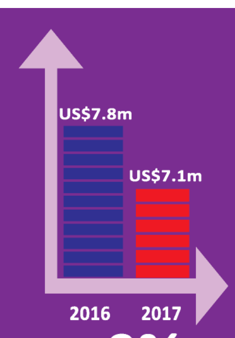
AUDITED ABRIDGED FINANCIAL STATEMENTS for the year ended 28 February 2017

HIGHLIGHTS

+36%
PROFIT BEFORE TAX



-9%
NET INTEREST INCOME

+49%
NON-FUNDED INCOME

81%
LIQUIDITY RATIO
More than double the minimum regulatory ratio of 30%

+24%
REVENUE
Strong growth in transactional based revenue in line with strategic intent

CHAIRMAN'S STATEMENT

Introduction – Everyday Banking for Everyday People

We are delighted to report our results for the Financial Year ended 28 February 2017, during which we delivered another year of strong financial performance, with double-digit growth. The Bank recorded a profit before tax of $8.4 million for the year under review, a 36 % growth from the $6.2 million reported in the comparative period last year. Steward Bank continues to take significant steps in consolidating its progression as a top financial institution dedicated to providing excellent service and offering innovative financial solutions.

Given the challenging economic environment, the Bank's financial performance detailed in the Chief Executive Officer's Statement reflects a satisfactory growth trend. The growth in transaction volumes for the year under review resulted in higher non-funded income of $28 million compared to $19 million for the prior year. The Bank's net operating income grew by 24% from the prior year, largely driven by a 49% increase in non-funded income. The growth in transactional income has been our key focus as we continue to harness intra-group synergies within the Econet Group, particularly in the area of mobile financial services.

Our stated goal is to become the bank of choice for all Zimbabweans across the Country. Our performance has continued to validate our approach, which is underpinned by offering low cost, scalable and digitally-driven financial products that are relevant to our customers in a challenging operating environment. Our rapid transformation over the past three years since we became part of the Econet Group has been driven by our passion and determination for providing simplified and inclusive banking services to all Zimbabweans.

Staying ahead within a challenging environment

The financial year under review was characterized by cash shortages and industry-wide pressure on nostro balances, which significantly impacted our customers. Several regulatory interventions such as the introduction of bond notes, cash withdrawal limits, reduction of fees and commissions on cash withdrawals and electronic-based transactions had a significant impact in the way our customers interacted with the Bank. The growth and enhancement of our electronic platforms to offer customers alternative banking channels was a key strategic focus. As a consequence, we launched our "SQUARE" mobile banking initiative.

Our close collaboration with EcoCash allowed us to register and link over two hundred and fifty thousand new customers to banking services offering customers the convenience of moving funds from their account to their mobile wallets. The Bank has continued to aggressively deploy Point of Sale (POS) terminals at merchant outlets to assist the transacting public. We have also provided POS rental options for weddings, churches and various business and social functions. This is an innovative merchant solution pioneered by the Bank, which received international acclaim and was recently featured by the British Broadcasting Corporation (BBC).

Future Prospects

Although we forecast a challenging economic environment for the coming financial year, our business outlook remains positive. We expect a continued increase in the number of customers choosing Steward Bank as their bank of choice. Our key focus will be on further increasing our value propositions by providing simple and affordable banking services to our customers, aimed at making their lives easier. To achieve this goal, significant investment will be made in IT infrastructure and staff skills designed to entrench a customer-centric culture and improve operating efficiencies in service delivery. In this regard, we intend to accelerate the deployment and marketing of e-solutions to our clients, in order to reduce their dependence on physical branches.

The Board remains confident that our banking model, whilst different from most of our peers, represents the future of banking and is aligned to global trends. Despite the economic headwinds and policy uncertainty that lies ahead, our approach will continue to be driven by relentless innovation. We believe that the future of banking is in harnessing mobile technologies to enable low cost inclusive financial services across all demographic segments.

Awards and Recognition

During the year under review, Steward Bank and its management were recognised with several awards by a number of national and international bodies. Most notable of these awards were:

- *"International Financial Inclusion Award":* MasterCard International
- *"Bank of the Year":* Zimbabwe Business Awards
- *"Bank of the Year":* Buy Zimbabwe
- *"Best New Retail Bank"*: Global Banking and Finance Awards, London (UK)
- *"Best Enterprise Zimbabwe – Banking":* The Socrates Committee, London (UK)

We are grateful for the support and recognition we have received worldwide for the changes we have initiated in the banking sector. We are also pleased to support the Reserve Bank of Zimbabwe's vision to address challenges of financial inclusion particularly in remote areas.

Board of Directors

Following regulatory approvals, the Board welcomed Mr. Alfred Chaavure, the Bank's Chief Finance Officer as an Executive Director. Alfred has acquired vast experience in the Zimbabwean banking sector and will be an important addition to the Board.

Appreciation

I would like to thank all the staff and management at Steward Bank for their invaluable contribution to our accomplishments, both in terms of financial performance and our leadership role as an innovative financial institution, not only in Zimbabwe, but in the Region. I also wish to acknowledge the exemplary leadership and commitment shown by my fellow board members in guiding our transformation.

Lastly, I wish to thank our customers who continue to support us in the challenging times that Zimbabwe's financial sector is going through. I thank you for your loyalty and support and assure you of our determination to continue exceeding your expectations.

Dividend

The board does not recommend the declaration of a dividend for the year ended 28 February 2017.

On behalf of the Board

Bernard T.R. Chidzero
Chairman

24 May 2017

CHIEF EXECUTIVE OFFICER'S STATEMENT

Market Overview

The Zimbabwean economy was characterized by continued challenges in 2016 and GDP growth remained subdued at approximately 1.6%. The country remained in debt distress due to the lack of a diversified export base and declining terms of trade. This external position remained under pressure in the medium term on account of poor export and import performance. Symptomatic of these challenges were cash shortages and depletion of nostro balances. Regionally, the depreciation of the South African Rand against the US dollar (USD) resulted in a decline in import prices from South Africa. This trend, together with weak domestic demand and tight liquidity conditions resulted in a particularly challenging trading environment.

The banking sector entered a new regulatory era in which various interventions were introduced to stabilize the market. The Reserve Bank of Zimbabwe introduced bond notes to supplement the currency in circulation. Cash shortages forced the market into a dramatic shift from a cash-based economy towards electronic-based transactions. To support this shift, the Reserve Bank of Zimbabwe introduced new pricing guidelines, reducing fees and commissions on electronic transactions. With effect from 1 April 2017, interest rates were also capped at 12% to reduce debt burden and increase financial intermediation. These regulatory interventions have been critical in reducing the country's cash burden and reliance on scarce US Dollars notes.

Our Performance

The challenging economic environment has been an opportunity for Steward Bank to show the strength of its transactional banking model within turbulent times, whilst pursuing the Shareholder's vision for a simplified, universal and mobile-centric banking model. We are therefore pleased that despite the economic headwinds the Bank's income grew by 24% in this financial year, driven by a 49% increase in non-funded income which rose from $19 million in the prior year to $28 million during the period under review. This is in line with our focus on non-interest income as a key revenue driver.

The Bank also recorded a surge in the number of customers signing up for new accounts or utlising our financial services platform to perform various banking transactions. As a consequence, our customer deposits grew by 56% from the previous financial year as a result of an increase in individual deposits, driven by strong demand for the Bank's signature product, the "iSave" Account. Corporate deposits also recorded a growth on the back of our hugely popular "Zama Zama" Account targeted at SMEs. We are pleased to have registered double-digit growth across most of our key indicators as we continue with the potential to create new income streams and implement our revenue diversification strategy, largely driven by increased usage of mobile channels, which now account for approximately 60% of all our customer transactions.

Other Key Performance Indicators

The Bank's Profit Before Tax at $8.4 million represents a 36% growth in comparison to the previous reporting period. Our cost-to-income ratio firmed at 62% from 69% in the previous financial year, attributed to a 24% growth in revenue, reflecting increased efficiency in the way we deliver our services. The growth in the Bank's liquid asset ratio from the previous year is as a result of a 161% increase in the Bank's cash and cash equivalents and growth in interbank placements. The reduction in loans and advances due to loan maturities and limited lending, coupled with the growth in customer deposits resulted in a 26% decline in the loan-to-deposit ratio. In an increasingly volatile and uncertain economic environment, the Board has taken the decision to be conservative in lending, which is reflected in our liquidity ratio and loan-to-deposit ratio. Our Staff costs-to-income ratio improved to 22% from 28% in the previous year.

