

AUDITED ABRIDGED FINANCIAL STATEMENTS

for the year ended 28 February 2023



2088/ PAGE 1 - STEWARD BANK LIMITED - A REGISTERED COMMERCIAL BANK

EcoCash

HOLDINGS ZIMBABWE



 www.stewardbank.co.zw

HIGHLIGHTS (Inflation adjusted)

NET OPERATING INCOME

increased by

+1 189%

from ZWL 25 billion to

ZWL 324 billion

NON FUNDED INCOME

increased by

+14%

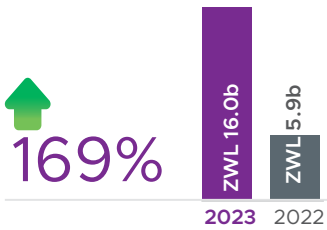
from ZWL 16.7 billion to

ZWL 18.9 billion

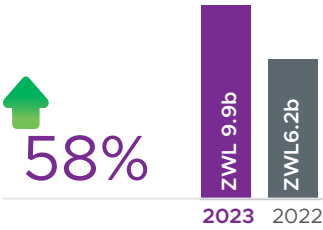
BALANCE SHEET

+42%

PROFIT BEFORE TAX



NET INTEREST INCOME



STRATEGIC SUSTAINABLE

BUSINESS PILLARS

- 1

Purple Ark
- 2

KaShagi
- 3

Agrofutur e & Rural Finance
- 4

Corporate & Investment Banking
- 5

Purple Sun
- 6

SME Banking

Chairman’s Statement

I am pleased to report Steward Bank’s performance for the financial year ended 28 February 2023. Whilst it has been a challenging year both globally and domestically, the Bank accomplished various milestones over the period in review. The year saw the Bank continuing on its digital banking drive through technology deployments ranging from the automation of back office processes, application of artificial intelligence for better customer services and roll out of digital innovations.

Digitalization to enhance service delivery

The Bank also rolled out digital innovations that include EcoCash FCA Banking Services, Biller engine for Mobile Banking, FCA to Visa Transfers and Point of Sale monitoring solutions to optimize service delivery to merchants. In terms of improving customer experience, we used our branches as digital onboarding centers in a bid to ensure that customers have seamless access to our digital platforms. The Bank also leveraged on artificial intelligence to gain better insights into our customers’ needs allowing the Bank to improve overall service to customers.

Financial Performance

The financial review is based on inflation adjusted financial statements which are the primary financial statements. Historical cost financial statements have been presented as supplementary information. In order to comply with International Accounting Standard 29 - “Financial Reporting in Hyperinflationary Economies” in the preparation of its financial statements, the Bank estimated and applied Inflation Rates for February 2023 based on the Total Consumption Poverty Line published by ZIMSTAT. The estimation of the consumer price index is permitted by IAS 29 where a general consumer price index is not readily available. The Directors caution users of the financial statements on the usefulness of these reported financial statements, considering distortions that arise when reporting in a hyperinflationary economy.

Net interest income grew 58% from ZWL6.2 billion to ZWL9.9 billion on the back of increased USD based lending. Similarly, the bank’s profit for the year increased from ZWL3.2 billion to ZWL14.9 billion. The growth in profitability is largely attributed to our digital banking pillar that has seen an improved performance over the period.

Despite the significant movement in exchange rates over the period, the Bank managed to maintain its capital levels above the US\$30 million regulatory equivalent.

Awards

The year under review saw the Bank receiving a number of awards in the areas of sustainability, innovation and sectoral performance. The Bank received awards for ‘Best Corporate and Investment Bank in Zimbabwe’, ‘Most innovative Bank of the year in Zimbabwe’ and ‘Most Sustainable Bank in Zimbabwe’. Further, the Bank also received the award for the ‘Best Retail Bank of the Year’. The aforementioned achievements are a testament to our commitment to delight our customers through our values that cut across innovation, ubuntu and excellence among others.

Corebanking system as a vehicle for digitalization

In 2021, the Bank acquired a new core banking system to drive its digital transformation strategy which we have subsequently implemented. The new system has been instrumental towards the successes realized in the year under review. We have seen improvements in our service delivery across all our digital channels resulting in significant improvements in our customer service metrics which were above industry standards. The new system has more to offer as we will leverage on its Artificial Intelligence capabilities to better serve our customers.

Outlook for the Financial Year 2024

The Bank looks to anchor the bulk of its processes and products on Artificial Intelligence ranging from back office functions to service delivery. As such, most of

the Bank’s digital innovations will look to understand the customer and customize the products offered to them based on key data insights. This will cut across all our products and services. These initiatives will bring about a reimagined customer experience to our clients that not only positions the Bank as faithful stewards of our customers’ trust and money but as partners in the financial lifestyle of our customers.

Board Changes

I pay particular gratitude to Mr. Kwaku Akosah-Bempah, Mr. John Gould and Mr Krison Chirairo 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 the same vein, I welcome Mr. Morgen Mufowo and Mr. Hazvinei Kapfunde who joined the Board as Independent Non-Executive Directors.

Appreciation

On behalf of the Steward Bank Board of Directors and the shareholders, I would like to thank our stakeholders, that range from our customers, government, regulators and partners for a successful year that saw the Bank maintaining its profitability and ensuring that it meets the expectation of its shareholders. Recognition is rendered to our staff who have been instrumental towards the Bank’s success in the year in review. We look ahead to a better and improved financial year in the next reporting period.

On behalf of the Board

Bernard T.R. Chidzero

Board Chairman

23 May 2023

Chief Executive Officer’s Statement

It is my pleasure to highlight Steward Bank’s performance for the financial year ended 2023. The period under review, has seen the Bank make significant strides in harnessing technology to better serve our customers.

Embracing the digital landscape

Official reports indicate that the year in review saw the country’s mobile banking subscribers close off at 7.8 million users as at December 2022, a significant increase of 90% from the same period in the prior year that had 4.1 million mobile banking subscribers. Internet Banking followed a similar trajectory, closing off at 628,000 subscribers, a modest growth from the 607,000 banking subscribers recorded in the prior year. The positive trends are partly attributed to the Internet penetration rate which increased by 2.2% to reach 65.3% for the year 2022, from 63.1% noted in the prior year. This is a strong indicator of the increased digital adoption within the country as well as an indicator that indirectly shows the narrowing of the digital divide within the country. Notably, 78% of payment transactions done in the 4th Quarter of the year 2022, went through mobile phones. The incremental use of digital platforms within the Zimbabwean landscape has also trickled down to industry and firm level with the Bank noting a 12% increase in our online banking transaction volumes.

The aforementioned trends support the steps that the Bank has taken to roll out digital banking products that cater to the changing trends in the market. These

have been instrumental in driving the Bank’s revenue generation with strong performance noted on the Bank’s digital bank pillar.

Financial Performance – Unlocking our revenue earning potential

The financial review is based on inflation adjusted financial statements which are the primary financial statements. Historical cost financial statements have been presented as supplementary information. In order to comply with International Accounting Standard 29 - “Financial Reporting in Hyperinflationary Economies” in the preparation of its financial statements, the Bank estimated and applied Inflation Rates for February 2023 based on the Total Consumption Poverty Line published by ZIMSTAT. The estimation of the consumer price index is permitted by IAS 29 where a general consumer price index is not readily available. The Directors caution users of the financial statements on the usefulness of these reported financial statements, considering distortions that arise when reporting in a hyperinflationary economy.

The Bank’s inflation-adjusted Net Operating Income closed the period under review at ZWL324 billion. Non Funded income of ZWL18.9b demonstrated improvements from the prior year noting a 14% increase. Net Interest Income for the year in review followed a similar trajectory, recording ZWL9.9b, showing a 58% improvement from the prior year.

The Bank has a number of automation projects lined up for the financial year 2024, that will see its cost structure lowered through internal development of digital solutions and digitalization of back and front office processes which are earmarked to improve the banks financial performance going forward.

ESG Update

The Bank also ensured that our core activities drive sustainability of the economy and society at large. Leveraging on our digital accounts opening platform, more than 130,000 low KYC accounts were opened in the year in review assisting in meeting the objectives of the National Financial Inclusion Strategy II shared by the Reserve of Zimbabwe. The Bank also partnered with solar energy providers for solar financing with the mandate being to address the UN sustainable goal number 7 which seeks to provide affordable and reliable clean energy to the society. Driven to achieve financial inclusion of SMEs, the Bank rolled out various products to cater for their needs which led to a proportionate part of our loan book being directed to SMEs. From a digital credit access perspective, more than 900,000 loans were disbursed through our Kashagi digital loans platform with a third of the loans being availed to women. This is in support of achieving SDG No. 5 that looks at gender equality.

Outlook – The year of Artificial Intelligence

The Bank will leverage Artificial Intelligence (AI) across its processes, service delivery channels and products to enhance customer experience. Leveraging on AI, the Bank will deliver an Omni channel experience that not only seeks to address our customer’s needs, but also seeks to understand them and deliver services that better meet the needs of our customers.

Appreciation

We made further progress in the financial year ended 28 February 2023 building on our past achievements. I am grateful for the commitment of my colleagues, the staff of Steward Bank, the strategic direction provided by our Board of Directors, support offered by the Reserve Bank of Zimbabwe and the loyalty of our customers.

Courage Mashavave

Chief Executive Officer

23 May 2023

STEWARDBANK

Everyday Banking For Everyday People

Member of the Deposit Protection Corporation A Registered Commercial Bank

AUDITED ABRIDGED
FINANCIAL STATEMENTS
for the year ended 28 February 2023More than just
money transfer.

Simplified Banking. Just the right way

EcoCash
HOLDINGS ZIMBABWE

Remittance Partners:

SasaiRemit

STEWARDBANK

small world

Mama Money

WorldRemit

Western Union

thunes

MasterRemit

SEHOPIRE send

MoneyGram



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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.

Board Responsibilities

The Board recognises that the primary objective of any system of corporate governance is to ensure that Directors, executives and managers carry out their responsibilities faithfully, effectively and efficiently. 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 Bank's formalised governance framework is set out in a number of documents including the Board Charter, Committee Terms of Reference, the Chart of Authority and Bank-wide policies. The Board monitors the implementation of these policies through a structured approach to reporting and accountability.

The implementation of the overall strategy, policies and the management of risks are monitored using key performance indicators and best practice benchmarks. Executive management presents structured reports to allow the Board to monitor performance.

Board Composition

The Board currently comprises two Executive Directors and six Non-Executive Directors, five of whom are Independent. 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 eight meetings during the period to assess risk, review performance and provide guidance to management.

The Board Remunerations and Nominations Committee is mandated by the Board Charter to consider succession planning issues. As such, the Committee makes recommendations to the Board concerning any selection and appointment of directors. The Board and the Remunerations and Nominations Committee work together to ensure that the Board continues to have the appropriate balance of skills, experience, independence and depth of working knowledge of the Bank's business necessary to properly and effectively discharge its responsibilities.

The Bank's strategy has a strong focus on digital technology. The Chief Technology Officer provides guidance and assists the Board on the Digital strategy implementation and Cyber security awareness.

