

AUDITED ABRIDGED FINANCIAL STATEMENTS for the year ended 28 February 2021

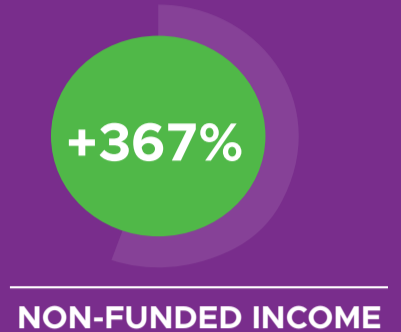
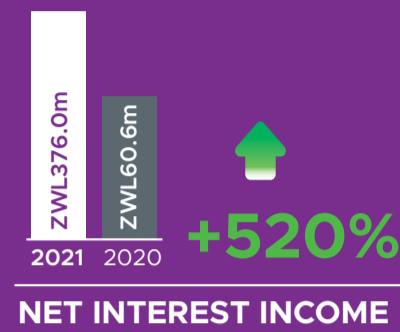


HIGHLIGHTS (Historical Cost)



+481%
NET OPERATING INCOME

80%
LIQUIDITY RATIO
More than double the minimum regulatory ratio of 30%



SAFE & SECURE FINANCIAL TRANSACTIONS DURING THE PANDEMIC

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STRATEGIC SUSTAINABLE BUSINESS PILLARS

1 Purple Ark

2 KaShagi

3 Agro Future

4 Corporate & Investment Banking

5 Kwenga

6 SME Banking

Chairman's Statement

It is a privilege to be presenting the Steward Bank Financial results for the year ended 28 February 2021 in the time that we are living in. The year appraised in a summary, was affected significantly by the Covid-19 pandemic which saw most business activity being constrained by lockdowns as Governments across the world implemented measures to reduce unnecessary loss of lives.

The Bank continued with its objectives around digital transformation and financial inclusion. The Core Banking System (Purple Ark) upgrade remained at the upper echelon of the Bank's goals with the project being launched in January 2021 in a phased approach focusing on customer-oriented innovations around the Bank's mobile applications and online banking. This indeed was a success and followed up by the full launch of the new Core banking System (CBS) in April 2021.

Financial Performance

The Bank looks to unlock benefits from the new Core Banking system upgrade which was completed in the first quarter of the new financial year FY2022. Cost minimization anchored on digital transformation extending to automation of key processes will be part of the Bank's ethos.

From a historical perspective the Bank's net interest income grew by 520% from ZWL60.6 million to ZWL376 million as a result of the Bank's increased lending activity and higher interest rates prevailing in the market. The Bank however recorded an inflation adjusted loss of ZWL903 million against a prior year loss of ZWL773 million.

The new norm during the Pandemic

The Bank employed various initiatives to curb the global and national impact of the novel Coronavirus with employees largely being required to work from home. Measures to protect the Bank's employees and customers were implemented which saw the Bank's pandemic infection rate remain low for the year in review. The Bank further made robust changes to the core elements of the business ranging from its internal systems and structures which then saw a sustainable business continuity plan being put in place. The Bank will continue to review its business continuity plans to adapt to emergent trends and norms that are tied to the global impact of the pandemic.

Sustainability

Steward Bank has committed to entrenching a culture of social responsibility to drive a sustainable business. We are committed to taking responsibility when conducting our business by integrating environmental, social, and governance (ESG) factors into our decisions and operational processes.

We acknowledge that our business activities affect the society and environment around us and that we have an opportunity and an implicit duty to ensure this impact is positive and commit to manage and reduce the negative impact. We also believe that good governance and efficient sustainable operations are a necessity for sustainable value creation.

Gratitude

I express my sincere gratitude to our customers and staff who have quickly adapted to the new normal in the Covid-19 environment. We remain thankful to the Reserve Bank of Zimbabwe and all the financial regulatory bodies that continue to provide guidance and support to the Business.

On behalf of the Board

Bernard T.R. Chidzero
Board Chairman

30 September 2021

Chief Executive Officer's Statement

An overview of the Financial year

I am pleased to highlight that the Bank remained competitive in the year in review, taking ground breaking strides in the Agribusiness and Payments space. Tapping into the agricultural sector that is the backbone of the country, the Bank rolled out its AgroFuture product that is a blend between innovation and agricultural oriented services. The ongoing impact of this product is to ensure that agricultural value chains are made sustainable.

Addressing the digital transformation pillar, the Bank rolled out a revamped Online Banking platform and Square Mobile Application. Both platforms were developed on the foundation of addressing the changing consumer needs, and as such the general uptake of the solutions by the Market has been favourable. The outlook for the Bank in the following year will be to extract benefits from the new core banking system upgrade with the benefits ranging from Risk mitigation, Compliance, Automation, Innovation and Digital Transformation.

Summarized Performance

The Bank's historical net operating income grew by 481% to close off at ZWL \$2.8 billion. The inflation adjusted net operating income declined by 34% when compared to the prior year. The decline in net operating income was largely tied to the increased cost structure that was tied to system and talent realignment that the Bank made to accommodate the Core Banking System upgrade. The metric is expected to fundamentally improve in the following year owing to the benefits realisation of the Bank's digital transformation projects. Inflation adjusted net interest income declined by 17% in comparison to the prior year while non-funded income followed a similar trajectory declining by 26%.

Historically, the Digital Bank revenue line increased from ZWL237 million noted in the year 2020 to ZWL980 million, much attributed to the Bank's digital innovations that ranged from USSD banking, Visa Card integrations and Point of Sale ingenuities. Historic interest income for the year improved by 479% owing to the Bank's dynamic lending that extended to financing models such as clean energy financing and structured finance. Historical non-funded income improved significantly by 367% in comparison to the prior year on account of transformational innovations done around traditional banking that included automated foreign currency account opening.

The Customer at heart

The Bank is cognizant of the importance of its customers as its lifeline and as such, ensured that it addresses the customer pain points and emergent needs. Innovations such as self-service machines were rolled out thereby allowing the customer to transact without human intervention. The main thrust of these innovations was to protect the customer from the threat of the coronavirus that strives on human contact.

Further, the Bank embarked on an aggressive campaign to drive customers from its branches and to start transacting on its digital platforms. This drive was termed the 'Go Digital' campaign. Value-added services around the bank's products were implemented such as the Visa Direct and Visa Mobile Application that totally eliminated the need for Visa Card related customer enquiries requiring human interventions. The Bank looks to add more of its branch related services on to its mobile platforms as it pursues its aspirations of becoming a fully-fledged digital bank. The need to become a digital bank has evolved from becoming an option but to a necessity, as this compliments the new norm of doing business which is largely anchored on digital transformation.

Core Banking System

The implementation of the Purple Ark project has been largely a success and on course owing to various collaborations done between the Bank and its technical partners, support rendered by the Reserve Bank and the unwavering commitment by the Bank's employees who are working on the project.

In the last quarter of the financial year, the Bank rolled out the New Online Banking Platform and New Square Mobile Banking application to better address the growing needs of the Bank's diverse market segments. The launch of these two platforms was part of the first phase of the Core Banking System upgrade.

Financial inclusion through digital

With the Pandemic lowering business activity, many business owners faced a slump in sales and revenue leading to diminishing working capital. The Bank sought to address this problem by leveraging on Digital Loans that could be availed to informal traders and SME's needing financial assistance in terms of Loans. Through the Kashagi Nano loans platform, the Bank managed to dispense digital loans via mobile. The platform enabled the marginalized population to access cheap loans instantly within a minute upon application. More than 400, 000 Kashagi loans were dispensed to individuals across the country with 25% of the loans being dispensed to women.

Narrowing it down to the SDG pillar of equality, more than 6,900 women had access to Kwenga POS machines while 2, 436 women had access to the traditional POS machines bringing the total to 9, 336 women with access to POS machines for the financial year in review. The values transacted through the POS machines were more than ZWL900m.

The outlook for the next financial year

The Bank continues with its thrust to enable financial inclusion through its digital platforms. Much effort will be channeled towards improving the customer experience on the Bank's digital platforms and touchpoints. The business will leverage on artificial intelligence to preempt and address customer needs as well as address inefficiencies related to human intervention and error. The customer will be viewed from a 360-degree focus to better satisfy their underlying banking needs.

Appreciation

Over the past 8 years, the Bank has seen phenomenal growth attributed to the support rendered by its customers who have been unwavering in their support to see the Bank grow. Coupled with this, is the Bank's employees who have been instrumental in driving the Bank forward. I render my gratitude to them. Important to mention, is the Reserve Bank of Zimbabwe and our implementation partners who have been a rock to lean on during the Core Banking System upgrade.

I would also like to thank the Board of Directors that have been immensely supportive in ensuring that the Bank is on course to meet its core objectives around digital banking.

Courage Mashavave
Chief Executive Officer

30 September 2021



Celebrating Banking and Innovation



Online Banking Internet Banking Video Banking Kambudzi Banking

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STEWARD BANK

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, regulatory authorities, suppliers 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 Chairman and Non- Executive Directors

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

Along with the Chairman and Executive Directors, the Non-Executive Directors are responsible for ensuring that the Board fulfils its responsibilities under its Charter. The non-executive directors combine diverse business and commercial experience with independent and objective judgement and provide independent challenge to the Executive team.

The non-executive directors proactively engage with the Bank's management to improve strategy implementation, test and challenge the implementation of controls, processes and policies which enable risk to be effectively assessed and managed. The Chairman works together with the non-executive directors to ensure that there are effective checks and balances between executive management and the Board.

Board Composition

The majority of the Board, including the Chairman, are Independent Non-Executive Directors, thereby ensuring constructive checks and balances between Executive management and the Board. The Board held six (6) Board meetings during the period 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. Courage Mashavave, the Chief Executive Officer was appointed as an Executive Director effective 01 April 2021.

Mr. Cleopas Kadzimu, the Chief Finance Officer was appointed as an Executive Director of the Bank effective 30 June 2021.

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.

Board and Director Evaluation Process

The Board conducts an annual Board and Director Evaluation process in line with the Reserve Bank of Zimbabwe Guidelines No. 01-2004/ BSD Corporate Governance. This entails an individual peer based performance evaluation and collectively as a Board. The key factors considered are the functions of the board, strategy, board structure and effectiveness. The Board and Director evaluations for the year ended 28 February 2021 were duly and timeously conducted and the Evaluation Report was submitted to the Regulator.

The Evaluation results are discussed with a view to mitigate and rectify identified weaknesses. 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. This provision of feedback on the board performance and governance processes is the most crucial element of director evaluation.

