STEWARD BANK

Everyday Banking For Everyday People

Member of the Deposit Protection Corporation

A Registered Commercial Bank

AUDITED ABRIDGED FINANCIAL STATEMENTS

for the year ended 28 February 2018

A subsidiary of ECONET Wireless

Superbrand

www.stewardbank.co.zw

H I G H L I G H T S

+133% NET OPERATING INCOME

Strong growth in transactional based revenue in line with strategic intent

US$32.7m 2018 | US$8.4m 2017

+289% PROFIT BEFORE TAX

+125% NON-FUNDED INCOME

US$13.3m 2018 | US$7.1m 2017

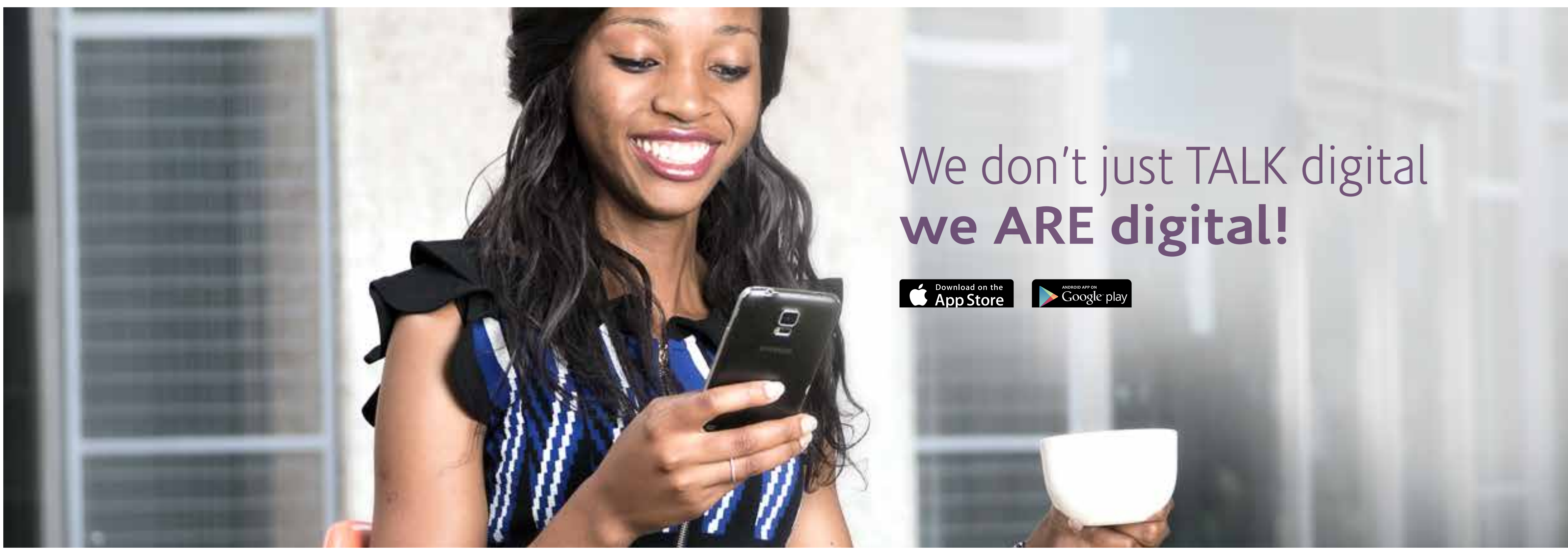
+87% NET INTEREST INCOME

70% LIQUIDITY RATIO

More than double to the minimum regulatory ratio of 30%

Tier 1 Capital US$75.1m

COST TO INCOME RATIO 49%



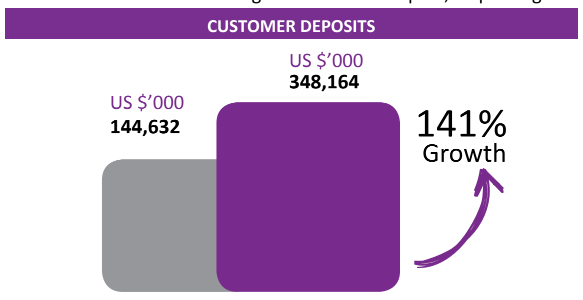
Everyday Banking For Everyday People

CHAIRMAN'S STATEMENT

Converged technology solutions to solve every day problems

I feel honoured and privileged to present Steward Bank's financial results for the year ended 28 February 2018. It has been about four years since we started on the journey to convert to digital banking. The Bank's growth in those few years reflects the progress we have made with our core strategy of developing digital banking solutions for every Zimbabwean. Our results demonstrate that our income mix is strongly aligned to the Telecommunications, Media and Technology ("TMT") business model developed by our shareholder, Econet Wireless Zimbabwe Limited. We believe in doing well by doing good and the Bank has made a significant social impact, improving the livelihoods of its customers and fulfilling the shareholder's vision of improving access to financial services to everyone through low cost and scalable services offered primarily on the mobile phone.

CUSTOMER DEPOSITS

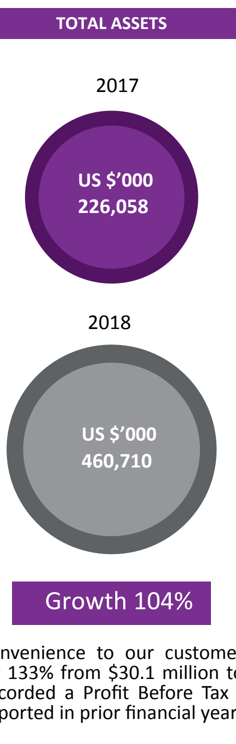


Through the efforts of the Bank and its stakeholders, in collaboration with the monetary authorities, Steward Bank has made an immense contribution to financial inclusion in Zimbabwe. The Bank's solutions, which complement those of our strategic partner, EcoCash, have assisted in managing the cash crisis in the country. Our goal is to simplify our customer's financial services experience and increase access to all our customers by putting a bank in everyone's pocket. We continue to distinguish ourselves from our peers through relentless innovation and driving timely and relevant solutions for our customer's everyday financial challenges.

Our Financial Performance

The Bank registered significant growth across a number of key indicators. In this financial year, we are privileged to have welcomed 176,000 new customers to the Bank, taking the total number of customers using our services to over 573,000. Our approach to delivering solutions to all our customers is technology driven, relying largely on the digital platforms developed by Econet Wireless Zimbabwe Limited, our parent company. This has allowed us to achieve a reach and scale that otherwise would not be possible using conventional banking processes and systems. We are extremely honoured to have become a bank of choice for many Zimbabweans and look forward to welcoming those who are yet to join us to the purple family. Our customers appreciate the convenience we provide.

TOTAL ASSETS



Growth 104%

As a result of more customers entrusting us with their business, our total assets grew 104% from $226.1 million in the previous year to $460.7 million in the year under review. Total deposits grew 141% from $144.6 million to $348.2 million as confidence in the Bank continued to grow. The increase in our deposits validates our business model which is customer centric and adapted to provide unparalleled convenience to our customers. Net operating income increased by 133% from $30.1 million to $70.3 million. As a result, the Bank recorded a Profit Before Tax of $32.7million, up from $8.4million reported in prior financial year.

