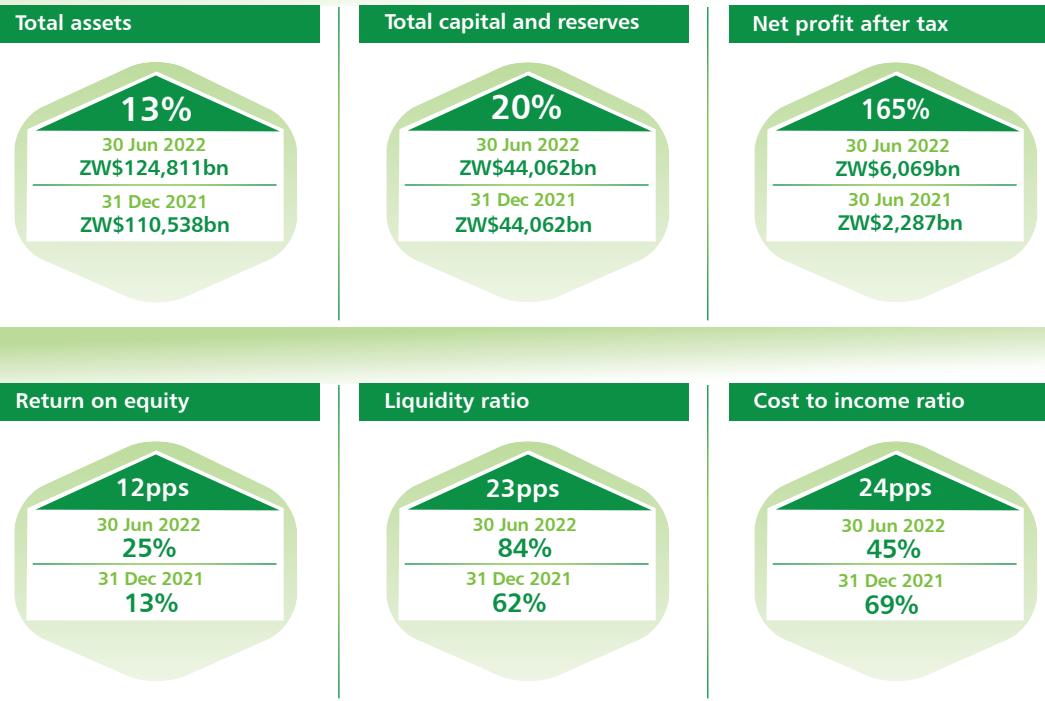




Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2022

Inflation Adjusted Financial Highlights



CHAIRMAN'S STATEMENT

Operating Environment:

For the half year to 30 June 2022, the major issues in the domestic operating environment continued to be instability in the exchange rate regime and worsening inflation profile. The local currency depreciated by 237.1% against the USD from US\$1: ZW\$108.67 on 1 January 2022 to US\$1: ZW\$366.27 on 30 June 2022 – the local currency depreciated the most in Q2 2022, by 157.2%, from US\$1: ZW\$142.42.

Meanwhile, year on year inflation averaged 103.2%, whilst month on month inflation averaged 14.3%, between January 2022 and June 2022. Although the annual inflation outturn for the half year to 30 June 2022 improved from the comparative period in 2021, it is worth noting that, where in the same period in prior year annual inflation was on a downward trajectory, in 2022 year on year inflation is actually on an upward trajectory, and monthly inflation is now in double digit. Aside from the currency depreciation, the worsening inflation profile was also impacted by the pass-through effects from rising global inflation occasioned by the Russia-Ukraine war, which resulted in rising international commodity prices.

A great improvement was recorded in COVID-19 cases during the period under review, with the worst of the pandemic seemingly being behind us now. Business operations were conducted at near full capacity, as the economy continues to recover from outbreak of the Corona virus.

Group Performance:

For the six months ending 30 June 2022 the Group posted inflation adjusted net earnings after taxation of ZW\$6.069bn, an increase of 165% over the prior year comparative period whilst in historical cost terms the net earnings after taxation increased by 2 001% to ZW\$20.370bn. This performance was underpinned by growth in inflation adjusted total assets of 13% to ZW\$124.811bn (31 December 2021: ZW\$110.538bn) and in historical cost terms total assets grew by 135% to ZW\$116.961bn (31 December 2021: ZW\$49.850bn). The financial performance is discussed in greater detail by the Group Chief Executive in his report.

Capital Requirements:

As at 30 June 2022, all Group companies, with the exception of ZB Building Society, were in compliance with prescribed minimum capital requirements. The Group is finalising on options available to address the capital adequacy challenges at ZB Building Society, which are expected to be completed by 31 December 2022.

Dividends:

The Board has declared an interim dividend of ZW77.18 cents per share for the period ending 30 June 2022. A separate dividend notice will be published to this effect.

Compliance & Regulatory Issues:

The Group has dealt with the majority of the 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. The Group has made its submissions to RBZ and it awaits the lifting of the order upon satisfactory review.

Directorate:

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

Outlook:

The domestic economy is projected to maintain the growth momentum in 2022 and beyond. The Government of Zimbabwe has projected 2022 GDP growth of 4.6%. Growth is expected to be underpinned by higher output in the accommodation and food services (tourism), mining, manufacturing, and construction sectors of the economy.

The Group's strategic priority for the remaining months of 2022 is to continuously seek ways to preserve its capital from inflation-induced value erosion. In addition, a significant focus will be targeted at completing the sprints of the Organizational Transformation Programme with the goal of making happy customers through the provision of service excellence; and also enhancing group performance outturn.

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 the Board, Management and Staff, for their collective contributions to the notable performance despite a challenging operating environment.

P. Chiromo
Chairman

30 August, 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 half year to June 2022, the Group recorded a 147% rise in inflation adjusted total income, from ZW\$8.446bn in 2021 to ZW\$20.877bn and a 779% increase to ZW\$25.725bn in historical cost terms. This performance outturn was mainly underpinned by a 1 039% rise in other operating income, which rose from ZW\$0.979bn (Historical cost of ZW\$0.326bn) in June 2021 to ZW\$11.148bn (Historical cost of ZW\$10.913bn) in June 2022, followed by banking commissions and fees which rose from ZW\$3.353bn (Historical cost of ZW\$1.080bn) in June 2021 to ZW\$3.885bn in 2022 (Historical cost of ZW\$2.603bn), representing a 16% improvement. Fair value adjustments also contributed significantly, rising by 99% from ZW\$1.513bn (Historical cost of ZW\$0.696bn) in June 2021 to ZW\$3.012bn (Historical cost of ZW\$10.994bn) in June 2022.

