

REVIEWED ABRIDGED FINANCIAL STATEMENTS for the half year ended 31 August 2023



HIGHLIGHTS (Inflation adjusted)



CHAIRMAN’S STATEMENT

As we mark our 10th year of banking excellence, I am delighted to share with you the Bank’s financial performance for the half-year period ended 31 August 2023. This report reflects the Bank’s commitment to delivering value to our stakeholders.

In line with our strategy, the period under review saw further digitization through the adoption of new technologies that promote service delivery excellence. The Bank also forged key partnerships that enabled us to roll out additional products and solutions ensuring that reliable banking services are made accessible to the Zimbabwean population including those that are non-resident.

10 years of excellence

The current financial year marks the Bank’s 10th anniversary. A decade in business is a milestone to be proud of, more importantly, it is a milestone to reflect and appreciate every stakeholder that has been part of our journey so far. We are grateful to everyone who has played a role in making the Bank a success.

Digital Drive and Innovations

The Bank continued to pursue its digital transformation journey and launched a series of innovations primarily anchored on its digital channels. The Bank’s focus is to increase customer touch points that are supported by digital technologies. With this in mind, we rolled out a Digital Agent Banking Portal that automated banking services offered by the Bank’s agents. This will enable our customers who are in areas not covered by our branch network to access basic banking services leveraging on the scale and reach of our agent network. This not only leads to digital financial inclusion of the agents but also fosters faster delivery of the Bank’s services to our customers.

Our focus for the rest of the financial year is to scale up the adoption of our digital channels by customers. These technologies will span from the use of AI to advanced data analytics tools which will furnish the Bank with key information to provide the customer with personalized experiences on our platforms.

Financial Performance

The commentary provided by the directors is based on the primary financial statements being adopted under IAS 29 (“Accounting in Hyperinflationary Economies”) in line

with the recommendations of the Public Accountants and Auditors’ Board (PAAB). 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.

Inflation adjusted Net Interest Income decreased by 48% in the comparative period due to the inability of the Bank to meet customer borrowing requirements as a result of the tight liquidity conditions in the market. Inflation Adjusted Profit before tax (PBT) was ZWL110 billion being a 413% improvement in comparison to the prior year’s PBT. The improvement in our profit is attributed to the Bank’s diversification strategy around non-funded income driven by structured finance across various economic sectors.

Environmental, Social, and Governance Pillar (ESG)

The Bank is committed to implementing the best practices on ESG, a global issue, and guided by the UN SDGs, the Bank will continue to work with selected partners to ensure sustainability within the communities that we serve to benefit future generations.

In this regard, the Bank partnered with Distributed Power Africa (DPA), an innovative solar energy solutions provider to offer power/energy as a service within the market which is a pay-as-you-go product that allows customers to access power without significant capital outlay. The Bank continues to expand its collaboration with renewable energy providers to solve energy access challenges whilst minimizing carbon emissions.

From a social perspective and in line with the UN Sustainable Development Goals, the Bank is intentional in providing opportunities that foster gender balance. As such, the Bank closed the first half year with 50% of its senior leadership team being women, an increase from the 25% women in the leadership previously.

Adoption of 4IR technologies

4IR technologies remain at the heart of the Bank’s digitalisation journey. Some of the technologies that we have leveraged on range from Predictive Analytics Tools and AI which have seen the Bank improve its automation score and operational efficiency. The adoption of 4IR technologies is a priority for the Bank in order to improve customer service and customer experience.

Looking Forward

As part of our sustainable business practices and in recognition of the demographic make up of the country, the Bank is intentionally focussing on products that cater to the youth to increase access by youth to affordable banking services. In line with the continued growth of the informal sector, the SME segment plays a crucial role in the growth of our economy with their contribution to the country’s GDP estimated to be more than 50% according to the SME Association of Zimbabwe. The Bank is working to serve this segment with smart banking solutions, and funding as well as offer non-financial services such as SME training. These activities are expected to lead to improved digital financial participation of local SMEs.

Board Changes

The Bank’s Board bid farewell to Dr. Nyatwa Nancy Chadehumbe (former Deputy Board Chairperson) and Dr. Peter Manasa Mbizvo, who retired as Independent Non-Executive Directors on 30 April 2023, after serving for a decade. The Board is grateful for their invaluable contributions and leadership during their time as directors of the Bank.

Appreciation

In the context of the challenging operating environment for the first half of the financial year FY2024, the Bank produced a commendable financial performance. We are encouraged to keep up the momentum in the next half.

In this regard, I would like to thank our management and staff for their dedication, hard work, perseverance, and enthusiasm during the period under review. Our customers who have been with us over the past 10 years deserve particular recognition for their immense support and loyalty. Appreciation also goes to our Board of Directors, shareholders, and regulators who play a vital role in shaping the vision, strategy, and culture of the Bank, and in overseeing its growth and performance.

On behalf of the Board

Bernard T R Chidzero
Board Chairman

23 October 2023

CHIEF EXECUTIVE OFFICER’S STATEMENT

Overview of the Digital Banking across the Industry

Digital banking transactional volumes across the industry showed an upward trajectory between March 2023 to June 2023 with POS volumes improving by 6% from the last reporting quarter whilst mobile banking subscribers across the industry increased 11% to 7.9 million from the last reporting period. These and other such insights which reflect the general upward trajectory of digital acceptance validate our strategic focus to further the adoption of digital banking channels across the country.

The Bank anchors its digital strategy aligned to these market insights and trends having rolled out need-based services and use cases on its mobile banking platform (Square) ranging from advanced analytics, USD billers, and USD merchant payments to cater to the increased market use of the USD and adoption of 4IR technologies. In the next half, the Bank looks to expand its range of digital products to cater to various customer segments and, more importantly, ensuring that customers are delighted through these digital services which will bring about convenience, reliability and personalization.

Our numbers at a snapshot

The Bank’s financial performance has continued on an upward trajectory from the prior year with our Inflation Adjusted Net Operating Income for the period in review recording ZWL234m, reflecting a 158% improvement when weighed against the same period prior year’s performance. This reflects diversification benefits and growth in Non Funded Income yielding a positive contribution to capital.

Inflation Adjusted Non-Funded Income was ZWL113m, demonstrating a 427% improvement from the same period the prior year. The performance is largely driven by the Bank’s improvement in foreign currency generation through Foreign Currency Account transactional income as well as international card revenue growth mainly anchored on strategic partnerships. Capital and liquidity ratios remained high, with average tier 1 and capital adequacy ratios of 37% and 59%, which complied with the regulatory minima of 12% and 8%, respectively.

The milestones for the half year under to 31 August 2023

The Bank launched various innovations in the first half of the financial year in review with the objectives being to improve operational efficiency and service delivery to our customers. The innovations centered around digital accounts opening that allowed customer to open full KYC accounts without having to approach the Branch. This minimises customer effort as the service is now offered on mobile devices and removes costs to customers associated with paperwork and travel to branches.

The Bank launched the Agent Digital Portal which enables our agents to perform branch services such as Visa Card reloads, Cash deposits, and withdrawals among other services. Having decentralized and digitalized these branch services, this enables the Bank to widen its reach ensuring that its customers across the country have access to various touch points. Above all, having a digitalized and robust agent banking network enhances our digital onboarding process thus enabling our customers to experience the digital capabilities we have deployed.

Engraining Artificial Intelligence (AI) in all that we do

Across various industries, artificial intelligence has already begun to influence business activities and operations on a global scale. As a digital bank, we have embraced AI to improve the quality of our customer services and product offering. We are using AI and Geolocation services to inform customers of the nearest agent to access services from, with more than 29,468 customers engaged through this service. From a customer satisfaction perspective, the Bank leveraged on customer analytics to determine customer churn which in turn furnished the Bank with the ability to understand its customer profile. We continue to employ artificial intelligence and data analytics across the business, with the Bank closing off the first half of the financial year with 30% of its business enabled by AI.

Looking ahead

The second half of the financial year will be filled with digital innovations that are meant to provide an ubiquitous and Omni Channel experience to our customers. These innovations will range from enhancements to our mobile banking platforms to digital nano loans, with the latter set to have additional variants to cater to the needs of the diverse customer segments that bank with us. The Bank will also look to pivot its products to the gold-backed digital currency enacted by the RBZ to further unlock the benefits and technologies associated with digital currency.

From a traditional banking perspective, the Bank looks to diversify its funded income activities into sustainable and inclusive agribusiness aligned to the Sustainable Development Goals as well as expand its footprint in the mining and fast-moving consumer goods sectors with the latter, being an avenue to tap into the informal market which is attributed to be contributing to at least 60% of Zimbabwe’s Gross Domestic Product.

