

UNAUDITED ABRIDGED FINANCIAL STATEMENTS for the half year ended 31 August 2016

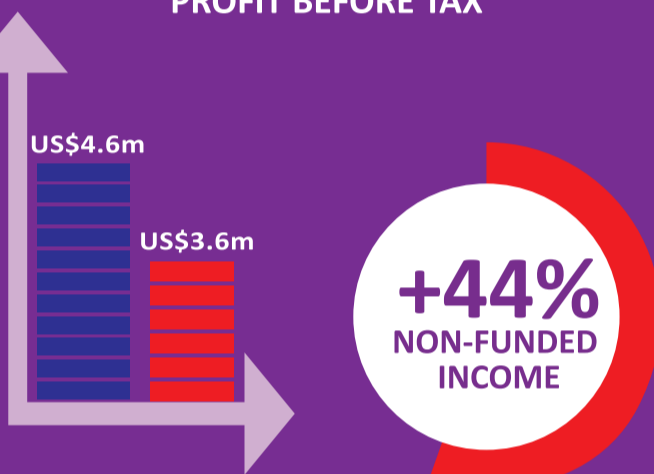
HIGHLIGHTS

**+19%
REVENUE**

Strong growth in transactional based revenue in line with strategic intent



**+64%
PROFIT BEFORE TAX**



**+44%
NON-FUNDED
INCOME**

**-20%
NET INTEREST INCOME**



**77%
LIQUIDITY RATIO**

More than double the minimum regulatory ratio of 30%



**+320%
NEW CUSTOMERS**

Our strong brand presence has led to a surge in client growth with over 120 000 new accounts opened

CHAIRMAN'S STATEMENT

It is an honour and privilege to present to you our Unaudited Financial Results for the 6 months ended 31 August 2016, the first since I took over as Chairman of the Board of Steward Bank Limited. Having turned a profit in the last financial year, I am pleased to announce that the bank has recorded a 4th consecutive quarter of strong growth, registering a 64% rise in Profit Before Tax to US\$4,3million compared to US\$2,6 million in the same period last year. In line with our transactional banking strategy, the bank realised a 44% growth in Non-Funded Income (NFI) from increased customer transactions, accelerated performance from pioneering channels such as Agent Banking as the public embraces the use of plastic and mobile money on the back of the increased awareness campaign by the Reserve Bank in response to the cash shortages currently being experienced in the country.

I attribute the growth to our bold strategy to pursue a new banking model anchored on transactional banking and a seamless integration with the EcoCash mobile money platform as a central pillar. Our strong brand presence has led to a surge in client growth, with over 120 000 new clients joining Steward Bank in the past six months. This positive movement is largely attributed to our Free Banking Account linked to various digital platforms which offers our retail and corporate customers digital alternatives to cash. The growth in our primary accounts demonstrates the strong bond we have created with our customers particularly those who were previously unbanked. We are on course to realize our mission of offering affordable financial services to every Zimbabwean no matter where they are.

Operating Environment – Rising above

The operating environment remains a major challenge. A liquidity crisis is affecting the whole banking industry and the economy at large in terms of both the availability of US dollars hard cash and balances in correspondent banks to effect offshore payments. Amidst these challenges, our positioning as an innovative, digital bank has yielded significant benefits to our clients. We have seen an increase in salary-based accounts as corporates look for solutions to pay their employees. The cash shortages have also resulted in an exponential growth in our Point Of Sale (POS) business with the bank now controlling a significant market share of local transactions, a result of our early decision to invest in over 10,000 POS devices in prior years.

Despite the challenging environment, we believe our business has the resilience to innovate through the turbulence and provide our customers with practical and relevant solutions to address the challenges we face. We must all look up – the future is bright.

Differentiation - Higher efficiency through digitization.

As part of our continuous performance improvement strategy, the bank implemented a “Shrink-to-Grow” Strategy, reducing the number of branches, rationalizing headcount and increasing our efficiency through the introduction of self-help banking to absorb the increase in number of customers. Whilst our operating expenses increased marginally by 6% to US\$9,7 million reflecting our growth, our cost to income ratio improved to 64% as at 31 August 2016, down from 73% in the same period last year. In FY 2016, the Bank aggressively adopted the “Universal Banking” Strategy to provide financial services to everyone regardless of who they bank with. Our target remains to become the largest financial services platform in the country using cutting edge technology as a key differentiator.

Key Metrics – Solid, compliant and consistently conservative

The bank's capital position remains strong with a core capital base of US\$37.6 million as at 31 August 2016. The Bank's liquidity position improved by 17% to close at 77% over the past six months. This is more than double the minimum regulatory requirement of 30%. The adverse macro-economic conditions require us to be cautious in our assessment of our clients' ability to repay advances. Under the prevailing economic circumstances, as a responsible lender, the bank has remained conservative in issuing new loans. Consequently, net interest income declined by 20% to US\$3,6 million whilst the bank's interest bearing assets reduced by 8% to US\$94 million as at 31 August 2016 from US\$102 million in same period last year.

Looking Ahead – A bright future

We remain optimistic of a promising future despite economic headwinds. Our competitive advantage will continue to be defined by our embedded culture of innovation and quick adaptation, making banking convenient, accessible and affordable to every Zimbabwean. The deteriorating macro-economic conditions mean that our customers will continue to seek value and better services from their bank. We believe the 320% increase in the number of new customers opening accounts with us for the period ended 31 August 2016 compared to last year reflects the confidence that the public has in our value promise.

Vote of Thanks – Your support is appreciated

On behalf of the Board, I wish to express my gratitude to our customers, our shareholders, the Board, our regulators and our other key stakeholders for their continued commitment and support. I would also like to thank an extremely capable management team and all the Stewards who have worked tirelessly to deliver growth under challenging circumstances. Our staff are one of our most important stakeholders, our success depends on them.

