings	-	(66 857 475)	(66 857 475)	(133 714 953)	(267 429 903)	(243 206 638)
Lease liabilities	(1 159 626)	(5 798 129)	(6 957 755)	(55 662 042)	(69 577 553)	(69 577 553)
	(8 008 586 436)	(380 202 605)	(131 766 415)	(213 695 236)	(8 734 250 693)	(8 617 391 119)
Period gap	(2 701 743 948)	473 585 372	1 554 085 454	2 970 650 944	2 296 577 821	1 739 084 788
Cumulative gap	(2 701 743 948)	(2 228 158 576)	(674 073 123)	(2 296 577 821)	-	-

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
Liquidity ratios				
Total liquid assets	12 122 409 124	9 008 997 854	12 122 409 124	5 604 800 172
Total liabilities to the public	19 669 689 027	11 424 850 086	19 669 689 027	7 107 782 993
Liquidity ratio	61.63%	78.85%	61.63%	78.85%
Average for the year	76%	87%	76%	74%
Maximum for the year	77%	89%	77%	94%
Minimum for the year	60%	71%	60%	60%
Minimum statutory liquidity ratio	30%	30%	30%	30%

Regulated banking operations, ZB Bank Limited and ZB Building Society reported liquidity ratios that were above the minimum regulated ratios as follows:

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
ZB Bank Limited	58%	78%	58%	74%
ZB Building Society	70%	89%	70%	63%

19.2.3 Market risk

Market risk is the risk of losses in on- and off-balance sheet positions arising from movements in market prices. The Bank is exposed to market risk through holding interest rate, foreign exchange rate and stock price sensitive positions. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

19.2.3.1 Interest rate risk

Interest rate gap analysis as at 31 December 2021

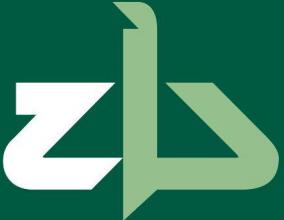
	Inflation adjusted				
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Carrying amount ZW\$
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	9 712 078 202	-	-	-	9 712 078 202
Treasury bills	100 000 000	1 436 013 199	678 264 203	196 053 520	2 410 330 922
Advances and other accounts	1 482 157 082	1 245 625 211	1 679 750 587	7 825 384 534	12 232 917 414
Financial assets held at fair value through profit loss	-	-	-	4 074 467 484	4 074 467 484
Financial assets held at amortised cost	-	-	281 310 324	309 857 035	591 167 359
	11 294 235 284	2 681 638 410	2 639 325 114	12 405 762 573	29 020 961 381
FINANCIAL LIABILITIES BY TYPE:					
Deposits and other accounts	(19 651 011 778)	-	-	(18 677 249)	(19 669 689 027)
Long term borrowings	-	-	-	(16 947 671)	(16 947 671)
Offshore borrowings	-	(80 784 297)	(80 784 302)	(496 342 644)	(657 911 243)
Short term borrowings	-	-	(403 331 507)	-	(403 331 507)
Period gap	(8 356 776 494)	2 600 854 113	2 155 209 305	11 873 795 009	8 273 081 933
Cumulative gap	(8 356 776 494)	(5 755 922 381)	(3 600 713 076)	8 273 081 933	-

Interest rate gap analysis as at 31 December 2020

	Inflation adjusted				
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Carrying amount ZW\$
FINANCIAL ASSETS BY TYPE:					
Cash and cash equivalents	8 176 195 747	-	-	-	8 176 195 747
Treasury bills	80 368 591	366 740 788	125 383 066	260 309 662	832 802 107
Advances and other accounts	760 537 232	480 854 082	1 414 288 789	2 403 271 086	5 058 951 189
	9 017 101 570	847 594 870	1 539 671 855	2 663 580 748	14 067 949 043
FINANCIAL LIABILITIES BY TYPE:					
Deposits and other accounts	(11 315 473 886)	(70 904 505)	(43 274 916)	4 803 221	(11 424 850 086)
Long term borrowings	-	-	-	(25 944 008)	(25 944 008)
Offshore borrowings	-	(97 730 872)	(97 730 872)	(195 461 752)	(390 923 496)
	(11 315 473 886)	(168 635 377)	(141 005 788)	(216 602 539)	(11 841 717 590)
Period gap	(2 298 372 316)	678 959 493	1 398 666 067	2 446 978 209	2 226 231 453
Cumulative gap	(2 298 372 316)	(1 619 412 823)	(220 746 756)	2 226 231 453	-

Interest rate gap analysis as at 31 December 2021

	Unaudited Historical cost				
Up to					



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Audited Financial Results for the year ended 31 December 2021



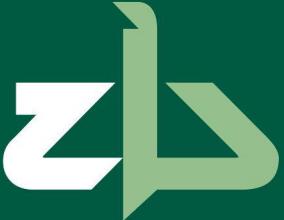
NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

19.2.4 Credit risk (continued)

	Unaudited Historical cost 2021				Unaudited Historical cost 2020			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Total loans and advances	12 103 830 038	116 971 953	500 842 998	12 721 644 989	2 797 789 565	517 166 987	5 994 486	3 320 951 038
Guarantees	829 021 429	-	-	829 021 429	688 652 647	-	-	688 652 647
Loan commitments	728 680 207	-	-	728 680 207	219 933 545	-	-	219 933 545
Letters of credit	-	-	-	-	-	-	-	-
Treasury bills	2 410 330 922	-	-	2 410 330 922	518 114 164	-	-	518 114 164
Insurance debtors	208 440 447	-	12 864 095	221 304 542	79 955 826	-	21 662 067	101 617 893
Other financial assets	211 413 527	-	-	211 413 527	21 944 608	-	-	21 944 608
Total financial assets	16 491 716 570	116 971 953	513 707 093	17 122 395 616	4 326 390 355	517 166 987	27 656 553	4 871 213 895
Total loans and advances								
Performing								
Good (AAA to- BBB-)	12 100 272 513	4 944 492	1 318 944	12 106 535 949	2 797 789 565	751 842	145 435	2 798 686 842
Special Mention (BB+ to CCC-)	3 557 525	112 027 461	148 085	115 733 071	-	516 415 145	837	516 415 982
Non performing (CC TO D)	-	-	499 375 969	499 375 969	-	-	5 848 214	5 848 214
Total loans and advances	12 103 830 038	116 971 953	500 842 998	12 721 644 989	2 797 789 565	517 166 987	5 994 486	3 320 951 038
Corporate Lending								
Good (AAA to- BBB-)	5 595 194 178	-	-	5 595 194 178	1 643 822 049	-	-	1 643 822 049
Special Mention (BB+ to CCC-)	-	35 831 810	-	35 831 810	-	491 236 304	-	491 236 304
Non performing (CC TO D)	-	-	472 638 134	472 638 134	-	-	3 104 017	3 104 017
Total corporate lending	5 595 194 178	35 831 810	472 638 134	6 103 664 122	1 643 822 049	491 236 304	3 104 017	2 138 162 370
Small business lending								
Good (AAA to- BBB-)	390 530 083	3 152	11 071	390 544 306	108 763 132	42	1 043	108 764 217
Special Mention (BB+ to CCC-)	-	35 324 191	-	35 324 191	-	9 751 747	-	9 751 747
Non performing (CC TO D)	-	-	3 879 200	3 879 200	-	-	202 628	202 628
Total small business lending	390 530 083	35 327 343	3 890 271	429 747 697	108 763 132	9 751 789	203 671	118 718 592
Consumer Lending								
Good (AAA to- BBB-)	5 800 808 370	4 813 523	1 307 873	5 806 929 766	951 751 652	751 800	144 392	952 647 844
Special Mention (BB+ to CCC-)	3 557 525	40 575 052	148 085	44 280 662	479 066	5 193 729	837	5 673 632
Non performing (CC TO D)	-	-	11 699 341	11 699 341	-	-	2 248 905	2 248 905
Total consumer lending	5 804 365 895	45 388 575	13 155 299	5 862 909 769	952 230 718	5 945 529	2 394 134	960 570 381
Mortgage Lending								
Good (AAA to- BBB-)	313 739 882	127 817	-	313 867 699	93 452 732	-	-	93 452 732
Special Mention (BB+ to CCC-)	-	296 408	-	296 408	37 645	10 233 365	-	10 271 010
Non performing (CC TO D)	-	-	11 159 294	11 159 294	-	-	292 664	292 664
Total mortgage lending	313 739 882	424 225	11 159 294	325 323 401	93 490 377	10 233 365	292 664	104 016 406
Guarantees								
Good (AAA to- BBB-)	829 021 429	-	-	829 021 429	688 652 647	-	-	688 652 647
Special Mention (BB+ to CCC-)	-	-	-	-	-	-	-	-
Non performing (CC TO D)	-	-	-	-	-	-	-	-
Total guarantees	829 021 429	-	-	829 021 429	688 652 647	-	-	688 652 647
Loan commitments								
Good (AAA to- BBB-)	728 680 207	-	-	728 680 207	219 933 545	-	-	219 933 545
Special Mention (BB+ to CCC-)	-	-	-	-	-	-	-	-
Non performing (CC TO D)	-	-	-	-	-	-	-	-
Total loan commitments	728 680 207	-	-	728 680 207	219 933 545	-	-	219 933 545
Letters of credit								
Good (AAA to- BBB-)	-	-	-	-	-	-	-	-
Special Mention (BB+ to CCC-)	-	-	-	-	-	-	-	-
Non performing (CC TO D)	-	-	-	-	-	-	-	-
Total loan commitments	-	-	-	-	-	-	-	-
Other financial assets								
Debentures	-	-	-	-	-	-	-	-
Non performing (CC TO D)	-	-	-	-	-	-	-	-
Bonds	Good (AAA to BBB-)	211 413 527	-	211 413 527	21 944 608	-	-	21 944 608
Total other financial assets	211 413 527	-	-	211 413 527	21 944 608	-	-	21 944 608

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

	Inflation adjusted 2021				Inflation adjusted 2020			
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Total loans and advances	197 262 622	30 890 580	469 014 820	697 168 022	195 319 829	209 197 190	3 053 648	407 570 667
Guarantees	-	-	12 864 095	12 864 095	-	-	34 818 996	34 818 996
Total impairment allowances	197 262 622	30 890 580	481 878 915	710 032 117	195 319 829	209 197 190	37 872 644	442 389 663
In respect of guarantees	38 278 038	-	-	38 278 038	1 338 190	-	-	1 338 190
In respect of loan commitments	1 587 940	-	-	1 587 940	1 012 901	-	-	1 012 901
In respect of other financial assets	13 115 193	-	-	13 115 193	2 470 455	-	-	2 470 455
Total impairment allowances	250 243 793	30 890 580	481 878 915	763 013 288	200 141 375	209 197 190	37 872 644	447 211 209
Treasury bills were assessed for impairment at 31 December 2021 and, having been considered to carry low credit risk, no IFRS 9 impairment charge was raised.								
Total loans and advances	197 262 62							



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Audited Financial Results for the year ended 31 December 2021

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

19.2.4 Credit risk (continued)

An analysis of changes in the ECLs are as follows:

	Unaudited Historical cost 2021			Unaudited Historical cost 2020				
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	TOTAL ZWS
Total loans and advances	197 262 622	30 890 580	469 014 820	697 168 022	121 515 027	130 148 598	1 899 777	253 563 402
Insurance debtors	-	-	12 864 095	12 864 095	-	-	21 662 068	21 662 068
Total impairment allowances	197 262 622	30 890 580	481 878 915	710 032 117	121 515 027	130 148 598	23 561 844	275 225 470
In respect of guarantees	38 278 038	-	-	38 278 038	832 533	-	-	832 533
In respect of loan commitments	1 587 940	-	-	1 587 940	630 160	-	-	630 160
In respect of other financial assets	13 115 193	-	-	13 115 193	1 536 953	-	-	1 536 953
	250 243 793	30 890 580	481 878 915	763 013 288	124 514 673	130 148 598	23 561 844	278 225 115
Balance at beginning of the year	124 514 673	130 148 598	23 561 844	278 225 115	50 433 455	2 291 516	15 213 493	67 938 464
Initial adoption of IFRS 9	-	-	-	-	-	-	-	-
New assets	500 150 120	39 911 795	69 197 680	609 259 595	156 095 584	94 716 608	9 390 331	260 202 523
Repayments	(101 466 384)	(12 347 831)	(10 342 818)	(124 157 033)	(34 681 118)	(13 416 719)	(1 818 035)	(49 915 872)
Transfers to Stage 1	-	(2 085 391)	275 040 007	272 954 616	-	46 650 780	682 468	47 333 248
Transfers to Stage 2	2 085 391	-	124 736 591	126 821 982	(46 650 780)	-	93 587	(46 557 193)
Transfers to stage 3	(275 040 007)	(124 736 591)	-	(399 776 598)	(682 468)	(93 587)	-	(776 055)
Amounts written off	-	-	(314 389)	(314 389)	-	-	-	-
Effects of changes in functional currency	-	-	-	-	-	-	-	-
Balance at end of year	250 243 793	30 890 580	481 878 915	763 013 288	124 514 673	130 148 598	23 561 844	278 225 115
ECL Movement								
Balance at beginning of year	442 389 663	-	482 827 065	-	275 225 469	-	66 962 832	-
Increase / (decrease) in respect - of impairments are:	-	-	-	-	-	-	-	-
Loans and advances	36 613 986	-	433 008 353	-	437 965 834	-	208 074 088	-
Write offs against provision	(2 431 581)	-	303 068	-	(3 159 186)	-	188 549	-
Effects of inflation movement	233 460 049	-	(473 748 823)	-	-	-	-	-
	710 032 117	-	442 389 663	-	710 032 117	-	275 225 469	-
Analysis of ECL on loans and advances								
Balance at beginning of year	407 570 667	-	393 195 949	-	253 563 402	-	54 531 977	-
Increase in ECL for the year	45 411 958	-	418 170 363	-	446 763 806	-	198 842 876	-
Write offs against provision	(2 431 581)	-	303 068	-	(3 159 186)	-	188 549	-
Effects of inflation movement	246 616 978	-	(404 098 713)	-	-	-	-	-
Balance at end of year	697 168 022	-	407 570 667	-	697 168 022	-	253 563 402	-
Analysis of ECL on insurance debtors								
Balance at beginning of year	34 818 996	-	89 631 116	-	21 662 067	-	12 430 855	-
Increase ECL for the year	(8 797 972)	-	14 837 990	-	(8 797 972)	-	9 231 212	-
Effects on inflation movement	(13 156 929)	-	(65 650 110)	-	-	-	-	-
Balance at end of year	12 864 095	-	34 818 996	-	12 864 095	-	21 662 067	-
Analysis of ECL on guarantees and letters of credit Guarantees								
Balance at beginning of year	1 338 190	-	1 008 132	-	832 533	-	139 817	-
Increase ECL for the year	38 167 875	-	1 113 452	-	37 445 505	-	692 716	-
Effect of inflation movements	(1 228 027)	-	(783 394)	-	-	-	-	-
Balance at end of year	38 278 038	-	1 338 190	-	38 278 038	-	832 533	-
Analysis of ECL on loan commitments								
Balance at beginning of year	-	-	-	-	630 160	-	744 517	-
Impact of IFRS 9 adoption at 1 January 2018	1 012 901	-	5 368 246	-	-	-	-	-
Increase / (decrease) in ECL for the year	1 556 802	-	26 635 709	-	957 780	-	(114 357)	-
Effects of inflation movement	(981 763)	-	(30 991 054)	-	-	-	-	-
Balance at end of year	1 587 940	-	1 012 901	-	1 587 940	-	630 160	-
Analysis of ECL on other financial assets								
Balance at beginning of year	2 470 455	-	658 293	-	1 536 953	-	91 298	-
Increase ECL for the year	547 367 482	-	2 241 128	-	11 578 240	-	1 445 655	-
Effect of Inflation movements	(536 722 744)	-	(428 966)	-	-	-	-	-
Balance at end of year	13 115 193	-	2 470 455	-	13 115 193	-	1 536 953	-

19.4 Other business risks

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

19.5 Risk rating

19.5.1 Regulatory risk rating

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

Being a Bank Holding Group (BHG), the condition of ZB Financial Holdings Limited was assessed using the RFI/(C)D rating system which is an acronym for Risk Management; Financial Condition; Potential Impact of the parent Group and non-depository subsidiaries on the subsidiary depository institutions; Composite rating based on an evaluation and rating of its managerial and financial condition; and assessment of the subsidiary Depository institutions.

