UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2015

CHAIRMAN'S STATEMENT

I am pleased to present to you the financial results of Stanbic Bank Zimbabwe Limited ("the Bank" or "Stanbic Bank") for the half year ended 30 June 2015.

State of the operating environment in the country

The operating environment remains highly challenging. Below are some of the major challenges the economy continues to experience with no immediate plausible solutions in sight to improve the situation:

- GDP growth continues to slow down. Growth rates that averaged 8-10% between 2009 and 2012 are projected to be under 2% in 2015;
- International commodity prices for the country's key minerals such as gold, platinum, nickel and chrome remain sluggish. This in turn is threatening sustainable economic growth as the mining sector has been anchoring GDP growth since dollarization;
- Huge trade deficits, estimated at 30% of GDP, and meagre international reserves. The integrity of the Balance of Payments position ("BOP") data remains questionable;
- Non resolution of the external debt issue remains a major hindrance to unlocking cheaper external funding;
- Monthly fiscal revenues have stagnated at an estimated USD300 million since 2010 compared to monthly expenditure demands from line ministries of over USD500 million. This has resulted in fiscal stress, including the accumulation of domestic payments arrears. The increased informalisation of the economy will further worsen the ability of Government to mobilise enough fiscal resources;
- Capacity utilization in major economic sectors has also stagnated at levels which are estimated to be less than 50%; and
- In addition, the rapid credit risk deterioration is threatening financial sector stability. According to the Reserve Bank of Zimbabwe, banking sector earnings performance deteriorated during the first quarter of 2015, with aggregate net profit decreasing to USD4.02 million compared to USD22.40 million during the same period in 2014. The subdued performance was mainly attributed to impairment of non performing loans.

Results

In an increasingly difficult operating environment, the Bank posted a profit after tax of USD10.5 million for the half year ended 30 June 2015, having grown by 10% from a prior year performance of USD9.6 million. The improved performance registered in the first half of the year was driven mainly by the 11% growth in interest earning assets from USD332 million in December 2014 to USD367 million. The Bank's fee and commission income grew by 13% to USD17.7 million driven mainly by the increase in transaction volumes being processed through our service channels. Operating expenses increased by 5% to USD25.1 million because of the increase in transaction processing costs experienced during the period under review due to the impact of business growth.

Capital

As at 30 June 2015, the Bank's qualifying core capital stood at USD81.6 million against the regulatory minimum of USD25 million. The Bank is on course to meet the regulatory minimum core capital of USD100 million by 2020.

Outlook

Going forward, all appear cognisant of the fact that the sustenance of a growth trajectory will require internationally accepted economic reforms and tapping into international capital reserves to meet the country's capital requirements. In this regard, the Government is commended for the continued engagement with international partners such as the International Monetary Fund ("IMF"), the World Bank and the African Development Bank during policy formulation process. However, no solid progress has been made thus rendering a bleak outlook for the economy.

Corporate governance

The Bank continues to maintain high standards of corporate governance, ensuring that its conduct is above reproach. It complies with regulatory and corporate governance requirements, and is committed to advancing the principles and practice of sustainable development and adherence to the laws of the country.

During the period under review, the Bank complied with regulatory requirements and central bank directives, in all material respects.

The Board of Directors

The Board meets a minimum of four times per year, and the record of attendance of each director is as follows for the half year ended 30 June 2015:

DIRECTOR'S NAME	MAIN BOARD	AUDIT	L R	CREDIT	HR	NOM	RISK
Sternford Moyo (Chairman)	2	**	6	**	**	1	**
Joshua Tapambgwa (Chief Executive)	2	**	**	**	1****	1****	**
Cathrine Chitiyo	2	**	**	2	1	**	2
Gregory Sebborn	2	2	3****	1***	**	**	1***
David Ellman-Brown	2	2	6	**	**	**	**
Emmanuel Jinda	2	**	3***	1****	1	1	**
Malcolm Lowe*	1	**	**	1	**	**	2
Weston Makwara (Executive)	2	**	**	**	**	**	1****
Linda Masterson	2	1	2****	***	***	***	1
Solomon Nyanhongo (Executive)	2	**	**	**	**	**	1****
Paul Smith*	2	**	**	**	**	**	***
Pindie Nyandoro*	2	**	**	**	**	***	**

*South African based members
** Not a member
***Became a member of the Committee as at 30 March 2015
****Ceased to be a member of the Committee as at 30 March 2015

HR	-	Human Resources and Remuneration Committee
NOM	-	Board Nominations Committee
LR	-	Board Loans Review Committee

As at 30 June 2015, the Board comprised twelve directors, three of whom are executive directors. The Board has an appropriate level of independence for deliberations and objectivity and has the right mix of competencies and experience. The Board is responsible for the overall corporate governance of the Bank, ensuring that appropriate controls, systems and practices are in place.

Board Committees

The Board Audit Committee

The committee meets at least four times a year. During the half year ended 30 June 2015 the committee held two meetings.

As at 30 June 2015 the committee comprised three independent non-executive directors. The role of the committee is to provide an independent evaluation of the adequacy and efficiency of the Bank's internal control systems, accounting practices, information systems and auditing processes.

Communication between the Board, executive management, compliance, internal audit, and external audit is encouraged. The committee liaises with the external and internal auditors on accounting procedures and on the adequacy of controls and information systems, and reviews the financial statements, considers loss reports on major defalcations, and the effectiveness of Bank's compliance plan.

Board Loans Review Committee

The committee meets at least four times annually and may convene more often as and when necessary. During the half year ended 30 June 2015, the committee held six meetings.

The Loans Review Committee reviews customer facilities and the level of bad debt provisioning. It also considers other risk issues in relation to the structure of the Bank's balance sheet as a result of changes in the operating environment.

The committee comprises three independent non-executive directors, inclusive of the Chairman of the Board.

Board Credit Committee

This committee meets at least four times a year. During the half year ended 30 June 2015, the committee held two meetings.

The Board Credit Committee is tasked with the overall review of the Bank's lending policies. During each meeting, the committee deliberates and considers credit applications beyond the mandate of the Credit Risk Management Committee.
The Board Credit Committee comprises four non-executive directors, two of whom are independent.

Board Human Resources and Remuneration Committee

The committee meets four times a year. During the half year ended 30 June 2015, the committee held one meeting.

The committee which previously comprised of two non-executive directors and one executive director, now comprises of three non-executive directors, two of whom are independent non-executives. The committee considers all human resources issues including recruitment policy, industrial relations, succession planning, safety and health and remuneration terms and packages for management and staff.

Summary of the remuneration policies for directors and senior management

Remuneration for directors and senior management is set taking into account compensation trends at comparable organisations in the Zimbabwean market, the performance of the Bank, affordability to the Bank, Standard Bank Group policies and advice from independent human resources consultants.

Board Risk Committee

The committee meets four times a year. During the half year ended 30 June 2015, the committee held two meetings.

As at 30 June 2015 the committee comprised five non-executive directors. The committee reviews and assesses the integrity of the risk control systems and ensures that risk policies and strategies are effectively identified, managed and monitored in order to contribute to a climate of discipline and control, which will reduce the opportunity of risk, including fraud, in all areas of operation.

Board Nominations Committee

The committee meets as and when necessary. During the half year ended 30 June 2015, the committee held one meeting.

