

Strategic Sustainable Business Pillars



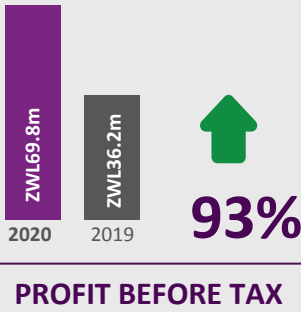
HIGHLIGHTS

(Historical Cost)

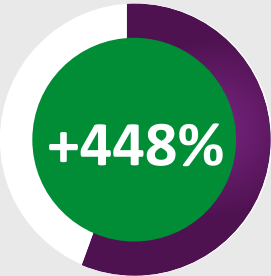
+365%

NET

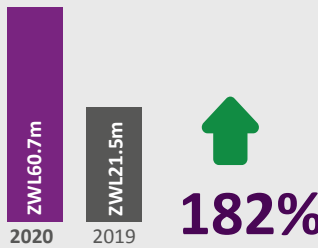
OPERATING INCOME



PROFIT BEFORE TAX



NON-FUNDED INCOME



NET INTEREST INCOME

74%

LIQUIDITY RATIO

More than double the

minimum regulatory

ratio of 30%

76%



COST TO

INCOME RATIO

A Registered Commercial Bank

Member of the Deposit Protection Corporation

www.stewardbank.co.zw



We just

made life simple!


Your friends and family in the Diaspora can now send you money directly from their

Visa card to your **Visa Globetrotter Card**. VisaDirect is a person to person platform that allows those in the Diaspora to send you funds from their digital wallets using their Visa card.

Share this exciting news with your friends and family in the diaspora.

Visit www.stewardbank.co.zw/for-you/cards/visa-card for more information

#Globetrotter



STEWARDBANK

Everyday Banking For Everyday People

CHAIRMAN'S STATEMENT (CONTINUED)

The Bank appreciates the underlined awards that are evidently a by-product of the Bank's innovative and customer centric culture. It is also prudent that I thank the Bank's employees for being instrumental in the Bank winning these awards, as they are the ones that initiate the innovation that is in our products and services.

The COVID-19 Pandemic

The Bank provided the necessary support for staff to be able to telecommute in line with the Bank's focus on Digital Transformation. The Pandemic has altered the norm of conducting business, and as such the Bank initiated measures to increase the use of the Bank's digital platforms to enable customers to transact safely in the comfort of their homes.

Appreciation

Let me take this opportunity to thank the 2.2 million customers that have chosen the Bank as a steward for their finances. Every customer to us matters and we endeavor to ensure that our services meet our customers' needs and expectations. We owe immense gratitude to the Bank's key partners and stakeholders who have been pivotal in helping us to meet our customers' needs and our stewardship promise.

I extend my gratitude to our unwavering staff who continue to thrive in difficult circumstances. I also extend my appreciation to the Board and management for their invaluable support.

On behalf of the Board

Bernard T.R. Chidzero

Board Chairman

29 September 2020

CHIEF EXECUTIVE OFFICER'S STATEMENT

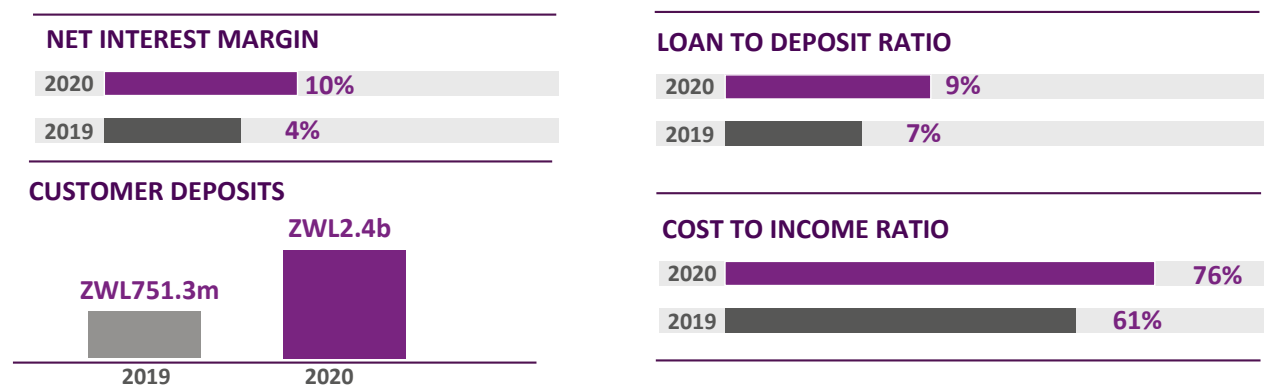
The year from the pilot's view

The Financial Year 2020 has followed the trend from the preceding year of 2019 with the Bank achieving growth across its key revenue pillars. The year in review saw the Bank establish a formidable presence in the Payments and Digital Financial Services space with Nano Loans (Kashagi) and the Steward Bank Visa Card gaining market share. The advent of these products is in line with our key focus areas, namely, Digital Transformation and Customer Service.

The Bank embarked on the upgrade of its Core Banking System in the year under review as part of the Bank's Digital Transformation Journey. Once completed, the upgrade will result in seamless transactions that will lead to improved customer experience and service.

Our Summarised Performance

(Key Performance Indicators)



The Bank realised an increase in inflation adjusted net operating income of 44%. The inflation adjusted Net Interest Margin increased from 4% to 10% in line with the lending strategy. The Bank broadened its lending portfolio to include the agricultural, medical and solar energy business sectors. The Cost to Income Ratio increased from 61% in the prior year to a current year figure of 76%. The significant increase in the underlined ratio is due to the costs incurred in building a more robust digital platform in response to the needs of our customers. The various investments made towards improving the Bank's digital platforms and system are anticipated to bring about a leaner operational structure within the Bank which will ultimately lower the operational costs of the Bank in the near future. The Bank's Prudential Liquidity Ratio of 74% was above the RBZ minimum requirement of 30%.

Historically, Customer deposits grew from ZWL751.3 million recorded in the prior year to ZWL2.4 billion in the year under review, a growth of 226%. This growth was mainly due to an increase in Corporate and SME deposits in line with the Bank's Strategy to increase its deposit base. The loan to deposit ratio increased by 2% from 7% to 9% in line with the Bank's strategy to increase the lending portfolio. The inflation adjusted balance sheet declined by 40% due to mainly a reduction in the debt instruments at amortised cost. The debt instruments were not able to retain value in real terms as interest earned on these instruments was below the inflation levels.

The future is Digital.

The Bank endeavors to be a leader in the digital banking space by leveraging on products that range from Nano Loans, Mobile Banking and Card Services. These products have resulted in an increase in the Bank's customer base and in revenue generation. The thrust behind the successful implementation of the Bank's digital strategy is attributed to the culture that has been built in the Bank where innovation is engrained in all activities across the Bank.

- System Rationalisation**
The Bank rationalized its key backend processes to improve the service delivery of Kashagi. The key improvements resulted in the system processing the loans faster and more efficiently. Commendably, the year under review had 477,800 Kashagi loans disbursed at a total value of ZWL 18.70 million in comparison to the prior year that had 234,000 disbursed loans at a total value of ZWL 6.2 million. Kashagi has also been a testament of the Bank's and at large, the Group's drive towards financial inclusion across the nation.

CHAIRMAN'S STATEMENT

It is my great pleasure to present Steward Bank's financial results for the year ended 29 February 2020. Though the environment remained challenging, we continued to adapt our business model to suit the changing environment. Anchored on the premise that the future is digital the Bank embarked on an upgrade of its Core Banking System.

Financial performance

As a digital Bank that is focused on financial inclusion, the revenue growth is attributable to both our Digital and Traditional Bank revenue lines that improved by 83% and 105% respectively. In line with our lending strategy, the Bank continued to grow its loan book resulting in an increase in net Interest Income of 182% to ZWL60.6million from the previous year's revenue value of ZWL21.5 million. The year in review saw transactional volumes increase on the Bank's channels in line with the focus to increase activity on the banking platform. The growth of transactional volumes resulted in the Bank's historical Non – Funded Income increasing from ZWL190.3 million to ZWL494.4 million.

From an inflation adjusted perspective, the Bank's net operating income grew by 44% from ZWL667.9 million to ZWL961million. The growth is accredited to both the Digital and Traditional Bank that improved by 46% and 110% respectively. Inflation adjusted operating expenditure increased by 82% as the Bank strategically took on more costs to realign the business to its purpose of being a digital bank. Going forward, the Bank will have a leaner cost structure as a result of the benefits of the realignment process.

Pursuant to the need to diversify its capital and spread risk, the Bank increased its investments in Interest Earning Assets with additional investments being made in Treasury Placements and Held to Maturity assets. This strategic thrust not only propelled the Bank's interest income line, but also ensured a healthy state of the Bank's Asset Composition. The Bank's Interest Earning Assets closed at ZWL 1.3 billion, reflecting a 155% historical uplift in comparison to the FY 2019 closing figure of ZWL 521 million.

Digital Transformation

Being an everyday bank for everyday people requires both scale and standardization of services, channels and technology. To complement the aforementioned narrative, under the digital transformation pillar, the Bank embarked on a Core Banking System upgrade in the year under review which is expected to be completed in the fourth quarter of the Financial Year 2021. The new Core Banking System will solidify the Bank's standing as a digital and customer oriented Bank.

Impact of the economic environment on financial reporting

The Bank's Auditors, Deloitte & Touche issued an adverse opinion on the financial statements due to the timing of the adoption of the change in the functional currency in February 2019 as well as the timing of the adoption of IAS 29 "Financial Reporting in Hyperinflationary Economies" The timing of these changes was in line with guidelines issued by the Public Accountants and Auditors Board (PAAB) as well as in compliance with the obtaining laws of the Country. The Directors have taken note of the qualification and have considered the consequent impact on the users of the financial statements. Additionally, the Directors would like to advise users to exercise caution in their use of these financial statements due to the material and pervasive impact of the changes brought about by the change in the functional currency as well as the application of the requirements of IAS 29 (Financial Reporting in Hyperinflationary Economies) as certain distortions may arise that may affect the usefulness of financial statements of Entities reporting in Zimbabwe.

Corporate Social Responsibility

The Bank, through various initiatives, continues to be involved in activities to meet the needs of the vulnerable members in our society through the use of digital platforms. The Bank provided its Kanzatu Nzatu platform to collect donations directed towards Cyclone Idai.