ZB Bank Limited and ZB Building Society were assessed using the Risk Assessment System (RAS) and the CAMEL5 rating model.

The individual components of the rating systems were rated as follows:

RFI/(C)D/CAMEL5/CEFM 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

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

19.5 Risk rating (continued)

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 ¹

¹ "CAMELS" stands for Capital Adequacy Asset Quality Management Earnings, Liquidity management and Sensitivity to market risk

Overall Risk Matrix – ZB Bank Limited



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Audited Financial Results for the year ended 31 December 2021

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

22. GOING CONCERN

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

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

A rearrangement of capital resources through the restructuring of the Group's banking operations namely ZB Bank Limited and ZB Building Society is planned for the optimisation of capital resources and also address possible capital strain at a solo level for the subsidiaries. The Group will ensure that it continues to support the ZB Building Society operations to meet the minimum capital requirements.

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

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

- 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.
- Liquidity Risk – During the year, the market continued to have excess liquidity and the Group has not been affected by this risk. For 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
- Insurance Risk – funeral insurance claims remained very low on individual life products despite the advent of COVID-19. There was also an improvement in the claims experience for 2021 where the overall claims ratio came down to 30% compared to 32% in 2020. Current claims levels have been in line with expected trends.
- Market risk – the valuation of equity investments maybe affected through an unfavourable underlying performance fundamentals as a result of COVID-19. This may have an effect of reducing the carrying value for investments designated as fair value instruments. The Group does not hold any derivative instruments which may be exposed to secondary risks related to COVID-19. Additionally, there may be a market wide requirement to re-price instruments which may affect the Group's investment portfolio of interest rate sensitive instruments. This may result in a repricing gap between assets and liabilities. The Group's interest sensitive liabilities were higher than interest sensitive assets as at 31 December 2021. A market wide increase in interest rates is likely to reduce the Group's net interest earnings in the short-term.

Consequently, the financial statements for the year ended 31 December 2021 have been prepared on a going-concern basis.

23. BOARD ATTENDANCE DURING THE YEAR

ENTITY	ZBFH	ZBBL	ZBBS	ZBRE	ZBLA
TOTAL MEETINGS	7	5	5	4	5
P CHIROMO	7	X	X	X	X
J MUTEVEDZI	7	X	X	X	X
T SIBANDA	6	X	X	X	X
A MAKAMURE	6	X	X	X	X
K MAUKAZUVA	7	X	X	X	X
*****S FUNGURA	2	1	X	1	X
*****L ZEMBE	1	X	X	X	X
*****P M V WOOD	1	X	X	X	X
*****S DIMAIRHO	1	X	X	X	X
S A SIBANDA	X	5	X	X	X
P M MATUPIRE	X	5	X	X	X
C MANDIZVIDZA	X	5	X	X	X
G N MAHLANGU	X	5	X	X	X
G CHIKOMO	X	5	X	X	X
F NYAMBIRI	X	5	X	X	X
K J LANGLEY	X	5	X	X	X
P MURENA	X	4	X	X	X
E MASINIRE	X	5	X	X	X
O MANDIMIKA	X	X	5	X	X
S K CHIGANZE	X	X	5	X	X
T KAPUMHA	X	X	5	X	X
J KATSIDZIRA	X	X	5	X	X
F B CHIRIMUUTA	X	X	X	4	X
B SHUMBA	X	X	X	4	X
P MURAMBINDA (MRS)	X	X	X	4	X
A NYAKONDA	X	X	X	4	X
M SHONIWA	X	X	X	4	X
C MASIMBE	X	X	X	4	X
E T Z CHIDZONGA	X	X	X	X	4
L MAWIRE (MRS)	X	X	X	X	4
C MAKONI	X	X	X	X	4
A MANGORO	X	X	X	X	4
R DZIMBA-MABVURUNGE (MRS)	X	X	X	X	4
T SANDURA	X	X	X	X	3
*R MUTANDAGAYI	1	X	1	1	1
**O AKERELE	4	X	X	X	X
***T S BVURERE	4	X	X	X	X
****F KAPANJE	6	X	X	X	X
*****A Z MANGWIRO	5	X	X	X	X
*****B P NYONI	5	X	X	X	X

*R Mutandagayi resigned from the ZBFH, ZBBL, ZBBS, ZBRE and ZBLA Boards on the 31st of May 2021.

**O Akerele resigned from ZBFH Board on the 3rd of May 2021

***T S Bvurere resigned from ZBFH Board on the 3rd of May 2021

****F Kapanje resigned from ZBFH Board on the 30th of November 2021

*****A Z Mangwiwo resigned from ZBFH Board on the 28th of July 2021

*****P B Nyoni resigned from ZBFH Board on the 16th of July 2021

*****L Zembe was appointed to the ZBFH Board with effect from 29 September 2021

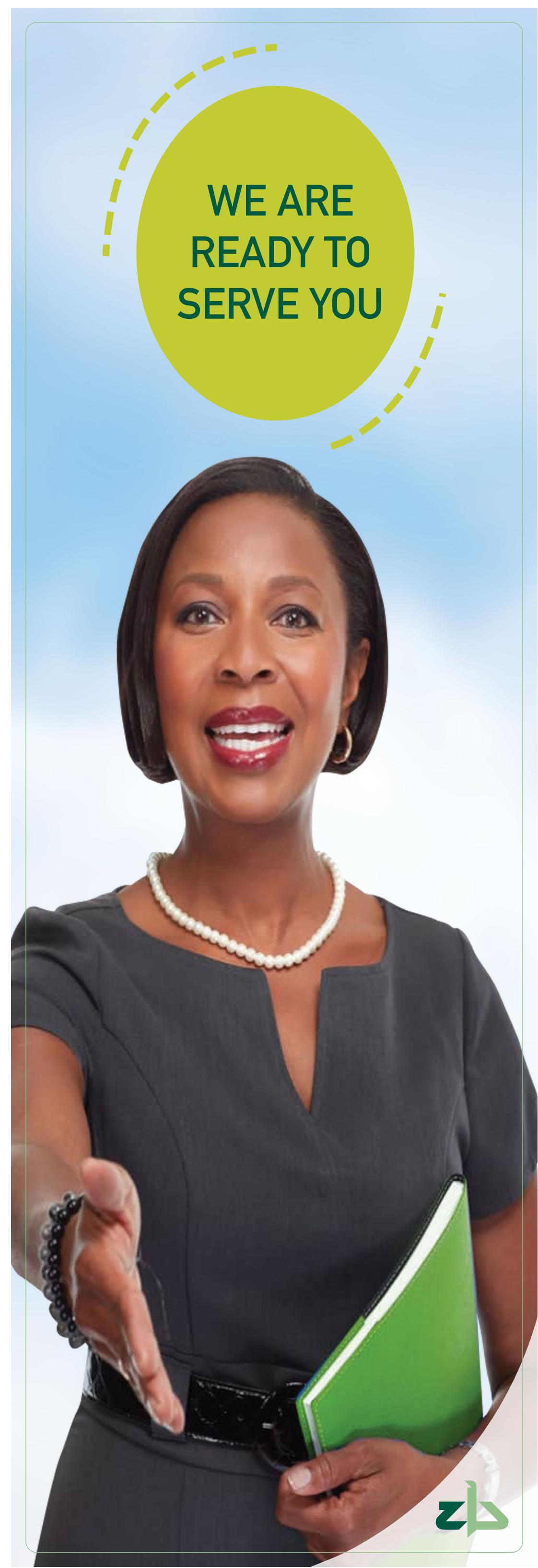
*****S Dimairho was appointed to the ZBFH Board with effect from 29 September 2021

*****P M V Wood was appointed to the ZBFH Board with effect from 23 September 2021

*****S Fungura was appointed to the ZBFH Board with effect from 1 August 2021

KEY

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





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Audited Financial Results for the year ended 31 December 2021

AUDITED FINANCIAL RESULTS
for the year ended 31 December 2021

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

Notes	Inflation adjusted		Unaudited Historical cost*	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
ASSETS				
Cash and cash equivalents	1	8 802 910 388	7 433 858 407	8 802 910 388
Treasury bills	2	2 410 330 922	832 802 108	2 410 330 922
Advances and other accounts	3	11 642 364 564	4 810 006 562	11 642 364 564
Inventories	4	54 356 011	51 341 598	51 396 033
Trade and other receivables	5	1 886 915 227	830 277 136	1 886 915 227
Financial assets at fair value through profit or loss	6	2 102 742 957	651 919 814	2 102 742 957
Financial assets held at amortised cost	7	281 310 324	109 476 401	281 310 324
Investment in subsidiary company	8	3 603 627 519	2 536 708 281	3 602 074 649
Right of use assets	9	473 472 341	311 915 750	370 494 540
Intangible assets	10	170 954 265	309 069 829	186 976
Property and equipment	11	5 599 698 779	2 108 812 482	5 596 203 093
Total assets		37 028 683 297	19 986 188 368	36 765 439 773
LIABILITIES				
Deposits from customers	12	19 771 020 986	11 157 084 945	19 771 020 986
Offshore borrowings	13	657 911 243	390 923 496	657 911 243
Trade and other payables	14	3 548 755 685	1 395 649 691	3 548 755 685
Lease liabilities	15	390 298 251	333 893 214	390 298 251
Current tax liabilities		42 128 498	72 611 323	42 128 498
Deferred tax liabilities	16	1 113 970 297	331 081 291	1 096 543 548
Total liabilities		25 524 084 960	13 681 243 960	25 506 658 211
EQUITY AND RESERVES				
Share capital		120 775 808	120 775 808	1 810 402
Share premium		2 198 701 558	2 198 701 558	32 958 032
Functional currency translation Reserve		-	-	45 437 973
Property revaluation reserves		5 453 561 199	1 441 640 633	45 437 973
Investment reserves		(1 751 715)	(2 882 389)	919 239 238
Retained income		3 733 311 487	2 546 708 798	(1 751 715)
Total equity		11 504 598 337	6 304 944 408	3 805 995 638
Total equity and liabilities		37 028 683 297	19 986 188 368	36 765 439 773
*The historical cost financial information is shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on the historical financial information.				

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

Notes	Inflation adjusted		Unaudited Historical cost*	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
Interest received				
Interest received	17	3 616 046 350	1 263 975 280	2 942 292 044
Interest paid	17	(602 282 354)	(236 164 301)	(489 495 270)
Net interest and related received		3 013 763 996	1 027 810 979	2 452 796 774
Loan impairment charges, net of recoveries	18	(599 255 504)	(435 587 166)	(474 789 188)
Net income from lending activities		2 414 508 492	592 223 813	1 978 007 586
Commission and fee income	19	3 139 114 059	1 701 945 193	2 514 743 868
Other income	20	1 102 954 793	1 993 190 337	1 023 081 741
Fair value adjustments	21	2 882 897 019	419 742 847	3 976 150 490
Total income		9 539 474 363	4 707 102 190	9 491 983 685
Operating expenses	22	(7 092 093 755)	(3 671 291 267)	(4 352 066 849)
Operating profit before taxation		2 447 380 608	1 035 810 923	5 139 916 836
Income tax expense	23	(111 705 662)	(49 694 934)	(795 832 014)
Net monetary (loss) / gain		(470 160 664)	31 998 226	(8 947 440)
Profit for the year		1 865 514 282	1 018 114 215	4 344 084 822
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Gain on revaluation-property, plant and equipment	11	5 338 026 026	988 767 570	4 448 325 753
Items that may be reclassified to profit or loss				
Fair value gains on FVTOCI financial assets		55 149	2 549 040	55 149
Related tax		(1 319 573 667)	(247 155 755)	(811 827 648)
Other comprehensive income net of tax		4 018 507 508	744 160 855	3 636 553 254
Total comprehensive income for the year		5 884 021 790	1 762 275 070	7 980 638 076
Earnings per share (ZW cents)		10.30	5.62	24.00
10.36				13.36

*The historical cost financial information is shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on the historical financial information.