Key Ratios	FY2017	FY2016
Cost-to-income ratio	62%	69%
Staff costs-to-income ratio	22%	28%
Return on equity	8%	8%
Liquid asset ratio	81%	72%
NPL ratio	10.5%	15.9%
Loan-to-deposit ratio	37%	63%
Capital adequacy ratio	45%	37%

CHIEF EXECUTIVE OFFICER'S STATEMENT (CONTINUED)

In the coming financial year, stringent requirements concerning the implementation of Basel Accord regulations that strengthen standards on minimum capital and liquidity requirements, supervisory review processes, risk management, capital planning, risk disclosure and market discipline is expected to have a significant impact on our role as a financial intermediary. Adequate preparation is also being made on the implementation of the methodology that we will employ in provisioning booked assets, following the imminent introduction of IFRS 9 in 2018.

Key Focus Areas

Customer Centricity

The Bank's aspiration is to become a customer-centric institution, efficiently delivering relevant solutions and quality service to its customers. Our service delivery is focused on providing innovative solutions to address our customers' pain points. To fulfill this promise, significant changes are currently being made to align our operational model to increase efficiency and meet customer needs and expectations at all levels. Our goal is to distinguish ourselves through superior service, placing the customer at the center of all our activities and constantly improving on our service delivery.

We have also focused on improving convenience for our customers by increasing our self-service channels, whilst reducing reliance on branches. To this end, in November 2016, the Bank launched "SQUARE", our four-pronged digital banking solution, which incorporates a mobile application, USSD ("Kambudzi") Banking, telephone banking and online banking, thereby empowering our customers to transact anytime, anywhere.

Digitisation

A significant investment in our technological platforms will be another key focus area as we transform into a fully-fledged digital bank and ensure minimum service disruption for our customers. The Bank will also utilize our technological advantage and Econet Group synergies to increase penetration of universal banking services, particularly to the unbanked and the informal sector. Our vision is to become the industry leader in the provision of financial services, offering world-class service to our customers.

Word of Thanks

Our performance in this financial year has been a result of the commitment and dedication of the Steward Bank employees, who demonstrated a determination to adapt and innovate their way through unfamiliar challenges. I would like to thank the entire Econet family, in particular, our colleagues at EcoCash for their unwavering support and guidance through the Bank's transformation into a positive force in the quest to provide financial services to Zimbabweans who were previously marginalized. I would also like to thank our Board Chairman, the Board of Directors and the Executive Team for their guidance and support. Lastly, I express sincere gratitude to all our stakeholders in particular, our Shareholder who challenged us to do banking differently, whilst transforming the lives of people. We will always strive to deliver on the vision to provide simple, accessible and mobile-centric financial services to every Zimbabwean.

Dr. Lance S Mambondiani
Chief Executive Officer

24 May 2017

CORPORATE GOVERNANCE

The Board of Directors ("the Board") recognises the importance of good corporate governance and is committed to conducting the business of the Bank with integrity and in accordance with generally accepted corporate practices in order to safeguard stakeholders' interests. The Board regularly reviews its structures and policies to ensure continued adherence to the governing instruments and international best practice.

The Board is committed to the creation and sustenance of shareholder value and is accountable to its shareholders as well as to all other stakeholders, including the Bank's employees, customers, suppliers, regulatory authorities and the community from which it operates.

Governance and Compliance

The Bank continues to conform, in all material respects, with all laws and regulations governing its operations. The Bank subscribes to and supports the provisions of the Code of Best Practice as recommended by King III, the Cadbury Committee and all provisions of the RBZ Guideline No.01-2004/ BSD on sound corporate governance.

Board Changes

Mr Alfred Chaavure, the Chief Finance Officer was appointed as an Executive Director of the Bank effective 9 February 2017.

Board Responsibilities

The Board is responsible for the adoption of the Bank's strategic plans, monitoring of strategy implementation, operational performance and management, determination of policies and processes to ensure effective risk management and internal control and director selection, orientation and evaluation. The Board monitors the implementation of these policies through a structured approach to reporting and accountability.

Board Chairman and Non-executive directors

As required under the Board Charter, the majority of the Board, including the Chairman, are independent Directors.

The Board of Directors is led by an independent, non-executive Chairman, whose primary duties include to provide leadership of the Board; to establish and develop an effective working relationship with the Executive Directors; to drive improvements in the performance of the Board and its committees; to oversee performance appraisal arrangements for Directors and to proactively manage regulatory relationships in liaison with Management.

Along with the Chairman and Executive Directors, the Non-executive Directors are responsible for ensuring that the Board fulfils its responsibilities under its Charter. The Non-executive Directors combine diverse business and commercial experience with independent and objective judgement and provide independent challenge to the Executive Team. The Non-executive Directors proactively engage with the Bank's Management to improve strategy implementation, test and challenge the implementation of controls, processes and policies which enable risk to be effectively assesed and managed. The Chairman works together with the Non-executive Directors to ensure that there are effective checks and balances between Executive Management and the Board.

Executive Directors

The Executive Management Team is led by the Chief Executive Officer. The main responsibilities of Executive Management include reporting to the Board on implementation of strategy, effectiveness of risk management and control systems, business and financial performance, preparation of financial statements and keeping the Board fully informed of any material developments affecting the business.

CORPORATE GOVERNANCE (CONTINUED)

Board Diversity

The Board recognises the importance of diversity and inclusion in its decision making processes. It is made up of nine (9) Non-executive Directors, two (2) of whom are female. There are two (2) Executive Directors. The Board members have an array of experience which includes investment, commercial and retail banking, accounting, corporate finance, ICT, marketing, economics and risk management.

Transparency

The Board has unrestricted access to all relevant records and information of the Bank as well as to Management. As one of its key deliverables, Management is mandated to keep the Board informed of material developments in and affecting the Bank. Efficient and timely procedures for briefing Board members before Board meetings have been developed and implemented.

Conflict of interest

The Board has in place a policy that manages conflict of interest including situational and transactional conflict. Directors disclose their interests on joining the Board and at every meeting of the Directors they disclose any additional interests and confirm or update their declarations of interest accordingly.

Director Induction and Development

The Board has in place a comprehensive induction plan for on-boarding new directors and continued training on relevant topics.

Board Activities

The Board of Directors held four (4) Board meetings as at 28 February 2017 pursuant to the execution of the Board's mandate. The principal activities undertaken by the Board during the course of the year included the setting and adoption of strategy, the review of strategy and business operations, credit sanctioning as per approved limits, review of internal controls and financial reports, review of the quality of the loan book, recruitment and performance reviews of Senior Management.

Board and director evaluation

In order to assess the performance and effectiveness of individual Directors, the Board Chairman, Committees and overall performance of the Board, the Board conducts an annual peer based performance evaluation of the effectiveness of its operations. The process entails the members collectively evaluating the effectiveness of the Board as well as each other individually as the members. The results of the evaluation are collated, a report is produced and feedback provided to the Board. The Board also submits the evaluation report to the Reserve Bank of Zimbabwe ("RBZ"). The Board conducted its evaluation for the year under review and a Report was submitted to the RBZ. Action plans are put into place to address identified weaknesses with a view to continuously improving the performance and effectiveness of the Board and its members.

Board Committees

The Board has established and delegated specific roles and responsibilities to standing Committees, to assist it in discharging its mandate. The Committees meet quarterly or as necessary. 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:

i. Board Audit Committee;
ii. Board Risk, Compliance & Capital Management Committee;
iii. Board ICT Committee
iv. Board Assets and Liabilities Committee;
v. Board Credit Committee;
vi. Board Remuneration and Nominations Committee; and
vii. Performance Review Committee.

Board Audit Committee

The Audit Committee consists of three (3) independent, Non-executive Directors of the Bank. The Committee's primary functions are to assist the Board in its evaluation and review of the adequacy and efficiency of the internal control systems, accounting practices, information systems and audit processes applied within the Bank. The Committee adopts measures to enhance the credibility and objectivity of financial statements and reports prepared with reference to the affairs of the Bank. The Board Audit Committee met five (5) times during the financial year under review.