Compliance

The Bank continues to conform, in material respects, with the laws and regulations governing its operations.

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 Chairman meets with external auditors quarterly (and more frequently if required), without management being present, 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.

The Internal Audit function of the Bank reports administratively to the Chief Executive Officer of the Bank and functionally to the Board Audit Committee.

It comprises the Head of Internal Audit heading two (2) distinct functions namely IT Audit and Business Audit. Each department is resourced with 2 personnel reporting into the Head of Internal Audit.

During the current period, the Internal Audit department performed reviews on the system of internal controls across all risk types, business functions, and reported to the Board Audit Committee their observations of the Bank's controls arising from the audit reviews scheduled during financial year ended February 2021 (and items remaining open from 2020) and management's responses to the findings, together with proposed timelines for addressing the findings. The reports included a summary highlights of the most significant matters under monitoring and areas of thematic interest that has arisen as part of the audits and warrant the Committee's attention. The Board Audit Committee discussed reports from the Head of Internal Audit on Internal Audit's appraisal of controls across key risks, subject to the Committee's oversight.

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 28 February 2021, the Main Board held 6 meetings. The record of attendance of each director is as follows:

Name of Director	Designation	Meetings Held	Meeting Attended
Bernard Thomas Rugare Chidzero*	Independent Non-Executive Chairman	6	3**
Nyatwa Nancy Chadehumbe	Non-Executive Director	6	6
Peter Manasa Mbizvo	Non-Executive Director	6	6
Kwaku Akosah-Bempah	Non-Executive Director	6	6
John Henry Gould	Non-Executive Director	6	6
Krison Vengai Chirairo	Non-Executive Director	6	6
Roy Chimanikire	Non- Executive Director	6	5
*Chairperson **Due to Medical Leave			

BOARD COMMITTEES

The Bank's Board Committees were properly constituted as at 28 February 2021. The record of attendance is as follows:

Audit Committee

Name of Director	Designation	Meetings Held	Meeting Attended
K Akosah-Bempah*	Non-Executive Chairman	7	7
N N Chadehumbe	Non-Executive Director	7	7
J H Gould	Non-Executive Director	7	7
*Chairman			

Risk, Compliance and Capital Management Committee

Name of Director	Designation	Meetings Held	Meeting Attended
N N Chadehumbe*	Non-Executive Chairman	4	4
P M Mbizvo	Non-Executive Director	4	4
R Chimanikire	Non-Executive Director	4	4
*Chairperson			

Assets and Liabilities Committee

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

IT Committee

Name of Director	Designation	Meetings Held	Meeting Attended
H Gould*	Non-Executive Chairman	4	4
N N Chadehumbe	Non-Executive Director	4	4
K V Chirairo	Non-Executive Director	4	4
*Chairman			

Credit Committee

Name of Director	Designation	Meetings Held	Meeting Attended
B Chidzero*	Non-Executive Chairman	4	4
K V Chirairo	Non-Executive Director	4	4
R Chimanikire	Non-Executive Director	4	4
*Chairman			

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			

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Notes to the abridged financial statements For the year ended 28 February 2021

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 79 Livingstone Avenue, Harare. The Bank's ultimate holding company is Cassava Smartech Zimbabwe Limited.

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

The Bank prepares financial statements with the aim to fully comply with International Financial Reporting Standards (IFRS) which comprise standards issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC) and with the Companies and Other Business Entities Act (Chapter 24:31), the Zimbabwe Banking Act (Chapter 24:20) and the relevant statutory instruments ("SI"), SI 33/99 and SI 62/96. Compliance with IFRS and laws and regulations is intended to achieve consistency and comparability of financial statements.

While full compliance with IFRS was achieved in previous reporting periods, only partial compliance was achieved for the years ended 28 February 2019 and 29 February 2020 as a result of inconsistencies between International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates and Statutory Instrument (S.I.) 33 of 2019. In the current year the Directors resolved to correct the inconsistencies arising due to the decision to apply the requirements of IAS 29 from 22 February 2019 as opposed to 1 October 2018 as would have been required to comply with International Financial Reporting Standards as described above. The impact of this correction was only effected as a restatement of the opening equity in the current year statement of changes in equity, for reasons explained in Note 2.3.1. This is not in compliance with International Financial Reporting Standards, IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors as the requirement would have required retrospective restatement.

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 did not change the accounting policies or applied new standards in the financial year ending 28 February 2021. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.3.1 Application of IAS 29 - Financial Reporting in Hyperinflationary Economies

These abridged financial results have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 1 October 2018 as prescribed by the Public Accountants and Auditors Board (PAAB).

IAS 29 discourages the publication of historical results as the inflation adjusted results are the primary financial results. However, the historical cost results are included as supplementary information to meet some user requirements. As a result, the auditors have not expressed an opinion on the historical information.

In order to account for the rapid loss in the purchasing power of the local currency, hyperinflation accounting principles require transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period. The Bank adopted the Zimbabwe consumer price index (CPI) as the general price index to restate transactions and balances as appropriate. The conversion factors used to restate the consolidated financial statements for the year ended 28 February 2021 are as follows:

Dates	Indices	Conversion Factor
28 February 2021	2 698,89	1
29 February 2020	640,16	4,22

Non-monetary assets and liabilities carried at historic cost have been restated to reflect the change in the general price index from 1 October 2018 to the end of the reporting period. Monetary assets and liabilities; and non-monetary assets and liabilities carried at revalued amounts have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognised in the statement of profit or loss have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred. A net monetary adjustment was recognised in the statement of profit or loss. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

2.3.1.1 Change in application date of IAS 29 - Financial Reporting in Hyperinflationary Economies

In February 2019, the Government of Zimbabwe issued Statutory Instrument (S.I.) 33 of 2019, which among other things, prescribed parity between the US dollar and local mediums of exchange as at and up to the effective date of 22 February 2019 for accounting and other purposes. S.I. 33 also prescribed the manner in which certain balances were to be treated as a consequence of the recognition of the RTGS dollar / ZW dollar as currency in Zimbabwe. In our opinion and based on the guidance issued by the Public Accountants and Auditors Board (PAAB), the change in functional currency translation guidelines prescribed by S.I. 33 and adopted in preparing the financial statements for prior years to comply with statutory requirements were contrary to the provisions of IAS 21 - The Effects of Changes in Foreign Exchange Rates.

In prior year, the factors and characteristics to apply IAS 29 - Financial Reporting in Hyperinflationary Economies were met in Zimbabwe. As a result, the Public Accountants and Auditors Board (PAAB) pronounced that entities reporting in Zimbabwe were required to apply the requirements of IAS 29 for reporting periods ended on or after 1 July 2019. Consequently, prior year financial statements were prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 1 March 2019. The Bank adopted 1 March 2019 to apply IAS 29 as it was the commencement date of the prior year financial year and the immediate date after the adoption of the Zimbabwe dollar as the functional and reporting currency by the Bank in accordance with S.I. 33.

However, there was a general consensus amongst market participants that the date of change in functional currency should have been 1 October 2018. Based on the consensus, the changes in the general pricing power of the functional currency ought to apply from 1 October 2018. The Directors, however, chose to strictly comply with S.I. 33 in prior period reporting.

As reported in prior year, the Directors were unable to determine an appropriate and fair exchange rate to apply as required by IAS 21 when the Bank changed its functional currency in 2019 which inherently impacted the application of IAS 29.

The Directors have in current year assessed that the cumulative effects of non-compliance with IAS 21 and its consequent impact on IAS 29 which all could not be accurately ascertained in prior years have now in material respects been recycled to retained earnings. As a result of the inability to accurately determine the prior year aforementioned specific effects, the cumulative effect arising from applying 1 March 2019 instead of 1 October 2018 as the IAS 29 application date have been adjusted against opening equity components as disclosed on the statement of changes in equity.

3 INTEREST AND RELATED INCOME

	Audited 28 February 2021 ZWL 000	Audited 29 February 2020 ZWL 000	HISTORICAL COST 28 February 2021 ZWL 000	29 February 2020 ZWL 000
Loans and advances to customers	265 088	102 661	221 350	13 958
Loans and advances relating to furniture customers	450	1 404	(7)	182
Debt instruments measured at amortised cost	228 979	486 950	164 060	47 639
Other	20 759	38 326	1 298	4 983
	515 276	629 341	386 701	66 762

4 INTEREST AND RELATED EXPENSE

Trading activities	28 927	45 417	10 703	6 145
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5 NON-INTEREST INCOME

5.1 Fees and commission income

Net dealing gains	78 459	92 990	57 346	12 468
Net commissions	2 411 404	3 155 899	1 772 712	379 356
	2 489 863	3 248 889	1 830 058	391 824

5.2 Other

Sundry income	-	601	-	55
	-	601	-	55
	2 489 863	3 249 490	1 830 058	391 879

6 IMPAIRMENT ON FINANCIAL ASSETS CHARGE

Expected credit loss	290 841	299 683	179 343	70 140
Bad debts recovered	(7 578)	(27 818)	(5 112)	(2 380)
	283 263	271 865	174 231	67 760

6.1 Breakdown of ECL charges on financial instruments for the period recognised in Profit or Loss:

Loans and advances to customers	131 165	197 041	79 516	46 737
Debt instruments measured at amortised cost	49 937	101 729	(10 608)	23 875
Other receivables	2 230	913	2 926	(472)
Cash and cash equivalents	107 509	-	107 509	-
	290 841	299 683	179 343	70 140

7 OPERATING EXPENDITURE

Administration expenses	1 906 573	2 046 798	1 435 597	276 170
Amortisation of intangible assets	94 807	60 989	14 057	4 354
Audit fees	44 705	37 205	31 201	8 006
Audit fees: Current year	12 333	37 205	12 030	8 006
Audit fees : prior year overruns	32 372	-	19 171	-
Depreciation of property and equipment and right of use assets	331 188	357 926	153 954	23 220
Impairment of intangible	643 742	-	4 451	-
Impairment of property and equipment	626 305	-	15 223	-
Directors' remuneration - short-term benefits	14 951	21 512	10 054	2 718
- other emoluments	14 951	21 512	10 054	2 718
- other emoluments	-	-	-	-
Occupancy expenses	58 062	88 950	42 388	8 915
Professional expenses	75 540	127 248	51 093	14 523
Staff costs	797 999	613 944	565 184	77 184
- Short term benefits	788 747	597 720	557 742	75 762
- post - employment benefits	9 251	16 224	7 443	1 422
	4 593 872	3 354 572	2 323 202	415 090

8 INCOME TAX

The components of income tax expense are as follows:

Current tax expense	42 145	336 555	42 145	27 151
Deferred tax (credit)/expense	42 794	(168 653)	7 236	(14 093)
Total income tax expense	84 939	167 902	49 381	13 058

8.1 Income tax reconciliation

Accounting profit before income tax	(818 411)	(605 288)	435 805	69 797
Taxation at normal rate of 24.72% (2020: 24.72%)	(202 311)	(155 862)	107 731	17 973
Effect of non-deductible expenses:				
- Donations expenses	60 955	20 580	18 303	4 690
- Excess management fees	14 359	-	8 705	-
- Effect of tax rate change	-	11 239	-	(1 655)
- Effect of tax base rebasing	(65 190)	-	(65 190)	-
- Exempt income	(61 061)	(38 453)	(41 925)	(33 334)
- Other non-deductible expenses	338 187	330 398	21 757	25 384
	84 939	167 902	49 381	13 058

9 CASH AND CASH EQUIVALENTS

Balances with the Reserve Bank of Zimbabwe	6 340 402	3 768 932	6 340 402	893 972
Balances with other banks	293 910	486 242	293 910	115 334
Cash balances	390 286	177 066	390 286	41 999
ECL	(107 509)	-	(107 509)	-
	6 917 089	4 432 240	6 917 089	1 051 306

RBZ savings bonds are classified as Cash and cash equivalents amounting to ZWL 4 082 437 249 as they can be liquidated within 30 days.