The Bank experienced an unprecedented surge in the volume of transactions processed which required us to respond with a significant investment to upgrade our technology platforms and systems. Following this investment in our technology platforms and upskilling of our Information and Communications Technology (ICT) unit, the Bank has experienced relative stability on our system after the instability we encountered earlier in the financial year. However, we continue to make significant investments in our systems proportionate to the growth we are experiencing to increase our absorptive capacity.

Keeping Abreast of a Challenging Economic Environment

The Zimbabwean economy suffered recurrent economic challenges, characterised by Balance of Payment deficits and nostro shortages, increased country risk, deteriorating asset quality and countrywide cash challenges. The cash shortages resulted in a significant growth and unprecedented shift towards digital financial services with significant pressure being exerted on banking platforms including our own. Having previously positioned ourselves as a digital first financial institution, the Bank migrated a significant number of its customers onto our electronic banking platforms to alleviate the cash shortages. The Bank successfully lobbied the Ministry of Finance to remove the five (5) cents tax on all Point of Sale (POS) transactions with a value of less than $10. The Bank also removed all fees for transactions below $1 for its customers to encourage customers to embrace digital channels and reduce demand for cash.

The Banking Sector witnessed a slowdown in Real Time Gross Settlement (RTGS) balances from a peak of $2.1 billion during the course of the year down to $1.8 billion, largely a result of money market instruments such as savings bonds and treasury bills issued by the Central Bank. Lending rates averaged 9.04% due to the high credit risk in the country. The Bank maintained its conservative lending approach whilst extending support to our network of merchants, Agents, SMEs and small holder farmers across the country.

Government efforts to contain the trade gap resulted in the trade deficit for the year narrowing to $1.4 billion, from $2.1 billion in 2017. Foreign Direct Investment (FDI) remained subdued on account of perceived country risk and a poor credit rating. Political changes in November 2017 appear to have increased investor interest in the country. The new Government has made several policy changes aimed at building confidence amongst investors. In the midst of an uncertain economic environment, Steward Bank's financial performance for the year ended 28 February 2018, detailed in the Chief Executive Officer's report, demonstrates our resilience and ability to unlock shareholder value in a challenging market.

Regulatory Environment

To encourage the shift to plastic money, the Central Bank, with the consensus of banks reduced transaction costs on all electronic platforms. The Regulator also tightened its foreign currency management and monitoring of sectorial payments made by banks on a weekly basis. The 2018 Monetary Policy Statement streamlined payments, prioritising sectors such as Energy, Health and Manufacturing to effectively allocate scarce nostro funding. The Bank continues to support the Central Bank's efforts in this regard by allocating foreign currency reserves to the priority sectors.

Future Prospects – Tech Driven Financial Services

Steward Bank remains focused on providing customer centric products and services to all Zimbabweans. Our stated goal is to improve financial deepening through mobile and electronic payment systems for the benefits of millions of Zimbabweans previously excluded from mainstream financial services. A significant investment is currently being deployed in upgrading and transforming our digital platforms to world class standards as part of the digitisation of all our services. In the next financial year, the Bank will focus on increasing its pace of digitisation and integration with the Econet Group's various technology initiatives. Despite the headwinds ahead, we remain bullish about the Bank's future prospects and confident in the ability of management and the Board to turn these challenges into opportunities.

Awards and Recognition

The Bank and its management team received several accolades from various bodies during the financial year under review, recognising our commitment to providing outstanding service across all our platforms and services. Some of the notable awards included:

- Bank of the Year – Zimbabwe Investment Authority (ZIA)
- Bank of the Year (Innovation Award) – Megafest
- Best Print Advert of the Year – Marketers Association of Zimbabwe (MAZ)
- Website of the Year Winner – Marketers Association of Zimbabwe (MAZ)
- Bank of the Year Runner Up – Marketers Association of Zimbabwe (MAZ)
- Outstanding Banking and Finance Leader of the Year - Steward Bank CEO - Megafest

These awards underline our commitment to providing extraordinary service that meets the real needs of our customers. I would like to dedicate the awards to customers for their loyalty to our brand.

Gratitude

We greatly appreciate the support we continue to receive from our customers who have honoured us with their business. We remain a bank for the people, firmly rooted in our commitment and ethos - "Everyday Banking for Everyday People". I would like to express my extreme gratitude to the shareholder for entrusting us with the vision to develop innovative, financially inclusive products. I would also like to thank my fellow Board Members for their guidance during a period of exceptional growth. Our most important asset remains the Stewards, whose commitment and hard work and exceptional sacrifice to support the business under challenging conditions has been the major differentiator. Lastly, I would like to thank the Regulator for the support and accommodation of our constant requests on innovation for the benefit of our customers.

Dividend

The Board does not recommend the declaration of a dividend for the year ended 28 February 2018.

On behalf of the Board

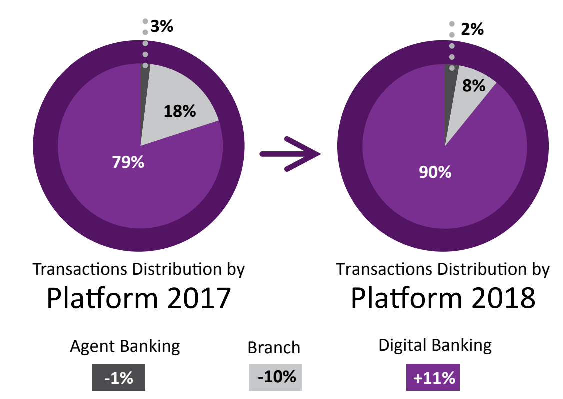
Bernard T.R. Chidzero
Board Chairman
24 May 2018

CHIEF EXECUTIVE OFFICER'S STATEMENT

Sustained Growth in a Challenging Environment

Steward Bank has emerged as a significant player in the Zimbabwean Banking Sector on the back of a technology driven banking model since the acquisition by the Econet Group in 2013. We are privileged to be one of only a few banks worldwide fully owned by a mobile network operator. As such, our core strategy remains the same, to be a mobile first, high-growth digital bank with a differentiated business model which integrates our innovative digital offering delivered by an enthusiastic team of highly motivated "Stewards".

TRANSACTIONS DISTRIBUTION



I am happy to report that the Bank recorded another year of sustained growth across all business segments resulting from an integration of cutting edge technologies, with our mobile-centric platforms and the addition of a significant number of new retail and commercial customers which has been detailed in the Chairman's statement.

Performance Overview

In the financial year under review, the Bank recorded a Profit Before Tax of $32.7 million due to the growth in revenue driven mainly by an increase in transactional volumes on our digital platforms.