In inflation adjusted terms, net interest income registered rose by 55%, from ZW\$2.649bn in 2021 to ZW\$4.106bn in 2022 whilst it went up by 179% to ZW\$2.368bn in historical cost terms. Inflation adjusted loan impairment charges rose by 207%, from ZW\$0.747bn (Historical cost of ZW\$0.249bn) in June 2021 to ZW\$2.290bn (Historical cost of ZW\$1.761bn) in June 2022. Inflation adjusted net income from lending activities fell by 5%, from ZW\$1.902bn in June 2021 to ZW\$1.817bn in June 2022. However, historical net income from lending activities arose by 1% to ZW\$0.607bn.

Net insurance income increased by 45%, from ZW\$0.698bn (Historical cost of ZW\$0.223bn) in June 2021 to ZW\$1.016bn (Historical cost of ZW\$0.608bn) in June 2022, on the back of a 43% rise in gross premiums from ZW\$2.044bn in June 2021 to ZW\$2.933bn in June 2022 whilst it improved by 215% to ZW\$2.075bn in historical cost terms.

Meanwhile, the Group recorded a 58% increase in inflation adjusted operating costs, from ZW\$5.970bn in June 2021 to ZW\$9.413bn in June 2022, largely emanating from upward pressure on cost structures resulting from the inflationary environment. Historical operating costs increased by 241% from ZW\$1.867bn in June 2021 to ZW\$6.374bn in June 2022.

Profit from ordinary activities grew by 363%, from ZW\$2.475bn (Historical cost of ZW\$1.060bn) in June 2021 to ZW\$11.465bn (Historical cost of ZW\$19.350bn in June 2022).

In inflation adjusted terms, net profit registered a 165% increase, from ZW\$2.287bn attained in June 2021 to ZW\$6.069bn in June 2022 and a 2 001% growth to ZW\$20.370bn in historical cost terms.

Meanwhile, the Group's total assets increased by 13% in inflation adjusted terms, from ZW\$110.538bn as at 31 December 2021 to ZW\$124.811bn as at 30 June 2022. In historical cost terms, total assets grew by 135%, from ZW\$49.850bn as at 31 December 2021 to ZW\$116.961bn as at 30 June 2022.

Deposits and other related funding account balances grew marginally from ZW\$43.060bn as at 31 December 2021 to ZW\$43.106bn as at 30 June 2022, whereas in historical cost terms, deposits and other accounts improved by 119% to ZW\$43.106bn.

The Group's inflation adjusted total equity increased by 20%, from ZW\$44.062bn (Historical cost of ZW\$19.488bn) as at 31 December 2021 to ZW\$52.776bn (Historical cost of ZW\$46.599bn) as at 30 June 2022, 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's inflation adjusted net profit after tax improved from ZW\$1.474bn in 2021 to ZW\$5.148bn for the period ending 30 June 2022 and it registered an improvement of 2 110% to ZW\$12.973bn in historical cost terms. The Bank's total assets increased from ZW\$81.062bn as at 31 December 2021 to ZW\$91.331bn as at 30 June 2022, representing a 12.7% increase. The Bank's asset base in historical terms grew by 128% to ZW\$83.827bn as at 30 June 2022.

ZB Building Society's inflation adjusted net profit after tax improved from ZW\$191.76m in June 2021 to ZW\$1.037bn for the period ending 30 June 2022 and an increase of 3 282% in historical cost terms. The Society's total assets increased from ZW\$6.427bn (Historical cost of ZW\$2.935bn) as at 31 December 2021 to ZW\$7.492bn (Historical cost of ZW\$7.444bn) as at 30 June 2022, representing a 17% increase.

Insurance Operations:

ZB Reinsurance's net profit after tax in inflation adjusted term, improved from ZW\$277.56m in 2021 to ZW\$990.70m for the period ending 30 June 2022 and it recorded a historical cost improvement of 2 514% to ZW\$2.442bn. The company's total assets increased from ZW\$4.073bn (Historical cost of ZW\$1.861bn) as at 31 December 2021 to ZW\$5.660bn (Historical cost of ZW\$5.634bn) as at 30 June 2022, representing a 203% increase.

The company maintained good relations with its cedants and retrocession partners during the period. Expansion into the Botswana market is now at an advanced stage, as the company opened for business on 1 June 2022.

ZB Life's inflation adjusted net profit after tax increased from ZW\$599.20m in June 2021 to ZW\$1.285bn for the period ending 30 June 2022. In historical cost terms, net profit after tax improved by 1 686% to ZW\$3.570bn. The company's total assets increased from ZW\$12.889bn (Historical cost of ZW\$5.852bn) as at 31 December 2021 to ZW\$14.189bn (Historical cost of ZW\$13.978bn) as at 30 June 2022, representing a 10% increase.

Other Strategic Developments:

The Group continued to progress its organisational transformation program during the review period. The program is designed to transform the organisational design into a more people-centric one, and to enhance the customer journey in order to delight the Group's customers through a combination of digitalisation and service excellence.

As part of the transformation, the Group has come up with new structures designed to remove silos in its operations, and is currently making new appointments in line with the new structure – this exercise is scheduled for completion in Q3 2022.

The Group also continued to progress the conversion of branches into one-stop customer service centres, with 14 branches having been converted to service centres as at 30 June 2022.

Furthermore, in its drive to continuously progress environmental, social and governance (ESG) tenets, the Group continues to record progress in its quest to attain certification under the Sustainability Standards & Certification Initiative (SSCI) being driven by the European Organisation for Sustainable Development (ESOD) with guidance from the Reserve Bank of Zimbabwe (RBZ) – the Group is targeting certification by end of 2022.

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.

During the period under review, the Group successfully launched a new organisational design which is currently being implemented. The Group also embarked on a programme of staff training and development to facilitate transformation into a high performing organisational culture.

Industrial relations remained cordial during the period under review.

Appreciation:

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

I also express my appreciation to Management and Staff team for their contribution to the half year performance.