STATEMENT OF CHANGES IN EQUITY

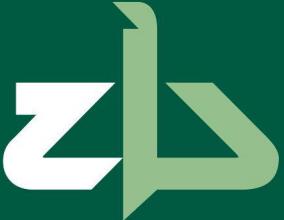
For the year ended 31 December 2021

	Inflation adjusted				
	Share capital ZWS	Share premium ZWS	Property and equipment revaluation reserve ZWS	Financial assets at FVOCI reserve ZWS	Retained income ZWS
Balance at 1 January 2020					
Changes in equity for 2020	120 775 808	2 198 701 558	713 568 841	143 119 113	1 612 051 638
Profit or loss	-	-	-	1 018 114 215	1 018 114 215
Other comprehensive income, net of tax	-	-	742 241 939	-	742 241 939
Revaluation of property	-	-	-	1 918 916	- 1 918 916
Fair value gain on financial assets at FVTOCI	-	-	-	(97 627 202)	(97 627 202)
Distributions	-	-	-	-	-
Dividend to shareholders	-	-	-	(14 170 147)	- 14 170 147
Other movements	-	-	-	-	-
Transfer to retained income	-	-	-	(147 920 418)	- (147 920 418)
Effects of inflation adjustment	-	-	-	-	-
Balance at 1 January 2021	120 775 808	2 198 701 558	1 441 640 633	(2 882 389)	2 546 708 798
Changes in equity for 2021					
Profit or loss	-	-	-	1 865 514 282	1 865 514 282
Other comprehensive income, net of tax	-	-	4 018 465 992	-	4 018 465 992
Revaluation of property	-	-	-	41 516	- 41 516
Fair value gains on financial assets at FVTOCI	-	-	-	(685 457 019)	(685 457 019)
Distributions	-	-	-	-	-
Dividend to shareholders	-	-	-	(6 545 426)	- 6 545 426
Other movements	-	-	-	-	-
Transfer to retained income	-	-	-	1 089 158	- 1 089 158
Effect of inflation adjustment	-	-	-	-	-
Balance as at 31 December 2021	120 775 808	2 198 701 558	5 453 561 199	(1 751 715)	3 733 311 487

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Unaudited Historical cost*					
Share capital ZWS	Share premium ZWS	Functional currency translation reserve ZWS</				



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Audited Financial Results for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. TREASURY BILLS (continued)

- The Bank invested in treasury bills issued by the RBZ over a period ranging from 3 days to 12 months which were at rates ranging from 5% to 21% (December 2020: 5% to 22%).
- The Bank purchased treasury bills from the secondary market. These treasury bills have coupon rate of 15% (December 2020: 5% to 15%) with a maturity period of 730 days.
- The Bank received treasury bills as substitution for debt instruments from the Zimbabwe Asset Management Company (ZAMCO). The treasury bills have a coupon rate of 5% (December 2020: 5%) and maturity periods ranging from 3.5months to 10 years (December 2020: 2 to 13 years).
- Capitalisation Treasury Bills (CTBs) with a face value of \$20 000 000 were acquired on 26/05/2015 from the Government of Zimbabwe by the holding company, ZB Financial Holdings Limited (ZBFH). The CTBs were then used to recapitalise ZB Bank Limited, a 100% owned subsidiary of ZBFH. The CTBs mature on 26/05/2025 and carry a coupon of 1% which is payable on maturity.

Treasury bills amounting to \$1 714 million and US\$4.114 million (2020: \$292.6 million) were used as security for the Bank to access fixed deposits.

2.2 Determination of fair value of treasury bills

The fair value of treasury bills was determined using level 3 inputs due to lack of active market for treasury bills which are classified as "FVTOCI". The Group used the discounted cash flow valuation technique by applying a risk discounted rate for comparable risk profiles on the contractual cash flows in order to determine the present value of the treasury bills.

The CTBs are carried at amortised cost, which cost having been established at fair value at initial recognition using a Discounted Cash Flow valuation technique in which an assessed discount rate of 5% was applied as a proxy for trade on similar instruments.

The fair value of treasury bills classified as FVTPL was determined by discounting the future cash flows at the prevailing Reserve Bank coupon rates which are floated at the time of bidding in order to determine the present value of the treasury bills.

2.3 Impairment assessment

The treasury bills carried at amortized cost are assessed for impairment annually using the requirements of IFRS9. No impairment adjustment arose from the assessment.

Inflation adjusted		Unaudited Historical cost	
31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$

3. ADVANCES AND OTHER ACCOUNTS

3.1. Loans, overdrafts and other accounts at amortised cost	10 255 650 666	4 620 138 151	10 255 650 666	2 874 343 132
Mortgage loans	305 756 575	152 889 523	305 756 575	95 117 708
Finance leases	1 351 694 879	436 870 640	1 351 694 879	271 791 899
Bills discounted	405 592 200	1 846 983	405 592 200	1 149 070
Gross advances	12 318 694 320	5 211 745 297	12 318 694 320	3 242 401 809
Off balance sheet exposures				
In respect of guarantees	829 021 429	1 106 920 859	829 021 429	688 652 647
In respect of loan commitments	775 283 414	447 870 869	775 283 414	278 635 511
Gross credit exposure	13 922 999 163	6 766 537 025	13 922 999 163	4 209 689 967
Gross advances	12 318 694 320	5 211 745 297	12 318 694 320	3 242 401 809
Less: Allowance for loan impairment	(676 329 756)	(401 738 735)	(676 329 756)	(249 935 161)
Net advances	11 642 364 564	4 810 006 562	11 642 364 564	2 992 466 648

3.2 Maturity analysis

- On demand	938 830 782	551 342 733	938 830 782	343 008 834
- Within 1 month	516 740 724	207 776 562	516 740 724	129 264 778
- Between 1 and 6 months	1 233 028 338	478 947 557	1 233 028 338	297 969 363
- Between 6 and 12 months	1 657 605 261	1 278 941 108	1 657 605 261	1 762 960 380
- After 12 months	9 576 794 058	4 249 529 065	9 576 794 058	1 676 486 612
	13 922 999 163	6 766 537 025	13 922 999 163	4 209 689 967

3.3 Loans and advances by business line:

Corporate lending	7 687 994 923	4 991 613 670	7 687 994 923	3 105 450 529
Small business lending	427 293 263	202 875 641	427 293 263	126 215 751
Consumer lending	5 501 954 402	1 419 158 191	5 501 954 402	882 905 979
Mortgage lending	305 756 575	152 889 523	305 756 575	95 117 708

3.4 Mortgage loans

Mortgage advances were spread as follows:				
Type of property:				
High density	5 661 540	1 058 137	5 661 540	658 303
Medium density	6 377 606	3 976 381	6 377 606	2 473 840
Low density	288 164 302	138 571 841	288 164 302	86 210 197
Commercial	5 553 127	9 283 164	5 553 127	5 775 368
	305 756 575	152 889 523	305 756 575	95 117 708

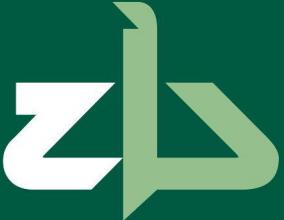
3.5 Finance lease receivables

Gross investment in finance leases:				
Maturing within 1 year	1 525 532 013	361 008 703	1 525 532 013	224 595 640
Maturing after 1 year	2 051 456 570	737 281 377	2 051 456 570	458 687 510
Gross investment in finance leases	3 576 988 583	1 098 290 080	3 576 988 583	683 283 150
Unearned finance charges	(2 225 293 704)	(661 419 440)	(2 225 293 704)	(411 491 251)
Net investment in finance leases	1 351 694 879	436 870 640	1 351 694 879	271 791 899
Maturing within 1 year	620 977 737	158 050 457	620 977 737	98 328 499
Maturing after 1 year	730 717 142	278 820 183	730 717 142	173 463 400
	1 351 694 879	436 870 640	1 351 694 879	271 791 899

Inflation adjusted		Unaudited Historical cost	
31 Dec 2021 ZWS	% Contribution	31 Dec 2020 ZWS	% Contribution
31 Dec 2021 ZWS		31 Dec 2020 ZWS	
31 Dec 2021 ZWS		31 Dec 2020 ZWS	
31 Dec 2021 ZWS		31 Dec 2020 ZWS	

3.6 Sectoral analysis of advances

Private	5 897 015 531	47.87%	1 608 192 235	30.86%
Agriculture	1 183 597 092	9.61%	997 598 724	19.14%
Mining	478 732 788	3.89%	535 297 994	10.27%
Manufacturing	224 565 542	1.82%	164 786 925	3.16%
Distribution	714 259 277	5.80%	446 724 013	8.57%
Construction	24 369 932	0.20%	13 808 072	0.26%
Transport	452 059 959</			



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Audited Financial Results for the year ended 31 December 2021



NOTES TO THE FINANCIAL STATEMENTS (Continued)

3.12 Impairment allowance for loans and advances

3.12.1 Total loans and advances

	Inflation adjusted							
	ECL STAGE CLASSIFICATION							
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	2021 TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	2020 TOTAL ZWS
Total loans and advances								
Good (AAA to -A)	495 664 275	-	-	495 664 275	190 468 299	-	-	190 468 299
Special Mention (BBB+ to B-)	-	29 667 063	-	29 667 063	-	208 882 428	-	208 882 428
Non performing (CC TO D)	-	-	467 406 369	467 406 369	-	-	2 388 008	2 388 008
TOTAL	495 664 275	29 667 063	467 406 369	992 737 707	190 468 299	208 882 428	2 388 008	401 738 734
Corporate Lending								
Good (AAA to -A)	324 802 711	-	-	324 802 711	148 415 124	-	-	148 415 124
Special Mention (BBB+ to B-)	-	5 531 988	-	5 531 988	-	206 557 664	-	206 557 664
Non performing (CC TO D)	-	-	460 158 219	460 158 219	-	-	826 055	826 055
TOTAL	324 802 711	5 531 988	460 158 219	790 492 918	148 415 124	206 557 664	826 055	355 798 843
Small business Lending								
Good (AAA to -A)	22 303 195	-	-	22 303 195	6 552 458	-	-	6 552 458
Special Mention (BBB+ to B-)	-	14 104 559	-	14 104 559	-	368 257	-	368 257
Non performing (CC TO D)	-	-	848 571	848 571	-	-	170 383	170 383
TOTAL	22 303 195	14 104 559	848 571	37 256 325	6 552 458	368 257	170 383	7 091 098
Consumer Lending								
Good (AAA to -A)	141 003 706	-	-	141 003 706	33 502 520	-	-	33 502 520
Special Mention (BBB+ to B-)	-	9 957 108	-	9 957 108	-	1 499 895	-	1 499 895
Non performing (CC TO D)	-	-	5 665 319	5 665 319	-	-	1 391 570	1 391 570
TOTAL	141 003 706	9 957 108	5 665 319	156 626 133	33 502 520	1 499 895	1 391 570	36 393 985
Mortgage Lending								
Good (AAA to -A)	7 554 663	-	-	7 554 663	1 998 197	-	-	1 998 197
Special Mention (BBB+ to CCC-)	-	73 408	-	73 408	-	456 612	-	456 612
Non performing (CC TO D)	-	-	734 260	734 260	-	-	-	-
TOTAL	7 554 663	73 408	734 260	8 362 331	1 998 197	456 612	-	2 454 809

	Unaudited Historical cost							
	ECL STAGE CLASSIFICATION							
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	2021 TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	2020 TOTAL ZWS
Total loans and advances								
Good (AAA to -A)	179 256 324	-	-	179 256 324	118 496 727	-	-	118 496 727
Special Mention (BBB+ to CCC-)	-	29 667 063	-	29 667 063	-	129 952 774	-	129 952 774
Non performing (CC TO D)	-	-	467 406 369	467 406 369	-	-	1 485 660	1 485 660
TOTAL	179 256 324	29 667 063	467 406 369	676 329 756	118 496 727	129 952 774	1 485 660	249 935 161
Corporate Lending								
Good (AAA to -A)	8 394 760	-	-	8 394 760	92 334 034	-	-	92 334 034
Special Mention (BBB+ to CCC-)	-	5 531 988	-	5 531 988	-	128 506 460	-	128 506 460
Non performing (CC TO D)	-	-	460 158 219	460 158 219	-	-	513 917	513 917
TOTAL	8 394 760	5 531 988	460 158 219	474 084 967	92 334 034	128 506 460	513 917	221 354 411
Small business Lending								
Good (AAA to -A)	22 303 195	-	-	22 303 195	4 076 504	-	-	4 076 504
Special Mention (BBB+ to CCC-)	-	14 104 559	-	14 104 559	-	229 105	-	229 105
Non performing (CC TO D)	-	-	848 571	848 571	-	-	106 001	106 001
TOTAL	22 303 195	14 104 559	848 571	37 256 325	4 076 504	229 105	106 001	4 411 610
Consumer Lending								
Good (AAA to -A)	141 003 706	-	-	141 003 706	20 843 043	-	-	20 843 043
Special Mention (BBB+ to CCC-)	-	9 957 108	-	9 957 108	-	933 135	-	933 135
Non performing (CC TO D)	-	-	5 665 319	5 665 319	-	-	865 742	865 742
TOTAL	141 003 706	9 957 108	5 665 319	156 626 133	20 843 043	933 135	865 742	22 641 920
Mortgage Lending								
Good (AAA to -A)	7 554 663	-	-	7 554 663	1 243 146	-	-	1 243 146
Special Mention (BBB+ to CCC-)	-	73 408	-	73 408	-	284 074	-	284 074
Non performing (CC TO D)	-	-	734 260	734 260	-	-	-	-
TOTAL	7 554 663	73 408	734 260	8 362 331	1 243 146	284 074	-	1 527 220

	Inflation adjusted							
	ECL STAGE CLASSIFICATION							
	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	2021 TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	2020 TOTAL ZWS
3.12.2 Financial guarantees and loan commitments								
Guarantees								
Good (AAA to -A)	38 278 038	-	-	38 278 038	1 338 189	-	-	1 338 189
TOTAL	38 278 038	-	-	38 278 038	1 338 189	-	-	1 338 189
Loan commitments								
Good (AAA to -A)	1 587 939	-	-	1 587 939	1 012 899	-	-	1 012 899
TOTAL	1 587 939	-	-	1 587 939	1 012 899	-	-	1 012 899

	Unaudited Historical cost						
ECL STAGE CLASSIFICATION							
STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	2021 TOTAL ZWS	STAGE 1 ZWS	STAGE 2 ZWS	STAGE 3 ZWS	2020 TOTAL ZWS

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Audited Financial Results for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Unaudited Historical cost		
	Computer software ZW\$	Capital work in progress ZW\$	Total ZW\$
10. INTANGIBLE ASSETS (Continued)			
2021			
Cost or valuation			
Balance at 1 January 2021	23 077 903	24 971 484	48 049 387
Additions	-	7 127 304	7 127 304
Other movements	-	(1 385 883)	(1 385 883)
Transfer to PPE	-	(13 510 060)	(13 510 060)
Balance at 31 December 2021	23 077 903	17 202 845	40 280 748
Accumulated amortisation			
Balance at 1 January 2021	20 608 039	-	20 608 039
Charge to income statement (Note 22)	975 633	-	975 633
Balance at 31 December 2021	21 583 672	-	21 583 672
Carrying value at 31 December 2021	1 494 231	17 202 845	18 697 076
2020			
Cost			
Balance at 1 January 2020	22 954 866	42 241 174	65 196 040
Additions	123 037	3 482 890	3 605 927
Reversal of cancelled projects	-	(16 054 420)	(16 054 420)
Reversal of effects of currency charges	-	(4 698 160)	(4 698 160)
Balance at 31 December 2020	23 077 903	24 971 484	48 049 387
Accumulated amortisation			
Balance at 1 January 2020	18 404 565	-	18 404 565
Charge to income statement (Note 22)	2 203 474	-	2 203 474
Balance at 31 December 2020	20 608 039	-	20 608 039
Carrying value at 31 December 2020	2 469 864	24 971 484	27 441 348
Inflation adjusted			
Freehold intangibles	Leasehold intangibles	Equipment, furniture & fixtures	Computer software