As at 30 June 2015 the committee comprised four non-executive directors.

Asset and Liability Committee

Though not a Board committee, the Asset and Liability Committee is a key management committee that meets a minimum of twelve times a year. During the half year ended 30 June 2015, the committee held nine meetings.

The committee is responsible for monitoring compliance with policies and for implementing strategies in respect of liquidity, interest rates, foreign exchange and market risk. It is also responsible for setting policies on the deployment of capital resources of the Bank.

The Asset and Liability Committee strives to achieve the following objectives:

- optimise net interest margins and exchange earnings;
- achieve a deposit, lending and investment profile consistent with the Bank's budgetary and strategic targets;
- manage risks within levels which comply with group and/or regulatory limits;
- establish appropriate pricing levels and rates within laid down limits to achieve objectives; and
- grow statement of financial position size and profits for the period in line with budget.

Stanbic Bank Nominees (Private) Limited

Stanbic Bank Nominees (Private) Limited is a wholly owned subsidiary of Stanbic Bank. It is the nominee company for investments made by Stanbic Bank clients on the money and equity markets (the Bank's custodial business). The Board for Stanbic Bank Nominees comprises two executive directors and three non-executive directors, who meet on a quarterly basis to review the operations of the company and the risks associated with the custody business. The assets and income arising thereon have been disclosed in note 16.

Description of the process by which the Bank assesses the effectiveness of individual Board members and the Board as a whole

The Bank holds an annual Board and director evaluation process as required by the Reserve Bank of Zimbabwe. Weaknesses and areas of concern are identified through this process. The areas of concern are discussed in the Board meetings with a view to rectifying the identified weaknesses.

Corporate Social Responsibility

The Bank prides itself on making a positive difference to the communities in which it operates as we recognise that our success comes from these communities. We will continue to strive for the betterment of the various environments we operate in by contributing to community initiatives, developing our employees and delivering value to our valued customers and shareholders.

Acknowledgements

I would like to extend my gratitude to our valued customers for their continued support during the period under review. My appreciation also goes to my fellow board members, management and staff for their valued contribution and commitment which has resulted in this commendable performance in an increasingly difficult operating environment.

Sternford Moyo
Chairman

25 August 2015

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UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2015

STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Note	30 June 2015 USD'000	31 December 2014 USD'000
ASSETS			
Cash and balances with the Central Bank	1	210 814	261 976
Derivative assets	2.1	1 320	4 737
Financial assets available for sale	3	68 488	28 103
Loans and advances	4.1	246 903	234 423
Other assets		3 068	2 094
Deferred income tax assets		2 185	1 909
Intangible assets		518	527
Investment property		3 770	3 770
Property and equipment		24 756	23 416
Total assets		561 822	560 955
EQUITY AND LIABILITIES			
Equity		84 731	81 667
Ordinary share capital	5.2	260	260
Ordinary share premium	6.1	10 790	10 790
Reserves	6.2	73 681	70 617
Liabilities			
Derivative liabilities	2.2	1 315	4 730
Deposits and current accounts	7	449 326	449 684
Deposits from other banks		4 984	2 706
Deposits from customers		444 342	446 978
Current tax liabilities		1 446	1 761
Other liabilities		25 004	23 113
Total liabilities		477 091	479 288
Total equity and liabilities		561 822	560 955

INCOME STATEMENT
For the half year ended 30 June 2015

	30 June 2015 USD'000	30 June 2014 USD'000
Net interest income	20 754	18 156
Non interest income	22 610	21 100
Net fee and commission income	17 771	15 703
Trading income	4 759	5 246
Other income	80	151
Total income	43 364	39 256
Credit impairment charges	(3 285)	(2 410)
Income after credit impairment charges	40 079	36 846
Operating expenses	(25 121)	(23 880)
Staff costs	(12 568)	(11 676)
Other operating expenses	(12 553)	(12 204)
Net income before indirect tax	14 958	12 966
Indirect tax	(868)	(838)
Profit before direct tax	14 090	12 128
Direct tax	(3 570)	(2 565)
Profit for the period	10 520	9 563

STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2015

	3 0 June 2015 USD'000	30 June 2014 USD'000
Profit for the period	**10 520**	**9 563**
Items that may be subsequently reclassified to profit or loss:		
Changes in fair value of available-for-sale financial assets, net of tax	(40)	(39)
Total comprehensive income for the half year attributable to the ordinary shareholder	**10 480**	**9 524**

STATEMENT OF CASH FLOWS
For the half year ended 30 June 2015

		30 June 2015 USD'000	30 June 2014 USD'000
Cash generated from operations			
Net income before indirect tax	**Note**	14 958	12 966
Adjusted for non cash items:			
Amortisation and impairment of intangible assets		102	120
Credit impairment charges on loans and advances		3 285	2 410
Depreciation of property and equipment		1 408	1 384
Equity-settled share-based payments		84	16
Indirect tax paid		(868)	(838)
Profit from sale of property and equipment		(54)	(111)
Decrease/(increase) in derivative assets		3 417	(547)
(Increase)/decrease in loans and advances		(15 765)	9 038
Increase in other assets		(974)	(1 422)
(Decrease)/increase in derivative liabilities		(3 415)	551
(Decrease)/increase in deposits		(358)	8 981
Increase in other liabilities		1 889	1 349
Direct tax paid		(4 149)	(3 177)
Net cash from operating activities		(440)	30 720
Cash used in investment activities			
Purchase of financial assets available for sale		(50 439)	(10 588)
Proceeds from sale of financial assets available for sale		10 000	5 000
Capital expenditure on:			
- property		(800)	(43)
- equipment, furniture and vehicles		(1 953)	(1 086)
- intangible assets		(92)	(104)
Proceeds from:			
- sales of property and equipment		62	33
Net cash used in investing activities		(43 222)	(6 788)
Cash used in financing activities			
Dividend paid		(7 500)	-
Net (decrease)/increase in cash and cash equivalents		(51 162)	23 932
Cash and cash equivalents at beginning of the half year		261 976	190 198
Cash and cash equivalents at end of the half year	1	210 814	214 130

STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2015

	Ordinary share capital USD'000	Ordinary share premium USD'000	Non distributable reserve USD'000	Revaluation reserve USD'000	Available for sale reserves USD'000	Statutory credit impairment reserve USD'000	Share-based payment reserve USD'000	Ordinary Retained earnings USD'000	shareholder's equity USD'000
Year ended 31 December 2014									
Balance as at 1 January 2014	**260**	**10 790**	**1 207**	**1 943**	**70**	**818**	**326**	**50 654**	**66 068**
Profit for the period	-	-	-	-	-	-	-	20 701	20 701
Items that may be subsequently reclassified to profit or loss									
Changes in fair value of available-for-sale financial assets	-	-	-	-	(65)	-	-	-	(65)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(65)**	**-**	**-**	**20 701**	**20 636**
Equity-settled share based payments	-	-	-	-	-	-	(37)	-	(37)
Dividend declared and paid	-	-	-	-	-	-	-	(5 000)	(5 000)
Total transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	-	(37)	(5 000)	(5 037)
Balance as at 31 December 2014	**260**	**10 790**	**1 207**	**1 943**	**5**	**818**	**289**	**66 355**	**81 667**
Half year ended 30 June 2015									
Balance as at 1 January 2015	260	10 790	1 207	1 943	5	818	289	66 355	81 667
Profit for the period	-	-	-	-	-	-	-	10 520	10 520
Items that may be subsequently reclassified to profit or loss									
Changes in fair value of available-for-sale financial assets	-	-	-	-	(40)	-	-	-	(40)
Total comprehensive income for the period	-	-	-	-	(40)	-	-	10 520	10 480
Equity-settled share based payments	-	-	-	-	-	-	84	-	84
Dividend declared and paid	-	-	-	-	-	-	-	(7 500)	(7 500)
Transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	-	84	(7 500)	(7 416)
Balance as at 30 June 2015	260	10 790	1 207	1 943	(35)	818	373	69 375	84 731

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2015

ACCOUNTING POLICIES
The significant accounting policies applied in the preparation of the financial statements are set out below. These accounting policies have been consistently applied to all the years presented unless otherwise stated.