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

S. T. Fungura
Group Chief Executive Officer

30 August, 2022



NOTES TO CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

18.2.1 Classification and measurement of financial assets and liabilities (continued)

31 December 2021	Audited 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	2 204 061 244	-	-	2 204 061 244	2 204 061 244	-	-	2 204 061 244
Unlisted equity investments	6 660 192 710	-	-	6 660 192 710	-	6 660 192 710	6 660 192 710	
Treasury bills	4 556 347 268	-	624 010 231	5 180 357 499	-	4 556 347 268	624 010 231	5 180 357 499
Financial assets not measured at fair value:								
Trade and other receivables	-	4 361 843 230	-	4 361 843 230	-	-	-	
Cash and cash equivalents	-	21 261 431 494	-	21 261 431 494	-	-	-	
Treasury bills	-	96 276 884	-	96 276 884	-	-	-	
Advances and other accounts	-	26 779 987 780	-	26 779 987 780	-	-	-	
Total	13 420 601 222	52 499 539 388	624 010 231	66 544 150 841	-	-	-	
Financial liabilities								
Deposit and other accounts	-	(43 060 376 684)	-	(43 060 376 684)	-	-	-	
Trade and other payables	-	(9 308 026 097)	-	(9 308 026 097)	-	-	-	
Offshore borrowings	-	(1 440 282 351)	-	(1 440 282 351)	-	-	-	
Long term borrowings	-	(37 101 405)	-	(37 101 405)	-	-	-	
Total	-	(53 845 786 537)	-	(53 845 786 537)	-	-	-	
30 June 2022								
Unreviewed Historical cost								
30 June 2022	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
	1 968 140 919	-	-	1 968 140 919	1 968 140 919	-	-	1 968 140 919
Financial assets measured at fair value:	5 603 396 360	-	-	5 603 396 360	-	5 603 396 360	5 603 396 360	
Listed equity securities	6 127 728 321	-	1 170 406 146	7 298 134 467	-	6 127 728 321	1 170 406 146	7 298 134 467
Financial assets not measured at fair value:								
Trade and other receivables	-	8 849 460 689	-	8 849 460 689	-	-	-	
Cash and cash equivalents	-	28 954 067 340	-	28 954 067 340	-	-	-	
Treasury bills	-	39 832 567	-	39 832 567	-	-	-	
Advances and other accounts	-	20 762 092 597	-	20 762 092 597	-	-	-	
Total	13 699 255 600	58 605 453 193	1 170 406 146	73 475 114 939	-	-	-	
Financial liabilities								
Deposit and other accounts	-	(43 106 109 672)	-	(43 106 109 672)	-	-	-	
Trade and other payables	-	(11 245 290 691)	-	(11 245 290 691)	-	-	-	
Offshore borrowings	-	(3 934 977 887)	-	(3 934 977 887)	-	-	-	
Short term borrowings	-	(478 706 849)	-	(478 706 849)	-	-	-	
Long term borrowings	-	(17 596 362)	-	(17 596 362)	-	-	-	
Total	-	(58 782 681 461)	-	(58 782 681 461)	-	-	-	
31 December 2021								
Unaudited Historical cost								
31 December 2021	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
	1 006 800 279	-	-	1 006 800 279	1 006 800 279	-	-	1 006 800 279
Financial assets measured at fair value:	3 042 331 014	-	-	3 042 331 014	-	3 042 331 014	3 042 331 014	
Listed equity securities	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)	-	-	-	

18.2.1.1 Level 1 valuation

Listed equity investments are valued in relation to prices ruling at the stock market at which the stock is listed at the close of business on 30 June 2022.

18.2.1.2 Level 2 valuation

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

18.2.1.3 Level 3 valuation

Unlisted investments were valued at net asset value and price earnings multiple techniques. In applying these methods, judgement was used. The following factors are relevant in understanding the basis:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Equity Security	Net Asset Value: The valuation model determines the fair value of investment securities (non-listed entities) with reference to the net asset value, which was determined by the directors as a proxy valuation method. NAV valuation method was used where investees are largely property holdings and investment entities.	The fair values of investment securities are based on net asset values which make use of the net movements in the assets and liabilities of investee entities. Net asset values have been verified by independent auditors, but are not observable from market data.	The estimated fair value would increase or decrease due to the following: <ul style="list-style-type: none">- Increase or decrease in fair value or historical cost adjustments of underlying assets and liabilities held by investees.- Decrease as a result of economic obsolescence of underlying assets.- Financial performance of the investee.
	The market approach as prescribed by IFRS 13 – Fair valuation requires the identification of a similar or identical quoted assets with similar risk profiles.	Adjusted market price earnings multiple. <ul style="list-style-type: none">- Discounting rate.	The estimated fair value would increase / decrease if the adjusted market price earnings multiple and discounting rates were higher or lower.

Level 3 recurring fair values

A reconciliation from the opening balances to the closing balances for level 3 fair values is shown below:

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2022 ZWS	Audited 31 Dec 2021 ZWS	Unreviewed 30 Jun 2022 ZWS	Unaudited 31 Dec 2021 ZWS
Balance at beginning of year	7 284 202 941	2 817 256 214	3 327 374 670	785 570 089
Fair value adjustments	(1 045 995 872)	3 523 989 581	3 170 851 286	2 220 073 695