Steward Bank @10 years

This year we celebrate Steward Bank’s 10th birthday, and we also reflect on some of the key achievements that the Bank has enacted. At heart, is the work that the Bank has done around digital financial inclusion which has seen more than 1.2 million individuals receive Nano loans and more than 3K rural SMEs being added to the financial system through the adoption of the Bank’s portable POS machines (Kwenga) which was a first mover in the market. The Bank also established strategic partnerships with societal high-impact organizations such as Higherlife Foundation and FAO which led to more than 50 thousand women being trained and equipped with farming skills under the Reimagine Rural initiative. Our promise to every Zimbabwean is to provide smart solutions that are inclusive and caters to the unique needs of customers.

Gratitude

We remain grateful of the loyalty and support that our customers have for the Bank. Our gratitude goes to the Reserve Bank of Zimbabwe which continues to advance and protect the financial integrity of our markets through regulation and guidance. The milestones achieved in the half year in review are a testament to the hard work done at both the staff and executive level. The Board of Directors has continued to guide the Bank to greater heights and has been instrumental in establishing our digital bank vision and this deserves the uttermost recognition.

Courage Mashavave
Chief Executive Officer

23 October 2023



You need the right financial partner

Find out more on
www.stewardbank.co.zw

STRATEGIC SUSTAINABLE
BUSINESS PILLARS

1 Purple
Ark

2 KaShagi

3 Agrofutur e &
Rural Finance

4 Corporate &
Investment Banking

5 Purple Sun

6 SME
Banking

REVIEWED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2023

EcoCash
HOLDINGS ZIMBABWE 
www.stewardbank.co.zw10
Years of Seamless Digital BankingSTEWARD
BANK
Everyday Banking For Everyday PeopleEnjoy fast, secure & convenient
remittance services with
Steward Bank

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.

Upholding the highest standards of corporate governance is a commitment of the Board of Directors, who ensure that business is conducted in a transparent, responsible and accountable manner as enshrined in the international and local corporate governance frameworks. The Bank follows and continues to implement the National Corporate Governance Code for Zimbabwe.

Board Responsibilities

The Bank's strategic direction and corporate governance are under the authority of the Board of Directors, who make sure that the Bank has suitable policies, systems and controls.

The Board has a Charter that sets out its authority, duties, responsibilities and arrangements by which it operates. The Board Charter is also available to Directors for reference regarding their duties and obligations. The Charter also clearly establishes the relationship between the Board of Directors and management. The Board will regularly review its structure and policies in line with international best practice.

The non-executive directors proactively engage with management to improve strategy implementation, test and challenge the implementation of controls, processes and policies which enable risk to be effectively assessed and managed.

The Bank's strategy has a strong focus on Digital Technology. The Chief Technology Officer provides guidance and assists the Board on both strategy and implementation in this area, as well as Data Protection and Cyber Security Risk mitigation.

Board Composition

An independent non-executive Chairman leads the Board of Directors, which ensures a healthy balance between Executive management and the Board. The Board consists of four (4) independent non-executive directors, one (1) non-executive director and two (2) Executive directors.

The Board members have a vast array of experience in areas that include accounting, economics, risk management, corporate finance, IT, business administration and executive management.

The Board held three (3) meetings during the period to assess risk, review performance and provide guidance to management.

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

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/BSO 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

Dr. Nyatwa Nancy Chadehumbe (former Deputy Board Chairperson) and Dr. Peter Manasa Mbizvo retired as Independent Non-Executive Directors effective 30 April 2023, after having served a 10-year term. The Board extends its appreciation to both Directors for their service to the Bank.

Board Capacity Development

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

Conflict of Interest

A policy that manages conflict of interest, including situational and transactional conflict, is in place for the directors. They declare their interests when they join the Board and update them at every Board meeting. They also disclose any new interests and confirm or revise their previous declarations accordingly.

Transparency

The Board has unrestricted access to Company information, records, documents and management. Efficient and timely procedures for briefing Board members before Board meetings have been developed and implemented. Management provides regular reports or additional information when requested timeously to ensure that the Board discharges its duties effectively. Directors are free to take independent professional advice, at the expense of the Bank, in the furtherance of their duties.

Compliance

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

Board Committees

Six (6) standing Committees have been established and assigned specific roles and responsibilities by the Board, to help it fulfil its mandate. The Board approves and reviews the written terms of reference for each Committee annually or as needed. Independent non-Executive Chairpersons chair all Board Committees.

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 & Capital Management Committee;
- Board Assets and Liabilities Committee;
- Board IT 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 three times.

The Committee Chairman meets with external auditors quarterly (and more frequently if required), without management being present, to review the adequacy of existing external audit arrangements and the scope of the external audit. Both internal and external auditors have a direct line of communication at any time to, either the Chairman of the Committee, or the Chairman of the Board. The Audit Committee reports to the Board after each Committee meeting on any matter relevant to its considerations.

The Internal Audit function of the Bank reports administratively to the Chief Executive Officer of the Bank and functionally to the Board Audit Committee. It comprises the Head of Internal Audit heading two (2) distinct functions namely IT Audit and Business Audit. Each department is resourced with 2 personnel reporting into the Head of Internal Audit.

The Risk, Compliance and Capital Management Committee

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

Board Assets and Liabilities Committee

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

Board Information Technology Committee

This Committee comprises 3 non-executive directors, meets quarterly and formulates policies and strategic issues relating to information technology. The Committee makes recommendations to the Board with respect to the overall scope of the Digital Strategy. It provides the necessary governance over the direction and ongoing progress of the Digital Strategy as well as oversee the current cyber risk exposure and future cyber risk strategy. The IT Committee met twice.

Board Credit Committee

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

Remuneration and Nominations Committee

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

Board attendance

As at 31 August 2023, the Main Board held 3 meetings and the record of attendance of each director is as follows:

Name of Director	Designation	Meetings Held	Meetings Attended
Bernard T.R. Chidzero	Independent Non-Executive Chairman	3	3
Nyatwa N. Chadehumbe*	Non-Executive Director	3	1
Peter M Mbizvo**	Non-Executive Director	3	1
Roy Chimanikire	Non-Executive Director	3	1
Hazvinei Kapfunde	Independent Non-Executive Director	3	3
Morgen Mufowo	Independent Non-Executive Director	3	3
Rugare Chidembo**	Independent Non-Executive Director	3	1
Courage S Mashavave	Executive Director	3	3
Cleopas Kadzimu	Executive Director	3	3

*Retired 30 April 2023**

** Appointed 1 June 2023

BOARD COMMITTEES

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

Audit Committee

Name of Director	Designation	Meetings Held	Meetings Attended
R Chidembo**	Independent Non-Executive wChairman	3	1
M Mufowo	Independent Non-Executive Director	3	3
H Kapfunde	Independent Non-Executive Director	3	3
N N Chadehumbe*	Non-Executive Director	3	1

*Retired 30 April 2023

**Appointed 1 June 2023

Risk, Compliance and Capital Management Committee

Name of Director	Designation	Meetings Held	Meetings Attended
M Mufowo	Independent Non-Executive Chairman	2	2
R Chimanikire	Non-Executive Director	2	2
N N Chadehumbe*	Non-Executive Director	2	1
R Chidembo**	Non-Executive Director	2	1

*Retired 30 April 2023

**Appointed 1 June 2023

Assets and Liabilities Committee

Name of Director	Designation	Meetings Held	Meetings Attended
H Kapfunde	Independent Non-Executive Chairman	2	2
R Chimanikire	Non-Executive Director	2	2
P M Mbizvo*	Non-Executive Director	2	1
R Chidembo**	Non-Executive Director	2	2

*Retired 30 April 2023

**Appointed 1 June 2023

IT Committee

Name of Director	Designation	Meetings Held	Meetings Attended
M Mufowo	Independent Non-Executive Chairman	2	2
N N Chadehumbe*	Non-Executive Director	2	1
H Kapfunde	Independent Non-Executive Director	2	2

*Retired 30 April 2023

Credit Committee

Name of Director	Designation	Meetings Held	Meetings Attended
B Chidzero	Independent Non-Executive Chairman	2	1
H Kapfunde	Independent Non-Executive Director	2	2
R Chimanikire	Non-Executive Director	2	1

Remuneration and Nominations Committee

Name of Director	Designation	Meetings Held	Meetings Attended
M Mufowo	Independent Non-Executive Chairman	2	2
P M Mbizvo*	Non-Executive Director	2	1
B Chidzero	Independent Non-Executive Director	2	1
R Chidembo**	Independent Non-Executive Director	2	1

*Retired 30 April 2023

**Appointed 1 June 2023

INDEPENDENT AUDITOR'S REVIEW CONCLUSION

The abridged financial statements have been reviewed by BDO Zimbabwe Chartered Accountants in accordance with International Standards on Review Engagements ("ISRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A qualified review conclusion has been issued thereon, with respect to the non-compliance with IFRS 13 (Fair value measurement) impacting valuation of property, plant and equipment and investment property.

