



EcoCash
HOLDINGS ZIMBABWE LIMITED
(formerly Cassava Smartech Zimbabwe Limited)

HIGHLIGHTS (Inflation adjusted)

+223%

Net Operating Income

increased to

ZWL 25.8billion

with improved non-interest income and exchange gains

+385%

Profit before tax

increased to

ZWL 6.3billion

with sustainable performance

64%

Liquidity Ratio

Above the minimum regulatory ratio of 30%

+29%

Total Equity

ZWL 6.0billion

2022

ZWL 2.7billion

2021

Net Interest Income

increased by

+119%

+34%

Non-Funded Income

STRATEGIC SUSTAINABLE
BUSINESS PILLARS

STEWARD|BANK

Everyday Banking For Everyday People

Member of the Deposit Protection Corporation A Registered Commercial Bank

REVIEWED ABRIDGED FINANCIAL STATEMENTS for the half year ended 31 August 2022

2022 / PAGE 1 - STEWARD BANK LIMITED

CHAIRMAN'S STATEMENT

It is my pleasure to report the financial results of Steward Bank Limited for the half-year ended 31 August 2022. The year was undoubtedly progressive, owing to the digital banking focus that the Bank has adopted in its business model stemming from our system upgrade from the prior year. This has enabled the Bank to bring about convenient, affordable and smart banking solutions to customers through digital platforms and products in a profitable way.

Digital Financial Inclusion
The Bank, guided by the United Nations Sustainable Goal number 9, along with the national financial inclusion strategy continued in its path to unlocking digital financial inclusion across the country by using its digital products and channels. Strategic partnerships were established with local aggregators, regulators and other stakeholders to further bring affordable banking services to the disadvantaged groups of the population. The resultant effect was that the Bank saw a rise in digital account acquisition, digital transactions and Nano loan uptake which led to a strong half year performance.

Financial Performance
The commentary provided by the directors is based on the primary financial statements being adopted as IAS 29 ("Accounting in Hyperinflationary Economies") in line with the recommendations of the Public Accountants and Auditors' Board (PAAB).

The Bank's net operating income grew by 223% from ZWL8.0 billion to ZWL\$25.8 billion on the back of improved non-interest income which largely comprised of digital banking revenue and exchange gains. The bank achieved profit before tax of ZWL6,3 billion, a 385% improvement from the preceding year's profit before tax of ZWL1.3 billion. The Bank remains committed to sustaining this positive performance throughout the current financial year as it looks to launch key innovations in the next half year around its Mobile, Point of Sale and Cards revenue lines.

Dividend
The Board declared a dividend amounting to ZWL\$650 million during the first half of the year in recognition of the financial performance of the Bank.

Digital Transformation
The Bank continues on its digital transformation journey, having entered into the second phase of the "Purple Ark" upgrade. The second phase is building on the success of the initial upgrade which will see increased automation and digitalization of our systems and processes. In addition to the work being done under the Purple Ark upgrade, the Bank further enhanced its digital offering resulting in the deployment of the enhanced Square Mobile App and a revamp of the *236# platform offering a better service to customers.

Corporate Recognition
During the period under review, the Bank received a number of awards including "Most Innovative Bank of the Year" and "Best Retail Bank Zimbabwe". These awards are testament to the work that the Bank is doing in the marketplace. In addition, our CEO also received the award for "Outstanding CEO", a reflection of the leadership depth within the Bank.

Looking ahead
The Bank remains committed to its digital strategy which continues to give the Bank a competitive edge in the market by delivering innovative digital solutions to meet the evolving needs of our customers. As such, the Bank will leverage on industry 4.0 technologies to provide reliable, affordable and premium service to its customers. This will be done through innovations around its ATMs, Mobile Banking and Point of Sale infrastructure.

Gratitude
I pay particular gratitude to Mr. Kwaku Akosah-Bempah and Mr. John Gould who have served on the Steward Bank Board for the past ten years and have reached the end of their tenures. I am grateful for their service to the institution and the invaluable contributions they have made over the years to the success of the business.

In addition, allow me to thank the rest of my fellow Directors, the Management and Staff for their continued diligence in delivering a strong half year performance. My appreciation goes out to the shareholder, customers, business partners, and regulators for the confidence and support they continue to endow on us as we pursue the vision of the Bank which is to be the premier provider of digital financial solutions suited to the needs of the diverse people of Zimbabwe and beyond.

On behalf of the Board

Bernard T R Chidzero
Board Chairman

25 October 2022

CHIEF EXECUTIVE OFFICER'S STATEMENT

Riding along the waves of 4IR
Following the investment that Steward Bank made in procuring its new core banking system last year, the Bank has proceeded to unlock the digital transformation benefits associated with the system. The new system was enacted to accommodate 4IR Banking technologies and trends such as automation and artificial intelligence which for the half year in review, have enabled the Bank to successfully grow its digital bank revenue, customer base and competitive stance.

Financial Performance
The Bank saw an improvement in financial performance in the half-year under review, recording inflation-adjusted net interest income of ZWL6.0 billion, a 119% increase from ZWL2.7 billion achieved in the prior year with one of the major revenue drivers being the Bank's AgroFuture product, which combines digital and smart technologies with farmer financing.

Non-interest income was ZWL10.2 billion against ZWL7.6 billion in the prior year. Inflation adjusted profit for the year of ZWL5.7 billion was 314% above prior period ZWL1.4 billion. The improvement in non – interest income was largely driven by an increase in our digital channels adoption rate that saw customers transact more on our digital channels following our 'Go Digital' campaign which had a mandate to shift customers from using branch services to using our digital channels.

Innovations around Digital Financial Services
The Bank launched several products and services to bring about convenient, personalized and smart services to its customers. Chief among them was the Square Mobile Banking Application for Foreign Currency Account holders, which digitized all forms of banking services for local FCA customers catering to the needs of our diverse customer segments such as Civil Servants.

The Bank also launched the biller engine in June 2022, which is an addition of multiple billers to its existing billers on its Square Mobile Banking platform. The incremental innovation collaborates many billers onto one digital platform enabling customers to have access to a one-stop shop to settle their bill payments for various services across the industry.

In the next half year, the Bank will look to roll out innovations around Banking Services, ATMs, Mobile Banking and Cards to ensure that customers are furnished with the best service aligned to emerging trends in 4IR. Automation, Artificial intelligence and the Internet of things will also be key enablers of the aforementioned innovations.

Corporate Responsibility
The Bank provides support to the Higher Life Foundation which is making key interventions to assist various disadvantaged members of society in the key areas of health and education. In addition, the bank has dispensed more than 60,000 digital loans to women in the half year under review and maintained a POS device complement above 3,500 in the rural areas, ensuring that sole traders and merchants operating in these areas have access to financial services.

In recognition of the work being done in the Bank in support of different economic sectors, the Bank received an award for "Outstanding SME Focused Bank" during the period under review.

Outlook
The Bank remains adequately capitalized to withstand negative shocks while continuing to deliver innovative digital solutions to the market. Digital Transformation will be at the helm of the Bank's activities in the next half year, with the Bank looking to pioneer digital financial innovations that address societal and sustainability problems such as financial inclusion.

Appreciation
It has been a fruitful half year and my gratitude goes to all our staff members and customers who have been instrumental in the Bank achieving strong performance in our first half of the year. The guidance provided by our regulators, shareholders and board of directors deserves the uttermost recognition.

Courage Mashavave
Chief Executive Officer

25 October 2022

CORPORATE GOVERNANCE STATEMENT

The Board of Directors recognises the importance of good corporate governance and is committed to conducting the business of the Bank with integrity and in accordance with generally accepted corporate practices in order to safeguard stakeholders' interests.

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

LIVE FREE Just GLOBE- TROTTER

1

Purple Ark

2

KaShagi

3

Rural Finance

4

Corporate & Investment Banking

5

Kwenga

6

SME Banking

Directors: B.T.R. Chidzero (Chairman), N.N. Chadehumbe (Dr.), R. Chimanikire, K. Chirairo, P.M. Mbizvo (Dr.), C. Mashavave* (CEO), C. Kadzimu* (CFO). * Executive
Registered Office: 79 Livingstone Avenue, corner 7th Street, Harare, Zimbabwe.

www.stewardbank.co.zw

REVIEWED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2022

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Responsibilities

The Board of Directors is responsible for the strategic direction and overall corporate governance of the Bank, ensuring that appropriate controls, systems and policies are in place. The Board monitors the implementation of these policies through a structured approach to reporting and accountability.

Board Composition

The Board of Directors is led by an independent non- Executive Chairman, thereby ensuring constructive checks and balances between Executive management and the Board. The Board held six (6) meetings during the period to assess risk, review performance and provide guidance to management.

The Board and the Remunerations and Nominations Committee work together to ensure that the Board continues to have the appropriate balance of skills, experience, diversity, independence and depth of working knowledge of the Group’s business necessary to properly and effectively discharge its responsibilities.

The Bank’s strategy has 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. Kwaku Akosah- Bempah and Mr John Henry Gould retired as Non-Executive Directors effective 31 July 2022 after having served a 10-year term. The Board extends its appreciation to both Directors for their service to the Bank.

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

The Institution 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 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.

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.

Compliance

The Bank continues to conform, in all material respects, with all 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. Each Committee acts within written terms of reference approved by the Board and reviewed annually or as necessary. All Board Committees are chaired by Independent non-Executive Chairpersons.

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.

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

- i.

Board Audit Committee;
- ii.

Board Risk, Compliance & Capital Management Committee;
- iii.

Board Assets and Liabilities Committee;
- iv.

Board ICT Committee;
- v.

Board Credit Committee; and
- vi.

Board Remuneration and Nominations Committee.

Audit Committee

The Audit Committee consists of three independent non-executive directors of the Bank. The Committee meets quarterly. The primary function of the Committee is to assist the Board in its evaluation and review of the adequacy and efficiency of the internal control systems, accounting practices, information systems and audit processes applied within the Bank. 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 Audit Committee met three times.

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.

The Risk, Compliance and Capital Management Committee

The Risk, Compliance and Capital Management Committee comprises 3 non-executive directors. The Committee focuses on the effectiveness and appropriateness of the enterprise risk management framework, including risk strategy, risk tolerance and risk governance. The Committee also sets policy guidelines for ensuring and monitoring compliance with all regulatory laws and directives and internal policies and procedures. This Committee met twice.