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\$

11. PROPERTY, PLANT AND EQUIPMENT							
2021							
Cost or valuation							
Balance at 1 January 2021	134 959 077	693 774 431	719 864 515	1 835 223 109	635 441 174	144 546 881	4 163 809 187
Additions	-	8 758 977	32 492 862	39 294 019	40 000 000	23 193 745	143 739 603
Gains on revaluation	35 983 210	1 109 070 157	2 179 669 980	1 970 438 297	42 864 382	-	5 338 026 026
Disposals	-	-	(2 862 121)	(844 038)	(2 160 312)	-	(5 866 471)
Transfer from intangible assets	-	-	-	-	-	94 799 116	94 799 116
Inter group transfers	-	-	-	-	-	(4 991 909)	(4 991 909)
Transfer between categories	-	67 891 523	23 602 319	107 948 916	-	(199 442 758)	-
Other movements	-	-	-	-	-	(32 722)	(32 722)
Balance at 31 December 2021	170 942 287	1 879 495 088	2 952 767 555	3 952 060 303	716 145 244	58 072 353	9 729 482 830
 Accumulated depreciation							
Balance at 1 January 2021	16 512 287	579 601 734	271 118 225	722 505 390	411 160 924	54 098 145	2 054 996 705
Charge to statement of profit or loss (Note 22)	-	1 185 899 343	584 481 367	273 954 732	31 354 692	-	2 075 690 134
Disposals	-	-	(236 126)	(221 098)	(445 564)	-	(902 788)
Balance at 31 December 2021	16 512 287	1 765 501 077	855 363 466	996 239 024	442 070 052	54 098 145	4 129 784 051
Net book value at 31 December 2021	154 430 000	113 994 011	2 097 404 089	2 955 821 279	274 075 192	3 974 208	5 599 698 779
2020							
Cost or valuation							
Balance at 1 January 2020	30 579 196	614 795 196	429 313 245	1 003 954 333	639 693 273	72 960 548	2 791 295 791
Additions	104 379 881	3 961 540	19 730 041	72 326 995	-	187 855 691	388 254 148
Gains on revaluation	-	-	237 299 072	751 468 498	-	-	988 767 570
Disposals	-	-	(194 527)	(61 696)	(4 252 099)	-	(4 508 322)
Transfer between categories	-	75 017 695	33 716 684	7 534 979	-	(116 269 358)	-
Balance at 31 December 2020	134 959 077	693 774 431	719 864 515	1 835 223 109	635 441 174	144 546 881	4 163 809 187
 Accumulated depreciation							
Balance at 1 January 2020	-	331 298 285	221 108 980	502 323 170	253 271 051	27 152 696	1 335 154 182
Charge to statement of profit or loss (Note 22)	-	73 223 313	50 084 462	220 182 220	113 969 480	-	457 459 475
Disposals	-	-	(75 217)	-	(1 039 553)	-	(1 114 770)
Impairment	16 512 287	175 080 136	-	-	44 959 946	26 945 449	263 497 818
Balance at 31 December 2020	16 512 287	579 601 734	271 118 225	722 505 390	411 160 924	54 098 145	2 054 996 705

Unaudited Historical cost						
Freehold properties ZW\$	Leasehold improvements ZW\$	Equipment, furniture & fittings ZW\$	Computer equipment ZW\$	Motor vehicles ZW\$	Capital work in progress ZW\$	Total ZW\$

Cost or valuation	73 689 726	87 440 441	290 425 362	737 281 010	160 492 884	56 271 197	1 405 600 620
Balance at 1 January 2021							
Additions	-	7 366 853	26 886 004	30 856 236	40 000 000	17 045 321	122 154 414
Gain on revaluation	80 740 274	-	1 804 559 677	2 434 663 884	128 361 918	-	4 448 325 753
Inter-group transfers	-	-	-	-	-	(4 991 909)	(4 991 909)
Disposals	-	-	(2 862 121)	(844 038)	(2 160 312)	-	(5 866 471)
Transfer from intangible assets	-	-	-	-	-	13 510 060	13 510 060
Transfer between categories	-	48 946 755	16 959 710	15 416 960	-	(81 323 425)	-

Transfer between categories	-	46 546 755	10 555 710	15 416 586	-	(61 525 425)	
Other movements	-	-	-	-	(32 722)	(32 722)	
Balance at 31 December 2021	154 430 000	143 754 049	2 135 968 632	3 217 374 052	326 694 490	478 522	5 978 699 745
Accumulated depreciation							
Balance at 1 January 2021	-	16 409 771	11 245 221	45 021 941	20 960 606	-	93 637 539
Charge to statement of profit or loss (Note 22)	-	13 350 267	27 555 448	216 751 930	32 104 256	-	289 761 901
Disposals	-	-	(236 126)	(221 098)	(445 564)	-	(902 788)
Balance at 31 December 2021	-	29 760 038	38 564 543	261 552 773	52 619 298	-	382 496 652
Net book value at 31 December 2021	154 430 000	113 994 011	2 097 404 089	2 955 821 279	274 075 192	478 522	5 596 203 093

	154 456 688	115 954 611	2 637 464 683	2 555 521 275	274 875 152	476 522	3 556 205 655
2020							
Cost or valuation							
Balance at 1 January 2020	4 241 000	45 072 711	32 883 507	82 441 145	58 746 818	6 353 048	229 738 229
Additions	45 510 451	2 420 618	11 076 597	36 918 811	-	110 060 509	205 986 986
Gain on revaluation	23 938 275	-	230 322 831	614 800 713	104 391 440	-	973 453 259
Currency conversion reversal	-	-	-	-	-	(773 075)	(773 075)
Disposals	-	-	(121 022)	(38 383)	(2 645 374)	-	(2 804 779)
Transfer between categories	-	39 947 112	16 263 449	3 158 724	-	(59 369 285)	-

Transfer between categories	35 477 712	76 253 000	10 636 724	(-3 555 220)
Balance at 31 December 2020	73 689 726	87 440 441	290 425 362	737 281 010
Accumulated depreciation and impairment				
Balance at 1 January 2020	-	5 754 792	4 007 851	12 870 390
Charge to statement of profit or loss (Note 22)	-	10 654 979	7 284 165	32 132 086
Disposals	-	-	(46 795)	-
Impairment	-	-	-	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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
12. DEPOSITS FROM CUSTOMERS				
Current accounts	4 723 059 655	2 986 239 472	4 723 059 655	1 857 839 882
Savings and call accounts	11 698 748 674	7 245 965 847	11 698 748 674	4 507 958 741
Term deposits	2 859 502 349	875 807 693	2 859 502 349	544 869 384
Bank deposits	489 710 308	49 071 933	489 710 308	30 529 298
	19 771 020 986	11 157 084 945	19 771 020 986	6 941 197 305
Current	19 771 020 986	11 157 084 945	19 771 020 986	6 941 197 305
Non-current	-	-	-	-
	19 771 020 986	11 157 084 945	19 771 020 986	6 941 197 305
Maturity analysis of deposits				
On demand	13 656 501 258	7 228 272 574	13 656 501 258	4 496 951 163
Within 1 month	5 385 266 981	3 855 511 222	5 385 266 981	2 398 643 036
Between 1 and 6 months	448 145 292	70 287 327	448 145 292	43 728 106
Between 6 and 12 months	271 848 025	3 013 822	271 848 025	1 875 000
After 12 months	9 259 430	-	9 259 430	-
	19 771 020 986	11 157 084 945	19 771 020 986	6 941 197 305
Secured and unsecured deposits analysis				
Secured deposits	2 442 820 822	108 144 847	2 442 820 822	67 280 542
Unsecured deposits	17 328 200 164	11 048 940 098	17 328 200 164	6 873 916 763
	19 771 020 986	11 157 084 945	19 771 020 986	6 941 197 305

	Inflational adjusted				Unaudited Historical cost			
	31 Dec 2021 ZWS	% Contribution	31 Dec 2020 ZWS	% Contribution	31 Dec 2021 ZWS	% Contribution	31 Dec 2020 ZWS	% Contribution
Sectoral analysis of deposits								
Private	2 572 213 962	13%	1 629 091 969	15%	2 572 213 962	13.01%	1 013 512 834	15%
Agriculture	1 020 428 305	5%	831 416 263	7%	1 020 428 305	5.16%	517 251 984	7%
Mining	198 235 385	1%	82 623 042	1%	198 235 385	1.00%	51 402 570	1%
Manufacturing	854 467 329	4%	471 791 772	4%	854 467 329	4.32%	293 517 509	4%
Distribution	538 563 666	3%	745 899 998	7%	538 563 666	2.72%	464 049 443	7%
Construction	244 281 427	1%	192 737 274	2%	244 281 427	1.24%	119 908 332	2%
Transport	301 123 061	2%	130 939 481	1%	301 123 061	1.52%	81 461 850	1%
Services	8 397 110 553	42%	4 799 807 549	43%	8 397 110 553	42.47%	2 986 121 499	43%
Financial	3 188 461 615	16%	1 239 946 213	11%	3 188 461 615	16.13%	771 412 188	11%
Communication	2 456 135 683	13%	1 032 831 384	9%	2 456 135 683	12.43%	642 559 096	9%
	19 771 020 986	100%	11 157 084 945	100%	19 771 020 986	100.00%	6 941 197 305	100%

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
13. OFFSHORE BORROWINGS				
Balance at beginning of year	390 923 496	539 465 186	243 206 638	74 817 920
New loans	496 342 643	-	496 342 643	-
Interest expense	32 103 150	37 295 677	25 305 278	23 202 893
Repayments	(198 780 070)	(248 712 398)	(161 408 375)	(115 236 671)
Exchange movements	54 465 059	62 875 031	54 465 059	260 422 496
Effects of changes in functional currency	(117 143 035)	-	-	-
Balance at 31 December 2021	657 911 243	390 923 496	657 911 243	243 206 638

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
14. TRADE AND OTHER PAYABLES				

Items in transit	656 883 690	340 855 304	656 883 690	212 057 533
Interest accrued on deposits and other accounts	99 380 065	59 797 034	99 380 065	37 201 743
Accrued expenses	350 856 770	112 888 463	350 856 770	70 231 705
Sundry creditors	690 107 208	443 013 388	690 107 208	275 613 511
Mark to market adjustment on staff loans	1 023 686 654	193 351 380	1 023 686 654	120 290 388
Deferred income	220 102 512	66 884 528	220 102 512	41 611 112
Amounts clearing to other Banks	467 872 809	176 508 505	467 872 809	109 811 870
Loan impairment provision for guarantees and loan commitments	39 865 977	2 351 089	39 865 977	1 462 691
	3 548 755 685	1 395 649 691	3 548 755 685	868 280 553

15. LEASE LIABILITIES				
Balance at the beginning of the year	333 893 214	95 544 511	207 726 184	13 250 979
Add accrued interest posted to profit and loss	72 205 648	111 917 879	48 284 297	44 432 365
Less payments for lease liabilities	(182 457 190)	(139 297 940)	(143 821 705)	(55 302 486)

Add lease liability modifications	289 867 698	332 593 398	289 867 698	206 917 524
Add (profit) / loss on lease modifications	(106 494 663)	(2 527 107)	(106 494 663)	(1 572 198)
Add exchange loss on lease liabilities	94 736 440	-	94 736 440	-
Effects of inflation adjustment	(111 452 896)	(64 337 527)	-	-
Balance at the end of the year	390 298 251	333 893 214	390 298 251	207 726 184

16. DEFERRED TAX ASSETS / (LIABILITIES)

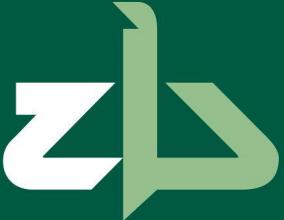
	Inflation adjusted			
	Balance at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December

	1 January 2021 ZW\$	profit or loss ZW\$	in OCI ZW\$	December ZW\$
2021				
Property and equipment	(455 135 428)	467 708 007	(1 319 560 034)	(1 306 987 455)
Provisions and deferred income	143 631 730	90 865 070	-	234 496 800
Total assets				

Fair value adjustments on investment securities	(20 524 094)	(21 530 765)	-	(42 054 859)
Fair value adjustments on FVTOCI financial assets	946 501	(357 651)	(13 633)	575 217
	(331 081 291)	536 684 661	(1 319 573 667)	(1 113 970 297)

	(263 277 972)	54 668 175	(246 525 631)	(455 135 428)
Property and equipment				
Provisions and deferred income	107 886 300	35 745 430	-	143 631 730
Fair value adjustments on investment securities	(2 213 432)	(18 310 662)	-	(20 524 094)
Fair value adjustments on FVTOCI financial assets	7 072 444	(5 495 819)	(630 124)	946 501
	(150 532 660)	66 607 124	(247 155 755)	(331 081 291)

(150,552,666) 66,667,724 (24,155,755) (55,667,254)



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Audited Financial Results for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. DEFERRED TAX ASSETS / (LIABILITIES) (Continued)

	Unaudited Historical cost				
	Balance at 1 January 2021 ZW\$	Recognised in profit or loss ZW\$	Recognised in OCI affecting equity ZW\$	Other movements ZW\$	Balance at 31 December ZW\$
2021					
Property and equipment	(210 757 846)	(229 070 371)	(811 814 015)	-	(1 251 642 232)
Provisions and deferred income	89 358 125	170 594 738	-	-	259 952 863
Fair value adjustments on investment securities	(12 768 729)	(88 966 058)	-	-	(101 734 787)
Fair value adjustments on FVTOCI financial assets	588 850	-	(13 633)	-	575 217
Arising from changes in functional currency	(3 694 609)	-	-	-	(3 694 609)
	(137 274 209)	(147 441 691)	(811 827 648)	-	(1 096 543 548)
2020					
Property and equipment	(26 520 925)	2 416 932	(186 653 853)	-	(210 757 846)
Provisions and deferred income	16 043 475	73 314 650	-	-	89 358 125
Fair value adjustments on investment securities	(375 712)	(12 393 017)	-	-	(12 768 729)
Fair value adjustments on FVTOCI financial assets	980 871	-	(392 021)	-	588 850
Arising from changes in functional currency	(5 047 098)	-	-	1 352 489	(3 694 609)
Effect of change in tax rate	(69 413)	69 413	-	-	-
	(14 988 802)	63 407 978	(187 045 874)	1 352 489	(137 274 209)

17. NET INTEREST AND RELATED INCOME

17.1 Interest received

Interest received comprises interest on:				
-Advances	2 660 009 941	608 670 072	2 174 977 816	332 848 314
-Overdrafts	330 265 620	125 902 676	263 149 215	56 866 617
Establishment fees	278 085 310	352 336 675	219 200 480	85 883 132
Placements with other banks	77 778	3 502 901	60 274	733 643
Financial assets at amortised cost	70 555 869	37 402 425	57 834 549	8 375 929
Treasury bills at FVTPL	233 552 422	73 369 213	193 316 382	26 795 739
Treasury bills at FVCOCI	43 058 475	62 054 198	33 368 088	24 636 052
Other interest receivable categories	440 935	737 120	385 240	301 412
Total interest received	3 616 046 350	1 263 975 280	2 942 292 044	536 440 838

17.2 Interest paid

Interest paid comprise interest on:				
Customer deposits	457 466 040	101 581 896	378 117 728	42 661 139
Placements from other banks	29 178 357	5 722 796	26 336 071	2 736 754
Other interest expense categories	115 637 957	128 859 609	85 041 471	67 690 939
Total interest paid	602 282 354	236 164 301	489 495 270	113 088 832