Key Performance Indicators

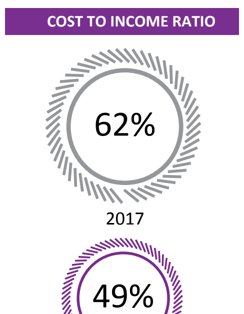
Key Ratio	Financial year ended 28 Feb 2018	Financial year ended 28 Feb 2017
Cost to Income Ratio	49%	62%
Staff Costs to Income Ratio	13%	20%
Net Interest Margin	7%	8%
Return on Equity	26%	9%
Prudential Liquidity Ratio	70%	81%
Loans to Deposit Ratio	11%	40%

The Bank's net operating income grew by 133% from the prior year largely as a result of:

- A 125% increase in Non-Funded Income as a result of a surge in transactional volumes on our electronic platforms following a system upgrade performed in June 2017 to increase capacity. Transactional banking remains the Bank's core focus and ensuring that our customers complete transactions in real time anytime and anywhere is one of our key objectives.
- An 87% growth in interest income supported by mortgage loan disbursements, increased activity on the interbank market and investments in Held-to-Maturity Assets a result of the growth in our balance sheet within the financial year under reporting.

Operating expenses grew in line with business growth, a result of a significant investments in our digital transformation to accommodate our growing customer base and improve on customer experience. The Bank's Cost to Income Ratio decreased significantly from 62% in 2017 to 49% for the year under review, whilst Return on Equity increased to 26% up from 9% in the previous year due to the increase in revenue in the financial year ended 28 February 2018 and increased efficiency in service delivery. The Bank's Prudential Liquidity Ratio of 70% was above the RBZ's minimum requirement of 30%. The 141% growth in the Bank's customer deposits during the period triggered an increase in investments on Gross Interest Earning Assets during the period resulting in a 162% growth from prior year. Proportionally, the Bank's Loan to Deposit Ratio declined by 29 percentage points due to the growth in customer deposits against a decline in loans and advances.

COST TO INCOME RATIO



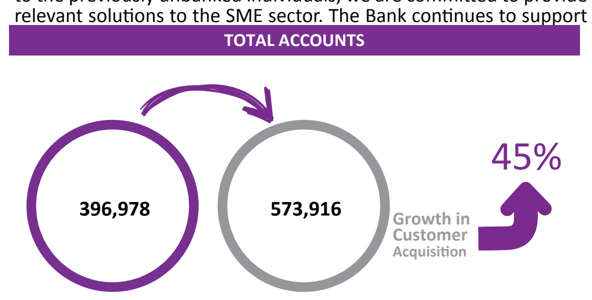
Putting Our Customers First

We are proud to be a part of every community we serve in and developing lasting relationships with our customers. The Bank continues to launch revolutionary products and services. In the year under review, we successfully signed up to 65% of our existing customers to our digital platforms, which include Square Mobile Banking, Kambudzi Banking and EcoCash Banking Services as part of an initiative we have labelled 'The Digitisation of Everything'. This migration was complemented by a nationwide financial inclusion and financial literacy campaign, educating our customers on how to interface with the Bank's products and services without visiting the branch. We are aware our customers want options when they engage with our services, whether in any of our branches, on the Square App, over the phone or online, our aim is to deliver faster, more efficient and more secure platforms for our customers to execute their transactions with minimum friction.

Our Contribution to the SME Sector

One of the fastest growing segments for the Bank is the small and medium sized enterprises (SMEs) which we believe is one of the most under-served market. In the same away, we have provided services to the previously unbanked individuals, we are committed to provide relevant solutions to the SME sector. The Bank continues to support this sector through our comprehensive, fully integrated and iconic Zama Zama account. This SME account service is designed to assist small businesses with financial literacy training, access to markets, technical and working capital facilities. Our Incubation Pod, which is run every week across different cities, has assisted our SME clients with training and seminars on various business related topics to aid their growth strategies and interaction with other business leaders.

TOTAL ACCOUNTS



"Kwenga" - Payment Solution for Small Business Operators

In January, 2018, the Bank introduced, Kwenga, a revolutionary low cost merchant payment solution which increased our merchant network nationwide. The solution provides previously excluded small business operators and vendors with capabilities to accept electronic payments in light of the prevailing cash shortages. The market's acceptance of this product has been truly humbling. To date, we have issued more than 10,000 Kwenga devices to taxi drivers, kombi operators, hairdressers, vendors and various small businesses who previously could not afford a conventional POS machine to acquire card transactions. This solution complements the progress made by our colleagues at EcoCash in increasing merchant services across the country whilst also contributing to government efforts to increase the use of plastic money within the informal sector.

Outreach Programmes to Smallholder Farmers

In conjunction with SNV International, Steward Bank participated in a Food and Agriculture Organisation (FAO) Rural Finance Project, aimed at providing affordable financial services to rural households, improving agricultural productivity, increasing incomes, improving food and nutrition security and reducing poverty in rural Zimbabwe. Through this program approximately 100,000 new customers signed up on the Bank's signature low KYC account, the iSave account, with 60% simultaneously registered on Kambudzi Banking and 30% registered on mobile insurance, through our group partner, EcoSure. A total of $2 million was also disbursed to small holder farmers as part of the USAID Create Fund Program.

Heartfelt Thank You

We are extremely honoured to receive the custom of hundreds of Zimbabweans who have selected us as their Bank of Choice. As part of our customer centric mind-set, our goal is continuous innovation, offering digital financially inclusive services aimed at addressing the different obstacles faced by our customers. We believe in offering simplified banking solutions that are easily understood by our customers and can be accessed by anyone when and where it suits them.

I would like to extend my heartfelt thanks to the Steward Bank team that I am honoured to lead. Innovation is a culture at Steward Bank and I have the privilege of being a part of a highly motivated team that believe in making a difference through relentless innovation which is a part of the Econet Group's DNA. Our commitment as your Stewards in the coming year is to distinguish ourselves in how we serve our customers through our values of Hunhu, Excellence, Professionalism, Integrity and Innovation, which we have coined the H.E.P.I.I Customer Campaign. We are honoured to be part of the Econet family, which includes the Cassava Fintech unit whose presence across several African countries provides us with valuable strategic insights into a wider African market. Lastly, I would also like to thank the Steward Bank Board for steering us through a period of unprecedented growth and the Reserve Bank of Zimbabwe for their guidance and support.

Dr Lance Shingai Mambondiani
Chief Executive Officer
24 May 2018

AUDITED ABRIDGED FINANCIAL STATEMENTS
for the year ended 28 February 2018

CORPORATE GOVERNANCE STATEMENT

The Board of Directors recognises the importance of good corporate governance and is committed to conducting the business of the Bank with integrity and in accordance with accepted corporate practices through a comprehensive governance framework, in order to safeguard stakeholders' interests. The Board regularly reviews its structures and policies to ensure continued adherence to the governing instruments and best practice to ensure its operations remain compliant.

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

As part of its commitment to inculcating high ethical and professional standards, the Bank subscribes to Deloitte Zimbabwe's Tip Offs Anonymous.

Compliance
The Bank complied with the applicable laws and regulations throughout the reporting period.