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. The Committee met twice.

Board Information Technology 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 as well as oversee the current cyber risk exposure and future cyber risk strategy. The IT Committee met twice.

Board Credit Committee

This Committee comprises 3 non-executive directors, meets quarterly and is mainly responsible for considering and approving credit facilities as mandated by the Board. The Board Credit Committee met three times during the period.

Remuneration and Nominations Committee

This Committee, which comprises of 3 non-executive directors meets quarterly. The Committee considers all human resources issues including industrial relations, the recruitment and retention policy and remuneration for staff, management and Directors. The Committee met twice.

Board attendance

As at 31 August 2022, the Main Board held 6 meetings and the record of attendance of each director is as follows:

Name of Director	Designation	Meetings Held	Meetings Attended
Bernard T.R. Chidzero*	Independent Non-Executive Chairman	6	6
Nyatwa N. Chadehumbe	Non-Executive Director	6	6
Kwaku Akosah-Bempah**	Non-Executive Director	6	5
John H Gould**	Non-Executive Director	6	5
Peter M Mbizvo	Non-Executive Director	6	6
Krison V Chirairo	Non-Executive Director	6	6
Roy Chimanihire	Non-Executive Director	6	5
Courage S Mashavave	Executive Director	6	6
Cleopas Kadzimu	Executive Director	6	6
*Chairperson			
Retired 31 July 2022			

BOARD COMMITTEES

The record of attendance for the Bank’s Board Committees is as follows:

Audit Committee

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

Risk, Compliance and Capital Management Committee

Name of Director	Designation	Meetings Held	Meetings Attended
N N Chadehumbe*	Non-Executive Chairman	2	2
R Chimanihire	Non-Executive Director	2	2
P M Mbizvo	Non-Executive Director	2	2
*Chairperson			

Assets and Liabilities Committee

Name of Director	Designation	Meetings Held	Meetings Attended
K Akosah-Bempah*	Non-Executive Chairman	2	2
P M Mbizvo	Non-Executive Director	2	2
R Chimanihire	Non-Executive Director	2	2
*Chairman			

IT Committee

Name of Director	Designation	Meetings Held	Meetings Attended
J H Gould*	Non-Executive Chairman	2	2
N N Chadehumbe	Non-Executive Director	2	2
K V Chirairo	Non-Executive Director	2	2
*Chairman			

Credit Committee

Name of Director	Designation	Meetings Held	Meetings Attended
B T R Chidzero*	Non-Executive Chairman	3	3
K V Chirairo	Non-Executive Director	3	3
R Chimanihire	Non-Executive Director	3	2
*Chairman			

Remuneration and Nominations Committee

Name of Director	Designation	Meetings Held	Meetings Attended
P M Mbizvo*	Non-Executive Chairman	2	2
J H Gould	Non-Executive Director	2	2
B T R Chidzero	Non-Executive Director	2	2
*Chairman			

INDEPENDENT AUDITOR’S REVIEW CONCLUSION

The abridged financial statements have been reviewed by BDO Zimbabwe Chartered Accountants in accordance with International Standards on Review Engagements (“ISRE”) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A qualified review conclusion has been issued thereon, with respect to the following matters:

- Non-compliance with IFRS 13 (Fair value measurement) impacting valuation of property, plant and equipment and investment property;
- Non-compliance with IAS 1 (Presentation of Financial Statements) impacting separate disclosure of exchange gains and losses.

The auditor’s review conclusion is available for inspection at the Steward Bank Limited’s registered offices. The engagement partner responsible for the review was Mr Davison Madhigi, PAAB Practice Certificate number 0610.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 AUGUST 2022

		Reviewed Inflation Adjusted		Unaudited Historical Cost	
		31 August 2022 ZWL 000	31 August 2021 ZWL 000	31 August 2022 ZWL 000	31 August 2021 ZWL 000
Notes					
Interest revenue calculated using the effective interest method	3	7,121,991	3,530,321	3,499,309	846,306
Interest expense	4	(1,164,446)	(813,776)	(390,399)	(198,461)
Net interest income		5,957,545	2,716,545	3,108,910	647,845
Net Non-interest income	5	10,194,894	7,584,487	4,448,467	1,920,647
Fair value adjustment on investment properties and other investments	11 & 16	105,296	(558,325)	8,626,148	22,082
Exchange gains	5.1	10,031,870	-	4,733,157	-
Impairment on financial assets					
-Expected credit loss allowances	6	(457,569)	(1,741,184)	(469,622)	(475,426)
Net operating income		25,832,036	8,001,523	20,447,060	2,115,148
Operating expenditure	7	(13,652,997)	(6,770,909)	(6,202,072)	(1,676,919)
Monetary (losses)/ gains		(5,906,291)	346,778	-	-
Exchange losses	5.1	-	(283,392)	-	(126,541)
Fair value adjustment on asset held for sale		-	(543)	-	-
Profit before tax		6,272,748	1,293,457	14,244,988	311,688
Income tax expense / (credit)	8	(492,321)	73,455	(1,517,328)	(59,896)
Profit for the period		5,780,427	1,366,912	12,727,660	251,792
Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Gain / (loss) arising on revaluation of property and equipment	17, 18	2,752,165	(81,309)	7,160,108	2,142,453
Deferred tax on gain / (loss) arising on revaluation of property and equipment	26	(680,335)	20,099	(1,769,979)	(529,614)
Total comprehensive (loss)/income for the period		7,852,257	1,305,702	18,117,789	1,864,631

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2022

		Reviewed Inflation Adjusted		Unaudited Historical Cost	
		31 August 2022 ZWL 000	28 February 2022 ZWL 000	31 August 2022 ZWL 000	28 February 2022 ZWL 000
Notes					
ASSETS					
Cash and cash equivalents	9 & 10	14,341,983	9,091,875	14,341,983	3,317,480
Non current assets held for sale		-	1,432	-	523
Equity instruments at fair value through profit or loss	11	1,370,029	4,120,896	1,370,029	1,503,649
Loans and advances to customers	12	15,901,106	18,311,304	15,901,106	6,681,501
Debt instruments measured at amortised cost	13	4,594,388	15,712,346	4,594,388	5,733,184
Other receivables	14	4,540,439	7,607,926	4,360,097	2,660,260
Inventories	15	692,122	1,972,740	121,851	106,525
Investment property	16	12,520,054	3,783,277	12,520,054	1,380,458
Property and equipment	17	12,533,804	12,328,016	9,926,646	4,086,263
Intangible assets	18	5,503,151	5,572,751	609,408	634,765
Right of use assets	19	194,705	293,837	95,367	13,451
Total assets		72,191,781	78,796,400	63,840,929	26,118,059
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	784	784	4	4
Share premium	20	26,480,428	26,480,428	2,077,585	2,077,585
Revaluation reserves	21	6,004,485	3,932,655	7,745,371	2,355,242
Accumulated losses/ Retained earnings		(1,174,508)	(6,224,468)	14,578,054	2,500,394
Total equity		31,311,189	24,189,399	24,401,014	6,933,225
LIABILITIES					
Deposits due to banks and customers	22	29,313,314	42,246,143	29,313,314	15,414,941
Provisions	24	546,036	431,866	546,036	157,581
Other liabilities	25	5,151,493	7,024,475	5,151,493	2,563,115
Taxation liabilities	25.1	112,336	71,324	112,336	26,025
Lease liability	19	285,699	79,738	285,699	29,095
Deferred tax liability	26	5,471,714	4,753,455	4,031,037	994,077
Total liabilities		40,880,592	54,607,001	39,439,915	19,184,834
Total equity and liabilities		72,191,781	78,796,400	63,840,929	26,118,059

REVIEWED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2022

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STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 AUGUST 2022

	Reviewed Inflation Adjusted				
	Share capital ZWL 000	Share premium ZWL 000	Revaluation reserves ZWL 000	Retained earnings ZWL 000	Total ZWL 000
Balance at 1 March 2021	784	20,391,241	1,321,354	(11,204,508)	10,508,871
Prior period error - reversal of revaluation	-	-	(329,192)	2,304,787	1,975,595
Restated Balance as at 1 March 2021	784	20,391,241	992,162	(8,899,721)	12,484,466
Total comprehensive income	-	-	(61,210)	1,366,912	1,305,702
Loss for the year	-	-	-	1,366,912	1,366,912
Other comprehensive income	-	-	(61,210)	-	(61,210)
Balance at 31 August 2021	784	20,391,241	930,952	(7,532,809)	13,790,168
Balance as at 28 February 2022	784	26,480,428	3,932,655	(6,224,468)	24,189,399
Total comprehensive income	-	-	2,071,830	5,780,427	7,852,257
Profit for the year	-	-	-	5,780,427	5,780,427
Other comprehensive income	-	-	2,071,830	-	2,071,830
Dividends paid	-	-	-	(730,467)	(730,467)
Balance at 31 August 2022	784	26,480,428	6,004,485	(1,174,508)	31,311,189

	Unaudited Historical Cost				
Balance at 1 March 2021	4	106,318	775,485	458,263	1,340,070
Prior period error - reversal of revaluation	-	-	(23,344)	132	(23,212)
Restated Balance as at 1 March 2021	4	106,318	752,141	458,395	1,316,858
Total comprehensive income	-	-	627,743	251,792	879,535
Loss for the year	-	-	-	251,792	251,792
Other comprehensive income	-	-	627,743	-	627,743
Balance at 31 August 2021	4	106,318	1,379,884	710,187	2,196,393
Balance as at 28 February 2022	4	2,077,585	2,355,242	2,500,394	6,933,225
Total comprehensive income	-	-	5,390,129	12,727,660	18,117,789
Profit for the year	-	-	-	12,727,660	12,727,660
Other comprehensive income	-	-	5,390,129	-	5,390,129
Dividends paid	-	-	-	(650,000)	(650,000)
Balance at 31 August 2022	4	2,077,585	7,745,371	14,578,054	24,401,014