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.

Board Changes

The following directors retired as Independent Non-Executive Directors, namely Mr. Kwaku Akosah - Bempah and Mr John Henry Gould effective 31 July 2022 and Mr Krison Vengai Chirairo effective 29 November 2022, after having served a 10-year term. The Board extends its appreciation to these Directors for their dedicated service to the Bank.

Mr. Morgen Mufowo and Mr. Hazvinei Kapfunde were appointed Independent Non-Executive Directors, effective 14 November 2022.

Board Induction and Evaluation

The Company Secretary is responsible for the induction process of new directors. Newly appointed directors undergo an induction process which supplies necessary information, training and support.

Ethical Values

Directors and employees are required to observe the highest ethical standards, ensuring that business practices are conducted in a manner which, in all reasonable circumstances, is beyond reproach. In this regard, the Bank has a detailed code of ethics for all levels of employees.

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. The Board attended the AML/CFT Training Workshop on 23 November 2022. The training was targeted to equip Directors with knowledge on the principles, tools and current legislation to identify and address Money Laundering risks, as well as implement strategies to curb Money Laundering.

The Bank has invested in an Online Cybersecurity Awareness tool capable of tracking the risk matrix of each member. This Cyber Security and Data Protection training was extended to the Board.

Sustainable Business Practice

The Bank recognises the importance of the Environmental, Social and Governance (ESG) aspects for its business operations. The business will be guided by the Global Reporting Initiative (GRI) Standards in measuring and assessing its sustainability performance and impacts. The Bank adopted sustainability reporting to its responsible business values. Sustainability will now drive future business strategy and practices.

Compliance

The Bank was substantially compliant with the applicable laws and regulations governing its activities throughout the reporting period.

Board Committees

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

- Board Audit Committee;
- Board Risk, Compliance and Capital Management Committee;
- Board Assets and Liabilities Committee;
- Board ICT Committee;
- Board Credit Committee; and
- 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 five 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.

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 four times.

Board Assets and Liabilities Committee

This Committee comprises 3 non-executive directors, meets quarterly and is responsible for formulating policies and procedures relating to management of liquid assets portfolio, monitoring and managing structural exposures, control of cash flow and control of short-term borrowing capacity. The Committee met four times.

Board Assets and Liabilities Committee

This Committee comprises 3 non-executive directors, meets quarterly and is responsible for formulating policies and procedures relating to management of liquid assets portfolio, monitoring and managing structural exposures, control of cash flow and control of short-term borrowing capacity. The Committee met four times.

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 four times.

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 five 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 employee relations, the recruitment and retention policy and remuneration for staff, management and Directors. The Committee also considers that the remuneration is fair, appropriate and in line with the market and the Bank's remuneration philosophy. The Committee met four times.

Board Attendance

As at 28 February 2023, the Main Board held eight (8) meetings and 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 Director Chairman | 8 | 7 |
| Nyatwa Nancy Chadehumbe | Independent Non-Executive Director Deputy Chairperson | 8 | 8 |
| Kwaku Akosah-Bempah** | Independent Non-Executive Director | 8 | 5 |
| John Henry Gould** | Independent Non-Executive Director | 8 | 5 |
| Peter Manasa Mbizvo | Independent Non-Executive Director | 8 | 8 |
| Krison Vengai Chirairo*** | Non-Executive Director | 8 | 6 |
| Roy Chimanikire | Non-Executive Director | 8 | 7 |
| Hazvinei Kapfunde**** | Independent Non-Executive Director | 8 | 1 |
| Morgen Mufowo***** | Independent Non-Executive Director | 8 | 1 |
| Courage S Mashavave | Executive Director | 8 | 8 |
| Cleopas Kadzimu | Executive Director | 8 | 8 |

*Chairperson

Retired 31 July 2022

***Retired 29 November 2022

****Appointed 14 November 2022

BOARD COMMITTEES

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

Audit Committee

| Name of Director | Designation | Meetings Held | Meeting Attended |
|-------------------|------------------------|---------------|------------------|
| N N Chadehumbe* | Non-Executive Chairman | 5 | 5 |
| K Akosah-Bempah** | Non-Executive Director | 5 | 2 |
| J H Gould** | Non-Executive Director | 5 | 2 |
| K V Chirairo*** | Non-Executive Director | 5 | 1 |
| H Kapfunde**** | Non-Executive Director | 5 | 1 |
| M Mufowo**** | Non-Executive Director | 5 | 1 |

*Chairperson

Retired 31 July 2022

***Retired 29 November 2022

****Appointed 14 November 2022

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 |
| M Mufowo**** | Non-Executive Director | 4 | 1 |

*Chairperson

****Appointed 14 November 2022

Assets and Liabilities Committee

| Name of Director | Designation | Meetings Held | Meeting Attended |
|-------------------|------------------------|---------------|------------------|
| H Kapfunde**** | Non-Executive Chairman | 4 | 1 |
| K Akosah-Bempah** | Non-Executive Director | 4 | 2 |
| P M Mbizvo | Non-Executive Director | 4 | 4 |
| R Chimanikire | Non-Executive Director | 4 | 4 |

*Chairman

**Retired 31 July 2022

****Appointed 14 November 2022

IT Committee

| Name of Director | Designation | Meetings Held | Meeting Attended |
|------------------|------------------------|---------------|------------------|
| M Mufowo***** | Non-Executive Chairman | 4 | 1 |
| N N Chadehumbe | Non-Executive Director | 4 | 4 |
| J H Gould** | Non-Executive Director | 4 | 2 |
| K V Chirairo*** | Non-Executive Director | 4 | 3 |
| H Kapfunde**** | Non-Executive Director | 4 | 1 |

*Chairman

**Retired 31 July 2022

***Retired 29 November 2022

****Appointed 14 November 2022

Credit Committee

| Name of Director | Designation | Meetings Held | Meeting Attended |
|------------------|------------------------|---------------|------------------|
| B T R Chidzero* | Non-Executive Chairman | 5 | 4 |
| R Chimanikire | Non-Executive Director | 5 | 5 |
| K V Chirairo*** | Non-Executive Director | 5 | 4 |
| H Kapfunde**** | Non-Executive Director | 5 | 1 |

*Chairman

***Retired 29 November 2022

****Appointed 14 November 2022

Remuneration and Nominations Committee

| Name of Director | Designation | Meetings Held | Meeting Attended |
|------------------|------------------------|---------------|------------------|
| P M Mbizvo | Non-Executive Chairman | 4 | 4 |
| B Chidzero | Non-Executive Director | 4 | 2 |
| J H Gould** | Non-Executive Director | 4 | 2 |
| M Mufowo**** | Non-Executive Director | 4 | 1 |

*Chairman

**Retired 31 July 2022

****Appointed 14 November 2022

Directors: B.T.R. Chidzero (Chairman), Dr. N.N. Chadehumbe (Deputy Chairman), M. Mufowo, H. Kapfunde, Dr. P.M. Mbizvo, R. Chimanikire, C. Mashavave* (CEO), C. Kadzimu* (CFO). * Executive | **Registered Office:** 79 Livingstone Avenue, Corner 7th Street Harare, Zimbabwe.

www.stewardbank.co.zw

Auditor’s Statement

These abridged financial results should be read in conjunction with the complete set of financial statements for the year ended 28 February 2023, which have been audited by BDO Zimbabwe Chartered Accountants, who have issued a qualified opinion thereon in respect of:

- Valuation of investment properties, land and buildings and equipment

In addition to the above matters, the auditor’s opinion contains key audit matters relating to;

- (i) Expected Credit Loss; and
- (ii) Completeness and accuracy of revenue.

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

Statement of profit or loss and other comprehensive income

For the year ended 28 February 2023

| Notes | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| Interest revenue calculated using the effective interest method | 3 | 12,649,314 | 8,549,333 | 10,073,284 |
| Interest expense | 4 | (2,798,930) | (2,316,913) | (2,202,306) |
| Net interest income | | 9,850,384 | 6,232,420 | 7,870,978 |
| Net Non-interest income | 5 | 18,949,926 | 16,677,092 | 14,427,403 |
| Fair value adjustments | 11, 16 | 6,086,008 | 874,393 | 18,630,762 |
| Exchange gains | 5.1 | 293,246,060 | 2,676,872 | 276,689,597 |
| Impairment on financial assets | | | | 922,084 |
| -Expected credit loss allowances | 6 | (4,308,865) | (1,335,856) | (4,313,944) |
| Net operating income | | 323,823,513 | 25,124,921 | 313,304,796 |
| Operating expenditure | 7 | (27,497,460) | (19,358,564) | (19,618,184) |
| Monetary (losses)/ gains | | (3,074,901) | 916,292 | - |
| Exchange losses | 5.1 | (277,269,785) | (745,260) | (264,379,905) |
| Fair value adjustment on asset held for sale | 10 | - | (1,138) | - |
| Profit before tax | | 15,981,367 | 5,936,251 | 29,306,707 |
| Income tax (expense) / credit | 8 | (1,060,124) | (2,780,397) | (3,125,855) |
| Profit for the year | | 14,921,243 | 3,155,854 | 26,180,852 |
| Other comprehensive income | | | | |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | | |
| Gain arising on revaluation of property and equipment | 17 | 10,561,799 | 4,607,789 | 15,145,328 |
| Deferred tax arising on revaluation of property and equipment | 26 | (2,610,877) | (1,139,046) | (3,743,925) |
| Total comprehensive income for the year | | 22,138,691 | 6,624,597 | 37,582,255 |

Statement of financial position

As at 28 February 2023

| Notes | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| ASSETS | | | | |
| Cash and cash equivalents | 9 | 29,750,584 | 10,725,202 | 29,750,584 |
| Non current assets held for sale | 10 | - | 1,688 | - |
| Equity instruments at fair value through profit or loss | 11 | 2,352,049 | 4,861,202 | 2,352,049 |
| Loans and advances to customers | 12 | 27,948,416 | 21,600,878 | 27,948,416 |
| Debt instruments measured at amortised cost | 13 | 11,319,613 | 18,535,021 | 11,319,613 |
| Other receivables | 14 | 12,120,020 | 8,974,668 | 12,031,737 |
| Inventories | 15 | 950,127 | 2,327,136 | 236,777 |
| Investment property | 16 | 21,621,501 | 4,462,930 | 21,621,501 |
| Property and equipment | 17 | 18,816,369 | 14,542,708 | 17,542,324 |
| Intangible assets | 18 | 6,577,572 | 6,573,879 | 762,761 |
| Right of use assets | 19.1 | 384,955 | 346,622 | 180,957 |
| Total assets | | 131,841,206 | 92,951,934 | 123,746,719 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Share capital | 20 | 925 | 925 | 4 |
| Share premium | 20 | 31,237,557 | 31,237,557 | 2,077,585 |
| Revaluation reserves | 21 | 12,590,066 | 4,639,144 | 13,756,645 |
| Retained earnings/(Accumulated losses) | | 6,716,874 | (7,342,676) | 28,031,246 |
| Total equity | | 50,545,422 | 28,534,950 | 43,865,480 |
| LIABILITIES | | | | |
| Deposits due to banks and customers | 22 | 57,979,579 | 49,835,535 | 57,979,579 |
| Provisions | 24 | 551,744 | 509,452 | 551,744 |
| Other liabilities | 25 | 13,593,386 | 8,286,397 | 13,593,386 |
| Taxation liabilities | 25.1 | 2,981,946 | 84,137 | 2,981,946 |
| Lease liability | 19.2 | 575,388 | 94,062 | 575,388 |
| Deferred tax liability | 26 | 5,613,741 | 5,607,401 | 4,199,196 |
| Total liabilities | | 81,295,784 | 64,416,984 | 79,881,239 |
| Total equity and liabilities | | 131,841,206 | 92,951,934 | 123,746,719 |