The Bank's Liquidity Ratio stood at 70% as at 28 February 2018 against the minimum prescribed ratio of 30%.

The audited Financial Statements for the year ended 28 February 2018 were approved at a meeting held on 24 May 2018.

Board Responsibilities
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 risks 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 risks and internal control management.

Director Induction and Capacity Development
The Board has in place a comprehensive induction plan for on-boarding new Directors and continued training on relevant topics. As part of the induction programme, the Company Secretary provides access to information in areas such as operations, finance, treasury and risk management to assist the new Board member as required.

The Board participated in training workshops on Basel II, IFRS 9 - Financial Instruments, Financial and Risk Oversight and the Audit Committee Forum.

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.

Board and Director Evaluation Process
The institution carries out an annual Board of Director Evaluation process as required by the Reserve Bank of Zimbabwe Guidelines No. 01-2004/BSD Corporate Governance. The performance of the Board and Individual Directors in the previous year is assessed by the Board.

Weaknesses and areas of concern identified through this process and discussed in the Board meetings with a view to mitigate and rectify identified weaknesses. The Board and Director evaluations for the year ended 28 February 2018 were duly and timeously conducted.

Board Composition
The Board is comprised of eleven Directors, nine non-Executive directors and two Executive Directors i.e. the Chief Executive Officer and the Chief Finance Officer. The Board is led by an independent, non- Executive Chairman.

The Board considers that its membership should reflect an appropriate balance between executives possessing extensive direct experience and expertise in the core business activities of the Bank and non-executive members who bring to the Board a broad range of general commercial expertise and experience. The objective is that the Board should be of a size and composition that is conducive to effective decision making with the benefit of a variety of perspectives and skills.

The Board considers that a diversity of skills, backgrounds, knowledge, experience, expertise and gender is required in order to effectively govern the business. The Board and the Remunerations and Nominations Committee work together to ensure that the Board continues to have the appropriate balance of skills, experience, independence and depth of working knowledge of the Bank's business necessary to properly and effectively discharge its responsibilities.

During the financial year ended 28 February 2018, the Bank expanded its strategy and developed a strong focus on the ways in which digital technology and associated data can be utilised in its business. The Chief Technology Officer provides guidance and assists the Board on both strategy and implementation in this emerging area.

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.

Each Committee has unrestricted access to executive management, all employees and all Company records, tax and other financial advisers, legal advisers, and internal and external auditors, as required.

The Chair of each Committee (or a person nominated by the Chair of the Committee for that purpose) reports to the Board at the Board's next meeting on any matters relevant to the Committee's duties and responsibilities.

The Bank's Board Committees were properly constituted as at 28 February 2018.

Board Audit Committee
All members of the Board Audit Committee are independent, non-Executive Directors with relevant financial and / or accounting experience and significant understanding of the Bank's business.

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

The Committee meets with external auditors, without management being present, at least twice a year (and more frequently if required) to review the adequacy of existing external audit arrangements and the scope of the external audit.

The Head of Internal Audit attends all meetings of the Audit Committee and reports on a regular basis as to the adequacy and effectiveness of the internal audit function. The Committee meets with the internal auditor at least twice a year, without management being present.

The Audit Committee reports to the Board after each Committee meeting on any matter relevant to its considerations.

Board Risk, Compliance and Capital Management Committee
The Board Risk, Compliance and Capital Management Committee's task is to ensure the quality, integrity and reliability of the Bank's risk and compliance management. The Committee focuses on the effectiveness and appropriateness of the enterprise risk management framework, including but not limited to risk strategy, risk tolerance and risk governance. The Committee has oversight on capital management and the overall compliance planning and management framework. The Committee also reviews the Bank's risk exposures as it relates to capital, earnings and market consistent value at risk.

The Committee reviews and asses the integrity of the Bank's risk control systems and ensures that risk policies and strategies are effectively managed. 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.

Board Assets and Liabilities Committee
The Committee 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. The Committee also reviews the Bank's balance sheet and recommends the optimal asset and liability mix to be carried by the Bank.

Board Credit Committee
The Board Credit Committee oversees the Bank's operations relating to credit risk. The Committee is tasked with the overall review of the Bank's lending policies, oversees the process of credit allocation within the Bank and is also responsible for the approval of loans to customers within its specified limit.

Board Remuneration and Nominations Committee
The Board Remuneration and Nominations Committee Committee is responsible for establishing appropriate human resources strategies and policies for the Bank including remuneration policies. It also has oversight of policies and practices that promote and support equal opportunity and diversity. The Committee has the responsibility of setting the remuneration terms for Senior Executives.

The Committee also advises on and proposes to the Board, candidates for selection and appointment of high quality and talented Directors who are able to meet the needs of the Bank presently and in the future, and the ongoing evaluation and review of the performance and effectiveness of the Board and the Directors.

Board Information Technology Committee
The Board Information Technology Committee formulates policies relating to information technology strategic initiatives. It monitors and reviews implementation of the information technology projects, funding allocation and performance reporting. The Committee also recommends Standards and Guidelines for information technology infrastructure procurement and maintenance.

Board 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 recommends corrective action as necessary.

BOARD ATTENDANCE
As at 28 February 2018, the Main Board and Board Committees held meetings and the record of attendance of each Director is as follows.

Main Board

Name of Director	Designation	Total Meetings Held	Total Meeting Attended
Bernard T.R. Chidzero*	Independent Non-Executive Chairman	4	4
Tracy Mpofu	Non-Executive Director	4	3
Peter M. Mbizvo	Non-Executive Director	4	4
Christopher Maswi	Non-Executive Director	4	4
Jonah Mungoshi	Non-Executive Director	4	4
Kwaku Akosah-Bempah	Non-Executive Director	4	4
John H. Gould	Non-Executive Director	4	4
Nancy N. Chadehumbe	Non-Executive Director	4	4
Krison V. Chirairo	Non-Executive Director	4	4
Lance Mambondiani	Executive Director	4	4
Alfred Chaavure	Executive Director	4	4
* Chairman			

Board Audit Committee

Name of Director	Designation	Total Meetings Held	Total Meeting Attended
Kwaku Akosah-Bempah*	Non-Executive Chairman	4	4
Christopher Maswi	Non-Executive Director	4	4
Nancy Chadehumbe	Non-Executive Director	4	4
* Chairman			

Board Risk, Compliance And Capital Management Committee

Name of Director	Designation	Total Meetings Held	Total Meeting Attended
Nancy Chadehumbe*	Non-Executive Director	4	4
Tracy Mpofu	Non-Executive Director	4	3
Krison Chirairo	Non-Executive Director	4	4
Peter Mbizvo	Non-Executive Director	4	4
* Chairperson			

Board Assets and Liabilities Committee

Name of Director	Designation	Total Meetings Held	Total Meeting Attended
Christopher Maswi*	Non-Executive Director	4	4
Tracy Mpofu	Non-Executive Director	4	4
Kwaku Akosah-Bempah	Non-Executive Director	4	4
Peter Mbizvo	Non-Executive Director	4	4
* Chairman			