Awards and Recognition

During the year under review, Steward Bank and its management received the following awards:

AWARD	AWARDING BODY
Banking Sector Superbrand Business to Business Superbrand	Marketers Association of Zimbabwe
Renewable Energy Project Technology Project of the Year	Chartered Institute of Project Managers Zimbabwe
Best Non-funded Income Most Innovative Bank of the Year Rewarding Excellence in banking; Best Deposit Mobilizer	Banks and Banking
Outstanding Consulting Firm	SMEs International Expo

#DoingMyPart

STEWARDBANK

Everyday Banking For Everyday People

Stay Safe

Go Digital

Use electronic channels for your Banking requirements

instead of coming to the Bank



A Registered Commercial Bank

Member of the Deposit Protection Corporation

www.stewardbank.co.zw

CHIEF EXECUTIVE OFFICER’S STATEMENT (CONTINUED)

Agility in card delivery
Pursuant towards ensuring that the replacement of Magstripe cards to EMV Chip and Secure cards is accelerated, the Bank leveraged on key partnerships for card distribution across the country which fundamentally enabled the Bank to have a larger footprint in the dispensing of cards nationwide. The Bank also improved the end-to-end process of delivering the cards to the final customer which saw more than 419,000 cards being distributed in the financial year under review.

Much traction was realised on the Visa Card portfolio which targets customers that intend to make foreign currency payments ranging from Diasporans, Exporters and SME’s among many other customer segments. More than 35,000 Visa cards were extended to the market in the year in review, exhibiting a 194% growth in comparison to the previous year’s numbers which was slightly above 18,000 visa cards dispensed.

- Operational Efficiency**
The Bank embraced Operational Efficiency as a key driver towards improving the delivery of its key flagship products such as mobile banking. Key improvements included the implementation of robotic process automation to assimilate multiple backend processes at once. Such strategic endeavours enabled the Bank to seamlessly onboard its customers onto its Mobile Banking Platforms (Square and *236#). For the period in review, 479,432 customers were added to the purple family through the *236# platform available on mobile. The platform has been pivotal in the opening of FCA accounts with more than 32,000 FCA accounts opened in the year in review. The aforementioned FCA accounts have also played a role in foreign currency generation which is key towards preserving the balance sheet during this hyper inflationary environment.

Reimagine Rural
The Bank extended facilities directed towards financial emancipation to the rural society as part of the Reimagine Rural Fund. Through the partnership, group loans worth more than ZWL 10 million were provided to more than 150 groups of small holder farmers with 2,047 farmers benefiting from the Reimagine Rural Fund. The Fund has not only impacted the individual farmers but also led to the establishment of key value chains that support a number of farming ventures ranging from poultry production to tobacco farming.

Financial Inclusion
Pursuant to participating in the implementation of the United Nations’ Sustainable Development Goals, the Bank has used financial inclusion as a vehicle to address the disparities within the society. In the year in review, the Bank through its Incubation POD equipped more than 6,193 entrepreneurs with basic knowledge ranging from financial literacy, business management to networking. Other key metrics such as the SDG 10, that seeks to reduce inequality, has seen the Bank train 42,125 women under the Reimagine Rural arm.

Consolid8
The Bank is in its 8th year since inception and over these many years, it has achieved tremendous success ranging from customer acquisition, innovation and financial inclusion. The focus in the Financial Year 2021, is to improve the operational efficiencies of the Bank which will result in improved service delivery to all our customers.

The Bank has developed an extensive distribution network, associates and affiliates which gives support for effective implementation within the context of operating in an increasingly informal economy. The distribution network enables the Bank to reach remote areas in line with the Bank’s intentional focus on Financial Inclusion.

Core Banking System Upgrade
The Bank initiated the upgrade of its Core Banking System in the year in review which is set to be completed in the fourth quarter of FY2021. The system upgrade was mapped out to improve customer experience and further consolidate the Bank’s position as a digital bank. Some of the benefits that will result from the system upgrade include cost optimization, robust system uptime as well as enhanced customer service.

A Big Thank You
For the year to be a success, a lot of stakeholders worked in one accord to ensure that the Bank is in a sound and profitable state. Among these stakeholders, are Steward Bank employees who have worked with both passion and commitment towards the Bank’s success. It is paramount that I extend my appreciation to them, as they have honored their obligation of becoming the stewards to your finances. Lastly, my appreciation goes to the Board and the Reserve Bank of Zimbabwe, who have been instrumental towards the growth and success of the Bank over the past 7 years.

Courage Mashavave

Chief Executive Officer

29 September 2020

CORPORATE GOVERNANCE STATEMENT

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

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.

Board Responsibilities
The Board’s role includes, inter alia, the approval and adoption of the strategic and annual business plans, setting up of objectives,review of key risk and performance areas, review of management’s performance against set criteria and objectives and determining the overall policies and processes to ensure the integrity of the institution’s risk and internal control management. The Board monitors the implementation of these policies through a structured approach to reporting and accountability.

Board Composition
The Board of Directors is led by an independent non-Executive Chairman and comprises a majority of Independent Non-Executive Directors thereby ensuring constructive checks and balances between Executive management and the Board. The Board held eight (8) Board meetings during the year to assess risk, review performance and provide guidance to management.

The Board continues to have the appropriate balance of skills, experience, expertise, independence and depth of working knowledge of the Bank’s business necessary to effectively discharge its responsibilities. The Board has skills in accounting, investments, corporate finance and business administration.

The Bank expanded its strategy with a strong focus on digital technology. The Chief Technology Officer provides guidance and assists the Board on both strategy and implementation in this area.

Board Changes
Mr. Darlington Mandivenga resigned as a non - Executive Director of the Bank effective 26 September 2019.

Mr. Christopher Maswi retired as a non - Executive Director of the Bank effective 31 December 2019 after serving ten years on the Board.

The Board extends its appreciation to both Directors for their outstanding service and contribution to the Bank.

Mr. Roy Chimanikire was appointed as a Non-Executive Director effective 21 November 2019.

Executive Changes
Mr. Krison V Chirairo was appointed as Acting Chief Executive Officer effective 01 June 2019 and served in this position up to 31 January 2020 after which he reverted to the role of Non-Executive Director. The Board extends its appreciation to Mr. Chirairo for ably steering the Bank during his tenure as Acting Chief Executive Officer.

Mr. Courage Mashavave was appointed as substantive Chief Executive Officer of the Bank effective 01 February 2020.

Transparency
The Board has unrestricted access to Company information, records, documents and management. Efficient and timely procedures for briefing Board members before Board meetings have been developed and implemented to ensure that the Board discharges its duties effectively. Directors are free to take independent professional advice in the furtherance of their duties, at the Bank’s expense.

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 Capacity Development
The Bank has in place a Board Training and Development Plan designed to enable the Directors to gain an appreciation of Steward Bank’s strategic, financial, operational and risk management structures.

Directors: B.T.R. Chidzero (Chairman), K. Akosah-Bempah, N.N. Chadehumbe (Dr.), R. Chimanikire, K. Chirairo, J. Gould, P.M. Mbizvo (Dr.), C. Mashavave*. *Chief Executive Officer.

Registered Office: 101 Union Avenue Building, Kwame Nkrumah Avenue, Harare.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board 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 Board also submits the evaluation report to the Regulator in line with the Reserve Bank of Zimbabwe Guidelines No. 01-2004/BSO Corporate Governance. The Board and Director evaluations for the year ended 29 February 2020 were duly and timeously conducted. Action plans are put into place to address identified gaps with a view to continuously improving the performance and effectiveness of the Board and its members.

Compliance
The Bank was largely in compliance with the applicable laws and regulations governing its activities in the reporting period.

Board Committees
The Board has established and delegated specific roles and responsibilities to six (6) standing Committees, to assist it in discharging its mandate.

The following Committees have been established to assist the Board in the discharge of its responsibilities namely:

- Board Audit Committee;
- Board Risk, Compliance & Capital Management Committee;
- Board Assets and Liabilities Committee;
- Board Information Technology Committee;
- Board Credit Committee; and
- Board Remuneration and Nominations Committee.

Each Committee acts within written terms of reference approved by the Board and reviewed annually or earlier as necessary. All Board Committees are chaired by Independent non-Executive Chairpersons.

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.

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

The Committee meets quarterly. 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 applied within the Bank. It also considers measures to enhance the credibility and objectivity of financial statements and reports prepared with reference to the affairs of the Bank.

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.

Both internal and external auditors have a direct line of communication at any time to, either the Chairman of the Committee, or the Chairman of the Board. The Audit Committee reports to the Board after each Committee meeting on any matter relevant to its considerations.

Risk, Compliance and Capital Management Committee
The Risk, Compliance and Capital Management Committee comprises 3 non-executive directors, meets quarterly and sets policy guidelines for monitoring risks that are inherent within the Bank and reviews all risk reports. The Committee also sets policy guidelines for ensuring and monitoring compliance with all regulatory laws and directives and internal policies and procedures.

Board Assets and Liabilities Committee
This Committee comprises 3 non-executive directors, meets quarterly 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 IT Committee
This Committee comprises of 3 non-executive directors, meets quarterly and formulates policies and strategic issues relating to information technology. The Committee makes recommendations to the Board with respect to the overall scope of the digital strategy. It provides the necessary governance over the direction and ongoing progress of the digital strategy to ensure continued growth, consistent with the Bank’s vision and values.

Board Credit Committee
This Committee comprises 3 non-executive directors, meets quarterly and is responsible for the review of the Bank’s lending policies and approval of credit facilities within set limits as mandated by the Board. The Committee monitors that effective procedures and resources are in place to manage credit risk.

Remuneration and Nominations Committee
This Committee, which comprises of 3 non-executive directors, meets quarterly. It 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 Directors and Senior Executives.

The Committee identifies suitable candidates (executive and non-executive) to fill Board vacancies as and when they arise and nominates candidates for approval to the Board.

Board attendance
As at 29 February 2020, the Main Board held 8 meetings. The record of attendance of each director is as follows:

Name of Director	Designation	Meetings Held	Meeting Attended
Bernard T.R. Chidzero*	Independent Non-Executive Chairman	8	8
Peter M Mbizvo	Non-Executive Director	8	8
Kwaku Akosah-Bempah	Non-Executive Director	8	8
John H Gould	Non-Executive Director	8	8
Nancy N. Chadehumbe	Non-Executive Director	8	8
Krison V Chirairo	Acting Chief Executive Officer	8	8
Darlington Mandivenga**	Non- Executive Director	8	6
Christopher Maswi***	Non- Executive Director	8	7
Roy Chimanikire****	Non- Executive Director	8	1

*Chairperson
**Resigned 26 September 2019
***Retired 31 December 2019
****Appointed 21 November 2019

BOARD COMMITTEES
The Bank’s Board Committees were properly constituted as at 29 February 2020. The record of attendance is as follows:

Name of Director	Designation	Meetings Held	Meeting Attended
K Akosah-Bempah*	Non-Executive Chairman	8	8
N N Chadehumbe	Non-Executive Director	8	8
C Maswi***	Non-Executive Director	8	6
J H Gould****	Non-Executive Director	8	1

*Chairman
***Retired 31 December 2019
****Appointed as member January 2020

AUDITED ABRIDGED FINANCIAL STATEMENTS
for the year ended 29 February 2020





1



Introducing a new digital system with greater capacity to improve our banking services.



CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD COMMITTEES (CONTINUED)

Risk, Compliance And Capital Management Committee

Name of Director	Designation	Meetings Held	Meeting Attended
N N Chadehumbe*	Non-Executive Chairman	7	7
P M Mbizvo	Non-Executive Director	7	7
D T Mandivenga**	Non-Executive Director	7	3
R Chimanikire****	Non-Executive Director	7	1

*Chairperson
**Resigned 26 September 2019
****Appointed as member January 2020

Assets and Liabilities Committee

Name of Director	Designation	Meetings Held	Meeting Attended
K Akosah-Bempah*	Non-Executive Chairman	4	4
P M Mbizvo	Non-Executive Director	4	4
C Maswi***	Non-Executive Director	4	3
R Chimanikire****	Non-Executive Director	4	1

*Chairman
***Retired 31 December 2019
****Appointed as member January 2020

Information Technology Committee

Name of Director	Designation	Meetings Held	Meeting Attended
J H Gould*	Non-Executive Chairman	4	4
N N Chadehumbe	Non-Executive Director	4	4
D T Mandivenga**	Non-Executive Director	4	2
C Maswi***	Non-Executive Director	4	3
K V Chirairo***	Non-Executive Director	4	1

*Chairman
**Resigned 26 September 2019
***Retired 31 December 2019
****Appointed as member January 2020

Credit Committee

Name of Director	Designation	Meetings Held	Meeting Attended
B Chidzero*	Non-Executive Chairman	8	8
K V Chirairo	Non-Executive Director	8	8
J H Gould**	Non-Executive Director	8	6
R Chimanikire****	Non-Executive Director	8	1

*Chairman
**Resigned as member January 2020
****Appointed as member January 2020

Remuneration and Nominations Committee

Name of Director	Designation	Meetings Held	Meeting Attended
P M Mbizvo*	Non-Executive Chairman	4	4
J H Gould	Non-Executive Director	4	3
B Chidzero	Non-Executive Director	4	4

*Chairman

AUDITORS' STATEMENT

These abridged audited financial results should be read in conjunction with the complete set of financial statements for the year ended 29 February 2020, which have been audited by Deloitte & Touche, who have issued an adverse opinion thereon in respect of:

- The impact of the incorrect application of IAS 21 “The Effects of Changes in Foreign Exchange Rates”;
- The impact of the incorrect application of IAS 29 “Reporting in Hyper-Inflationary Economies”; and
- The impact of the prior year qualification on the valuation of property and equipment and intangible assets.

In addition to the above matters, the auditor’s opinion contains key audit matters relating to (i) the existence and valuation of suspense accounts and (ii) the valuation of expected credit losses on financial assets. The auditor’s report is available for inspection at the Steward Bank Limited’s registered offices.

Deloitte & Touche
Harare, Zimbabwe

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 29 February 2020

	Notes	INFLATION ADJUSTED		HISTORICAL COST*	
		Audited 29 February 2020 ZWL	Audited 28 February 2019 ZWL	29 February 2020 ZWL	28 February 2019 ZWL
Interest and related income	3	149,276,645	159,092,211	66,762,023	24,851,945
Interest and related expense	4	(10,772,629)	(21,709,560)	(6,144,830)	(3,391,271)
Net interest income		138,504,015	137,382,651	60,617,193	21,460,674
Non-interest income	5	911,784,306	577,869,948	494,409,393	90,269,612
Impairment on financial assets charge					
-Expected credit loss allowances	6	(89,312,453)	(47,396,096)	(70,139,681)	(7,403,789)
Net operating income		960,975,869	667,856,503	484,886,905	104,326,497
Operating expenditure	7	(795,687,805)	(436,169,736)	(415,090,256)	(68,134,488)
Net monetary adjustment		(308,859,279)	183,741,801	-	-
(Loss)/profit before tax		(143,571,216)	415,428,568	69,796,649	36,192,009
Income tax expense	8	(39,825,560)	(112,140,188)	(13,058,094)	(4,247,261)
(Loss)/profit for the year		(183,396,776)	303,288,380	56,738,555	31,944,748
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		76,080,595	-	217,715,768	30,891,001
Deferred tax on gain arising on revaluation of property and equipment		(18,807,123)	-	(53,819,338)	(7,954,433)
Total comprehensive (loss)/income for the year		(126,123,304)	303,288,380	274,454,323	54,881,316

Directors: B.T.R. Chidzero (Chairman), K. Akosah-Bempah, N.N. Chadehumbe (Dr.), R. Chimanikire, K. Chirairo, J. Gould, P.M. Mbizvo (Dr.), C. Mashavave*. *Chief Executive Officer.
Registered Office: 101 Union Avenue Building, Kwame Nkrumah Avenue, Harare.

#DoingMyPart

FIGHT AGAINST CORONA



Wash your hands with soap



Cover your mouth when coughing or sneezing



Avoid touching your eyes and mouth



Seek medical care early if you have a fever, cough and difficulty breathing



STATEMENT OF FINANCIAL POSITION
As at 29 February 2020

	Notes	INFLATION ADJUSTED		HISTORICAL COST*	
		Audited 29 February 2020 ZWL	Audited 28 February 2019 ZWL	29 February 2020 ZWL	28 February 2019 ZWL
ASSETS					
Cash and cash equivalents	9	1,051,305,600	1,767,559,047	1,051,305,600	276,112,073
Financial assets at fair value through profit or loss	10	-	49,092,430	-	7,668,775
Loans and advances to customers	11	219,852,485	352,383,824	219,852,485	55,046,211
Debt instruments measured at amortised cost	12	1,110,271,008	2,981,123,085	1,110,271,008	465,684,061
Other receivables	13	370,194,862	387,150,072	370,194,862	60,477,079
Inventories	14	37,972,780	37,972,780	5,931,764	5,931,764
Investment property	15	96,574,878	87,020,150	96,574,878	13,593,500
Property and equipment	16	467,100,453	229,726,286	284,555,725	35,885,761
Intangible assets	17	215,515,678	131,020,166	151,882,160	20,466,784
Right of use assets	18	35,062,264	-	7,329,503	-
Total assets		3,603,850,009	6,023,047,840	3,297,897,985	940,866,009
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	4,077	4,077	4,077	4,077
Share premium	19	106,317,629	106,317,629	106,317,629	106,317,629
Adjustment to share capital and share premium		574,307,326	574,307,326	-	-
Other reserves	20	57,273,472	-	186,855,047	22,958,617
(Accumulated loss)/retained earnings		(91,775,399)	138,788,120	53,853,866	6,248,007
Total equity		646,127,105	819,417,152	347,030,619	135,528,330
LIABILITIES					
Deposits due to banks and customers	21	2,449,162,915	4,809,710,985	2,449,162,915	751,329,509
Loans and borrowings	22	-	14,403,600	-	2,250,000
Provisions	24	19,916,557	7,435,740	19,916,557	1,161,544
Other liabilities	25	429,495,462	300,670,259	429,495,462	46,967,987
Lease liability	18	8,934,430	-	8,934,430	-
Deferred tax liability	26	50,213,541	71,410,104	43,358,002	3,628,639
Total liabilities		2,957,722,905	5,203,630,688	2,950,867,366	805,337,679
Total equity and liabilities		3,603,850,009	6,023,047,840	3,297,897,985	940,866,009

STATEMENT OF CHANGES IN EQUITY
For the year ended 29 February 2020

	INFLATION ADJUSTED					
	Share capital ZWL	Share premium ZWL	Adjustment to share capital and share premium ZWL	Other reserves ZWL	Retained earnings/ (accumulated loss) ZWL	Total ZWL
Balance as at 1 March 2018	4,077	106,317,629	574,307,326	-	(81,427,779)	599,201,253
Adjustment on initial application of IFRS 9, net of tax	-	-	-	-	(19,056,481)	(19,056,481)
Restated balance as at 1 March 2018	4,077	106,317,629	574,307,326	-	(100,484,260)	580,144,772
Total comprehensive income	-	-	-	-	303,288,380	303,288,380
Profit for the year	-	-	-	-	303,288,380	303,288,380
Other comprehensive income	-	-	-	-	-	-
Dividends paid	-	-	-	-	(64,016,000)	(64,016,000)
Balance at 29 February 2019	4,077	106,317,629	574,307,326	-	138,788,120	819,417,152
Total comprehensive loss	-	-	-	57,273,472	(183,396,776)	(116,978,682)
Loss for the year	-	-	-	-	(183,396,776)	(174,252,154)
Other comprehensive income	-	-	-	57,273,472	-	57,273,472
Dividends paid	-	-	-	-	(47,166,741)	(47,166,742)
Balance at 29 February 2020	4,077	106,317,629	574,307,326	57,273,472	(91,775,399)	655,271,728
HISTORICAL COST*						
Balance as at 1 March 2018	4,077	106,317,629	-	3,410,732	(12,719,910)	97,012,528
Adjustment on initial application of IFRS 9, net of tax	-	-	-	(3,388,683)	(2,976,831)	(6,365,514)
Restated balance as at 1 March 2018	4,077	106,317,629	-	22,049	(15,696,741)	90,647,014
Total comprehensive income	-	-	-	22,936,568	31,944,748	54,881,316
Profit for the year	-	-	-	-	31,944,748	31,944,748
Other comprehensive income	-	-	-	22,936,568	-	22,936,568
Dividends paid	-	-	-	-	(10,000,000)	(10,000,000)
Balance at 28 February 2019	4,077	106,317,629	-	22,958,617	6,248,007	135,528,330
Total comprehensive income	-	-	-	163,896,430	56,738,555	229,779,607
Profit for the year	-	-	-	-	56,738,555	65,883,177
Other comprehensive income	-	-	-	163,896,430	-	163,896,430
Dividends paid	-	-	-	-	(9,132,696)	(9,132,696)
Balance at 29 February 2020	4,077	106,317,629	-	186,855,047	53,853,866	356,175,241

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

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STATEMENT OF CASH FLOWS

For the year ended 29 February 2020

	INFLATION ADJUSTED		HISTORICAL COST*	
	Audited 29 February 2020 ZWL	Audited 28 February 2019 ZWL	29 February 2020 ZWL	28 February 2019 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before taxation	(143,571,216)	415,428,568	69,796,649	36,192,009
Adjustments for:				
Change in operating assets	1,980,118,602	(1,826,293,336)	(1,181,581,911)	(285,287,012)
Change in operating liabilities	(2,267,230,194)	2,815,301,749	2,098,435,370	439,780,953
Other non-cash items	183,374,929	(190,756,805)	16,107,576	(1,095,820)
Net cash (utilised in)/generated from operations	(247,307,880)	1,213,680,176	1,002,757,684	189,590,130
Taxation paid	(79,829,246)	(54,721,357)	(27,148,068)	(8,548,075)
Net cash (utilised in)/generated from operations	(327,137,126)	1,158,958,819	975,609,616	181,042,055
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(198,602,470)	(59,575,619)	(82,009,969)	(9,306,364)
Purchase of intangible assets	(125,943,507)	(14,761,117)	(104,023,425)	(2,305,848)
Proceeds from disposal of non-current assets held for sale	-	832,208	-	130,000
Net cash outflow from investing activities	(324,545,978)	(73,504,528)	(186,033,393)	(11,482,212)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(50,166,742)	(64,016,000)	(12,132,696)	(10,000,000)
Net (decrease)/increase in loans and borrowings	(14,403,600)	3,065,566	(2,250,000)	478,875
Net cash outflow from financing activities	(64,570,342)	(60,950,434)	(14,382,696)	(9,521,125)
Net (decrease)/increase in cash and cash equivalents	(716,253,446)	1,024,503,857	775,193,527	160,038,718
Cash and cash equivalents at the beginning of the year	1,767,559,047	743,055,189	276,112,073	116,073,355
Cash and cash equivalents at the end of the year	1,051,305,600	1,767,559,047	1,051,305,600	276,112,073

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

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

For the year ended 29 February 2020

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 Cassava Smartech Zimbabwe Limited, which acquired the entire shareholding of the Bank from Econet Wireless Zimbabwe Limited on 1 November 2018.