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 AUGUST 2022

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	31 August 2022 ZWL 000	31 August 2021 ZWL 000	31 August 2022 ZWL 000	31 August 2021 ZWL 000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	6,272,748	1,293,457	14,244,988	311,688
Adjustments for:				
Change in operating assets	10,568,699	(36,324,792)	(10,401,729)	(43,145,154)
Change in operating liabilities	(5,056,908)	31,042,018	11,753,594	38,771,941
Change in provisions	114,170	198,695	388,455	233,551
Other non-cash items	(5,501,715)	3,714,658	(7,575,486)	2,828,059
Exchange differences	(14,098,642)	(364,851)	2,338,079	(568,671)
Net cash (utilised in)/generated from operations	(7,701,648)	(440,815)	10,747,901	(1,568,586)
Taxation paid	(413,385)	(113,822)	(164,036)	(115,911)
Net cash (outflow)/inflow from operating activities	(8,115,033)	(554,637)	10,583,865	(1,684,497)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(1,700,501)	(110,078)	(387,499)	(100,545)
Proceeds from disposal of property and equipment	3,733	-	1,362	-
Purchase of intangible assets	(1,715)	(903,975)	(665)	(661,838)
Purchase of investment property	(957,000)	-	(957,000)	-
Proceeds from disposal of non-current assets held for sale	1,432	4,937	523	4,447
Net cash outflow from investing activities	(2,654,051)	(1,009,116)	(1,343,279)	(757,936)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(447,500)	-	(497,500)	-
Lease repayments	(62,867)	(82,287)	(43,060)	(53,545)
Interest on lease liability	(14,024)	14,026	(10,167)	12,898
Net cash outflow from financing activities	(524,391)	(68,261)	(550,727)	(40,647)
Net (decrease)/increase in cash and cash equivalents	(11,293,475)	(1,632,010)	8,689,859	(1,594,698)
Effect of exchange rate on cash and cash equivalents	4,066,772	81,459	2,395,078	81,459
Monetary adjustments	12,537,245	(4,819,292)	-	-
Expected Credit Losses (ECL)	(60,434)	(333,764)	(60,434)	(333,764)
Cash and cash equivalents at the beginning of the year	9,091,875	31,488,952	3,317,480	26,632,348
Cash and cash equivalents at the end of the year	14,341,983	24,785,345	14,341,983	24,785,345

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2022

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 EcoCash Holdings 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).

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 31 AUGUST 2022

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.

The Bank's financial results have been prepared with policies consistent with International Financial Reporting Standards ("IFRS"), and the International Financial Reporting Interpretations Committee, ("IFRIC") interpretations and in the manner required by the Companies and Other Business Entities Act (Chapter 24:03), Banking Act (Chapter 24:20), and the relevant Statutory Instruments ("SI") SI 62/96, SI 33/99 and SI 33/19. The financial results have been prepared from statutory records that are maintained under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss, through other comprehensive income, investment property, and property and equipment.

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

The Bank has changed the accounting treatment of intangible assets pertaining to computer software. Management's conclusion in current year is that the use of the revaluation model is not appropriate and has changed the accounting policy to historical cost model and made the corrections to the error prospectively. 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 reviewed 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 half year ended 31 August 2022 are as follows;

Dates	Indices	Conversion Factor
31 August 2022	12 286,26	2,74
28 February 2022	4 483,06	1,40
31 August 2021	3 191,05	1,18

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.

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	31 August 2022 ZWL 000	31 August 2021 ZWL 000	31 August 2022 ZWL 000	31 August 2021 ZWL 000
3 INTEREST REVENUE CALCULATED USING THE EFFECTIVE INTEREST METHOD				
Loans and advances to customers	4,890,665	2,136,736	2,352,061	507,341
Debt instruments measured at amortised cost	2,228,988	1,393,046	1,145,972	338,835
Other	2,338	539	1,276	130
	7,121,991	3,530,321	3,499,309	846,306
4 INTEREST EXPENSE				
Trading activities	1,164,446	813,776	390,399	198,461
5 NET NON-INTEREST INCOME				
Fees income earned from services that are provided over time:				
Account Maintenance fees	1,122,874	432,299	501,031	101,042
Administration fees	2,115,983	1,560,835	922,839	384,243
Other	1,485	490,164	2,892	203,823
	3,240,342	2,483,298	1,426,762	689,108
Fees income from services that are provided at a point in time:				
International banking fees	20,072	7,004	8,709	1,686
Transactional processing fees	6,280,615	3,855,234	2,750,095	929,068
Mortgage sales	-	220,117	-	57,170
Dealing income	76,352	205,363	2,494	47,646
Commissions	481,002	603,280	218,848	146,840
Dealing gains	96,511	210,191	41,559	49,129
	6,954,552	5,101,189	3,021,705	1,231,539
Total revenue from contracts with customers	10,194,894	7,584,487	4,448,467	1,920,647
5.1 Foreign exchange (loss)/gain				
Foreign exchange (loss)/gain	10,031,870	(283,392)	4,733,157	(126,541)
6 IMPAIRMENT ON FINANCIAL ASSETS CHARGE				
Breakdown of ECL charges on Financial Instruments recognised in profit or loss				
Loans and advances to customers	218,607	1,125,887	218,607	311,438
Debt instruments measured at amortised cost	211,269	581,473	211,269	155,642
Other receivables	22,315	121,344	27,210	32,089
Cash and cash equivalents	17,878	(75,484)	17,878	(20,822)
Expected credit loss	470,069	1,753,220	474,964	478,347
Bad debts recovered	(12,500)	(12,036)	(5,342)	(2,921)
Net expected credit losses allowance	457,569	1,741,184	469,622	475,426

REVIEWED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2022

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 31 AUGUST 2022

		Reviewed Inflation Adjusted		Unaudited Historical Cost	
		31 August 2022 ZWL 000	31 August 2021 ZWL 000	31 August 2022 ZWL 000	31 August 2021 ZWL 000
7	OPERATING EXPENDITURE				
	Administration expenses	5,433,547	3,630,107	2,525,592	920,811
	Amortisation of intangible assets	71,315	106,867	26,022	23,475
	Audit fees	83,165	54,284	37,810	13,530
	Depreciation of property and equipment	449,883	553,247	321,761	121,326
	Depreciation of right of use asset	118,225	20,984	16,323	5,869
	Directors' remuneration	62,722	17,607	32,334	4,302
	Occupancy expenses	165,416	207,196	57,830	48,317
	Professional expenses	85,977	41,032	32,903	9,520
	Staff costs	7,182,747	2,139,585	3,151,497	529,769
	- Short term benefits	7,085,043	2,118,759	3,107,421	524,589
	- Post-employment benefits	97,704	20,826	44,076	5,180
		13,652,997	6,770,909	6,202,072	1,676,919
8	INCOME TAX				
	The components of income tax expense are as follows:				
	Current tax expense	454,397	429,608	250,347	111,580
	Deferred tax expense / (credit)	37,924	(503,063)	1,266,981	(51,684)
	Total income tax expense	492,321	(73,455)	1,517,328	59,896
8.1	Income tax reconciliation				
	Accounting profit before income tax	6,272,748	1,293,457	14,244,988	311,688
	Taxation at normal rate of 24.72%	1,550,623	319,743	3,521,361	77,049
	Effect of non-deductible expenses:				
	- Donations expenses	153,067	110,077	68,492	26,229
	- Excess management fees	67,459	48,628	58,844	11,587
	- Exempt income	(3,070,774)	(689,926)	(3,589,395)	(151,857)
	- Monetary adjustments	1,460,035	(330,055)	-	-
	- Other non-deductible expenses	331,911	468,078	1,458,026	96,888
		492,321	(73,455)	1,517,328	59,896
	The effective tax rate for the year is -24.72%				
			</		

12 LOANS AND ADVANCES TO CUSTOMERS

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	31 August 2022 ZWL 000	28 February 2022 ZWL 000	31 August 2022 ZWL 000	28 February 2022 ZWL 000
12.1	Total loans and advances			
Corporate loans	5,991,666	2,184,440	5,991,666	797,067
Small-to-medium Enterprise loans	11,559	28,942	11,559	10,561
Consumer loans	10,275,456	16,533,591	10,275,456	6,032,843
	16,278,681	18,746,973	16,278,681	6,840,471
Less: Allowance for Expected Credit Losses	(377,575)	(435,669)	(377,575)	(158,970)
	15,901,106	18,311,304	15,901,106	6,681,501
12.2	Maturity analysis			
Less than one month	3,408,990	5,386,164	3,408,990	1,965,325
1 to 3 months	707,947	302,177	707,947	110,259
3 to 6 months	4,211,865	1,091,108	4,211,865	398,128
6 months to 1 year	4,192,749	1,705,216	4,192,749	622,206
1 to 5 years	2,627,243	7,352,733	2,627,243	2,682,895
Over 5 years	1,129,887	2,909,575	1,129,887	1,061,658
Gross loans and advances	16,278,681	18,746,973	16,278,681	6,840,471
12.3	Sectorial analysis of utilisations			

Reviewed Inflation Adjusted				
	31 August 2022 ZWL 000	Percentage	28 February 2022 ZWL 000	Percentage
Mining	43,131	0.3%	142,450	0.8%
Manufacturing	2,166,877	13.3%	1,754,306	9.4%
Agriculture	3,833,041	23.5%	1,410,993	7.5%
Distribution	124,140	0.8%	1,487,928	7.9%
Services and communication	4,119,826	25.3%	1,696,412	9.0%
Individuals	5,991,666	36.8%	12,254,884	65.4%
	16,278,681	100.0%	18,746,973	100.0%
Unaudited Historical Cost				
	31 August 2022 ZWL 000	Percentage	28 February 2022 ZWL 000	Percentage
Mining	43,131	0.3%	51,978	0.8%
Manufacturing	2,166,877	13.3%	640,118	9.4%
Agriculture	3,833,041	23.5%	514,849	7.5%
Distribution	124,140	0.8%	542,921	7.9%
Services and communication	4,119,826	25.3%	618,994	9.0%
Individuals	5,991,666	36.8%	4,471,611	65.4%
	16,278,681	100.0%	6,840,471	100.0%

12.4 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 shown below, the reconciliation discloses the end position that the transactions incurred during the year and the respective stages the transactions are in at year end:

	Reviewed Inflation Adjusted			
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	Total ZWL 000
Gross carrying amount				
Gross carrying amount as at 1 March 2022	16,954,116	1,527,126	265,731	18,746,973
New loans and advances originated	18,726,879	-	-	18,726,879
Loans and advances derecognised or repaid (excluding write offs)	(1,445,510)	(1,077,198)	(178,365)	(2,701,073)
Transfers to Stage 2	(1,565,911)	1,565,911	-	-
Transfers to Stage 3	(74,150)	-	74,150	-
Monetary loss	(17,197,374)	(1,170,791)	(125,932)	(18,494,097)
Gross carrying amount as at 31 August 2022	15,398,050	845,048	35,584	16,278,682
ECL allowance				
ECL allowance as at 1 March 2022	152,890	98,150	184,629	435,669
New loans and advances originated	322,868	-	-	322,868
Loans and advances derecognised or repaid (excluding write offs)	(74,365)	(10,485)	(19,411)	(104,261)
Transfers to Stage 2	(35,812)	35,812	-	-
Transfers to Stage 3	(51,176)	-	51,176	-
Monetary loss	(97,101)	(62,338)	(117,262)	(276,701)
ECL allowance as at 31 August 2022	217,304	61,139	99,132	377,575
Unaudited Historical Cost				
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	Total ZWL 000
Gross carrying amount				
Gross carrying amount as at 1 March 2022	16,954,116	1,527,126	265,731	18,746,973
New loans and advances originated	18,726,879	-	-	18,726,879
Loans and advances derecognised or repaid (excluding write offs)	(1,445,510)	(1,077,198)	(178,365)	(2,701,073)
Transfers to Stage 2	(1,565,911)	1,565,911	-	-
Transfers to Stage 3	(74,150)	-	74,150	-
Monetary loss	(17,197,374)	(1,170,791)	(125,932)	(18,494,097)
Gross carrying amount as at 31 August 2022	15,398,050	845,048	35,584	16,278,682
ECL allowance				
ECL allowance as at 1 March 2022	152,890	98,150	184,629	435,669
New loans and advances originated	322,868	-	-	322,868
Loans and advances derecognised or repaid (excluding write offs)	(74,365)	(10,485)	(19,411)	(104,261)
Transfers to Stage 2	(35,812)	35,812	-	-
Transfers to Stage 3	(51,176)	-	51,176	-
Monetary loss	(97,101)	(62,338)	(117,262)	(276,701)
ECL allowance as at 31 August 2022	217,304	61,139	99,132	377,575
Reviewed Inflation Adjusted				
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	Total ZWL 000
Gross carrying amount				
Gross carrying amount as at 1 March 2021	5,978,086	443,185	1,325,651	7,746,922
New loans and advances originated	19,464,790	-	59,696	19,524,486
Loans and advances derecognised or repaid (excluding write offs)	(3,593,427)	(358,939)	(1,044,258)	(4,996,624)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(2,200,751)	2,200,751	-	-
Transfers to Stage 3	(311,384)	-	311,384	-
Monetary loss	(2,383,198)	(757,871)	(386,742)	(3,527,811)
Gross carrying amount as at 28 February 2022	16,954,116	1,527,126	265,731	18,746,973
ECL allowance				
ECL allowance as at 1 March 2021	73,193	56,873	344,685	474,751
New loans and advances originated	526,365	-	59,696	586,061
Loans and advances derecognised or repaid (excluding write offs)	(40,709)	(46,058)	(279,160)	(365,927)
Transfers to Stage 2	(140,083)	140,083	-	-
Transfers to Stage 3	(202,289)	-	202,289	-
Monetary loss	(63,587)	(52,748)	(142,881)	(259,216)
ECL allowance as at 28 February 2022	152,890	98,150	184,629	435,669

REVIEWED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2022

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NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 31 AUGUST 2022

12 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

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

	Unaudited Historical Cost			
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	Total ZWL 000
Gross carrying amount				
Gross carrying amount as at 1 March 2021	1,313,190	97,355	291,200	1,701,745
New loans and advances originated	6,477,749	-	16,191	6,493,940
Loans and advances derecognised or repaid (excluding write offs)	(974,630)	(97,354)	(283,230)	(1,355,214)
Transfers to Stage 2	(557,225)	557,225	-	-
Transfers to Stage 3	(72,799)	-	72,799	-
Gross carrying amount as at 28 February 2022	6,186,285	557,226	96,960	6,840,471
ECL allowance				
ECL allowance as at 1 March 2021	16,079	12,493	75,715	104,287
New loans and advances originated	137,740	-	16,191	153,933
Loans and advances derecognised or repaid (excluding write offs)	(11,041)	(12,493)	(75,716)	(99,250)
Transfers to Stage 2	(35,812)	35,812	-	-
Transfers to Stage 3	(51,177)	-	51,177	-
ECL allowance as at 28 February 2022	55,789	35,812	67,367	158,970

13 DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	31 August 2022 ZWL 000	28 February 2022 ZWL 000	31 August 2022 ZWL 000	28 February 2022 ZWL 000
Opening Balance	16,413,530	4,076,890	5,989,035	895,559
Additions	9,161,191	25,840,048	8,953,893	6,592,386
Repayments received on maturity	(14,773,476)	(3,470,081)	(8,700,666)	(889,742)
Balances disclosed under cash and cash equivalents	(1,459,203)	(2,816,054)	(1,459,203)	(1,027,533)
Accrued interest	472,798	562,832	278,449	418,365
Net monetary adjustment	(4,753,332)	(7,780,105)	-	-
	5,061,508	16,413,530	5,061,508	5,989,035
Less: Allowance for ECL	(467,120)	(701,184)	(467,120)	(255,851)
Closing balance	4,594,388	15,712,346	4,594,388	5,733,184

13.1 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 shown below, the reconciliation discloses the end position that the transactions incurred during the year and the respective stages the transactions are in at year end:

	Reviewed 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 2022	16,413,530	-	-	16,413,530
New assets purchased	9,633,989	-	-	9,633,989
Assets derecognised or matured (excluding write offs)	(14,773,476)	-	-	(14,773,476)
Balances disclosed under cash and cash equivalents	(1,459,203)	-	-	(1,459,203)
Monetary loss	(4,753,332)	-	-	(4,753,332)
Gross carrying amount as at 31 August 2022	5,061,508	-	-	5,061,508
ECL allowance				
ECL allowance as at 1 March 2022	701,184	-	-	701,184
New assets purchased	394,405	-	-	394,405
Assets derecognised or matured (excluding write offs)	(122,702)	-	-	(122,702)
Balances disclosed under cash and cash equivalents	(60,434)	-	-	(60,434)
Monetary loss	(445,333)	-	-	(445,333)
ECL allowance as at 31 August 2022	467,120	-	-	467,120
	Unaudited Historical Cost			
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	Total ZWL 000
Gross carrying amount				
Gross carrying amount as at 1 March 2022	5,989,035	-	-	5,989,035
New assets purchased	9,232,342	-	-	9,232,342
Assets derecognised or matured (excluding write offs)	(8,700,666)	-	-	(8,700,666)
Assets recognised under cash and cash equivalents	(1,459,203)	-	-	(1,459,203)
Gross carrying amount as at 31 August 2022	5,061,508	-	-	5,061,508
ECL allowance				
ECL allowance as at 1 March 2022	255,851	-	-	255,851
New assets purchased	394,405	-	-	394,405
Assets derecognised or matured (excluding write offs)	(122,702)	-	-	(122,702)
Balances disclosed under cash and cash equivalents	(60,434)	-	-	(60,434)
ECL allowance as at 31 August 2022	467,120	-	-	467,120
	Reviewed Inflation Adjusted			
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	Total ZWL 000
Gross carrying amount				
Gross carrying amount as at 1 March 2021	4,076,890	-	-	4,076,890
New assets purchased	26,402,880	-	-	26,402,880
Assets derecognised or matured (excluding write offs)	(3,470,081)	-	-	(3,470,081)
Balances disclosed under cash and cash equivalents	(2,816,054)	-	-	(2,816,054)
Monetary loss	(7,780,105)	-	-	(7,780,105)
Gross carrying amount as at 28 February 2022	16,413,530	-	-	16,413,530
ECL allowance				
ECL allowance as at 1 March 2021	115,286	-	-	115,286
New assets purchased	1,036,929	-	-	1,036,929
Assets derecognised or matured (excluding write offs)	(85,057)	-	-	(85,057)
Balances disclosed under cash and cash equivalents	(116,629)	-	-	(116,629)
Monetary loss	(249,345)	-	-	(249,345)
ECL allowance as at 28 February 2022	701,184	-	-	701,184

13 DEBT INSTRUMENTS MEASURED AT AMORTISED COST (CONTINUED)

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

	Unaudited Historical Cost			
	Stage 1 ZWL 000	Stage 2 ZWL 000	Stage 3 ZWL 000	Total ZWL 000
Gross carrying amount				
Gross carrying amount as at 1 March 2021	895,559	-	-	895,559
New assets purchased	7,010,751	-	-	7,010,751
Assets derecognised or matured (excluding write offs)	(889,742)	-	-	(889,742)
Assets recognised under cash and cash equivalents	(1,027,533)	-	-	(1,027,533)
Gross carrying amount as at 28 February 2022	5,989,035	-	-	5,989,035
ECL allowance				
ECL allowance as at 1 March 2021	25,324	-	-	25,324
New assets purchased	296,153	-	-	296,153
Assets derecognised or matured (excluding write offs)	(23,070)	-	-	(23,070)
Assets recognised under cash and cash equivalents	(42,556)	-	-	(42,556)
ECL allowance as at 28 February 2022	255,851	-	-	255,851

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	31 August 2022 ZWL 000	28 February 2022 ZWL 000	31 August 2022 ZWL 000	28 February 2022 ZWL 000

14 OTHER RECEIVABLES

Refundable deposits	-	814,607	-	297,237
Prepayments	436,695	934,491	256,353	225,230
Other receivables	3,214,799	5,732,084	3,214,799	2,091,546
Unquoted shares transferred to equity instruments	-	(68,797)	-	(25,103)
Amounts due from related parties	918,967	203,248	918,967	74,162
	4,570,461	7,615,633	4,390,119	2,663,072
Less: Allowance for ECL	(30,022)	(7,707)	(30,022)	(2,812)
	4,540,439	7,607,926	4,360,097	2,660,260

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

15 INVENTORIES

Opening balance	1,972,740	2,191,870	106,525	42,969
Additions	2,088,054	1,061,267	403,936	290,098
Inventory utilised during the year	(2,238,320)	(1,133,791)	(349,883)	(185,750)
Fair value gain before transfer to investment property	1,495,836	-	1,060,109	-
Transfer to Investment property	(2,626,188)	(146,606)	(1,098,836)	(40,792)
Closing balance	692,122	1,972,740	121,851	106,525

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

16 INVESTMENT PROPERTY

Opening balance	3,783,277	4,171,299	1,380,458	916,298
Additions	957,000	-	957,000	-
Transfers from inventory	2,626,188	146,606	1,098,836	40,792
Transfers from property & equipment	3,793,262	-	1,384,101	-
Fair value adjustments	1,360,327	(534,628)	7,699,659	423,368
Closing balance	12,520,054	3,783,277	12,520,054	1,380,458

Investment property consists of commercial buildings and undeveloped residential stands.