Board Risk, Compliance and Capital Management Committee

This Committee, which comprises three (3) Non-executive Directors, sets policy guidelines for monitoring risks that are inherent within the Bank. The Committee also sets policy guidelines for ensuring and monitoring compliance with all regulatory laws and directives and internal policies and procedures. The Board Risk, Compliance and Capital Management Committee met four (4) times during the financial year under review.

Board ICT Committee

This Committee comprises of three (3) Non-executive Directors, meets quarterly and formulates policies and strategic issues relating to information and communication technology. It monitors and reviews implementation of the information technology projects, funding allocation and performance reporting.

Board Assets and Liabilities Committee

This Committee comprises four (4) Non-executive Directors and is responsible for formulating policies and procedures relating to control of cash flow, control of short-term borrowing capacity, management of liquid assets portfolio, monitoring and managing structural exposures to changes in foreign exchange rates.

Board Credit Committee

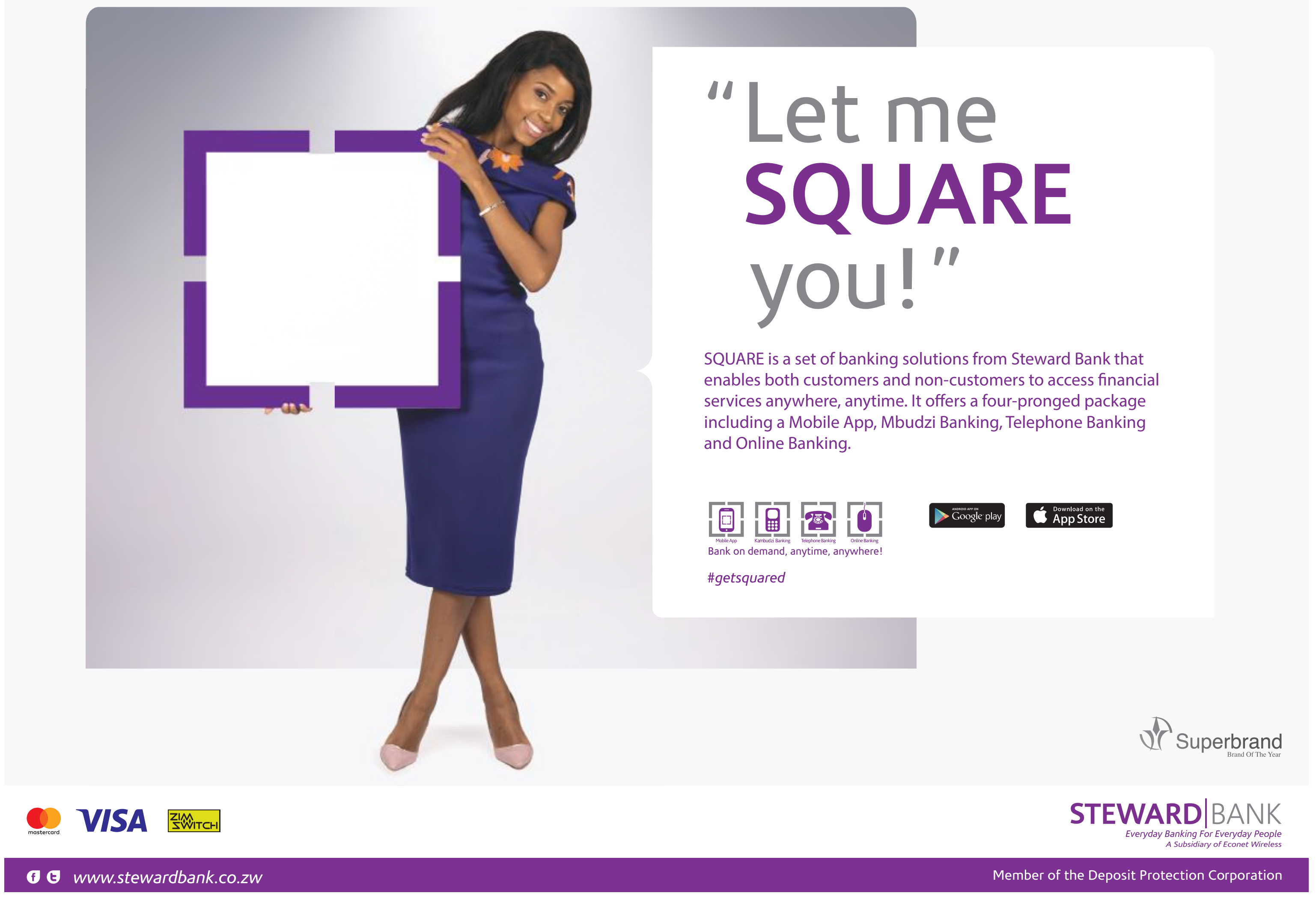
This Committee comprises four (4) Non-executive Directors and is mainly responsible for considering and approving credit facilities as mandated by the Board. The Board Credit Committee met five (5) times during the financial year under review.

Board Remuneration & Nominations Committee

This Committee, which comprises of three (3) Non-executive Directors meets quarterly and reviews guidelines for the salaries and benefits of the Bank's staff. The Committee also recommends the remuneration of the Executive and Non-executive Directors. The Committee regularly reviews the structure, size and composition of the Board and makes recommendations to the Board with regard to any changes.

Performance Review Committee

This is a special sub Committee of the Main Board which meets quarterly to oversee and monitor the Bank's performance against the budget and recommend corrective action as necessary.



AUDITED ABRIDGED FINANCIAL STATEMENTS for the year ended 28 February 2017

CORPORATE GOVERNANCE (CONTINUED)

Compliance

The Board is of the view that the Bank complied with the applicable laws and regulations throughout the reporting period.

The Bank's Liquidity Ratio stood at 81% as at 28 February 2017 against the minimum prescribed ratio of 30%.

The audited financial statements for the year ended 28 February 2017 were approved at a meeting held on 24 May 2017.

AUDITOR'S STATEMENT

These financial results should be read in conjunction with the complete set of financial statements for the year ended 28 February 2017, which have been audited by Deloitte & Touche and an unmodified audit opinion issued thereon. The auditor's report on the financial results is available at the Bank's registered office.

Deloitte & Touche
Harare, Zimbabwe

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 28 February 2017

	Notes	28 February 2017 US$	29 February 2016 US$
Interest and related income	3	7,673,207	9,049,092
Interest and related expense	4	(558,647)	(1,277,588)
Net interest and related income		7,114,560	7,771,504
Non-interest income	5	27,995,521	18,817,809
Impairment charge:- Loans and advances	6	(4,922,640)	(1,772,507)
:-Loans and Advances related to furniture customers	8	(80,745)	(476,893)
Net operating income		**30,106,696**	**24,339,913**
Operating expenditure	7	(21,695,550)	(18,136,703)
Profit before tax		**8,411,146**	**6,203,210**
Income tax expense	9	(2,256,050)	(791,130)
Profit for the year		**6,155,096**	**5,412,080**
Other comprehensive income		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Loss arising on revaluation of property and equipment		-	(26,856)
Total comprehensive income for the year		**6,155,096**	**5,385,224**

STATEMENT OF FINANCIAL POSITION
As at 28 February 2017

	Notes	28 February 2017 US$	29 February 2016 US$
ASSETS			
Cash and cash equivalents	10	63,954,579	24,553,452
Financial assets at fair value through profit or loss	11	173,607	279,755
Loans and advances to customers	12	52,586,744	56,324,976
Loans and advances relating to furniture customers	13	994,336	1,622,598
Financial assets held-to-maturity	14	54,505,121	45,834,053
Other receivables	15	27,355,423	13,444,894
Investment property	16	5,437,400	4,647,906
Property and equipment	17	6,346,943	4,866,821
Intangible assets	18	6,064,152	6,222,347
Deferred tax asset	26	8,640,135	10,896,184
Total assets		**226,058,440**	**168,692,986**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	19	4,077	4,077
Share premium	19	106,317,629	106,317,629
Other reserves	20	3,899,036	4,949,664
Accumulated loss		(35,174,158)	(42,379,882)
Total equity		**75,046,584**	**68,891,488**
LIABILITIES			
Deposits due to banks and customers	21	144,632,181	92,649,977
Loans and borrowings	22	280,000	3,565,302
Provisions	24	256,983	223,340
Other liabilities	25	5,842,692	3,362,879
Total liabilities		**151,011,856**	**99,801,498**
Total equity and liabilities		**226,058,440**	**168,692,986**