Statement of changes in equity

For the year ended 28 February 2023

| | INFLATION ADJUSTED | | | |
|--------------------------------|--------------------------|--------------------------|---------------------------------|------------------------------|
| | Share capital ZWL 000 | Share premium ZWL 000 | Revaluation reserves ZWL 000 | Retained earnings ZWL 000 |
| Balance as at 1 March 2021 | 925 | 24,054,466 | 1,170,401 | (10,498,530) |
| Total comprehensive income | - | - | 3,468,743 | 3,155,854 |
| Profit for the year | - | - | - | 3,155,854 |
| Other comprehensive income | - | - | 3,468,743 | - |
| Share issue | - | 7,183,091 | - | - |
| Balance as at 28 February 2022 | 925 | 31,237,557 | 4,639,144 | (7,342,676) |
| Total comprehensive income | - | - | 7,950,922 | 14,921,243 |
| Profit for the year | - | - | - | 14,921,243 |
| Other comprehensive income | - | - | 7,950,922 | - |
| Dividends paid | - | - | - | (861,693) |
| Balance at 28 February 2023 | 925 | 31,237,557 | 12,590,066 | 6,716,874 |

Statement of changes in equity (continued)

For the year ended 28 February 2023

| | UNAUDITED HISTORICAL COST | | | |
|--------------------------------|---------------------------|--------------------------|---------------------------------|------------------------------|
| | Share capital ZWL 000 | Share premium ZWL 000 | Revaluation reserves ZWL 000 | Retained earnings ZWL 000 |
| Balance as at 1 March 2021 | 4 | 106,318 | 752,141 | 458,395 |
| Total comprehensive income | - | - | 1,603,101 | 2,041,999 |
| Profit for the year | - | - | - | 2,041,999 |
| Other comprehensive income | - | - | 1,603,101 | - |
| Share issue | - | 1,971,267 | - | - |
| Balance as at 28 February 2022 | 4 | 2,077,585 | 2,355,242 | 2,500,394 |
| Total comprehensive income | - | - | 11,401,403 | 26,180,852 |
| Profit for the year | - | - | - | 26,180,852 |
| Other comprehensive income | - | - | 11,401,403 | - |
| Dividends paid | - | - | - | (650,000) |
| Balance at 28 February 2023 | 4 | 2,077,585 | 13,756,645 | 28,031,246 |

Statement of cash flows

For the year ended 28 February 2023

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before taxation | 15,981,367 | 5,936,251 | 29,306,707 | 2,589,385 |
| Adjustments for: | | | | |
| Change in operating assets | (6,414,456) | (32,892,498) | (40,574,367) | (11,962,575) |
| Change in operating liabilities | 13,451,033 | 791,334 | 53,594,908 | 6,968,600 |
| Change in provisions | 42,292 | 242,836 | 394,163 | 107,934 |
| Impairment of property and equipment | 238,305 | - | 106,723 | - |
| Other non-cash items | 2,392,381 | 2,620,312 | (12,283,322) | (405,373) |
| Net cash (utilised in)/generated from operations | 25,690,922 | (23,301,765) | 30,544,812 | (2,702,029) |
| Taxation paid | (766,852) | (941,645) | (708,740) | (293,229) |
| Net cash (outflow)/inflow from operating activities | 24,924,070 | (24,243,410) | 29,836,072 | (2,995,258) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of property and equipment | (1,446,626) | (566,659) | (1,175,800) | (166,071) |
| Proceeds from disposal of property and equipment | 1,285 | - | 423 | - |
| Purchase of intangible assets | (204,473) | (1,346,240) | (192,112) | (365,797) |
| Purchase of investment property | (3,046,560) | - | (1,072,607) | - |
| Proceeds from disposal of non-current assets held for sale | 1,688 | 6,611 | 522 | 1,372 |
| Net cash outflow from investing activities | (4,694,686) | (1,906,288) | (2,439,574) | (530,496) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Dividends paid | (861,693) | - | (650,000) | - |
| Lease repayments | (112,125) | (106,800) | (118,813) | (25,361) |
| Interest on lease liability | (84,954) | (26,568) | (49,351) | (5,938) |
| Net cash outflow from financing activities | (1,058,772) | (133,368) | (818,164) | (31,299) |
| Net (decrease)/increase in cash and cash equivalents | 19,170,612 | (26,283,066) | 26,578,334 | (3,557,053) |
| Expected Credit Losses (ECL) | (145,230) | (137,582) | (145,230) | (42,556) |
| Cash and cash equivalents at the beginning of the year | 10,725,202 | 37,145,850 | 3,317,480 | 6,917,089 |
| Cash and cash equivalents at the end of the year | 29,750,584 | 10,725,202 | 29,750,584 | 3,317,480 |

Notes to the abridged financial statements

For the year ended 28 February 2023

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).

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). 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 24:31), Banking Act (Chapter 24:20). 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.

Statutory Instrument 27 of 2023 defines inflation as the general increase in price levels of goods and services as a weighted average based on the use of Zimbabwe dollars (ZWL) and United States dollars (USD) (blended inflation). In order to comply with International Accounting Standard 29 - “Financial Reporting in Hyperinflationary Economies” in the preparation of its financial statements, the Bank estimated and applied Inflation Rates for February 2023 based on the Total Consumption Poverty Line published by ZIMSTAT. The estimation of the consumer price index is permitted by IAS 29 where a general consumer price index is not readily available. The Bank has obtained legal advice to the effect that its use of alternative available data to estimate the February 2023 inflation rates would not be in violation of Statutory Instrument 27 and any other legal statutes.

2.2 Going concern

The prevailing macro-economic conditions within the country’s economy have continued to negatively affect the business operating environment. The adverse conditions, which include; shortages of foreign currency; continued weakening of the local currency and price instability will continue to have a bearing on the performance of the business. The Directors and management are continuously monitoring and evaluating the operating environment to re-assess and appropriately adapt its strategies to ensure the continued operation of the Bank into the foreseeable future.

The Directors have reviewed the Bank’s cash flow forecasts to 31 May 2024 and, in light of this review and the current financial position, are satisfied that the Bank has access to adequate resources to continue in operational existence for the foreseeable future.

2.3 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.

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).

AUDITED ABRIDGED
FINANCIAL STATEMENTS

for the year ended 28 February 2023

EcoCash

HOLDINGS ZIMBABWE



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Notes to the abridged financial statements (continued)

For the year ended 28 February 2023

2BASIS OF PREPARATION (CONTINUED)

2.3Accounting policies (continued)

2.3.1Application of IAS 29 - Financial Reporting in Hyperinflationary Economies (continued)

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 financial statements for the year ended 28 February 2023 are as follows;

| Dates | Indices | CPI Conversion factor |
|------------------|-----------|-----------------------|
| 1 October 2018 | 72.29 | 194.31 |
| 28 February 2019 | 100.00 | 144.93 |
| 29 February 2020 | 640.16 | 22.64 |
| 28 February 2021 | 2,698.89 | 5.37 |
| 28 February 2022 | 4 483.06 | 3.23 |
| 28 February 2023 | 14,493.45 | 1 |

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.

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| 3INTEREST REVENUE CALCULATED USING THE EFFECTIVE INTEREST METHOD | | | | |
| Loans and advances to customers | 7,775,476 | 3,701,376 | 6,082,108 | 871,194 |
| Debt instruments measured at amortised cost | 4,864,864 | 4,846,887 | 3,983,243 | 1,208,103 |
| Other | 8,974 | 1,070 | 7,933 | 243 |
| | 12,649,314 | 8,549,333 | 10,073,284 | 2,079,540 |
| 4INTEREST EXPENSE | | | | |
| Trading activities | 2,798,930 | 2,316,913 | 2,202,306 | 566,991 |
| 5NON-INTEREST INCOME | | | | |
| Fees income earned from services that are provided over time: | | | | |
| Account Maintenance fees | 1,913,806 | 1,279,137 | 1,462,092 | 313,381 |
| Administration fees | 3,489,969 | 3,649,317 | 2,613,388 | 853,866 |
| Other | 236,597 | 4,491 | 229,268 | 1,406 |
| | 5,640,372 | 4,932,944 | 4,304,748 | 1,168,653 |
| Fees income from services that are provided at a point in time: | | | | |
| International banking fees | 16,667 | 16,323 | 10,937 | 3,810 |
| Transactional processing fees | 10,779,517 | 10,251,759 | 8,128,071 | 2,457,473 |
| Mortgage sales | - | 402,931 | - | 90,206 |
| Dealing income | 1,435,726 | -64,736 | 1,124,511 | (10,083) |
| Commissions | 930,870 | 751,412 | 750,617 | 161,747 |
| Dealing gains | 146,774 | 386,459 | 108,519 | 85,285 |
| | 13,309,554 | 11,744,148 | 10,122,655 | 2,788,438 |
| Total revenue from contracts with customers | 18,949,926 | 16,677,092 | 14,427,403 | 3,957,091 |
| 5.1Net foreign exchange gains | | | | |
| Foreign exchange gain | 293,246,060 | 2,676,872 | 276,689,597 | 922,084 |
| Foreign exchange losses | (277,269,785) | (745,260) | (264,379,905) | (230,521) |
| | 15,976,275 | 1,931,612 | 12,309,692 | 691,563 |
| | | | | |
| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |

6IMPAIRMENT ON FINANCIAL ASSETS CHARGE

Breakdown of ECL charges on Financial Instruments recognised in profit or loss

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| Loans and advances to customers | 1,241,669 | 259,679 | 1,241,669 | 54,681 |
| Debt instruments measured at amortised cost | 81,434 | 985,292 | 81,434 | 230,527 |
| Other receivables | 2,900,019 | (7,788) | 2,900,019 | (331) |
| Cash and cash equivalents | 102,674 | 127,426 | 102,674 | (64,953) |
| Expected credit loss | 4,325,796 | 1,364,609 | 4,325,796 | 219,924 |
| Bad debts recovered | (16,931) | (28,753) | (11,852) | (6,369) |
| Net expected credit losses allowance | 4,308,865 | 1,335,856 | 4,313,944 | 213,555 |