Audited Abridged Financial Statements

for the year ended 28 February 2021

STEWARD BANK

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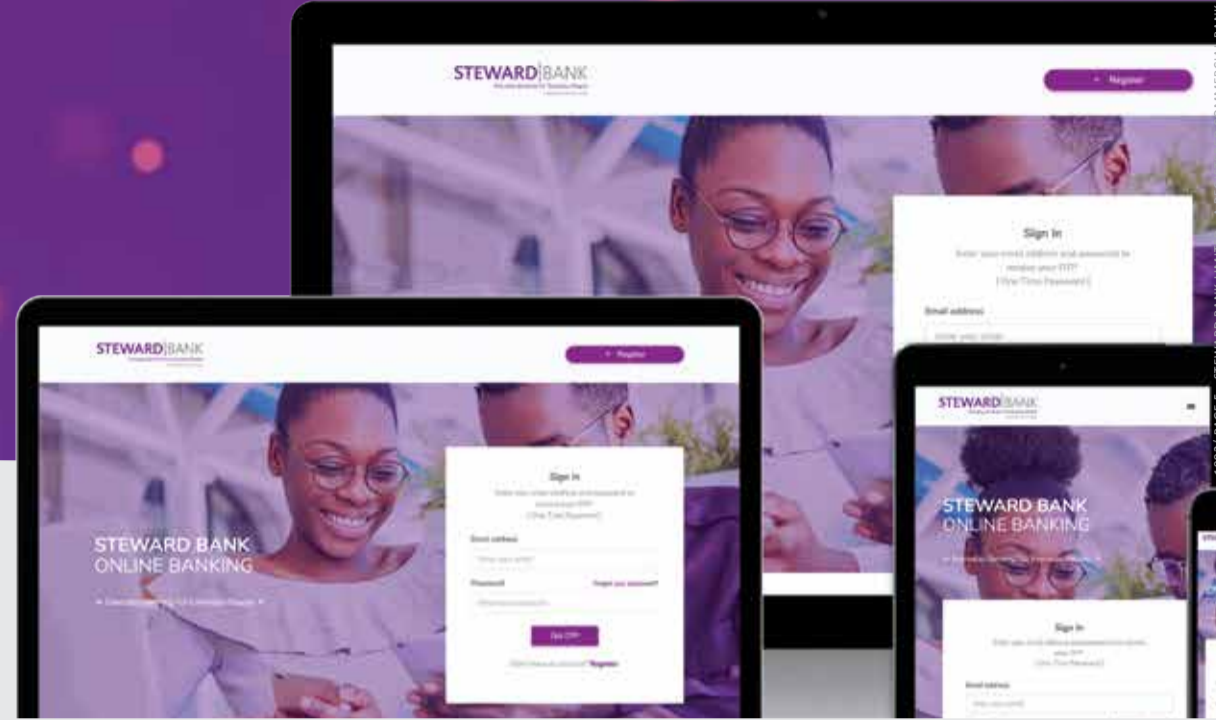


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Notes to the abridged financial statements (continued) For the year ended 28 February 2021

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 28 February 2021 ZWL 000	Audited 29 February 2020 ZWL 000	28 February 2021 ZWL 000	29 February 2020 ZWL 000
10 NON CURRENT ASSETS HELD FOR SALE				
Balance at 1 March 2020	-	-	-	-
Transfer from PPE	8 494	-	-	-
Disposal	(6 065)	-	6 941	-
Fair value adjustment	(958)	-	(5 470)	-
Balance at 28 February 2021	1 471	-	1 471	-
The non-current assets held for sale refer to furniture and fittings used at the previous head office (101 Kwame Nkrumah) that were held as at the year end awaiting disposal.				
11 LOANS AND ADVANCES TO CUSTOMERS				
11.1 Total loans and advances				
Corporate loans	716 617	530 975	716 617	125 945
Small-to-medium Enterprise loans	188 224	162 719	188 224	38 596
Consumer loans	796 904	446 171	796 904	105 830
	1 701 745	1 139 865	1 701 745	270 371
Less: Allowance for Expected Credit Losses	(104 287)	(212 979)	(104 287)	(50 518)
	1 597 458	926 886	1 597 458	219 853
11.2 Maturity analysis				
Less than one month	696 684	951	696 684	184
1 to 3 months	15 580	14 247	15 580	2 748
3 to 6 months	55 729	4 135	55 729	798
6 months to 1 year	170 302	136 855	170 302	26 396
1 to 5 years	496 463	574 928	496 463	110 890
Over 5 years	266 987	408 749	266 987	78 837
Gross loans and advances	1 701 745	1 139 865	1 701 745	219 853

11.3 Sectorial analysis of utilisations

	INFLATION ADJUSTED		HISTORICAL COST					
	28 February 2021 ZWL 000	%	29 February 2020 ZWL 000	%			28 February 2021 ZWL 000	%
Mining	537	0,0%	9 046	0,8%	537	0,0%	2 146	0,8%
Manufacturing	242 499	14,3%	192 847	16,9%	242 499	14,3%	45 742	16,9%
Agriculture	298 440	17,5%	231 070	20,3%	298 440	17,5%	54 809	20,3%
Distribution	113 064	6,6%	131 917	11,6%	113 064	6,6%	31 290	11,6%
Services and communication	263 814	15,5%	96 776	8,5%	263 814	15,5%	22 955	8,5%
Individuals	783 391	46,0%	478 210	42,0%	783 391	46,0%	113 429	42,0%
	1 701 745	100,0%	1 139 866	100,0%	1 701 745	100,0%	270 371	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			
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	Total ZWL 000
Gross carrying amounts				
Gross carrying amount as at 1 March 2020	996 366	115 600	27 904	1 139 870
New loans and advances originated	1 937 925	122 052	478 567	2 538 544
Loans and advances derecognised or repaid (excluding write offs)	(153 546)	(7 493)	(16 403)	(177 442)
Transfers to Stage 1	5 555	(4 398)	(1 157)	-
Transfers to Stage 2	(4 982)	4 982	-	-
Transfers to Stage 3	(5 463)	(99)	5 562	-
Amounts written off	-	-	-	-
Monetary loss	(1 462 666)	(133 290)	(203 271)	(1 799 227)
Gross carrying amount as at 28 February 2021	1 313 189	97 354	291 202	1 701 745
ECL allowance				
ECL allowance as at 1 March 2020	139 331	52 394	21 255	212 980
ECL restatement	(108 546)	-	-	(108 546)
Restated ECL balance	30 785	52 394	21 255	104 434
New loans and advances originated	21 991	-	118 618	140 609
Loans and advances derecognised or repaid (excluding write offs)	(8 002)	-	(1 442)	(9 444)
Transfers to Stage 1	935	-	(935)	-
Transfers to Stage 2	(124)	124	-	-
Transfers to Stage 3	(322)	(17)	339	-
Amounts written off	-	-	-	-
Monetary loss	(29 184)	(40 009)	(62 119)	(131 312)
ECL allowance as at 28 February 2021	16 079	12 492	75 716	104 287

11 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

11.4 ECL Allowance for impairment of loans and advances (continued)

	HISTORICAL COST			
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	Total ZWL 000
Gross carrying amounts				
Gross carrying amount as at 1 March 2020	236 332	27 420	6 619	270 371
New loans and advances originated	1 174 832	73 992	290 122	1 538 946
Loans and advances derecognised or repaid (excluding write offs)	(93 084)	(4 542)	(9 946)	(107 572)
Transfers to Stage 1	5 555	(4 398)	(1 157)	-
Transfers to Stage 2	(4 982)	4 982	-	-
Transfers to Stage 3	(5 463)	(99)	5 562	-
Amounts written off	-	-	-	-
Monetary loss	-	-	-	-
Gross carrying amount as at 28 February 2021	1 313 190	97 355	291 200	1 701 745

ECL allowance

ECL allowance as at 1 March 2020	33 048	12 428	5 042	50 518
ECL restatement	(25 747)	-	-	(25 747)
Restated ECL balance	7 301	12 428	5 042	24 771

New loans and advances originated	13 332	-	71 910	85 242
Loans and advances derecognised or repaid (excluding write offs)	(4 851)	-	(875)	(5 726)
Transfers to Stage 1	567	-	(567)	-
Transfers to Stage 2	(75)	75	-	-
Transfers to Stage 3	(195)	(10)	205	-
Amounts written off	-	-	-	-
Monetary loss	-	-	-	-
ECL allowance as at 28 February 2021	16 079	12 493	75 715	104 287

	INFLATION ADJUSTED			
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	Total ZWL 000
Gross carrying amounts				
Gross carrying amount as at 1 March 2019	228 049	16 392	3 570	248 011
New loans and advances originated	1 082 633	113 157	23 398	1 219 189
Loans and advances derecognised or repaid (excluding write offs)	(307 811)	(14 254)	(5 265)	(327 330)
Transfers to Stage 1	11	-	(11)	-
Transfers to Stage 2	(306)	306	-	-
Transfers to Stage 3	(6 212)	-	6 212	-
Amounts written off	-	-	-	-
Gross carrying amount as at 29 February 2020	996 364	115 601	27 904	1 139 870