STATEMENT OF CHANGES IN EQUITY
For the year ended 28 February 2017

	Share capital US$	Share premium US$	Other reserves US$	Accumulated loss US$	Total US$
Balance as at 1 March 2015	**4,077**	**106,317,629**	**5,227,520**	**(48,042,962)**	**63,506,264**
Total comprehensive income	-	-	(26,856)	5,412,080	**5,385,224**
Profit for the year	-	-	-	5,412,080	**5,412,080**
Other comprehensive loss	-	-	(26,856)	-	**(26,856)**
Impairment allowance for loans and advances	-	-	(251,000)	251,000	-
Balance as at 29 February 2016	**4,077**	**106,317,629**	**4,949,664**	**(42,379,882)**	**68,891,488**
Total comprehensive income	-	-	-	6,155,096	6,155,096
Profit for the year	-	-	-	6,155,096	**6,155,096**
Other comprehensive income	-	-	-	-	-
Impairment allowance for loans and advances	-	-	(1,050,628)	1,050,628	-
Balance as at 28 February 2017	**4,077**	**106,317,629**	**3,899,036**	**(35,174,158)**	**75,046,584**

STATEMENT OF CASH FLOWS
For the year ended 28 February 2017

	28 February 2017 US$	29 February 2016 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,411,146	6,203,210
Adjustments for:		
Change in operating assets	(23,218,485)	(5,998,235)
Change in operating liabilities	54,495,659	3,946,997
Other non-cash items	6,312,766	3,897,384
Net cash generated from operations	**46,001,086**	**8,049,356**
Taxation paid	-	-
Net cash inflow from operating activities	**46,001,086**	**8,049,356**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,803,368)	(1,153,249)
Purchase of intangible assets	(511,286)	(823,323)
Net cash outflow from investing activities	**(3,314,654)**	**(1,976,572)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of loans and borrowings	(3,285,305)	(5,275,000)
Net cash outflow from financing activities	**(3,285,305)**	**(5,275,000)**
Net increase in cash and cash equivalents	39,401,127	797,784
Cash and cash equivalents at the beginning of the year	24,553,452	23,755,668
Cash and cash equivalents at the end of the year	**63,954,579**	**24,553,452**

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
For the year ended 28 February 2017

1 GENERAL INFORMATION

Steward Bank Limited ("the Bank") was incorporated according to the laws of Zimbabwe on 9 October 1970 and was registered as a commercial bank in March 2008. Its registered office and principal place of business is 101 Union Avenue Building, 101 Kwame Nkrumah Avenue, Harare. The Bank's ultimate holding company is Econet Wireless Zimbabwe Limited.

The principal business of the Bank is to provide retail and corporate banking services in the key economic centres of Zimbabwe.

Currency of Account

These financial results are presented in United States dollars ("US$") being the functional and reporting currency of the primary economic environment in which the Bank operates.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The Bank's audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and Interpretations as issued by the IFRS Interpretations Committtee and under the supervision of A. Chaavure (Associate Member of the Chartered Institute of Management Accountants), Chief Financial Officer of Steward Bank Limited.

The financial statements comply with the disclosure requirements of the Companies Act (Chapter 24:03), the relevant statutory instruments ("SI") SI 62/96 and SI 33/99 and the Banking Act (Chapter 24:20).

2.2 Significant Accounting Judgements, Estimates and Assumptions

The accounting policies applied in the preparation of the audited financial statements are consistent with those of the annual financial statements for the year ended 29 February 2016.

		28 February 2017 US$	29 February 2016 US$
3	**INTEREST AND RELATED INCOME**		
	Loans and advances to customers	4,237,173	5,698,573
	Loans and advances relating to furniture customers	1,823	321,430
	Financial assets held-to-maturity	3,236,979	2,973,612
	Other	197,232	55,477
		7,673,207	**9,049,092**
4	**INTEREST AND RELATED EXPENSE**		
	Trading activities	**558,647**	**1,277,588**
5	**NON-INTEREST INCOME**		
5.1	**Fees and commission income**		
	Net dealing gains	742,462	746,993
	Net commissions	24,496,930	15,968,288
		25,239,392	16,715,281
5.2	**Other**		
	Fair value adjustment on financial instruments (note 11)	(106,148)	(258,782)
	Fair value adjustment on investment property (note 16)	789,494	317,639
	Sundry income	511,321	907,307
	Bad debts recovered	1,561,462	1,136,364
		2,756,129	2,102,528
	Total non-interest income	**27,995,521**	**18,817,809**
6	**IMPAIRMENT OF LOANS AND ADVANCES**		
	Allowance for credit losses charge (note 12.4)	**4,922,640**	**1,772,507**

AUDITED ABRIDGED FINANCIAL STATEMENTS for the year ended 28 February 2017

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (continued)

For the year ended 28 February 2017

7 OPERATING EXPENDITURE

	28 February 2017 US$	29 February 2016 US$
Administration expenses	8,924,471	6,363,892
Amortisation of intangible assets	357,996	275,077
Audit fees	147,775	172,658
Depreciation of property and equipment	1,231,997	970,554
Impairment of software	-	18,834
Impairment of property and equipment	250,064	396,563
Directors' remuneration	127,278	125,374
- Short term benefits	127,278	125,374
- other emoluments	-	-
Loss on revaluation of property	152,670	45,812
Occupancy expenses	1,176,708	1,584,239
Professional expenses	1,663,227	922,767
Staff costs	7,663,364	7,260,933
- Short term benefits	7,404,126	7,077,017
- post - employment benefits	259,238	183,916
	21,695,550	**18,136,703**

8 LOANS AND ADVANCES RELATING TO FURNITURE CUSTOMERS

Interest income	1,823	321,430
Impairment charge on loans and advances	(80,745)	(476,893)
Recovery of previously written-off loans	1,416,870	1,136,364
Operating profit relating to furniture loans	**1,337,948**	**980,901**

9 INCOME TAX EXPENSE

The components of income tax expense are as follows:		
Deferred tax expense	2,256,050	791,130
Current tax	-	-
Total income tax expense	**2,256,050**	**791,130**

9.1 Income tax reconciliation

Accounting profit before income tax	8,411,146	6,203,210
Taxation at normal rate of 25.75%	2,165,870	1,597,327
Effect of non-deductible expenses:		
- Donations and entertainment expenses	23,507	-
- Effect of recognition of previously unrecognized tax losses	-	(913,162)
- Other non-deductible expenses	66,673	106,965
	2,256,050	**791,130**

10 CASH AND CASH EQUIVALENTS

	28 February 2017 US$	29 February 2016 US$
Balances with the Reserve Bank of Zimbabwe	58,362,228	21,215,408
Balances with other banks	1,537,352	651,009
Cash balances	4,054,999	2,687,035
	63,954,579	**24,553,452**

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Listed equities:		
Opening balance	279,755	14,538,537
Disposals	-	(14,000,000)
Net fair value loss (note 5.2)	(106,148)	(258,782)
Closing balance	**173,607**	**279,755**

12 LOANS AND ADVANCES TO CUSTOMERS

12.1 Total loans and advances

Corporate loans	35,348,819	38,912,441
Small-to-medium Enterprise loans	1,183,149	2,492,097
Consumer loans	20,470,407	19,235,686
	57,002,375	60,640,224
Less: Allowance for impairment	(3,060,309)	(2,285,276)
Less: Suspended interest	(1,355,322)	(2,029,972)
	52,586,744	**56,324,976**

12.2 Maturity analysis

Less than one month	11,305,000	2,363,276
1 to 3 months	1,437,734	1,359,985
3 to 6 months	914,256	1,698,924
6 months to 1 year	1,754,562	11,265,208
1 to 5 years	39,918,179	42,151,361
Over 5 years	1,672,644	1,801,470
Gross loans and advances	**57,002,375**	**60,640,224**