7OPERATING EXPENDITURE

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| Administration expenses | 10,817,844 | 9,126,319 | 8,559,262 | 2,225,446 |
| Amortisation of intangible assets | 200,780 | 229,361 | 64,116 | 34,395 |
| Audit fees | 143,703 | 173,185 | 115,035 | 43,597 |
| - Current year | 139,697 | 173,185 | 111,256 | 43,597 |
| - Prior year overruns | 4,006 | - | 3,779 | - |
| Depreciation of property and equipment | 3,524,504 | 1,333,114 | 1,480,543 | 307,448 |
| Depreciation of right of use | 301,943 | 655,481 | 65,170 | 13,557 |
| Impairment of intangible assets | - | 748,515 | - | 3,746 |
| Impairment of property and equipment | - | 2,208 | - | 396 |
| Impairment of investment properties | 238,305 | - | 106,723 | - |
| Directors' remuneration - short-term benefits | 91,186 | 73,465 | 66,685 | 13,537 |
| Occupancy expenses | 391,993 | 382,550 | 313,224 | 84,754 |
| Professional expenses | 6,726 | 181,565 | 5,727 | 45,430 |
| Staff costs | 11,780,476 | 6,452,800 | 8,841,699 | 1,589,104 |
| - short term benefits | 11,589,918 | 6,392,923 | 8,691,888 | 1,574,238 |
| - post - employment benefits | 190,558 | 59,877 | 149,811 | 14,866 |
| | 27,497,460 | 19,358,564 | 19,618,184 | 4,361,410 |

8INCOME TAX

The components of income tax expense are as follows:

| | | | | |
|-------------------------------|-------------|-----------|-----------|---------|
| Current tax expense | 3,664,661 | 1,041,730 | 3,664,661 | 322,224 |
| Deferred tax (credit)/expense | (2,604,537) | 1,738,667 | (538,806) | 225,162 |
| Total income tax expense | 1,060,124 | 2,780,397 | 3,125,855 | 547,386 |

8.1Income tax reconciliation

| | | | | |
|--|-------------|-------------|-------------|-----------|
| Accounting profit before income tax | 15,981,367 | 5,936,251 | 29,306,707 | 2,589,385 |
| Taxation at normal rate of 24.72% | 3,950,594 | 1,467,441 | 7,244,618 | 640,096 |
| Effect of non-deductible expenses: | | | | |
| - Donations expenses | 335,409 | 297,592 | 204,406 | 53,452 |
| - Excess management fees | 226,057 | 223,163 | 137,764 | 55,278 |
| - Exempt income | (593,488) | (733,033) | (361,685) | (289,058) |
| - Monetary adjustments | 760,116 | (226,506) | - | - |
| - Other non-deductible expenses | 1,893,349 | 3,077,245 | 1,153,849 | 382,598 |
| - Effects of income being taxed at different tax rates and tax bases | (5,511,913) | (1,325,505) | (5,253,097) | (294,980) |
| | 1,060,124 | 2,780,397 | 3,125,855 | 547,386 |

9CASH AND CASH EQUIVALENTS

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| Balances with the Reserve Bank of Zimbabwe | 10,392,737 | 7,156,251 | 10,392,737 | 2,213,545 |
| Balances with other banks | 15,378,030 | 2,188,482 | 15,378,030 | 676,933 |
| Cash balances | 4,125,047 | 1,518,051 | 4,125,047 | 469,558 |
| | 29,895,814 | 10,862,784 | 29,895,814 | 3,360,036 |
| Expected credit losses | (145,230) | (137,582) | (145,230) | (42,556) |
| Net cash and cash equivalents | 29,750,584 | 10,725,202 | 29,750,584 | 3,317,480 |

RBZ NNCDs (Non-Negotiable Certificates of Deposit) are classified as Cash and cash equivalents amounting to ZWL6.3billion as they can be liquidated within 30days.

9.1An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to monetary instruments included in cash and cash equivalents, disclosed 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:

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|--|--------------------|------------------|---------------------------|------------------|
| | Stage 1 ZWL 000 | Total ZWL 000 | Stage 1 ZWL 000 | Total ZWL 000 |
| As at 28 February 2022 | | | | |
| Gross carrying amounts | | | | |
| Gross carrying amount as at 01 March 2022 | 10,862,784 | 10,862,784 | 3,360,036 | 3,360,036 |
| New assets purchased | 26,535,778 | 26,535,778 | 26,535,778 | 26,535,778 |
| Assets derecognised or matured (excluding write offs) | - | - | - | - |
| Transferred from Debt Instruments measured at Amortised Cost | - | - | - | - |
| Transfers to Stage 1 | - | - | - | - |
| Transfers to Stage 2 | - | - | - | - |
| Transfers to Stage 3 | - | - | - | - |
| Amounts written off | - | - | - | - |
| Monetary loss | (7,502,748) | (7,502,748) | - | - |
| Gross carrying amount as at 28 February 2022 | 29,895,814 | 29,895,814 | 29,895,814 | 29,895,814 |
| ECL allowance | | | | |
| ECL allowance as at 1 March 2022 | 137,582 | 137,582 | 42,556 | 42,556 |
| New assets purchased | 30,004,237 | 30,004,237 | 30,004,237 | 30,004,237 |
| Assets derecognised or matured (excluding write offs) | (30,046,793) | (30,046,793) | (30,046,793) | (30,046,793) |
| Transferred from Debt Instruments measured at Amortised Cost | - | - | 145,230 | 145,230 |
| Monetary loss | 50,204 | 50,204 | - | - |
| ECL allowance as at 28 February 2023 | 145,230 | 145,230 | 145,230 | 145,230 |

Notes to the abridged financial statements (continued)

For the year ended 28 February 2023

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|--|---|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| 10 | NON CURRENT ASSETS HELD FOR SALE | | | |
| Opening balance | 1,688 | 7,898 | 522 | 1,471 |
| Transfer from property and equipment | - | 1,539 | - | 423 |
| Disposals | (1,688) | (6,611) | (522) | (1,372) |
| Fair value adjustment | | (1,138) | - | - |
| Closing balance | - | 1,688 | - | 522 |
| 11 | EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | |
| Listed Shares: | | | | |
| Opening balance | 4,861,202 | - | 1,503,649 | - |
| Additions | 456,861 | 3,274,978 | 150,236 | 898,767 |
| Unquoted shares transferred from other receivables | - | 81,156 | - | 25,103 |
| Fair value adjustments | (2,966,014) | 1,505,068 | 698,164 | 579,779 |
| | 2,352,049 | 4,861,202 | 2,352,049 | 1,503,649 |
| 12 | LOANS AND ADVANCES TO CUSTOMERS | | | |
| 12.1 | Total loans and advances | | | |
| Consumer loans | 8,725,176 | 2,576,867 | 8,725,176 | 797,067 |
| Small-to-medium Enterprise loans | 24,566 | 34,143 | 24,566 | 10,561 |
| Corporate loans | 20,599,311 | 19,503,801 | 20,599,311 | 6,032,843 |
| | 29,349,053 | 22,114,811 | 29,349,053 | 6,840,471 |
| Less: Allowance for Expected Credit Losses | (1,400,637) | (513,933) | (1,400,637) | (158,968) |
| | 27,948,416 | 21,600,878 | 27,948,416 | 6,681,503 |
| 12.2 | Maturity analysis | | | |
| Less than one month | 2,985,904 | 6,353,772 | 2,985,904 | 1,965,325 |
| 1 to 3 months | 7,677,824 | 356,460 | 7,677,824 | 110,259 |
| 3 to 6 months | 5,069,827 | 1,287,123 | 5,069,827 | 398,128 |
| 6 months to 1 year | 6,982,248 | 2,011,553 | 6,982,248 | 622,206 |
| 1 to 5 years | 4,451,388 | 8,673,630 | 4,451,388 | 2,682,895 |
| Over 5 years | 2,181,862 | 3,432,273 | 2,181,862 | 1,061,658 |
| Gross loans and advances | 29,349,053 | 22,114,811 | 29,349,053 | 6,840,471 |

12.3 Sectorial analysis of utilisations

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|----------------------------|-----------------------------|--------|-----------------------------|--------|
| | 28 February 2023 ZWL 000 | % | 28 February 2022 ZWL 000 | % |
| Mining | 51,102 | 0.2% | 168,040 | 0.8% |
| Manufacturing | 6,236,732 | 21.3% | 2,069,462 | 9.4% |
| Agriculture | 6,588,947 | 22.5% | 1,664,474 | 7.5% |
| Distribution | 1,380,670 | 4.7% | 1,755,230 | 7.9% |
| Services and communication | 8,647,506 | 29.5% | 2,001,168 | 9.0% |
| Individuals | 6,444,096 | 22.0% | 14,456,437 | 65.4% |
| | 29,349,053 | 100.0% | 22,114,811 | 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:

| | 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 | 19,999,872 | 1,801,470 | 313,469 | 22,114,811 |
| New loans and advances originated | 41,811,979 | - | - | 41,811,979 |
| Loans and advances derecognised or repaid (excluding write offs) | (4,485,280) | (347,774) | (44,639) | (4,877,693) |
| Transfers to Stage 1 | 326,399 | (295,950) | (30,449) | - |
| Transfers to Stage 2 | (379,067) | 156,670 | 222,397 | - |
| Transfers to Stage 3 | (692,006) | 692,006 | - | - |
| Monetary loss | (28,101,706) | (1,324,294) | (274,044) | (29,700,044) |
| Gross carrying amount as at 28 February 2023 | 28,480,191 | 682,128 | 186,734 | 29,349,053 |
| ECL allowance | | | | |
| ECL allowance as at 1 March 2022 | 180,355 | 115,781 | 217,797 | 513,933 |
| New loans and advances originated | 1,181,799 | - | - | 1,181,799 |
| Loans and advances derecognised or repaid (excluding write offs) | 35,316 | 16,346 | 8,208 | 59,870 |
| Transfers to Stage 2 | (709) | (4,562) | 5,271 | - |
| Transfers to Stage 3 | (6,875) | 992 | 5,883 | - |
| Monetary loss | (94,887) | (93,056) | (167,022) | (354,965) |
| ECL allowance as at 28 February 2023 | 1,294,999 | 35,501 | 70,137 | 1,400,637 |