Financial Holdings Limited

Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2022

BANKING | INVESTMENTS | INSURANCE



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

18.2.4 Credit risk (continued)

	Unreviewed Historical cost June 2022				Unaudited Historical cost December 2021			
	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	20 395 014 720	101 516 096	121 601 333	20 618 132 149	12 103 830 038	116 971 953	500 842 998	12 721 644 989
Guarantees	1 863 544 018	-	-	1 863 544 018	829 021 429	-	-	829 021 429
Loan commitments	6 593 002 500	-	-	6 593 002 500	728 680 207	-	-	728 680 207
Letters of credit	1 975 898 094	-	-	1 975 898 094	-	-	-	-
Treasury bills	7 337 967 034	-	-	7 337 967 034	2 410 330 922	-	-	2 410 330 922
Insurance debtors	1 087 090 071	-	59 676 646	1 146 766 717	208 440 447	-	12 864 095	221 304 542
Other financial assets	788 421 957	-	-	788 421 957	211 413 527	-	-	211 413 527
Total financial assets	40 040 938 394	101 516 096	181 277 979	40 323 732 469	16 491 716 570	116 971 953	513 707 093	17 122 395 616
Total loans and advances								
Good (AAAto-BBB-)	20 390 996 889	1 309 418	2 141 379	20 394 447 686	12 100 272 513	4 944 492	1 318 944	12 106 535 949
Special Mention (BB+toCCC-)	4 017 831	100 206 678	320 723	104 545 232	3 557 525	112 027 461	148 085	115 733 071
Non performing (CCTOD)	-	-	119 139 231	119 139 231	-	-	499 375 969	499 375 969
Total loans and advances	20 395 014 720	101 516 096	121 601 333	20 618 132 149	12 103 830 038	116 971 953	500 842 998	12 721 644 989
Corporate Lending								
Good (AAAto-BBB-)	11 862 243 515	-	-	11 862 243 515	5 595 194 178	-	-	5 595 194 178
Special Mention (BB+toCCC-)	-	55 308 064	-	55 308 064	-	35 831 810	-	35 831 810
Non performing (CCTOD)	-	-	38 281 041	38 281 041	-	-	472 638 134	472 638 134
Total corporate lending	11 862 243 515	55 308 064	38 281 041	11 955 832 620	5 595 194 178	35 831 810	472 638 134	6 103 664 122
Small business Lending								
Good (AAAto-BBB-)	1 100 728 804	150	17 382	1 100 746 336	390 530 083	3 152	11 071	390 544 306
Special Mention (BB+toCCC-)	-	10 144 931	-	10 144 931	-	35 324 191	-	35 324 191
Non performing (CCTOD)	-	-	38 818 682	38 818 682	-	-	3 879 200	3 879 200
Total small business Lending	1 100 728 804	10 145 081	38 836 064	1 149 709 949	390 530 083	35 327 343	3 890 271	429 747 697
Consumer Lending								
Good (AAAto-BBB-)	6 721 519 997	1 309 268	2 123 057	6 724 952 322	5 800 808 370	4 813 523	1 307 873	5 806 929 766
Special Mention (BB+toCCC-)	4 017 831	11 610 871	320 723	15 949 934	3 557 525	40 575 052	148 085	44 280 662
Non performing (CCTOD)	-	-	-	35 298 028	35 298 028	-	11 699 341	11 699 341
Total consumer lending	6 725 537 828	12 920 139	37 741 808	6 776 199 775	5 804 365 895	45 388 575	13 155 299	5 862 909 769
Mortgage Lending								
Good (AAAto-BBB-)	706 504 573	-	940	706 505 513	313 739 882	127 817	-	313 867 699
Special Mention (BB+toCCC-)	-	23 142 812	-	23 142 812	-	296 408	-	296 408
Non performing (CCTOD)	-	-	6 741 480	6 741 480	-	-	11 159 294	11 159 294
Total Mortgage Lending	706 504 573	23 142 812	6 742 420	736 389 805	313 739 882	424 225	11 159 294	325 323 401
Guarantees								
Good (AAAto-BBB-)	1 863 544 018	-	-	1 863 544 018	829 021 429	-	-	829 021 429
Special Mention (BB+toCCC-)	-	-	-	-	-	-	-	-
Non performing (CCTOD)	-	-	-	-	-	-	-	-
Total guarantees	1 863 544 018			1 863 544 018	829 021 429			
Loan commitments								
Good (AAAto-BBB-)	6 593 002 500	-	-	6 593 002 500	728 680 207	-	-	728 680 207
Special Mention (BB+toCCC-)	-	-	-	-	-	-	-	-
Non performing (CCTOD)	-	-	-	-	-	-	-	-
Total loan commitments	6 593 002 500			6 593 002 500	728 680 207			
Loan of credit								
Good (AAAto-BBB-)	1 975 898 094	-	-	1 975 898 094	-	-	-	-
Special Mention (BB+toCCC-)	-	-	-	-	-	-	-	-
Non performing (CCTOD)	-	-	-	-	-	-	-	-
Total letters of credit	1 975 898 094			1 975 898 094				
Other financial assets								
Bonds	-	-	-	-	-	-	-	-
Good (AAA to BBB)	788 421 957	-	-	788 421 957	211 413 527	-	-	211 413 527
Total other financial assets	788 421 957			788 421 957	211 413 527			211 413 527

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

	Reviewed Inflation adjusted June 2022				Audited Inflation adjusted December 2021			
	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	907 946 213	7 249 234	27 934 176	943 129 623	431 842 250	67 624 864	1 026 755 166	1 526 222 280
Treasury bills	-	-	-	-	-	-	-	-
Insurance debtors	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-
Total impairment allowances	907 946 213	7 249 234	87 610 822	1 002 806 269	431 842 250	67 624 864	1 054 916 911	1 554 384 025
In respect of guarantees	114 200 393	-	-	114 200 393	83 797 295	-	-	83 797 295
In respect of Letter of credit	-	-	-	-	-	-	-	-
In respect of Loan commitments	-	-	-	36 043 017	-	-	3 476 277	-
In respect of other financial assets	-	-	-	-	-	-	-	-
Total	48 533 983			48 533 983	28 711 443		28 711 443	
Total loans and advances	907 769 744	338 619	680 315	908 778 678	431 461 196	2 637 326	1 993 361	436 091 883
Good (AAAto-BBB-)	907 769 744	6 910 615	96 267	7				



Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2022

NOTES TO CONSOLIDATED INFLATION ADJUSTED INTERIM FINANCIAL RESULTS (Continued)

21. 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.

As at 30 June 2022 ZB Building Society was not compliant with the minimum capital requirement. The Group is finalising on options available to address the non compliance and is confident that the non compliance will be remediated before 31 December 2022. 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:

- a) **Credit Risk** – changed operating models and market dynamics may affect the ability of borrowers to service their obligations. The Group may be forced to consider loan forbearance to mitigate the risk of loss.
- b) **Liquidity Risk** – During the year, the market continued to have excess liquidity and the Group has not been affected by this risk. 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
- c) **Insurance Risk** – funeral insurance claims remained very low on individual life products despite the advent of COVID-19. There was also an improvement in the claims experience for 2022 where the overall claims ratio came down to 32% compared to 30% in 2021. Current claims levels have been in line with expected trends.
- d) **Market risk** – the valuation of equity investments maybe affected through an unfavourable underlying performance fundamentals as a result of COVID-19 and the difficult operating environment. This may have an effect of reducing the carrying value for investments designated as fair value instruments. The Group does not hold any derivative instruments which may be exposed to secondary risks related to COVID-19. Additionally, there may be a market wide requirement to re-price instruments which may affect the Group's investment portfolio of interest rate sensitive instruments. This may result in a repricing gap between assets and liabilities. The Group's interest sensitive liabilities were higher than interest sensitive assets as at 30 June 2022. A market wide increase in interest rates is likely to reduce the Group's net interest earnings in the short-term.

Consequently, the condensed consolidated inflation adjusted interim results for the period ended 30 June 2022 have been prepared on a going-concern basis.

22. BOARD ATTENDANCE DURING THE HALF YEAR

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

*K Langley resigned from the ZBBL Board with effect from 22 February 2022.

**O Pazvakavambwa was appointed to the ZBLA Board with effect from 29 May 2022.

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

23. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

No standards or amendments that became effective on 1 January 2022 have had a material effect or had an impact on these financial statements.



our vision

To be a leading, globally acclaimed financial services firm of choice in Africa, that delivers happiness to its customers, employees, and other stakeholders.

our mission

Work hard everyday to create happy people.

our values

Empathy
Accountability
Integrity
Excellence
Innovation



Financial
Holdings Limited

Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2022



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REVIEWED FINANCIAL RESULTS for the half year ended 30 June 2022

AUDITOR'S STATEMENT

These condensed inflation adjusted interim financial results of ZB Bank Limited for the half year financial period ended 30 June 2022, have been reviewed by Messrs KPMG Chartered Accountants (Zimbabwe) and an unmodified conclusion has been expressed.