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

REVIEWED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 AUGUST 2023

	Notes	INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
		31 August 2023 ZWL 000	31 August 2022 ZWL 000	31 August 2023 ZWL 000	31 August 2022 ZWL 000
Interest revenue calculated using the effective interest method	3	16,920,509	24,360,675	11,370,148	3,499,309
Interest expense	4	(6,391,253)	(3,982,972)	(4,682,918)	(390,399)
Net interest income		10,529,256	20,377,703	6,687,230	3,108,910
Net Non-interest income	5	60,097,946	34,871,498	45,780,479	4,448,467
Fair value adjustments	11, 16	65,542,584	360,164	111,168,060	8,626,148
Exchange gains	5.1	98,408,368	36,472,202	61,613,674	5,440,653
Impairment on financial assets					
-Expected credit loss allowances	6	(936,934)	(1,565,109)	(944,385)	(469,622)
Net operating income		233,641,220	90,516,458	224,305,058	21,154,556
Operating expenditure	7	(68,439,091)	(46,699,893)	(48,743,485)	(6,202,072)
Monetary losses		(49,262,160)	(20,202,389)	-	-
Exchange losses	5.1	(5,823,537)	(2,158,325)	(8,012,170)	(707,496)
Profit before tax		110,116,432	21,455,851	167,549,403	14,244,988
Income tax expense	8	(21,044,583)	(1,683,977)	(20,513,193)	(1,517,328)
Profit for the period		89,071,849	19,771,874	147,036,210	12,727,660
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	34,083,739	9,413,743	63,769,117	7,160,108
Deferred tax arising on revaluation of property and equipment	26	(8,425,500)	(2,327,078)	(15,763,726)	(1,769,979)
Total comprehensive income for the period		114,730,088	26,858,539	195,041,601	18,117,789

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023

	Notes	INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
		31 August 2023 ZWL 000	28 February 2023 ZWL 000	31 August 2023 ZWL 000	28 February 2023 ZWL 000
ASSETS					
Cash and cash equivalents	9	112,030,510	86,264,340	112,030,510	29,750,584
Equity instruments at fair value through profit or loss	11	23,184,940	6,819,965	23,184,940	2,352,049
Loans and advances to customers	12	124,465,424	81,038,799	124,465,424	27,948,416
Debt instruments measured at amortised cost	13	31,481,116	32,822,180	31,481,116	11,319,613
Other receivables	14	75,582,809	35,143,025	71,828,776	12,031,737
Inventories	15	3,496,491	2,754,976	929,968	236,777
Investment property	16	121,868,271	62,693,375	121,868,271	21,621,501
Property and equipment	17	93,279,788	54,559,856	90,329,689	17,542,324
Intangible assets	18	19,621,215	19,072,227	2,123,521	762,761
Right of use assets	19.1	1,083,826	1,116,209	196,952	180,957
Total assets		606,094,390	382,284,952	578,439,167	123,746,719
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	2,682	2,682	4	4
Share premium	20	90,575,949	90,575,949	2,077,585	2,077,585
Revaluation reserve	21	62,164,203	36,505,964	61,762,036	13,756,645
Retained earnings		107,409,158	19,476,146	173,928,619	28,031,246
Total equity		260,151,992	146,560,741	237,768,244	43,865,480
LIABILITIES					
Deposits due to banks and customers	22	232,365,236	168,116,708	232,365,236	57,979,579
Provisions	24	5,313,256	1,599,829	5,313,256	551,744
Other liabilities	25	67,073,695	39,415,374	67,073,695	13,593,386
Current tax payable	25.1	3,550,426	8,646,406	3,550,426	2,981,946
Lease liability	19.2	2,034,568	1,668,387	2,034,568	575,388
Deferred tax liability	26	35,605,217	16,277,507	30,333,742	4,199,196
Total liabilities		345,942,398	235,724,211	340,670,923	79,881,239
Total equity and liabilities		606,094,390	382,284,952	578,439,167	123,746,719

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 AUGUST 2023

		INFLATION ADJUSTED			
		Share capital ZWL 000	Share premium ZWL 000	Revaluation reserve ZWL 000	Retained earnings ZWL 000
Balance as at 1 March 2022		2,682	90,575,949	13,451,594	(21,290,709)
Total comprehensive income		-	-	7,086,665	19,771,874
Profit for the period		-	-	-	19,771,874
Other comprehensive income		-	-	7,086,665	-
Dividends paid		-	-	-	(2,498,552)
Balance as at 31 August 2022		2,682	90,575,949	20,538,259	(4,017,387)
Balance as at 28 February 2023		2,682	90,575,949	36,505,964	19,476,146
Total comprehensive income		-	-	25,658,239	89,071,849
Profit for the period		-	-	-	89,071,849
Other comprehensive income		-	-	25,658,239	-
Dividends paid		-	-	-	(1,138,837)
Balance at 31 August 2023		2,682	90,575,949	62,164,203	107,409,158
		UNAUDITED HISTORICAL COST			
		Share capital ZWL 000	Share premium ZWL 000	Revaluation reserve ZWL 000	Retained earnings ZWL 000
Balance as at 1 March 2022		4	2,077,585	2,355,242	2,500,394
Total comprehensive income		-	-	5,390,129	12,727,660
Profit for the period		-	-	-	12,727,660
Other comprehensive income		-	-	5,390,129	-
Dividends paid		-	-	-	(650,000)
Balance as at 31 August 2022		4	2,077,585	7,745,371	14,578,054
Balance as at 28 February 2023		4	2,077,585	13,756,645	28,031,246
Total comprehensive income		-	-	48,005,391	147,036,210
Profit for the period		-	-	-	147,036,210
Other comprehensive income		-	-	48,005,391	-
Dividends paid		-	-	-	(1,138,837)
Balance at 31 August 2023		4	2,077,585	61,762,036	173,928,619

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 AUGUST 2023

		INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
		31 August 2023 ZWL 000	31 August 2022 ZWL 000	31 August 2023 ZWL 000	31 August 2022 ZWL 000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		110,116,432	21,455,851	167,549,403	14,244,988
Adjustments for:					
Change in operating assets		(83,984,581)	36,150,093	(177,741,232)	(10,401,729)
Change in operating liabilities		91,906,849	(17,297,086)	227,865,966	11,753,594
Change in provisions		3,713,427	390,517	4,761,512	388,455
Other non-cash items		(60,838,246)	(10,248,940)	(110,597,143)	(2,843,329)
Net cash generated from operations		60,913,881	30,450,435	111,838,506	13,141,979
Income tax paid		(15,238,353)	(1,413,978)	(9,573,893)	(164,036)
Net cash inflow from operating activities		45,675,528	29,036,457	102,264,613	12,977,943
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment		(10,648,219)	(5,816,541)	(11,143,828)	(386,499)
Proceeds from disposal of property and equipment		-	12,769	-	1,362
Purchase of intangible assets		(1,571,812)	(5,866)	(1,391,609)	(665)
Purchase of investment property		(5,490,622)	(3,273,406)	(5,404,936)	(957,000)
Proceeds from disposal of non-current assets held for sale		-	4,898	-	523
Net cash outflow from investing activities		(17,710,653)	(9,078,146)	(17,940,373)	(1,342,279)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(1,138,837)	(1,530,668)	(1,138,837)	(497,500)
Lease repayments		(476,654)	(215,036)	(381,966)	(43,060)
Interest on lease liability		(182,036)	(47,969)	(122,333)	(10,167)
Net cash outflow from financing activities		(1,797,527)	(1,793,673)	(1,643,136)	(550,727)
Net increase in cash and cash equivalents		26,167,348	18,164,638	82,681,104	11,084,937
Expected Credit Losses (ECL)		(401,178)	(206,714)	(401,178)	(60,434)
Cash and cash equivalents at the beginning of the period		86,264,340	31,098,636	29,750,584	3,317,480
Cash and cash equivalents at the end of the period		112,030,510	49,056,560	112,030,510	14,341,983

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 AUGUST 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, Corner 7th Street 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 31 August 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 obtained legal advice to the effect that its use of alternative available data to estimate the inflation rates would not be in violation of Statutory Instrument 27 and any other legal statutes. The Bank also took into account guidance from the Institute of Chartered Accountants of Zimbabwe (ICAZ) in coming up with the appropriate indices.