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 2022 | 6,186,285 | 557,226 | 96,960 | 6,840,471 |
| New loans and advances originated | 25,481,157 | - | - | 25,481,157 |
| Loans and advances derecognised or repaid (excluding write offs) | (2,733,430) | (211,941) | (27,204) | (2,972,575) |
| Transfers to Stage 1 | 198,915 | (180,359) | (18,556) | - |
| Transfers to Stage 2 | (231,012) | 95,478 | 135,534 | - |
| Transfers to Stage 3 | (421,724) | 421,724 | - | - |
| Gross carrying amount as at 28 February 2023 | 28,480,191 | 682,128 | 186,734 | 29,349,053 |
| ECL allowance as at 1 March 2022 | 55,789 | 35,812 | 67,367 | 158,968 |
| New loans and advances originated | 1,181,799 | - | - | 1,181,799 |
| Loans and advances derecognised or repaid (excluding write offs) | 35,316 | 16,346 | 8,208 | 59,870 |
| Transfers to Stage 1 | 29,679 | (13,087) | (16,592) | - |
| Transfers to Stage 2 | (709) | (4,562) | 5,271 | - |
| Transfers to Stage 3 | (6,875) | 992 | 5,883 | - |
| ECL allowance as at 28 February 2023 | 1,294,999 | 35,501 | 70,137 | 1,400,637 |
| | | | | |
| | 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 | 7,052,031 | 522,801 | 1,563,801 | 9,138,633 |
| New loans and advances originated | 22,961,582 | - | 70,420 | 23,032,002 |
| Loans and advances derecognised or repaid (excluding write offs) | (4,238,975) | (423,421) | (1,231,856) | (5,894,252) |
| Transfers to Stage 1 | - | - | - | - |
| Transfers to Stage 2 | (2,596,110) | 2,596,110 | - | - |
| Transfers to Stage 3 | (367,323) | - | 367,323 | - |
| Monetary loss | (2,811,333) | (894,020) | (456,219) | (4,161,572) |
| Gross carrying amount as at 28 February 2022 | 19,999,872 | 1,801,470 | 313,469 | 22,114,811 |
| ECL allowance | | | | |
| ECL allowance as at 1 March 2021 | 86,342 | 67,090 | 406,606 | 560,038 |
| New loans and advances originated | 620,924 | - | 70,420 | 691,344 |
| Loans and advances derecognised or repaid (excluding write offs) | (48,022) | (54,333) | (329,310) | (431,665) |
| Transfers to Stage 2 | (165,248) | 165,248 | - | - |
| Transfers to Stage 3 | (238,630) | - | 238,630 | - |
| Monetary loss | (75,011) | (62,224) | (168,549) | (305,784) |
| ECL allowance as at 28 February 2022 | 180,355 | 115,781 | 217,797 | 513,933 |
| | | | | |
| | 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 | 153,931 |
| 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 | 158,968 |

13 DEBT INSTRUMENTS MEASURED AT AMORTISED COST

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| Opening Balance | 19,362,172 | 4,809,291 | 5,989,035 | 895,559 |
| Additions | 19,570,746 | 31,144,725 | 11,926,851 | 6,592,386 |
| Repayments received on maturity | (11,382,603) | (4,093,470) | (6,936,813) | (889,742) |
| Balances disclosed under cash and cash equivalents | - | (3,321,949) | - | (1,027,533) |
| Accrued interest | 1,112,242 | 1,353 | 677,825 | 418,365 |
| Net monetary adjustment | (17,005,659) | (9,177,778) | - | - |
| | 11,656,898 | 19,362,172 | 11,656,898 | 5,989,035 |
| Less: Allowance for ECL | (337,285) | (827,151) | (337,285) | (255,851) |
| Closing balance | 11,319,613 | 18,535,021 | 11,319,613 | 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:




| | 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 | 19,362,172 | - | - | 19,362,172 |
| New assets purchased | 20,682,988 | - | - | 20,682,988 |
| Assets derecognised or matured (excluding write offs) | (11,382,603) | - | - | (11,382,603) |
| Balances disclosed under cash and cash equivalents | - | - | - | - |
| Monetary loss | (17,005,659) | - | - | (17,005,659) |
| Gross carrying amount as at 28 February 2023 | 11,656,898 | - | - | 11,656,898 |
| ECL allowance | | | | |
| ECL allowance as at 1 March 2022 | 827,151 | - | - | 827,151 |
| New assets purchased | 309,143 | - | - | 309,143 |
| Assets derecognised or matured (excluding write offs) | (227,709) | - | - | (227,709) |
| Balances disclosed under cash and cash equivalents | - | - | - | - |
| Monetary loss | (571,300) | - | - | (571,300) |
| ECL allowance as at 28 February 2023 | 337,285 | - | - | 337,285 |


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for the year ended 28 February 2023

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Notes to the abridged financial statements (continued)

For the year ended 28 February 2023

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 2022 | 5,989,035 | - | - | 5,989,035 |
| New assets purchased | 12,604,676 | - | - | 12,604,676 |
| Assets derecognised or matured (excluding write offs) | (6,936,813) | - | - | (6,936,813) |
| Gross carrying amount as at 28 February 2023 | 11,656,898 | - | - | 11,656,898 |
| ECL allowance | | | | |
| ECL allowance as at 1 March 2022 | 255,851 | - | - | 255,851 |
| New assets purchased | 309,143 | - | - | 309,143 |
| Assets derecognised or matured (excluding write offs) | (227,709) | - | - | (227,709) |
| ECL allowance as at 28 February 2023 | 337,285 | - | - | 337,285 |

| | 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 | 4,809,291 | - | - | 4,809,291 |
| New assets purchased | 31,146,078 | - | - | 31,146,078 |
| Assets derecognised or matured (excluding write offs) | (4,093,470) | - | - | (4,093,470) |
| Balances disclosed under cash and cash equivalents | (3,321,949) | - | - | (3,321,949) |
| Monetary loss | (9,177,778) | - | - | (9,177,778) |
| Gross carrying amount as at 28 February 2022 | 19,362,172 | - | - | 19,362,172 |
| ECL allowance | | | | |
| ECL allowance as at 1 March 2021 | 135,997 | - | - | 135,997 |
| New assets purchased | 1,223,211 | - | - | 1,223,211 |
| Assets derecognised or matured (excluding write offs) | (100,337) | - | - | (100,337) |
| Balances disclosed under cash and cash equivalents | (137,581) | - | - | (137,581) |
| Monetary loss | (294,139) | - | - | (294,139) |
| ECL allowance as at 28 February 2022 | 827,151 | - | - | 827,151 |

| | 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 |

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| 14 OTHER RECEIVABLES | | | | |
| Refundable deposits | 2,980,246 | 960,948 | 2,980,246 | 297,237 |
| Prepayments | 1,929,764 | 1,102,370 | 1,841,481 | 225,230 |
| Other receivables | 9,169,955 | 6,761,836 | 9,169,955 | 2,091,546 |
| Unquoted shares transferred to equity instruments | - | (81,156) | - | (25,103) |
| Amounts due from related parties | 942,886 | 239,761 | 942,886 | 74,162 |
| | 15,022,851 | 8,983,759 | 14,934,568 | 2,663,072 |
| Less: Allowance for ECL | (2,902,831) | (9,091) | (2,902,831) | (2,812) |
| | 12,120,020 | 8,974,668 | 12,031,737 | 2,660,260 |

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| 15 INVENTORIES | | | | |
| Opening balance | 2,327,136 | 2,585,632 | 106,526 | 42,970 |
| Additions | 980,413 | 1,251,919 | 594,987 | 290,098 |
| Inventory utilised during the year | (1,024,006) | (1,337,472) | (426,005) | (185,750) |
| Transfer to Investment property | (1,333,416) | (172,943) | (38,731) | (40,792) |
| Closing balance | 950,127 | 2,327,136 | 236,777 | 106,526 |

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

16 INVESTMENT PROPERTY

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| Opening balance | 4,462,930 | 4,920,662 | 1,380,457 | 916,297 |
| Additions | 3,046,560 | - | 1,072,607 | - |
| Transfers from inventory | 1,333,416 | 172,943 | 38,731 | 40,792 |
| Transfers from property & equipment | 4,208,975 | - | 1,384,101 | - |
| Disposals | (238,305) | - | (106,723) | - |
| Impairment | (244,097) | - | (80,270) | - |
| Fair value adjustments | 9,052,022 | (630,675) | 17,932,598 | 423,368 |
| Closing balance | 21,621,501 | 4,462,930 | 21,621,501 | 1,380,457 |

Investment property consists of commercial buildings and undeveloped residential stands.

| | Valuation technique | Significant observable inputs | Range (weighted average) | Interrelationship between significant observable inputs and fair value measurement |
|--------------------|--|-------------------------------|---|---|
| Office property | Implicit investment approach (Refer below) | Comparable rentals per month | ZWL2,800 – ZWL7,000 per square meter and ZWL4,900 – ZWL10,500 per square meter for suburban office parks. | The estimated fair value would increase if expected market rental growth were higher. |
| Residential Stands | Market value of similar properties (Refer below) | Net land for disposal | 321, 011 sqm ZWL11,312 – ZWL20,064 per sqm | The estimated fair value would increase if expected market values were higher. |

Implicit investment approach

In arriving at the market value for office property, the implicit investment approach was applied based on the capitalisation of income. This method is based on the principle that rentals and capital values are inter-related, hence, given the income produced by a property, its capital value can therefore be estimated. Comparable rentals inferred from properties within the locality of the property, based on use, location, size and quality of finishes were used. The rentals were then adjusted per square meter to the lettable areas, being rentals achieved for comparable properties as at 28 February 2023. The rentals are then annualised and a capitalisation factor is applied to arrive at a market value of the property, also inferring on comparable premises which are in the same category as regards the building elements.

Market value of similar properties

In assessing the market value for residential stands, values of various properties that had been recently sold or which are currently on sale and situated in comparable residential areas was used. Market evidence from other Estate Agents and local press was also taken into consideration.

17 PROPERTY AND EQUIPMENT

| | INFLATION ADJUSTED | | | | | | | Total ZWL '000 |
|---|--------------------------------|---|---------------------------------------|---------------------------------|-----------------------------------|-------------------------------|---------------------------------|--------------------|
| | 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 | |
| At Cost or Valuation: | | | | | | | | |
| 1 March 2021 | 769,171 | 1,530,172 | 1,096,838 | 61,778 | 5,232,861 | 122,464 | 1,347,152 | 10,160,436 |
| Additions | 3,908,039 | - | - | - | - | - | 566,659 | 4,474,698 |
| Transfer to Held for sale | - | - | - | - | - | (1,539) | - | (1,539) |
| Transfers from Work-in-Progress | - | - | - | - | 24,328 | - | (24,328) | - |
| Derecognition | - | - | - | - | (1,801) | - | - | (1,801) |
| Impairment of assets held for sale | - | - | - | - | - | (407) | - | (407) |
| Revaluation adjustment | 528,873 | 2,276,579 | - | 8,836 | 624,225 | - | - | 3,438,513 |
| 28 February 2022 | 5,206,083 | 3,806,751 | 1,096,838 | 70,614 | 5,879,613 | 120,518 | 1,889,483 | 18,069,900 |
| Additions | - | - | - | - | - | - | 1,446,626 | 1,446,626 |
| Transfers from Work-in-Progress | - | 11,342 | - | 28,011 | 1,439,528 | 383,715 | (1,862,596) | - |
| Disposals | - | - | - | - | (1,285) | - | - | (1,285) |
| Transfer to investment property | (4,208,975) | - | - | - | - | - | - | (4,208,975) |
| Revaluation adjustment | 126,990 | 4,174,897 | - | 69,265 | 12,914 | - | - | 4,384,066 |
| 28 February 2023 | 1,124,098 | 7,992,990 | 1,096,838 | 167,890 | 7,330,770 | 504,233 | 1,473,513 | 19,690,332 |
| Accumulated depreciation and impairment: | | | | | | | | |
| 1 March 2021 | - | - | 955,113 | - | 2,371,395 | 36,846 | - | 3,363,354 |
| Depreciation charge for the year | 50,777 | 259,847 | 12,266 | 13,834 | 961,802 | 34,589 | - | 1,333,115 |
| Impairment | - | - | 86,316 | - | - | 42,933 | - | 129,249 |
| Eliminated on revaluation | (50,777) | (259,847) | (12,266) | (13,834) | (961,802) | - | - | (1,298,526) |
| 28 February 2022 | - | - | 1,041,429 | - | 2,371,395 | 114,368 | - | 3,527,192 |
| Depreciation charge for the period | 8,849 | 248,960 | 2,762 | 4,435 | 3,207,817 | 51,681 | - | 3,524,504 |
| Impairment | - | - | 815,088 | - | - | 58,875 | - | 873,963 |
| Eliminated on revaluation | (8,849) | (248,960) | (1,044,191) | (4,435) | (5,579,212) | (166,049) | - | (7,051,696) |
| 28 February 2023 | - | - | 815,088 | - | - | 58,875 | - | 873,963 |
| Net carrying amount: | | | | | | | | |
| At 28 February 2023 | 1,124,098 | 7,992,990 | 281,750 | 167,890 | 7,330,770 | 445,358 | 1,473,513 | 18,816,369 |
| At 28 February 2022 | 5,206,083 | 3,806,751 | 55,409 | 70,614 | 3,508,218 | 6,150 | 1,889,483 | 14,542,708 |