ECL allowance

ECL allowance as at 1 March 2019	7 895	1 499	6 545	15 939
New loans and advances originated	136 675	51 766	11 992	200 433
Loans and advances derecognised or repaid (excluding write offs)	(654)	(1 058)	(1 680)	(3 392)
Transfers to Stage 1	4	-	(4)	-
Transfers to Stage 2	(188)	188	-	-
Transfers to Stage 3	(4 402)	-	4 402	-
Amounts written off	-	-	-	-
ECL allowance as at 29 February 2020	139 330	52 395	21 255	212 980

	HISTORICAL COST			
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	Total ZWL 000
Gross carrying amounts				
Gross carrying amount as at 1 March 2019	54 092	3 888	847	58 827
New loans and advances originated	256 794	26 840	5 550	289 184
Loans and advances derecognised or repaid (excluding write offs)	(73 011)	(3 381)	(1 249)	(77 641)
Transfers to Stage 1	3	-	(3)	-
Transfers to Stage 2	(73)	73	-	-
Transfers to Stage 3	(1 473)	-	1 473	-
Amounts written off	-	-	-	-
Gross carrying amount as at 29 February 2020	236 332	27 420	6 618	270 370

ECL allowance

ECL allowance as at 1 March 2019	1 873	355	1 553	3 781
New loans and advances originated	32 419	12 278	2 845	47 542
Loans and advances derecognised or repaid (excluding write offs)	(155)	(251)	(398)	(805)
Transfers to Stage 1	1	-	(1)	-
Transfers to Stage 2	(45)	45	-	-
Transfers to Stage 3	(1 044)	-	1 044	-
Amounts written off	-	-	-	-
ECL allowance as at 29 February 2020	33 049	12 427	5 042	50 518

12 DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 28 February 2021 ZWL 000	Audited 29 February 2020 ZWL 000	28 February 2021 ZWL 000	29 February 2020 ZWL 000
Opening Balance	4 830 935	12 884 734	1 145 874	477 411
Additions	7 982 921	21 134 851	4 846 122	1 972 610
Repayments received on maturity	(1 838 888)	(14 209 671)	(1 114 792)	(1 320 445)
Balances disclosed under cash and cash equivalents	(4 082 437)	-	(4 082 437)	-
Accrued interest	166 285	199 941	100 792	16 298
Net monetary adjustment	(6 163 257)	(15 177 850)	-	-
	895 559	4 832 005	895 559	1 145 874
Less: Allowance for ECL	(25 324)	(151 170)	(25 324)	(35 603)
Closing balance	870 235	4 680 835	870 235	1 110 271

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Notes to the abridged financial statements (continued)

For the year ended 28 February 2021

12 DEBT INSTRUMENTS MEASURED AT AMORTISED COST (CONTINUED)

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			Total ZWL 000
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	
Gross carrying amounts				
Gross carrying amount as at 1 March 2020	4 450 799	380 161	-	4 830 960
New assets purchased	8 149 181	-	-	8 149 181
Assets derecognised or matured (excluding write offs)	(1 458 727)	(380 161)	-	(1 838 888)
Transfers to Stage 1	(4 082 437)	-	-	(4 082 437)
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Monetary loss	6 163 257	-	-	6 163 257
Gross carrying amount as at 28 February 2021	895 559	-	-	895 559

	INFLATION ADJUSTED			Total ZWL 000
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	
ECL allowance				
ECL allowance as at 1 March 2020	129 651	21 519	-	151 170
ECL restatement	6 441	-	-	6 441
Restated ECL balance	136 092	21 519	-	157 611
New assets purchased	217 282	-	-	217 282
Assets derecognised or matured (excluding write offs)	(51 416)	(8 420)	-	(59 836)
Transfers to Stage 1	(107 509)	-	-	(107 509)
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Monetary loss	(169 125)	(13 099)	-	(182 224)
ECL allowance as at 29 February 2020	25 324	-	-	25 324

	HISTORICAL COST			Total ZWL 000
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	
Gross carrying amounts				
Gross carrying amount as at 1 March 2020	1 055 702	90 172	-	1 145 874
New assets purchased	4 946 914	-	-	4 946 914
Assets derecognised or matured (excluding write offs)	(1 024 620)	(90 172)	-	(1 114 792)
Transfers to Stage 1	(4 082 437)	-	-	(4 082 437)
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Monetary loss	-	-	-	-
Gross carrying amount as at 29 February 2020	895 559	-	-	895 559

	HISTORICAL COST			Total ZWL 000
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	
ECL allowance				
ECL allowance as at 1 March 2019	30 753	4 850	-	35 603
ECL restatement	329	-	-	329
Restated ECL balance	31 082	4 850	-	35 932
New assets purchased	132 921	-	-	132 921
Assets derecognised or matured (excluding write offs)	(31 170)	(4 850)	-	(36 020)
Transfers to Stage 1	(107 509)	-	-	(107 509)
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Monetary loss	-	-	-	-
ECL allowance as at 29 February 2020	25 324	-	-	25 324

	INFLATION ADJUSTED			Total ZWL 000
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	
Gross carrying amounts				
Gross carrying amount as at 1 March 2019	12 874 185	10 617	-	12 884 802
New assets purchased	18 364 269	2 970 635	-	21 334 904
Assets derecognised or matured (excluding write offs)	(11 608 655)	(2 601 091)	-	(14 209 746)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	(15 178 999)	-	-	(15 178 999)
Gross carrying amount as at 28 February 2020	4 450 800	380 161	-	4 830 961

	INFLATION ADJUSTED			Total ZWL 000
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	
ECL allowance				
ECL allowance as at 1 March 2019	47 295	2 146	-	49 441
New assets purchased	564 958	384 309	-	949 267
Assets derecognised or matured (excluding write offs)	(482 602)	(364 936)	-	(847 538)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
ECL allowance as at 28 February 2020	129 651	21 519	-	151 170

12 DEBT INSTRUMENTS MEASURED AT AMORTISED COST (CONTINUED)

12.1 ECL Allowance for debt instruments measured at amortised cost (continued)

	HISTORICAL COST			Total ZWL 000
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	
Gross carrying amounts				
Gross carrying amount as at 1 March 2018	474 893	2 518	-	477 411
New assets purchased	5 080 545	704 616	-	5 785 161
Assets derecognised or matured (excluding write offs)	(4 499 736)	(616 963)	-	(5 116 699)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount as at 28 February 2019	1 055 702	90 171	-	1 145 873

	HISTORICAL COST			Total ZWL 000
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	
ECL allowance				
ECL allowance as at 1 March 2018	11 219	509	-	11 728
New assets purchased	134 005	91 154	-	225 159
Assets derecognised or matured (excluding write offs)	(114 470)	(86 814)	-	(201 284)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
ECL allowance as at 28 February 2018	30 754	4 849	-	35 603

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 28 February 2021 ZWL 000	Audited 29 February 2020 ZWL 000	28 February 2021 ZWL 000	29 February 2020 ZWL 000
13 OTHER RECEIVABLES				
Sundry receivables	798 906	1 267 757	793 553	298 318
Amounts due from related parties	161 088	282 867	161 088	67 993
Less: Allowance for ECL	(3 143)	(913)	(3 143)	(217)
	956 851	1 549 711	951 498	366 094

14 INVENTORIES

Opening balance	160 091	160 091	5 932	5 932
Impact of change in IAS 29 application date	89 821	-	-	-
Additions	24 866	-	16 626	-
Utilisations	(70 939)	-	(22 615)	-
Reclassification from other receivables	91 469	-	21 696	-
Transfer to property and equipment	(34 215)	-	(10 274)	-
Transfer from prepayments	690 698	-	67 798	-
Transfer to Investment property	(470 305)	-	(36 193)	-
Closing balance	481 486	160 091	42 970	5 932

Inventories consists of housing units developed by the Bank for re-sale.

15 INVESTMENT PROPERTY

Opening balance	407 154	366 872	96 575	13 594
Additions	470 305	-	36 193	-
Fair value adjustments	38 838	40 282	783 529	82 981
Closing balance	916 297	407 154	916 297	96 575

Investment property comprises of buildings and undeveloped residential land. The transfer from inventory relates to reclassification of Fairview housing units.

16 PROPERTY AND EQUIPMENT

	INFLATION ADJUSTED							Total ZWL 000
	Land and buildings ZWL 000	Leasehold improvements ZWL 000	Furniture and fittings ZWL 000	Office equipment ZWL 000	Computer equipment ZWL 000	Motor Vehicles ZWL 000	Work in Progress ZWL 000	
At Cost or Valuation:								
28 February 2019	80 016	35 815	95 139	33 288	426 446	15 495	334 120	1 020 319
Additions	-	-	-	-	-	-	837 296	837 296
Transfers from Work-in-Progress	-	-	389	-	4 243	-	(4 633)	(1)
Transfers from Work-in-Progress to Intangible assets	-	-	-	-	-	-	(84 984)	(84 984)
Revaluation adjustment	11 600	116 164	(17 915)	23 701	(27 674)	5 777	-	111 653
29 February 2020	91 616	151 979	77 613	56 989	403 015	21 272	1 081 799	1 884 283
Impact of change in IAS 29 application date	-	-	-	-	-	-	150 486	150 486
Additions	79 501	673	2 584	-	10 116	-	128 128	221 002
Transfer to Held for sale	-	-	(8 494)	-	-	-	-	(8 494)
Transfers from Work-in-Progress	-	171 275	14 435	42 403	833 848	3 516	(1 065 478)	(1)
Transfers from Work-in-Progress to Intangible assets	-	-	-	-	-	-	(44 075)	(44 075)
Transfers from inventories	-	-	-	-	34 215	-	-	34 215
Revaluation adjustment	(27 886)	(38 987)	118 110	(87 889)	(306 762)	(1 984)	-	(345 398)
Disposals	-	-	-	-	-	-	-	-
28 February 2021	143 231	284 940	204 248	11 503	974 432	22 804	250 860	1 892 018

Audited Abridged Financial Statements

for the year ended 28 February 2021

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Notes to the abridged financial statements (continued) For the year ended 28 February 2021