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; tight liquidity, 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 assessed the ability of the Bank to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

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).

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 did not issue a review report on the historical information.

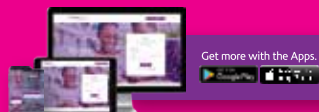
In order to account for the rapid loss in the purchasing power of the local currency, hyperinflation accounting principles require transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period. The Bank adopted the Zimbabwe consumer price index (CPI) 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 31 August 2023 are as follows;

Dates	Indices	CPI Conversion factor
31 August 2022	12,286.26	3.42
28 February 2023	14,493.45	2.90
31 August 2023	42,024.99	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.

10 Years of Seamless Digital Banking

ALL THE PERKS *Freedom* YOU NEED



Get more with the Apps

Simplified Banking. Just the right way

 A Registered Commercial Bank | Member of the Deposit Protection Corporation

STEWARDSBANK | **VISA**



EcoCash
HOLDINGS ZIMBABWE



 www.stewardbank.co.zw



 www.stewardbank.co.zw

	REVIEWED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 August 2023 ZWL 000	31 August 2022 ZWL 000	31 August 2023 ZWL 000	31 August 2022 ZWL 000
8 INCOME TAX				
The components of income tax expense are as follows:				
Current tax expense	10,142,373	1,554,258	10,142,373	250,347
Deferred tax expense	10,902,210	129,719	10,370,820	1,266,981
Total income tax expense	21,044,583	1,683,977	20,513,193	1,517,328

RBZ NNCDs (Non-Negotiable Certificates of Deposit) are classified as Cash and cash equivalents amounting to ZWL8 billion as they can be liquidated within 30 days.

9.1 An 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:

		REVIEWED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
		31 August 2023 ZWL 000	28 February 2023 ZWL 000	31 August 2023 ZWL 000	28 February 2023 ZWL 000
10	NON CURRENT ASSETS HELD FOR SALE				
	Opening balance	-	4,893	-	522
	Transfer from property and equipment		-	-	
	Disposals	-	(4,893)	-	(522)
	Fair value adjustment		-	-	
	Closing balance	-	-	-	

11	EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
	Listed Shares:				
	Opening balance	6,819,965	14,095,467	2,352,049	1,503,649
	Additions	6,770,537	1,324,707	6,770,537	150,236
	Disposals	(2,263,872)	-	(2,263,872)	-
	Fair value adjustments	11,858,310	(8,600,209)	16,326,226	698,164
		23,184,940	6,819,965	23,184,940	2,352,049

Directors: B.T.R. Chidzero (Chairman), R. Chidembo, M. Mufowo, H. Kapfunde, R. Chimanikire, C. Mashavave* (CEO), C. Kadzimu* (COO). * *Executive*
Registered Office: 79 Livingstone Avenue, Corner 7th Street Harare, Zimbabwe.

www.stewardbank.co.zw

EcoCash
HOLDINGS ZIMBABWE



www.stewardbank.co.zw

12.2 Maturity analysis

Mining

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 half year and the respective stages the transactions are in at half year end:

Gross carrying amount

Directors: B.T.R. Chidzero (Chairman), R. Chidembo, M. Mufowo, H. Kapfunde, R. Chimanikire, C. Mashavave* (CEO), C. Kadzimu* (COO). * *Executive*
Registered Office: 79 Livingstone Avenue, Corner 7th Street Harare, Zimbabwe.

Registered Office: 79 Livingstone Avenue, Corner 7th Street Harare, Zimbabwe.

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

Gross carrying amount

Opening Balance

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 half year and the respective stages the transactions are in at half year end:

Gross carrying amounts

Gross carrying amount as at 1 March 2023	11,656,898	-	-	11,656,898
New assets purchased	20,399,143	-	-	20,399,143

ECL allowance				
ECL allowance as at 1 March 2023	337,285	-	-	337,285

REVIEWED INFLATION ADJUSTED	
1	2

Gross carrying amount			
Gross carrying amount as at 1 March 2022	56,142,260	-	56,142,260
New assets purchased	56,216,611	-	56,216,611

Gross carrying amount as at 28 February 2023	33,800,165	-	-	33,800,165
--	------------	---	---	------------

Assets derecognised or matured (excluding write offs)	(660,262)	-	-	(660,262)
Monetary loss	(1,656,533)	-	-	(1,656,533)

	UNAUDITED HISTORICAL			
	Stage 1	Stage 2	Stage 3	Total
	7/1/2020	7/1/2020	7/1/2020	7/1/2020

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 30 September, 2019	12,000,000	12,000,000
ECL allowance		

Assets recognised under cash and cash equivalents	-	-	-	-
ECI allowances as at 28 February 2022	237,285			237,285

www.hoteldiplomabank.com

REVIEWED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2023

10

Years of Seamless Digital Banking

Be an adventurer with Globetrotter II

You need a card that understands your unique needs and goal. Meet the VISA Globetrotter II, the card that combines style, convenience and security.

Apply now and enjoy the best of banking with Steward Bank

Download the App.



Simplified Banking. Just the right way

STEWARDBANK

Everyday Banking For Everyday People

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 AUGUST 2023

	REVIEWED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 August 2023	28 February 2023	31 August 2023	28 February 2023
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
14 OTHER RECEIVABLES				
Opening balance	16,772,477	8,641,476	16,772,477	2,980,246
Additions	6,525,222	5,595,514	2,771,189	1,841,481
Inventory utilised during the period	49,763,656	26,589,062	49,763,656	9,169,955
Transfer to investment property	2,634,334	2,733,978	2,634,334	942,886
	75,695,689	43,560,030	71,941,656	14,934,568
Less: Allowance for ECL	(112,880)	(8,417,005)	(112,880)	(2,902,831)
	75,582,809	35,143,025	71,828,776	12,031,737

15 INVENTORIES				
Opening balance	2,754,976	6,747,728	236,777	106,526
Additions	1,007,747	2,842,793	880,791	594,987
Inventory utilised during the period	(266,232)	(2,969,192)	(187,600)	(426,005)
Transfer to Investment property	-	(3,866,353)	-	(38,731)
Closing balance	3,496,491	2,754,976	929,968	236,777

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

	REVIEWED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 August 2023	28 February 2023	31 August 2023	28 February 2023
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
16 INVESTMENT PROPERTY				
Opening balance	62,693,375	12,940,645	21,621,501	1,380,457
Additions	5,490,622	3,866,353	5,404,936	1,072,607
Transfers from inventory	-	12,204,280	-	38,731
Transfers from property & equipment	-	8,833,759	-	1,384,101
Impairment of Investments	-	(690,986)	-	(106,723)
Disposals	-	(707,780)	-	(80,270)
Fair value adjustments	53,684,274	26,247,104	94,841,834	17,932,598
Closing balance	121,868,271	62,693,375	121,868,271	21,621,501

Investment property consists of commercial buildings and undeveloped residential stands.

Investment property is stated at fair value, which has been determined based on valuations performed by an accredited independent valuer, as at 31 August 2023. The professional independent valuer considered comparable market evidence based on lease and purchase transactions of similar buildings and residential stands. There was no rental income received on the investment property during the period.

The fair value measurements for all of the investment properties have been categorised as Level 2 fair value measurements in accordance to IFRS13.