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF FINANCIAL POSITION As at 30 June 2022

Notes	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2022 ZWS	Audited 31 Dec 2021 ZWS	Unreviewed 30 Jun 2022 ZWS	Unaudited 31 Dec 2021 ZWS
ASSETS				
Cash and short term funds	26 404 805 579	19 271 104 731	26 404 805 579	8 802 910 388
Treasury bills	7 337 967 034	5 276 634 384	7 337 967 034	2 410 330 922
Advances and other accounts	19 236 215 449	25 487 164 687	19 236 215 449	11 642 364 564
Inventories	227 609 440	118 994 774	174 148 656	51 396 033
Trade and other receivables	8 158 002 000	4 130 786 223	8 158 002 000	1 886 915 227
Financial assets at fair value through profit or loss	2 539 286 590	4 603 270 731	2 539 286 590	2 102 742 957
Financial assets at amortised cost	1 024 015 508	615 837 316	1 024 015 508	281 310 324
Investment in subsidiary company	11 018 965 814	7 888 968 563	11 007 334 188	3 602 074 649
Right of use asset	2 535 316 774	1 036 513 456	1 889 434 743	370 494 540
Intangible assets	704 506 592	374 226 674	298 358 574	18 697 076
Property and equipment	12 143 866 815	12 258 716 363	5 756 969 179	5 596 203 093
Total assets	91 330 557 595	81 062 239 902	83 826 537 500	36 765 439 773
LIABILITIES				
Deposits from customers	42 952 749 022	43 282 209 996	42 952 749 022	19 771 020 986
Offshore borrowings	3 934 977 887	1 440 282 352	3 934 977 887	657 911 243
Trade and other payables	9 333 681 842	7 768 844 556	9 333 681 842	3 548 755 685
Lease liabilities	1 952 309 979	854 430 880	1 952 309 979	390 298 251
Current tax liabilities	785 406 555	92 226 621	785 406 555	42 128 498
Deferred tax liabilities	2 547 298 211	2 438 675 087	784 633 223	1 096 543 548
Total liabilities	61 506 423 496	55 876 669 492	59 743 758 508	25 506 658 211
EQUITY AND RESERVES				
Share capital	264 399 288	264 399 288	1 810 402	1 810 402
Share premium	4 813 340 829	4 813 340 829	32 958 032	32 958 032
Functional currency translation reserve	-	-	45 437 973	45 437 973
Revaluation reserves	12 006 755 372	11 938 795 734	4 815 939 861	4 551 678 847
General reserves	12 615 152 336	(3 834 810)	124 486 274	(1 751 715)
Retained income	29 824 134 099	8 172 869 369	19 062 146 450	6 628 648 023
Total equity	91 330 557 595	81 062 239 902	83 826 537 500	36 765 439 773

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the half year ended 30 June 2022

Notes	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2022 ZWS	Reviewed 30 Jun 2021 ZWS	Unreviewed 30 Jun 2022 ZWS	Unreviewed 30 Jun 2021 ZWS
Interest and related income				
Interest and related expenses	5 096 164 694 (1 311 761 028)	2 905 166 999 (511 384 329)	3 007 544 422 (848 684 396)	933 042 135 (167 312 173)
Net interest income	3 784 403 666	2 393 782 670	2 158 860 026	765 729 962
Allowance for loan impairment	(2 223 761 193)	(637 730 751)	(1 696 160 653)	(211 180 386)
Net income from lending activities	1 560 642 473	1 756 051 919	462 699 373	554 549 576
Commission and fee income	3 640 086 388	3 100 642 114	2 443 725 091	998 566 980
Other income	7 834 263 345	796 082 556	7 626 015 310	266 789 465
Fair value adjustment	900 052 558	1 640 976 740	7 328 819 334	520 459 036
Total income	13 935 044 764	7 293 753 329	17 861 259 108	2 340 365 057
Operating expenses	(6 870 355 868)	(4 917 057 830)	(4 122 537 642)	(1 562 421 342)
Profit before tax	7 064 688 896	2 376 695 499	13 738 721 466	777 943 715
Income tax expense	(1 173 196 484)	(590 973 322)	(765 320 232)	(190 943 578)
Net profit after taxation	5 147 927 095	1 473 949 888	12 973 401 234	587 000 137
Other Comprehensive income:				
Items that will never be reclassified to profit or loss				
Gains on property revaluation	90 275 820	-	273 920 000	-
Items that may be reclassified to profit or loss				
Gains on treasury bills classified as available for sale	167 691 271 (63 769 465)	(3 967 151) 980 680	167 691 271 (51 112 268)	(1 360 652) 336 353
Related tax	194 197 626	(2 986 471)	390 499 003	(1 024 299)
Total comprehensive income for the period	5 342 124 721	1 470 963 417	13 363 900 237	585 975 838
Earnings per share (ZW cents)	28.44	8.14	71.66	3.24

CONDENSED INFLATION ADJUSTED INTERIM STATEMENT OF CHANGES IN EQUITY For the half year ended 30 June 2022

	Reviewed Inflation adjusted					
	Share capital ZWS	Share premium ZWS	Property and equipment revaluation reserve ZWS	Financial assets at FVOCI reserve ZWS	Retained income ZWS	Total ZWS
Balance at 1 January 2022	264 399 288	4 813 340 829	11 938 795 734	(3 834 808)	8 172 869 369	25 185 570 412
Changes in equity for 2022						
Profit or loss					5 147 927 095	5 147 927 095
Profit for the period	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	67 959 638	-	-	67 959 638
Revaluation of property	-	-	-	126 237 989	-	126 237 989
Fair value gains on available for sale financial assets	-	-	-	-	(705 644 128)	(705 644 128)
Distributions	-	-	-	-	-	-
Dividend to equity holders	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Effect of changes in general price index	-	-	-	-	2 083 093	2 083 093
Balance at 30 June 2022	264 399 288	4 813 340 829	12 006 755 372	124 486 274	25 824 134 099	
Balance at 1 January 2021	264 399 288	4 813 340 829	3 156 002 544	(6 310 050)	5 575 189 319	13 802 621 930
Changes in equity for 2021						
Profit or loss						
Profit for the period	-	-	-	-	1 473 949 888	1 473 949 888
Other comprehensive income, net of tax	-	-	-	(2 986 471)	-	(2 986 471)
Transactions with owners of the Bank	-	-	-	-	-	-
Distributions	-	-	-	-	(1 539 019 391)	(1 539 019 391)
Dividend to equity holders	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Effect of changes in general price index	-	-	-	-	1 08	