Board Credit Committee

Name of Director	Designation	Total Meetings Held	Total Meeting Attended
Jonah Mungoshi*	Non-Executive Director	4	4
Krison Chirairo	Non-Executive Director	4	4
Bernard Chidzero	Non-Executive Director	4	3
John Gould	Non-Executive Director	4	4
* Chairman			

Board Remuneration and Nominations Committee

Name of Director	Designation	Total Meetings Held	Total Meeting Attended
Peter M Mbizvo*	Non-Executive Director	4	4
John Gould	Non-Executive Director	4	4
Jonah Mungoshi	Non-Executive Director	4	4
Bernard Chidzero	Non-Executive Director	4	3
* Chairman			

Board Information Technology Committee

Name of Director	Designation	Total Meetings Held	Total Meeting Attended
Jonah Mungoshi*	Non-Executive Director	4	4
Nancy Chadehumbe	Non-Executive Director	4	4
John Gould	Non-Executive Director	4	4
Bernard Chidzero	Non-Executive Director	4	4
* Chairman			

AUDITOR'S STATEMENT

These financial results should be read in conjunction with the complete set of financial statements for the year ended 28 February 2018, 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 2018

	Notes	28 February 2018 US$	28 February 2017 US$
Interest and related income	3	13,538,790	7,673,207
Interest and related expense	4	(242,223)	(558,647)
Net interest income		13,296,567	7,114,560
Non-interest income	5	63,065,080	27,995,521
Impairment charge			
- Loans and advances	6	(6,027,568)	(4,922,640)
- Loans and advances related to furniture customers	8	(66,566)	(80,745)
Net operating income		**70,267,513**	**30,106,696**
Operating expenditure	7	(37,550,608)	(21,695,550)
Profit before tax		**32,716,905**	**8,411,146**
Income tax expense	9	(10,262,657)	(2,256,050)
Profit for the year		**22,454,248**	**6,155,096**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Gain arising on revaluation of property and equipment, net of tax		22,049	-
Total comprehensive income for the year		**22,476,297**	**6,155,096**

STATEMENT OF FINANCIAL POSITION
As at 28 February 2018

	Notes	28 February 2018 US$	28 February 2017 US$
ASSETS			
Cash and cash equivalents	10	116,073,355	63,954,579
Financial assets at fair value through profit or loss	11	852,284	173,607
Loans and advances to customers	12	32,824,221	52,586,744
Loans and advances relating to furniture customers	13	-	994,336
Financial assets held-to-maturity	14	250,276,433	54,505,121
Other receivables	15	36,753,817	27,355,423
Non-current assets held for sale	16	130,000	-
Investment property	17	5,437,400	5,437,400
Property and equipment	18	11,656,981	6,346,943
Intangible assets	19	6,639,839	6,064,152
Deferred tax asset	27	65,879	8,640,135
Total assets		**460,710,209**	**226,058,440**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	20	4,077	4,077
Share premium	20	106,317,629	106,317,629
Other reserves	21	3,410,732	3,899,036
Accumulated loss		(12,719,910)	(35,174,158)
Total equity		**97,012,528**	**75,046,584**
LIABILITIES			
Deposits due to banks and customers	22	348,164,949	144,632,181
Loans and borrowings	23	1,771,125	280,000
Provisions	25	1,389,741	256,983
Other liabilities	26	12,371,866	5,842,692
Total liabilities		**363,697,681**	**151,011,856**
Total equity and liabilities		**460,710,209**	**226,058,440**

AUDITED ABRIDGED FINANCIAL STATEMENTS
for the year ended 28 February 2018

STATEMENT OF CHANGES IN EQUITY
For the year ended 28 February 2018

	Share capital US$	Share premium US$	Other reserves US$	Accumulated loss US$	Total US$
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**
Total comprehensive income	-	-	22,049	22,454,248	**22,476,297**
Profit for the year	-	-	-	22,454,248	**22,454,248**
Other comprehensive income	-	-	22,049	-	**22,049**
Restatement of Other Reserves due to prior period Basel II	-	-	(510,353)	-	(510,353)
Balance as at 28 February 2018	**4,077**	**106,317,629**	**3,410,732**	**(12,719,910)**	**97,012,528**

STATEMENT OF CASH FLOWS
For the year ended 28 February 2018

	28 February 2018 US$	28 February 2017 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	32,716,905	8,411,146
Adjustments for:		
Change in operating assets	(191,017,334)	(23,218,485)
Change in operating liabilities	209,506,298	54,495,659
Other non-cash items	7,848,708	6,312,766
Net cash generated from operations	**59,054,577**	**46,001,086**
Taxation paid	-	-
Net cash inflow from operating activities	**59,054,577**	**46,001,086**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(7,553,378)	(2,803,368)
Purchase of intangible assets	(873,550)	(511,286)
Net cash outflow from investing activities	**(8,426,928)**	**(3,314,654)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/ (repayment) of loans and borrowings	1,491,127	(3,285,305)
Net cash inflow/ (outflow) from financing activities	**1,491,127**	**(3,285,305)**
Net increase in cash and cash equivalents	52,118,776	39,401,127
Cash and cash equivalents at the beginning of the year	63,954,579	24,553,452
Cash and cash equivalents at the end of the year	**116,073,355**	**63,954,579**

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS
For the year ended 28 February 2018

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") and in a manner required by the Zimbabwe Companies Act (Chapter 24:03), the relevant statutory instruments ("SI") SI 62/96 and SI 33/99 and the Zimbabwe Banking Act (Chapter 24:20).

These financial statements have been prepared under the supervision of A. Chaavure (Associate Member of the Chartered Institute of Management Accountants), Chief Finance Officer of Steward Bank Limited.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

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 28 February 2018

		28 February 2018 US$	28 February 2017 US$
3	**INTEREST AND RELATED INCOME**		
	Loans and advances to customers	6,263,555	4,237,173
	Loans and advances relating to furniture customers	10,685	1,823
	Financial assets held-to-maturity	7,241,921	3,236,979
	Other	22,629	197,232
		13,538,790	**7,673,207**
4	**INTEREST AND RELATED EXPENSE**		
	Trading activities	242,223	558,647
5	**NON-INTEREST INCOME**		
5.1	**Fees and commission income**		
	Net dealing gains	1,692,641	742,462
	Net commissions	59,183,004	24,496,930
		60,875,645	25,239,392
5.2	**Other**		
	Fair value adjustment on financial instruments	678,677	(106,148)
	Fair value adjustment on investment property	-	789,494
	Sundry income	96,683	511,321
	Bad debts recovered	1,414,075	1,561,462
		2,189,435	2,756,129
		63,065,080	**27,995,521**
6	**IMPAIRMENT ON LOANS AND ADVANCES**		
	Allowance for credit losses charge	6,027,568	4,922,640
7	**OPERATING EXPENDITURE**		
	Administration expenses	18,454,677	8,924,471
	Amortisation of intangible assets	476,526	357,996
	Audit fees	120,752	147,775
	Depreciation of property and equipment	2,094,372	1,231,997
	Impairment of property and equipment	-	250,064
	Directors' remuneration	141,748	127,278
	- short-term benefits	141,748	127,278
	- other emoluments	-	-
	Loss on revaluation of property	-	152,670
	Occupancy expenses	1,543,386	1,176,708
	Professional expenses	2,892,361	1,663,227
	Staff costs	11,826,786	7,663,364
	- short term benefits	11,178,687	7,404,126
	- post - employment benefits	648,099	259,238
		37,550,608	**21,695,550**
8	**LOANS AND ADVANCES RELATING TO FURNITURE CUSTOMERS**		
	Interest income	10,685	1,823
	Impairment charge on loans and advances	(66,566)	(80,745)
	Recovery of previously written-off loans	1,295,357	1,416,870
	Operating profit relating to furniture loans	**1,239,476**	**1,337,948**
9	**INCOME TAX EXPENSE**		
	The components of income tax expense are as follows:		
	Current tax expense	1,687,953	-
	Deferred tax expense	8,574,704	2,256,050
	Total income tax expense	**10,262,657**	**2,256,050**