AUDITOR'S STATEMENT
The financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2014 which was audited by PricewaterhouseCoopers Chartered Accountants (Zimbabwe) and an unqualified audit opinion thereon was issued.

BASIS OF PREPARATION

Statement of compliance
The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards, ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and the International Financial Reporting Interpretations Committee, ("IFRIC") interpretations and in the manner required by the Zimbabwe Companies Act (Chapter 24:03), the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96 and the Zimbabwe Banking Act (Chapter 24:20). The financial statements are based on statutory records that are maintained under the historical cost convention as modified by owner occupied property whose values have been determined at valuation less accumulated depreciation and; investment property, financial assets available for sale and derivative assets, and liabilities whose values are based on fair value. These interim financial results are in compliance with IAS 34 Interim Financial Reporting.

Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in the United States of America dollar ("USD"), which is the functional currency of Stanbic Bank Zimbabwe Limited. All amounts are stated in thousands of United States of America dollars (USD'000), unless indicated otherwise.

RISK MANAGEMENT AND CONTROL

Overview
Effective risk management is fundamental to the business activities of Stanbic Bank Zimbabwe Limited (the "Bank" or "Stanbic Bank"). Whilst we remain committed to the objective of increasing shareholder value by developing and growing our business in a way that is consistent with our Board's determined risk appetite, we are also cognisant of the need to balance this objective with the interests of both our depositors and regulators. We seek to achieve an appropriate balance between risk and reward in our business, and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment.

Risk management is at the core of the operating structures of the Bank. The Bank seeks to limit adverse variations in earnings and equity by managing the risk exposures and capital within agreed levels of risk appetite. Managing and controlling risks, minimising undue concentrations of exposure and limiting potential losses from stress events are all essential elements of the Bank's risk management and control framework. This framework ultimately leads to the protection of the Bank's reputation.

Responsibility and accountability for risk management resides at all levels within the Bank, from the executive down through the organisation to each business manager.

Components of risk management are the risk standards that have been developed for each risk type and which set out the principles for the governance, identification, measurement, management, control and reporting of each risk type. Each standard is approved by the Board Risk committee and is supported by Bank and business unit risk policies and procedures.

Risks are controlled at the level of individual exposures and at portfolio level, as well as in aggregate across all businesses and risk types. An objective view of risk taking activities is taken, in particular to balance the short and long term interests of the Bank.

Risk appetite
Risk appetite is an expression of the maximum level of residual risk that the Bank is prepared to accept to deliver its business objectives. Risk appetite is implemented in terms of various limits, economic capital usage and the risk adjusted performance measures ("RAPM") expected to be achieved, recognising a range of possible outcomes.

The Board establishes the Bank's parameters for risk appetite by:
- providing strategic leadership and guidance;
- reviewing and approving annual budgets and forecasts for the Bank and its business units; and
- regularly reviewing and monitoring the Bank's performance in relation to risk through quarterly Board reports.

Risk categories
The principal risks to which the Bank is exposed and which it manages are defined as follows:
- **Credit risk**
  Credit risk is the risk of loss arising out of the failure of counterparties to meet their financial or contractual obligations when due. Credit risk comprises counterparty risk, settlement risk and concentration risk. These risk types are defined as follows:
- ***Counterparty risk:*** The risk of credit loss to the Bank as a result of the failure by a counterparty to meet its financial and/or contractual obligations to the Bank.
- ***Settlement risk:*** The risk of loss to the Bank from settling a transaction where value is exchanged, but where the Bank may not receive all or part of the countervalue.
- ***Credit concentration risk:*** The risk of loss to the Bank as a result of excessive build-up of exposure to a specific counterparty, industry, market, product, financial instrument or type of security, or geography, or maturity. This concentration typically exists where a number of counterparties are engaged in similar activities and have similar characteristics, which could result in their ability to meet contractual obligations being similarly affected by changes in economic or other conditions.

- **Market risk**
  This is the risk of a change in the actual or effective market value or earnings or future cash flows of a portfolio of financial instruments caused by movements in market variables such as equity, bond and commodity prices, currency exchange rates and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of the above.

- **Liquidity risk**
  Liquidity risk arises when the Bank is unable to maintain or generate sufficient cash resources to meet its payment obligations as they fall due, or can only do so on materially disadvantageous terms. This inability to maintain or generate sufficient cash resources occurs when counterparties who provide the Bank with funding withdraw or do not roll over that funding, or as a result of a general disruption in asset markets that renders normally liquid assets illiquid.

- **Operational risk**
  Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

- **Business risk**
  Business risk is the risk of loss due to operating revenues not covering operating costs and is usually caused by the following:
  - inflexible cost structure, or
  - market-driven pressures, such as decreased demand, increased competition or cost increases,or
  - Bank-specific causes, such as a poor choice of strategy, reputational damage or the decision to absorb costs or losses to preserve reputation.

- **Reputational risk**
  Reputational risk results from damage to the Bank's image which may impair its ability to retain and generate business. Such damage may result from a breakdown of trust, confidence or business relationships.

Credit risk
Credit risk arises mostly from lending and related banking activities, including underwriting transactions. It may also arise when the fair value due to credit risk of the Bank's exposure to financial instruments falls. Each borrower (counterparty) is assigned a risk grade using an appropriate rating model. Rating models are used to achieve objectivity, comparability, transparency and consistency in the rating assignment process.

The Bank makes use of an internationally comparable rating scale for counterparties. Each performing risk grade is mapped to a probability of default (credit quality) that is used to quantify the credit risk for each borrower. The mappings are shown in the following table:

Rating	Grading	Credit Quality
A-C	Investment grade	Normal monitoring
D	Sub-investment grade	Close monitoring
E	Default	Default

Absolute default probabilities are assigned to risk grades so that the long-run average default rate predicted by a model is the best estimate of the population default rate over the economic cycle.

Credit risk mitigation
Collateral and guarantees are used by the Bank to mitigate credit risk. The amount and type of credit risk mitigation depends on the circumstances of each counterparty. The main types of collateral taken are mortgage bonds over residential, commercial and industrial properties, cession of book debts, bonds over plant and equipment and, for leases and instalment sales, the underlying moveable assets financed.

Guarantees and related legal contracts are often required particularly in support of credit extension to groups of companies and weaker counterparties. Guarantor counterparties include banks, parent companies, shareholders and associated counterparties. Creditworthiness is established for the guarantor as for other counterparty credit approvals.