Financial Holdings Limited



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Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2022

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

25.3 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\$
Reviewed as at 30 June 2022					
Assets					
Cash and short term funds	10 405 864 164	-	-	-	10 405 864 164
Treasury bills	2 333 880 600	3 501 107 464	636 890 646	866 088 324	7 337 967 034
Advances and other accounts	1 915 523 528	2 472 076 363	3 120 441 214	11 728 174 344	19 236 215 449
Financial assets at fair value through profit or loss	-	-	-	2 539 286 590	2 539 286 590
Financial assets held at amortised cost	172 249 473	486 353 564	365 412 471	-	1 024 015 508
Liabilities	14 827 517 765	6 459 537 391	4 122 744 331	15 133 549 258	40 543 348 745
Deposits from customers	41 228 962 591	1 632 491 400	49 700 000	41 595 031	42 952 749 022
Offshore borrowings	-	3 934 977 887	-	-	3 934 977 887
Lease liability	-	-	813 462 491	1 138 847 488	1 952 309 979
Period gap	41 228 962 591	5 567 469 287	863 162 491	1 180 442 519	48 840 036 888
Cumulative gap	(26 401 444 826)	(25 509 376 722)	(22 249 794 882)	(8 296 688 143)	-
Audited as at 31 December 2021					
Financial asset by type					
Cash and short term funds	3 009 880 804	-	-	-	3 009 880 804
Treasury bills	218 917 425	3 143 683 115	1 484 838 527	429 195 317	5 276 634 384
Advances and other accounts	3 186 499 657	2 699 313 885	3 628 786 750	15 972 564 397	25 487 164 689
Financial assets at fair value through profit or loss	-	-	-	4 603 270 731	4 603 270 731
Financial assets held at amortised cost	-	-	615 837 316	-	615 837 316
Financial liability by type	6 415 297 886	5 842 997 000	5 729 462 593	21 005 030 445	38 992 787 924
Deposits from customers	41 693 813 675	973 003 122	595 122 695	20 270 504	43 282 209 996
Offshore borrowings	-	176 850 903	176 850 914	1 086 580 535	1 440 282 352
Lease liability	-	-	356 012 866	498 418 013	854 430 879
Period gap	41 693 813 675	1 149 854 025	1 127 986 475	1 605 269 052	45 576 923 227
Cumulative gap	(35 278 515 789)	(4 693 142 975)	(4 601 476 118)	(19 399 761 393)	(6 584 135 303)
(35 278 515 789) (30 585 372 814)	(25 983 896 696)	(25 983 896 696)	(6 584 135 303)	(6 584 135 303)	-

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

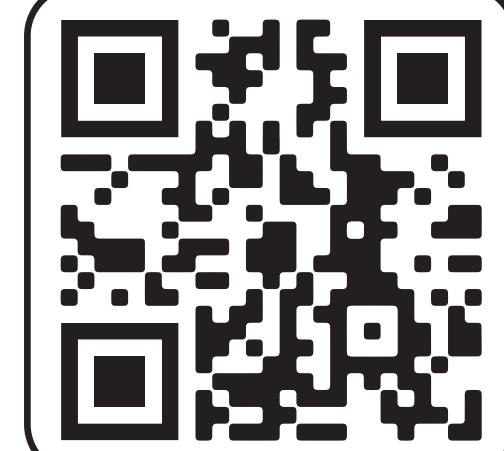
25.3 Interest gap (continued)

Interest rate gap analysis	Historical cost				
	Up to 1 month ZW\$	2 to 6 months ZW\$	7 to 12 months ZW\$	Above 12 months ZW\$	Carrying amount ZW\$
Unreviewed as at 30 June 2022					
Assets					
Cash and cash equivalents	10 405 864 164	-	-	-	10 405 864 164
Treasury bills	2 333 880 600	3 501 107 464	636 890 646	866 088 324	7 337 967 034
Advances and other accounts	1 915 523 528	2 472 076 363	3 120 441 214	11 728 174 344	19 236 215 449
Financial assets at fair value through profit or loss	-	-	-	2 539 286 590	2 539 286 590
Financial assets held at amortised cost	172 249 473	486 353 564	365 412 471	1 024 015 508	1 024 015 508
Liabilities	14 827 517 765	6 459 537 391	4 122 744 331	15 133 549 258	40 543 348 745
Deposits from customers	41 228 962 591	1 632 491 400	49 700 000	41 595 031	42 952 749 022
Offshore borrowings	-	3 934 977 887	-	-	3 934 977 887
Lease liability	-	-	813 462 491	1 138 847 488	1 952 309 979
Period gap	(26 401 444 826)	(25 509 376 722)	(22 249 794 882)	(8 296 688 143)	(8 296 688 143)
Unaudited as at 31 December 2021					
Financial asset by type					
Cash and cash equivalents	1 374 893 208	-	-	-	1 374 893 208
Treasury bills	100 000 000	1 436 013 199	678 264 203	196 053 520	2 410 330 922
Advances and other accounts	1 455 571 506	1 233 028 338	1 657 605 261	7 296 159 459	11 642 364 564
Financial assets at fair value through profit or loss	-	-	-	2 102 742 957	2 102 742 957
Financial assets held at amortised cost	-	-	281 310 324	-	281 310 324
Financial liability by type	2 930 464 714	2 669 041 537	2 617 179 788	9 594 955 936	17 811 641 975
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
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)	-

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Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2022

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

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2022 ZWS	Audited 31 Dec 2021 ZWS	Unreviewed 30 Jun 2022 ZWS	Unaudited 31 Dec 2021 ZWS
9 INVESTMENT IN SUBSIDIARIES				
9.1 Assets at fair value through profit or loss				
Balance at beginning of period	1 371 383 808	6 151 775 269	626 434 674	266 388 062
Fair value gain	450 703 409	(4 780 391 461)	1 194 667 988	360 046 612
Balance at end of period	1 822 087 217	1 371 383 808	1 821 102 662	626 434 674
Non-current	1 822 087 217	1 371 383 808	1 821 102 662	626 434 674
9.2 Measurement of fair value				
The fair value of investment in subsidiaries has been categorised under level 3 in the fair value hierarchy based on the inputs to the valuation technique used and the significant amount of judgement applied. The reconciliation of carrying amount shown above reconciles the opening balance and the closing balances for level 3 fair values.				
	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2022 ZWS	Audited 31 Dec 2021 ZWS	Unreviewed 30 Jun 2022 ZWS	Unaudited 31 Dec 2021 ZWS