16 PROPERTY AND EQUIPMENT (CONTINUED)

	INFLATION ADJUSTED							Total ZWL 000
	Land and buildings ZWL 000	Leasehold improvements ZWL 000	Furniture and fittings ZWL 000	Office equipment ZWL 000	Computer equipment ZWL 000	Motor Vehicles ZWL 000	Work in Progress ZWL 000	
Accumulated depreciation and impairment:								
28 February 2019	582	2 264	4 811	2 408	40 859	882	-	51 806
Depreciation charge for the year	2 984	25 550	12 980	14 763	210 524	4 245	-	271 046
Eliminated on revaluation	(3 566)	(27 814)	(17 791)	(17 171)	(251 383)	(5 127)	-	(322 852)
29 February 2020	-	-	-	-	-	-	-	-
Depreciation charge for the period	1 205	20 455	5 598	5 445	261 672	2 074	-	296 449
Impairment	-	-	177 856	-	441 588	6 861	-	626 305
Eliminated on revaluation	(1 205)	(20 455)	(5 598)	(5 445)	(261 672)	(2 074)	-	(296 449)
28 February 2021	-	-	177 856	-	441 588	6 861	-	626 305
Net carrying amount:								
At 28 February 2021	143 231	284 940	26 392	11 503	532 844	15 943	250 860	1 265 713
At 29 February 2020	91 616	151 979	77 613	56 989	403 015	21 272	1 081 799	1 884 283

	HISTORICAL COST							Total ZWL 000
	Land and buildings ZWL 000	Leasehold improvements ZWL 000	Furniture and fittings ZWL 000	Office equipment ZWL 000	Computer equipment ZWL 000	Motor Vehicles ZWL 000	Work in Progress ZWL 000	
At Cost or Valuation:								
28 February 2019	2 965	1 327	3 525	1 233	15 801	574	12 380	37 805
Additions	-	-	-	-	-	-	82 010	82 010
Transfers from Work-in-Progress to Intangible assets	-	-	-	-	-	-	(7 439)	(7 439)
Transfers from Work-in-Progress	-	-	12	-	167	-	(179)	-
Revaluation adjustment	18 766	34 722	14 872	12 284	79 625	4 471	-	164 740
29 February 2020	21 731	36 049	18 409	13 517	95 593	5 045	86 772	277 116
Additions	64 960	550	776	-	10 116	-	98 844	175 246
Transfer to assets held for sale	-	-	(6 941)	-	-	-	-	(6 941)
Impairment of assets	-	(113)	(15 110)	-	-	-	-	(15 223)
Transfers to intangible assets	-	-	-	-	-	-	(40 419)	(40 419)
Transfers from inventory	-	-	-	-	10 274	-	-	10 274
Transfers from Work-in-Progress	113	48 189	4 710	5 799	74 632	166	(133 609)	-
Revaluation adjustment	56 427	200 265	24 547	(7 813)	342 230	10 732	-	626 388
28 February 2021	143 231	284 940	26 391	11 503	532 845	15 943	11 588	1 026 441
Accumulated depreciation and impairment:								
28 February 2019	21	84	178	89	1 514	33	-	1 919
Depreciation charge for the year	214	1 829	929	1 016	15 018	304	-	19 310
Eliminated on revaluation	(235)	(1 913)	(1 107)	(1 105)	(16 532)	(337)	-	(21 229)
29 February 2020	-	-	-	-	-	-	-	-
Depreciation charge for the period	1 497	45 705	(14 156)	89 392	21 515	1 090	-	145 043
Eliminated on revaluation	(1 497)	(45 705)	14 156	(89 392)	(21 515)	(1 090)	-	(145 043)
28 February 2021	-	-	-	-	-	-	-	-
Net carrying amount:								
At 28 February 2021	143 231	284 940	26 391	11 503	532 845	15 943	11 588	1 026 441
At 29 February 2020	21 731	36 049	18 409	13 517	95 593	5 045	86 772	277 116

17 INTANGIBLE ASSETS

	INFLATION ADJUSTED		Total ZWL 000
	Computer software ZWL 000	Current work in progress ZWL 000	
Cost:			
28 February 2019	351 818	208 419	560 237
Additions	-	530 962	530 962
Transfer from PPE	-	84 984	84 984
Revaluation adjustment	(182 598)	-	(182 598)
29 February 2020	169 220	824 365	993 585
Impact of change in IAS 29 application date	-	113 018	113 018
Additions	-	166 949	166 949
Transfer from PPE	-	44 075	44 075
Transfer from Work-In-Progress	780 256	(780 256)	-
28 February 2021	949 476	368 151	1 317 627
Accumulated amortisation and impairment:			
28 February 2019	7 864	-	7 864
Amortisation charge for the year	60 989	-	60 989
Eliminated on revaluation	(68 853)	-	(68 853)
29 February 2020	-	-	-
Amortisation charge for the period	94 807	-	94 807
Impairment of intangible assets	643 742	-	643 742
Eliminated on revaluation	-	-	-
28 February 2021	738 549	-	738 549
Net carrying amount:			
At 28 February 2021	210 927	368 151	579 078
At 29 February 2020	169 220	824 365	993 585

17 INTANGIBLE ASSETS (CONTINUED)

	HISTORICAL COST		
	Bank Branches ZWL 000	Office Buildings ZWL 000	Total ZWL 000
Cost:			
28 February 2019	13 036	7 722	20 758
Additions	-	104 024	104 024
Transfer from PPE	-	7 439	7 439
Revaluation adjustment	27 101	-	27 101
29 February 2020	40 137	119 185	159 322
Additions	-	146 222	146 222
Transfer from Work-in-Progress	178 810	(178 810)	-
Transfer from PPE	-	40 419	40 419
Revaluation adjustment	(3 569)	-	(3 569)
28 February 2021	215 378	127 016	342 394
Accumulated amortisation and impairment:			
28 February 2019	292	-	292
Amortisation charge for the year	4 354	-	4 354
Eliminated on revaluation	(4 646)	-	(4 646)
29 February 2020	-	-	-
Amortisation charge for the period	14 057	-	14 057
Impairment	4 451	-	4 451
Eliminated on revaluation	(14 057)	-	(14 057)
28 February 2021	4 451	-	4 451
Net carrying amount:			
At 28 February 2021	210 927	127 016	337 943
At 29 February 2020	40 137	119 185	159 322

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 000	Office Buildings ZWL 000	Total ZWL 000
Cost:			
28 February 2019	-	-	-
IFRS 16 transitional adjustment	206 670	14 978	221 648
Additions	-	13 052	13 052
29 February 2020	206 670	28 030	234 700
Additions	11 626	12 678	24 304
Modification	2 789	4 449	7 238
Expired leases	(1 679)	(639)	(2 318)
Disposals	-	-	-
28 February 2021	219 406	44 518	263 924
Accumulated amortisation and impairment:			
28 February 2019	-	-	-
Amortisation charge for the year	75 786	11 094	86 880
29 February 2020	75 786	11 094	86 880
Prior period adjustment - depreciation on ROU asset	(39 427)	-	(39 427)
Restated opening balance	36 359	11 094	47 453
Amortisation charge for the period	32 691	2 048	34 739
Expired leases	(1 679)	(639)	(2 318)
Disposals	-	-	-
28 February 2021	67 371	12 503	79 874
Net carrying amount:			
At 28 February 2021	152 035	32 015	184 050
At 29 February 2020	130 884	16 936	147 820

	HISTORICAL COST		
	Bank Branches ZWL 000	Office Buildings ZWL 000	Total ZWL 000
Cost:			
28 February 2019	-	-	-
IFRS 16 transitional adjustment	7 993	579	8 572
Additions	-	2 668	2 668
29 February 2020	7 993	3 247	11 240
Additions	10 812	12 463	23 275
Expired leases	(1 332)	(563)	(1 895)
Modification	4 128	(1 572)	2 556
28 February 2021	21 601	13 575	35 176
Accumulated amortisation and impairment:			
28 February 2019	-	-	-
Amortisation charge for the year	1 730	2 180	3 910
28 February 2020	1 730	2 180	3 910
Amortisation charge for the period	8 391	519	8 910
Expired lease depreciation	(1 332)	(563)	(1 895)
28 February 2021	8 789	2 136	10 925
Net carrying amount:			
At 28 February 2021	12 812	11 439	24 251
At 29 February 2020	6 263	1 067	7 330

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Notes to the abridged financial statements (continued)

For the year ended 28 February 2021

18 LEASE LIABILITIES

	INFLATION ADJUSTED		
	Bank Branches ZWL 000	Office Buildings ZWL 000	Total ZWL 000
28 February 2019	-	-	-
IFRS 16 transitional adjustment	206 670	14 978	221 648
Additions	-	12 944	12 944
Interest expense	16 376	1 553	17 929
Repayments	(17 585)	(11 661)	(29 246)
Monetary loss	(176 521)	(9 088)	(185 609)
29 February 2020	28 940	8 726	37 666
Additions	12 013	12 291	24 304
Modification	2 789	4 449	7 238
Interest expense	6 580	1 462	8 042
Repayments	(19 078)	(5 597)	(24 675)
Exchange loss	20 125	(556)	19 569
Monetary loss	(21 370)	(11 445)	(32 815)
28 February 2021	29 999	9 330	39 329

	HISTORICAL COST		
	Bank Branches ZWL 000	Office Buildings ZWL 000	Total ZWL 000
28 February 2019	-	-	-
IFRS 16 transitional adjustment	7 993	579	8 572
Additions	-	2 646	2 646
Interest expense	1 197	178	1 375
Repayments	(2 325)	(1 333)	(3 658)
29 February 2020	6 865	2 070	8 935
Additions	10 812	12 463	23 275
Modification	4 128	(1 572)	2 556
Exchange loss	15 156	(28)	15 128
Interest expense	4 309	85	4 394
Repayments	(13 286)	(1 673)	(14 959)
28 February 2021	27 984	11 345	39 329

19 SHARE CAPITAL AND SHARE PREMIUM

	INFLATION ADJUSTED			
	28 February 2021 No. of Shares	29 February 2020 No. of Shares	28 February 2021 ZWL	29 February 2020 ZWL
Share capital:				
Authorised				
Ordinary shares of \$0.0000001 each (000)	70 000 000	70 000 000	7	7
10% Irredeemable non-cumulative preference shares of US\$1 each (ZWL 000)	10	10	10	10
			17	17
Issued				
Ordinary shares of \$0.0000001 each (000)	471 708	471 708	2	1
10% Irredeemable non-cumulative preference shares of US\$1 each (ZWL 000)	4	4	170	109
			172	110
Share premium (ZWL 000)			4 479 296	2 869 381

	HISTORICAL COST			
	28 February 2021 No. of Shares	29 February 2020 No. of Shares	28 February 2021 ZWL	29 February 2020 ZWL
Share capital:				
Authorised				
Ordinary shares of \$0.0000001 each (000)	70 000 000	70 000 000	7	7
10% Irredeemable non-cumulative preference shares of US\$1 each (ZWL 000)	10	10	10	10
			17	17
Issued				
Ordinary shares of \$0.0000001 each (000)	471 708	471 708	-	-
10% Irredeemable non-cumulative preference shares of US\$1 each (ZWL 000)	4	4	4	4
			4	4
Share premium (ZWL 000)			106 318	106 318

Subject to the provisions of section 183 of the Companies and Other Business Entities Act (Chapter 24:31), the unissued shares are under the control of the Directors.