	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	ZWL 27,000 – ZWL42,000 per square meter and ZWL33,000 – ZWL42,000 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, 011sqm ZWL58634 – ZWL103908 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 31 August 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

	REVIEWED INFLATION ADJUSTED							Total ZWL 000
	Land and buildings ZWL 000	Leasehold improvements ZWL 000	Furniture and Fittings ZWL 000	Office equipment ZWL 000	Computer equipment ZWL 000	Motor Vehicles ZWL 000	Work in Progress ZWL 000	
Reviewed Inflation adjusted:								
At Cost or Valuation:								
1 March 2022	15,095,479	11,037,997	3,180,375	204,751	17,048,437	349,452	5,478,716	52,395,207
Additions	-	-	-	-	-	-	4,194,615	4,194,615
Transfer to Held for sale	(12,204,280)	-	-	-	-	-	-	(12,204,280)
Transfers from Work-in-Progress	-	32,887	-	81,220	4,174,034	1,112,814	(5,400,755)	200
Derecognition	-	-	-	-	(3,726)	-	-	(3,726)
Revaluation adjustment	368,218	12,105,468	-	200,840	37,445	-	-	12,711,971
28 February 2023	3,259,417	23,176,352	3,180,375	486,811	21,256,190	1,462,266	4,272,576	57,093,987
Additions	4,388,385	-	373,639	4,729	-	-	5,881,466	10,648,219
Transfers from Work-in-Progress	-	146,356	303,254	10,269	276,545	250,940	(987,364)	-
Revaluation adjustment	9,590,288	10,383,056	-	674,457	7,616,332	380,997	-	28,645,130
31 August 2023	17,238,090	33,705,764	3,857,268	1,176,266	29,149,067	2,094,203	9,166,678	96,387,336

17 PROPERTY AND EQUIPMENT (CONTINUED)

	REVIEWED INFLATION ADJUSTED (CONTINUED)							Total ZWL 000
	Land and buildings ZWL 000	Leasehold improvements ZWL 000	Furniture and Fittings ZWL 000	Office equipment ZWL 000	Computer equipment ZWL 000	Motor Vehicles ZWL 000	Work in Progress ZWL 000	
Accumulated depreciation and impairment:								
1 March 2022	-	-	3,019,712	-	6,876,061	331,620	-	10,227,393
Depreciation charge for the year	25,658	721,881	8,009	12,860	9,301,337	149,853	-	10,219,598
Impairment	-	-	2,363,417	-	-	170,713	-	2,534,130
Eliminated on revaluation	(25,658)	(721,881)	(3,027,720)	(12,860)	(16,177,398)	(481,473)	-	(20,446,990)
28 February 2023	-	-	2,363,418	-	-	170,713	-	2,534,131
Depreciation charge for the period	63,451	1,850,414	31,861	42,886	3,848,328	175,086	-	6,012,026
Impairment	-	-	573,417	-	-	-	-	573,417
Eliminated on revaluation	(63,451)	(1,850,414)	(31,861)	(42,886)	(3,848,328)	(175,086)	-	(6,012,026)
31 August 2023	-	-	2,936,835	-	-	170,713	-	3,107,548
Net carrying amount:								
At 31 August 2023	17,238,090	33,705,764	920,433	1,176,266	29,149,067	1,923,490	9,166,678	93,279,788
At 28 February 2023	3,259,417	23,176,352	816,957	486,811	21,256,190	1,291,553	4,272,576	54,559,856

	UNAUDITED HISTORICAL COST							Total ZWL 000
	Land and buildings ZWL 000	Leasehold improvements ZWL 000	Furniture and Fittings ZWL 000	Office equipment ZWL 000	Computer equipment ZWL 000	Motor Vehicles ZWL 000	Work in Progress ZWL 000	
Historical cost:								
At Cost or Valuation:								
1 March 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
Transfer from Work-in-Progress	-	9,956	-	13,384	841,076	284,331	(1,148,747)	-
Derecognition	-	-	-	-	(423)	-	-	(423)
Transfer to assets held for sale	(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
Additions	4,499,200	-	168,429	4,849	45,890	-	6,425,460	11,143,828
Transfers from Work-in-Progress	-	53,628	105,371	6,465	86,871	156,014	(408,349)	-
Revaluation adjustment	11,614,792	25,659,146	364,883	997,062	21,685,536	1,322,118	-	61,643,537
31 August 2023	17,238,090	33,705,764	920,433	1,176,266	29,149,067	1,923,490	6,216,579	90,329,689

Accumulated depreciation and impairment:								
1 March 2022	-	-	-	-	-	-	-	-
Depreciation charge for the year	8,615	87,465	2,758	6,089	194,861	7,660	-	307,448
Eliminated on revaluation	(8,615)	(87,465)	(2,758)	(6,089)	(194,861)	(7,660)	-	(307,448)
28 February 2023	-	-	-	-	-	-	-	-
Depreciation charge for the period	1,142,845	-439,002	124,797	-99,834	1,332,163	64,611	-	2,125,580
Eliminated on revaluation	(1,142,845)	439,002	(124,797)	99,834	(1,332,163)	(64,611)	-	(2,125,580)
31 August 2023	-	-	-	-	-	-	-	-
Net carrying amount:								
At 31 August 2023	17,238,090	33,705,764	920,433	1,176,266	29,149,067	1,923,490	6,216,579	90,329,689
At 28 February 2023	1,124,098	7,992,990	281,750	167,890	7,330,770	445,358	199,468	17,542,324

Property and equipment were revalued as at 31 August 2023 by an independent valuer.

18 INTANGIBLE ASSETS

	REVIEWED INFLATION ADJUSTED		Total ZWL 000
	Computer software ZWL 000	Current work in progress ZWL 000	
Cost:			
As at 1 March 2022	23,047,915	2,963,796	26,011,711
Additions	-	592,887	592,887
Transfer from Work-In-Progress	1,157,039	(1,157,039)	-
As at 28 February 2023	24,204,954	2,399,644	26,604,598
Additions	-	1,571,812	1,571,812
As at 31 August 2023	24,204,954	3,971,456	28,176,410
Accumulated amortisation and impairment:			
As at 1 March 2022	6,950,192	-	6,950,192
Amortisation charge for the year	582,179	-	582,179
As at 28 February 2023	7,532,371	-	7,532,371
Amortisation charge for the period	1,022,824	-	1,022,824
As at 31 August 2023	8,555,195	-	8,555,195
Net carrying amount:			
At 31 August 2023	15,649,759	3,971,456	19,621,215
At 28 February 2023	16,672,583	2,399,644	19,072,227

REVIEWED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 AUGUST 2023

18INTANGIBLE ASSETS (CONTINUED)

	UNAUDITED HISTORICAL COST		
	Computer software ZWL 000	Current work in progress ZWL 000	Total ZWL 000
As at 1 March 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
Additions	-	1,391,609	1,391,609
As at 31 August 2023	514,079	1,723,310	2,237,389
Accumulated amortisation and impairment:			
As at 1 March 2022	18,903	-	18,903
Amortisation charge for the year	64,116	-	64,116
As at 28 February 2023	83,019	-	83,019
Amortisation charge for the period	30,849	-	30,849
As at 31 August 2023	113,868	-	113,868
Net carrying amount:			
At 31 August 2023	400,211	1,723,310	2,123,521
At 28 February 2023	431,060	331,701	762,761

19.1RIGHT OF USE ASSETS

	REVIEWED INFLATION ADJUSTED		
	Bank Branches ZWL 000	Office Buildings ZWL 000	Total ZWL 000
Cost:			
As at 1 March 2022	3,679,495	469,936	4,149,431
Additions	458,856	411,028	869,884
Modification	116,775	-	116,775
Expired leases	(329,274)	(21,645)	(350,919)
As at 28 February 2023	3,925,852	859,319	4,785,171
Additions	-	488,869	488,869
Expired leases	-	(125,103)	(125,103)
As at 31 August 2023	3,925,852	1,223,085	5,148,937
Accumulated depreciation and impairment:			
As at 1 March 2022	2,785,640	358,731	3,144,371
Depreciation charge for the year	789,879	85,631	875,510
Expired leases	(329,274)	(21,645)	(350,919)
As at 28 February 2023	3,246,245	422,717	3,668,962
Depreciation charge for the period	157,765	238,384	396,149
As at 31 August 2023	3,404,010	661,101	4,065,111
Net carrying amount:			
At 31 August 2023	521,842	561,984	1,083,826
At 28 February 2023	679,607	436,602	1,116,209
	UNAUDITED HISTORICAL COST		
	Bank Branches ZWL 000	Office Buildings ZWL 000	Total ZWL 000
Cost:			
As at 1 March 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
Additions	-	170,065	170,065
Expired leases	-	(128,262)	(128,262)
As at 31 August 2023	238,444	55,378	293,822
Accumulated amortisation and impairment:			
As at 1 March 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)
28 February 2022	60,817	10,245	71,062
Amortisation charge for the period	11,882	13,926	25,808
As at 31 August 2023	72,699	24,171	96,870
Net carrying amount:			
At 31 August 2023	165,745	31,207	196,952
At 28 February 2023	177,627	3,330	180,957