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

		28 February 2018 US$	28 February 2017 US$
9	**INCOME TAX EXPENSE**		
9.1	**Income tax reconciliation**		
	Accounting profit before income tax	32,716,905	8,411,146
	Taxation at normal rate of 25.75%	8,424,603	2,165,870
	Origination and reversal of temporary differences	1,008,469	-
	Effect of non-deductible expenses:		
	- Donations and entertainment expenses	53,510	23,507
	- Other non deductible expenses	776,075	66,673
		10,262,657	**2,256,050**
10	**CASH AND CASH EQUIVALENTS**		
10.1	**Cash and balances with central banks**		
	Balances with the Reserve Bank of Zimbabwe	110,191,323	58,362,228
	Balances with other banks	4,038,231	1,537,352
	Cash balances	1,843,801	4,054,999
		116,073,355	**63,954,579**
11	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**		
	Listed equities:		
	Opening balance	173,607	279,755
	Net fair value gain/(loss)	678,677	(106,148)
	Closing balance	**852,284**	**173,607**
12	**LOANS AND ADVANCES TO CUSTOMERS**		
12.1	**Total loans and advances**		
	Corporate loans	9,756,752	35,348,819
	Small-to-Medium Enterprise loans	1,022,151	1,183,149
	Consumer loans	27,605,264	20,470,407
		38,384,167	57,002,375
	Less: Allowance for impairment losses (note 12.4)	(3,797,839)	(3,060,309)
	Less: Suspended interest	(1,762,107)	(1,355,322)
		32,824,221	**52,586,744**
12.2	**Maturity analysis**		
	Less than one month	8,085,904	11,305,000
	1 to 3 months	549,990	1,437,734
	3 to 6 months	258,074	914,256
	6 months to 1 year	132,531	1,754,562
	1 to 5 years	11,234,605	39,918,179
	Over 5 years	18,123,063	1,672,644
	Gross loans and advances	**38,384,167**	**57,002,375**

12.3 Sectorial analysis of utilisations

	28 February 2018 US$	28 February 2018 %	28 February 2017 US$	28 February 2017 %
Mining	25	0.0%	10,907	0.0%
Manufacturing	3,874,785	10.1%	23,109,867	40.5%
Agriculture	804,018	2.1%	1,317,531	2.3%
Distribution	1,697,065	4.4%	1,299,045	2.3%
Services and communication	7,058,800	18.4%	13,252,482	23.3%
Individuals	24,949,474	65.0%	18,012,543	31.6%
	38,384,167	**100%**	**57,002,375**	**100.0%**

		28 February 2018 US$	28 February 2017 US$
12.4	**Allowance for impairment on loans and advances**		
	Opening balance	**3,060,309**	**2,285,276**
	Net charge for the period	6,027,568	4,922,640
	Loans and advances written off	(5,290,038)	(4,147,607)
	Closing balance	**3,797,839**	**3,060,309**

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

	28 February 2018 US$	28 February 2017 US$
13 LOANS AND ADVANCES RELATING TO FURNITURE CUSTOMERS		
Gross furniture loans	40,195	1,075,081
Allowance for credit losses	(40,195)	(80,745)
Net loans and advances relating to furniture customers	-	994,336
Reconciliation of loans and advances relating to furniture customers:		
Opening balance	994,336	1,622,598
Gross furniture loans	1,075,081	1,622,598
Allowance for credit losses	(80,745)	-
Collections/recoveries	(1,034,886)	(547,517)
Impairment charge for the year	(66,566)	(80,745)
Write-off of loans and advances	-	-
Utilisation of provisions	107,116	-
Closing balance	-	994,336
Gross furniture loans	40,195	1,075,081
Allowance for credit losses	(40,195)	(80,745)
14 FINANCIAL ASSETS HELD-TO-MATURITY		
Reserve Bank of Zimbabwe Bonds and Treasury Bills:		
Opening Balance	54,505,121	45,834,053
Additions	242,271,870	45,721,496
Repayments received on maturity	(49,793,963)	(38,456,665)
Accrued interest	3,293,405	1,406,237
Closing balance	**250,276,433**	**54,505,121**
15 OTHER RECEIVABLES		
Sundry receivables	22,911,426	23,984,959
Amounts due from related parties	13,842,391	3,370,464
Closing balance	**36,753,817**	**27,355,423**

16 NON-CURRENT ASSETS HELD FOR SALE

In January 2018, Management committed to a plan to sell vehicles that were recovered from a foreclosed loan facility. Accordingly, those vehicles are presented as non-current assets held for sale. Efforts to sell the vehicles have commenced and a sale is expected by June 2018. No impairment losses have been identified on the non-current assets held for sale.

The non-recurring fair value measurement of the assets has been categorised as a Level 2 fair value based on inputs to the valuation technique.

Valuation technique	Significant unobservable inputs
The fair value has been determined based on valuations performed by an accredited independent valuer, as at 28 February 2018. The professional independent valuer considered the open market value of the vehicles based on the current mileage, engine capacity, year of manufacture and comparable market evidence for similar vehicles.	Not applicable

	28 February 2018 US$	28 February 2017 US$
17 INVESTMENT PROPERTY		
Opening balance	5,437,400	4,647,906
Fair value adjustments (Note 5.2)	-	789,494
Closing balance	**5,437,400**	**5,437,400**

Investment property comprises of 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 2018. 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$
Opening Balance	**800,000**	**4,637,400**
Closing Balance	**800,000**	**4,637,400**

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

17 INVESTMENT PROPERTY

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

	Valuation technique	Significant observable inputs	Range (weighted average)
Office properties	Implicit investment 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

Implicit investment approach
In arriving at the market value for 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 meter to the lettable areas, being rentals achieved for comparable properties as at 28 February 2018. 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.