12 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

12.3 Sectorial analysis of utilisations

	28 February 2017		29 February 2016	
	US$	%	US$	%
Mining	10,907	0.0%	331,895	0.5%
Manufacturing	23,109,867	40.5%	28,927,409	47.7%
Agriculture	1,317,531	2.3%	2,823,439	4.7%
Distribution	1,299,045	2.3%	829,015	1.4%
Services and communication	13,252,482	23.3%	7,659,810	12.6%
Individuals	18,012,543	31.6%	20,068,656	33.1%
	57,002,375	**100%**	**60,640,224**	**100.0%**

12.4 Allowance for impairment on loans and advances

	28 February 2017 US$	29 February 2016 US$
Opening balance	2,285,276	7,856,141
Net charge for the period	4,922,640	1,772,507
Loans and advances written off	(4,147,607)	(7,343,372)
Closing balance	**3,060,309**	**2,285,276**

13 LOANS AND ADVANCES RELATING TO FURNITURE CUSTOMERS

Gross furniture loans	1,075,081	1,622,598
Allowance for credit losses	(80,745)	-
Net loans and advances relating to furniture customers	**994,336**	**1,622,598**
Reconciliation of loans and advances relating to Furniture Customers:		
Opening balance	**1,622,598**	**3,292,051**
Gross furniture loans	1,622,598	18,752,538
Allowance for credit losses	-	(15,460,487)
Collections/recoveries	(547,517)	(1,192,560)
Impairment charge for the year	(80,745)	(476,893)
Write-off of loans and advances	-	(15,937,380)
Utilisation of provisions	-	15,937,380
Closing balance	**994,336**	**1,622,598**
Gross furniture loans	1,075,081	1,622,598
Allowance for credit losses	(80,745)	-

14 FINANCIAL ASSETS HELD-TO-MATURITY

Opening Balance	45,834,053	33,699,848
Additions	45,721,496	25,500,000
Repayments received on maturity	(38,456,665)	(16,005,662)
Accrued interest	1,406,237	2,639,867
Closing balance	**54,505,121**	**45,834,053**

15 OTHER RECEIVABLES

Sundry receivables	23,984,959	3,342,805
Amounts due from related parties	3,370,464	10,102,089
	27,355,423	**13,444,894**

16 INVESTMENT PROPERTY

Opening balance	**4,647,906**	**3,430,267**
Transfer to property and equipment	-	(1,200,000)
Transfer from loans and advances	-	2,100,000
Fair value adjustments (note 5.2)	789,494	317,639
Closing balance	**5,437,400**	**4,647,906**

Investment property comprises buildings and undeveloped residential land.

Investment property is stated at fair value, which has been determined based on valuations performed by an accredited independent valuer, as at 28 February 2017. The professional independent valuer considered comparable market evidence based on lease and purchase transactions of similar buildings and residential stands. There was no rental income received during the period on Investment Property.

Reconciliation of fair value:

	Investment properties		
	Office properties US$	Residential stands US$	Total US$
Opening Balance	**860,000**	**3,787,906**	**4,647,906**
Remeasurement recognised in profit or loss	(60,000)	849,494	789,494
Closing Balance	**800,000**	**4,637,400**	**5,437,400**

Description of valuation techniques used and key inputs to valuation on investment properties:

	Valuation technique	Significant observable inputs	Range
Office properties	Income approach (Refer below)	Comparable rentals per month, per sqm	$5 - $9
Residential stands	Residual method (Refer below)	Net land for disposal	321,011 sq.m

16 INVESTMENT PROPERTY (CONTINUED)

Income approach

In arriving at the market value for office property, the implicit investment approach was applied based on the capitalisation of income. This method is based on the principle that rentals and capital values are inter-related, hence, given the income produced by a property, its capital value can be estimated. Comparable rentals inferred from properties within the locality of the property based on use, location, size and quality of finishes were used. The rentals were then adjusted per square metre to the lettable areas, being rentals achieved for comparable properties as at 28 February 2017. The rentals are then annualised and a capitalisation factor is applied to arrive at market value of the property, also inferring on comparable premises which are in the same category as regards the building elements.

Residual approach

In assessing the market value of the residential stands, the Residual Method was applied. This method of valuation is used to estimate the amount that is worth paying for land, or buildings, that is to be developed or redeveloped. The application of the residual method of valuation is based on the principle that the price to be paid for a property that is suitable for development is equal to the difference between (i) the computed value of the highest and best form of permitted development and (ii) the total cost of carrying out that development.

17 PROPERTY AND EQUIPMENT

	Land and Buildings US$	Leasehold Improvements US$	Furniture and Fittings US$	Office Equipment US$	Computer Equipment US$	Motor Vehicles US$	Work in Progress US$	Total US$
At Cost or Valuation:								
28 February 2015	-	**1,769,838**	**2,902,858**	**1,701,989**	**3,600,859**	**452,612**	**20,479**	**10,448,635**
Additions	68,238	8,946	95,424	73,431	559,239	-	347,971	1,153,249
Transfer from Investment Property	1,200,000	-	-	-	-	-	-	1,200,000
Transfer from Work-in-Progress	49,745	97,819	-	-	24,514	-	(172,078)	-
Revaluation	(79,169)	-	-	-	-	-	-	(79,169)
29 February 2016	**1,238,814**	**1,876,603**	**2,998,282**	**1,775,420**	**4,184,612**	**452,612**	**196,372**	**12,722,715**
Additions	145,366	98,997	219,305	190,321	2,011,631	137,748	-	2,803,368
Transfers from Work-in-Progress	-	-	-	-	-	-	311,485	311,485
Revaluation	(184,180)	-	-	-	-	-	-	(184,180)
28 February 2017	**1,200,000**	**1,975,600**	**3,217,587**	**1,965,741**	**6,196,243**	**590,360**	**507,857**	**15,653,388**
Accumulated depreciation and impairment:								
28 February 2015	-	**127,550**	**2,390,445**	**1,355,808**	**2,239,585**	**375,389**	-	**6,488,777**
Depreciation charge for the year	1,814	316,665	68,281	131,221	408,193	44,380	-	970,554
Impairment	-	119,286	-	-	277,277	-	-	396,563
29 February 2016	**1,814**	**563,501**	**2,458,726**	**1,487,029**	**2,925,055**	**419,769**	-	**7,855,894**
Depreciation charge for the year	29,696	340,976	85,865	107,248	640,483	27,729	-	1,231,997
Impairment	-	-	-	-	250,064	-	-	250,064
Eliminated on revaluation	(31,510)	-	-	-	-	-	-	(31,510)
28 February 2017	-	**904,477**	**2,544,591**	**1,594,277**	**3,815,602**	**447,498**	-	**9,306,445**
Net carrying amount:								
28 February 2017	**1,200,000**	**1,071,123**	**672,996**	**371,464**	**2,380,641**	**142,862**	**507,857**	**6,346,943**
29 February 2016	**1,237,000**	**1,313,102**	**539,556**	**288,391**	**1,259,557**	**32,843**	**196,372**	**4,866,821**

18 INTANGIBLE ASSETS

	Computer software US$	Current work in progress US$	Total US$
Cost:			
28 February 2015	**7,655,952**	**1,242,184**	**8,898,136**
Additions	371,888	451,435	823,323
Transfer from Work in Progress	276,477	(276,477)	-
29 February 2016	**8,304,317**	**1,417,142**	**9,721,459**
Additions	404,774	106,512	511,286
Transfer from Work in Progress	-	(311,485)	(311,485)
28 February 2017	**8,709,091**	**1,212,169**	**9,921,260**
Accumulated amortisation and impairment:			
28 February 2015	**3,205,201**	-	**3,205,201**
Amortisation charge for the year	275,077	-	275,077
Impairment	2,824	16,010	18,834
29 February 2016	**3,483,102**	**16,010**	**3,499,112**
Amortisation charge for the year	357,996	-	357,996
28 February 2017	**3,841,098**	**16,010**	**3,857,108**
Net carrying amount:			
At 28 February 2017	**4,867,993**	**1,196,159**	**6,064,152**
At 29 February 2016	**4,821,215**	**1,401,132**	**6,222,347**

Intangible assets pertain to computer software. The Bank uses the expected usage of the asset to determine the useful life of intangible assets.