19.2LEASE LIABILITIES

	REVIEWED INFLATION ADJUSTED		
	Bank Branches ZWL 000	Office Buildings ZWL 000	Total ZWL 000
As at 1 March 2022	223,506	49,235	272,741
Additions	869,884	-	869,884
Modifications	116,775	-	116,775
Interest expense	243,690	2,642	246,332
Repayments	(520,035)	(51,413)	(571,448)
Exchange loss	1,225,333	28,535	1,253,868
Monetary loss	(500,715)	(19,050)	(519,765)
As at 28 February 2023	1,658,438	9,949	1,668,387
Additions	-	488,869	488,869
Expired leases	-	(371,771)	(371,771)
Interest expense	129,999	52,037	182,036
Repayments	(520,013)	(138,677)	(658,690)
Exchange loss	231,604	494,133	725,737
As at 31 August 2023	1,500,028	534,540	2,034,568
	HISTORICAL COST		
	Bank Branches ZWL 000	Office Buildings ZWL 000	Total ZWL 000
As at 1 March 2022	23,844	5,251	29,095
Additions	219,432	-	219,432
Modifications	13,244	-	13,244
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 2023	571,957	3,431	575,388
Additions	-	170,065	170,065
Expired leases	-	(371,771)	(371,771)
Interest expense	87,362	34,971	122,333
Exchange loss	1,390,923	651,929	2,042,852
Repayments	(398,127)	(106,172)	(504,299)
As at 31 August 2023	1,652,115	382,453	2,034,568

20SHARE CAPITAL AND SHARE PREMIUM

	UNAUDITED HISTORICAL COST			
	31 August 2023 No. of Shares	28 February 2023 No. of Shares	31 August 2023 ZWL 000	28 February 2023 ZWL 000
Share capital:				
Authorised				
Ordinary shares of ZWL0.00000001 each	70,000,000,000	70,000,000,000	7	7
10% Irredeemable non-cumulative preference shares of ZWL1 each	10,000	10,000	-	-
			7	7
Issued				
Ordinary shares of ZWL0.00000001 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

20SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

	REVIEWED 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 2022	2,682	69,747,965	4	106,318
Share Issue	-	20,827,984	-	1,971,267
As at 28 February 2023	2,682	90,575,949	4	2,077,585
As at 31 August 2023	2,682	90,575,949	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.

21REVALUATION RESERVE

	REVIEWED INFLATION ADJUSTED		HISTORICAL COST	
	31 August 2023 ZWL 000	28 February 2023 ZWL 000	31 August 2023 ZWL 000	28 February 2023 ZWL 000
Opening balance	36,505,964	13,451,591	13,756,645	2,355,242
Gain on revaluation	34,657,156	33,158,962	63,769,117	15,145,328
Impairment of previously revalued PPE	(573,417)	(2,534,130)	-	-
Deferred tax effect on revaluation and impairment	(8,425,500)	(7,570,459)	(15,763,726)	(3,743,925)
Closing Balance	62,164,203	36,505,964	61,762,036	13,756,645

Revaluation surplus

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

22DEPOSITS DUE TO BANKS AND CUSTOMERS

	REVIEWED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 August 2023 ZWL 000	28 February 2023 ZWL 000	31 August 2023 ZWL 000	28 February 2023 ZWL 000
Due to customers				
Current accounts	232,182,166	167,899,120	232,182,166	57,761,991
Term deposits	183,070	217,588	183,070	217,588
	232,365,236	168,116,708	232,365,236	57,979,579
22.1 Maturity analysis of deposits				
Less than one month	231,530,037	167,281,509	231,530,037	57,144,380
1 to 3 months	835,199	835,199	835,199	835,199
	232,365,236	168,116,708	232,365,236	57,979,579

22.2Sectoral analysis of deposits

	REVIEWED INFLATION ADJUSTED				HISTORICAL COST			
	31 August 2023 ZWL 000	%	28 February 2023 ZWL 000	%	31 August 2023 ZWL 000	%	28 February 2023 ZWL 000	%
Financial	45,866,702	19.7%	44,217,851	26.3%	45,866,702	19.7%	15,249,718	26.3%
Transport and telecommunications	101,956,512	43.9%	98,291,300	58.5%	101,956,512	43.9%	33,898,405	58.5%
Mining	855,540	0.4%	824,784	0.5%	855,540	0.4%	284,449	0.5%
Manufacturing	4,432,712	1.9%	4,273,362	2.5%	4,432,712	1.9%	1,473,784	2.5%
Agriculture	2,324,558	1.0%	2,240,993	1.3%	2,324,558	1.0%	772,867	1.3%
Distribution	3,925,158	1.7%	3,784,054	2.3%	3,925,158	1.7%	1,305,033	2.3%
Services	13,354,625	5.7%	12,874,542	7.7%	13,354,625	5.7%	4,440,133	7.7%
Government and parastatals	278,481	0.1%	268,470	0.2%	278,481	0.1%	92,589	0.2%
Individuals	58,586,727	25.2%	585,322	0.3%	58,586,727	25.2%	201,864	0.3%
Other	784,221	0.3%	756,030	0.4%	784,221	0.3%	260,737	0.4%
	232,365,236	100.0%	168,116,708	100.0%	232,365,236	100.0%	57,979,579	100.0%

23FAIR 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 31 August 2023:

	Date of Valuation	Fair value measurement using			
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total ZWL 000
		(Level 1) ZWL 000	(Level 2) ZWL 000	(Level 3) ZWL 000	
Assets measured at fair value:					
Investment property (note 16) :					
Residential stands	31 August 2023	-	48,672,986	-	48,672,986
Office buildings	31 August 2023	-	44,628,250	-	44,628,250
Land	31 August 2023	-	28,567,035	-	28,567,035
Revalued properties					
Land & buildings	31 August 2023	-	17,238,090	-	17,238,090
Leasehold improvements	31 August 2023	-	33,705,764	-	33,705,764
Furniture & fittings	31 August 2023	-	-	920,433	920,433
Office equipment	31 August 2023	-	-	1,176,266	1,176,266
Computer equipment	31 August 2023	-	-	29,149,067	29,149,067
Motor vehicles	31 August 2023	-	-	1,923,490	1,923,490
Total		-	172,812,125	33,169,256	205,981,381

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

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

	Date of Valuation	Fair value measurement using			
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total ZWL 000
		(Level 1) ZWL 000	(Level 2) ZWL 000	(Level 3) ZWL 000	
Assets measured at fair value:					
Investment property (note 16):					
Residential stands	28 February 2023	-	12,079,702	-	12,079,702
Office buildings	28 February 2023	-	5,711,400	-	5,711,400
Land	28 February 2023	-	3,830,399	-	3,830,399
Revalued properties					
Land & buildings	28 February 2023	-	1,124,098	-	1,124,098
Leasehold improvements	28 February 2023	-	7,992,990	-	7,992,990
Furniture & fittings	28 February 2023	-	-	281,750	281,750
Office equipment	28 February 2023	-	-	167,890	167,890
Computer equipment	28 February 2023	-	-	7,330,770	7,330,770
Motor vehicles	28 February 2023	-	-	445,358	445,358
Total		-	30,738,589	8,225,768	38,964,357

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.

23.1Fair values of financial instruments

		REVIEWED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	Hierarchy	31 August 2023 ZWL 000	28 February 2023 ZWL 000	31 August 2023 ZWL 000	28 February 2023 ZWL 000
Financial assets					
Cash and cash equivalents	Level 1	112,030,510	86,264,340	112,030,510	29,750,584
Financial assets at fair value through profit or loss	Level 1	23,184,940	6,819,965	23,184,940	2,352,049
Loans and advances to customers	Level 2	124,465,424	81,038,799	124,465,424	27,948,416
Debt instruments measured at amortised cost	Level 2	31,481,116	32,822,180	31,481,116	11,319,613
Other receivables	Level 2	69,170,467	37,964,516	69,170,467	13,093,087
		360,332,457	244,909,800	360,332,457	84,463,749
Financial liabilities					
Deposits due to banks and customers	Level 1	232,365,236	168,116,708	232,365,236	57,979,579
Other liabilities	Level 2	67,073,695	39,415,374	67,073,695	13,593,386
Lease liability	Level 2	2,034,568	1,668,387	2,034,568	575,388
Provisions	Level 2	5,313,256	1,599,829	5,313,256	551,744
		306,786,755	210,800,298	306,786,755	72,700,097