18 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:								
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**
Transfer 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**
Additions	-	-	737,525	-	6,302,716	55,892	457,244	**7,553,377**
Transfers from Work-in-Progress	-	-	114,521	-	-	102,787	(395,971)	**(178,663)**
28 February 2018	**1,200,000**	**1,975,600**	**4,069,633**	**1,965,741**	**12,498,959**	**749,039**	**569,130**	**23,028,102**
Accumulated depreciation and impairment:								
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**
Eliminated on revaluation	(31,510)	-	-	-	-	-	-	**(31,510)**
Impairment	-	-	-	-	250,064	-	-	**250,064**
28 February 2017	**-**	**904,477**	**2,544,591**	**1,594,277**	**3,815,602**	**447,498**	**-**	**9,306,445**
Depreciation charge for the year	29,696	427,503	151,557	149,532	1,296,681	39,403	-	**2,094,372**
Eliminated on revaluation	(29,696)	-	-	-	-	-	-	**(29,696)**
28 February 2018	**-**	**1,331,980**	**2,696,148**	**1,743,809**	**5,112,283**	**486,901**	**-**	**11,371,121**
Net carrying amount:								
At 28 February 2018	**1,200,000**	**643,620**	**1,373,485**	**221,932**	**7,386,676**	**262,138**	**569,130**	**11,656,981**
At 28 February 2017	**1,200,000**	**1,071,123**	**672,996**	**371,464**	**2,380,641**	**142,862**	**507,857**	**6,346,943**

19 INTANGIBLE ASSETS

	Computer software US$	Current work in progress US$	Total US$
Cost:			
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**
Additions	647,437	226,113	873,550
Transfer from Work in Progress	187,532	(8,869)	178,663
28 February 2018	**9,544,060**	**1,429,413**	**10,973,473**
Accumulated amortisation and impairment:			
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**
Amortisation charge for the year	476,526	-	476,526
28 February 2018	**4,317,624**	**16,010**	**4,333,634**
Net carrying amount:			
At 28 February 2018	**5,226,436**	**1,413,403**	**6,639,839**
At 28 February 2017	**4,867,993**	**1,196,159**	**6,064,152**

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

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

20 SHARE CAPITAL AND SHARE PREMIUM

Share capital:

	28 February 2018 No. of Shares	28 February 2017 No. of Shares	2018 US$	2017 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$
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**
28 February 2018	**471,707,887**	**4,030**	**4,077**	**106,317,629**	**106,321,706**

21 OTHER RESERVES

	Revaluation surplus US$	Regulatory reserve US$	Total US$
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**
Gain arising on revaluation of property and equipment, net of tax	22,049	-	**22,049**
Restatement of Other Reserves due to prior period Basel II excess over IAS 39 specific provision	-	(510,353)	**(510,353)**
28 February 2018	**22,049**	**3,388,683**	**3,410,732**

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 credit loss model as required per Reserve Bank of Zimbabwe regulations.

22 DEPOSITS DUE TO BANKS AND CUSTOMERS

	28 February 2018 US$	28 February 2017 US$
Due to customers		
Current accounts	342,086,309	139,652,729
Term deposits	6,078,640	4,979,452
	348,164,949	**144,632,181**

At 28 February 2018, approximately $190.5 million or 54.5% of the Bank's deposits due to customers (At 28 February 2017: $68.0 million or 47.0%) 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 2018 the Bank's management was not aware of any economic or other conditions that may adversely affect the business of the counterparty.

22.1 Maturity analysis of deposits

	28 February 2018 US$	28 February 2017 US$
Less than one month	347,380,178	144,515,968
1 to 3 months	784,771	116,213
	348,164,949	**144,632,181**

22.2 Sectorial analysis of deposits

	28 February 2018		28 February 2017	
	US$	%	US$	%
Financial	15,165,861	4.4%	21,183,141	14.6%
Transport and telecommunications	236,321,183	67.9%	68,040,300	47.0%
Mining	542,269	0.2%	15,021	0.0%
Manufacturing	8,407,777	2.4%	2,006,779	1.4%
Agriculture	820,820	0.2%	435,719	0.3%
Distribution	3,338,266	1.0%	1,848,837	1.3%
Services	13,588,773	3.9%	15,366,565	10.6%
Government and parastatals	2,085,295	0.6%	898,447	0.6%
Individuals	63,272,696	18.1%	26,846,930	18.6%
Other	4,622,009	1.3%	7,990,442	5.6%
	348,164,949	**100%**	**144,632,181**	**100%**

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

23 LOANS AND BORROWINGS

	28 February 2018 US$	28 February 2017 US$
Lines of credit	1,771,125	280,000
	1,771,125	**280,000**

23.1 Maturity profile of loans and borrowings

	28 February 2018 US$	28 February 2017 US$
Less than one month	-	-
1 to 6 months	-	-
6 months to 1 year	1,771,125	280,000
1 to 5 years	-	-
	1,771,125	**280,000**

24 FAIR VALUE 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 2018:

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 properties (Note 17)					
Residential stands	28 February 2018	**4,637,400**	-	**4,637,400**	-
Office buildings	28 February 2018	**800,000**	-	**800,000**	-
Total Investment property		**5,437,400**	-	**5,437,400**	-
Quoted equity shares (Note 11)					
Telecommunications sector	28 February 2018	**852,284**	852,284	-	-

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 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 properties (Note 17)					
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					
Telecommunications sector	28 February 2017	**173,607**	173,607	-	-

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.
- Loans and advances excluding mortgages to staff approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of mortgage facilities to employees is estimated considering (i) current or quoted prices for identical instruments in the financial services sector and (ii) a net present value calculated from the average market yield rates with similar maturies and credit risk factors.
- 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 2018, 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.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

24 FAIR VALUE MEASUREMENT (CONTINUED)

	28 February 2018 Carrying amount US$	28 February 2018 Fair value US$	28 February 2017 Carrying amount US$	28 February 2017 Fair value US$
Financial assets				
Cash and cash equivalents	116,073,355	116,073,355	63,954,579	63,954,579
Financial assets at fair value through profit or loss	852,284	852,284	173,607	173,607
Loans and advances to customers	43,921,363	38,384,167	52,586,744	52,586,744
Loans and advances relating to furniture loans	-	-	994,336	994,336
Financial assets held to maturity	250,276,433	250,276,433	54,505,121	54,505,121
Other receivables	36,753,817	36,753,817	27,355,423	27,355,423
	447,877,252	**442,340,056**	**199,569,810**	**199,569,810**
Financial liabilities				
Deposits due to banks and customers	348,164,949	348,164,949	144,632,181	144,632,181
Loans and borrowings	1,771,125	1,771,125	280,000	280,000
Other liabilities	12,371,866	12,371,866	5,842,692	5,842,692
	362,307,940	**362,307,940**	**150,754,873**	**150,754,873**

25 PROVISIONS

	28 February 2018 US$	28 February 2017 US$
Provisions	**1,389,741**	**256,983**

	Leave Pay and Provision for Demolition costs US$	Total US$
Balance at 1 March 2017	**256,983**	**256,983**
Current provision	1,372,676	1,372,676
Amount utilised	(239,918)	(239,918)
Balance at 28 February 2018	**1,389,741**	**1,389,741**