STEWARD BANK

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Member of the Deposit Protection Corporation | A Registered Commercial Bank

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19 SHARE CAPITAL AND SHARE PREMIUM

Share capital:	28 February 2017 No. of Shares	29 February 2016 No. of Shares	2016 US$	2015 US$
Authorised:				
Ordinary shares of $0.0000001 each	70,000,000,000	70,000,000,000	7,000	7,000
10% Irredeemable non-cumulative preference shares of US$1 each	10,000	10,000	10,000	10,000
			17,000	17,000
Issued:				
Ordinary shares of $0.0000001 each	471,707,887	471,707,887	47	47
10% Irredeemable non-cumulative preference shares of US$1 each	4,030	4,030	4,030	4,030
			4,077	4,077

Subject to the provisions of section 183 of the Companies Act (Chapter 24:03), the unissued shares are under the control of the Directors.

Movements in share capital and share premium:

	No. of ordinary shares	No. of preference shares	Share Capital US$	Share premium US$	Total US$
28 February 2015	471,707,887	4,030	4,077	106,317,629	106,321,706
29 February 2016	471,707,887	4,030	4,077	106,317,629	106,321,706
28 February 2017	471,707,887	4,030	4,077	106,317,629	106,321,706

20 OTHER RESERVES

	Revaluation surplus US$	Regulatory reserve US$	Total US$
28 February 2015	**26,856**	**5,200,664**	**5,227,520**
Reversal owing to loss on revaluation of property	(26,856)	-	**(26,856)**
Impairment allowance for loans and advances	-	(251,000)	**(251,000)**
29 February 2016	**-**	**4,949,664**	**4,949,664**
Impairment allowance for loans and advances	-	(1,050,628)	**(1,050,628)**
28 February 2017	**-**	**3,899,036**	**3,899,036**

Revaluation surplus

This reserve represents the surplus arising from the revaluation of owner occupied property.

Regulatory reserve

This reserve caters for excess credit loss provisions that result from calculation of impairments on loans and receivables according to the expected loss model as required per Reserve Bank of Zimbabwe regulations.

21 DEPOSITS DUE TO BANKS AND CUSTOMERS

	28 February 2017 US$	29 February 2016 US$
Due to banks and customers		
Current accounts	139,652,729	71,824,624
Term deposits	4,979,452	20,825,353
	144,632,181	**92,649,977**

At 28 February 2017, approximately $68.0 million or 47.0% of the Bank's deposits due to customers (At 29 February 2016: $30.5 million or 32.9% of deposits) represents balances owed to a related party entity in the telecommunications sector.

A concentration of risk therefore exists in the event that the business of the counterparty is adversely affected by changes in economic or other conditions. However, at 28 February 2017, the Bank's management was not aware of any economic or other conditions that may adversely affect the business of the counterparty.

21.1 Maturity analysis of deposits

	28 February 2017 US$	29 February 2016 US$
Less than one month	144,515,968	78,128,644
1 to 3 months	116,213	14,521,333
	144,632,181	**92,649,977**

21.2 Sectorial analysis of deposits

	28 February 2017		29 February 2016	
	US$	%	US$	%
Financial	21,183,141	14.7%	353,198	0.4%
Transport and telecommunications	68,040,300	47.0%	73,702,449	79.5%
Mining	15,021	0.0%	48,803	0.1%
Manufacturing	2,006,779	1.4%	203,211	0.2%
Agriculture	435,719	0.3%	84,500	0.1%
Distribution	1,848,837	1.3%	310,145	0.3%
Services	15,366,565	10.6%	3,896,976	4.2%
Government and parastatals	898,447	0.6%	2,465,565	2.7%
Individuals	26,846,930	18.6%	10,983,686	11.9%
Other	7,990,442	5.5%	601,444	0.7%
	144,632,181	**100%**	**92,649,977**	**100%**

22 LOANS AND BORROWINGS

	28 February 2017 US$	29 February 2016 US$
Lines of credit	**280,000**	3,565,302

22.1 Maturity profile of loans and borrowings

Less than one month	-	1,499,500
1 to 6 months	-	682,623
6 months to 1 year	280,000	1,203,092
1 to 5 years	-	180,087
	280,000	**3,565,302**

23 FAIR VALUES MEASUREMENT

The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities:

Quantitative disclosures - Fair value measurement hierarchy for assets and liabilities as at 28 February 2017:

Assets measured at fair value:	Date of Valuation	Total US$	Fair value measurement using: Quoted prices in active markets (Level 1) US$	Significant observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$
Investment property (Note 16)					
Residential stands	28 February 2017	**4,637,400**	-	4,637,400	-
Office buildings	28 February 2017	**800,000**	-	800,000	-
Total Investment property		**5,437,400**	-	**5,437,400**	-
Quoted equity shares (Note 11)					
Telecommunications sector	28 February 2017	**173,607**	173,607	-	-

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures - Fair value measurement hierarchy for assets and liabilities as at 29 February 2016:

Assets measured at fair value:	Date of Valuation	Total US$	Fair value measurement using: Quoted prices in active markets (Level 1) US$	Significant observable inputs (Level 2) US$	Significant unobservable inputs (Level 3) US$
Investment property (Note 16)					
Residential stands	29 February 2016	**3,787,906**	-	3,787,906	-
Office buildings	29 February 2016	**860,000**	-	860,000	-
Total Investment property		**4,647,906**	-	**4,647,906**	-
Quoted equity shares (Note 11)					
Telecommunications sector	29 February 2016	**279,755**	279,755	-	-

Fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique;
Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:
-Cash and cash equivalents, loans and advances, deposits and other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term, fixed-rate and variable-rate receivables / borrowings are evaluated by the Bank based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 28 February 2017, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- The fair value of unquoted instruments, loans from banks and other financial liabilities and obligations under finance leases are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Fair value of financial assets at fair value through profit or loss are derived from quoted market prices in active markets.

	28 February 2017 Carrying amount US$	28 February 2017 Fair value US$	29 February 2016 Carrying amount US$	29 February 2016 Fair value US$
Financial assets				
Cash and cash equivalents	63,954,579	63,954,579	24,553,452	24,553,452
Financial assets at fair value through profit or loss	173,607	173,607	279,755	279,755
Loans and advances to customers	52,586,744	52,586,744	56,324,976	56,324,976
Loans and advances relating to furniture customers	994,336	994,336	1,622,598	1,622,598
Financial assets held-to-maturity	54,505,121	54,505,121	45,834,053	45,834,053
Other receivables	27,355,423	27,355,423	13,444,894	13,444,894
	199,569,810	**199,569,810**	**142,059,728**	**142,059,728**
Financial liabilities				
Deposits due to banks and customers	144,632,181	144,632,181	92,649,977	92,649,977
Loans and borrowings	280,000	280,000	3,565,302	3,565,302
Other liabilities	5,842,692	5,842,692	3,362,879	3,362,879
	150,754,873	**150,754,873**	**99,578,158**	**99,578,158**

24 PROVISIONS

	28 February 2017 US$	29 February 2016 US$
Provisions	**256,983**	**223,340**

	Leave pay and provision for restoration costs US$
Balance at 1 March 2016	**223,340**
Current provision	444,389
Amount utilised	(410,746)
Balance at 28 February 2017	**256,983**

25 OTHER LIABILITIES

	28 February 2017 US$	29 February 2016 US$
Sundry creditors and accruals	**5,842,692**	**3,362,879**

26 DEFERRED TAX ASSET

	Accelerated wear and tear US$	Fair value adjustments US$	Assessed losses US$	Other US$	Total US$
At 29 February 2016	**(625,935)**	**(509,581)**	**10,934,319**	**1,097,381**	**10,896,184**
Credit/(charge) to profit for the year	91,641	(156,837)	(2,266,164)	75,311	(2,256,049)
At 28 February 2017	**(534,294)**	**(666,418)**	**8,668,155**	**1,172,692**	**8,640,135**

27 RELATED PARTY DISCLOSURES

	28 February 2017 US$	29 February 2016 US$
Compensation of key management personnel of the Bank:		
Short-term benefits	1,356,945	2,059,435
	1,356,945	**2,059,435**

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28 CORPORATE GOVERNANCE

The Board meets at least on a quarterly basis in order to assess risk, review performance and provide guidance to management on both operational and policy issues. The Board is supported by standing committees in executing its responsibilities.