Analysis of exposure to credit risk
The Bank's exposure to credit risk, varying from normal monitoring to close monitoring as determined by the internal models and as defined in terms of the Bank's rating scale as at 30 June 2015 are set out in the table below.

Exposure to credit risk by credit quality as at 30 June 2015 (USD'000)

		← Non-performing loans →					← Performing loans →					
	Total	Sub-Standard	Doubtful	Loss	Total non-performing loans	Balance sheet impairment for non performing loans	Balance sheet impairment for performing loans	Normal Monitoring	Close Monitoring	Total "Neither past due nor impaired"	Past due but not impaired	Total performing loans
Finance leases	9 001	303	155	42	500	243	254	8 278	-	8 278	223	8 501
Personal unsecured lending	59 159	809	906	432	2 147	2 109	1 259	56 337	-	56 337	675	57 012
Business term loans and overdrafts	61 198	1 462	423	3 441	5 326	1 782	1 670	48 151	5 881	54 032	1 840	55 872
Personal and Business Banking-loans to customers	**129 358**	**2 574**	**1 484**	**3 915**	**7 973**	**4 134**	**3 183**	**112 766**	**5 881**	**118 647**	**2 738**	**121 385**
Corporate and Investment Banking	**134 593**	**2 853**	**190**	**1 459**	**4 502**	**2 480**	**7 251**	**126 632**	**2 406**	**129 038**	**1 053**	**130 091**
Total	**263 951**	**5 427**	**1 674**	**5 374**	**12 475**	**6 614**	**10 434**	**239 398**	**8 287**	**247 685**	**3 791**	**251 476**
Less impairments for loans and advances	**(17 048)**											
Net loans and advances	**246 903**											

Collateral obtained by the Bank
It is the Bank's policy to dispose of repossessed assets in an orderly fashion. The proceeds are used to repay the outstanding loan. In general, the Bank does not use repossessed assets for business purposes. The collateral obtained by the Bank as at 30 June 2015 amounted to USD113.4 million (31 December 2014: USD107 million).

Exposure to credit risk by credit quality as at 31 December 2014 (USD'000)

		← Non-performing loans →					← Performing loans →					
	Total	Sub-Standard	Doubtful	Loss	Total non-performing loans	Balance sheet impairment for non performing loans	Balance sheet impairment for performing loans	Normal Monitoring	Close Monitoring	Total "Neither past due nor impaired"	Past due but not impaired	Total performing loans
Finance leases	7 359	166	59	97	322	301	206	5 300	-	5 300	1 737	7 037
Personal unsecured lending	49 840	1 131	417	190	1 738	1 687	986	47 452	-	47 452	650	48 102
Business term loans and overdrafts	57 494	492	1 270	2 528	4 290	1 435	1 580	43 594	8 769	52 363	841	53 204
Personal and Business Banking- loans to customers	114 693	1 789	1 746	2 815	6 350	3 423	2 772	96 346	8 769	105 115	3 228	108 343
Corporate and Investment Banking	**137 042**	**3 078**	**190**	**4 639**	**7 907**	**5 686**	**5 431**	**124 616**	**2 470**	**127 086**	**2 049**	**129 135**
Total	**251 735**	**4 867**	**1 936**	**7 454**	**14 257**	**9 109**	**8 203**	**220 962**	**11 239**	**232 201**	**5 277**	**237 478**
Less impairments for loans and advances	(17 312)											
Net loans and advances	**234 423**											

Liquidity risk

Definition
Liquidity risk arises when the Bank is unable to meet its payment obligations when they fall due. This may be caused by the Bank's inability to liquidate assets or to obtain funding to meet its liquidity needs.

Framework and governance
The nature of banking and trading activities results in a continuous exposure to liquidity risk. The Bank's liquidity risk management framework, which is consistent with the previous financial reporting period, is designed to measure and manage liquidity positions such that payment obligations can be met at all times, under both normal and considerably stressed conditions. Under the delegated authority of the Board of Directors, the Bank's Asset and Liability Committee ("ALCO") sets liquidity risk standards in accordance with regulatory requirements and international best practice. This ensures that a comprehensive and consistent governance framework for liquidity risk management is followed across the Bank. Furthermore, the Bank's parent company (The Standard Bank Group Limited) runs a Group ALCO function that monitors the various indicators in each country where the Group operates, thus ensuring a double layer of coverage for ALCO purposes.

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The tables below analyse the Bank's exposure to interest rate and structural liquidity risks:

Maturity analysis assets and liabilities:

30 June 2015 Liquidity gap analysis (USD'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	1 to 5 years	Insensitive portion	Total
Assets							
Cash and balances with the Central Bank	166 582	29 232	15 000	-	-	-	210 814
Derivative assets	-	165	908	247	-	-	1 320
Financial assets available for sale	-	-	10 542	29 833	28 113	-	68 488
Loans and advances to customers	151 255	7 849	15 710	22 537	66 600	(17 048)	246 903
Other assets	-	1 647	-	-	-	32 650	34 297
Total	**317 837**	**38 893**	**42 160**	**52 617**	**94 713**	**15 602**	**561 822**
Equity and liabilities							
Derivative liabilities	-	164	904	247	-	-	1 315
Deposits from customers and other banks	444 570	4 500	25	215	16	-	449 326
Other liabilities	-	7 944	6 739	10 003	1 561	203	26 450
Equity	-	-	-	-	-	84 731	84 731
Total	**444 570**	**12 608**	**7 668**	**10 465**	**1 577**	**84 934**	**561 822**
Liquidity gap	(126 733)	26 285	34 492	42 152	93 136	(69 332)	-
Cumulative liquidity gap	**(126 733)**	**(100 448)**	**(65 956)**	**(23 804)**	**69 332**	**-**	**-**
Letters of credit	(13 077)	-	-	-	-	-	-
Financial guarantees	(11 664)	-	-	-	-	-	-
Total liquidity gap (on-and off balance sheet)	**(151 474)**	**(100 448)**	**(65 956)**	**(23 804)**	**69 332**	**-**	**-**
Total cumulative liquidity gap	**(151 474)**	**(125 189)**	**(90 697)**	**(48 545)**	**44 591**	**-**	**-**

Other assets include deferred tax assets, intangible assets, investment property and property and equipment. Other liabilities include current tax liabilities.