10. DEPOSITS FROM CUSTOMERS

10.1 Deposit by type	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2022 ZWS	Audited 31 Dec 2021 ZWS	Unreviewed 30 Jun 2022 ZWS	Unaudited 31 Dec 2021 ZWS
Savings accounts	1 464 952 984	1 378 264 030	1 464 952 984	629 581 693
Fixed deposits	16 970 040	49 890 567	16 970 040	22 789 674

10.2 Maturity analysis

On demand	1 464 296 636	1 236 150 135	1 464 296 636	564 665 025
Within 1 month	162 288	105 233 200	162 288	48 069 815
1 month to 6 months	212 308	890 170	212 308	406 624
6 months to 12 months	281 752	54 842 687	281 752	25 051 769
More than 1 year	16 970 040	31 038 405	16 970 040	14 178 134

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2022 ZWS	% Contribution	Audited 31 Dec 2021 ZWS	% Contribution
	1 074 980 624	73%	1 278 064 114	89%

10.3 Sectorial analysis

Private individuals	1 074 980 624	73%	1 278 064 114	89%
Financial institutions	80 996	0%	14 852 477	1%
Communication	246 414	0%	1 974 929	0%
Manufacturing	3 615 209	0%	469 604	0%
Distribution	11 177 962	1%	48 485 639	3%
Construction	78 151 994	5%	8 302 336	1%
Agriculture	10 850 245	1%	32 608 269	2%
Services	302 819 580	20%	43 397 229	3%

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2022 ZWS	Audited 31 Dec 2021 ZWS	Unreviewed 30 Jun 2022 ZWS	Unaudited 31 Dec 2021 ZWS
	1 481 923 024	100%	1 428 154 597	100%

11 TRADE AND OTHER PAYABLES

Leave pay accrual	2 771 373	2 815 090	2 771 373	1 285 914
Creditors and other accounts	56 186 274	60 588 855	56 186 274	27 676 580
Deferred income	8 477 631	18 559 012	8 477 631	8 477 631
Intercompany balances	198 292 148	253 930 940	198 292 148	115 993 937

12 LEASE LIABILITIES

Balance at beginning of period	1 598 857	2 565 862	730 347	729 183
Lease reassessments	1 144 011	1 217 778	1 144 011	556 273
Accrued interest expense posted to profit or loss	61 250	292 867	61 250	103 672
Lease commitments paid during the period	(1 015 403)	(1 663 620)	(666 952)	(599 015)
Gain on lease modification	(1 098 602)	(600 820)	(1 098 602)	(274 450)
Exchange loss on lease modification	1 189 023	469 980	1 189 023	214 684
Net monetary adjustment	(520 059)	(683 190)	-	-
Balance at end of period	1 359 077	1 598 857	1 359 077	730 347

13 DEFERRED TAX LIABILITIES

	Inflation adjusted			
	Balance at 1 January ZWS	Recognised in profit or loss ZWS	Transfers between categories ZWS	Balance at 31 December ZWS
Reviewed June 2022	122 655 055	43 839 945	-	166 495 000

Audited December 2021

Property and equipment	8 202 011	-	(8 202 011)	-
Investment property	79 092 626	35 360 418	8 202 011	122 655 055

Unreviewed June 2022

Investment property	56 028 000	110 467 000	-	166 495 000

Unaudited December 2021

Property and equipment	2 330 900	-	(2 330 900)	-
Investment property	22 477 050	31 220 050	2 330 900	56 028 000
	24 807 950	31 220 050	-	



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Reviewed Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2022



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

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2022 ZWS	Audited 31 Dec 2021 ZWS	Unreviewed 30 Jun 2022 ZWS	Unaudited 31 Dec 2021 ZWS
10. OPERATING LEASE LIABILITY				
Balance as at 1 January	68 620 571	19 249 961	31 345 413	5 470 576
Remeasurement	31 145 477	84 197 100	31 145 477	55 938 710
Finance charge	24 645 204	11 923 913	15 188 949	4 351 818
Exchange gain/(loss)	(35 653 778)	-	(468 538)	(17 582 423)
Lease payments	(33 646 145)	(46 750 403)	(22 099 972)	(16 833 268)
Balance as at 31 December	55 111 329	68 620 571	55 111 329	31 345 413
Current				
Non current				
Total	55 111 329	68 620 571	55 111 329	31 345 413
11. TRADE AND OTHER PAYABLES				
Policyholders claims intimated but not paid	8 567 341	31 778 896	8 567 341	14 516 385
Other liabilities	26 644 033	40 044 934	26 644 033	18 292 255
Related parties	178 167 860	108 892 281	178 167 860	49 741 258
Unearned Premium	158 043 985	170 829 408	158 043 985	78 033 719
Balance ast at 31 December	371 423 219	351 545 519	371 423 219	160 583 617
Current				
Total	371 423 219	351 545 519	371 423 219	160 583 617
	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2022 ZWS	Reviewed 30 Jun 2021 ZWS	Unreviewed 30 Jun 2022 ZWS	Unreviewed 30 Jun 2021 ZWS
12. GROSS PREMIUM INCOME				
Individual life	663 423 879	48 477 817	446 602 344	15 662 619
Group business	182 584 695	521 956 140	122 911 996	168 637 948
	846 008 574	570 433 957	569 514 340	184 300 567
13. PREMIUMS CEDED TO REINSURERS				
Individual life	(768 992)	(547 616)	(455 327)	(177 256)
Group business	(26 107 965)	(67 314 524)	(15 458 772)	(21 788 859)
	(26 876 957)	(67 862 140)	(15 914 099)	(21 966 115)
14. INVESTMENT INCOME				
Interest income on held to maturity financial instruments	9 678 519	7 438 403	6 229 552	2 342 001
Rentals from investment properties	17 221 098	17 601 270	11 361 194	5 629 631
Dividends from financial assets designated at fair value through profit or loss	33 861 678	6 742 627	25 697 987	2 182 923
	60 761 295	31 782 300	43 288 733	10 154 555
15. OTHER INCOME				
Sundry income	1 335 048	317 165	644 178	101 778
Reinsurance commission	4 671 949	12 752 428	2 660 014	4 135 383
Asset Management income	3 755 258	2 795 652	2 421 002	907 586
Foreign exchange gain	180 113 927	-	180 113 927	-
	189 876 182	15 865 239	185 839 121	5 144 747