28.1 Main Board

Name of director	Number of meetings held	Meetings required to attend	Meetings attended
*B T R Chidzero	4	3	3
C Maswi	4	4	3
J Mungoshi	4	4	4
T Mpofu	4	4	3
J H Gould	4	4	4
K Akosah-Bempah	4	4	4
N N Chadehumbe	4	4	4
P M Mbizvo	4	4	4
K V Chirairo	4	4	4
L Mambondiani	4	4	4
A Chaavure**	4	4	4

* Chairman - Appointed effective 1 June 2016
** Appointed effective 9 February 2017

28.2 Board Risk, Compliance and Capital Management Committee

Name of director	Number of meetings held	Meetings required to attend	Meetings attended
*N N Chadehumbe	4	4	4
T Mpofu	4	4	3
P M Mbizvo	4	4	4

* Chairperson

28.3 Board Audit Committee

Name of director	Number of meetings held	Meetings required to attend	Meetings attended
* K Akosah-Bempah	5	5	5
C Maswi	5	5	4
N N Chadehumbe	5	5	5

* Chairperson

28.4 Board Credit Committee

Name of director	Number of meetings held	Meetings required to attend	Meetings attended
*J Mungoshi	5	5	5
K V Chiriro	5	5	5
J H Gould	5	5	4
B Chidzero	5	5	4

* Chairperson

28.5 Board Asset and Liability Committee

Name of director	Number of meetings held	Meetings required to attend	Meetings attended
*C Maswi	4	4	4
T Mpofu	4	4	3
K Akosah-Bempah	4	4	4
P M Mbizvo	4	4	4

* Chairperson

28.6 Board ICT Committee

Name of director	Number of meetings held	Meetings required to attend	Meetings attended
*J Mungoshi	4	4	4
J H Gould	4	4	3
N N Chadehumbe	4	4	4

* Chairperson

28.7 Board Remuneration and Nominations Committee

Name of director	Number of meetings held	Meetings required to attend	Meetings attended
*P M Mbizvo	4	4	4
J Mungoshi	4	4	3
B Chidzero	4	4	4

* Chairperson

29 RISK MANAGEMENT

Risk is inherent in the Bank's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk, strategic risk, reputational risk and market risk. It is also subject to country risk and various operating risks.

29.1 Credit Risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The following tables analyse credit risk exposure to loans and advances in detail:

	Performing				Non-performing	
	Neither past due nor impaired					
	Grade A high grade US$	Grade B standard grade US$	Grade C sub-standard US$	Past due but not impaired US$	Individually impaired US$	Total US$
At 28 February 2017:						
Individuals	9,437,281	-	3,566,929	3,048,678	1,959,655	**18,012,543**
Mining	5,841	-	4,613	433	20	**10,907**
Manufacturing	76,096	-	11,975,570	9,213,468	1,844,733	**23,109,867**
Agriculture	-	-	228,913	183,245	905,373	**1,317,531**
Distribution	12,645	-	104,366	206,041	975,993	**1,299,045**
Services	4,756,220	700,000	2,573,228	4,899,166	323,868	**13,252,482**
	14,288,083	**700,000**	**18,453,619**	**17,551,031**	**6,009,642**	**57,002,375**
At 29 February 2016:						
Individuals	9,150,739	963,493	787,569	1,888,175	7,278,680	**20,068,656**
Mining	248,755	14,773	-	68,367	-	**331,895**
Manufacturing	-	-	28,378,053	-	549,356	**28,927,409**
Agriculture	738,893	228,498	-	90,717	1,765,331	**2,823,439**
Distribution	484,371	96,480	-	185,582	62,582	**829,015**
Services	3,894,813	-	543,787	3,198,110	23,100	**7,659,810**
	14,517,571	**1,303,244**	**29,709,409**	**5,430,951**	**9,679,049**	**60,640,224**

29.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the non–trading interest rate gaps for stipulated periods. The Bank's policy is to monitor positions on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

The table below summaries the Bank's interest rate risk exposure:

TOTAL POSITION	Up to 1 month US$	1 month to 3 months US$	3 months to 1 year US$	1 to 5 years US$	Non-interest bearing US$	Total US$
At 28 February 2017						
Assets						
Cash and cash equivalents	-	-	-	-	63,954,579	**63,954,579**
Financial assets at fair value through profit or loss	-	-	-	-	173,607	**173,607**
Loans and advances to customers	9,949,679	1,437,734	2,668,818	36,857,869	1,672,644	**52,586,744**
Loans and advances relating to furniture customers	994,336	-	-	-	-	**994,336**
Financial assets held-to-maturity	8,266,676	25,540,768	17,057,215	3,640,462	-	**54,505,121**
Other receivables	-	-	-	-	27,355,423	**27,355,423**
Investment property	-	-	-	-	5,437,400	**5,437,400**
Property and equipment	-	-	-	-	6,346,943	**6,346,943**
Intangible assets	-	-	-	-	6,064,152	**6,064,152**
Deferred tax asset	-	-	-	-	8,640,135	**8,640,135**
	19,210,691	**26,978,502**	**19,726,033**	**40,498,331**	**119,644,883**	**226,058,440**
Liabilities and equity						
Deposits due to banks and customers	144,515,968	116,213	-	-	-	**144,632,181**
Loans and borrowings	-	-	280,000	-	-	**280,000**
Provisions	-	-	-	-	256,983	**256,983**
Other liabilities	-	-	-	-	5,842,692	**5,842,692**
Equity	-	-	-	-	75,046,584	**75,046,584**
	144,515,968	**116,213**	**280,000**	**-**	**81,146,259**	**226,058,440**
Interest rate repricing gap	**(125,305,277)**	**26,862,289**	**19,446,033**	**40,498,331**	**38,498,624**	**-**
Cumulative gap	**(125,305,277)**	**(98,442,988)**	**(78,996,955)**	**(38,498,624)**	**-**	**-**
At 29 February 2016						
Assets						
Cash and cash equivalents	-	-	-	-	24,553,452	**24,553,452**
Financial assets at fair value through profit or loss	-	-	-	-	279,755	**279,755**
Loans and advances to customers	2,363,276	1,359,985	12,964,132	37,836,114	1,801,469	**56,324,976**
Loans and advances relating to furniture customers	1,622,598	-	-	-	-	**1,622,598**
Financial assets held-to-maturity	3,304,921	10,588,507	27,562,383	4,378,242	-	**45,834,053**
Other receivables	-	-	-	-	13,444,894	**13,444,894**
Investment property	-	-	-	-	4,647,906	**4,647,906**
Property and equipment	-	-	-	-	4,866,821	**4,866,821**
Intangible assets	-	-	-	-	6,222,347	**6,222,347**
Deferred tax asset	-	-	-	-	10,896,184	**10,896,184**
	7,290,795	**11,948,492**	**40,526,515**	**42,214,356**	**66,712,828**	**168,692,986**
Liabilities and equity						
Deposits due to banks and customers	78,128,644	14,521,333	-	-	-	**92,649,977**
Loans and borrowings	1,499,500	682,623	1,203,092	180,087	-	**3,565,302**
Provisions	-	-	-	-	223,340	**223,340**
Other liabilities	-	-	-	-	3,362,879	**3,362,879**
Equity	-	-	-	-	68,891,488	**68,891,488**
	79,628,144	**15,203,956**	**1,203,092**	**180,087**	**72,477,707**	**168,692,986**
Interest rate repricing gap	**(72,337,349)**	**(3,255,464)**	**39,323,423**	**42,034,269**	**(5,764,879)**	**-**
Cumulative gap	**(72,337,349)**	**(75,592,813)**	**(36,269,390)**	**5,764,879**	**-**	**-**

29.3 Liquidity risk

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

29.3.1 Liquidity ratios

	At 28 February 2017 US$	At 29 February 2016 US$
Loans to deposits ratio	37%	63%
Net liquid assets to customer liabilities ratio	81%	72%

29.3.2 Contractual maturities of undiscounted cash flows of financial assets and liabilities

The table below summarises the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