Dividend

The board does not recommend the declaration of a dividend for the half year ended 31 August 2016.

On behalf of the Board

Bernard T.R Chidzero
Chairman

29 September 2016

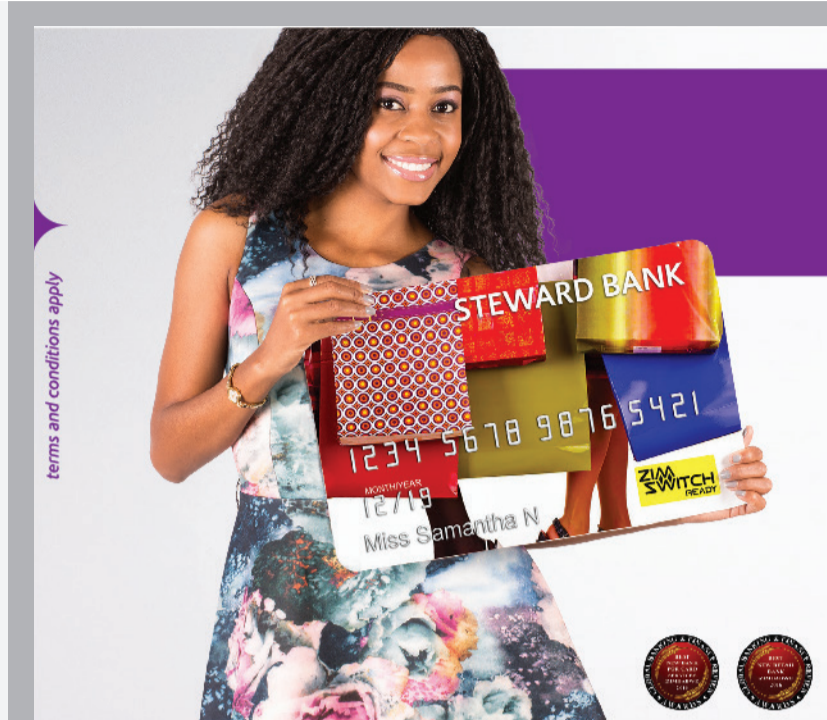
CORPORATE GOVERNANCE STATEMENT

THE BOARD OF DIRECTORS

The role of the Board includes, inter alia, the approval and adoption of the strategic and annual business plans, setting of objectives, review of key risk and performance areas, review of Management's performance against set criteria and objectives and determining the overall policies and processes to ensure the integrity of the institution's risk and internal control management.

Mr. Bernard Thomas Rugare Chidzero was appointed as Independent, Non-executive Director and Board Chairman effective 01 June 2016. As at 31 August 2016, the Bank's Board of Directors was comprised of ten directors, the majority of whom are Independent, Non-executive Directors. The Board has an appropriate balance of skills, experience and expertise.

The Board of Directors is committed to upholding the highest standards of corporate governance by ensuring that business is conducted in a transparent, responsible and accountable manner as enshrined in the international and local corporate governance frameworks. Steward Bank has adopted, and is implementing the National Corporate Governance Code for Zimbabwe.



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CORPORATE GOVERNANCE STATEMENT (continued)

As at 31 August 2016, the Main Board held two (2) Board meetings during the period to assess risk, review performance and provide guidance to Management.

Board Committees

The Board has established and delegated specific roles and responsibilities to standing Committees, to assist it in discharging its mandate. Members of the Executive Committee and other Management attend meetings of the various committees by invitation. Each Committee acts within written terms of reference approved by the Board and reviewed annually or as necessary. All Board Committees are chaired by Independent, Non-executive Chairpersons.

To assist the Board in the discharge of its responsibilities, the following standing Committees have been established namely:

- Board Audit Committee;
- Board Risk, Compliance and Capital Management Committee;
- Board Asset and Liability Committee;
- Board Credit Committee;
- Board Human Resources and Nominations Committee; and
- Board ICT Committee.

The Board established the Performance Review Committee which meets monthly to oversee and monitor the Bank's performance against the budget. This will include discussing and agreeing recommendations to the Board for corrective action.

Board Audit Committee

The role of the Audit Committee is to provide an independent evaluation of the adequacy and efficiency of the institution's internal control systems, accounting practices, information systems and auditing processes.

The Audit Committee meets at least 4 times a year or as necessary. As at 31 August 2016, the Committee had held 3 meetings.

Board Risk, Compliance and Capital Management Committee

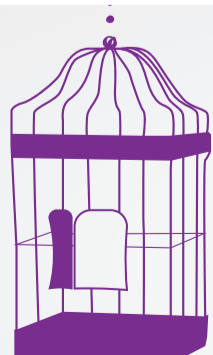
The Committee's task is to ensure the quality, integrity and reliability of the Bank's risk management. The Committee reviews and assesses the integrity of the Bank's risk control systems and ensures that the risk policies and strategies are effectively managed. The Committee monitors adherence to the Bank's policy on Capital Management and allocation. It assists the Board of Directors in the discharge of its duties relating to corporate accountability and associated risks in terms of management, assurance and reporting in line with the requirements of the Banking Act as amended.

The Committee meets at least 4 times a year or as necessary. As at 31 August 2016, the Committee had held 2 meetings.

Board ICT Committee

The Board ICT Committee formulates policies and strategic issues relating to information and communication technology consistent with the Bank's complexity of operations. It monitors the implementation of the approved ICT strategy on procurement and maintenance

The Committee meets at least 4 times a year or as necessary. As at 31 August 2016, the Committee had held 2 meetings.



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