Maturity analysis assets and liabilities:

31 December 2014 Liquidity gap analysis (USD'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	1 to 5 years	Insensitive portion	Total
Assets							
Cash and balances with Central Bank	207 755	24 221	30 000	-	-	-	261 976
Derivative assets	694	-	4 043	-	-	-	4 737
Financial assets available for sale	755	-	10 000	17 348	-	-	28 103
Loans and advances to customers	138 638	9 604	14 632	24 062	70 708	(23 221)	234 423
Other assets	-	1 750	-	-	-	29 966	31 716
Total	**347 842**	**35 575**	**58 675**	**41 410**	**70 708**	**6 745**	**560 955**
Equity and liabilities							
Derivative liabilities	692	-	4 038	-	-	-	4 730
Deposits from customers and other banks	446 212	2 658	450	364	-	-	449 684
Other liabilities	-	6 282	9 071	7 757	1 561	203	24 874
Equity	-	-	-	-	-	81 667	81 667
Total	**446 904**	**8 940**	**13 559**	**8 121**	**1 561**	**81 870**	**560 955**
Liquidity gap	**(99 062)**	**26 635**	**45 116**	**33 289**	**69 147**	**(75 125)**	
Cumulative liquidity gap	**(99 062)**	**(72 427)**	**(27 311)**	**5 978**	**75 125**	**-**	
Off-balance sheet exposures							
Letters of credit	**(9 448)**	**-**	**-**	**-**	**-**	**-**	
Financial guarantees	**(21 731)**	**-**	**-**	**-**	**-**	**-**	
Total liquidity gap (on-and off balance sheet)	**(130 241)**	**(72 427)**	**(27 311)**	**5 978**	**75 125**	**-**	
Total cumulative liquidity gap	**(130 241)**	**(103 606)**	**(58 490)**	**(25 201)**	**43 946**	**-**	

Other assets include deferred tax assets, intangible assets, investment property and property and equipment. Other liabilities include current tax liabilities.

Foreign currency liquidity management

A number of parameters are observed in order to monitor changes in either market liquidity or exchange rates. The use of the USD as the primary functional currency in Zimbabwe means that significant foreign currencies to the Bank are the South African Rand ("ZAR"), the EURO and the Pound Sterling ("GBP"). These three foreign currencies (and other minor ones) contribute 3% (2014:3%) of the overall statement of financial position size as depicted below and thus do not pose a significant foreign currency liquidity risk to the Bank:

Statement of financial position by currency as at 30 June 2015	Total USD'000	USD USD'000	ZAR USD'000	EURO USD'000	GBP USD'000	Other USD'000
Assets						
Cash and balances with the Central Bank	**210 814**	197 966	8 329	2 992	1 096	431
Derivative assets	**1 320**	1 320	-	-	-	-
Financial investments	**68 488**	68 488	-	-	-	-
Loans and advances to customers	**246 903**	246 900	3	-	-	-
Deferred tax asset	**2 185**	2 185	-	-	-	-
Other assets	**3 068**	1 743	1 325	-	-	-
Intangible assets	**518**	518	-	-	-	-
Investment property	**3 770**	3 770	-	-	-	-
Property and equipment	**24 756**	24 756	-	-	-	-
Total assets	**561 822**	**547 646**	**9 657**	**2 992**	**1 096**	**431**
Equity and liabilities						
Equity	**84 731**	**84 731**	**-**	**-**	**-**	**-**
Ordinary share capital	**260**	260	-	-	-	-
Ordinary share premium	**10 790**	10 790	-	-	-	-
Reserves	**73 681**	73 681	-	-	-	-
Liabilities	**477 091**	**457 001**	**15 752**	**2 918**	**1 086**	**334**
Derivative liabilities	**1 315**	1 315	-	-	-	-
Total deposits	**449 326**	435 548	9 510	2 884	1 053	331
Deposits from other banks	**4 984**	4 463	195	22	92	212
Deposits from customers	**444 342**	431 085	9 315	2 862	961	119
Current taxation liability	**1 446**	1 446	-	-	-	-
Other liabilities	**25 004**	18 692	6 242	34	33	3
Total equity and liabilities	**561 822**	**541 732**	**15 752**	**2 918**	**1 086**	**334**
Currency gap	**-**	5 914	(6 095)	74	10	97
Currency size as % of overall statement of financial position	**100%**	**97%**	**2%**	**1%**	**0%**	**0%**

Statement of financial position by currency as at 31 December 2014	Total USD'000	USD USD'000	ZAR USD'000	EURO USD'000	GBP USD'000	Other USD'000
Assets						
Cash and balances with the Central Bank	**261 976**	250 328	7 332	3 252	706	358
Derivative assets	**4 737**	4 737	-	-	-	-
Financial assets available for sale	**28 103**	28 103	-	-	-	-
Loans and advances to customers	**234 423**	234 419	4	-	-	-
Deferred tax	**1 909**	1 909	-	-	-	-
Other assets	**2 094**	1 938	112	-	-	44
Intangible assets	**527**	527	-	-	-	-
Investment property	**3 770**	3 770	-	-	-	-
Property and equipment	**23 416**	23 416	-	-	-	-
Total assets	**560 955**	**549 147**	**7 448**	**3 252**	**706**	**402**
Equity and liabilities						
Equity	**81 667**	81 667	-	-	-	-
Ordinary share capital	**260**	260	-	-	-	-
Ordinary share premium	**10 790**	10 790	-	-	-	-
Reserves	**70 617**	70 617	-	-	-	-
Liabilities	**479 288**	**462 787**	**12 416**	**3 099**	**727**	**259**
Derivative liabilities	**4 730**	4 730	-	-	-	-
Total deposits	**449 684**	437 667	8 001	3 066	694	256
Deposits from other banks	**2 706**	2 211	205	31	130	129
Deposits from customers	**446 978**	435 456	7 796	3 035	564	127
Current income tax liabilities	**1 761**	1 761	-	-	-	-
Other liabilities	**23 113**	18 629	4 415	33	33	3
Total equity and liabilities	**560 955**	**544 454**	**12 416**	**3 099**	**727**	**259**
Currency gap	**-**	**4 693**	**(4 968)**	**153**	**(21)**	**143**
Currency size as % of overall statement of financial position	**100%**	**97%**	**2%**	**1%**	**0%**	**0%**

Market risk

The identification, management, control, measurement and reporting of market risk is categorised as follows:

Trading market risk

These risks arise in trading activities where the Bank acts as a principal with clients in the market. The Bank's policy is that all trading activities are contained in the Bank's trading operations.

Banking book interest rate risk

These risks arise from the structural interest rate risk caused by the differing repricing characteristics of banking assets and liabilities.

Interest rate risk measurement

The analytical techniques used to quantify banking book interest rate risk include both earnings - and valuation-based measures. Results are monitored on at least a monthly basis by ALCO. The analysis takes cognisance of embedded optionality such as loan prepayments and accounts where the account behaviour differs from the contractual position. Desired changes to a particular interest rate risk profile are achieved through the restructuring of on-statement of financial position repricing and/or maturity profiles and, where appropriate, the use of derivative instruments.

Interest rate risk limits

Interest rate risk limits are set with respect to changes in forecast banking book earnings (net interest income and banking book mark-to-market profit or loss) and the economic value of equity. Economic value of equity sensitivity is calculated as the net present value of aggregate asset cash flows less the net present value of aggregate liability cash flows. All assets, liabilities and derivative instruments are allocated to gap intervals based on either their repricing or maturity characteristics. Assets and liabilities for which no identifiable contractual repricing or maturity dates exist are allocated to gap intervals based on behavioural profiling (obtained through statistical analysis and, if required, expert judgement).

Annual net interest income at risk

Assuming no management intervention, a downward 100bps parallel rate shock on all yield curves would decrease the forecast net interest income based on balances as at 30 June 2015 by 4.23% (December 2014:5.49%). The table below indicates the USD equivalent sensitivity of the Bank's banking book earnings (net interest income and banking book mark-to-market profit or loss) and other comprehensive income ("OCI") in response to a parallel yield curve shock, before tax.