17 PROPERTY AND EQUIPMENT

	Reviewed Inflation Adjusted							
	Land and buildings ZWL 000	Leasehold improve-ments ZWL 000	Furniture and fittings ZWL 000	Office equipment ZWL 000	Computer equipment ZWL 000	Motor Vehicles ZWL 000	Work in Progress ZWL 000	Total ZWL 000
At Cost or Valuation:								
1 March 2021	652,035	1,297,144	929,802	52,370	4,435,955	103,814	1,141,996	8,613,116
Additions	3,312,888	-	-	-	-	-	480,364	3,793,252
Transfer to Held for sale	-	-	-	-	-	(1,305)	-	(1,305)
Transfers from Work-in-Progress	-	-	-	-	20,623	-	(20,623)	-
Derecognition	-	-	-	-	(1,527)	-	-	(1,527)
Impairment of assets held for sale	-	-	-	-	-	(345)	-	(345)
Revaluation adjustment	448,331	1,929,882	-	7,490	529,163	-	-	2,914,866
28 February 2022	4,413,254	3,227,026	929,802	59,860	4,984,214	102,164	1,601,737	15,318,057
Additions	-	-	-	-	-	-	1,700,501	1,700,501
Transfers from Work-in-Progress	-	-	-	7,391	200,366	266,853	(474,610)	-
Disposals	-	-	-	-	(3,733)	-	-	(3,733)
Transfer to investment property	(3,793,262)	-	-	-	-	-	-	(3,793,262)
Revaluation adjustment	358,761	1,610,797	-	87,046	-	-	-	2,056,604
31 August 2022	978,753	4,837,823	929,802	154,297	5,180,847	369,017	2,827,628	15,278,167
Accumulated depreciation and impairment:								
1 March 2021	-	-	809,660	-	2,010,258	31,235	-	2,851,153
Depreciation charge for the year	43,044	220,275	10,398	11,727	815,330	29,322	-	1,130,096
Impairment	-	-	73,171	-	-	36,395	-	109,566
Eliminated on revaluation	(43,044)	(220,275)	(10,398)	(11,727)	(815,330)	-	-	(1,100,774)
28 February 2022	-	-	882,831	-	2,010,258	96,952	-	2,990,041
Depreciation charge for the period	9,002	229,350	2,537	3,893	171,945	33,156	-	449,883
Impairment	-	-	834,062	-	1,779,706	130,595	-	2,744,363
Eliminated on revaluation	(9,002)	(229,350)	(885,368)	(3,893)	(2,182,203)	(130,108)	-	(3,439,924)
31 August 2022	-	-	834,062	-	1,779,706	130,595	-	2,744,363
Net carrying amount:								
At 31 August 2022	978,753	4,837,823	95,740	154,297	3,401,141	238,422	2,827,628	12,533,804
At 28 February 2022	4,413,254	3,227,026	46,971	59,860	2,973,956	5,212	1,601,737	12,328,016

REVIEWED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2022

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 31 AUGUST 2022

17PROPERTY AND EQUIPMENT (CONTINUED)

	Unaudited Historical Cost							
	Land and buildings ZWL 000	Leasehold improve- ments ZWL 000	Furniture and fittings ZWL 000	Office equipment ZWL 000	Computer equipment ZWL 000	Motor Vehicles ZWL 000	Work in Progress ZWL 000	Total ZWL 000
At Cost or Valuation:								
1 March 2021	143,231	284,940	26,391	11,503	532,845	15,943	11,588	1,026,441
Additions	1,072,500	-	-	-	-	-	166,071	1,238,571
Transfer from Work-in-Progress	-	-	-	-	5,244	-	(5,244)	-
Derecognition	-	-	-	-	(285)	-	-	(285)
Transfer to assets held for sale	-	-	-	-	-	(423)	-	(423)
Impairment of assets held for sale	-	-	-	-	-	(111)	-	(111)
Revaluation adjustment	395,189	892,551	-	10,338	547,345	-	-	1,845,423
28 February 2022	1,610,920	1,177,491	26,391	21,841	1,085,149	15,409	172,415	4,109,616
Additions	-	-	-	-	-	-	387,499	387,499
Transfers from Work-in-Progress	-	-	-	4,008	103,834	231,602	(339,444)	-
Disposals	-	-	-	-	(1,362)	-	-	(1,362)
Transfer to investment property	(1,384,101)	-	-	-	-	-	-	(1,384,101)
Revaluation adjustment	751,934	3,660,332	69,349	128,448	2,213,520	(8,589)	-	6,814,994
31 August 2022	978,753	4,837,823	95,740	154,297	3,401,141	238,422	220,470	9,926,646
Accumulated depreciation and impairment:								
1 March 2021	-	-	-	-	-	-	-	-
Depreciation charge for the year	8,615	87,465	2,758	6,089	194,861	7,660	-	307,448
Impairment	594	-	6,494	-	-	5,847	-	12,935
Eliminated on revaluation	(8,615)	(87,465)	-	(6,089)	(194,861)	-	-	(297,030)
28 February 2022	594	-	9,252	-	-	13,507	-	23,353
Depreciation charge for the period	3,285	92,249	855	1,312	215,139	8,921	-	321,761
Eliminated on revaluation	(3,879)	(92,249)	(10,107)	(1,312)	(215,139)	(22,428)	-	(345,114)
31 August 2022	-	-	-	-	-	-	-	-
Net carrying amount:								
At 31 August 2022	978,753	4,837,823	95,740	154,297	3,401,141	238,422	220,470	9,926,646
At 28 February 2022	1,610,326	1,177,491	17,139	21,841	1,085,149	1,902	172,415	4,086,263

18INTANGIBLE ASSETS

	Reviewed Inflation Adjusted		
	Computer software ZWL 000	Current work in progress ZWL 000	Total ZWL 000
Cost:			
As at 1 March 2021	4,322,341	1,675,946	5,998,287
Prior period error - Reversal of revaluation	465,172	-	465,172
Additions	-	1,141,223	1,141,223
Transfer from Work-In-Progress	1,950,686	(1,950,686)	-
As at 28 February 2022	6,738,199	866,483	7,604,682
Additions	-	1,715	1,715
Transfer from Work In Progress	-	-	-
Revaluation adjustment	-	-	-
As at 31 August 2022	6,738,199	868,198	7,606,397
Accumulated amortisation and impairment:			
As at 1 March 2021	3,362,129	-	3,362,129
Prior period error - Reversal of revaluation	(2,159,155)	-	(2,159,155)
Amortisation charge for the year	194,432	-	194,432
Impairment of intangible assets	634,525	-	634,525
As at 28 February 2022	2,031,931	-	2,031,931
Amortisation charge for the period	71,315	-	71,315
As at 31 August 2022	2,103,246	-	2,103,246
Net carrying amount:			
At 31 August 2022	4,634,953	868,198	5,503,151
At 28 February 2022	4,706,268	866,483	5,572,751
	Unaudited Historical Cost		
	Computer software ZWL 000	Current work in progress ZWL 000	Total ZWL 000
As at 1 March 2021	215,378	127,016	342,394
Prior period error - Reversal of revaluation	(54,523)	-	(54,523)
Additions	-	365,797	365,797
Transfer from Work-In-Progress	218,267	(218,267)	-
As at 28 February 2022	379,122	274,546	653,668
Additions	-	665	665
Transfer from Work-In-Progress	-	-	-
As at 31 August 2022	379,122	275,211	654,333
Accumulated amortisation and impairment:			
As at 1 March 2021	4,451	-	4,451
Prior period error - Reversal of revaluation	(23,689)	-	(23,689)
Amortisation charge for the year	34,395	-	34,395
Impairment	3,746	-	3,746
As at 28 February 2022	18,903	-	18,903
Amortisation charge for the period	26,022	-	26,022
Impairment	-	-	-
As at 31 August 2022	44,925	-	44,925
Net carrying amount:			
At 31 August 2022	334,197	275,211	609,408
At 28 February 2022	360,219	274,546	634,765

19RIGHT OF USE ASSETS

	Reviewed Inflation Adjusted			
	Bank ZWL 000	Branches ZWL 000	Office Buildings ZWL 000	Total ZWL 000
Cost:				
As at 1 March 2021	1,064,086		137,389	1,201,475
Modification	11,637		-	11,637
As at 28 February 2022	1,075,723		137,389	1,213,112
Additions	141,965		-	141,965
Modification	35,901		-	35,901
Expired leases	(158,773)		-	(158,773)
As at 31 August 2022	1,094,816		137,389	1,232,205
Accumulated depreciation and impairment:				
As at 1 March 2021	306,697		56,919	363,616
Depreciation charge for the year	507,701		47,958	555,659
As at 28 February 2022	814,398		104,877	919,275
Depreciation charge for the period	112,801		5,424	118,225
As at 31 August 2022	927,199		110,301	1,037,500
Net carrying amount:				
At 31 August 2022	167,617		27,088	194,705
At 28 February 2022	261,325		32,512	293,837
	Unaudited Historical Cost			
	Bank ZWL 000	Branches ZWL 000	Office Buildings ZWL 000	Total ZWL 000
Cost:				
As at 1 March 2021	21,601		13,575	35,176
Modification gain	2,757		-	2,757
As at 28 February 2022	24,358		13,575	37,933
Additions	85,287		-	85,287
Modification	13,927		-	13,927
Expired leases	(975)		-	(975)
As at 31 August 2022	122,597		13,575	136,172
Accumulated amortisation and impairment:				
As at 1 March 2021	8,789		2,136	10,925
Amortisation charge for the year	8,151		5,406	13,557
28 February 2021	16,940		7,542	24,482
Amortisation charge for the period	13,620		2,703	16,323
As at 31 August 2022	30,560		10,245	40,805
Net carrying amount:				
At 31 August 2022	92,037		3,330	95,367
At 28 February 2022	7,418		6,033	13,451