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

	Inflation adjusted		Historical cost	
	Reviewed 30 Jun 2022 ZWS	Reviewed 30 Jun 2021 ZWS	Unreviewed 30 Jun 2022 ZWS	Unreviewed 30 Jun 2021 ZWS
16. POLICYHOLDERS' BENEFITS				
Claims during the year were as follows:-				
Death and disability benefits	96 722 564	85 553 143	62 175 993	27 166 170
Maturities	14 132 357	2 600 350	10 100 227	854 491
Annuities	19 281 863	7 214 014	14 792 250	2 330 148
Surrenders and pensions withdrawals	50 403 741	44 908 178	34 557 217	14 778 393
	180 540 525	140 275 685	121 625 687	45 129 202
17. OPERATING EXPENSES				
Staff expenses	337 932 506	117 300 323	239 775 253	52 383 912
Administration expenses	126 996 996	150 244 084	75 706 383	41 396 624
Depreciation of equipment	16 956 667	5 490 177	8 078 213	1 755 071
Depreciation of software	12 347 300	423 350	678 672	131 157
Depreciation of right of use asset	31 642 456	3 554 489	11 115 932	1 136 271
Foreign exchange loss	-	6 269 097	-	2 121 850
Directors Fees	17 117 769	9 938 170	11 558 391	3 154 400
Audit Fees	62 497 505	19 211 047	36 870 156	6 141 287
Total	605 491 199	312 430 737	383 783 000	108 220 572
18. INCOME TAX CHARGE				
Current taxation	31 975 691	83 667 949	31 975 691	28 696 394
Deferred taxation	9 563 116	16 452 921	454 769 403	14 825 305
Total	41 538 807	100 120 870	486 745 094	43 521 699
19. RISK MANAGEMENT				
Liquidity risk gap analysis				
Reviewed as at 30 June 2022				
	Up to 1 Month ZWS	2 to 12 Months ZWS	Above 12 Months ZWS	Total ZWS
Assets				
Bank and cash	119 622 576	-	-	119 622 576
Funds on deposit	145 668 369	171 354	295 537	146 135 260
At Amortised cost	-	183 854 823	-	183 854 823
Investments-At Fair Value	-	2 586 807 962	262 759 492	2 849 567 454
Trade and other receivables	-	26 668 027	-	26 668 027
Reinsurance receivable	10 000	-	-	10 000
Total	265 300 945	2 797 502 166	263 055 029	3 325 858 140
Liabilities				
Trade and other payables	-	371 423 219	-	371 423 219
Reinsurance payable	1 225 582	-	-	1 225 582
Total	1 225 582	371 423 219	-	372 648 801
Period Gap				
	264 075 363	2 426 078 947	263 055 029	2 953 209 339
Cumulative Gap				
	264 075 363	2 690 154 310	2 953 209 339	-
20. BASIS OF PREPARATION				
The accounting policies, methods of computation, significant assumptions and estimates adopted for the preparation of ZB Life Assurance Limited financial results as at the reporting date, are consistent with those applied by ZB Financial Holdings Limited as disclosed in note 1 of the ZB Financial Holdings Limited financial results.				

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Independent Auditor's Report on Review of the Condensed Consolidated Inflation Adjusted Interim Financial Results for the half year ended 30 June 2022

To the shareholders of ZB Financial Holdings Limited

Introduction

We have reviewed the accompanying condensed consolidated inflation adjusted interim financial results of ZB Financial Holdings Limited ("the Group") as at 30 June 2022 which comprise, the condensed consolidated inflation adjusted interim statement of financial position as at 30 June 2022, the condensed consolidated inflation adjusted interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the half year then ended, and notes to the condensed consolidated inflation adjusted interim financial results including a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the condensed consolidated inflation adjusted interim financial results

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

Auditor's responsibility for the condensed consolidated inflation adjusted interim financial results

Our responsibility is to express a conclusion on these condensed consolidated inflation adjusted interim financial results based on our review. We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

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

Basis for Qualified Conclusion

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 interim period ended 30 June 2021 and the residual impact in the current interim period.

ZB Financial Holdings Limited, through its life assurance subsidiary, ZB Life Assurance Limited has an associate investment in a property development and investment company. During the interim period ended 30 June 2021, the associate valued its property portfolio by performing a director's (internal) valuation using Zimbabwean dollar based inputs for commercial properties whilst for non-commercial properties it adopted the market comparable approach, whilst the rest of the ZB Financial Holdings Limited and its subsidiaries and ZB Life Assurance Limited did not perform an interim valuation but maintained 31 December 2020 year end values, determined using United States dollar inputs and converted using the official exchange rate. There was no consistency between property valuation basis and translation methods applied by ZB Financial Holdings Limited and its subsidiaries and the associate for the prior interim period.

The Directors of the Group did not adjust the condensed consolidated inflation adjusted financial results for the interim period ended 30 June 2021 to align the valuation approaches between the Group and its associate. Had the directors adjusted these comparative condensed consolidated inflation adjusted financial results to align the valuation approaches between the Group and the associate for the interim period ended 30 June 2021, the following financial statement captions would have decreased significantly;

- Share of associate companies profit net of tax (ZW\$537 489 201)
- Movement in life assurance funds (ZW\$340 901 486)
- Income tax expense (ZW\$48 596 483)

The Group has not restated the comparative condensed inflation adjusted income statement and cashflow statement, 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 which resulted in a modified conclusion being issued in the prior interim period. Our conclusion on the current year's condensed consolidated inflation adjusted interim financial results is qualified because of the possible effects to the matter on the comparability of current year's condensed consolidated inflation adjusted interim financial results with that of the prior year.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated inflation adjusted interim financial results do not fairly present, in all material respects, the condensed consolidated inflation adjusted interim financial position of ZB Financial Holdings Limited as at 30 June 2022, and its condensed consolidated inflation adjusted interim financial performance and condensed consolidated inflation adjusted interim cash flows for the half year then ended in accordance with IAS 34, Interim Financial Reporting, in a 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), and in the manner required by the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019.



Other Information

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

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

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

As described in the Basis for Qualified Conclusion section above in respect of the Group has not restated the condensed consolidated inflation adjusted interim financial results of June 30, 2021, as required by IAS 8 to resolve the matters which resulted in the prior year relating to the non-compliance with IFRS 13 and IAS 28. We have, therefore, concluded that the other information is materially misstated for the same reasons with respect to the comparability of the financial information in the Chairman's Statement, the Group Chief Executive's Report and the financial information in the condensed consolidated inflation adjusted interim financial results titled "Unreviewed Historical cost" and "Unaudited historical cost", affected by the failure to comply with the requirements of IFRS 13 and IAS 28.

A handwritten signature in blue ink that reads "KPMG".

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

30 August 2022

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

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