Notes to the abridged financial statements (continued)

For the year ended 28 February 2023

17 PROPERTY AND EQUIPMENT (CONTINUED)

| | UNAUDITED HISTORICAL COST | | | | | | | Total ZWL '000 |
|--|-----------------------------------|--|---------------------------------------|---------------------------------|-----------------------------------|-------------------------------|---------------------------------|-------------------|
| | 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 | |
| Historical cost: | | | | | | | | |
| 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 | - | - | - | - | - | - | 1,175,800 | 1,175,800 |
| Transfers from Work-in-Progress | - | 9,956 | - | 13,384 | 841,076 | 284,331 | (1,148,747) | - |
| Disposals | - | - | - | - | (423) | - | - | (423) |
| Transfer to investment property | (1,384,101) | - | - | - | - | - | - | (1,384,101) |
| Revaluation adjustment | 897,279 | 6,805,543 | 255,359 | 132,665 | 5,404,968 | 145,618 | - | 13,641,432 |
| 28 February 2023 | 1,124,098 | 7,992,990 | 281,750 | 167,890 | 7,330,770 | 445,358 | 199,468 | 17,542,324 |
| 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 | 14,703 | 458,627 | 5,359 | 11,080 | 944,877 | 45,897 | - | 1,480,543 |
| Eliminated on revaluation | (15,297) | (458,627) | (14,611) | (11,080) | (944,877) | (59,404) | - | (1,503,896) |
| 28 February 2023 | - | - | - | - | - | - | - | - |
| Net carrying amount: | | | | | | | | |
| At 28 February 2023 | 1,124,098 | 7,992,990 | 281,750 | 167,890 | 7,330,770 | 445,358 | 199,468 | 17,542,324 |
| At 28 February 2022 | 1,610,326 | 1,177,491 | 17,139 | 21,841 | 1,085,149 | 1,902 | 172,415 | 4,086,263 |

18 INTANGIBLE ASSETS

| | INFLATION ADJUSTED | | Total ZWL '000 |
|--|----------------------------------|---|-------------------|
| | Computer software ZWL '000 | Current work in progress ZWL '000 | |
| Cost: | | | |
| As at 1 March 2021 | 5,098,836 | 1,977,025 | 7,075,861 |
| Prior period error - Reversal of revaluation | 548,739 | - | 548,739 |
| Additions | - | 1,346,240 | 1,346,240 |
| Transfer from Work-In-Progress | 2,301,120 | (2,301,120) | - |
| As at 28 February 2022 | 7,948,695 | 1,022,145 | 8,970,840 |
| Additions | - | 204,473 | 204,473 |
| Transfer from Work In Progress | 399,036 | (399,036) | - |
| As at 28 February 2023 | 8,347,731 | 827,582 | 9,175,313 |
| Accumulated amortisation and impairment: | | | |
| As at 1 March 2021 | 3,966,125 | - | 3,966,125 |
| Prior period error - Reversal of revaluation | (2,547,040) | - | (2,547,040) |
| Amortisation charge for the year | 229,361 | - | 229,361 |
| Impairment of intangible assets | 748,515 | - | 748,515 |
| As at 28 February 2022 | 2,396,961 | - | 2,396,961 |
| Amortisation charge for the period | 200,780 | - | 200,780 |
| As at 28 February 2023 | 2,597,741 | - | 2,597,741 |
| Net carrying amount: | | | |
| At 28 February 2023 | 5,749,990 | 827,582 | 6,577,572 |
| At 28 February 2022 | 5,551,734 | 1,022,145 | 6,573,879 |
| | UNAUDITED HISTORICAL COST | | Total ZWL '000 |
| | Computer software ZWL '000 | Current work in progress 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 | - | 192,112 | 192,112 |
| Transfer from Work-In-Progress | 134,957 | (134,957) | - |
| As at 28 February 2023 | 514,079 | 331,701 | 845,780 |
| 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 | 64,116 | - | 64,116 |
| Impairment | - | - | - |
| As at 28 February 2023 | 83,019 | - | 83,019 |
| Net carrying amount: | | | |
| At 28 February 2023 | 431,060 | 331,701 | 762,761 |
| At 28 February 2022 | 360,219 | 274,546 | 634,765 |

19.1 RIGHT OF USE ASSETS

| | INFLATION ADJUSTED | | Total ZWL '000 |
|--|------------------------------|---------------------------------|-------------------|
| | Bank Branches ZWL '000 | Office Buildings ZWL '000 | |
| Cost: | | | |
| As at 1 March 2021 | 1,255,246 | 162,070 | 1,417,316 |
| Modification | 13,727 | - | 13,727 |
| As at 28 February 2022 | 1,268,973 | 162,070 | 1,431,043 |
| Additions | 158,249 | 141,754 | 300,003 |
| Modification | 40,273 | - | 40,273 |
| Expired leases | (113,559) | (7,465) | (121,024) |
| As at 28 February 2023 | 1,353,936 | 296,359 | 1,650,295 |
| Accumulated depreciation and impairment: | | | |
| As at 1 March 2021 | 361,795 | 67,145 | 428,940 |
| Depreciation charge for the year | 598,908 | 56,573 | 655,481 |
| As at 28 February 2022 | 960,703 | 123,718 | 1,084,421 |
| Depreciation charge for the period | 272,411 | 29,532 | 301,943 |
| Expired leases | (113,559) | (7,465) | (121,024) |
| As at 28 February 2023 | 1,119,555 | 145,785 | 1,265,340 |
| Net carrying amount: | | | |
| At 28 February 2023 | 234,381 | 150,574 | 384,955 |
| At 28 February 2022 | 308,270 | 38,352 | 346,622 |
| | UNAUDITED HISTORICAL COST | | Total ZWL '000 |
| | Bank Branches ZWL '000 | Office Buildings 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 | 219,432 | - | 219,432 |
| Modification | 13,244 | - | 13,244 |
| Expired leases | (18,590) | - | (18,590) |
| As at 28 February 2023 | 238,444 | 13,575 | 252,019 |
| 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 2022 | 16,940 | 7,542 | 24,482 |
| Amortisation charge for the period | 62,467 | 2,703 | 65,170 |
| Expired lease depreciation | (18,590) | - | (18,590) |
| As at 28 February 2023 | 60,817 | 10,245 | 71,062 |
| Net carrying amount: | | | |
| At 28 February 2023 | 177,627 | 3,330 | 180,957 |
| At 28 February 2022 | 7,418 | 6,033 | 13,451 |

19.2 LEASE LIABILITIES

| | INFLATION ADJUSTED | | Total ZWL '000 |
|------------------------|------------------------------|---------------------------------|-------------------|
| | Bank Branches ZWL '000 | Office Buildings ZWL '000 | |
| As at 1 March 2021 | 161,110 | 50,098 | 211,208 |
| Modifications | 13,727 | - | 13,727 |
| Interest expense | 21,842 | 4,727 | 26,569 |
| Repayments | (115,274) | (18,095) | (133,369) |
| Exchange loss / (gain) | 42,099 | (2,244) | 39,855 |
| Monetary loss | (46,422) | (17,506) | (63,928) |
| As at 28 February 2022 | 77,082 | 16,980 | 94,062 |
| Additions | 158,249 | 141,754 | 300,003 |
| Modifications | 40,273 | - | 40,273 |
| Interest expense | 84,043 | 911 | 84,954 |
| Repayments | (179,348) | (17,731) | (197,079) |
| Exchange loss | 422,589 | 9,841 | 432,430 |
| Monetary loss | (30,931) | (148,324) | (179,255) |
| As at 28 February 2023 | 571,957 | 3,431 | 575,388 |
| | UNAUDITED HISTORICAL COST | | Total ZWL '000 |
| | Bank Branches ZWL '000 | Office Buildings 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 | 12,244 | 126 | 12,370 |
| Repayments | (23,997) | (7,302) | (31,299) |
| As at 28 February 2022 | 23,844 | 5,251 | 29,095 |
| Additions | - | - | - |
| Modification | 21,601 | - | 21,601 |
| Expired leases | - | 1,083 | 1,083 |
| Interest expense | 48,799 | 552 | 49,351 |
| Exchange loss | 422,589 | 9,841 | 432,430 |
| Repayments | (155,951) | (12,213) | (168,164) |
| As at 28 February 2022 | 319,071 | 840,188 | 1,159,259 |

20 SHARE CAPITAL AND SHARE PREMIUM

| | | UNAUDITED HISTORICAL COST | | | |
|--|--------------------------------------|--------------------------------------|---------------------------------|---------------------------------|--|
| | 28 February 2023 No. of Shares | 28 February 2022 No. of Shares | 28 February 2023 ZWL '000 | 28 February 2022 ZWL '000 | |
| Share capital: | | | | | |
| Authorised | | | | | |
| Ordinary shares of ZWL0.0000001 each | 70,000,000,000 | 70,000,000,000 | 7 | 7 | |
| 10% Irredeemable non-cumulative preference shares of ZWL1 each | 10 | 10 | - | - | |
| | | | 7 | 7 | |
| Issued | | | | | |
| Ordinary shares of ZWL0.0000001 each | 472,444,546 | 472,444,546 | - | - | |
| 10% Irredeemable non-cumulative preference shares of ZWL1 each | 4,030 | 4,030 | 4 | 4 | |
| | | | 4 | 4 | |
| Share premium | | | 2,077,585 | 2,077,585 | |
| | | | | | |
| INFLATION ADJUSTED | | | UNAUDITED HISTORICAL COST | | |
| | Share Capital ZWL '000 | Share Premium ZWL '000 | Share Capital ZWL '000 | Share Premium ZWL '000 | |
| Movements in share capital and share premium | | | | | |
| As at 1 March 2021 | 925 | 24,054,466 | 4 | 106,318 | |
| Share Issue | - | 7,183,091 | - | 1,971,267 | |
| As at 28 February 2022 | 925 | 31,237,557 | 4 | 2,077,585 | |
| As at 28 February 2023 | 925 | 31,237,557 | 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.