19LEASE LIABILITIES

	Reviewed Inflation Adjusted			
	Bank ZWL 000	Branches ZWL 000	Office Buildings ZWL 000	Total ZWL 000
As at 1 March 2021	136,575		42,468	179,043
Modifications	11,637		-	11,637
Interest expense	18,515		4,007	22,522
Repayments	(97,719)		(15,339)	(113,058)
Exchange loss / (gain)	35,688		(1,902)	33,786
Monetary loss	(39,352)		(14,840)	(54,192)
As at 28 February 2022	65,344		14,394	79,738
Additions	141,965		-	141,965
Expired leases	(158,773)		-	(158,773)
Modifications	35,901		-	35,901
Interest expense	13,113		911	14,024
Repayments	(59,160)		(17,731)	(76,891)
Exchange loss	191,584		9,841	201,425
Monetary loss	52,294		(3,984)	48,310
As at 31 August 2022	282,268		3,431	285,699
	Unaudited Historical Cost			
	Bank ZWL 000	Branches ZWL 000	Office Buildings ZWL 000	Total ZWL 000
As at 1 March 2021	27,985		11,344	39,329
Additions	-		-	-
Modifications	2,757		-	2,757
Interest expense	4,855		1,083	5,938
Exchange loss / (gain)	12,244		126	12,370
Repayments	(23,997)		(7,302)	(31,299)
As at 28 February 2022	23,844		5,251	29,095
Additions	85,287		-	85,287
Modification	13,927		-	13,927
Expired leases	(975)		-	(975)
Interest expense	9,615		552	10,167
Exchange loss	191,584		9,841	201,425
Repayments	(41,014)		(12,213)	(53,227)
As at 31 August 2022	282,268		3,431	285,699

20SHARE CAPITAL AND SHARE PREMIUM

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	31 August 2022 ZWL 000	28 February 2022 ZWL 000	31 August 2022 ZWL 000	28 February 2022 ZWL 000
Share capital:				
Authorised				
Ordinary shares of ZWL0.00000001 each	70,000,000	70,000,000	7	7
10% Irredeemable non-cumulative preference shares of ZWL1 each	10	10	10	10
			17	17
Issued				
Ordinary shares of ZWL0.00000001 each	1,208,254	471,708	-	-
10% Irredeemable non-cumulative preference shares of ZWL1 each	4	4	4	4
			4	4
			26,480,428	26,480,428
	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	Share Capital ZWL 000	Share Premium ZWL 000	Share Capital ZWL 000	Share Premium ZWL 000
Share premium:				
Movements in share capital and share premium				
As at 1 March 2021	784	20,391,241	4	106,318
Share Issue	-	6,089,187	-	1,971,267
As at 28 February 2022	784	26,480,428	4	2,077,585
As at 31 August 2022	784	26,480,428	4	2,077,585

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

REVIEWED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2022

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NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 31 AUGUST 2022

21 REVALUATION RESERVES

	Reviewed Inflation Adjusted		Historical Cost	
	31 August 2022 ZWL 000	28 February 2022 ZWL 000	31 August 2022 ZWL 000	28 February 2022 ZWL 000
Opening balance	3,932,655	1,321,354	2,355,242	775,485
Prior period error	-	(329,192)	-	(23,344)
Gain on revaluation	5,496,528	4,015,640	7,160,108	2,142,453
Impairment of previously revalued PPE	(2,744,363)	(109,566)	-	(12,935)
Deferred tax effect on revaluation and impairment	(680,335)	(965,581)	(1,769,979)	(526,417)
Closing Balance	6,004,485	3,932,655	7,745,371	2,355,242

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

22 DEPOSITS DUE TO BANKS AND CUSTOMERS

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	31 August 2022 ZWL 000	28 February 2022 ZWL 000	31 August 2022 ZWL 000	28 February 2022 ZWL 000
Due to customers				
Current accounts	27,529,559	42,234,423	27,529,559	15,403,221
Term deposits	1,783,755	11,720	1,783,755	11,720
	29,313,314	42,246,143	29,313,314	15,414,941

22.1 Maturity analysis of deposits

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	31 August 2022 ZWL 000	28 February 2022 ZWL 000	31 August 2022 ZWL 000	28 February 2022 ZWL 000
Less than one month	27,533,622	42,238,486	27,533,622	15,407,284
1 to 3 months	1,779,692	7,657	1,779,692	7,657
	29,313,314	42,246,143	29,313,314	15,414,941

22.2 Sectoral analysis of deposits

	Reviewed Inflation Adjusted				Unaudited Historical Cost			
	31 August 2022 ZWL 000	%	28 February 2022 ZWL 000	%	31 August 2022 ZWL 000	%	28 February 2022 ZWL 000	%
Financial	6,180,850	21.1%	8,907,797	21.1%	6,180,850	21.1%	3,250,313	21.1%
Transport and tele-communications	13,739,334	46.9%	19,801,029	46.9%	13,739,334	46.9%	7,225,079	46.9%
Mining	115,290	0.4%	166,155	0.4%	115,290	0.4%	60,627	0.4%
Manufacturing	597,338	2.0%	860,879	2.0%	597,338	2.0%	314,121	2.0%
Agriculture	313,250	1.1%	451,454	1.1%	313,250	1.1%	164,728	1.1%
Distribution	731,596	2.5%	1,054,372	2.5%	731,596	2.5%	384,723	2.5%
Services	1,799,627	6.1%	2,593,609	6.1%	1,799,627	6.1%	946,366	6.1%
Government and parastatals	37,527	0.1%	54,084	0.1%	37,527	0.1%	19,734	0.1%
Individuals	5,518,543	18.8%	7,953,285	18.8%	5,518,543	18.8%	2,902,026	18.8%
Other	279,959	1.0%	403,479	1.0%	279,959	1.0%	147,224	1.0%
	29,313,314	100.0%	42,246,143	100.0%	29,313,314	100.0%	15,414,941	100.0%

23 FAIR VALUES MEASUREMENT

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

Quantitative disclosures: fair value measurement hierarchy for assets and liabilities as at 31 August 2022:

	Date of Valuation	Fair value measurement using			
		Quoted prices in active markets (Level 1) ZWL 000	Significant observable inputs (Level 2) ZWL 000	Significant unobservable inputs (Level 3) ZWL 000	Total ZWL 000
Assets measured at fair value:					
Investment property (note 16) :	31 August 2022	-	4,113,790	-	4,113,787
Residential stands	31 August 2022	-	7,445,967	-	7,445,967
Office buildings	31 August 2022	-	960,300	-	960,300
Land					
Revalued properties					
Land & buildings	31 August 2022	-	978,753	-	978,753
Leasehold improvements	31 August 2022	-	4,837,823	-	4,837,823
Furniture & fittings	31 August 2022	-	-	95,740	95,740
Office equipment	31 August 2022	-	-	154,297	154,297
Computer equipment	31 August 2022	-	-	3,401,141	3,401,141
Motor vehicles	31 August 2022	-	-	238,422	238,422
Total		-	18,336,633	3,889,600	22,226,230

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.

23 FAIR VALUES MEASUREMENT (CONTINUED)

Quantitative disclosures: fair value measurement hierarchy for assets and liabilities as at 28 February 2022:

	Date of Valuation	Fair value measurement using			
		Quoted prices in active markets (Level 1) ZWL 000	Significant observable inputs (Level 2) ZWL 000	Significant unobservable inputs (Level 3) ZWL 000	Total ZWL 000
Assets measured at fair value:					
Investment property (note 16):	28 February 2022	-	1,273,065	-	1,273,065
Residential stands	28 February 2022	-	107,393	-	107,393
Office buildings					
Revalued properties					
Land & buildings	28 February 2022	-	1,610,326	-	1,610,326
Leasehold improvements	28 February 2022	-	1,177,491	-	1,177,491
Furniture & fittings	28 February 2022	-	-	17,139	17,139
Office equipment	28 February 2022	-	-	21,841	21,841
Computer equipment	28 February 2022	-	-	1,085,149	1,085,149
Motor vehicles	28 February 2022	-	-	1,902	1,902
Total		-	4,168,275	1,126,031	5,294,306

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.

23.1 Fair values of financial instruments

	Hierarchy	Reviewed Inflation Adjusted		Unaudited Historical Cost	
		31 August 2022 ZWL 000	28 February 2022 ZWL 000	31 August 2022 Fair value ZWL 000	28 February 2022 Fair value ZWL 000
Financial assets					
Cash and cash equivalents	Level 1	14,341,983	9,091,875	14,341,983	3,317,480
Financial assets at fair value through profit or loss	Level 1	1,370,029	4,120,896	1,370,029	1,503,649
Loans and advances to customers	Level 2	15,901,106	18,311,304	15,901,106	6,681,501
Debt instruments measured at amortised cost	Level 2	4,594,388	15,712,346	4,594,388	5,733,184
Other receivables	Level 2	918,967	1,017,855	918,967	371,399
		37,126,473	48,254,276	37,126,473	17,607,213
Financial liabilities					
Deposits due to banks and customers	Level 1	29,313,314	42,246,143	29,313,314	15,414,941
Other liabilities	Level 2	5,151,493	7,024,475	5,151,493	2,563,115
Lease liability	Level 2	285,699	79,738	285,699	29,095
		34,750,506	49,350,356	34,750,506	18,007,151

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 carrying amount of financial assets and liabilities approximate their fair values. The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, deposits and other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Loans and advances excluding mortgages to staff approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of mortgage facilities to employees is estimated considering (i) current or quoted prices for identical instruments in the financial services sector and (ii) a net present value calculated from the average market yield rates with similar maturities and credit risk factors.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Bank based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 August 2022, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- Fair value of quoted notes and bonds is based on price quotations at the reporting date. 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.