Net interest received

Net interest received	3 013 763 996	1 027 810 979	2 452 796 774	423 352 006
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18. ANALYSIS OF LOAN IMPAIRMENT CHARGES / (RECOVERIES) TO STATEMENT OF PROFIT OR LOSS

Impairment charges on loans and overdrafts (Note 3.10)	547 367 482	415 586 933	426 708 983	197 235 637
Impairment charges on other financial assets (Note 7.3)	14 594 926	2 241 128	11 578 240	1 445 655
Impairment charges on guarantees (Note 24.2)	38 167 875	20 478 290	37 445 505	692 715
Impairment charges on undrawn facilities (Note 24.3)	1 556 802	7 270 871	957 780	(114 356)
Recoveries during the year	(2 431 581)	(9 990 056)	(1 901 320)	(4 713 171)
	599 255 504	435 587 166	474 789 188	194 546 480

19. COMMISSION AND FEE INCOME COMPRISES INCOME FROM:

Digital channels	1 208 653 776	664 881 930	952 720 186	263 963 871
Management and service fees	1 556 090 176	997 389 647	1 226 586 597	395 972 308
Other commissions	374 370 107	39 673 616	335 437 085	75 604 423
	3 139 114 059	1 701 945 193	2 514 743 868	735 540 602

20. OTHER INCOME

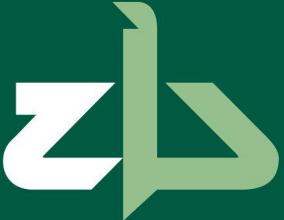
Exchange income	758 616 585	1 864 338 297	733 077 682	1 132 887 979
Dividends from other investments	241 513 374	-	204 763 159	24 858 225
Dealing income	-	-	-	440 264
Rentals and recoveries	75 695 012	48 635 606	65 109 893	20 525 042
Loss on sale of equipment	(374 709)	(2 975 924)	(374 709)	(1 851 422)
Sundry	27 504 531	8 423 676	20 505 716	2 772 832
	1 102 954 793	1 993 190 337	1 023 081 741	1 179 632 920

21. FAIR VALUE ADJUSTMENTS

Arising from fair value through profit or loss instruments				
Investment securities at fair value through profit or loss (Note 6.2)	1 822 960 008	448 647 963	1 941 965 055	317 233 011
Investment in subsidiary company (Note 8)	1 066 919 238	(26 499 447)	2 042 055 398	1 212 256 443
Treasury bills at fair value through profit or loss	(6 982 227)	(2 405 669)	(7 869 963)	(1 496 648)
	2 882 897 019	419 742 847	3 976 150 490	1 527 992 806

22. OPERATING EXPENSES

Staff expenses	1 928 521 444	1 008 998 329	1 607 079 372	399 100 138
Communication expenses	186 601 789	116 804 735	152 276 224	51 301 464
Computer and information technology	669 006 068	581 938 547	530 522 490	271 311 381
Occupation expenses	197 844 659	115 010 158	155 154 284	43 993 844
Transport expenses	24 543 455	18 647 906	20 181 015	7 767 574
Travelling expenses	33 502 977	17 127 075	28 443 822	7 026 327
Administration expenses	4 052 073 363	1 812 764 517		



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Audited Financial Results for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26.2 Liquidity risk (continued)

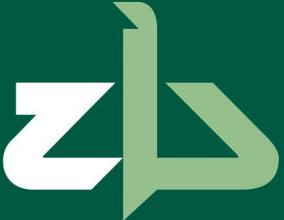
The tables below set out the remaining contractual maturities of the Bank's financial assets and financial liabilities.

Liquidity gap analysis	Unaudited Historical cost					
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Total ZW\$	Carrying amount ZW\$
As at 31 December 2021						
FINANCIAL ASSETS BY TYPE						
Cash and cash equivalents	8 215 980 305	45 356 181	541 573 902	-	8 802 910 388	8 802 910 388
Treasury bills	101 093 151	1 436 013 199	766 976 857	207 141 172	2 511 224 379	2 410 330 922
Advances and other accounts	1 460 275 828	1 331 045 156	1 842 103 222	10 075 570 928	14 708 995 134	11 642 364 564
Financial assets at fair value through profit or loss	-	-	-	2 102 742 957	2 102 742 957	2 102 742 957
Financial assets held at amortised cost	-	-	281 310 324	-	281 310 324	281 310 324
Gross loan commitments	129 071 900	247 561 768	289 916 895	108 732 851	775 283 414	775 283 414
	9 906 421 184	3 059 976 304	3 721 881 200	12 494 187 908	29 182 466 596	26 014 942 569
FINANCIAL LIABILITIES BY TYPE						
Deposits and other accounts	19 112 304 999	451 503 589	272 797 222	9 339 160	19 845 944 970	19 771 020 986
Offshore borrowings	-	82 401 664	82 401 664	506 279 827	671 083 160	657 911 243
Trade and other payables	1 552 479 840	812 235 499	14 072 868	1 081 871 576	3 460 659 783	3 548 755 685
Lease liabilities	-	-	162 624 271	227 673 980	390 298 251	390 298 251
	20 664 784 839	1 346 140 752	531 896 030	1 825 164 543	24 367 986 164	24 367 986 165
Period gap	(10 758 363 655)	1 713 835 552	3 189 985 170	10 669 023 365	4 814 480 432	1 646 956 404
Cumulative gap	(10 758 363 655)	(9 044 528 103)	(5 854 542 933)	4 814 480 432	-	-
As at 31 December 2020						
FINANCIAL ASSETS BY TYPE						
Cash and cash equivalents	3 865 880 493	122 342 924	636 629 597	-	4 624 853 014	4 624 853 014
Treasury bills	50 164 384	241 801 001	85 255 644	188 726 778	565 947 807	518 114 164
Advances and other accounts	474 071 064	332 305 245	944 373 286	1 835 046 241	3 585 795 836	2 992 466 648
Financial assets at fair value through profit or loss	-	-	-	405 581 214	405 581 214	405 581 214
Financial assets held at amortised cost	-	-	-	68 108 946	68 108 946	68 108 946
Gross loan commitments	1 110 280	122 728 666	88 795 744	66 000 821	278 635 511	278 635 511
	4 391 226 221	819 177 836	1 755 054 271	2 563 464 000	9 528 922 328	8 887 759 497
FINANCIAL LIABILITIES BY TYPE						
Deposits and other accounts	6 908 212 343	44 073 614	1 889 827	-	6 954 175 784	6 941 197 305
Offshore borrowings	-	66 857 474	66 857 474	133 714 953	267 429 901	243 206 638
Trade and other payables	512 933 142	181 981 951	136 163 718	-	831 078 811	868 280 553
Lease liabilities	-	-	86 552 577	121 173 607	207 726 184	207 726 184
	7 421 145 485	292 913 039	291 463 596	254 888 560	8 260 410 680	8 260 410 680
Period gap	(3 029 919 264)	526 264 797	1 463 590 675	2 308 575 440	1 268 511 648	627 348 817
Cumulative gap	(3 029 919 264)	(2 503 654 467)	(1 040 063 792)	1 268 511 648	-	-
Inflation adjusted						
	31 Dec 2021	ZW\$	31 Dec 2020	ZW\$	31 Dec 2021	ZW\$
Liquidity ratios						
Cash and short term funds	8 802 910 388		7 433 858 407		8 802 910 388	4 624 853 014
Treasury bills	2 410 330 922		832 802 108		2 410 330 922	518 114 164
Parastatal bond	187 813 934		3 829 201		187 813 934	3 172 804
Corporate bond	7 764 153		22 489 076		7 764 153	18 634 027
Total liquid assets	11 408 819 397		8 292 978 792		11 408 819 397	5 164 774 009
Total liabilities to the public	19 771 020 986		11 157 084 945		19 771 020 986	6 941 197 305
Liquidity ratio	58%		74%		58%	74%
Average for the year	58%		74%		58%	74%
Maximum for the year	71%		77%		71%	77%
Minimum for the year	44%		59%		44%	59%
Minimum statutory liquidity ratio	30%		30%		30%	30%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26.3 Interest gap

Interest rate gap analysis	Inflation adjusted				
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Carrying amount ZW\$
As at 31 December 2021					
ASSETS					
Cash and short term funds	1 374 893 208	-	-	-	1 374 893 208
Treasury bills	100 000 000	1 436 013 199	678 264 203	196 053 522	2 410 330 924
Advances and other accounts	1 455 571 506	1 233 028 338	1 657 605 261	2 102 742 957	1 642 364 564
Financial assets at fair value through profit or loss	-	-	281 310 324	227 673 980	390 298 251
Financial assets held at amortised cost	-	-	281 310 324	227 673 980	390 298 251
	2 930 464 714	2 669 041 537	2 617 179 788	9 594 955 936	17 811 641 975
LIABILITIES					
Deposits and other accounts	19 045 452 281	444 461 249	271 848 025	9 259 431	19 771 020 986
Offshore borrowings	-	80 784 297	80 784 302	496 342 644	657 911 243
Lease liability	-	-	162 624 271	227 673 980	390 298 251
	19 045 452 281	525 245 546	515 256 598	733 276 055	20 819 230 480
Period gap	(16 114 987 567)	2 143 795 991	2 101 923 190	8 861 679 881	(3 007 588 505)
Cumulative gap	(16 114 987 567)	(13 971 191 576)	(11 869 268 386)	(3 007 588 505)	-
As at 31 December 2020					
ASSETS					
Cash and short term funds	1 173 730 137	-	-	-	1 173 730 137
Treasury bills	80 368 591	366 740 788	125 383 066	260 309 663	832 802 108
Advances and other accounts	759 119 295	478 947 557	1 278 941 108	2 292 998 602	4 810 006 562
Financial assets at fair value through profit or loss	-	-	-	651 919 814	651 919 814
Financial assets held at amortised cost	-	-	-	109 476 401	109 476 401
	2 013 218 023	845 688 345	1 404 324 174	3 314 704 480	7 577 935 022
LIABILITIES					
Deposits and other accounts	11 083 783 795	70 287 329	3 013 021	-	11 157 084 945



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Audited Financial Results for the year ended 31 December 2021



ZB BUILDING SOCIETY

(A member of the Deposit Protection Corporation)

AUDITED FINANCIAL RESULTS for the year ended 31 December 2021

STATEMENT OF FINANCIAL POSITION As at 31 December 2021

	Notes	Inflation adjusted		Unaudited Historical cost*	
		31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
ASSETS					
Cash and cash equivalents	1	443 083 435	68 041 155	443 083 435	42 330 688
Money market investments	2		80 356 408	-	49 992 421
Loans and other advances	3	364 721 675	135 717 828	364 721 675	84 434 619
Trade and other receivables	4	98 101 748	218 898 913	98 101 748	136 184 367
Inventories	5	18 133 640	4 100 412	17 146 166	2 372 817
Financial assets at fair value through profit or loss	6	243 395 307	47 913 121	243 395 307	29 808 362
Right of use assets	7	689 310	1 062 297	689 310	660 890
Property and equipment	8	20 855 521	91 044 346	20 855 521	56 641 745
Investment properties	9	1 120 560 000	722 579 535	1 120 560 000	449 541 000
Investments in subsidiaries	10	626 438 855	428 195 453	626 434 675	266 388 063
Total assets		2 935 979 491	1 797 909 468	2 934 987 837	1 118 354 972
LIABILITIES					
Deposits from customers	11	652 371 367	458 647 816	652 371 367	285 340 212
Trade and other payables	12	153 434 062	49 120 747	153 434 062	30 559 666
Lease liabilities	13	730 347	1 172 068	730 347	729 183
Deferred tax liabilities	14	56 028 000	39 875 600	56 028 000	24 807 950
Total liabilities		862 563 776	548 816 231	862 563 776	341 437 011
EQUITY					
Share capital	15.1	63 697 706	63 697 706	954 814	954 814
Share premium	15.1	593 534 961	593 534 961	8 896 953	8 896 953
Reserves	15.2	1 416 183 048	591 860 570	2 062 572 294	767 066 194
Total equity		2 073 415 715	1 249 093 237	2 072 424 061	776 917 961
Total equity and liabilities		2 935 979 491	1 797 909 468	2 934 987 837	1 118 354 972

*The historical cost financial information is shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on the historical financial information.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2021

	Notes	Inflation adjusted		Unaudited Historical cost*	
		31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
Interest income					
Interest income	16.1	257 934 812	33 704 246	208 670 028	13 851 994
Interest expense	16.2	(19 320 988)	(2 491 498)	(18 690 175)	(874 158)
Net interest income	16	238 613 824	31 212 748	189 979 853	12 977 836
Allowance for loan impairment	17	(25 388 919)	(2 583 432)	(14 626 710)	(1 607 239)
Net income from lending activities		213 224 905	28 629 316	175 353 143	11 370 597
Commissions, fees and operating income	18	253 489 140	184 260 210	204 131 924	88 077 961
Fair value adjustments	19	716 773 593	(29 118 721)	1 198 034 557	575 453 772
Total income		1 183 487 638	183 770 805	1 577 519 624	674 902 330
Total operating expenses	20	(320 111 452)	(262 798 616)	(263 357 851)	(105 777 749)
Operating profit / (loss)		863 376 186	(79 027 811)	1 314 161 773	569 124 581
Net monetary loss		(30 704 876)	(11 193 291)	-	-
Profit / (loss) before taxation		832 671 310	(90 221 102)	1 314 161 773	569 124 581
Income tax (expense) / credit	21	1 683 811	(31 220 050)	(17 232 830)	
Profit / (loss) for the year		816 518 910	(88 537 291)	1 282 941 723	551 891 751
Other comprehensive income: Items that will not be reclassified to profit or loss					
Gains on property and equipment revaluation		7 803 568	4 499 599	12 564 377	42 075 200
Related tax		-	(31 651)	-	(1 815 674)
Other comprehensive income for the year, net of tax		7 803 568	4 467 948	12 564 377	40 259 526
Total comprehensive income / (loss) for the year		824 322 478	(84 069 343)	1 295 506 100	592 151 277
Earnings per share					
Basic and fully diluted earnings per share (ZW cents)		855.16	(92.73)	1 434.66	578.01

*The historical cost financial information is shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on the historical financial information.