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

Functional and Presentation Currency

Items included in the abridged financial statements are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The abridged financial statements are presented in Zimbabwe dollar (ZWL).

2 BASIS OF PREPARATION

2.1 Statement of compliance

While the Bank aims to achieve full compliance with International Financial Reporting Standards (IFRS), only partial compliance was achieved for the year ended 29 February 2020 as a result of non-compliance with International Accounting Standard 21 – *The Effects of Changes in Foreign Exchange Rates* (IAS 21) and non-compliance with International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies (IAS 29). The financial statements have been prepared in the manner required by the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:20) and relevant Statutory Instruments (“SI”); SI62 of 1996, SI33 of 1999 and SI33 of 2019.

2.2 Accounting policies

The significant accounting policies applied in the preparation of the abridged financial statements are consistent with the accounting policies applied in the preparation of the previous annual financial statements with the exception of changes referred to under the paragraphs below.

2.3 Changes in accounting policies and disclosures

In the preparation of these financial statements, the Bank has for the first time applied IFRS 16 Leases (“IFRS 16”), effective for annual periods beginning on or after 1 January 2019 and IAS 29 Financial Reporting in Hyperinflationary Economies. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.3.1 IFRS 16 Leases

The Bank has applied IFRS 16 with effect from 1 March 2019 by using the modified retrospective approach. Therefore, the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. IFRS 16 requires the recognition of right of use assets and future lease payment liabilities where the Bank is a lessee under a lease term that exceeds 12 months.

Impact on financial statements

Upon transition to IFRS 16, the Bank recognised right of use assets and a corresponding lease liability amounting to ZWL8.6 million.

2.3.2 IAS 29 Financial Reporting in Hyperinflationary Economies

In the current year the Bank adopted IAS 29 Financial Reporting in Hyperinflationary Economies, following the Bank making a significant judgement that the factors and characteristics to apply the Standard in Zimbabwe have been met.

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that corresponding figures for previous periods be stated in the same terms to the latest balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the Zimbabwe Statistical Office (Zimstats). The conversion factors used to restate the financial statements as at 29 February 2020, using February 2019 as the base year are as follows:

Dates	Indices	Conversion Factor
29 February 2020	640.16	1.000
28 February 2019	100.00	6.402

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 29 February 2020

2.3.2 IAS 29 Financial Reporting in Hyperinflationary Economies (continued)

The indices and conversion factors have been applied to the historical cost transactions and balances as follows:

Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the balance sheet date,

Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of shareholders equity are restated by applying the relevant monthly conversion factor. Non-monetary assets and liabilities that are carried at amounts current at the balance sheet date, that is at fair value, are not restated.

Inventories: these are carried at the lower of indexed cost and net realisable value.

Deferred tax: this is provided in respect of temporary differences arising from the restatement of assets and liabilities.

Cash flow items are expressed in terms of the measuring unit current at the balance sheet date.

	INFLATION ADJUSTED		HISTORICAL COST*	
	Audited 29 February 2020 ZWL	Audited 28 February 2019 ZWL	29 February 2020 ZWL	28 February 2019 ZWL
3 INTEREST AND RELATED INCOME				
Loans and advances to customers	24,350,695	22,590,741	13,958,193	3,528,921
Loans and advances relating to furniture customers	333,104	-	181,822	-
Debt instruments measured at amortised cost	115,502,140	136,501,470	47,638,525	21,323,024
Other	9,090,706	-	4,983,483	-
	149,276,645	159,092,211	66,762,023	24,851,945
4 INTEREST AND RELATED EXPENSE				
Trading activities	10,772,629	21,709,560	6,144,830	3,391,271
5 NON-INTEREST INCOME				
5.1 Fees and commission income				
Net dealing gains	22,056,801	21,177,005	12,467,568	3,308,080
Net commissions	748,563,730	455,764,607	379,355,733	71,195,421
	770,620,531	476,941,612	391,823,301	74,503,501
5.2 Other				
Fair value adjustment on financial instruments	124,868,215	30,670,040	17,169,819	4,790,996
Fair value adjustment on investment properties	9,554,728	-	82,981,378	-
Gain on investment property arising from change in functional and presentation currency	-	52,212,090	-	8,156,100
Gain on property and equipment and intangible assets	-	-	-	-
arising from change in functional and presentation currency	-	112,367	-	17,553
Sundry income	142,469	-	55,039	-
Bad debts recovered	6,598,363	17,933,839	2,379,856	2,801,462
	141,163,775	100,928,336	102,586,091	15,766,111
	911,784,306	577,869,948	494,409,393	90,269,612
6 IMPAIRMENT ON FINANCIAL ASSETS CHARGE				
Expected credit loss	89,312,453	47,396,096	70,139,681	7,403,789
6.1 Breakdown of ECL charges on financial instruments for the year recognised in Profit or Loss:				
Loans and advances to customers	53,274,449	21,785,704	34,318,234	3,403,166
Debt instruments measured at amortised cost	35,821,448	27,166,006	35,604,892	4,243,628
Other receivables	216,556	(624,418)	216,556	(97,541)
Commitments to lend and guarantees	-	(931,196)	-	(145,463)
	89,312,453	47,396,096	70,139,681	7,403,789
7 OPERATING EXPENDITURE				
Administration expenses	485,490,417	215,681,017	276,169,723	33,691,736
Amortisation of intangible assets	14,466,302	4,915,808	4,354,449	767,903
Audit fees	8,824,844	2,330,246	8,006,263	364,010
Audit fees: Current year	8,824,844	1,946,150	8,006,263	304,010
Audit fees : prior year overruns	-	384,096	-	60,000
Depreciation of property and equipment	84,898,230	23,667,592	23,219,870	3,697,137
Directors’ remuneration	5,102,561	1,260,353	2,717,464	196,881
- short-term benefits	5,102,561	1,260,353	2,717,464	196,881
- other emoluments	-	-	-	-
Occupancy expenses	21,098,431	11,947,248	8,915,373	1,866,291
Professional expenses	30,182,506	35,603,260	14,522,805	5,561,619
Staff costs	145,624,514	140,764,212	77,184,309	21,988,911
- Short term benefits	141,776,238	138,139,166	75,761,971	21,578,850
- post - employment benefits	3,848,276	2,625,046	1,422,338	410,061
	795,687,805	436,169,736	415,090,256	68,134,488
8 INCOME TAX				
The components of income tax expense are as follows:				
Current tax expense	79,829,246	40,327,558	27,151,069	6,299,606
Deferred tax (credit)/expense	(40,003,686)	71,812,630	(14,092,975)	(2,052,345)
Total income tax expense	39,825,560	112,140,188	13,058,094	4,247,261
8.1 Income tax reconciliation				
Accounting profit before income tax	(143,571,216)	231,686,765	69,796,649	36,192,009
Taxation at normal rate of 25.75% (2019: 25.75%)	(36,969,588)	59,659,342	17,972,637	9,319,442
Origination and reversal of temporary differences:	(33,333,602)	(38,452,907)	(33,333,602)	(6,006,765)
Effect of non-deductible expenses:				
- Donations expenses	4,881,586	4,088,792	4,689,834	638,714
- Effect of tax rate change	2,665,729	-	(1,655,265)	-
- Other non-deductible expenses	102,581,436	86,844,961	25,384,490	295,870
	39,825,560	112,140,188	13,058,094	4,247,261

AUDITED ABRIDGED FINANCIAL STATEMENTS
for the year ended 29 February 2020



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NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 29 February 2020

	INFLATION ADJUSTED		HISTORICAL COST*	
	Audited 29 February 2020 ZWL	Audited 28 February 2019 ZWL	29 February 2020 ZWL	28 February 2019 ZWL
9 CASH AND CASH EQUIVALENTS				
Balances with the Reserve Bank of Zimbabwe	893,972,135	1,770,955,659	893,972,135	276,642,661
Balances with other banks	115,334,251	(18,207,962)	115,334,251	(2,844,283)
Cash balances	41,999,215	14,811,350	41,999,215	2,313,695
	1,051,305,600	1,767,559,047	1,051,305,600	276,112,073
10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Listed equities:				
Opening balance	49,092,430	5,455,981	7,668,775	852,284
Additions	-	12,966,409	-	2,025,495
Disposals	(9,234,404)	-	(8,134,342)	-
Net fair value gain	8,097,466	30,670,040	465,567	4,790,996
Net monetary adjustment	(47,955,492)	-	-	-
Closing balance	-	49,092,430	-	7,668,775
11 LOANS AND ADVANCES TO CUSTOMERS				
11.1 Total loans and advances				
Corporate loans	125,944,550	21,592,770	125,944,550	3,373,027
Small-to-medium Enterprise loans	38,596,158	45,694,115	38,596,158	7,137,921
Consumer loans	105,829,533	309,298,681	105,829,533	48,315,840
	270,370,241	376,585,566	270,370,241	58,826,788
Less: Allowance for Expected Credit Losses	(50,517,568)	(24,201,742)	(50,517,568)	(3,780,577)
	219,852,485	352,383,824	219,852,485	55,046,211
11.2 Maturity analysis				
Less than one month	225,666	97,039,499	225,666	15,158,632
1 to 3 months	3,379,239	1,342,102	3,379,239	209,651
3 to 6 months	980,754	4,305,108	980,754	672,505
6 months to 1 year	32,461,244	13,440,492	32,461,244	2,099,552
1 to 5 years	136,370,137	89,490,726	136,370,137	13,979,431
Over 5 years	96,953,201	170,967,639	96,953,201	26,707,017
Gross loans and advances	270,370,241	376,585,566	270,370,241	58,826,788