24 PROVISIONS

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	31 August 2022 ZWL 000	28 February 2022 ZWL 000	31 August 2022 ZWL 000	28 February 2022 ZWL 000
Provisions	546,036	431,866	546,036	157,581
	Reviewed Inflation Adjusted			
	Leave pay provision	Bonus provision	Other provisions	Total
As at 1 March 2021	28,387	120,334	77,290	226,011
Current provision	23,846	597,587	212,114	833,547
Amount utilised	(7,435)	(222,509)	(88,532)	(318,476)
Monetary loss	(20,135)	(166,897)	(122,184)	(309,216)
As at 28 February 2022	24,663	328,515	78,688	431,866
Current provision	215,003	1,241,260	83,165	1,539,428
Amount utilised	-	(265,417)	(96,377)	(361,794)
Monetary loss	(135,996)	(880,312)	(47,156)	(1,063,464)
As at 31 August 2022	103,670	424,046	18,320	546,036

REVIEWED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2022

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 31 AUGUST 2022

24 PROVISIONS (CONTINUED)

	Unaudited Historical Cost			
	Leave pay provision	Bonus provision	Other provisions	Total
As at 1 March 2021	6,234	26,434	16,979	49,647
Current provision	6,969	174,626	46,669	228,264
Amount utilised	(4,204)	(81,190)	(34,936)	(120,330)
As at 28 February 2022	8,999	119,870	28,712	157,581
Current provision	94,671	540,355	37,811	672,837
Amount utilised	-	(236,179)	(48,203)	(284,382)
As at 31 August 2022	103,670	424,046	18,320	546,036

25 OTHER LIABILITIES

	Reviewed Inflation Adjusted		Historical Cost	
	31 August 2022 ZWL 000	28 February 2022 ZWL 000	31 August 2022 ZWL 000	28 February 2022 ZWL 000
Amounts due to related parties	384,566	162,238	384,566	59,198
Sundry creditors	4,766,927	6,862,237	4,766,927	2,503,917
Sundry creditors and accruals	5,151,493	7,024,475	5,151,493	2,563,115

The Bank's sundry creditors comprises accruals, suspense accounts and other staff related statutory obligations as at 31 August 2022.

25.1 TAXATION LIABILITY

	Reviewed Inflation Adjusted		Historical Cost	
	31 August 2022 ZWL 000	28 February 2022 ZWL 000	31 August 2022 ZWL 000	28 February 2022 ZWL 000
Income tax liabilities	112,336	71,324	112,336	26,025

26 DEFERRED TAX LIABILITY

	Reviewed Inflation Adjusted							
	Accelerated wear & tear ZWL 000	Inventory ZWL 000	Investment property ZWL 000	Right of use & lease liability ZWL 000	Provisions ZWL 000	Unrealised losses ZWL 000	Other ZWL 000	Total ZWL 000
As at 1 March 2021	825,320	541,832	713,377	162,860	(408,195)	(200,020)	30,092	1,665,266
Effect of reversal of revaluation on intangible assets	648,732	-	-	-	-	-	-	648,732
(Credit)/ charge to profit for the period	1,189,331	(54,168)	(51,855)	(109,936)	199,000	144,358	157,146	1,473,876
Charge to other comprehensive income	965,581	-	-	-	-	-	-	965,581
As at 28 February 2022	3,628,964	487,664	661,522	52,924	(209,195)	(55,662)	187,238	4,753,455
Charge / (credit) to profit for the period	(921,193)	(342,364)	1,397,911	(75,419)	112,084	35,352	(168,447)	37,924
Credit to other comprehensive income	680,335	-	-	-	-	-	-	680,335
As at 31 August 2022	3,388,106	145,300	2,059,433	(22,495)	(97,111)	(20,310)	18,791	5,471,714
	Unaudited Historical Cost							
	Accelerated wear & tear ZWL 000	Inventory ZWL 000	Investment property ZWL 000	Right of use & lease liability ZWL 000	Provisions ZWL 000	Unrealised losses ZWL 000	Other ZWL 000	Total ZWL 000
As at 1 March 2021	181,296	1,675	156,705	(3,728)	(89,666)	(19,501)	23,339	250,120
Effect of reversal of revaluation on intangible assets	(7,622)	-	-	-	-	-	-	(7,622)
(Credit)/ charge to profit for the period	29,981	24,658	84,674	(140)	(26,557)	(20,310)	132,856	225,162
Charge to other comprehensive income	526,417	-	-	-	-	-	-	526,417
As at 28 February 2022	730,072	26,333	241,379	(3,868)	(116,223)	(39,811)	156,195	994,077
Charge / (credit) to profit for the period	(344,418)	(21,355)	1,818,054	(43,182)	19,112	(45,350)	(115,880)	1,266,981
Charge to other comprehensive income	1,769,979	-	-	-	-	-	-	1,769,979
As at 31 August 2022	2,155,633	4,978	2,059,433	(47,050)	(97,111)	(85,161)	40,315	4,031,037

27 RELATED PARTY DISCLOSURES

The Bank is a subsidiary of the Ecocash Holdings Zimbabwe Limited (EHZL) (formerly Cassava Smartech Zimbabwe Limited (CSZL)). The Bank has related party relationships with its Directors and key management employees and their companies. All business is at arm's length and done according to the requirements of IAS 24. EHZL shareholders are also shareholders for Econet Wireless Zimbabwe Limited.

The related party balances, volumes of related party transactions and related income and expenses are as follows:

	Reviewed Inflation Adjusted		Historical Cost	
	31 August 2022 ZWL 000	28 February 2022 ZWL 000	31 August 2022 ZWL 000	28 February 2022 ZWL 000
a) Loans and advances balances owing from Directors				
Balance of loans issued to directors and entities related to directors	19,180	11,124	19,180	11,124
b) Compensation of key management personnel of the Bank:	112,781	309,087	88,704	243,102
Short-term benefits	102,559	281,073	81,106	222,279
Post-employment benefits	10,222	28,014	7,598	20,823

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 the following risks from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risks; and
- Operational 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. This risk arises principally from the Bank's loans and advances to customers and placements with Government and other banks. 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.

28 RISK MANAGEMENT (CONTINUED)

28.1.2 Credit quality analysis (continued)

	Reviewed Inflation Adjusted and Unaudited Historical Cost						
	Grade A High grade	Grade B Standard grade	Grade C Sub-standard	Individually impaired			Total
	Stage 1 ZWL '000	Stage 1 ZWL '000	Stage 2 ZWL '000	Stage 2 ZWL '000	Stage 3 ZWL '000	Stage 3 ZWL '000	Total ZWL '000
At 31 August 2022:							
Loans and advances to customers:							
Retail portfolio - Consumer and Mortgage loans	1,445,780	87,142	968,024	1,747	1,246,393	6,526,370	10,275,456
Corporate and SME portfolio	61,301	875,126	93,075	-	-	4,973,723	6,003,225
	1,507,081	962,268	1,061,099	1,747	1,246,393	11,500,093	16,278,681
Debt instruments measured at amortised cost:							
Exposure to banks	158,098	-	-	-	-	-	158,098
Government debt securities	4,903,410	-	-	-	-	-	4,903,410
	5,061,508	-	-	-	-	-	5,061,508
Other receivables	917,535	-	-	-	-	1,432	918,967
Contingent liabilities, commitments							
Financial guarantees	-	-	-	-	-	-	-
Commitments to lend	-	-	-	-	-	-	-
	7,486,124	962,268	1,061,099	1,747	1,246,393	11,501,525	22,259,156

	Reviewed Inflation Adjusted						
	Grade A High grade	Grade B Standard grade	Grade C Sub-standard	Individually impaired			Total
	Stage 1 ZWL '000	Stage 1 ZWL '000	Stage 2 ZWL '000	Stage 2 ZWL '000	Stage 3 ZWL '000	Stage 3 ZWL '000	Total ZWL '000
At 28 February 2022:							
Loans and advances to customers:							
Retail portfolio - Consumer and Mortgage loans	1,861,328	5,246	3,324	80,291	68,792	14,514,609	16,533,590
Corporate and SME portfolio	30	-	-	2,130,192	1,137	82,024	2,213,383
	1,861,358	5,246	3,324	2,210,483	69,929	14,596,633	18,746,973
Debt instruments measured at amortised cost:							
Exposure to banks	433,283	-	-	-	-	-	433,283
Government debt securities	15,980,247	-	-	-	-	-	15,980,247
	16,413,530	-	-	-	-	-	16,413,530
Other receivables	199,324	-	-	-	-	3,925	203,249
Contingent liabilities, commitments							
Financial guarantees	-	-	-	-	-	-	-
Commitments to lend	-	-	-	-	-	-	-
	18,474,212	5,246	3,324	2,210,483	69,929	14,600,558	35,363,752

	Unaudited Historical Cost						
	Grade A High grade	Grade B Standard grade	Grade C Sub-standard	Individually impaired			Total
	Stage 1 ZWL '000	Stage 1 ZWL '000	Stage 2 ZWL '000	Stage 2 ZWL '000	Stage 3 ZWL '000	Stage 3 ZWL '000	Total ZWL '000
At 28 February 2022:							
Loans and advances to customers:							
Retail portfolio - Consumer and Mortgage loans	679,169	1,914	1,213	29,297	25,101	5,296,149	6,032,843
Corporate and SME portfolio	11	-	-	777,273	415	29,929	807,628
	679,180	1,914	1,213	806,570	25,516	5,326,078	6,840,471
Debt instruments measured at amortised cost:							
Exposure to banks	158,098	-	-	-	-	-	158,098
Government debt securities	5,830,937	-	-	-	-	-	5,830,937
	5,989,035	-	-	-	-	-	5,989,035
Other receivables	72,730	-	-	-	-	1,432	74,162
Contingent liabilities, commitments							
Financial guarantees	-	-	-	-	-	-	-
Commitments to lend	-	-	-	-	-	-	-
	6,740,945	1,914	1,213	806,570	25,516	5,327,510	12,903,668

28.3 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

28.3.1 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 strategies are formulated to ensure positions are maintained within the established limits.

Interest rate repricing and gap analysis

The table below analyses the Bank's interest rate risk exposure on assets and liabilities. The financial assets and liabilities are categorised by the earlier of contractual repricing or maturity dates.