	On demand US$	Less than 3 months US$	3 months to 1 year US$	1 to 5 years US$	Over 5 years US$	Total US$
At 28 February 2017						
Financial assets:						
Cash and cash equivalents	63,954,579	-	-	-	-	**63,954,579**
Financial assets at fair value through profit or loss	173,607	-	-	-	-	**173,607**
Loans and advances to customers	11,305,000	1,437,734	2,668,818	39,918,179	1,672,644	**57,002,375**
Loans and advances relating to furniture customers	994,336	-	-	-	-	**994,336**
Financial assets held-to-maturity	8,266,676	25,540,768	17,057,215	3,640,462	-	**54,505,121**
Other receivables	27,355,423	-	-	-	-	**27,355,423**
Total undiscounted financial assets	**112,049,621**	**26,978,502**	**19,726,033**	**43,558,641**	**1,672,644**	**203,985,441**
Financial liabilities:						
Deposits due to banks and customers	144,515,968	116,213	-	-	-	**144,632,181**
Loans and borrowings	-	-	280,000	-	-	**280,000**
Total undiscounted financial liabilities	**144,515,968**	**116,213**	**280,000**	**-**	**-**	**144,912,181**
Net undiscounted financial assets/ (liabilities)	**(32,466,347)**	**26,862,289**	**19,446,033**	**43,558,641**	**1,672,644**	**59,073,260**
At 29 February 2016:						
Financial assets:						
Cash and cash equivalents	24,553,452	-	-	-	-	**24,553,452**
Financial assets at fair value through profit or loss	279,755	-	-	-	-	**279,755**
Loans and advances to customers	2,363,276	1,359,985	12,964,132	42,151,361	1,801,470	**60,640,224**
Loans and advances relating to furniture customers	1,622,598	-	-	-	-	**1,622,598**
Financial assets held-to-maturity	3,304,921	10,588,507	27,562,383	4,378,242	-	**45,834,053**
Other receivables	13,444,894	-	-	-	-	**13,444,894**
Total undiscounted financial assets	**45,568,896**	**11,948,492**	**40,526,515**	**46,529,603**	**1,801,470**	**146,374,976**
Financial liabilities:						
Deposits due to banks and customers	78,128,644	14,521,333	-	-	-	**92,649,977**
Loans and borrowings	1,499,500	682,623	1,203,092	180,087	-	**3,565,302**
Total undiscounted financial liabilities	**79,628,144**	**15,203,956**	**1,203,092**	**180,087**	**-**	**96,215,279**
Net undiscounted financial assets/ (liabilities)	**(34,059,248)**	**(3,255,464)**	**39,323,423**	**46,349,516**	**1,801,470**	**50,159,697**

29.3.3 Commitments and guarantees

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank.

The table below shows the Bank's maximum credit risk exposure for commitments and guarantees.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Bank could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the statement of financial position.

	28 February 2017 US$	29 February 2016 US$
Financial guarantees	10,000,000	-
Commitments to lend	46,800	231,681
	10,046,800	**231,681**

29.4 OTHER RISKS

29.4.1 Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

29.4.2 Compliance risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, law, rules, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the institution to fines and payment of damages. Compliance risk can lead to diminished reputation, limited business opportunities, reduced expansion potential, and an inability to enforce contracts. The Internal Audit and the Risk Department ensure that the Bank fully complies with all relevant laws and regulations.

29.4.3 Reputational risk

Reputational risk is the current and prospective impact on earnings and capital arising from negative public opinion. This affects the institution's ability to establish new relationships or services or continue servicing existing relationships. This risk may expose the institution to litigation, financial loss, or a decline in its customer base. The Bank has a Business Development department whose mandate is to manage this risk.

29.5 Reserve Bank Ratings

The Reserve Bank of Zimbabwe conducted an onsite inspection of the Bank in November 2014 and the final ratings that were determined on the Bank are detailed below:

29.5.1 CAMELS* Ratings

CAMELS Component	RBS** Ratings 30/11/2014
Capital Adequacy	1 - Strong
Asset Quality	4 - Weak
Management	2 - Satisfactory
Earnings	4 - Weak
Liquidity	2 - Satisfactory
Sensitivity to Market Risk	2 - Satisfactory
Composite Rating	3 - Fair

*CAMELS is an acronym for Capital Adequacy, Asset Quality, Management, Earnings, Liquidity and Sensitivity to Market Risk. The CAMELS rating system uses a scale of 1-5, where "1" is "Strong", "2" is "Satisfactory", "3" is "Fair", "4" is "Weak" and "5" is "Critical".
** RBS stands for Risk-Based Supervision

29.5.2 Summary risk matrix – 30 November 2014 onsite examination

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

KEY
Level of Inherent Risk:

Low – reflects a lower than average probability of an adverse impact on a banking institution's capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the banking institution's overall financial condition.

Moderate – could reasonably be expected to result in a loss which could be absorbed by a banking institution in the normal course of business.

High – reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in significant and harmful loss to the banking institution.

Adequacy of Risk Management Systems:

Weak – risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution's risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention.

The internal control systems will be lacking in important aspects particularly as indicated by continued control exceptions or by the failure to adhere to written policies or procedures.

Acceptable – management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses, these have been recognized and are being addressed. Management information systems are generally adequate.

Strong – management effectively identifies and controls all types of risk posed by the relevant functional areas or per inherent risk. The Board and senior management are active participants in managing risk and ensure appropriate policies and limits are put in place. The policies comprehensively define the bank's risk tolerance, responsibilities and accountabilities are effectively communicated.

Overall Composite Risk:

Low – would be assigned to low inherent risk areas. Moderate risk areas may be assigned a low composite risk where internal controls and risk management systems are strong and effectively mitigate much of the risk.

Moderate – risk management systems appropriately mitigates inherent risk. For a given low risk area, significant weaknesses in the risk management systems may result in moderate composite risk assessment. On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organization.

High – risk management systems do not significantly mitigate the high inherent risk. Thus, the activity could potentially result in a financial loss that would have a significant impact on the bank's overall condition.

Direction of Overall Composite Risk:

Increasing – based on the current information, risk is expected to increase in the next 12 months.

Decreasing – based on the current information, risk is expected to decrease in the next 12 months.

Stable – based on the current information, risk is expected to be stable in the next 12 months.

30 CAPITAL MANAGEMENT

The objective of the Bank's capital management is to ensure that it complies with the Reserve Bank of Zimbabwe (RBZ) requirements. In implementing the current capital requirements, the RBZ requires the Bank to maintain a prescribed ratio of total capital to total risk weighted assets. Risk weighted assets are arrived at by applying the appropriate risk factor as determined by the RBZ to the monetary value of the various assets as they appear on the Bank's statement of financial position.

Regulatory capital consists of:

- Tier 1 Capital ("the core capital"), which comprises of share capital, share premium, retained earnings (including the current year profit or loss), the statutory reserve and other equity reserves.

The core capital shall comprise not less than 50% of the capital base and portfolio provisions are limited to 1.25% of total risk weighted assets.

- Tier 2 Capital ("supplementary capital"), which includes subordinated term debt, revaluation reserves and portfolio provisions.
- Tier 3 Capital ("tertiary capital") relates to an allocation of capital to meet market and operational risks.

The Bank's regulatory capital position was as follows:

	28 February 2017 US$	29 February 2016 US$
Share capital	4,077	4,077
Share premium	106,317,629	106,317,629
Accumulated loss	(35,174,158)	(42,379,882)
Deferred tax asset	(8,640,135)	(10,896,184)
	62,507,413	53,045,640
Less: Capital allocated for market and operational risk	(2,327,248)	(2,399,213)
Advances to insiders	(3,370,464)	(12,003,802)
Guarantees to insiders	(10,000,000)	-
Tier 1 capital	**46,809,701**	**38,642,625**
Tier 2 capital		
Other reserves	-	-
General provisions	3,899,036	4,949,664
	3,899,036	**4,949,664**
Total Tier 1 and 2 capital	**50,708,737**	**43,592,289**
Tier 3 capital (sum of market and operational risk capital)	2,327,248	2,399,213
Total Capital Base	**53,035,985**	**45,991,502**
Total risk weighted assets	**116,596,110**	**124,996,437**
Tier 1 ratio	40%	31%
Tier 2 ratio	3%	4%
Tier 3 ratio	2%	2%
Total capital adequacy ratio	**45%**	**37%**
RBZ minimum requirement	**12%**	**12%**

31 EXTERNAL CREDIT RATINGS

	Most recent rating: September 2016	Previous rating: September 2015	Previous rating: September 2014
Rating agent: Global Credit Rating Co (GCR)	BBB-	BBB-	BBB-