11.3 Sectorial analysis of utilisations

	INFLATION ADJUSTED				HISTORICAL COST*			
	29 February 2020 ZW		28 February 2019 ZWL	%	29 February 2020 ZW		28 February 2019 ZWL	%
Mining	2,145,620	0.8%	18,910	0.0%	2,145,620	0.8%	2,954	0.0%
Manufacturing	45,742,383	16.9%	20,166,615	5.4%	45,742,383	16.9%	3,150,246	5.4%
Agriculture	54,808,543	20.3%	3,296,427	0.9%	54,808,543	20.3%	514,938	0.9%
Distribution	31,289,960	11.6%	6,656,672	1.8%	31,289,960	11.6%	1,039,845	1.8%
Services and communication	22,954,707	8.5%	37,918,207	10.1%	22,954,707	8.5%	5,923,239	10.1%
Individuals	113,429,027	42.0%	308,528,735	81.9%	113,429,027	42.0%	48,195,566	81.9%
	270,370,241	100.0%	376,585,566	100.0%	270,370,241	100.0%	58,826,788	100.0%

11.4 ECL Allowance for impairment of loans and advances

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Loans and Advances is, as follows:

	INFLATION ADJUSTED AND HISTORICAL COST*			
	Stage 1 ZWL	Stage 2 ZWL	Stage 3 ZWL	Total ZWL
Gross carrying amounts				
Gross carrying amount as at 1 March 2019	54,091,890	3,888,083	846,816	58,826,789
New loans and advances originated	256,793,938	26,840,134	5,549,917	289,183,989
Loans and advances derecognised or repaid (excluding write offs)	(73,010,750)	(3,381,078)	(1,248,709)	(77,640,537)
Transfers to Stage 1	2,660	-	(2,660)	-
Transfers to Stage 2	(72,565)	72,565	-	-
Transfers to Stage 3	(1,473,386)	-	1,473,386	-
Amounts written off	-	-	-	-
Gross carrying amount as at 29 February 2020	236,331,786	27,419,704	6,618,751	270,370,241
ECL allowance				
ECL allowance as at 1 March 2019	1,872,594	355,435	1,552,528	3,780,557
New loans and advances originated	32,418,564	12,278,477	2,844,511	47,541,551
Loans and advances derecognised or repaid (excluding write offs)	(155,230)	(250,833)	(398,477)	(804,540)
Transfers to Stage 1	1,050	-	(1,050)	-
Transfers to Stage 2	(44,515)	44,515	-	-
Transfers to Stage 3	(1,044,093)	-	1,044,093	-
Amounts written off	-	-	-	-
ECL allowance as at 28 February 2019	33,048,370	12,427,594	5,041,605	50,517,568

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 29 February 2020

	INFLATION ADJUSTED		HISTORICAL COST*	
	Audited 29 February 2020 ZWL	Audited 28 February 2019 ZWL	29 February 2020 ZWL	28 February 2019 ZWL
12 DEBT INSTRUMENTS MEASURED AT AMORTISED COST				
Opening Balance	3,056,195,269	-	477,411,158	-
Reclassification from Financial Assets Held-to-Maturity at 1 March 2018	-	1,602,169,613	-	250,276,433
Additions	5,013,082,152	1,422,222,135	1,972,610,416	222,166,667
Repayments received on maturity	(3,370,463,773)	(12,486,046)	(1,320,445,240)	(1,950,457)
Accrued interest	47,424,982	44,289,566	16,297,603	6,918,515
Net monetary adjustment	(3,600,364,693)	-	-	-
	1,145,873,937	3,056,195,269	1,145,873,937	477,411,158
Less: Allowance for ECL	(35,602,928)	(75,072,184)	(35,602,928)	(11,727,097)
Closing balance	1,110,271,008	2,981,123,085	1,110,271,008	465,684,061

12.1 ECL Allowance for debt instruments measured at amortised cost

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Debt Instruments measured at Amortised Cost is, as follows:

	INFLATION ADJUSTED AND HISTORICAL COST*			
	Stage 1 ZWL	Stage 2 ZWL	Stage 3 ZWL	Total ZWL
Gross carrying amounts				
Gross carrying amount as at 1 March 2019	474,892,825	2,518,333	-	477,411,158
New assets purchased	5,080,545,469	704,616,117	-	5,785,161,586
Assets derecognised or matured (excluding write offs)	(4,499,736,227)	(616,962,580)	-	(5,116,698,807)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount as at 29 February 2020	1,055,702,067	90,171,870	-	1,145,873,937
ECL allowance				
ECL allowance as at 1 March 2019	11,218,059	509,038	-	11,727,097
New assets purchased	134,004,617	91,155,641	-	225,160,258
Assets derecognised or matured (excluding write offs)	(114,470,325)	(86,814,102)	-	(201,284,427)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
ECL allowance as at 29 February 2020	30,752,351	4,850,578	-	35,602,928

	INFLATION ADJUSTED		HISTORICAL COST*	
	Audited 29 February 2020 ZWL	Audited 28 February 2019 ZWL	29 February 2020 ZWL	28 February 2019 ZWL
13 OTHER RECEIVABLES				
Sundry receivables	302,417,957	302,471,325	302,417,957	47,249,332
Amounts due from related parties	67,993,461	89,943,743	67,993,461	14,050,197
Less: Allowance for ECL	(216,556)	(5,264,996)	(216,556)	(822,450)
	370,194,862	387,150,072	370,194,862	60,477,079
14 INVENTORIES				
Opening balance	37,972,780	-	5,931,764	-
Additions	-	37,972,780	-	5,931,764
Closing balance	37,972,780	37,972,780	5,931,764	5,931,764
Inventories consists of housing units developed by the Bank for re-sale.				
15 INVESTMENT PROPERTY				
Opening balance	87,020,150	34,808,060	13,593,500	5,437,400
Exchange gain arising from change in functional and presentation currency	-	-	-	-
Fair value adjustments	9,554,728	52,212,090	82,981,378	8,156,100
Net monetary adjustment	-	-	-	-
Closing balance	96,574,878	87,020,150	96,574,878	13,593,500
Investment property comprises buildings and undeveloped residential land.				

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 29 February 2020

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PROPERTY AND EQUIPMENT

	INFLATION ADJUSTED							Total ZWL
	Land and buildings ZWL	Leasehold improve- ments ZWL	Furniture and fittings ZWL	Office equipment ZWL	Computer equipment ZWL	Motor Vehicles ZWL	Work in Progress ZWL	
At Cost or Valuation:								
28 February 2018	7,681,920	12,647,001	26,052,163	12,583,888	80,013,336	4,795,049	3,643,341	147,416,697
Additions	-	422,467	1,035,856	965,881	2,445,894	-	54,705,520	59,575,619
Exchange gain arising from change in functional and presentation currency	-	-	-	-	112,368	-	-	112,368
Transfer from Work-in- Progress	-	1,706,714	595,032	364,055	1,615,389	-	(4,281,189)	-
Revaluation adjustment	11,297,421	(6,281,135)	(5,116,658)	(6,018,061)	16,963,978	(1,119,825)	25,183,894	34,909,614
28 February 2019	18,979,341	8,495,048	22,566,392	7,895,763	101,150,964	3,675,223	79,251,567	242,014,297
Additions	-	-	-	-	-	-	198,602,470	198,602,470
Transfers from Work-in-Progress	-	-	92,361	-	1,006,503	-	(1,098,864)	-
Revaluation adjustment	2,751,533	27,553,629	(4,249,428)	5,621,841	(6,564,184)	1,370,294	-	26,483,686
29 February 2020	21,730,874	36,048,677	18,409,326	13,517,604	95,593,283	5,045,517	276,755,173	467,100,453
Accumulated depreciation and impairment:								
28 February 2018	-	8,526,803	17,259,661	11,163,168	32,726,791	3,116,945	-	72,793,368
Depreciation charge for the year	235,451	1,460,269	1,615,757	1,245,086	18,703,267	407,763	-	23,667,592
Eliminated on revaluation	(97,427)	(9,449,927)	(17,734,212)	(11,837,115)	(41,738,694)	(3,315,574)	-	(84,172,949)
28 February 2019	138,024	537,145	1,141,207	571,138	9,691,363	209,134	-	12,288,011
Depreciation charge for the year	707,703	6,060,218	3,078,737	3,501,670	49,935,357	1,006,905	-	64,290,592
Eliminated on revaluation	(845,727)	(6,597,364)	(4,219,943)	(4,072,808)	(59,626,720)	(1,216,039)	-	(76,578,603)
29 February 2020	-	-	-	-	-	-	-	-
Net carrying amount:								
At 29 February 2020	21,730,874	36,048,677	18,409,326	13,517,604	95,593,283	5,045,517	276,755,173	467,100,453
At 28 February 2019	18,841,317	7,957,903	21,425,185	7,324,625	91,459,600	3,466,089	79,251,567	229,726,286
	HISTORICAL COST*							
	Land and buildings ZWL	Leasehold improve- ments ZWL	Furniture and fittings ZWL	Office equipment ZWL	Computer equipment ZWL	Motor Vehicles ZWL	Work in Progress ZWL	Total ZWL
At Cost or Valuation:								
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
Additions	-	65,994	161,812	150,881	382,075	-	8,545,601	9,306,364
Exchange gain arising from change in functional and presentation currency	-	-	-	-	17,553	-	-	17,553
Transfer from Work-in-Progress	-	266,607	92,950	56,869	252,341	-	(668,769)	-
Revaluation adjustment	1,764,781	(981,182)	(799,278)	(940,087)	2,649,959	(174,929)	3,934,000	5,453,264
28 February 2019	2,964,781	1,327,019	3,525,118	1,233,405	15,800,888	574,110	12,379,962	37,805,283
Additions	-	-	-	-	-	-	82,009,969	82,009,969
Transfers from Work-in-Prog- ress	-	-	12,322	-	167,165	-	(179,486)	-
Revaluation adjustment	18,766,093	34,721,657	14,871,887	12,284,199	79,625,230	4,471,407	-	164,740,474
29 February 2020	21,730,874	36,048,677	18,409,326	13,517,604	95,593,283	5,045,517	94,210,445	284,555,725
Accumulated depreciation and impairment:								
28 February 2018	-	1,331,980	2,696,148	1,743,809	5,112,283	486,901	-	11,371,121
Depreciation charge for the year	36,780	228,110	252,399	194,496	2,921,655	63,697	-	3,697,137
Eliminated on revaluation	(15,219)	(1,476,182)	(2,770,278)	(1,849,087)	(6,520,041)	(517,929)	-	(13,148,736)
28 February 2019	21,561	83,908	178,269	89,218	1,513,897	32,669	-	1,919,522
Depreciation charge for the year	213,580	1,828,916	928,712	1,016,199	15,018,088	303,877	-	19,309,372
Eliminated on revaluation	(235,141)	(1,912,824)	(1,106,981)	(1,105,417)	(16,531,985)	(336,546)	-	(21,228,894)
29 February 2020	-	-	-	-	-	-	-	-
Net carrying amount:								
At 29 February 2020	21,730,874	36,048,677	18,409,326	13,517,604	95,593,283	5,045,517	94,210,445	284,555,725
At 28 February 2019	2,943,220	1,243,111	3,346,849	1,144,187	14,286,991	541,441	12,379,962	35,885,761