	Reviewed Inflation Adjusted					
	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						Total ZWL 000
At 28 February 2022:						
Assets:						
Cash and cash equivalents	-	-	-	-	-	14,341,983
Loans and advances to customers	3,408,990	707,947	8,404,614	2,627,243	752,312	-
Debt instruments at amortised cost	399,529	2,444,146	1,750,713	-	-	-
Equity instruments at fair value through profit and loss	-	-	-	-	-	1,370,029
Other receivables	-	-	-	-	-	4,540,439
Taxation Receivable	-	-	-	-	-	-
Inventories	-	-	-	-	-	692,122
Investment property	-	-	-	-	-	12,520,054
Property and Equipment	-	-	-	-	-	12,533,804
Intangible assets	-	-	-	-	-	5,503,151
Right of use asset	-	-	-	-	-	194,705
Non-Current Asset held for sale	-	-	-	-	-	-
Total undiscounted financial assets	3,808,519	3,152,093	10,155,327	2,627,243	752,312	51,696,287
Liabilities and equity						
Deposits due to banks and customers	27,533,622	1,779,692	-	-	-	-
Provisions	-	-	-	-	-	546,036
Tax liabilities	-	-	-	-	-	112,336
Other liabilities	-	-	-	-	-	5,151,493
Deferred tax liability	-	-	-	-	-	5,471,714
Lease liabilities	-	3,475	401	369,027	-	-
Equity	-	-	-	-	-	31,311,189
	27,533,622	1,783,167	401	369,027	-	42,592,768
Interest rate repricing gap	(23,725,103)	1,368,926	10,154,926	2,258,216	752,312	9,103,519
Cumulative gap	(23,725,103)	(22,356,177)	(12,201,251)	(9,943,035)	(9,190,723)	(87,204)

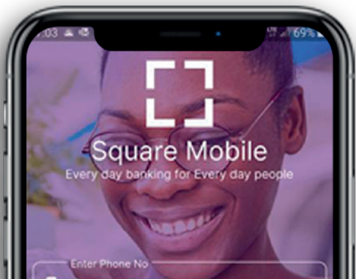
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NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (CONTINUED) FOR THE SIX MONTHS ENDED 31 AUGUST 2022

28 RISK MANAGEMENT (CONTINUED)

28.3 Market Risk (continued)

28.3.1 Interest rate risk (continued)

	Unaudited Historical Cost						
TOTAL POSITION	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 ZWL 000
At 28 February 2022:							
Assets:							
Cash and cash equivalents	-	-	-	-	-	14,341,983	14,341,983
Right of use asset	-	-	-	-	-	95,367	95,367
Loans and advances to customers	3,408,990	707,947	8,404,614	2,627,243	752,312	-	15,901,106
Financial assets held to maturity	399,529	2,444,146	1,750,713	-	-	-	4,594,388
Equity instruments at fair value through profit and loss	-	-	-	-	-	1,370,029	1,370,029
Other receivables	-	-	-	-	-	4,360,097	4,360,097
Taxation Receivable	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	121,851	121,851
Investment property	-	-	-	-	-	12,520,054	12,520,054
Property and Equipment	-	-	-	-	-	9,926,646	9,926,646
Intangible assets	-	-	-	-	-	609,408	609,408
Non-Current Asset held for sale	-	-	-	-	-	-	-
Total undiscounted financial assets	3,808,519	3,152,093	10,155,327	2,627,243	752,312	43,345,435	63,840,929
Liabilities and equity							
Deposits due to banks and customers	27,533,622	1,779,692	-	-	-	-	29,313,314
Provisions	-	-	-	-	-	546,036	546,036
Other liabilities	-	-	-	-	-	5,151,493	5,151,493
Tax liability	-	-	-	-	-	112,336	112,336
Deferred tax liability	-	-	-	-	-	4,031,037	4,031,037
Lease liabilities	-	3,475	401	369,027	-	-	372,903
Equity	-	-	-	-	-	24,401,014	24,401,014
	27,533,622	1,783,167	401	369,027	-	34,241,916	63,928,133
Interest rate repricing gap	(23,725,103)	1,368,926	10,154,926	2,258,216	752,312	9,103,519	(87,204)
Cumulative gap	(23,725,103)	(22,356,177)	(12,201,251)	(9,943,035)	(9,190,723)	(87,204)	(87,204)

Interest rate repricing and gap analysis

	Reviewed Inflation Adjusted					
TOTAL POSITION	Up to 1 month ZWL 000	1 month to 3 months ZWL 000	3 months to 1 year ZWL 000	Over 1 year ZWL 000	Non -interest bearing ZWL 000	Total ZWL 000
At 28 February 2021:						
Assets:						
Cash and cash equivalents	-	-	-	-	9,091,875	9,091,875
Right of use asset	-	-	-	-	293,837	293,837
Loans and advances to customers	1,086,326	24,295	352,447	1,190,431	-	2,653,499
Financial assets held to maturity	1,205,305	107,598	44,568	88,055	-	1,445,526
Other receivables	-	-	-	-	7,607,926	7,607,926
Taxation Receivable	-	-	-	-	-	-
Inventories	-	-	-	-	1,972,740	1,972,740
Investment property	-	-	-	-	3,783,277	3,783,277
Property and Equipment	-	-	-	-	12,328,016	12,328,016
Intangible assets	-	-	-	-	5,572,751	5,572,751
Non-Current Asset held for sale	-	-	-	-	1,432	1,432
	2,291,631	131,893	397,015	1,278,486	40,651,854	44,750,879
Liabilities and equity						
Deposits due to banks and customers	42,238,486	7,657	-	-	-	42,246,143
Provisions	-	-	-	-	431,866	431,866
Other liabilities	-	-	-	-	7,024,475	7,024,475
Deferred tax liability	-	-	-	-	4,753,455	4,753,455
Lease liabilities	-	-	-	-	79,738	79,738
Equity	-	-	-	-	24,189,399	24,189,399
	42,238,486	7,657	-	-	36,478,933	78,725,076
Interest rate repricing gap	(39,946,855)	124,236	397,015	1,278,486	4,172,921	(33,974,197)
Cumulative gap	(39,946,855)	(39,822,619)	(39,425,604)	(38,147,118)	(33,974,197)	(33,974,197)

	Unaudited Historical Cost						
TOTAL POSITION	Up to 1 month ZWL 000	1 month to 3 months ZWL 000	3 months to 1 year ZWL 000	Over 1 year ZWL 000	Non-interest bearing ZWL 000	Total ZWL 000	
At 28 February 2021:							
Assets:							
Cash and cash equivalents	-	-	-	-	3,317,480	3,317,480	
Right of use asset	-	-	-	-	13,451	13,451	
Loans and advances to customers	653,989	14,626	212,180	716,663	-	1,597,458	
Financial assets held to maturity	725,617	64,776	26,831	53,011	-	870,235	
Other receivables	-	-	-	-	2,660,260	2,660,260	
Taxation Receivable	-	-	-	-	-	-	
Inventories	-	-	-	-	106,525	106,525	
Investment property	-	-	-	-	1,380,458	1,380,458	
Property and Equipment	-	-	-	-	4,086,263	4,086,263	
Intangible assets	-	-	-	-	634,765	634,765	
Non-Current Asset held for sale	-	-	-	-	523	523	
	1,379,606	79,402	239,011	769,674	12,199,725	14,667,418	
Liabilities and equity							
Deposits due to banks and customers	9,257,662	5,219	-	-	-	9,262,881	
Provisions	-	-	-	-	157,581	157,581	
Other liabilities	-	-	-	-	2,563,115	2,563,115	
Deferred tax liability	-	-	-	-	994,077	994,077	
Lease liabilities	-	-	-	-	29,095	29,095	
Equity	-	-	-	-	6,933,225	6,933,225	
	9,257,662	5,219	-	-	10,677,093	19,939,974	
Interest rate repricing gap	(7,878,056)	74,183	239,011	769,674	1,522,632	(5,272,556)	
Cumulative gap	(7,878,056)	(7,803,873)	(7,564,862)	(6,795,188)	(5,272,556)	(5,272,556)	

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

28.4 Reserve Bank Ratings (continued)

28.4.2 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.
- Tier 2 Capital (“supplementary capital”), which includes subordinated term debt, revaluation reserves and portfolio provisions.
- Tier 3 Capital (“tertiary capital”), wrelates to an allocation of capital to meet market and operational risks

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 3 Capital (“tertiary capital”) relates to an allocation of capital to meet market and operational risks.

29 CAPITAL MANAGEMENT (CONTINUED)

The Bank’s regulatory capital position as at 31 August 2022 was in excess of the minimum Regulatory requirements of Tier 1 capital of US\$30 million and stood as follows:

	Unaudited Historical 31 August 2022 ZWL ‘000	Unaudited Historical 28 February 2022 ZWL ‘000
Share capital	4	4
Share premium	2,077,585	2,077,585
Retained earnings	14,578,054	2,500,394
	16,655,643	4,577,983
	(1,398,711)	(315,921)
Less: Capital allocated for market and operational risk	(938,147)	(85,286)
Advances to insiders	-	-
Guarantees to insiders	-	-
Tier 1 capital	14,318,785	4,176,776
Tier 2 capital		
Other reserves	7,745,371	2,355,242
General provisions	-	-
	7,745,371	2,355,242
Total Tier 1 and 2 capital	22,064,156	6,532,018
Tier 3 capital (sum of market and operational risk capital)	1,398,711	351,921
Total Capital Base	23,462,867	6,847,939
Total risk weighted assets	34,598,486	11,496,737
Tier 1 ratio	41%	36%
Tier 2 ratio	22%	20%
Tier 3 ratio	4%	3%
Total capital adequacy ratio	68%	60%
RBZ minimum requirement	12%	12%

30 CAPITAL COMMITMENTS

	31 August 2022 ZWL ‘000	28 February 2022 ZWL ‘000
Capital expenditure authorised but not yet contracted for	649 274	230 554
	649 274	230 554

Capital commitments will be financed from the Bank’s own resources.

31 EXTERNAL CREDIT RATINGS

	October 2022	May 2019
Rating Agent: Global Credit Rating (GCR):		
Long term issuer	BBB zw	BBB zw
Short term issuer	A3 zw	A2 zw

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