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2021

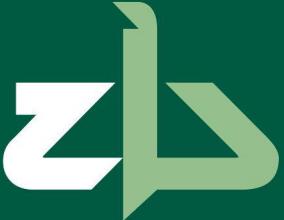
	Notes	Inflation adjusted				
		Share capital ZW\$	Share premium ZW\$	Property and equipment revaluation reserve ZW\$	Retained income ZW\$	Total ZW\$
Balance at 1 January 2020		63 697 706	593 534 961	85 006 925	590 922 988	1 333 162 580
Changes in equity for 2020						
Profit or loss		-	-	-	(88 537 291)	(88 537 291)
Loss for the period		-	-	-	-	-
Other comprehensive income, net of tax		-	-	4 467 948	-	4 467 948
Revaluation of property and equipment		-	-	(31 231)	31 231	-
Other movements		-	-			
Transfer to retained income		-	-		873 518 910	873 518 910
Balance at 1 January 2021		63 697 706	593 534 961	89 443 642	502 416 928	1 249 093 237
Changes in equity for 2021						
Profit or loss		-	-	-	873 518 910	873 518 910
Profit for the period		-	-	-	-	-
Other comprehensive income, net of tax		-	-	7 803 568	-	7 803 568
Revaluation of equipment		-	-	(58 369 264)	58 369 264	-
Other movements		-	-			
Transfer to retained income		-	-			
Balance at 31 December 2021		63 697 706	593 534 961	38 877 946	1 377 305 102	2 073 415 715

STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2021

	Notes	Unaudited Historical cost*					
Share capital ZW\$	Share premium ZW\$	Functional currency reserve ZW\$	Property and equipment revaluation reserve ZW\$	Retained income ZW\$	Total ZW\$		

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Audited Financial Results for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3.5 Non-performing debt

For the secured non-performing loans, security exists in the form of liens registered over funded accounts, bonds registered over landed property and guarantees in various forms. The Society discounts the value of the security at hand using internal thresholds for prudential purposes. Generally no security value is placed on ordinary guarantees. The internally discounted value of security held in respect of the non-performing book amounted to ZW\$1 815 689 as at 31 Dec 2021 (2020: ZW\$1 753 947).

3.6 Sectoral analysis	Inflation adjusted			
	31 Dec 2021 ZW\$	Percentage Contribution	31 Dec 2020 ZW\$	Percentage Contribution
Private Distribution Services	380 522 192 823 255 1 631 180	99% 0% 0%	139 139 086 375 637 2 035 038	98% 0% 1%
	382 976 627	100%	141 549 761	100%

	Unaudited Historical cost			
	31 Dec 2021 ZW\$	Percentage Contribution	31 Dec 2020 ZW\$	Percentage Contribution
Private Distribution Services	380 522 192 823 255 1 631 180	99% 0% 0%	86 563 099 233 697 1 266 065	98% 0% 1%
	382 976 627	100%	88 062 861	100%

3.7 Internal rating scale of advances and other accounts

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

	Inflation adjusted 31 Dec 2021			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								
Good (AAA to BBB-)	370 306 406	4 944 492	1 318 944	376 569 842	137 388 818	1 208 490	233 768	138 831 076
Special mention (BB+ to CCC-)	3 557 525	63 923	148 095	3 769 533	830 547	1 345	929 995	
Non-performing (CC+ to D)	-	-	2 637 252	2 637 252	-	-	-	
Total	373 863 931	5 008 415	4 104 281	382 976 627	138 219 365	1 306 493	2 023 903	141 549 761
Mortgage lending								
Good (AAA to BBB-)	19 428 148	127 817	-	19 555 965	13 772 586	-	-	13 772 586
Special mention (BB+ to CCC-)	-	-	-	60 510	-	-	-	60 510
Non-performing (CC+ to D)	-	-	10 861	10 861	-	-	-	470 420
Total	19 428 148	127 817	10 861	19 566 826	13 833 096	-	470 420	14 303 516
Consumer lending								
Good (AAA to BBB-)	349 029 421	4 813 523	1 307 873	355 150 817	121 207 301	1 208 422	232 092	122 647 815
Special mention (BB+ to CCC-)	3 557 525	31 839	148 085	3 737 449	770 037	98 003	1 345	869 385
Non-performing (CC+ to D)	-	2 067 101	2 067 101	-	-	1 318 370	1 318 370	-
Total	352 586 946	4 845 362	3 523 059	360 955 367	121 977 338	1 306 425	1 551 807	124 835 570
Small business lending								
Good (AAA to BBB-)	1 848 837	3 152	11 071	1 863 060	2 408 931	68	1 676	2 410 675
Special mention (BB+ to CCC-)	-	32 084	-	32 084	-	-	-	-
Non-performing (CC+ to D)	-	-	559 290	559 290	-	-	-	-
Total	1 848 837	35 236	570 361	2 454 434	2 408 931	68	1 676	2 410 675
	Unaudited Historical cost 31 Dec 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								
Good (AAA to BBB-)	370 306 406	4 944 492	1 318 944	376 569 842	85 474 199	751 842	145 435	86 371 476
Special mention (BB+ to CCC-)	3 557 525	63 923	148 095	3 769 533	516 711	60 971	837	578 519
Non-performing (CC+ to D)	-	-	2 637 252	2 637 252	-	-	-	1 112 866
Total	373 863 931	5 008 415	4 104 281	382 976 627	85 990 910	812 813	1 259 138	88 062 861

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

	Inflation adjusted 31 Dec 2021			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								
Good (AAA to BBB-)	15 248 921	1 204 713	910 554	17 364 188	4 821 960	293 937	135 460	5 251 357
Special mention (BB+ to CCC-)	174 063	18 804	60 647	253 514	29 571	20 825	1 345	51 741
Non-performing (CC+ to D)	-	-	637 250	637 250	-	-	528 835	528 835
Total	15 422 984	1 223 517	1 608 451	18 254 952	4 851 531	314 762	665 640	5 831 933
ECL for mortgage lending								
Good (AAA to BBB-)	49 451	-	-	49 451	163 066	-	-	163 066
Special mention (BB+ to CCC-)	-	-	-	-	-	-	-	-
Non-performing (CC+ to D)	-	-	-	-	-	-	-	-
Total	49 451	-	-	49 451	163 066	-	-	163 066
ECL for consumer lending								
Good (AAA to BBB-)	14 175 249	1 204 511	901 255	16 281 015	4 646 495	293 916	134 542	5 074 953
Special mention (BB+ to CCC-)	174 063	7 776	60 647	242 486	29 571	20 825	1 345	51 741
Non-performing (CC+ to D)	-	-	496 257	496 257	-	-	528 835	528 835
Total	14 349 312	1 212 287	1 458 159	17 019 758	4 676 066	314 741	664 722	5 655 529
ECL for small business lending								
Good (AAA to BBB-)	1 024 221	202	9 299	1 033 722	12 399	21	918	13 338
Special mention (BB+ to CCC-)	-	11 028	-	11 028	-	-	-	-
Non-performing (CC+ to D)	-	-	140 993	140 993	-	-	-	-
Total	1 024 221	11 230	150 292	1 185 743	12 399	21	918	13 338



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Audited Financial Results for the year ended 31 December 2021

AUDITED FINANCIAL RESULTS
for the year ended 31 December 2021STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	Inflation adjusted		Unaudited Historical cost*	
		31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
ASSETS					
Cash and cash equivalents		5 662 247	6 751 605	5 662 247	4 200 400
Funds on deposit	1	66 944 099	9 551 243	66 944 099	5 942 149
Reinsurance claim receivable		10 000	27 759	10 000	17 270
Trade and other receivables	2	25 734 545	21 713 582	25 712 671	13 508 749
Investment securities	3	1 148 293 036	757 086 142	1 148 293 036	471 008 719
Treasury bills and bonds	3	43 196 199	19 642 905	43 196 199	12 220 511
Investment properties	4	453 311 500	334 733 941	453 311 500	208 249 228
Right of use asset	5	36 584 866	11 839 715	31 613 823	5 099 666
Equity accounted investments	6	4 011 249 357	3 990 681 937	4 007 920 648	2 450 748 623
Intangible assets	7	30 894 655	38 521 408	3 181 597	996 295
Equipment	8	65 814 070	43 995 614	65 814 070	27 371 149
TOTAL ASSETS		5 887 694 574	5 234 545 851	5 851 659 890	3 199 362 759
LIABILITIES					
Life assurance funds	9	3 162 315 677	2 690 348 469	3 162 315 677	1 673 756 150
Operating Lease Liability	10	31 345 413	8 793 250	31 345 413	5 470 576
Deferred tax liability		334 269 313	250 299 175	343 518 379	155 719 526
Trade and other payables	11	160 583 617	81 500 684	160 583 617	50 704 313
Provisions		8 947 586	10 245 159	8 947 586	6 373 856
Reinsurance premium payable		937 672	3 305 587	937 672	2 056 516
Taxation		53 489 925	55 593 910	53 489 925	34 586 340
Total Liabilities		3 751 889 203	3 100 085 434	3 761 138 269	1 928 667 277
EQUITY					
Share capital		15 486 854	15 486 854	231 908	231 908
Share premium		295 921 829	295 921 829	4 431 623	4 431 623
Investment reserve		1 236 516 791	1 236 516 791	827 451 668	827 451 668
Revaluation reserve		120 619 699	84 156 947	95 392 205	38 701 969
Foreign currency translation reserve		-	-	28 051 287	28 051 287
Retained earnings		467 260 198	502 377 996	1 134 962 930	371 827 027
Total equity		2 135 805 371	2 134 460 417	2 090 521 621	1 270 695 482
TOTAL EQUITY AND LIABILITIES		5 887 694 574	5 234 545 851	5 851 659 890	3 199 362 759

*The historical cost financial information is shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on the historical financial information.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	Inflation adjusted		Unaudited Historical cost*	
		31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
INCOME					
Gross premium income	12	528 779 608	267 272 218	482 400 765	115 020 301
Premiums ceded to reinsurers	13	(48 766 560)	(20 129 192)	(43 138 687)	(10 341 566)
Net premiums		480 013 048	247 143 026	439 262 078	104 678 735
Fair value gains on fair value through profit or loss financial instruments		515 477 055	30 049 548	791 094 067	416 152 998
Fair value gain on investment properties	4	118 577 560	872 596	245 062 273	161 946 312
Investment income	14	34 706 594	17 664 824	29 346 475	7 991 380
Profit on disposal of listed equity investments		3 217 347	85 338 543	(528 283)	8 261 210
Other income	15	12 173 120	4 728 660	10 784 121	2 175 847
Total income		1 164 164 724	386 097 197	1 515 020 731	701 206 482
Expenses and Policyholder Benefits					
Policyholders' benefits	16	(149 636 042)	(486 053 788)	(136 968 124)	(283 300 620)
Changes to policyholder liabilities		(471 967 208)	(962 586 390)	(1 488 559 527)	(1 435 100 181)
Operating expenses	17	(326 397 701)	(222 989 906)	(280 269 888)	(89 838 463)
Commissions		(124 520 950)	(78 482 844)	(111 626 169)	(23 879 047)
Profit share under bancassurance agreements		(17 508 557)	(9 161 104)	(15 812 268)	(4 316 407)
Total expenses and policyholder benefits		(1 090 030 458)	(1 759 274 032)	(2 033 235 976)	(1 836 434 718)
Operating profit before taxation		74 134 266	(1 373 176 835)	(518 215 245)	(1 135 228 236)
Share of profit/ (loss) of equity accounted investee net of tax	6	17 509 918	1 683 634 974	1 547 432 944	2 287 728 194
Lease liability finance charge		(5 446 763)	(6 779 391)	(4 351 818)	(2 062 685)
Net monetary gain/loss		38 168 507	107 445 183	-	-
Profit before taxation		124 365 928	411 123 930	1 024 865 881	1 150 437 273
Income tax expense	18	(152 601 264)	(194 533 661)	(256 429 980)	(179 737 153)
Profit for the year		(28 235 336)	216 590 269	768 435 901	970 700 120
Other comprehensive income					
Revaluation of Property and equipment		26 067 175	15 127 604	40 845 221	22 594 136
Share of other comprehensive income of equity accounted investee net of tax	6	10 395 577	(3 416)	15 845 015	9 094 132
Other comprehensive income for the year		36 462 752	15 124 188	56 690 236	31 688 268
Total comprehensive income for the year		8 227 416	231 714 457	825 126 137	1 002 388 388

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STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

		Inflation adjusted						
		Share capital ZWS	Share premium ZWS	Revaluation reserve ZWS	Investment reserve ZWS	Retained earnings ZWS	FCTR equity ZWS	Total ZWS
Balance at 31 December 2019								
Profit for the year		15 486 854	295 921 829	69 032 759	526 416 451	999 190 664	- 1 906 048 557	
Transfer to investment reserve		-	-	-	216 590 269	-	216 590 269	
Revaluation of property		-	-	15 124 188	-	-	-	15 124 188
Dividend paid		-						



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Audited Financial Results for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3.1 Reconciliation of carrying amount

	Inflation adjusted			
	Equities listed ZW\$	Equities unlisted ZW\$	Gold fund ZW\$	Total ZW\$
2021				
Opening Balance	222 586 128	478 875 468	55 624 502	757 086 098
Additions	16 068 734	-	-	16 068 734
Disposals	(102 229 044)	-	(38 109 807)	(140 338 851)
Fair value gains	251 675 640	281 316 110	(17 514 695)	515 477 055
Closing balance	388 101 458	760 191 578	-	1 148 293 036
2020				
Opening Balance	207 202 558	499 533 062	40 464 943	747 200 563
Additions	14 354 227	-	-	14 354 227
Disposals	(34 818 239)	-	-	(34 818 239)
Fair value gains	35 847 582	(20 657 594)	15 159 560	30 349 548
Closing balance	222 586 128	478 875 468	55 624 503	757 086 098

	Unaudited Historical cost			
	Equities listed ZW\$	Equities unlisted ZW\$	Gold fund ZW\$	Total ZW\$
2021				
Opening balance	138 478 307	297 924 541	34 605 871	471 008 719
Additions	11 744 998	-	-	11 744 998
Disposals	(87 444 943)	-	(38 109 805)	(125 554 748)
Fair value gains	325 323 096	462 267 037	3 503 934	791 094 067
Closing balance	388 101 458	760 191 578	-	1 148 293 036
2020				
Opening Balance	28 736 727	69 279 772	5 612 050	103 628 549
Additions	4 175 363	-	-	4 175 363
Disposals	(52 948 191)	-	-	(52 948 191)
Fair value gains	158 514 408	228 644 769	28 993 821	416 152 998
Foreign currency translation	-	-	-	-
Closing balance	138 478 307	297 924 541	34 605 871	471 008 719

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
4. INVESTMENT PROPERTIES				
Reconciliation of carrying amount				
Opening balance as at 1 January	334 733 940	333 861 344	208 249 228	46 302 916
Fair value adjustment	118 577 560	872 596	245 062 272	161 946 312
Foreign currency translation	-	-	-	-
Closing balance as at 31 December	453 311 500	334 733 940	453 311 500	208 249 228

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

None of the properties are mortgaged as security for liabilities.