For the year ended 28 February 2023

21 REVALUATION RESERVES

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

22 DEPOSITS DUE TO BANKS AND CUSTOMERS

22.2 Sectoral analysis of deposits

23 FAIR VALUE MEASUREMENT

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

Quantitative disclosures: fair value measurement hierarchy for assets and liabilities as at 28 February 2023:

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 VALUE MEASUREMENT

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

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

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 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 28 February 2023, 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

Current provision
Amount utilised
Monetary loss
As at 28 February 2023



Notes to the abridged financial statements (continued)

For the year ended 28 February 2023

24

PROVISIONS (CONTINUED)

| | UNAUDITED HISTORICAL COST | | | |
|------------------------|---------------------------------|-----------------------------|------------------------------|-------------------|
| | Leave pay provision ZWL '000 | Bonus provision ZWL '000 | Other provisions ZWL '000 | Total ZWL '000 |
| 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 | 135,585 | 1,056,532 | 124,087 | 1,316,204 |
| Amount utilised | - | (803,752) | (118,289) | (922,041) |
| As at 28 February 2023 | 144,584 | 372,650 | 34,510 | 551,744 |

25

OTHER LIABILITIES

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| Amounts due to related parties | 618,507 | 191,383 | 618,507 | 59,198 |
| Sundry creditors | 12,974,879 | 8,095,014 | 12,974,879 | 2,503,921 |
| | | | | |
| Sundry creditors and accruals | 13,593,386 | 8,286,397 | 13,593,386 | 2,563,119 |

The Bank's sundry creditors comprises accruals, suspense accounts and other staff related statutory obligations as at 28 February 2023.

25.1

TAXATION LIABILITY

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| Income tax liabilities | 2,981,946 | 84,137 | 2,981,946 | 26,025 |

26

DEFERRED TAX LIABILITY

| | INFLATION ADJUSTED | | | | | | | Total ZWL '000 |
|--|---------------------------------------|-----------------------|---------------------------------|--|------------------------|------------------------------|-------------------|-------------------|
| | Accelerated wear and tear ZWL '000 | Inventory ZWL '000 | Investment Property ZWL '000 | Right of use and lease liability ZWL '000 | Provisions ZWL '000 | Unrealised gains ZWL '000 | Other ZWL '000 | |
| As at 1 March 2021 | 973,586 | 639,171 | 841,533 | 192,117 | (481,527) | (235,953) | 35,498 | 1,964,425 |
| Effect of reversal of revaluation on intangible assets (Credit)/ charge to profit for the period | 765,275 | - | - | - | - | - | - | 765,275 |
| Charge to other comprehensive income | 1,402,991 | (63,899) | (61,170) | (129,686) | 234,750 | 170,292 | 185,379 | 1,738,657 |
| As at 28 February 2022 | 1,139,044 | - | - | - | - | - | - | 1,139,044 |
| As at 28 February 2022 | 4,280,896 | 575,272 | 780,363 | 62,431 | (246,777) | (65,661) | 220,877 | 5,607,401 |
| Charge / (credit) to profit for the period | (3,146,728) | (575,272) | 945,702 | (109,506) | 114,150 | 389,691 | (222,574) | (2,604,537) |
| Credit to other comprehensive income | 2,610,877 | - | - | - | - | - | - | 2,610,877 |
| As at 28 February 2023 | 3,745,045 | - | 1,726,065 | (47,075) | (132,627) | 324,030 | (1,697) | 5,613,741 |
| | | | | | | | | |
| | UNAUDITED HISTORICAL COST | | | | | | | Total ZWL '000 |
| | Accelerated wear and tear ZWL '000 | Inventory ZWL '000 | Investment Property ZWL '000 | Right of use and lease liability ZWL '000 | Provisions ZWL '000 | Unrealised gains ZWL '000 | Other 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 (Credit)/ charge to profit for the period | (7,622) | - | - | - | - | - | - | (7,622) |
| Charge to other comprehensive income | 29,981 | 24,658 | 84,674 | (140) | (26,557) | (20,310) | 132,856 | 225,162 |
| As at 28 February 2022 | 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 | (2,114,520) | (26,333) | 1,484,686 | (93,636) | (20,169) | 363,841 | (132,675) | (538,806) |
| Charge to other comprehensive income | 3,743,925 | - | - | - | - | - | - | 3,743,925 |
| As at 28 February 2023 | 2,359,477 | - | 1,726,065 | (97,504) | (136,392) | 324,030 | 23,520 | 4,199,196 |

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:

| | INFLATION ADJUSTED | | UNAUDITED HISTORICAL COST | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 | 28 February 2023 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 | 5,317 | 35,963 | 5,317 | 11,124 |
| | | | | |
| b) Compensation of key management personnel of the Bank: | 112,781 | 364,614 | 88,704 | 286,775 |
| Short-term benefits | 102,559 | 331,567 | 81,106 | 262,211 |
| Post-employment benefits | 10,222 | 33,047 | 7,598 | 24,564 |

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)

28.2

Credit quality analysis

| | INFLATION ADJUSTED AND UNAUDITED 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 | Stage 3 ZWL '000 | |
| | | | | | | | |
| At 28 February 2023: | | | | | | | |
| <i>Loans and advances to customers:</i> | | | | | | | |
| Retail portfolio - Consumer and | | | | | | | |
| Mortgage loans | 1,445,780 | 87,142 | 968,024 | 1,747 | 1,246,393 | 16,850,225 | 20,599,311 |
| Corporate and SME portfolio | 61,301 | 875,126 | 93,075 | - | - | 7,720,240 | 8,749,742 |
| | 1,507,081 | 962,268 | 1,061,099 | 1,747 | 1,246,393 | 24,570,465 | 29,349,053 |
| <i>Debt instruments measured at amortised cost:</i> | | | | | | | |
| Exposure to banks | 158,098 | - | - | - | - | - | 158,098 |
| Government debt securities | 11,498,800 | - | - | - | - | - | 11,498,800 |
| | 11,656,898 | - | - | - | - | - | 11,656,898 |
| Other receivables | 10,190,256 | - | - | - | - | 2,902,831 | 13,093,087 |
| <i>Contingent liabilities, commitments</i> | | | | | | | |
| Financial guarantees | - | - | - | - | - | - | - |
| Commitments to lend | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| | 23,354,235 | 962,268 | 1,061,099 | 1,747 | 1,246,393 | 27,473,296 | 54,099,038 |

| | 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 | Stage 3 ZWL '000 | |
| | | | | | | | |
| At 28 February 2022: | | | | | | | |
| <i>Loans and advances to customers:</i> | | | | | | | |
| Retail portfolio - Consumer and Mortgage loans | 2,195,711 | 6,188 | 3,922 | 94,715 | 81,150 | 17,122,115 | 19,503,801 |
| Corporate and SME portfolio | 36 | - | - | 2,512,875 | 1,342 | 96,760 | 2,611,013 |
| | 2,195,747 | 6,188 | 3,922 | 2,607,590 | 82,492 | 17,218,875 | 22,114,814 |
| <i>Debt instruments measured at amortised cost:</i> | | | | | | | |
| Exposure to banks | 511,121 | - | - | - | - | - | 511,121 |
| Government debt securities | 18,851,051 | - | - | - | - | - | 18,851,051 |
| | 19,362,172 | - | - | - | - | - | 19,362,172 |
| Other receivables | 7,957,916 | - | - | - | - | 4,630 | 7,962,546 |
| <i>Contingent liabilities, commitments</i> | | | | | | | |
| Financial guarantees | - | - | - | - | - | - | - |
| Commitments to lend | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| | 29,515,835 | 6,188 | 3,922 | 2,607,590 | 82,492 | 17,223,505 | 49,439,532 |

| UNAUDITED HISTORICAL COST | | | | | | | |
|---|-----------------------|---------------------------|---------------------|-------------------------|---------------------|--------------------------|-------------------|
| | 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 | Stage 3 ZWL '000 | Total ZWL '000 |
| At 28 February 2022: | | | | | | | |
| <i>Loans and advances to customers:</i> | | | | | | | |
| 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 |
| <i>Debt instruments measured at amortised cost:</i> | | | | | | | |
| Exposure to banks | 158,098 | - | - | - | - | - | 158,098 |
| Government debt securities | 5,830,937 | - | - | - | - | - | 5,830,937 |
| | 5,989,035 | - | - | - | - | - | 5,989,035 |
| Other receivables | 2,461,513 | - | - | - | - | 1,432 | 2,462,945 |
| <i>Contingent liabilities, commitments</i> | | | | | | | |
| Financial guarantees | - | - | - | - | - | - | - |
| Commitments to lend | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| | 9,129,728 | 1,914 | 1,213 | 806,570 | 25,516 | 5,327,510 | 15,292,451 |

28.3

Market Risk

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.

| | INFLATION ADJUSTED | | | | | | 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 2023: | | | | | | | |
| Assets: | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | 29,750,584 | 29,750,584 |
| Loans and advances to customers | 2,985,904 | 7,677,824 | 12,052,075 | 4,451,388 | 781,225 | - | 27,948,416 |
| Debt instruments at amortised cost | 399,529 | 2,573,981 | 8,346,103 | - | - | - | 11,319,613 |
| Equity instruments at fair value through profit or loss | - | - | - | - | - | 2,352,049 | 2,352,049 |
| Other receivables | - | - | - | - | - | 12,120,020 | 12,120,020 |
| Taxation Receivable | - | - | - | - | - | - | - |
| Inventories | - | - | - | - | - | 950,127 | 950,127 |
| Investment property | - | - | - | - | - | 21,621,501 | 21,621,501 |
| Property and Equipment | - | - | - | - | - | 18,816,369 | 18,816,369 |
| Intangible assets | - | - | - | - | - | 6,577,572 | 6,577,572 |
| Right of use asset | - | - | - | - | - | 384,955 | 384,955 |
| Non-Current Asset held for sale | - | - | - | - | - | - | - |
| Total undiscounted assets | 3,385,433 | 10,251,805 | 20,398,178 | 4,451,388 | 781,225 | 92,573,177 | 131,841,206 |
| | | | | | | | |
| Liabilities and equity | | | | | | | |
| Deposits due to banks and customers | 57,144,380 | 835,199 | - | - | - | - | 57,979,579 |
| Provisions | - | - | - | - | - | 551,744 | 551,744 |
| Tax liabilities | - | - | - | - | - | 2,981,946 | 2,981,946 |
| Other liabilities | - | - | - | - | - | 13,593,386 | 13,593,386 |
| Deferred tax liability | - | - | - | - | - | 5,613,741 | 5,613,741 |
| Lease liabilities | - | - | 45,473 | 529,915 | - | - | 575,388 |
| Equity | - | - | - | - | - | 50,545,422 | 50,545,422 |
| | 57,144,380 | 835,199 | 45,473 | 529,915 | - | 73,286,239 | 131,841,206 |
| | | | | | | | |
| Interest rate repricing gap | (53,758,947) | 9,416,606 | 20,352,705 | 3,921,473 | 781,225 | 19,286,938 | - |
| | | | | | | | |
| Cumulative gap | (53,758,947) | (44,342,341) | (23,989,636) | (20,068,163) | (19,286,938) | - | - |