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 29 February 2020

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INTANGIBLE ASSETS

	INFLATION ADJUSTED		
	Computer software ZWL	Current work in progress ZWL	Total ZWL
Cost:			
28 February 2018	61,097,254	9,150,530	70,247,785
Additions	1,602,020	13,159,098	14,761,118
Transfer from Work in Progress	1,674,505	(1,674,505)	-
Revaluation adjustment	19,075,811	28,800,734	47,876,545
28 February 2019	83,449,590	49,435,858	132,885,448
Additions	-	125,943,507	125,943,507
Revaluation adjustment	(43,313,277)	-	(43,313,277)
29 February 2020	40,136,313	175,379,365	215,515,678
Accumulated amortisation and impairment:			
28 February 2018	27,639,702	102,490	27,742,191
Amortisation charge for the year	4,915,808	-	4,915,808
Eliminated on revaluation	(30,690,228)	(102,490)	(30,792,717)
28 February 2019	1,865,282	-	1,865,282
Amortisation charge for the year	14,466,302	-	14,466,302
Eliminated on revaluation	(16,331,584)	-	(16,331,584)
29 February 2020	-	-	-
Net carrying amount:			
At 29 February 2020	40,136,313	175,379,365	215,515,678
At 28 February 2019	81,584,308	49,435,858	131,020,166
	HISTORICAL COST*		
	Computer software ZWL	Current work in progress ZWL	Total ZWL
Cost:			
28 February 2018	9,544,060	1,429,413	10,973,473
Additions	250,253	2,055,595	2,305,848
Transfer from Work in Progress	261,576	(261,576)	-
Revaluation adjustment	2,979,850	4,498,990	7,478,840
28 February 2019	13,035,739	7,722,422	20,758,162
Additions	-	104,023,425	104,023,425
Revaluation adjustment	27,100,573	-	27,100,573
29 February 2020	40,136,313	111,745,847	151,882,160
Accumulated amortisation and impairment:			
28 February 2018	4,317,624	16,010	4,333,634
Amortisation charge for the year	767,903	-	767,903
Eliminated on revaluation	(4,794,150)	(16,010)	(4,810,160)
28 February 2019	291,377	-	291,377
Amortisation charge for the year	4,354,449	-	4,354,449
Eliminated on revaluation	(4,645,827)	-	(4,645,827)
29 February 2020	-	-	-
Net carrying amount:			
At 29 February 2020	40,136,313	111,745,847	151,882,160
At 28 February 2019	12,744,362	7,722,422	20,466,784
Intangible assets pertain to computer software. The Bank uses the expected usage of the asset to determine the useful life of intangible assets.			

18

RIGHT OF USE ASSETS

	INFLATION ADJUSTED		
	Bank Branches ZWL	Office Buildings ZWL	Total ZWL
Balance at 1 March 2019 (transitional adjustment)			
Additions	-	3,095,882	3,095,882
Depreciation	(17,976,152)	(2,631,486)	(20,168,192)
Balance at 29 February 2020	31,045,214	4,017,050	35,062,264
Cost	49,021,366	6,648,536	55,669,902
Accumulated depreciation	(17,976,152)	(2,631,486)	(20,607,638)
Reconciliation of lease liability:			
Balance at 1 March 2019	49,021,366	3,552,654	52,574,020
Additions	-	3,070,279	3,070,279
Interest expense	3,884,378	368,293	4,252,672
Payments	(4,171,147)	(2,765,999)	(6,937,146)
Monetary loss	(41,869,853)	(2,155,543)	(44,025,396)
Balance at 29 February 2020	6,864,745	2,069,685	8,934,430



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 29 February 2020

18 RIGHT OF USE ASSETS (CONTINUED)

	HISTORICAL COST*		
	Bank Branches ZWL	Office Buildings ZWL	Total ZWL
Balance at 1 March 2019 (transitional adjustment)	7,993,129	579,274	8,572,404
Additions	-	2,667,596	2,667,596
Depreciation	(1,730,665)	(2,179,832)	(3,910,497)
Balance at 29 February 2020	6,262,464	1,067,039	7,329,503
Cost	7,993,129	3,246,871	11,240,000
Accumulated depreciation	(1,730,665)	(2,179,832)	(3,910,497)
Reconciliation of lease liability:			
Balance at 1 March 2019	7,993,129	579,274	8,572,404
Additions	-	2,645,535	2,645,535
Interest expense	1,196,800	178,154	1,374,954
Repayments	(2,325,184)	(1,333,279)	(3,658,463)
Balance at 29 February 2020	6,864,745	2,069,685	8,934,430

19 SHARE CAPITAL AND SHARE PREMIUM

	HISTORICAL COST*			
	29 February 2020 No. of Shares	28 February 2019 No. of Shares	2020 ZWL	2019 ZWL
Share capital:				
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
Share premium			106,317,629	106,317,629
	INFLATION ADJUSTED			
	29 February 2020 No. of Shares	28 February 2019 No. of Shares	2020 ZWL	2019 ZWL
Share capital:				
Authorised				
Ordinary shares	70,000,000,000	70,000,000,000	44,811	44,811
10% Irredeemable non-cumulative preference shares	10,000	10,000	64,016	64,016
			108,827	108,827
Issued				
Ordinary shares	471,707,887	471,707,887	301	301
10% Irredeemable non-cumulative preference shares	4,030	4,030	25,798	25,798
			26,099	26,099
Share premium			680,602,932	680,602,932
Subject to the provisions of section 183 of the Companies Act (Chapter 24:03), the unissued shares are under the control of the directors.				

20 OTHER RESERVES

	INFLATION ADJUSTED			HISTORICAL COST*		
	Revaluation surplus ZWL	Regulatory reserve ZWL	Total ZWL	Revaluation surplus ZWL	Regulatory reserve ZWL	Total ZWL
28 February 2018	-	-	-	22,049	3,388,683	3,410,732
Reclassification adjustment in relation to adopting IFRS 9	-	-	-	-	(3,388,683)	(3,388,683)
Gain on revaluation, net of tax	-	-	-	22,936,568	-	22,936,568
28 February 2019	-	-	-	22,958,617	-	22,958,617
Gain on revaluation, net of tax	57,273,472	-	57,273,472	163,896,430	-	163,896,430
29 February 2020	57,273,472	-	57,273,472	186,855,047	-	186,855,047

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

Regulatory reserve
This reserve caters for any 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

	INFLATION ADJUSTED		HISTORICAL COST*	
	29 February 2020 ZWL	28 February 2019 ZWL	29 February 2020 ZWL	28 February 2019 ZWL
Due to customers				
Current accounts	2,444,826,786	4,779,661,177	2,444,826,786	746,635,400
Term deposits	4,336,129	30,049,808	4,336,129	4,694,109
	2,449,162,915	4,809,710,985	2,449,162,915	751,329,509

At 29 February 2020, approximately ZWL1.8 billion or 74% of the Bank's deposits due to customers (At 28 February 2019: ZWL289.3 million or 38.5%) represents balances owed to related party entities in the telecommunications sector.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 29 February 2020

21 DEPOSITS DUE TO BANKS AND CUSTOMERS (CONTINUED)

A concentration of risk therefore exists in the event that the business of the counterparties is adversely affected by changes in economic or other conditions. However, at 29 February 2020 the Bank's management was not aware of any economic or other conditions.

21.1 Maturity analysis of deposits

	INFLATION ADJUSTED		HISTORICAL COST*	
	29 February 2020 ZWL	28 February 2019 ZWL	29 February 2020 ZWL	28 February 2019 ZWL
Less than one month	2,445,164,311	4,781,855,709	2,445,164,311	746,978,210
1 to 3 months	3,998,604	27,855,276	3,998,604	4,351,299
	2,449,162,915	4,809,710,985	2,449,162,915	751,329,509

21.2 Sectoral analysis of deposits

	INFLATION ADJUSTED				HISTORICAL COST*			
	29 February 2020 ZWL	%	28 February 2019 ZWL	%	29 February 2020 ZWL	%	28 February 2019 ZWL	%
Financial	853,216,720	34.8%	32,258,162	0.7%	853,216,720	34.8%	5,039,078	0.7%
Transport and telecommunications	1,045,641,955	42.7%	4,036,546,907	83.9%	1,045,641,955	42.7%	630,552,816	83.9%
Mining	3,195,670	0.1%	3,070,732	0.1%	3,195,670	0.1%	479,682	0.1%
Manufacturing	17,346,976	0.7%	57,990,456	1.2%	17,346,976	0.7%	9,058,744	1.2%
Agriculture	3,131,188	0.1%	11,263,820	0.2%	3,131,188	0.1%	1,759,532	0.2%
Distribution	12,767,137	0.5%	28,587,651	0.6%	12,767,137	0.5%	4,465,704	0.6%
Services	30,608,912	1.2%	188,149,150	3.9%	30,608,912	1.2%	29,390,957	3.9%
Government and parastatals	17,608	0.0%	2,708,018	0.1%	17,608	0.0%	423,022	0.1%
Individuals	4,692,264	0.2%	396,342,107	8.2%	4,692,264	0.2%	61,912,976	8.2%
Other	478,544,483	19.5%	52,793,982	1.1%	478,544,483	19.5%	8,246,998	1.1%
	2,449,162,915	100.0%	4,809,710,985	100.0%	2,449,162,915	100.0%	751,329,509	100.0%

22 LOANS AND BORROWINGS

	INFLATION ADJUSTED		HISTORICAL COST*	
	Audited 29 February 2020 ZWL	Audited 28 February 2019 ZWL	29 February 2020 ZWL	28 February 2019 ZWL
Lines of credit	-	14,403,600	-	2,250,000
	-	14,403,600	-	2,250,000
22.1 Maturity profile of loans and borrowings				
Less than one month	-	-	-	-
1 to 6 months	-	-	-	-
6 months to 1 year	-	14,403,600	-	2,250,000
1 to 5 years	-	-	-	-
	-	14,403,600	-	2,250,000

23 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 29 February 2020:

	Date of Valuation	Fair value measurement using			Total ZWL
		Quoted prices in active markets (Level 1) ZWL	Significant observable inputs (Level 2) ZWL	Significant unobservable inputs (Level 3) ZWL	
Assets measured at fair value:					
Investment property:					
Residential stands	29 February 2020	-	83,284,922	-	83,284,922
Office buildings	29 February 2020	-	13,289,956	-	13,289,956
Total Investment property		-	96,574,878	-	96,574,878

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

Quantitative disclosures: fair value measurement hierarchy for assets and liabilities as at 28 February 2019:

	Date of Valuation	Fair value measurement using			Total ZWL
		Quoted prices in active markets (Level 1) ZWL	Significant observable inputs (Level 2) ZWL	Significant unobservable inputs (Level 3) ZWL	
Assets measured at fair value:					
Investment property:					
Residential stands	28 February 2019	-	11,593,500	-	11,593,500
Office buildings	28 February 2019	-	2,000,000	-	2,000,000
Total Investment property		-	13,593,500	-	13,593,500
Quoted equity shares					
Telecommunications sector	28 February 2019	7,668,775	-	-	7,668,775

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 29 February 2020

23 FAIR VALUES MEASUREMENT (CONTINUED)

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 transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- 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 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 maturities 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 29 February 2020, 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.