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
5. RIGHT OF USE ASSET				
Cost				
Balance at 1 January	47 821 186	34 278 753	7 010 210	1 674 396
Remeasurement of lease asset	42 253 708	13 542 433	42 253 708	5 335 814
Monetary adjustment	-	-	-	-
Balance at 31 December	90 074 894	47 821 186	49 263 918	7 010 210
Depreciation and impairment losses				
Balance as at 1 January	35 981 471	26 466 602	1 910 544	590 936
Depreciation	17 508 557	9 514 869	15 739 551	1 319 608
Balance as at 31 December	53 490 028	35 981 471	17 650 095	1 910 544
Net book value as at 31 December	36 584 866	11 839 715	31 613 823	5 099 666

6. EQUITY ACCOUNTED INVESTMENTS

	Inflation adjusted		
	Associate ZW\$	Subsidiary ZW\$	Total ZW\$
2021			
Balance at 1 January 2021	3 973 318 079	17 363 857	3 990 681 936
Share of profit / (loss) for the year	20 455 522	(2 945 604)	17 509 918
Dividend received	(7 338 074)	-	(7 338 074)
Share of other comprehensive income	-	10 395 577	10 395 577
Balance at 31 December 2021	3 986 435 527	24 813 830	4 011 249 357
2020			
Balance at 1 January 2020	2 630 274 801	16 814 769	2 647 089 570
Share of profit/ (loss) for the year	1 683 082 470	552 504	1 683 634 974
Dividend Received	(16 279 054)	-	(16 279 054)
Share of other comprehensive income	-	(3 416)	(3 416)
Termination Transfer	(323 760 138)	-	(323 760 138)
Foreign currency translation reserve	-	-	-
Balance at 31 December 2020	3 973 318 079	17 363 857	3 990 681 936

	Unaudited Historical cost		
	Associate ZW\$	Subsidiary ZW\$	Total ZW\$
2021			
Balance at 1 January 2021	2 440 255 455	10 493 168	2 450 748 623
Share of profit / (loss) for the year	1 549 264 092	(1 831 148)	1 547 432 944
Dividend received	(6 105 934)	-	(6 105 934)
Share of other comprehensive income	-	15 845 015	15 845 015
Balance at 31 December 2021	3 983 413 613	24 507 035	4 007 920 648
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
Dividend received	(9 437 765)	-	(9 437 765)
Share of other comprehensive income	-	9 094 132	9 094 132
Termination transfer	(201 422 057)	-	(201 422 057)
Balance at 31 December 2020	2 440 255 455	10 493 168	2 450 748 623

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INTANGIBLE ASSETS

	Inflation adjusted		Unaudited Historical cost	
31 Dec 2021 ZW\$	31 Dec			



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Audited Financial Results for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
11. TRADE AND OTHER PAYABLES				
Policyholders' claims intimated but not paid	14 516 385	33 143 013	14 516 385	20 619 382
Other liabilities	18 292 255	16 712 316	18 292 255	10 397 292
Related parties	49 741 258	8 925 185	49 741 258	5 552 658
Unearned Premium	78 033 719	22 720 170	78 033 719	14 134 981
	160 583 617	81 500 684	160 583 617	50 704 313
12. GROSS PREMIUM INCOME				
Individual life	67 009 466	28 561 587	61 132 119	11 417 240
Group business	461 770 142	238 710 631	421 268 646	103 603 061
	528 779 608	267 272 218	482 400 765	115 020 301
13. PREMIUMS CEDED TO REINSURERS				
Individual life	(697 943)	462 398	(617 397)	(56 660)
Group business	(48 068 617)	(20 591 590)	(42 521 290)	(10 284 906)
	48 766 560	(20 129 192)	(43 138 687)	(10 341 566)
14. INVESTMENT INCOME				
Interest income on held to maturity financial instruments	8 310 857	4 702 859	5 799 193	1 953 812
Rentals from investment properties	13 110 520	9 641 496	11 731 185	4 079 102
Dividends from financial assets designated at fair value through profit or loss	13 285 217	3 320 469	11 816 097	1 958 466
	34 706 594	17 664 824	29 346 475	7 991 380
15. OTHER INCOME				
Loss on disposal of property and equipment	22 893	-	22 893	-
Sundry income	265 276	323 969	228 477	117 577
Reinsurance commission	9 257 264	3 589 935	8 167 579	1 741 261
Asset Management income	2 627 687	814 756	2 365 172	317 009
	12 173 120	4 728 660	10 784 121	2 175 847
16. POLICYHOLDERS' BENEFITS				
Claims during the year were as follows: -				
Death and disability benefits	80 975 213	41 599 654	71 739 158	17 950 720
Maturities	5 611 058	7 596 487	5 126 378	3 543 733
Annuities	16 238 039	6 685 571	14 413 756	2 794 657
Surrenders and pensions withdrawals	46 811 732	430 172 076	45 688 832	259 011 510
	149 636 042	486 053 788	136 968 124	283 300 620

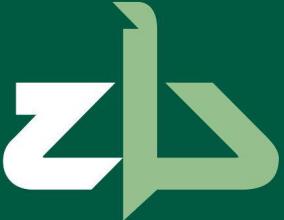
NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
17. OPERATING EXPENSES				
Staff expenses	176 240 170	98 659 459	160 411 728	45 683 570
Administration expenses	78 485 494	72 882 107	66 733 125	34 679 615
Depreciation of equipment	7 580 432	12 648 777	4 771 321	1 540 110
Depreciation of software	10 714 279	10 546 102	575 160	246 460
Depreciation of Right of Use Asset	17 508 557	9 514 870	15 739 551	1 319 608
Foreign exchange loss	13 514 574	7 898 232	12 149 106	1 773 130
Directors Fees	12 130 722	6 009 631	9 149 128	2 755 333
Audit Fees	10 223 473	4 830 728	10 740 769	1 840 637
	326 397 701	222 989 906	280 269 888	89 838 463
18. INCOME TAX CHARGE				
Current taxation	68 631 127	117 823 460	68 631 127	35 848 751
Deferred taxation	83 970 137	76 710 201	187 798 853	143 888 402
	152 601 264	194 533 661	256 429 980	179 737 153
19. RISK MANAGEMENT				
Liquidity risk gap analyses as at 31 December 2021				
	Up to 1 Month ZW\$	2 to 12 Months ZW\$	Above 12 Months ZW\$	Total ZW\$
Assets				
Bank and cash	5 662 247	-	-	5 662 247
Funds on deposit	20 589 356	46 354 743	-	66 944 099
Financial assets at Amortised cost	-	43 196 199	-	43 196 199
Investments-At Fair Value	-	450 472 932	697 820 104	1 148 293 036
Trade and other receivables	-	25 712 671	-	25 712 671
Reinsurance receivable	10 000	-	-	10 000
Total	26 261 603	565 736 545	697 820 104	1 289 818 252
Liabilities				
Trade and other payables	-	160 583 617	-	160 583 617
Reinsurance payable	937 672	-	-	937 672
Total	937 672	160 583 617	-	161 521 289
Period Gap				
	25 323 931	405 152 928	697 820 104	1 128 296 963
Cumulative Gap				
	25 323 931	430 476 859	1 128 296 963	-

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Audited Financial Results for the year ended 31 December 2021

AUDITED FINANCIAL RESULTS
for the year ended 31 December 2021

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

Notes	Inflation adjusted		Unaudited Historical cost*	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
ASSETS				
Non-current assets				
Equipment	24 762 885	18 884 822	24 762 885	11 748 882
Right of use assets	35 393 709	9 844 863	35 393 709	6 124 820
Investment properties	1 521 351 000	301 964 084	521 351 000	187 862 000
Investments	2 469 641 600	210 997 187	469 641 600	131 268 437
Deferred tax asset	-	-	-	-
Total non-current assets	1 051 149 194	541 690 956	1 051 149 194	337 004 139
Current assets				
Other assets	18 114 824	695 806	18 114 824	432 884
Balances receivable from insurance companies	3 208 440 447	128 518 741	208 440 447	79 955 826
Cash and cash equivalent	4 582 803 398	678 062 839	582 803 398	421 845 668
Total current assets	809 358 669	807 277 386	809 358 669	502 234 378
Total assets	1 860 507 863	1 348 968 342	1 860 507 863	839 238 517
EQUITY AND LIABILITIES				
Equity				
Share capital	329 184	329 184	5 000	5 000
Share premium	164 262 926	164 262 926	2 495 000	2 495 000
Revaluation reserve	12 210 198	51 666 699	20 112 341	8 959 434
Foreign currency translation reserve	-	9 649 178	9 649 178	9 649 178
Retained earnings	1 100 462 547	681 003 540	1 245 003 336	508 179 222
Total shareholders' equity	1 277 264 855	850 762 349	1 277 264 855	529 287 834
Non-current liabilities				
Deferred tax liability	94 322 584	51 551 054	94 322 584	32 071 642
Lease Liabilities	36 017 839	10 265 344	36 017 839	6 386 415
Current liabilities				
Unearned premium reserve	5 101 677 244	178 942 341	101 677 244	111 326 041
Incurred but not reported claims reserve (IBNR)	6 113 042 318	144 926 488	113 042 318	90 163 636
Outstanding claims	7 64 248 772	45 925 133	64 248 772	28 571 568
Balances payable to insurance companies	29 189 323	17 388 426	29 189 323	10 817 924
Taxation	12 261 049	13 389 552	12 261 049	8 330 090
Other payables	132 483 879	35 817 655	132 483 879	22 283 368
Total liabilities	583 243 008	498 205 993	583 243 008	309 950 683
Total equity and liabilities	1 860 507 863	1 348 968 342	1 860 507 863	839 238 517

*The historical cost financial information is shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on the historical financial information.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

Notes	Inflation adjusted		Unaudited Historical cost*	
	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$	31 Dec 2021 ZW\$	31 Dec 2020 ZW\$
Gross premium				
Retrocession premium				
Net premium income	1 453 374 957	1 577 601 473	1 165 630 083	729 452 775
Unearned premium				
Net earned premium				
Net claims	8 520 907 344	(696 134 447)	(433 202 372)	(289 284 269)
Net commission	9 408 178 518	(411 707 651)	(326 388 197)	(194 543 341)
Operating expenses	10 284 136 969	(179 238 306)	(223 634 557)	(78 296 107)
Underwriting result	215 780 739	57 128 617	192 053 754	71 563 209
Investment income	11 204 122 231	582 072 896	176 916 222	179 772 248
Fair value adjustment	12 323 829 199	(19 525 269)	504 749 315	212 704 982
Net operating profit	743 732 169	619 676 244	873 719 291	464 040 439
Effects of inflation adjustments	206 633 217	500 662 231	-	-
Profit before tax	542 323 348	119 014 013	877 359 701	464 040 439
Income tax expense	(90 836 240)	(19 700 197)	(108 966 229)	(37 841 453)
Profit for the year	447 387 955	138 714 210	764 753 062	426 198 986
Revaluation of Equipment	9 356 401	3 493 811	14 815 232	8 740 760
Income tax relating to components of other comprehensive income	(2 312 902)	(863 670)	(3 662 325)	(2 160 716)
Total comprehensive income	454 431 454	141 344 351	775 905 969	432 779 030

*The historical cost financial information is shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on the historical financial information.

STATEMENT OF CHANGES IN EQUITY

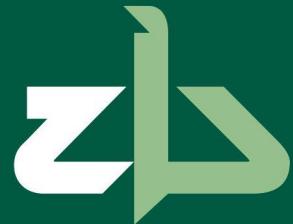
For the year ended 31 December 2021

	Inflation adjusted		Unaudited Historical cost*			
	Share capital ZW\$	Share premium ZW\$	Foreign currency translation reserve ZW\$	Revaluation reserve ZW\$	Retained earnings ZW\$	Total equity ZW\$
2021						
Balance as at 1 January 2021						
	329 184	164 262 926	5 166 699	681 003 540	850 762 349	
Profit for the year	-	-	-	447 387 955	447 387 955	
Revaluation of equipment	-	-	7 043 499	-	7 043 499	
Dividend declared	-	-	-	(27 928 948)	(27 928 948)	
Balance as at 31 December 2021	329 184	164 262 926	-	12 210 198	1 100 462 547	1 277 264 855
2020						
Balance as at 1 January 2020						
	329 184	164 262 926	-	7 880 432	541 466 753	713 939 295
Profit for the year	-	-	-	138 714 210	138 714 210	
Transfer to retained income	-	-	(5 343 874)	5 343 874	-	
Revaluation of equipment	-	-	2 630 141	-	2 630 141	
Dividend paid	-	-	-	(4 521 297)	(4 521 297)	
Balance as at 31 December 2020	329 184	164 262 926	-	5 166 699	681 003 540	850 762 349

STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2021

	Unaudited Historical cost*					
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Audited Financial Results for the year ended 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZWS	31 Dec 2020 ZWS	31 Dec 2021 ZWS	31 Dec 2020 ZWS
3. BALANCES RECEIVABLE FROM INSURANCE COMPANIES				
Balances receivable	221 304 542	163 337 737	221 304 542	101 617 893
Impairment allowance	(12 864 095)	(34 818 996)	(12 864 095)	(21 662 067)
	208 440 447	128 518 741	208 440 447	79 955 826
4. CASH AND CASH EQUIVALENTS				
Local banks	187 691 188	248 611 190	187 691 188	154 669 372
Foreign banks	395 112 210	429 451 649	395 112 210	267 176 296
	582 803 398	678 062 839	582 803 398	421 845 668
5. UNEARNED PREMIUM RESERVE (UPR)				
Opening balance	178 942 341	112 194 812	111 326 041	15 560 193
Charge/(credit) to profit or loss	24 371 387	233 392 452	(9 648 797)	95 765 848
Effects of inflation adjustments	(101 636 484)	(166 644 923)	-	-
Closing balance	101 677 244	178 942 341	101 677 244	111 326 041
6. INCURRED BUT NOT REPORTED CLAIMS RESERVE (IBNR)				
Opening balance	144 926 488	87 344 949	90 163 636	12 113 789
Charge/(credit) to profit or loss	27 044 724	148 008 341	22 878 682	78 049 847
Effects of inflation adjustments	(58 928 894)	(90 426 802)	-	-
Closing balance	113 042 318	144 926 488	113 042 318	90 163 636
7. OUTSTANDING CLAIMS RESERVE				
Opening balance	45 925 133	-	28 571 568	-
Charge/(credit) to profit or loss	38 998 380	77 490 215	35 677 204	28 571 568
Effects of inflation adjustments	(20 674 741)	(31 565 082)	-	-
Closing balance	64 248 772	45 925 133	64 248 772	28 571 568