20 OTHER RESERVES

	INFLATION ADJUSTED			HISTORICAL COST		
	Revaluation surplus ZWL 000	Regulatory reserve ZWL 000	Total ZWL 000	Revaluation surplus ZWL 000	Regulatory reserve ZWL 000	Total ZWL 000
28 February 2019	85 647	85 647	85 647	22 959	-	22 959
Gain on revaluation net of tax	241 461	-	241 461	163 896	-	163 896
29 February 2020	327 108	-	327 108	186 855	-	186 855
Gain on revaluation net of tax	(36 849)	-	(36 849)	588 629	-	588 629
28 February 2021	290 259	-	290 259	775 484	-	775 484

Revaluation surplus

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

Regulatory reserve

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

21 DEPOSITS DUE TO BANKS AND CUSTOMERS

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 28 February 2021 ZWL 000	Audited 29 February 2020 ZWL 000	28 February 2021 ZWL 000	29 February 2020 ZWL 000
Due to customers				
Current accounts	9 253 599	10 307 242	9 253 599	2 444 827
Term deposits	9 282	18 283	9 282	4 335
	9 262 881	10 325 525	9 262 881	2 449 162

At 28 February 2021, approximately ZWL6.4 billion or 74% of the Bank's deposits due to customers (At 29 February 2020: ZWL1.8 Billion or 78%) represents balances owed to related party entities in the telecommunications sector.

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 28 February 2021 the Bank's management was not aware of any economic or other conditions.

21.1 Maturity analysis of deposits

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 28 February 2021 ZWL 000	Audited 29 February 2020 ZWL 000	28 February 2021 ZWL 000	29 February 2020 ZWL 000
Less than one month	9 257 663	10 308 665	9 257 662	2 445 164
6 to 12 months	5 218	16 860	5 219	3 998
	9 262 881	10 325 525	9 262 881	2 449 162

21.2 Sectoral analysis of deposits

	INFLATION ADJUSTED				HISTORICAL COST			
	28 February 2021 ZWL 000	%	29 February 2020 ZWL 000	%	28 February 2021 ZWL 000	%	29 February 2020 ZWL 000	%
Financial	3 606 678	38,9%	3 597 110	34,8%	3 606 678	38,9%	853 217	34,8%
Transport and telecommunications	3 279 122	35,4%	4 408 363	42,7%	3 279 122	35,4%	1 045 642	42,7%
Mining	63 331	0,7%	13 473	0,1%	63 331	0,7%	3 196	0,1%
Manufacturing	49 366	0,5%	73 134	0,7%	49 366	0,5%	17 347	0,7%
Agriculture	17 423	0,2%	13 201	0,1%	17 423	0,2%	3 131	0,1%
Distribution	54 073	0,6%	53 825	0,5%	54 073	0,6%	12 767	0,5%
Services	17 858	0,2%	129 045	1,2%	17 858	0,2%	30 609	1,2%
Government and parastatals	3 502	0,0%	76	0,0%	3 502	0,0%	18	0,0%
Individuals	2 029	0,0%	19 782	0,2%	2 029	0,0%	4 692	0,2%
Other	2 169 499	23,4%	2 017 515	19,5%	2 169 499	23,4%	478 544	19,5%
	9 262 881	100,0%	10 325 524	100,0%	9 262 881	100,0%	2 449 162	100,0%

22 FAIR VALUE MEASUREMENT

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

Quantitative disclosures: fair value measurement hierarchy for assets and liabilities as at 28 February 2021:

	Date of Valuation	Quoted prices in active markets (Level 1) ZWL 000	Fair value measurement using		Total ZWL 000
			Significant observable inputs (Level 2) ZWL 000	Significant unobservable inputs (Level 3) ZWL 000	
Assets measured at fair value:					
Investment property:					
Residential stands	28 February 2021	-	859 254	-	859 254
Office buildings	28 February 2021	-	57 043	-	57 043
Revalued properties					
Land and buildings	28 February 2021	-	143 231	-	143 231
Leasehold improvements	28 February 2021	-	284 940	-	284 940
Furniture & fittings	28 February 2021	-	-	26 392	26 392
Office equipment	28 February 2021	-	-	11 503	11 503
Computer equipment	28 February 2021	-	-	532 844	532 844
Motor vehicles	28 February 2021	-	-	15 943	15 943
Intangible assets					
Computer software	28 February 2021	-	-	210 927	210 927
Total			1 344 468	797 609	2 142 077

There have been no transfers between Level 1 and Level 2 during the period. Mortgage units constructed by the Bank, previously held as inventory were reclassified to investment property.

Quantitative disclosures: fair value measurement hierarchy for assets and liabilities as at 29 February 2020:

	Date of Valuation	Quoted prices in active markets (Level 1) ZWL 000	Fair value measurement using		Total ZWL 000
			Significant observable inputs (Level 2) ZWL 000	Significant unobservable inputs (Level 3) ZWL 000	
Assets measured at fair value:					
Investment property:					
Residential stands	29 February 2020	-	351 124	-	351 124
Office buildings	29 February 2020	-	56 030	-	56 030
Revalued properties					
Land and buildings	29 February 2020	-	91 616	-	91 616
Leasehold improvements	29 February 2020	-	151 979	-	151 979
Furniture & fittings	29 February 2020	-	-	77 613	77 613
Office equipment	29 February 2020	-	-	56 989	56 989
Computer equipment	29 February 2020	-	-	403 015	403 015
Motor vehicles	29 February 2020	-	-	21 272	21 272
Intangible assets					
Computer software	29 February 2020	-	-	169 220	169 220
Total			650 749	728 109	1 378 858

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

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.

Audited Abridged Financial Statements

for the year ended 28 February 2021

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Notes to the abridged financial statements (continued)

For the year ended 28 February 2021

22 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:

- 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:
 - current or quoted prices for identical instruments in the financial services sector and
 - 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 28 February 2021, the carrying amounts of such receivables, net of allowances,
- 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.

	INFLATION ADJUSTED		HISTORICAL COST	
	Carrying amount 28 February 2021 ZWL 000	Fair value 28 February 2021 ZWL 000	Carrying amount 29 February 2020 ZWL 000	Fair value 29 February 2020 ZWL 000
Financial assets				
Cash and cash equivalents	6 917 089	6 917 089	1 051 306	1 051 306
Loans and advances to customers	1 597 458	1 597 458	219 852	219 852
Debt instruments measured at amortised cost	870 235	870 235	1 110 271	1 110 271
Other receivables	161 088	282 867	165 088	67 993
	9 545 870	9 667 649	2 542 517	2 449 422
Financial liabilities				
Deposits due to banks and customers	9 262 881	9 262 881	2 449 162	2 449 162
Debt instruments measured at amortised cost	39 329	37 666	39 329	8 935
Other receivables	1 746 578	1 812 611	1 746 578	429 495
	11 048 788	9 262 881	2 449 162	2 449 162

23 PROVISIONS

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 28 February 2021 ZWL 000	Audited 29 February 2020 ZWL 000	28 February 2021 ZWL 000	29 February 2020 ZWL 000
Provisions	49 647	83 967	49 647	19 916

	INFLATION ADJUSTED			
	Leave pay provision ZWL 000	Bonus provision ZWL 000	Other provisions ZWL 000	Total ZWL 000
Balance at 29 February 2019	20 341	9 244	1 764	31 349
Current provision	19 540	80 537	37 205	137 282
Amount utilised	(5 097)	(2 311)	(9 252)	(16 660)
Monetary loss	(23 368)	(40 554)	(4 081)	(68 003)
Balance at 29 February 2020	11 416	46 916	25 636	83 968
Current provision	16 042	47 112	50 549	113 703
Amount utilised	(4 803)	(20 627)	(34 824)	(60 254)
Monetary loss	(16 419)	(46 967)	(24 384)	(87 770)
Balance at 28 February 2021	6 236	26 434	16 977	49 647

	HISTORICAL COST			
	Leave pay provision ZWL 000	Bonus provision ZWL 000	Other provisions ZWL 000	Total ZWL 000
Balance at 29 February 2019	754	343	65	1 162
Current provision	2 644	11 104	8 006	21 754
Amount utilised	(690)	(319)	(1 991)	(3 000)
Balance at 29 February 2020	2 708	11 128	6 080	19 916
Current provision	5 035	27 226	35 029	67 290
Amount utilised	(1 508)	(11 920)	(24 131)	(37 559)
Balance at 28 February 2021	6 235	26 434	16 978	49 647

24 OTHER LIABILITIES

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 28 February 2021 ZWL 000	Audited 29 February 2020 ZWL 000	28 February 2021 ZWL 000	29 February 2020 ZWL 000
Sundry creditors and accruals	1 746 578	1 812 611	1 746 578	429 495

Sundry creditors is made up of trade payables, suspense and related accounts and amounts payable to related parties.

25 TAXATION RECEIVABLE

	INFLATION ADJUSTED		HISTORICAL COST	
	Audited 28 February 2021 ZWL 000	Audited 29 February 2020 ZWL 000	28 February 2021 ZWL 000	29 February 2020 ZWL 000
Income tax receivables	2 970	17 286	2 970	4 100

26 DEFERRED TAX LIABILITY/(ASSET)

	INFLATION ADJUSTED			
	Accelerated wear and tear ZWL 000	Fair value adjustments ZWL 000	Other ZWL 000	Total ZWL 000
At 28 February 2019	220 660	72 244	36 547	329 451
Charge to profit for the period	(84 087)	7 154	(91 720)	(168 653)
Charge to other comprehensive income	79 289	-	-	79 289
At 29 February 2020	215 862	79 398	(55 173)	240 087
Effect of change in IAS 29 application date	-	-	58 985	58 985
Effect of ECL restatement	-	-	26 291	26 291
Effect of restatement of accumulated depreciation of ROU assets	-	-	9 748	9 748
Restated Opening Balance	215 862	79 398	39 851	335 111
Credit to profit for the period	(22 466)	83 302	(18 042)	42 794
Credit to other comprehensive income	(12 100)	-	-	(12 100)
At 28 February 2021	181 296	162 700	21 809	365 805

	HISTORICAL COST			
	Accelerated wear and tear ZWL 000	Fair value adjustments ZWL 000	Other ZWL 000	Total ZWL 000
At 28 February 2019	2 432	786	413	3 631
Charge to profit for the period	(5 099)	18 028	(27 021)	(14 092)
Charge to other comprehensive income	53 819	-	-	53 819
At 29 February 2020	51 152	18 814	(26 608)	43 358
Effect of ECL restatement	-	-	6 236	6 236
Restated Opening Balance	51 152	18 814	(20 372)	49 594
Credit to profit for the period	(63 146)	143 886	(73 504)	7 236
Charge to other comprehensive income	193 290	-	-	193 290
At 28 February 2021	181 296	162 700	(93 876)	250 120

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	
	Audited 28 February 2021 ZWL 000	Audited 29 February 2020 ZWL 000	28 February 2021 ZWL 000	29 February 2020 ZWL 000
a) Loans and advances to Directors	10 048	42 362	9 625	10 048
Loans to directors and entities related to directors	10 048	42 362	9 625	10 048
Guarantees	-	-	-	-
b) Compensation of key management personnel of the Bank:	59 202	50 065	29 606	5 394
Short-term benefits	58 394	48 975	29 222	5 305
Post-employment benefits	808	1 090	384	89

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.