REVIEWED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 AUGUST 2023

24

PROVISIONS

	INFLATION ADJUSTED		UNAUDITED HISTORICAL	
	31 August 2023 ZWL 000	28 February 2023 ZWL 000	31 August 2023 ZWL 000	28 February 2023 ZWL 000
Provisions	5,313,256	1,599,829	5,313,256	551,744
REVIEWED INFLATION ADJUSTED				
	Leave pay provision ZWL 000	Bonus provision ZWL 000	Other provisions ZWL 000	Total ZWL 000
As at 1 March 2022	84,361	1,123,688	269,151	1,477,199
Current provision	687,431	3,063,503	319,830	4,070,765
Amount utilised	-	(2,625,615)	(527,565)	(3,153,180)
Monetary loss	(352,563)	(481,039)	38,649	(794,956)
As at 28 February 2023	419,229	1,080,537	100,065	1,599,829
Current provision	1,442,086	3,060,586	274,062	4,776,734
Monetary loss	(274,642)	(707,880)	(80,785)	(1,063,307)
As at 31 August 2023	1,586,673	3,433,243	293,342	5,313,256
UNAUDITED HISTORICAL COST				
	Leave pay provision ZWL 000	Bonus provision ZWL 000	Other provisions ZWL 000	Total ZWL 000
As at 1 March 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
Current provision	1,442,086	3,060,594	258,832	4,761,512
As at 31 August 2023	1,586,670	3,433,244	293,342	5,313,256

25

OTHER LIABILITIES

	INFLATION ADJUSTED		HISTORICAL COST	
	31 August 2023 ZWL 000	28 February 2023 ZWL 000	31 August 2023 ZWL 000	28 February 2023 ZWL 000
Amounts due to related parties	3,534,802	2,115,595	3,534,802	618,507
Sundry creditors	63,538,893	37,299,779	63,538,893	12,974,879
Sundry creditors and accruals	67,073,695	39,415,374	67,073,695	13,593,386
The Bank's sundry creditors comprise accruals, suspense accounts and other staff related statutory obligations as at 31 August 2023.				

25.1

CURRENT TAX PAYABLE

	INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 August 2023 ZWL 000	28 February 2023 ZWL 000	31 August 2023 ZWL 000	28 February 2023 ZWL 000
Current tax payable	3,550,426	8,646,406	3,550,426	2,981,946

26

DEFERRED TAX LIABILITY

	INFLATION ADJUSTED							Total ZWL 000
	Property, Plant & Equipment ZWL 000	Inventory ZWL 000	Investment Property ZWL 000	Right of use and lease liability ZWL 000	Provisions ZWL 000	Unrealised losses ZWL 000	Other ZWL 000	
As at 1 March 2022	12,412,821	1,668,050	2,262,729	181,024	(715,551)	(190,390)	640,452	16,259,135
(Credit)/ charge to profit for the period	(9,124,205)	(1,668,050)	2,742,143	(317,522)	320,071	1,129,942	(634,466)	(7,552,087)
Charge to other comprehensive income	7,570,459	-	-	-	-	-	-	7,570,459
As at 28 February 2023	10,859,075	-	5,004,872	(136,498)	(395,480)	939,552	5,986	16,277,507
Charge / (credit) to profit for the period	6,632,482	-	6,922,718	(98,527)	(91,083)	(4,486,632)	2,023,252	10,902,210
Charge to other comprehensive income	8,425,500	-	-	-	-	-	-	8,425,500
As at 31 August 2023	25,917,057	-	11,927,590	(235,025)	(486,563)	(3,547,080)	2,029,238	35,605,217
	UNAUDITED HISTORICAL COST							Total ZWL 000
	Property, Plant & Equipment ZWL 000	Inventory ZWL 000	Investment Property ZWL 000	Right of use and lease liability ZWL 000	Provisions ZWL 000	Unrealised losses ZWL 000	Other ZWL 000	
As at 1 March 2022	730,072	26,333	241,379	(3,868)	(116,223)	(39,811)	156,195	994,077
(Credit)/ charge 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
Charge / (credit) to profit for the period	2,738,963	-	10,201,525	(356,755)	(50,171)	(3,871,110)	1,708,368	10,370,820
Charge to other comprehensive income	15,763,726	-	-	-	-	-	-	15,763,726
As at 31 August 2023	20,862,166	-	11,927,590	(454,259)	(186,563)	(3,547,080)	1,731,,888	30,333,742

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.

	INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	31 August 2023 ZWL 000	28 February 2023 ZWL 000	31 August 2023 ZWL 000	28 February 2023 ZWL 000
a) Loans and advances balances owing from Directors				
Balance of loans issued to directors and entities related to directors	5,317	15,417	5,317	5,317
b) Compensation of key management personnel of the Bank:	402,635	889,749	306,854	306,854
Short-term benefits	396,774	876,881	302,416	302,416
Post-employment benefits	5,861	12,868	4,438	4,438

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

RISK MANAGEMENT (CONTINUED)

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.

28.2

Credit quality analysis

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

	INFLATION ADJUSTED AND UNAUDITED HISTORICAL COST						
	Grade A	Grade B		Grade C	Individually		Total
	High grade	Standard grade		Sub-standard	impaired		
	Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3	
ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	
At 31 August 2023:							
Loans and advances to customers:							
Retail portfolio - Consumer and Mortgage loans	12,045,264	2,807,252	1,048,502	1,797,440	26,979	-	17,725,437
Corporate and SME portfolio	-	108,720,923	388,310	-	26,282	2,275,141	111,410,656
	12,045,264	111,528,175	1,436,812	1,797,440	53,261	2,275,141	129,136,093
Debt instruments measured at amortised cost:							
Exposure to banks	1,000,000	-	-	-	-	-	1,000,000
Government debt securities	31,056,041	-	-	-	-	-	31,056,041
	32,056,041	-	-	-	-	-	32,056,041
Other receivables	69,057,587	-	-	-	-	112,880	69,170,467
Contingent liabilities, commitments							
Financial guarantees	-	-	-	-	-	-	-
Commitments to lend	-	-	-	-	-	-	-
	113,158,892	111,528,175	1,436,812	1,797,440	53,261	2,388,021	230,362,601

	INFLATION ADJUSTED						
	Grade A	Grade B	Grade C	Individually			Total
	High grade	Standard grade	Sub-standard	impaired			
	Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3	
ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	
At 28 February 2023:							
Loans and advances to customers:							
Retail portfolio - Consumer and Mortgage loans	4,192,162	2,537,502	269,879	-	-	18,371,076	25,370,619
Corporate and SME portfolio	177,747	252,676	2,806,868	5,066	3,614,022	52,873,067	59,729,446
	4,369,909	2,790,178	3,076,747	5,066	3,614,022	71,244,143	85,100,065
Debt instruments measured at amortised cost:							
Exposure to banks	458,419	-	-	-	-	-	458,419
Government debt securities	33,341,746	-	-	-	-	-	33,341,746
	33,800,165	-	-	-	-	-	33,800,165
Other receivables	29,547,511	-	-	-	-	8,417,005	37,964,516
Contingent liabilities, commitments							
Financial guarantees	-	-	-	-	-	-	-
Commitments to lend	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	67,717,585	2,790,178	3,076,747	5,066	3,614,022	79,661,148	156,864,746

	UNAUDITED HISTORICAL COST						
	Grade A High grade	Grade B Standard grade	Grade C Sub-standard	Individually impaired			Total ZWL 000
	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

28.3

Market Risk

28.3.1

Interest rate repricing and gap analysis

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

	REVIEWED INFLATION ADJUSTED						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 31 August 2023:							
Assets:							
Cash and cash equivalents	-	-	-	-	-	112,431,688	112,431,688
Loans and advances to customers	27,674,533	10,438,512	71,459,521	10,572,847	8,990,680	-	129,136,093
Debt instruments at amortised cost	7,610,478	4,066,099	20,379,464	-	-	-	32,056,041
Equity instruments at fair value through profit or loss	-	-	-	-	-	23,184,940	23,184,940
Other receivables	-	-	-	-	-	75,695,689	75,695,689
Inventories	-	-	-	-	-	3,496,491	3,496,491
Investment property	-	-	-	-	-	121,868,271	121,868,271
Property and Equipment	-	-	-	-	-	93,279,788	93,279,788
Intangible assets	-	-	-	-	-	19,621,215	19,621,215
Right of use asset	-	-	-	-	-	1,083,826	1,083,826
Total undiscounted assets	35,285,011	14,504,611	91,838,985	10,572,847	8,990,680	450,661,908	611,854,042
Liabilities and equity							
Deposits due to banks and customers	231,530,037	835,199	-	-	-	-	232,365,236
Provisions	-	-	-	-	-	5,313,256	5,313,256
Tax liabilities	-	-	-	-	-	3,550,426	3,550,426
Other liabilities	-	-	-	-	-	67,073,695	67,073,695
Deferred tax liability	-	-	-	-	-	35,605,217	35,605,217
Lease liabilities	-	-	525,175	1,509,393	-	-	2,034,568
Equity	-	-	-	-	-	260,151,992	260,151,992
	231,530,037	835,199	525,175	1,509,393	-	371,694,586	606,094,390
Interest rate repricing gap	(196,245,026)	13,669,412	91,313,810	9,063,454	8,990,680	78,967,322	5,759,652
Cumulative gap	(196,245,026)	(182,575,614)	(91,261,804)	(82,198,350)	(73,207,670)	5,759,652	5,759,652