Notes to the abridged financial statements (continued)

For the year ended 28 February 2023

28 RISK MANAGEMENT (CONTINUED)

28.3 Market Risk (continued)

28.3.1 Interest rate risk (continued)

Interest rate repricing and gap analysis (continued)

| | UNAUDITED HISTORICAL COST | | | | | | Total ZWL '000 |
|---|------------------------------|------------------------------------|--------------------------------------|--------------------------|-----------------------------|--|--------------------|
| | Up to 1 month ZWL '000 | 1 month to 3 months ZWL '000 | 3 months to 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 2023: | | | | | | | |
| <i>Assets:</i> | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | 29,750,584 | 29,750,584 |
| Right of use asset | - | - | - | - | - | 180,957 | 180,957 |
| Loans and advances to customers | 2,985,904 | 7,677,824 | 12,052,075 | 4,451,388 | 781,225 | | 27,948,416 |
| Financial assets held to maturity | 399,529 | 2,573,981 | 8,346,103 | - | | | 11,319,613 |
| Equity instruments at fair value through profit or loss | - | - | - | - | - | 2,352,049 | 2,352,049 |
| Other receivables | - | - | - | - | - | 12,031,737 | 12,031,737 |
| Inventories | - | - | - | - | - | 236,777 | 236,777 |
| Investment property | - | - | - | - | - | 21,621,501 | 21,621,501 |
| Property and Equipment | - | - | - | - | - | 17,542,324 | 17,542,324 |
| Intangible assets | - | - | - | - | - | 762,761 | 762,761 |
| Total undiscounted assets | 3,385,433 | 10,251,805 | 20,398,178 | 4,451,388 | 781,225 | 84,478,690 | 123,746,719 |
| <i>Liabilities and equity</i> | | | | | | | |
| Deposits due to banks and customers | 57,144,380 | 835,199 | - | - | - | - | 57,979,579 |
| Provisions | - | - | - | - | - | 551,744 | 551,744 |
| Other liabilities | - | - | - | - | - | 13,593,386 | 13,593,386 |
| Tax liability | - | - | - | - | - | 2,981,946 | 2,981,946 |
| Deferred tax liability | - | - | - | - | - | 4,199,196 | 4,199,196 |
| Lease liabilities | - | - | 45,473 | 529,915 | - | - | 575,388 |
| Equity | - | - | - | - | - | 43,865,480 | 43,865,480 |
| | 57,144,380 | 835,199 | 45,473 | 529,915 | - | 65,191,752 | 123,746,719 |
| Interest rate repricing gap | (53,758,947) | 9,416,606 | 20,352,705 | 3,921,473 | 781,225 | 19,286,938 | - |
| Cumulative gap | (53,758,947) | (44,342,341) | (23,989,636) | (20,068,163) | (19,286,938) | - | - |

| | INFLATION ADJUSTED | | | | | | Total ZWL '000 |
|--|------------------------------|------------------------------------|--------------------------------------|-------------------------|--|--|--------------------|
| | Up to 1 month ZWL '000 | 1 month to 3 months ZWL '000 | 3 months to to 1 year ZWL '000 | Over 1 year ZWL '000 | Non - interest bearing ZWL '000 | | |
| TOTAL POSITION At 28 February 2022: | | | | | | | |
| <i>Assets:</i> | | | | | | | |
| Cash and cash equivalents | - | - | - | - | 10,725,202 | | 10,725,202 |
| Right of use asset | - | - | - | - | 346,622 | | 346,622 |
| Loans and advances to customers | 6,353,772 | 356,464 | 3,298,675 | 8,673,630 | 2,918,337 | | 21,600,878 |
| Financial assets held to maturity | 1,291,651 | 8,584,789 | 8,658,581 | - | - | | 18,535,021 |
| Other receivables | - | - | - | - | 8,974,668 | | 8,974,668 |
| Inventories | - | - | - | - | 2,327,136 | | 2,327,136 |
| Investment property | - | - | - | - | 4,462,930 | | 4,462,930 |
| Property and Equipment | - | - | - | - | 14,542,708 | | 14,542,708 |
| Intangible assets | - | - | - | - | 6,573,879 | | 6,573,879 |
| Non-Current Asset held for sale | - | - | - | - | 1,688 | | 1,688 |
| | 7,645,423 | 8,941,253 | 11,957,256 | 8,673,630 | 50,873,170 | | 88,090,732 |
| <i>Liabilities and equity</i> | | | | | | | |
| Deposits due to banks and customers | 49,810,780 | 24,755 | - | - | - | | 49,835,535 |
| Provisions | - | - | - | - | 509,452 | | 509,452 |
| Other liabilities | - | - | - | - | 8,286,397 | | 8,286,397 |
| Deferred tax liability | - | - | - | - | 5,607,401 | | 5,607,401 |
| Lease liabilities | - | - | - | - | 94,062 | | 94,062 |
| Equity | - | - | - | - | 28,534,950 | | 28,534,950 |
| | 49,810,780 | 24,755 | - | - | 43,032,262 | | 92,867,797 |
| Interest rate repricing gap | (42,165,357) | 8,916,498 | 11,957,256 | 8,673,630 | 7,840,908 | | (4,777,065) |
| Cumulative gap | (42,165,357) | (33,248,859) | (21,291,603) | (12,617,973) | (4,777,065) | | (4,777,065) |

| | UNAUDITED HISTORICAL COST | | | | | | Total ZWL '000 |
|--|------------------------------|------------------------------------|--------------------------------------|-------------------------|--|--|--------------------|
| | Up to 1 month ZWL '000 | 1 month to 3 months ZWL '000 | 3 months to to 1 year ZWL '000 | Over 1 year ZWL '000 | Non - interest bearing ZWL '000 | | |
| TOTAL POSITION At 28 February 2022: | | | | | | | |
| <i>Assets:</i> | | | | | | | |
| Cash and cash equivalents | - | - | - | - | 3,317,480 | | 3,317,480 |
| Right of use asset | - | - | - | - | 13,451 | | 13,451 |
| Loans and advances to customers | 1,965,325 | 110,260 | 1,020,334 | 2,682,895 | 902,689 | | 6,681,503 |
| Financial assets held to maturity | 399,529 | 2,655,415 | 2,678,240 | - | - | | 5,733,184 |
| Other receivables | - | - | - | - | 2,660,260 | | 2,660,260 |
| Inventories | - | - | - | - | 106,526 | | 106,526 |
| Investment property | - | - | - | - | 1,380,457 | | 1,380,457 |
| Property and Equipment | - | - | - | - | 4,086,263 | | 4,086,263 |
| Intangible assets | - | - | - | - | 634,765 | | 634,765 |
| Non-Current Asset held for sale | - | - | - | - | 522 | | 522 |
| | 2,364,854 | 2,765,675 | 3,698,574 | 2,682,895 | 13,102,413 | | 24,614,411 |
| <i>Liabilities and equity</i> | | | | | | | |
| Deposits due to banks and customers | 15,407,281 | 7,657 | - | - | - | | 15,414,938 |
| Provisions | - | - | - | - | 157,581 | | 157,581 |
| Other liabilities | - | - | - | - | 2,563,119 | | 2,563,119 |
| Deferred tax liability | - | - | - | - | 994,077 | | 994,077 |
| Lease liabilities | - | - | - | - | 29,095 | | 29,095 |
| Equity | - | - | - | - | 6,933,225 | | 6,933,225 |
| | 15,407,281 | 7,657 | - | - | 10,677,097 | | 26,092,035 |
| Interest rate repricing gap | (13,042,427) | 2,758,018 | 3,698,574 | 2,682,895 | 2,425,316 | | (1,477,624) |
| Cumulative gap | (13,042,427) | (10,284,409) | (6,585,835) | (3,902,940) | (1,477,624) | | (1,477,624) |

28.4 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:

28.4.1 CAMELS* Ratings

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

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

28 RISK MANAGEMENT (CONTINUED)

28.4 Reserve Bank Ratings (continued)

28.4.2 Summary risk matrix – 30 November 2014 onsite examination

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

KEY

Level of Inherent Risk:

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

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

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

Adequacy of Risk Management Systems:

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

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

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

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

Overall Composite Risk:

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

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

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

Direction of Overall Composite Risk:

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

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

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

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.

- 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”) relates 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.

The Bank’s regulatory capital position as at 28 February 2023 was in excess of the minimum Regulatory requirements of Tier 1 capital of US\$30 million and stood as follows:

| | UNAUDITED HISTORICAL COST | |
|---|-----------------------------|-----------------------------|
| | 28 February 2023 ZWL 000 | 28 February 2022 ZWL 000 |
| Share capital | 4 | 4 |
| Share premium | 2,077,585 | 2,077,585 |
| Retained earnings | 28,031,246 | 2,500,394 |
| | 30,108,835 | 4,577,983 |
| Less: Capital allocated for market and operational risk | (1,866,923) | (315,921) |
| Advances to insiders | (948,203) | (85,286) |
| Guarantees to insiders | - | - |
| Tier 1 capital | 27,293,709 | 4,176,776 |
| Tier 2 capital | | |
| Other reserves | 13,756,645 | 2,355,242 |
| General provisions | - | - |
| | 13,756,645 | 2,355,242 |
| Total Tier 1 and 2 capital | 41,050,354 | 6,532,018 |
| Tier 3 capital (sum of market and operational risk capital) | 2,866,923 | 315,921 |
| Total Capital Base | 43,917,277 | 6,847,939 |
| Total risk weighted assets | 64,427,824 | 11,496,737 |
| Tier 1 ratio | 42% | 36% |
| Tier 2 ratio | 21% | 20% |
| Tier 3 ratio | 4% | 3% |
| Total capital adequacy ratio | 68% | 60% |
| RBZ minimum requirement | 12% | 12% |

The Bank’s policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders’ return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible without greater gearing and the advantages and security offered by a sound capital position.

30 CAPITAL COMMITMENTS

| | 28 February 2023 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 |

32 EVENTS AFTER THE REPORTING DATE

In March 2023, Statutory Instrument (S.I.) 27 of 2023 which measures inflation as the general increase in price levels of goods and services as a weighted average based on the use of Zimbabwean dollars and United States dollars over a given period of time was promulgated by the authorities. The dissemination of inflation rates with effect from the date of promulgation of S.I. 27 of 2023 adopted this new blended method of measuring inflation. Consequently, pure Zimbabwe dollar inflation indices which were used by the Bank to prepare inflation adjusted financial statements since adoption of IAS 29 on 1 October 2019 were last published for January 2023.