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2015

Interest rate sensitivity analysis

	USD'000
30 June 2015	
Increase in basis points	100
Sensitivity of annual net interest income	1 031
Sensitivity of OCI	-
Decrease in basis points	100
Sensitivity of annual net interest income	(1 625)
Sensitivity of OCI	-
31 December 2014	
Increase in basis points	100
Sensitivity of annual net interest income	1 531
Sensitivity of OCI	-
Decrease in basis points	100
Sensitivity of annual net interest income	(1 903)
Sensitivity of OCI	-

30 June 2015 Interest rate repricing gap analysis (USD'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	> 1 year	Non-interest bearing	Total
Assets							
Cash and balances with the Central Bank	22 991	29 232	15 000	-	-	143 591	210 814
Derivative assets	-	-	-	-	-	1 320	1 320
Financial assets available for sale	-	-	10 161	28 555	28 114	1 658	68 488
Loans and advances to customers	146 915	89 951	562	4 530	21 993	(17 048)	246 903
Other assets	-	-	-	-	-	34 297	34 297
Total	**169 906**	**119 183**	**25 723**	**33 085**	**50 107**	**163 818**	**561 822**
Equity and liabilities							
Derivative liabilities	-	-	-	-	-	1 315	1 315
Deposits from customers and other banks	17 151	164 764	25	215	15	267 156	449 326
Other liabilities	-	-	-	-	-	26 450	26 450
Equity	-	-	-	-	-	84 731	84 731
Total	**17 151**	**164 764**	**25**	**215**	**15**	**379 652**	**561 822**
Interest rate repricing gap	**152 755**	**(45 581)**	**25 698**	**32 870**	**50 092**	**(215 834)**	
Cumulative interest rate repricing gap	**152 755**	**107 174**	**132 872**	**165 742**	**215 834**	**-**	

Other assets include deferred tax assets, intangible assets, investment property and property and equipment.
Other liabilities include current tax liabilities.

31 December 2014 Interest rate repricing gap analysis (USD'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	> 1 year	Non-interest bearing	Total
Assets							
Cash and cash equivalents	26 594	24 221	30 000	-	-	181 161	261 976
Derivative assets	-	-	-	-	-	4 737	4 737
Financial investments	-	755	10 000	17 348	-	-	28 103
Loans and advances to customers	138 638	92 687	19	4 951	21 349	(23 221)	234 423
Other assets	-	-	-	-	-	31 716	31 716
Total	**165 232**	**117 663**	**40 019**	**22 299**	**21 349**	**194 393**	**560 955**
Equity and liabilities							
Derivative liabilities	-	-	-	-	-	4 730	4 730
Deposits from customers and other banks	166 535	2 679	450	364	-	279 656	449 684
Other liabilities	-	-	-	-	-	24 874	24 874
Equity	-	-	-	-	-	81 667	81 667
Total	**166 535**	**2 679**	**450**	**364**	**-**	**390 927**	**560 955**
Interest rate repricing gap	**(1 303)**	**114 984**	**39 569**	**21 935**	**21 349**	**(196 534)**	
Cumulative interest rate repricing gap	**(1 303)**	**113 681**	**153 250**	**175 185**	**196 534**	**-**	

Other assets include intangible assets, investment property and property and equipment.
Other liabilities include current tax liabilities.

Market risk measurement

The techniques used to measure and control market risk include:

- Daily value-at-risk ("VaR"); and
- Stress tests.

Daily VaR

The Bank uses the historical VaR approach to derive quantitative measures, specifically for market risk under normal conditions. Normal VaR is based on a holding period of one day and a confidence interval of 95%. The use of historical VaR has limitations as it is based on historical correlations and volatilities in market prices and assumes that future prices will follow the observed historical distribution. The Bank back-tests its VaR models to verify the predictive ability of the VaR calculations, thereby ensuring the appropriateness of models. Back-testing compares the daily hypothetical profit or losses under the one-day buy and hold assumption to the prior day's VaR.

Stress tests

Stress testing provides an indication of the potential losses that could occur in extreme market conditions. The stress tests carried out by the Bank include individual market risk factor testing and combinations of market factors per trading desk and combinations of trading desks. Stress tests include a combination of historical and hypothetical simulations.

Other market risk measures

Other market risk measures specific to individual business units include permissible instruments, concentration of exposures, gap limits, maximum tenor and stop loss triggers. In addition, only approved products that can be independently priced and properly processed are permitted to be traded. All VaR limits are approved by both in-country and The Standard Bank of South Africa Limited ALCOs.

The Risk Department independently validates and documents new pricing models and performs an annual review of existing models to ensure they are still relevant and behaving within expectations. In addition, the Risk Department assesses the liquid closing price inputs used to value instruments daily and performs at least a monthly review of less liquid prices from a reasonableness perspective. Where differences are significant, mark-to-market adjustments are made.

Foreign currency risk

The Bank's primary exposures to foreign currency risk arise as a result of cash exposures in currencies other than functional currency. These exposures mainly arise from the proprietary currency trading business undertaken by the Bank's Global Markets Department and are measured using the value-at-risk approach.

Foreign currency value at risk for June 2015

	Maximum possible loss in June 2015	Minimum possible loss in June 2015	Average possible loss	Possible loss at 30 June 2015	Maximum acceptable VaR loss
	USD'000	USD'000	USD'000	USD'000	USD'000
Normal VaR	6.69	1.56	5	1.77	12
Stress VaR	60.56	7.15	46.33	9.76	113

As depicted in the table, historical trading data for the foreign currency business indicates that the maximum possible loss for any one day's trading in 2015 was USD6 690 (2014:USD1 440), and the minimum possible loss was USD1 560 (2014:USD700), with an average possible loss of USD5 000 (2014:USD1 080) in comparison to the maximum acceptable possible loss of USD12 000 (2014:USD12 000).

Operational risk

Risk assessments are an integral part of the overall risk management process and cover the key components of identification, assessment and management of risk. The Bank's risk and control self-assessment ("RCSA") policy operationalises the need for business to perform self-assessments on an annual basis and initiate actions to mitigate risks or control deficiencies.

The Bank uses key risk indicators ("KRIs") to monitor exposures to key risks identified in the RCSA process. The KRI process is an important component in the management of operational risk and contributes to the development of the Bank's operational risk profile.

The Bank maintains adequate insurance to cover key operational and other risks. Insurance is not considered as an alternative to effective preventative and detective controls but as a compensatory control, providing protection from the consequences of control failure.

Compliance risk

The Bank's approach to managing compliance risk exposures is proactive and premised on internationally accepted principles of risk management and aligned with the methodologies used by the Bank's other risk assurance functions. The Compliance Department provides leadership through specialist support units on compliance with money laundering and terrorist financing control, occupational health and safety and emerging legislative developments. The compliance framework is based on the principles of effective compliance risk management in accordance with the requirements of the Zimbabwe Banking Act (Chapter 24:20) and the Basel Committee on Banking Supervision. The Bank operates a centralised compliance risk management structure.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 30 June 2015

		30 June 2015 USD'000	31 December 2014 USD'000
1	**Cash and cash equivalents**		
	Bank notes	62 140	59 861
	Balances with the Central Bank	81 451	121 300
	Balances with other banks	67 223	80 815
		210 814	261 976
	Current	210 814	261 976
	Non- current	-	-
		210 814	261 976

2 Derivative instruments

The Bank's derivatives are classified as held for trading

Fair values

The fair value of a derivative financial instrument represents for quoted instruments the quoted market price and for unquoted instruments the present value of the positive or negative cash flows, which would have occurred if the rights and obligations arising from that instrument were closed out in an orderly market place transaction at year end.