REVIEWED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 AUGUST 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 AUGUST 2023

28 RISK MANAGEMENT (CONTINUED)

28.3 Market Risk (continued)

28.3.1 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 31 August 2023:							
<i>Assets:</i>							
Cash and cash equivalents	-	-	-	-	-	112,431,688	112,431,688
Right of use asset	-	-	-	-	-	196,952	196,952
Loans and advances to customers	27,674,533	10,438,512	71,459,521	10,572,847	8,990,680	-	129,136,093
Financial assets held to maturity	7,610,478	4,066,099	20,379,464	-	-	-	32,056,041
Equity instruments at fair value through profit or loss	-	-	-	-	-	23,184,940	23,184,940
Other receivables	-	-	-	-	-	71,828,776	71,828,776
Inventories	-	-	-	-	-	929,968	929,968
Investment property	-	-	-	-	-	121,868,271	121,868,271
Property and Equipment	-	-	-	-	-	90,329,689	90,329,689
Intangible assets	-	-	-	-	-	2,123,521	2,123,521
Total undiscounted assets	35,285,011	14,504,611	91,838,985	10,572,847	8,990,680	422,893,805	584,085,939
<i>Liabilities and equity</i>							
Deposits due to banks and customers	231,530,037	835,199	-	-	-	5,313,256	232,365,236
Provisions	-	-	-	-	-	67,073,695	67,073,695
Other liabilities	-	-	-	-	-	3,550,426	3,550,426
Tax liability	-	-	-	-	-	30,333,742	30,333,742
Deferred tax liability	-	-	525,175	1,509,393	-	-	2,034,568
Lease liabilities	-	-	-	-	-	237,768,244	237,768,244
Equity	-	-	-	-	-	-	
	231,530,037	835,199	525,175	1,509,393	-	344,039,363	578,439,167
Interest rate repricing gap	(196,245,026)	13,669,412	91,313,810	9,063,454	8,990,680	78,854,442	5,646,772
Cumulative gap	(196,245,026)	(182,575,614)	(91,261,804)	(82,198,350)	(73,207,670)	5,646,772	5,646,772
	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 2023:							
<i>Assets:</i>							
Cash and cash equivalents	-	-	-	-	86,685,447	-	86,685,447
Loans and advances to customers	8,657,882	22,262,502	34,946,014	19,233,667	-	-	85,100,065
Financial assets held to maturity	1,158,468	7,463,477	25,178,220	-	-	-	33,800,165
Equity instruments at fair value through profit or loss	-	-	-	-	6,819,965	-	6,819,965
Other receivables	-	-	-	-	43,560,030	-	43,560,030
Taxation Receivable	-	-	-	-	-	-	-
Inventories	-	-	-	-	2,754,976	-	2,754,976
Investment property	-	-	-	-	62,693,375	-	62,693,375
Property and Equipment	-	-	-	-	54,559,856	-	54,559,856
Intangible assets	-	-	-	-	19,072,227	-	19,072,227
Right of use asset	-	-	-	-	1,116,209	-	1,116,209
	9,816,350	29,725,979	60,124,234	19,233,667	277,262,085		396,162,315
<i>Liabilities and equity</i>							
Deposits due to banks and customers	167,485,791	630,915	-	-	-	-	168,116,706
Provisions	-	-	-	-	1,599,829	-	1,599,829
Other liabilities	-	-	-	-	39,415,374	-	39,415,374
Tax liability	-	-	-	-	8,646,406	-	8,646,406
Deferred tax liability	-	-	-	-	16,277,507	-	16,277,507
Lease liabilities	-	-	-	-	1,668,387	-	1,668,387
Equity	-	-	-	-	146,560,741	-	146,560,741
	167,485,791	630,915	-	-	214,168,244		382,284,950
Interest rate repricing gap	(157,669,441)	29,095,064	60,124,234	19,233,667	63,093,841		13,877,365
Cumulative gap	(157,669,441)	(128,574,377)	(68,450,143)	(49,216,476)	13,877,365		13,877,365
	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 2023:							
<i>Assets:</i>							
Cash and cash equivalents	-	-	-	-	29,895,814	-	29,895,814
Loans and advances to customers	2,985,904	7,677,824	12,052,075	6,633,250	-	-	29,349,053
Financial assets held to maturity	399,529	2,573,981	8,683,388	-	-	-	11,656,898
Equity instruments at fair value through profit or loss	-	-	-	-	2,352,049	-	2,352,049
Other receivables	-	-	-	-	14,934,568	-	14,934,568
Inventories	-	-	-	-	236,777	-	236,777
Investment property	-	-	-	-	21,621,501	-	21,621,501
Property and Equipment	-	-	-	-	17,542,324	-	17,542,324
Right of use asset	-	-	-	-	180,957	-	180,957
Intangible assets	-	-	-	-	762,761	-	762,761
	3,385,433	10,251,805	20,735,463	6,633,250	87,526,751		128,532,702
<i>Liabilities and equity</i>							
Deposits due to banks and customers	57,761,991	217,588	-	-	-	-	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	-	-	-	-	575,388	-	575,388
Equity	-	-	-	-	43,865,480	-	43,865,480
	57,761,991	217,588	-	-	65,767,140		123,746,719
Interest rate repricing gap	(54,376,558)	10,034,217	20,735,463	6,633,250	21,759,611		4,785,983
Cumulative gap	(54,376,558)	(44,342,341)	(23,606,878)	(16,973,628)	4,785,983		4,785,983

28.4 Operational Risk
Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

28.5 Compliance Risk
Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, law, rules, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the institution to fines and payment of damages. Compliance risk can lead to diminished reputation, limited business opportunities, reduced expansion potential, and an inability to enforce contracts. The Internal Audit and the Risk Department ensure that the Bank fully complies with all relevant laws and regulations.

28.6 Reputational Risk
Reputational risk is the current and prospective impact on earnings and capital arising from negative public opinion. This affects the institution's ability to establish new relationships or services or continue servicing existing relationships. This risk may expose the institution to litigation, financial loss, or a decline in its customer base. The Bank has a Business Development department whose mandate is to manage this risk.

28.7 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:

28.7.1 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)

28.7.2 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.

Regulatory capital consists of:

- Tier 1 Capital ("the core capital"), which comprises of share capital, share premium, retained earnings (including the current year profit or loss), the statutory reserve and other equity reserves.
- Tier 2 Capital ("supplementary capital"), which includes subordinated term debt, revaluation reserves and portfolio provisions.
- Tier 3 Capital ("tertiary capital"), 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 31 August 2023 was in excess of the minimum Regulatory requirements of Tier 1 capital of USD30 million and stood as follows:

	UNAUDITED HISTORICAL COST	
	31 August 2023 ZWL 000	28 February 2023 ZWL 000
Share capital	4	4
Share premium	2,077,585	2,077,585
Retained earnings	173,928,619	28,031,246
	176,006,208	30,108,835
Less: Capital allocated for market and operational risk	(26,698,562)	(1,866,923)
Advances to insiders	(2,639,650)	(948,203)
Guarantees to insiders	-	-
Tier 1 capital	146,667,996	27,293,709
Tier 2 capital		
Other reserves	61,762,036	13,756,645
General provisions	-	-
	61,762,036	13,756,645
Total Tier 1 and 2 capital	208,430,032	41,050,354
Tier 3 capital (sum of market and operational risk capital)	26,698,562	2,866,923
Total Capital Base	235,128,594	43,917,277
Total risk weighted assets	398,268,500	64,427,824
Tier 1 ratio	37%	42%
Tier 2 ratio	16%	21%
Tier 3 ratio	7%	4%
Total capital adequacy ratio	59%	68%
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 Bank understands that the amount of capital affects the return for shareholders. It also knows that it needs to balance the potential higher returns from more leverage and the benefits and safety of a strong capital position. The capital consists of share capital, share premium, retained earnings (including the current year profit or loss), the statutory reserve and other equity reserves.

30 CAPITAL COMMITMENTS

	31 August 2023 ZWL 000	28 February 2023 ZWL 000
Capital expenditure authorised but not yet contracted for	2,848,273	649,274
	2,848,273	649,274

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