26 OTHER LIABILITIES

	28 February 2018 US$	28 February 2017 US$
Sundry creditors and accruals	**12,371,866**	**5,842,692**

27 DEFERRED TAX ASSET

	Accelerated wear and tear US$	Fair value adjustments US$	Assessed losses US$	Other US$	Total US$
At 28 February 2017	**534,294**	**666,418**	**(8,668,155)**	**(1,172,692)**	**(8,640,135)**
Charge/(Credit) to profit for the year	922,077	8,523	8,668,155	(1,032,145)	**8,566,610**
Charge recognised in OCI for the year	-	7,646	-	-	**7,646**
At 28 February 2018	**1,456,371**	**682,587**	-	**(2,204,837)**	**(65,879)**

28 RELATED PARTY DISCLOSURES

	28 February 2018 US$	28 February 2017 US$
Compensation of key management personnel of the Bank:		
Short-term benefits	1,571,626	1,356,945
	1,571,626	**1,356,945**

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.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

29 RISK MANAGEMENT (CONTINUED)

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:

	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 2018:						
Individuals	15,231,101	1,594,344	5,699,466	492,228	1,932,335	**24,949,474**
Mining	-	-	-	-	25	**25**
Manufacturing	2,179,026	-	313,133	-	1,382,626	**3,874,785**
Agriculture	17,948	-	541,295	-	244,774	**804,017**
Distribution	120,887	-	911,109	481,047	184,023	**1,697,066**
Services	2,982,780	1,974,549	1,162,192	17,856	921,423	**7,058,800**
	20,531,742	**3,568,893**	**8,627,195**	**991,131**	**4,665,206**	**38,384,167**
At 28 February 2017:						
Individuals	9,437,281	-	3,566,929	3,048,679	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	4,756,218	700,000	2,573,228	4,899,167	323,868	**13,252,482**
	14,288,081	700,000	18,453,619	17,551,033	6,009,642	**57,002,375**

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 At 28 February 2018	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$
Assets						
Cash and cash equivalents	-	-	-	-	116,073,355	**116,073,355**
Financial assets at fair value through profit or loss	-	-	-	-	852,284	**852,284**
Loans and advances to customers	8,085,904	549,991	390,605	23,797,721	-	**32,824,221**
Financial assets held-to-maturity	18,985,880	62,761,627	94,206,800	74,322,126	-	**250,276,433**
Other receivables	-	-	-	-	36,753,817	**36,753,817**
Non-current assets held for sale	130,000				-	**130,000**
Investment property	-	-	-	-	5,437,400	**5,437,400**
Property and equipment	-	-	-	-	11,656,981	**11,656,981**
Intangible assets	-	-	-	-	6,639,839	**6,639,839**
Deferred tax asset	-	-	-	-	65,879	**65,879**
	27,201,784	**63,311,618**	**94,597,405**	**98,119,847**	**177,479,555**	**460,710,209**
Liabilities and equity						
Deposits due to banks and customers	347,380,178	784,771	-	-	-	**348,164,949**
Loans and borrowings	-	-	1,771,125	-	-	**1,771,125**
Provisions	-	-	-	-	1,389,741	**1,389,741**
Other liabilities	-	-	-	-	12,371,866	**12,371,866**
Equity	-	-	-	-	97,012,528	**97,012,528**
	347,380,178	**784,771**	**1,771,125**	-	**110,774,135**	**460,710,209**
Interest rate repricing gap	**(320,178,394)**	**62,526,847**	**92,826,280**	**98,119,847**	**66,705,420**	-
Cumulative gap	**(320,178,394)**	**(257,651,547)**	**(164,825,267)**	**(66,705,420)**	-	-

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
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29 RISK MANAGEMENT (CONTINUED)

29.2 Interest rate risk (continued)

TOTAL POSITION At 28 February 2017	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$
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)**	**-**	**-**

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

	28 February 2018 US$	28 February 2017 US$
Loans to deposits ratio	11%	40%
Net liquid assets to customer liabilities ratio	70%	81%

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 2018						
Financial assets:						
Cash and cash equivalents	116,073,355	-	-	-	-	**116,073,355**
Financial assets at fair value through profit or loss	852,284	-	-	-	-	**852,284**
Loans and advances to customers	8,085,904	549,990	5,990,747	11,234,605	12,563,117	**38,424,363**
Financial assets held to maturity	18,985,880	62,761,627	94,206,800	74,322,126	-	**250,276,433**
Other receivables	36,753,817	-	-	-	-	**36,753,817**
Total undiscounted financial assets	**180,751,240**	**63,311,617**	**100,197,547**	**85,556,731**	**12,563,117**	**442,380,252**
Financial liabilities:						
Deposits due to banks and customers	347,380,178	784,771	-	-	-	**348,164,949**
Loans and borrowings	-	-	1,771,125	-	-	**1,771,125**
Total undiscounted financial liabilities	**347,380,178**	**784,771**	**1,771,125**	**-**	**-**	**349,936,074**
Net undiscounted financial assets/(liabilities)	**(166,628,938)**	**62,526,846**	**98,426,422**	**85,556,731**	**12,563,117**	**92,444,178**
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 loans	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**	**203,985,442**
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**	**59,073,261**

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
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29 RISK MANAGEMENT (CONTINUED)

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 2018 US$	28 February 2017 US$
Financial guarantees	30,000	10,000,000
Commitments to lend	6,115,684	46,800
	6,145,684	**10,046,800**

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.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 28 February 2018

29 RISK MANAGEMENT (CONTINUED)

29.5.2 Summary risk matrix – 30 November 2014 onsite examination (continued)

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 2018 US$	28 February 2017 US$
Share capital	4,077	4,077
Share premium	106,317,629	106,317,629
Retained earnings	(12,719,910)	(35,174,158)
Deferred tax asset	(65,879)	(8,640,135)
	93,535,917	62,507,413
Less: Capital allocated for market and operational risk	(4,531,362)	(2,327,248)
Advances to insiders	(13,842,391)	(3,370,464)
Guarantees to insiders	(30,000)	(10,000,000)
Tier 1 capital	**75,132,164**	**46,809,701**
Tier 2 capital		
Other reserves	22,049	-
General provisions	3,388,683	3,899,036
	3,410,732	**3,899,036**
Total Tier 1 and 2 capital	**78,542,896**	**50,708,737**
Tier 3 capital (sum of market and operational risk capital)	4,531,362	2,327,248
Total Capital Base	**83,074,258**	**53,035,985**
Total risk weighted assets	**123,473,687**	**116,596,110**
Tier 1 ratio	60%	40%
Tier 2 ratio	3%	3%
Tier 3 ratio	4%	2%
Total capital adequacy ratio	**67%**	**45%**
RBZ minimum requirement	**12%**	**12%**

31 EXTERNAL CREDIT RATINGS

	Most recent rating: October 2017	Previous rating: September 2016	Previous rating: September 2015
Rating agent: Global Credit Rating Co (GCR)	BBB	BBB-	BBB-