	INFLATION ADJUSTED AND HISTORICAL COST						Total ZWL 000
	Grade A High grade	Grade B Standard grade	Grade C Sub-standard		Individually impaired		
	Stage 1 ZWL 000	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000		

At 28 February 2021:

Loans and advances to customers:

Retail portfolio - Consumer and Mortgage loans	676 168	1 914	1 213	29 297	25 102	95 311	829 005
Corporate and SME portfolio	11	-	-	871 429	415	885	872 740
	676 179	1 914	1 213	900 726	25 517	96 196	1 701 745

Debt instruments measured at amortised cost:

Exposure to banks	91 917	-	-	-	-	-	91 917
Government debt securities	803 642	-	-	-	-	-	803 642
	895 559	-	-	-	-	-	895 559

Other receivables

	-	-	161 088	-	-	-	161 088
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Contingent liabilities, commitments

Financial guarantees	-	-	-	-	-	-	-
Commitments to lend	-	-	-	-	-	-	-
	1 571 737	1 914	162 301	900 726	25 517	96 196	2 758 392

	INFLATION ADJUSTED						Total ZWL 000
	Grade A High grade	Grade B Standard grade	Grade C Sub-standard		Individually impaired		
	Stage 1 ZWL 000	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000		

At 29 February 2020:

Loans and advances to customers:

Retail portfolio - Consumer and Mortgage loans	556 647	110 519	9 348	23 915	5 418	3 419	709 266
Corporate and SME portfolio	368 158	86 858	11 508	2 117	7 004	6 957	482 602
	924 805	197 377	20 856	26 032	12 422	10 376	1 191 868

Debt instruments measured at amortised cost:

Exposure to banks	521 840	-	391 492	-	-	-	913 332
Government debt securities	3 940 488	-	-	-	-	-	3 940 488
	4 462 328	-	391 492	-	-	-	4 853 820

Other receivables

	-	-	282 867	-	-	-	282 867
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Contingent liabilities, commitments

Financial guarantees	-	-	-	-	-	-	-
Commitments to lend	-	-	-	-	-	-	-
	5 387 133	197 377	695 215	26 032	12 422	10 376	6 276 553

	HISTORICAL COST						Total ZWL 000
	Grade A High grade	Grade B Standard grade	Grade C Sub-standard		Individually impaired		
	Stage 1 ZWL 000	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000		

At 28 February 2021:

Loans and advances to customers:

Retail portfolio - Consumer and Mortgage loans	132 034	26 215	2 217	5 672	1 285	811	168 234
Corporate and SME portfolio	87 325	20 602	2 730	502	1 661	1 650	114 470
	219 359	46 817	4 947	6 174	2 946	2 461	282 704

Debt instruments measured at amortised cost:

Exposure to banks	123 778	-	92 860	-	-	-	216 638
Government debt securities	934 664	-	-	-	-	-	934 664
	1 058 442	-	92 860	-	-	-	1 151 302

Other receivables

	-	-	67 993	-	-	-	67 993
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Contingent liabilities, commitments

Financial guarantees	-	-	-	-	-	-	-
Commitments to lend	-	-	-	-	-	-	-
	1 277 801	46 817	165 800	6 174	2 946	2 461	1 501 999

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.

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Notes to the abridged financial statements (continued)

For the year ended 28 February 2021

28 RISK MANAGEMENT (CONTINUED)

28.2 Interest rate risk (continued)

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

	INFLATION ADJUSTED						Total ZWL
	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 POSITION At 28 February 2021							
Assets							
Cash and cash equivalents	-	-	-	-	-	6 917 089	6 917 089
Loans and advances to customers	653 989	14 626	212 180	466 039	250 625	-	1 597 458
Debt instruments measured at amortised cost	725 617	64 776	26 831	53 011	-	-	870 235
Other receivables	-	-	-	-	-	956 851	956 851
Tax receivable	-	-	-	-	-	2 970	2 970
Inventories	-	-	-	-	-	481 486	481 486
Investment property	-	-	-	-	-	916 297	916 297
Property and equipment	-	-	-	-	-	1 265 713	1 265 713
Intangible assets	-	-	-	-	-	579 078	579 078
Right of use assets	-	-	-	-	-	184 050	184 050
Non-current assets held for sale	-	-	-	-	-	1 471	1 471
	669 032	41 457	276 956	1 254 947	250 625	11 302 035	13 795 052
Liabilities and equity							
Deposits due to banks and customers	9 257 662	5 219	-	-	-	-	9 262 881
Provisions	-	-	-	-	-	49 647	49 647
Other liabilities	-	-	-	-	-	1 746 578	1 746 578
Deferred tax liability	-	-	-	-	-	365 805	365 805
Lease liability	-	-	-	-	-	39 329	39 329
Equity	-	-	-	-	-	2 308 458	2 308 458
	9 257 662	5 219	-	-	-	4 509 817	13 772 698
Interest rate repricing gap	(7 878 056)	74 183	239 011	519 050	250 625	6 792 218	-
Cumulative gap	(7 878 056)	(7 803 873)	(7 564 862)	(7 045 813)	(6 795 188)	-	-
TOTAL POSITION At 29 February 2020							
Assets							
Cash and cash equivalents	-	-	-	-	-	4 432 240	4 432 240
Loans and advances to customers	774	11 585	114 646	467 505	332 376	-	926 886
Debt instruments measured at amortised cost	111 565	757 137	2 918 786	893 347	-	-	4 680 835
Other receivables	-	-	-	-	-	1 549 711	1 549 711
Tax receivable	-	-	-	-	-	17 286	17 286
Inventories	-	-	-	-	-	160 091	160 091
Investment property	-	-	-	-	-	407 154	407 154
Property and equipment	-	-	-	-	-	1 884 283	1 884 283
Intangible assets	-	-	-	-	-	993 585	993 585
Right of use assets	-	-	-	-	-	147 820	147 820
	112 339	768 722	3 033 432	1 360 853	332 376	9 592 170	15 199 891
Liabilities and equity							
Deposits due to banks and customers	10 308 665	16 859	-	-	-	-	10 325 524
Provisions	-	-	-	-	-	83 968	83 968
Other liabilities	-	-	-	-	-	1 812 611	1 812 611
Deferred tax liability	-	-	-	-	-	240 087	240 087
Lease liability	-	-	-	-	-	37 666	37 666
Equity	-	-	-	-	-	2 700 034	2 700 034
	10 308 665	16 859	-	-	-	4 874 366	15 199 891
Interest rate repricing gap	(10 196 326)	751 863	3 033 432	1 360 852	332 376	4 717 804	-
Cumulative gap	(10 196 326)	(9 444 463)	(6 411 031)	(5 050 179)	(4 717 804)	-	-

	HISTORICAL COST						Total ZWL 000
	Up to 1 month ZWL 000	1 month to 3 months ZWL 000	3 months to 1 year ZWL 000	1 to 5 years ZWL 000	Over 5 years ZWL 000	Non-interest bearing ZWL 000	
TOTAL POSITION At 28 February 2021							
Assets							
Cash and cash equivalents	-	-	-	-	-	6 917 089	6 917 089
Loans and advances to customers	653 989	14 626	212 179,59	466 039	250 625	-	1 597 458
Debt instruments measured at amortised cost	15 043	26 831	64 776	788 909	-	-	870 235
Other receivables	-	-	-	-	-	951 498	951 498
Tax receivable	-	-	-	-	-	2 970	2 970
Inventories	-	-	-	-	-	42 970	42 970
Investment property	-	-	-	-	-	916 297	916 297
Property and equipment	-	-	-	-	-	1 026 441	1 026 441
Intangible assets	-	-	-	-	-	337 943	337 943
Right of use assets	-	-	-	-	-	24 251	24 251
Non-current Asset Held for Sale	-	-	-	-	-	1 471	1 471
	669 032	41 457	276 956	1 254 947	250 625	10 220 930	12 688 623
Liabilities and equity							
Deposits due to banks and customers	9 257 662	5 219	-	-	-	-	9 262 881
Provisions	-	-	-	-	-	49 647	49 647
Other liabilities	-	-	-	-	-	1 746 578	1 746 578
Deferred tax liability	-	-	-	-	-	250 120	250 120
Lease liability	-	-	-	-	-	39 329	39 329
Equity	-	-	-	-	-	1 340 068	1 340 068
	9 257 662	5 219	-	-	-	3 425 742	12 688 623
Interest rate repricing gap	(8 588 630)	36 238	276 956	1 254 947	250 625	6 795 188	-
Cumulative gap	(8 588 630)	(8 552 392)	(8 275 436)	(7 020 489)	(6 769 865)	-	-

28 RISK MANAGEMENT (CONTINUED)

28.2 Interest rate risk (continued)

	HISTORICAL COST						Total ZWL 000
	Up to 1 month ZWL 000	1 month to 3 months ZWL 000	3 months to 1 year ZWL 000	1 to 5 years ZWL 000	Over 5 years ZWL 000	Non-interest bearing ZWL 000	
TOTAL POSITION At 29 February 2020							
Assets							
Cash and cash equivalents	-	-	-	-	-	1 051 306	1 051 306
Loans and advances to customers	184	2 748	27 193	110 890	78 838	-	219 852
Debt instruments measured at amortised cost	26 463	179 589	692 320	211 898	-	-	1 110 270
Other receivables	-	-	-	-	-	366 094	366 094
Other receivables	-	-	-	-	-	4 100	4 100
Inventories	-	-	-	-	-	5 932	5 932
Investment property	-	-	-	-	-	96 575	96 575
Property and equipment	-	-	-	-	-	277 116	277 116
Intangible assets	-	-	-	-	-	159 322	159 322
Right of use assets	-	-	-	-	-	7 330	7 330
	26 647	182 337	719 515	322 788	78 838	1 967 775	3 297 897
Liabilities and equity							
Deposits due to banks and customers	2 445 164	3 998	-	-	-	-	2 449 162
Loans and borrowings	-	-	-	-	-	19 917	19 917
Provisions	-	-	-	-	-	429 495	429 495
Other liabilities	-	-	-	-	-	43 358	43 358
Deferred tax liability	-	-	-	-	-	8 934	8 934
Equity	-	-	-	-	-	347 031	347 031
	2 445 164	3 998	-	-	-	848 735	3 297 897
Interest rate repricing gap	(2 418 517)	178 339	719 513	322 788	78 838	1 119 040	-
Cumulative gap	(2 418 517)	(2 240 178)	(1 520 665)	(1 197 877)	(1 119 038)	-	-

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 28 February 2021	At 29 February 2020
Loans to deposits ratio	18%	11%
Net liquid assets to customer liabilities ratio	80%	74%

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.