Use and measurement

The Bank entered into derivative transactions for trading purpose during the year ended 31 December 2014. The derivatives used by the Bank are foreign exchange contracts. Foreign exchange contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price.

The Bank trades derivative instruments on behalf of customers and for its own positions. The Bank transacts derivative contracts to address customer demand both as market maker in the wholesale markets and in structuring tailored derivatives for customers.

		Fair value of assets 30 June 2015 USD'000	Fair value of assets 31 December 2014 USD'000
2.1	**Derivative assets**		
	Derivatives held for trading		
	Foreign exchange contracts	1 320	4 737
	Maturity analysis of net fair value		
	Up to 1 month	165	694
	More than 1 month but within 1 year	1 155	4 043
		1 320	4 737

		Fair value of liabilities 30 June 2015 USD'000	Fair value of liabilities 31 December 2014 USD'000
2.2	**Derivative liabilities**		
	Derivatives held for trading		
	Foreign exchange contracts	(1 315)	(4 730)
	Maturity analysis of net fair value		
	Up to 1 month	(164)	(692)
	More than 1 month but within 1 year	(1 151)	(4 038)
		(1 315)	(4 730)

		30 June 2015 USD'000	31 December 2014 USD'000
3	**Financial assets available for sale**		
	Balance at the beginning of the period	28 103	16 243
		50 439	21 702
	Additions	49 537	21 000
	Interest received	(756)	(53)
	Accrued interest	1 658	755
	Disposals	(10 000)	(9 755)
	Loss from changes in fair value	(54)	(87)
	Balance at the end of the period	68 488	28 103
	Current	40 375	28 103
	Non- current	28 113	-
		68 488	28 103

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2015

	30 June 2015 USD'000	31 December 2014 USD'000
4 Loans and advances		
4.1 Loans and advances net of impairment		
Loans and advances to customers		
Gross loans and advances to customers net of interest in suspense	263 951	251 735
Finance leases (note 4.2)	14 854	13 512
Overdrafts and other demand lending	143 090	129 107
Term lending	106 007	109 116
Credit impairments for loans and advances (note 4.3)	(17 048)	(17 312)
Specific impairment allowances	(6 614)	(9 109)
Portfolio impairment allowances	(10 434)	(8 203)
Net loans and advances	246 903	234 423
Comprising:		
Gross loans and advances	263 951	251 735
Less: credit impairment allowances	(17 048)	(17 312)
	246 903	234 423
Current	197 351	186 936
Non-current	49 552	47 487
	246 903	234 423

Maturity analysis:
The maturities represent periods to contractual redemption of the loans and advances recorded:

	30 June 2015 USD'000	31 December 2014 USD'000
Maturing within 1 year	197 351	186 936
Maturing after 1 year but within 5 years	56 696	56 227
Maturing over 5 years	9 904	8 572
	263 951	251 735

Suspended interest deducted from loans and advances as at 30 June 2015 was USD4.3 million (31 December 2014:USD5.9 million).

Sectoral analysis-industry	30 June 2015 USD'000	30 June 2015 %	31December 2014 USD'000	31December 2014 %
Agriculture	41 373	16%	39 974	16%
Construction	8 546	3%	9 549	4%
Communications	31 536	12%	27 756	11%
Individuals	61 650	23%	51 937	20%
Manufacturing	26 293	10%	27 398	11%
Mining	27 720	11%	34 471	14%
Other services	27 252	10%	24 472	10%
Transport	5 731	2%	5 328	2%
Wholesale distribution	33 850	13%	30 850	12%
	263 951	100%	251 735	100%

	30 June 2015 USD'000	31December 2014 USD'000
4.2 Finance leases		
Gross investment in instalment sale and finance leases	16 076	14 318
Receivable within 1 month	2 045	2 489
Receivable after 1 month but within 6 months	6 157	5 764
Receivable after 6 months but within 12 months	3 640	3 591
Receivable after 12 month	4 234	2 474
Unearned finance charges	(1 222)	(806)
Net investment in finance leases	**14 854**	**13 512**
Current (net of unearned finance charges)	11 064	11 207
Non current (net of unearned finance charges)	3 790	2 305
	14 854	**13 512**
Maturity analysis		
Receivable within 1 month	2 002	2 443
Receivable after 1 month but within 6 months	5 691	5 386
Receivable after 6 months but within 12 months	3 371	3 379
Receivable after 12 months	3 790	2 304
	14 854	**13 512**

A general credit impairment allowance of USD310 000 (2014: USD225 000) was raised on the outstanding finance leases as at 30 June 2015.

4.3 Credit impairment for loans and advances to customers
A reconciliation of the allowance for impairment losses for loans and advances to customers by class:

	Finance Leases USD'000	Overdrafts USD'000	Medium term Loans USD'000	Total USD'000
30 June 2015				
Non-performing loans				
Balance as at the beginning of the year	301	5 962	2 846	9 109
Impaired accounts written off	(117)	(3 035)	(477)	(3 629)
After write-off recoveries	-	-	80	80
Net impairment charge for the half year	60	178	816	1 054
Balance at end of the half year	244	3 105	3 265	6 614
Performing loans				
Balance as at the beginning of the year	225	4 441	3 537	8 203
Net impairment charge for the half year	85	1 946	200	2 231
Balance at end of the half year	310	6 387	3 737	10 434
Total (performing and non-performing loans)	554	9 492	7 002	17 048
31 December 2014				
Non-performing loans				
Balance as at the beginning of the year	179	4 604	3 353	8 136
Impaired accounts written off	-	(1 165)	(2 727)	(3 892)
After write off recoveries	-	-	25	25
Net impairment charge for the year	122	2 523	2 195	4 840
Balance at end of the year	301	5 962	2 846	9 109
31 December 2014				
Performing loans				
Balance as at the beginning of the year	147	4 401	1 756	6 304
Net impairment charge for the year	78	40	1 781	1 899
Balance at end of the year	225	4 441	3 537	8 203
Total (performing and non-performing loans)	526	10 403	6 383	17 312

Segmental analysis of impairment for non-performing loans – industry	30 June 2015 USD'000	31 December 2014 USD'000
Construction	-	2 991
Individual	2 109	1 687
Manufacturing	2 049	1 900
Mining	9	51
Agriculture	1 009	1 289
Distribution	587	563
Other services	666	463
Transport	185	165
	6 614	9 109

	30 June 2015 USD'000	31 December 2014 USD'000
5 Share capital		
5.1 Authorised share capital		
500 000 ordinary shares of USD1 each	500	500
5.2 Issued share capital		
260 000 ordinary shares of USD1 each	260	260
6 Share premium and reserves		
6.1 Share premium		
Share premium on issue of shares	10 790	10 790
6.2 Reserves		
Non-distributable reserve	3 150	3 150
Statutory credit impairment reserve	818	818
Available for sale reserve	(35)	5
Share-based payments reserve	373	289
Retained earnings	69 375	66 355
	73 681	70 617
7 Deposits and current accounts		
Deposits from other banks	4 984	2 706
Deposits from customers	444 342	446 978
Current accounts	267 291	277 956
Call deposits	160 439	153 856
Term deposits	1 211	3 477
Savings accounts	15 401	11 689
Deposits and current accounts	449 326	449 684
Current	449 310	449 684
Non-current	16	-
	449 326	449 684