	29 February 2020		28 February 2019	
	Carrying amount ZWL	Fair value ZWL	Carrying amount ZWL	Fair value ZWL
Financial assets				
Cash and cash equivalents	1,051,305,600	1,051,305,600	276,112,073	276,112,073
Financial assets at fair value through profit or loss	-	-	7,668,775	7,668,775
Loans and advances to customers	219,852,485	219,852,485	55,046,211	55,046,211
Debt instruments measured at amortised cost	1,110,271,008	1,110,271,008	465,684,061	465,684,061
Other receivables	370,194,862	370,194,862	60,477,079	60,477,079
	2,751,623,955	2,751,623,955	864,988,199	864,988,199
Financial liabilities				
Deposits due to banks and customers	2,449,162,915	2,449,162,915	751,329,509	751,329,509
Loans and borrowings	-	-	2,250,000	2,250,000
	2,449,162,915	2,449,162,915	753,579,509	753,579,509

24 PROVISIONS

	INFLATION ADJUSTED		HISTORICAL COST*	
	29 February 2020 ZWL	28 February 2019 ZWL	29 February 2019 ZWL	28 February 2019 ZWL
Provisions	19,916,557	7,435,740	19,916,557	1,161,544

	INFLATION ADJUSTED			Tota ZWL
	Leave pay provision ZWL	Bonus provision ZWL	Other provisions ZWL	
Balance at 28 February 2018	2,073,190	4,654,242	2,169,133	8,896,566
Current provision	5,049,422	4,535,673	16,338,261	25,923,356
Amount utilised	(2,297,835)	(6,997,260)	(18,089,087)	(27,384,182)
Balance at 29 February 2019	4,824,777	2,192,656	418,307	7,435,740
Current provision	4,634,723	19,102,977	8,824,844	32,562,544
Amount utilised	(1,208,960)	(548,242)	(2,194,435)	(3,951,636)
Monetary loss	(5,542,860)	(9,619,240)	(967,992)	(16,130,091)
Balance at 29 February 2020	2,707,680	11,128,151	6,080,725	19,916,557

	HISTORICAL COST*			Tota ZWL
	Leave pay provision ZWL	Bonus provision ZWL	Other provisions ZWL	
Balance at 28 February 2018	323,855	727,044	338,842	1,389,741
Current provision	788,775	708,522	2,552,215	4,049,512
Amount utilised	(358,947)	(1,093,049)	(2,825,713)	(4,277,709)
Balance at 29 February 2019	753,683	342,517	65,344	1,161,544
Current provision	2,643,567	11,104,321	8,006,263	21,754,151
Amount utilised	(689,570)	(318,686)	(1,990,882)	(2,999,138)
Balance at 29 February 2020	2,707,680	11,128,151	6,080,725	19,916,557

25 OTHER LIABILITIES

	INFLATION ADJUSTED		HISTORICAL COST*	
	29 February 2020 ZWL	28 February 2019 ZWL	29 February 2019 ZWL	28 February 2019 ZWL
Sundry creditors and accruals	429,495,462	300,670,259	429,495,462	46,967,987

FIGHT AGAINST CORONAVIRUS



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 29 February 2020

26 DEFERRED TAX LIABILITY/(ASSET)

	INFLATION ADJUSTED			Total ZWL
	Accelerated wear and tear ZWL	Fair value adjustments ZWL	Other ZWL	
At 28 February 2018	9,323,105	4,369,649	(14,095,280)	(402,526)
Charge to profit for the year	43,016,317	20,690,691	8,105,621	71,812,630
Charge to other comprehensive income	-	-	-	-
At 28 February 2019	52,339,422	25,060,340	(5,989,659)	71,410,104
Credit to profit for the year	(1,187,086)	(6,245,530)	(13,763,947)	(40,003,686)
Credit to other comprehensive income	(18,807,123)	-	-	18,807,123
At 29 February 2020	51,152,336	18,814,810	(19,753,605)	50,213,541

	HISTORICAL COST*			Total ZWL
	Accelerated wear and tear ZWL	Fair value adjustments ZWL	Other ZWL	
At 28 February 2018	1,456,371	682,587	(2,201,837)	(62,879)
Charge to profit for the year	4,953,407	(6,341,797)	(2,207,569)	(3,595,959)
Charge to other comprehensive income	-	7,954,432	(663,955)	7,290,477
At 28 February 2019	6,409,778	2,295,222	(5,073,361)	3,631,639
Credit to profit for the year	(9,076,780)	16,519,588	(21,535,737)	(14,092,975)
Charge to other comprehensive income	53,819,338	-	-	53,819,338
At 29 February 2020	51,152,336	18,814,810	(26,609,098)	43,358,002

27 RELATED PARTY DISCLOSURES

The Bank is a subsidiary of the Cassava Smartech Group. The Bank has related party relationships with its Directors and key management employees and their companies. Cassava Smartech shareholders are also shareholders for Econet Zimbabwe. Steward Bank Limited does banking business with the various entities in the Groups on an arms length basis.

	INFLATION ADJUSTED		HISTORICAL COST*	
	29 February 2020 ZWL	28 February 2019 ZWL	29 February 2020 ZWL	28 February 2019 ZWL
a) Loans and advances to Related Entities and Directors	10,048,001	14,952,364	10,048,001	2,335,723
Loans to related entities and directors	10,048,001	14,952,364	10,048,001	2,335,723
Guarantees	-	-	-	-
b) Compensation of key management personnel of the Bank:	11,875,114	11,763,753	5,393,877	1,837,627
Short-term benefits	11,616,647	11,067,016	5,305,117	1,728,789
Post-employment benefits	258,467	696,737	88,760	108,838

The loans above relates to directors, key management employees in the Group and entities in the Group.

28 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.

28.1 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 table below shows the credit quality of the Bank's financial instruments and the maximum exposure to credit risk based on the Bank's internal credit rating system and period end stage classification.

	High grade	Standard grade		Sub-standard	Past due but not impaired	Individually impaired	Total ZWL
	Stage 1 ZWL	Stage 1 ZWL	Stage 2 ZWL	Stage 2 ZWL	Stage 3 ZWL	Stage 3 ZWL	
At 29 February 2020:							
<i>Loans and advances to customers:</i>							
Retail portfolio - Consumer and Mortgage loans	132,033,885	26,214,565	2,217,340	5,672,472	1,285,205	810,999	168,234,467
Corporate and SME portfolio	87,325,172	20,602,360	2,729,620	502,054	1,661,250	1,650,195	114,470,651
	219,359,057	46,816,925	4,946,960	6,174,525	2,946,455	2,461,195	282,705,118
<i>Debt instruments measured at amortised cost:</i>							
Exposure to banks	123,777,764	-	92,859,878	-	-	-	216,637,642
Government debt securities	934,664,365	-	-	-	-	-	934,664,365
	1,058,442,129	-	92,859,878	-	-	-	1,151,302,006
Other receivables	-	-	379,556,040	-	-	-	379,556,040
<i>Contingent liabilities, commitments</i>							
Financial guarantees	-	-	-	-	-	-	-
Commitments to lend	-	-	-	-	-	-	-
	1,277,801,186	46,816,925	477,362,878	6,174,525	2,946,455	2,461,195	1,813,563,164

AUDITED ABRIDGED FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 29 February 2020

28 RISK MANAGEMENT (CONTINUED)

28.2 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:

	INFLATION ADJUSTED						
	Up to 1 month ZWL	1 month to 3 months ZWL	3 months to 1 year ZWL	1 to 5 years ZWL	Over 5 years ZWL	Non-interest bearing ZWL	Total ZWL
TOTAL POSITION							
At 29 February 2020							
Assets							
Cash and cash equivalents	-	-	-	-	-	1,051,305,600	1,051,305,600
Loans and advances to customers	183,501	2,747,840	27,193,475	110,889,843	78,837,827	-	219,852,485
Debt instruments measured at amortised cost	26,462,748	179,589,106	692,321,519	211,897,635	-	-	1,110,271,008
Other receivables	-	-	-	-	-	370,194,862	370,194,862
Inventories	-	-	-	-	-	37,972,780	37,972,780
Investment property	-	-	-	-	-	96,574,878	96,574,878
Property and equipment	-	-	-	-	-	467,100,453	467,100,453
Intangible assets	-	-	-	-	-	215,515,678	215,515,678
Right of use assets	-	-	-	-	-	35,062,264	35,062,264
	26,646,248	182,336,946	719,514,994	322,787,478	78,837,827	2,273,726,516	3,603,850,009
Liabilities and equity							
Deposits due to banks and customers	2,445,164,311	3,998,604	-	-	-	-	2,449,162,915
Provisions	-	-	-	-	-	19,916,557	19,916,557
Other liabilities	-	-	-	-	-	429,495,462	429,495,462
Deferred tax liability	-	-	-	-	-	50,213,541	50,213,541
Lease liability	-	-	-	-	-	8,934,429	8,934,429
Equity	-	-	-	-	-	646,127,105	646,127,105
	2,445,164,311	3,998,604	-	-	-	1,154,687,094	3,603,850,009
Interest rate repricing gap	(2,418,518,062)	178,338,342	719,514,994	322,787,478	78,837,827	1,119,039,422	-
Cumulative gap	(2,418,518,062)	(2,240,179,721)	(1,520,664,727)	(1,197,877,249)	(1,119,039,422)	-	-
TOTAL POSITION							
At 28 February 2019							
Assets							
Cash and cash equivalents	-	-	-	-	-	1,767,559,047	1,767,559,047
Financial assets at fair value through profit or loss	-	-	-	-	-	49,092,430	49,092,430
Loans and advances to customers	97,039,499	1,342,102	17,745,606	236,256,617	-	-	352,383,824
Debt instruments measured at amortised cost	25,674,206	1,293,378,349	454,989,354	1,207,081,176	-	-	2,981,123,085
Other receivables	-	-	-	-	-	387,150,071	387,150,071
Non-current assets held for sale	-	-	-	-	-	37,972,780	37,972,780
Investment property	-	-	-	-	-	87,020,150	87,020,150
Property and equipment	-	-	-	-	-	229,726,288	229,726,288
Intangible assets	-	-	-	-	-	131,020,164	131,020,164
	122,713,704	1,294,720,450	472,734,961	1,443,337,793	-	2,689,540,929	6,023,047,838
Liabilities and equity							
Deposits due to banks and customers	4,781,855,709	27,855,276	-	-	-	-	4,809,710,985
Loans and borrowings	-	-	14,403,600	-	-	-	14,403,600
Provisions	-	-	-	-	-	7,435,740	7,435,740
Other liabilities	-	-	-	-	-	300,670,259	300,670,259
Deferred tax liability	-	-	-	-	-	71,410,103	71,410,103
Equity	-	-	-	-	-	819,417,151	819,417,151
	4,781,855,709	27,855,276	14,403,600	-	-	1,198,933,253	6,023,047,838
Interest rate repricing gap	(4,659,142,005)	1,266,865,175	458,331,361	1,443,337,793	-	1,490,607,676	-
Cumulative gap	(4,659,142,005)	(3,392,276,830)	(2,933,945,469)	(1,490,607,676)	(1,490,607,676)	-	-
HISTORICAL COST*							
	Up to 1 month ZWL	1 month to 3 months ZWL	3 months to 1 year ZWL	1 to 5 years ZWL	Over 5 years ZWL	Non-interest bearing ZWL	Total ZWL
TOTAL POSITION							
At 29 February 2020							
Assets							
Cash and cash equivalents	-	-	-	-	-	1,051,305,600	1,051,305,600
Loans and advances to customers	183,501	2,747,840	27,193,474.87	110,889,843	78,837,827	-	219,852,485
Debt instruments measured at amortised cost	26,462,748	179,589,106	692,321,519	211,897,635	-	-	1,110,271,008
Other receivables	-	-	-	-	-	370,194,862	370,194,862
Inventories	-	-	-	-	-	5,931,764	5,931,764
Investment property	-	-	-	-	-	96,574,878	96,574,878
Property and equipment	-	-	-	-	-	284,555,725	284,555,725
Intangible assets	-	-	-	-	-	151,882,160	151,882,160
Right of use assets	-	-	-	-	-	7,329,503	7,329,503
	26,646,248	182,336,946	719,514,994	322,787,478	78,837,827	1,967,774,491	3,297,897,984
Liabilities and equity							
Deposits due to banks and customers	2,445,164,311	3,998,604	-	-	-	-	2,449,162,915
Provisions	-	-	-	-	-	19,916,557	19,916,557
Other liabilities	-	-	-	-	-	429,495,462	429,495,462
Deferred tax liability	-	-	-	-	-	43,358,002	43,358,002
Lease liability	-	-	-	-	-	8,934,429	8,934,429
Equity	-	-	-	-	-	347,030,619	347,030,619
	2,445,164,311	3,998,604	-	-	-	848,735,070	3,297,897,984
Interest rate repricing gap	(2,418,518,062)	178,338,342	719,514,994	322,787,478	78,837,827	1,119,039,422	-
Cumulative gap	(2,418,518,062)	(2,240,179,721)	(1,520,664,727)	(1,197,877,249)	(1,119,039,422)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 29 February 2020