	INFLATION ADJUSTED AND HISTORICAL COST						Total ZWL 000
	On demand ZWL 000	Less than 3 months ZWL 000	3 months to 1 year ZWL 000	1 to 5 years ZWL 000	Over 5 years ZWL 000		
At 28 February 2021:							
Financial assets:							
Cash and cash equivalents	7 024 598	-	-	-	-	-	7 024 598
Loans and advances to customers	696 684	15 580	226 031	496 463	266 987	-	1 701 745
Debt instruments measured at amortised cost	725 617	64 776	26 831	78 335	-	-	895 559
Other receivables	161 088	-	-	-	-	-	161 088
Total undiscounted financial assets	8 607 987	80 356	252 862	574 798	266 987	-	9 782 990
Financial liabilities:							
Deposits due to banks and customers	9 257 662	5 219	-	-	-	-	9 262 881
Lease liabilities	-	-	5 241	34 088	-	-	39 329
Other liabilities	1 746 578	-	-	-	-	-	1 746 578
Total undiscounted financial liabilities	11 004 240	5 219	-	-	-	-	11 048 788
Net undiscounted financial assets/(liabilities)	(2 396 253)	75 137	252 862	574 798	266 987	(1 265 798)	-
At 29 February 2020:							
Financial assets:							
Cash and cash equivalents	4 432 240	-	-	-	-	-	4 432 240
Loans and advances to customers	951	14 248	140 989	574 928	408 749	-	1 139 865
Financial assets held-to-maturity	921 995	2 159 276	781 416	968 249	-	-	4 830 936
Other receivables	282 867	-	-	-	-	-	282 867
Total undiscounted financial assets	5 638 053	2 173 524	922 405	1 543 177	408 749	-	10 685 908
Financial liabilities:							
Deposits due to banks and customers	10 308 665	16 858	-	-	-	-	10 325 523
Lease liabilities	-	-	29 656	8 011	-	-	37 667
Other liabilities	1 812 611	-	-	-	-	-	1 812 611
Total undiscounted financial liabilities	12 121 276	16 858	-	-	-	-	12 175 801
Net undiscounted financial assets/(liabilities)	(6 483 223)	2 156 666	922 405	1 543 177	408 749	(1 452 226)	-

Audited Abridged Financial Statements

for the year ended 28 February 2021

STEWARD BANK

Everyday Banking For Everyday People

Member of the Deposit Protection Corporation A Registered Commercial Bank



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Notes to the abridged financial statements (continued) For the year ended 28 February 2021

28 RISK MANAGEMENT (CONTINUED)

28.3 Liquidity risk (continued)

28.3.2 Contractual maturities of undiscounted cash flows of financial assets and liabilities (continued)

	HISTORICAL COST					Total ZWL 000
	On demand ZWL 000	Less than 3 months ZWL 000	3 months to 1 year ZWL 000	1 to 5 years ZWL 000	Over 5 years ZWL 000	
At 29 February 2020:						
<i>Financial assets:</i>						
Cash and cash equivalents	1 051 306	-	-	-	-	1 051 306
Loans and advances to customers	227	3 379	33 442	136 370	96 953	270 371
Financial assets held-to-maturity	218 692	475 721	185 347	266 113	-	1 145 873
Other receivables	67 993	-	-	-	-	67 993
Total undiscounted financial assets	1 338 218	479 100	218 789	402 483	96 953	2 535 543
<i>Financial liabilities:</i>						
Deposits due to banks and customers	2 445 164	3 999	-	-	-	2 449 163
Lease liabilities	-	-	7 035	1 900	-	8 935
Other liabilities	429 495	-	-	-	-	429 495
Total undiscounted financial liabilities	2 874 659	3 999	7 035	1 900	-	2 887 593
Net undiscounted financial assets/(liabilities)	(1 536 441)	475 101	211 754	400 583	96 953	(352 050)

28.4 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.

28.5 OTHER RISKS

28.5.1 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.

28.5.2 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.

28.5.3 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.

28.6 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:

28.6.1 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".

28.6.2 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.

28 RISK MANAGEMENT (CONTINUED)

28.6 Reserve Bank Ratings (continued)

28.6.2 Summary risk matrix – 30 November 2014 onsite examination (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:

	At 28 February 2021 ZWL 000	At 29 February 2020 ZWL 000
Share capital	4	4
Share premium	106 318	106 318
Accumulated profit/(loss)	458 261	53 853
	564 583	160 175
Less: Capital allocated for market and operational risk	(35 089)	(27 902)
Advances to insiders	(161 088)	(67 993)
Guarantees to insiders	-	-
Tier 1 capital	368 406	64 280
Tier 2 capital		
Other reserves	775 484	186 855
General provisions	-	-
	775 484	186 855
Total Tier 1 and 2 capital	1 143 890	251 135
Tier 3 capital (sum of market and operational risk capital)	35 089	27 902
Total Capital Base	1 178 979	279 037
Total risk weighted assets	1 005 650	1 436 092
Tier 1 ratio	37%	4%
Tier 2 ratio	77%	13%
Tier 3 ratio	3%	2%
Total capital adequacy ratio	117%	19%
RBZ minimum requirement	12%	12%

30 EXTERNAL CREDIT RATINGS

Most recent rating:	Previous rating:	Previous rating:
October 2019	October 2018	October 2018
BBB	BBB	BBB

Rating agent: Global Credit Rating Co (GCR)

31 IMPACT OF NEWLY ENACTED STATUTORY INSTRUMENTS ON THE BANKS OPERATIONS

SI 127/2021

The Government issued SI127/2021 which gives the Regulator(RBZ) the right to impose penalties in the event that the Bank fails to comply with exchange control regulations governing the foreign currency auction system. RBZ has the right to charge penalties if the Bank fails to perform its due diligence role on any return or document that is submitted to RBZ's exchange control department.

The Bank shall charge for its goods and services exclusively in USD for goods and services that have been authorized by RBZ and should allow the customers to pay in ZWL at the ruling exchange rate. The receipts for the goods and services paid for in ZWL though charges in USD shall be issued in ZWL. Failure to do so attracts a penalty from RBZ. Non-compliance with the directives above might result in cash outflows and reduced profits and increases the banks reputational risk. The bank should make use of KYC and customer due diligence.

The Directive promotes business to use bank accounts and to bank surplus cash. This will result in more revenue for the Bank though service and maintenance fees. In addition, there is possible increase in ZWL transactional revenue from increased usage of local currency. The Bank can prioritise the settlement of critical software payments using the RBZ auction system.

SI65A/2020

The Directive reinforces the SI 65 that was issued earlier in 2020 which mandates the bank to pay interest on savings and fixed deposit accounts. There will be no bank charges on savings accounts and fixed term deposits-these accounts will not attract revenue for the bank.

The SI 65 A will be effective from the 1st of July 2021. The interest rates shall be offered by the bank as follows:

Minimum ZWL Minimum US\$
Savings accounts 5% 1%
Fixed term deposits 10% 2.5%

In the Statutory Instrument, the RBZ was also granted powers to determine the yields of treasury bills and interest on individual and corporate balances. This restricts the charges the bank can impose on the balances which may result in reduced revenue.

The payment of interest on deposit accounts will increase its interest expense which may result in reduced profits. To curb this impact the bank will need to encourage its customers to open more demand deposit accounts and this can also be achieved through SI175/2021 which encourages customers to use bank accounts. The Bank will also need to increase its customer base and know its target market needs through Know Your Customer (KYC) policy through the Business Development department.

Steward Bank is committed to meeting the Directives requirements through the Compliance Officer.

32 GOING CONCERN

In its Monetary Policy Committee (MPC) statement of the 22nd of January 2020, the Reserve Bank of Zimbabwe announced new capital requirements for banking institutions to comply with minimum capital thresholds by the 31st of December 2020. Subsequently, in the monetary policy of 21 August 2020 the minimum capital requirement deadline was extended to 31 December 2021.

The required minimum capital for the Bank as at 28 February 2021 was ZWL25million and the Bank's regulatory capital position as at 28 February 2021 met the minimum capital requirement. The Bank however forecasts that it may not be able to achieve the new minimum capital requirements, to be achieved by 31 December 2021, through organic growth. Due to the limitations inherent in financial projections, the current anticipated capital shortfall may be different at the applicable compliance date. The Bank has however received commitment from its Shareholder of the support necessary to cover the resultant capital gap to enable it to meet its capital requirements. The legal and governance processes to enable the Bank to obtain a capital injection from Cassava Smartech Zimbabwe Limited, the shareholder have not been completed as at the date of signing the financial statements. The Bank and its shareholders have communicated to the Reserve Bank of Zimbabwe in relation to the capitalisation plan and the possibility of not meeting the deadline of 31 December 2021 and the discussions have not been concluded. These matters give rise to material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern and that, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Directors have made an assessment of the Bank's ability to continue as a going concern. The assessment included consideration of the impact of COVID-19 and the new minimum capital requirements. The Directors have obtained assurance and commitment from the shareholder who have confirmed their intention and capacity to provide the Bank with adequate support to achieve the minimum capital requirements. From the assessment of the shareholder's capacity and intention to support the Bank to comply with the capital requirements and the current engagements which are currently ongoing with the Reserve Bank of Zimbabwe whose outcome is expected to be favourable, the Directors have no reason to believe the business will not be a going concern in the foreseeable future. The financial statements have therefore been prepared on a going concern basis.