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Inflation adjusted		Unaudited Historical cost	
	31 Dec 2021 ZWS	31 Dec 2020 ZWS	31 Dec 2021 ZWS	31 Dec 2020 ZWS
8. NET CLAIMS				
Gross claims	507 071 991	490 607 899	417 647 120	187 787 823
Retrocession recoveries	(52 207 751)	(19 972 008)	(43 000 634)	(5 124 969)
IBNR movement	27 044 724	148 008 341	22 878 682	78 049 847
Outstanding claims movement	38 998 380	77 490 215	35 677 204	28 571 568
	520 907 344	696 134 447	433 202 372	289 284 269
9. NET COMMISSIONS				
Gross commissions	556 707 132	527 384 188	445 154 826	236 910 391
Retrocession commissions	(148 528 614)	(115 676 537)	(118 766 629)	(42 367 050)
	408 178 518	411 707 651	326 388 197	194 543 341
10. OPERATING EXPENSES				
Staff expenses	111 260 251	49 960 662	93 334 408	22 799 137
Impairment on balances receivable from insurance companies	(8 797 972)	14 837 990	(8 797 972)	9 231 212
Administration expenses	153 808 454	94 797 816	117 337 860	40 176 862
Depreciation of PPE	4 428 799	6 196 661	2 755 304	859 907
Directors' remuneration	14 026 378	6 638 433	11 623 987	3 084 320
Current year audit fees	9 411 059	6 806 744	7 380 970	2 144 671
	284 136 969	179 238 306	223 634 557	78 296 109
11. INVESTMENT INCOME				
Interest income	4 043 646	3 588 686	3 167 026	1 618 544
Dividend income	8 588 128	3 728 428	7 724 593	1 871 880
Exchange gain/loss	186 204 495	570 431 261	161 756 945	174 060 517
Rental income	4 761 312	4 324 521	3 736 318	2 221 307
Profit on disposal	524 650	-	531 340	-
	204 122 231	582 072 896	176 916 222	179 772 248
12. FAIR VALUE ADJUSTMENT				
Increase in fair value of equity investments	156 187 984	740 301	210 356 410	69 532 710
Increase in fair value unquoted investments	1 898 246	-	2 213 676	-
Increase in fair value of investment property	165 742 969	(20 265 570)	292 179 229	143 172 272
	323 829 199	(19 525 269)	504 749 315	212 704 982

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Independent Auditors' Report

To the shareholders of ZB Financial Holdings Limited

Qualified Opinion on the Inflation Adjusted Consolidated Financial Statements and Unmodified Opinion on the Inflation Adjusted Separate Financial Statements

We have audited the inflation adjusted consolidated and separate financial statements of ZB Financial Holdings Limited (the Group and Company), set out on pages 19 to 174, which comprise:

- the inflation adjusted consolidated and separate statements of financial position at 31 December 2021;
- the inflation adjusted consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the inflation adjusted consolidated and separate statements of changes in equity for the year then ended;
- the inflation adjusted consolidated and separate statements of cash flows for the year then ended; and
- the notes to the inflation adjusted consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for opinions* section of our report, the inflation adjusted consolidated financial statements present fairly, in all material respects, the inflation adjusted consolidated financial position of ZB Financial Holdings Limited at 31 December 2021, and its inflation adjusted consolidated financial performance and inflation adjusted consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02), the Securities and Exchange Act (Chapter 24:25), Microfinance Act (Chapter 24:29) and the Insurance Act (Chapter 24:07).

In our opinion, the inflation adjusted separate financial statements present fairly, in all material respects, the inflation adjusted separate financial position of ZB Financial Holdings Limited at 31 December 2021, and its inflation adjusted separate financial performance and inflation adjusted separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Opinions, including Qualified Opinion on Inflation Adjusted Consolidated Financial Statements and Unmodified Opinion on Inflation Adjusted Separate Financial Statements

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

During the prior year, despite having engaged the same external property valuer, the valuation basis applied between ZB Financial Holdings Limited, its subsidiaries and its associate over owner occupied and investment properties, was inconsistent with the valuation basis adopted in prior years, as well as within the group entities.

As International Financial Reporting Standard 13 '*Fair Value Measurement*' (IFRS 13) paragraph 65 requires valuation techniques used to measure fair value to be applied consistently, the change in the valuation basis to include the valuation of investment properties of the associate on the basis of direct Zimbabwe dollar (ZW\$) valuations in the prior year compared to United States dollar (USD) valuations in the earlier years did not comply with the conditions in the standard that allow for a change in valuation technique due to limited ZW\$ market evidence during the prior year.

The Directors of ZB Financial Holdings Limited did not adjust the comparative inflation adjusted consolidated financial statements for the year ended 31 December 2020 to align the valuation approaches between the Group and its associate. Had the directors adjusted the inflation adjusted consolidated financial statements to align the valuation approaches between the Group and the associate for the preceding financial year, the following financial statement captions would have resulted in decreases in the prior year as shown below:

- Equity accounted investments ZW\$ 1 533 167 976;
- Deferred tax liability ZW\$ 78 908 554;
- Life assurance funds liability ZW\$ 328 395 162;
- Retained income ZW\$ 1 125 864 261;
- Share of profit from equity accounted investments ZW\$ 1 533 167 976;
- Changes to policyholder liabilities ZW\$ 328 395 162; and
- Income tax expense ZW\$ 78 908 554

For the financial year ended 31 December 2021, the Group, its subsidiaries and its associate undertook an exercise to ensure alignment of the valuation approaches by undertaking direct Zimbabwe dollar valuations using Zimbabwe dollar inputs and adopting these for 31 December 2021 reporting purposes, which also included the full alignment of reporting periods. Despite this alignment on the closing values, the Group has not restated the comparative inflation adjusted consolidated financial statements, 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 IFRS 13 and IAS 28 as reflected in the previous paragraph which resulted in the modified opinion being issued in the prior year. This resulted, in the residual income statement effect on the current year which impacted an increase in the share of profit from equity accounted investments by ZW\$ 1 533 167 976, the changes in policy holder liabilities by ZW\$ 328 395 162 and the income tax expense by ZW\$ 78 908 554 which are considered material to the inflation adjusted consolidated financial statements.

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

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

Key audit matters

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

1. Valuation of owner-occupied property and equipment and investment properties

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

Refer to the property and equipment accounting policy note 3.7, the investment property accounting policy note 3.16, critical accounting judgements and key sources of estimation uncertainty note 2.2.2.4, the investment properties consolidated and separate note 12, the property and equipment consolidated and separate note 14 and the fair value adjustments consolidated and separate note 30 to the inflation adjusted consolidated and separate financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Group and the Company hold owner occupied properties and equipment that are measured at fair value in accordance with IAS 16 - <i>Property, Plant and Equipment</i> (IAS 16). The Group also holds investment property which is measured at fair value in accordance with IAS 40 - <i>Investment Property</i> (IAS 40).</p> <p>As at reporting date, the Group and Company had owner occupied properties and equipment amounting to ZW\$ 9 380 million inflation adjusted and ZW\$ 241 million inflation adjusted respectively, whilst the Group and Company had investment</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • Evaluating the professional competence and objectivity of the external valuers engaged by the directors to value the properties and equipment and specifically evaluating the independence of the external valuers by enquiring about their interests and relationship with the Group and Company and validating their membership to professional associations;

Key audit matter	How the matter was addressed in our audit
<p>properties amounting to ZW\$ 4 449 million inflation adjusted and ZW\$ 72 million inflation adjusted respectively.</p> <p>In the current year, there was a change to the basis of estimating the fair values of the abovementioned categories, in that property and equipment valuations were performed directly in ZW\$ currency, compared to prior periods where valuations were in USD and translated to the ZW\$ currency at the auction (official) rate, due to common market practice.</p> <p>The key inputs and assumptions used in the valuations for commercial and industrial properties, such as, rental rates per square meter and capitalisation rates are determined in an environment where there is limited market activity in the local currency.</p> <p>For residential properties and equipment, the valuer used the market approach, by making reference to comparable completed properties transactions as well as property listing prices, and for valuing equipment sought quotations from suppliers and obtained transaction references from auction houses.</p> <p>Given the quantitative impact of the decision to change the valuation technique for the year end property and equipment valuations, the degree of complexity involved in determining appropriateness of key ZW\$ inputs and assumptions used therein and the significant judgement and estimation required in determining the fair values, the valuation of the Group and the Company's owner occupied properties and equipment, and the Group and Company's investment properties was considered a key audit matter.</p>	<ul style="list-style-type: none"> • Evaluating the appropriateness of the valuation methodologies used by the valuers, specifically in relation to the change in valuation currency, based on our knowledge of the industry and the requirements of IFRS 13 - <i>Fair Value Measurement</i> (IFRS 13); and challenging the valuers over the inputs used to value properties and requesting market supportable evidence in respect of the 2021 values in ZW\$; • Review of specific valuation inputs and market comparable used by management's valuation specialist in determining fair values, including performing reasonableness assessments; • Consulting with independent property and equipment valuation specialists with regards to the appropriateness of performing valuations in the local currency (ZW\$) in the current year as well as adequacy of ZW\$ valuation sources of information, in addition to market developments with respect to ZW\$ valuations and • Assessing the adequacy of the disclosures in the financial statements in respect of the valuation of owner occupied properties, equipment and investment properties in accordance with IAS 16, IAS 40 and IFRS 13, including the impact of the change in valuation technique.

2. Expected credit loss allowance on loans and advances

This matter relates to the inflation adjusted consolidated financial statements.

Refer to the key sources of estimation uncertainty computation of expected credit losses note 2.2.2.8, impairment of financial assets accounting policy note 3.4.1.5, mortgages and other advances note 7 and credit risk note 39.2.4.

Key audit matter	How the matter was addressed in our audit
<p>The Group provides mortgages and advances to individuals, corporates and, small and medium enterprises (SMEs). At reporting date, the Group had mortgages and other advances of ZW\$ 11 917 million inflation adjusted. The Group uses an Expected Credit Loss (ECL) model to determine the allowance for loans and advances impairments. The ECL methodology incorporates the expected future credit losses due to forward looking macro-economic variables.</p> <p>The Group's ECL model includes certain judgements and assumptions such as:</p> <ul style="list-style-type: none"> • the credit grade allocated to the counterparties ; • the probability of a loan becoming past due and subsequently defaulting (probability of default (PD)); • the determination of the Group's definition of default; • the magnitude of the likely loss if there is default (loss given default (LGD)); • the expected exposure in the event of a default (exposure at default (EAD)); • the criteria for assessing significant increase in credit risk (SICR); • the rate of recovery on the loans that are past due and in default; • the identification of impaired assets and the estimation of impairment, including the estimation of future cash flows, market values and estimated time and cost to sell collateral; and • the incorporation of forward-looking information related to the expected outlook on the country's inflation rates, central bank interest rates, exchange rates and the gross domestic product used in determining the expected credit losses in the loans and advances portfolios. 	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • Assessing and testing the design, implementation and operating effectiveness of the key controls over credit origination and monitoring; • Assessing whether the Group's credit policies are aligned with IFRS 9, <i>Financial Instruments</i> (IFRS 9); • Engaging our Financial Risk Management specialists to evaluate the appropriateness of the Group's IFRS 9 expected credit losses model by using our own independent models to recompute the ECL and reviewing the reasonability of the methodology updates within the Group's IFRS 9 ECL model since the prior year; • Using available external and independent information to challenge management's judgements and assumptions in determining expected credit losses; • Engaging our Information Risk Management specific team members to re-perform the extraction of the entire loan portfolio from the core systems and performing independent classification into stage 1, stage 2 and stage 3 in accordance with IFRS 9 staging requirements based on delinquency dates and comparing against management's IFRS 9 calculations and investigating variances in staging; • Assessing the completeness, accuracy and validity of data and inputs used during the development and application of the ECL model; • For a sample of loans and advances, we evaluated the

Key audit matter	How the matter was addressed in our audit
<p>Due to the significance of the loans and advances balance to the inflation adjusted consolidated statement of financial position of the Group and the level of judgement applied in determining the ECL, the expected credit loss on loans and advances was considered a key audit matter.</p>	<p>appropriateness of the credit risk grade through the performance of credit reviews and an analysis of the financial performance of selected entities; and</p> <ul style="list-style-type: none"> • Assessing the adequacy of the Group's disclosures in respect of ECL as required in terms of IFRS 9.

3. Valuation of insurance liabilities and life assurance funds

This matter relates to the inflation adjusted consolidated financial statements.

Refer to the insurance liabilities accounting policy note 3.17.2, and trade and other payables consolidated note 18 to the inflation adjusted consolidated financial statements. Also refer to the key sources of estimation uncertainty valuation of the life fund note 2.2.2.7 and the life assurance funds note 21 to the inflation adjusted consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Group holds insurance liabilities which, on an inflation adjusted basis, comprise of Incurred But Not Reported Claims Reserve (IBNR) of ZW\$ 110 million (note 18.2), net outstanding claims of ZW\$ 64 million (note 18.3), and unearned premium reserve (UPR) of ZW\$ 102 million (note 18.1) included under Trade and Other Payables ZW\$ 4 207 million, and has life assurance funds amounting to ZW\$ 3 162 million (note 21) at 31 December 2021.</p> <p>The directors engaged two actuarial experts (one for the reinsurance subsidiary and another for the life assurance subsidiary) to assess the appropriateness of the valuation of the IBNR, net outstanding claims, UPR and the life assurance funds (policyholder liabilities).</p> <p>The determination of the insurance liabilities is an area that makes use of significant qualitative and quantitative judgments and estimates due to the level of subjectivity inherent in the estimation of the occurrence and severity of insurable events that have occurred as at the end of the reporting year.</p> <p>Significant estimation and judgement is</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • Testing the design, implementation and operating effectiveness of key controls over the identification, measurement and recording of the Group's calculation of insurance contract liabilities; • Evaluating the appropriateness of the methodology applied and assumptions used by the Group to determine the insurance liabilities using our knowledge and industry experience; • Engaging our own actuarial specialist to interrogate the methodology and assumptions used in the determination of the insurance liabilities by testing the principles and integrity of the data and models used by management and their actuaries; • Assessing the reasonability and accuracy of the liabilities by comparing the prior year claims recognised against the results of current year claims actually reported that related to the prior financial period. • Confirming the amounts recoverable from the reinsurers;

Key audit matter	How the matter was addressed in our audit
<p>applied over key valuation assumptions used to determine the insurance contract liabilities such as valuation discount rates, expense inflation and mortality basis.</p> <p>Because of the inherent susceptibility of the insurance liabilities (technical reserves) to estimation uncertainty as well as their quantitative impact, we considered the valuation of these insurance liabilities to be a key audit matter.</p>	<ul style="list-style-type: none"> • Re-computing, from date of the origination of premiums, the allocation of premiums received between current year and future periods based on time allocation, together with the amounts for future periods being recognized as UPR; and • Assessing the disclosures in the inflation adjusted consolidated financial statements, paying particular attention to the disclosure of the assumptions used and judgements made.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, the Group Chief Executive's Report, the Report of the directors, the Directors' statement of responsibilities, extracts from the report of the independent actuary and the unaudited financial information in the inflation adjusted consolidated and separate financial statements titled "Unaudited Historical Cost", but does not include the inflation adjusted consolidated and separate financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the "ZB Financial Holdings Limited 2021 Annual Report", which is expected to be made available to us after that date.

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

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

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

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

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with International Financial Reporting Standards and the manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20), the Building Societies Act (Chapter 24:02), the Securities and Exchange Act (Chapter 24:25), Microfinance Act (Chapter 24:29) and the Insurance Act (Chapter 24:07), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors'

report to the related disclosures in the inflation adjusted consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the inflation adjusted consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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



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

29 April 2022

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

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