28 RISK MANAGEMENT (CONTINUED)

28.2 Interest rate risk (continued)

	HISTORICAL COST*						
	Up to 1 month ZWL	1 month to 3 months ZWL	3 months to 1 year ZWL	1 to 5 years ZWL	Over 5 years ZWL	Non-interest bearing ZWL	Total ZWL
TOTAL POSITION							
At 28 February 2019							
Assets							
Cash and cash equivalents	-	-	-	-	-	276,112,073	276,112,073
Financial assets at fair value through profit or loss	-	-	-	-	-	7,668,775	7,668,775
Loans and advances to customers	15,158,632	209,651	2,772,058	36,905,870	-	-	55,046,211
Debt instruments measured at amortised cost	4,010,592	202,039,857	71,074,318	188,559,294	-	-	465,684,061
Other receivables	-	-	-	-	-	60,477,079	60,477,079
Inventories	-	-	-	-	-	5,931,764	5,931,764
Investment property	-	-	-	-	-	13,593,500	13,593,500
Property and equipment	-	-	-	-	-	35,885,761	35,885,761
Intangible assets	-	-	-	-	-	20,466,784	20,466,784
	19,169,224	202,249,508	73,846,376	225,465,164	-	420,135,736	940,866,008
Liabilities and equity							
Deposits due to banks and customers	746,978,210	4,351,299	-	-	-	-	751,329,509
Loans and borrowings	-	-	2,250,000	-	-	-	2,250,000
Provisions	-	-	-	-	-	1,161,544	1,161,544
Other liabilities	-	-	-	-	-	46,967,986	46,967,986
Deferred tax liability	-	-	-	-	-	3,628,639	3,628,639
Equity	-	-	-	-	-	135,528,330	135,528,330
	746,978,210	4,351,299	2,250,000	-	-	187,286,499	940,866,008
Interest rate repricing gap	(727,808,986)	197,898,209	71,596,376	225,465,164	-	232,849,237	-
Cumulative gap	(727,808,986)	(529,910,777)	(458,314,401)	(232,849,237)	(232,849,237)	-	-

28.3 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.

28.3.1 Liquidity ratios

	At 29 February 2020	At 28 February 2019
Loans to deposits ratio	9%	7%
Net liquid assets to customer liabilities ratio	74%	75%

28.3.2 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 ZWL	Less than 3 months ZWL	3 months to 1 year ZWL	1 to 5 years ZWL	Over 5 years ZWL	Total ZWL
At 29 February 2020:						
Financial assets:						
Cash and cash equivalents	1,051,305,600	-	-	-	-	1,051,305,600
Loans and advances to customers	225,666	3,379,239	33,441,998	136,370,137	96,953,201	270,370,241
Debt instruments measured at amortised cost	211,897,636	692,321,519	179,589,106	26,462,748	-	1,110,271,008
Other receivables	370,194,862	-	-	-	-	370,194,862
Total undiscounted financial assets	1,633,623,764	695,700,758	213,031,104	162,832,885	96,953,201	2,802,141,712
Financial liabilities:						
Deposits due to banks and customers	2,445,164,311	3,998,604	-	-	-	2,449,162,915
Total undiscounted financial liabilities	2,445,164,311	3,998,604	-	-	-	2,449,162,915
Net undiscounted financial (liabilities)/assets	(802,395,925)	691,702,154	213,031,104	162,832,885	96,953,201	362,123,419
At 28 February 2019:						
Financial assets:						
Cash and cash equivalents	276,112,073	-	-	-	-	276,112,073
Financial assets at fair value through profit or loss	7,668,775	-	-	-	-	7,668,775
Loans and advances to customers	15,158,632	209,651	2,772,058	13,979,431	26,707,017	58,826,789
Financial assets held-to-maturity	4,010,592	202,039,857	71,074,318	200,286,391	-	477,411,158
Other receivables	60,477,079	-	-	-	-	60,477,079
Total undiscounted financial assets	363,427,151	202,249,508	73,846,376	214,265,822	26,707,017	880,495,874
Financial liabilities:						
Deposits due to banks and customers	746,978,210	4,351,299	-	-	-	751,329,509
Loans and borrowings	-	-	2,250,000	-	-	2,250,000
Total undiscounted financial liabilities	746,978,210	4,351,299	2,250,000	-	-	753,579,509
Net undiscounted financial (liabilities)/assets	(383,551,059)	197,898,209	71,596,376	214,265,822	26,707,017	126,916,365



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

28.3 Liquidity risk (continued)

28.3.3 Commitments and guarantee

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.

	29 February 2020 ZWL	28 February 2019 ZWL
Financial guarantees	-	319,250
Commitments to lend	-	7,543,062
	-	7,862,312

28.4 OTHER RISKS

28.4.1 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.

28.4.2 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.

28.4.3 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.

28.5 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:

28.5.1 CAMELS* Ratings

CAMELS Component	RBS** Ratings 30/11/2014
Capital Adequacy	1 - Strong
Asset Quality	4 - Weak
Asset Quality	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

28.5.2 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.

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28 RISK MANAGEMENT (CONTINUED)

28.5 Reserve Bank Ratings (continued)

28.5.1 CAMELS* Ratings (continued)

KEY

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.

29 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:

	29 February 2020 ZWL	28 February 2019 ZWL
Share capital	4,077	4,077
Share premium	106,317,629	106,317,629
Accumulated profit	53,853,866	6,248,007
	160,175,572	112,569,713
Less: Capital allocated for market and operational risk	(27,901,769)	(5,884,958)
Advances to insiders	(67,993,461)	(14,050,197)
Guarantees to insiders	-	-
Tier 1 capital	64,280,342	92,634,558
Tier 2 capital		
Other reserves	186,855,047	22,958,617
General provisions	-	-
	186,855,047	22,958,617
Total Tier 1 and 2 capital	251,135,389	115,593,175
Tier 3 capital (sum of market and operational risk capital)	27,901,769	5,884,958
Total Capital Base	279,037,159	121,478,133
Total risk weighted assets	1,436,092,452	177,740,059
Tier 1 ratio	4%	52%
Tier 2 ratio	13%	13%
Tier 3 ratio	2%	3%
Total capital adequacy ratio	19%	68%
RBZ minimum requirement	12%	12%

30 EXTERNAL CREDIT RATINGS

	Most recent rating: October 2019	Previous rating: October 2018	Previous rating: October 2017
Rating agent: Global Credit Rating Co (GCR)	BBB	BBB	BBB

31 SUBSEQUENT EVENTS

31.1

At the time of preparing the annual financial statements, the World Health Organisation (WHO) had declared the novel coronavirus (COVID-19) as a global pandemic and the Government of Zimbabwe subsequently declared COVID-19 a national disaster. During this outbreak, protecting the health and well-being of staff, clients and other key stakeholders is at the centre of the Bank’s response plans and precautionary measures consistent with protocol from the World Health Organisation have been put in place. Given the fact that the declaration of COVID-19 as a global pandemic took place after the 29 February 2020 year-end cut off date, the Directors have concluded that the occurrence of the pandemic is a non-adjusting event after the reporting period.

The Bank has carried out an initial impact assessment of the virus on its business operations. Given the expected increase in demand for credit during and after the COVID-19 period, the Bank continues to strengthen its credit risk management, as well as monitor its liquidity ratios and other balance sheet efficiency ratios in order to ensure operational efficiency and compliance with regulatory requirements during the challenging period.

At the reporting date, the situation is still evolving and the impact on communities and business activities is difficult to quantify. The impact is being considered and included in strategy, long and short-term budget plans as well as the 2020 macroeconomic forecasts that are incorporated into the IFRS 9 expected credit loss provisions. Having considered all the factors and the mitigants currently in place, the Directors have made a going concern assessment and believe the Bank will continue operating in the foreseeable future.

31.2

On the 3rd of July 2020, the Bank received notification of a forensic audit instituted by the Financial Intelligence Unit. The objective of the audit was to investigate the integrity of the Steward Bank banking platform and assess compliance with the Money Laundering and Proceeds of Crime Act, National Payment Systems and any other laws of Zimbabwe.

As at the date of release of the financials, the Bank had received communication from the Financial Intelligence Unit indicating that the forensic audit was now limited to the mobile money service providers.