8 Classification of Financial Assets and Financial Liabilities

30 June 2015	Held for trading USD'000	Designated at fair value USD'000	Held to maturity USD'000	Loans and receivables USD'000	Available-for-sale USD'000	Total carrying amount USD'000	Fair value USD'000
Financial assets							
Cash and balances with the Central Bank	-	-	-	210 814	-	210 814	210 814
Derivative assets	1 320	-	-	-	-	1 320	1 320
Financial assets available for sale	-	-	-	-	68 488	68 488	68 488
Loans and advances to customers	-	-	-	246 903	-	246 903	246 903
Other financial assets	-	-	-	2 300	-	2 300	2 300
	1 320	**-**	**-**	**460 017**	**68 488**	**529 825**	**529 825**
Financial liabilities							
Derivative liabilities	1 315	-	-	-	-	1 315	1 315
Deposits from other banks	-	-	-	4 984	-	4 984	4 984
Deposits from customers	-	-	-	444 342	-	444 342	444 342
Other financial liabilities	-	-	-	26 450	-	26 450	26 450
	1 315	**-**	**-**	**475 776**	**-**	**477 091**	**477 091**

Other assets excludes prepayments and stationery as this analysis is only required for financial instruments.
Other liability includes current income tax liabilities.

31 December 2014	Held for trading USD'000	Designated at fair value USD'000	Held to maturity USD'000	Loans and receivables USD'000	Available-for-sale USD'000	Total carrying amount USD'000	Fair value USD'000
Financial assets							
Cash and cash equivalents	-	-	-	261 976	-	261 976	261 976
Derivative assets	4 737	-	-	-	-	4 737	4 737
Financial assets available for sale	-	-	-	-	28 103	28 103	28 103
Loans and advances to customers	-	-	-	234 423	-	234 423	234 423
Other assets	-	-	-	1 750	-	1 750	1 750
	4 737	**-**	**-**	**498 149**	**28 103**	**530 989**	**530 989**
Financial liabilities							
Derivative liabilities	4 730	-	-	-	-	4 730	4 730
Deposits from other banks	-	-	-	2 706	-	2 706	2 706
Deposits from customers	-	-	-	446 978	-	446 978	446 978
Other liabilities	-	-	-	24 874	-	24 874	24 874
	4 730	**-**	**-**	**474 558**	**-**	**479 288**	**479 288**

Other assets excludes prepayments and stationery as this analysis is only required for financial instruments.
Other liabilities includes current income tax liabilities.

9 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Bank's financial assets and liabilities that are measured at fair value at 30 June 2015, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

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Assets	Note	Fair values USD'000	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Valuation techniques and inputs
Financial assets at fair value through profit or loss						
Derivatives assets						
– Foreign exchange contracts	2.1	1 320	-	1 320	-	Discounted cash
Available-for-sale financial assets						
Financial assets available for sale	3	68 488	-	68 488	-	Discounted cash
Investment property		3 770	-	-	3 770	Implicit investment approach
Freehold property		16 781	-	-	16 781	Implicit investment approach
Total assets		90 359	-	69 808	20 551	
Liabilities						
Financial liabilities at fair value through profit or loss						
Derivatives liabilities						
– Foreign exchange contracts	2.2	1 315	-	1 315	-	Discounted cash
Total liabilities		1 315	-	1 315	-	

The following table presents the Bank's financial assets and liabilities that are measured at fair value at 31 December 2014

Assets	Note	Fair values USD'000	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Valuation techniques and inputs
Financial assets at fair value through profit or loss						
Derivatives assets						
– Foreign exchange contracts	2.1	4 737	-	4 737	-	Discounted cash
Available-for-sale financial assets						
Financial assets available for sale	3	28 103	-	28 103	-	Discounted cash
Investment property		3 770	-	-	3 770	Implicit investment approach
Freehold property		16 196	-	-	16 196	Implicit investment approach
Total assets		52 806	-	32 840	19 966	
Liabilities						
Financial liabilities at fair value through profit or loss						
Derivatives liabilities						
– Foreign exchange contracts	2.2	4 730	-	4 730	-	Discounted cash
Total liabilities		4 730	-	4 730	-	

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy:

Reconciliation of level 3 items	30 June 2015 Investment property USD'000	Freehold property USD'000	Total assets USD'000	31 December 2014 Investment property USD'000	Freehold property USD'000	Total assets USD'000
Balance at 1 January	3 770	16 196	19 966	3 770	16 137	19 907
Additions	-	585	585	-	57	57
Transfers into level 3	-		-	-	2	2
Gains or losses for the period	-		-	-	-	-
Included in profit or loss	-		-	-	-	-
Balance at the end of the period	3 770	16 781	20 551	3 770	16 196	19 966

The table below shows the fair value of financial instruments not measured at fair value as at 30 June 2015:

Assets	Note	Fair values USD'000	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000
Financial assets measured at amortised cost					
Cash and cash equivalents	1	210 814	210 814	-	-
Loans and advances to customers	4	246 903	-	-	246 903
Total assets		457 717	210 814	-	246 903
Liabilities					
Financial liabilities measured at amortised cost					
Deposits from other banks	7	4 984	-	-	4 984
Deposits from customers	7	444 342	-	-	444 342
Total liabilities		449 326	-	-	449 326

10 Contingent liabilities and commitments

10.1 The Bank had written letters of credit and guarantees amounting to USD24.7 million as at 30 June 2015 (31 December 2014: USD31.2 million). The amount of these letters of credit and guarantees represents the Bank's maximum exposure and no material losses are anticipated from these transactions.

		30 June 2015 USD'000	31 December 2014 USD'000
10.2	**Commitments** As at 30 June 2015 the contractual amounts of the Bank's commitments to engage in capital expenditure or to extend credit to its customers were as follows:		
10.2.1	**Capital commitments** Capital expenditure authorised but not yet contracted The expenditure will be funded from internal resources.	8 649	11 485
10.2.2	**Loan commitments**	43 188	62 029

		30 June 2015 USD'000	30 June 2014 USD'000
11	**Directors' emoluments and key management compensation** **Non-executive directors' emoluments** Emoluments of directors in respect of services rendered: As directors of the company	148	145
	Key management compensation Key management includes executive directors and other members of the Bank's executive committee.	1 911	1 770

12 Related party disclosures

12.1 Controlling entity

The Bank is a wholly owned subsidiary of The Standard Bank Group Limited. Standard Bank Group Limited is also a shareholder in various banks outside Zimbabwe. Stanbic Bank Zimbabwe Limited does banking business with banks in The Standard Bank Group Limited, all of which are undertaken on arms length.

		30 June 2015 USD'000	31 December 2014 USD'000
12.1.1	Amounts due from related parties:		
	Stanbic Bank Botswana Limited	183	113
	Stanbic Bank Swaziland Limited	-	-
	Stanbic Bank Kenya Limited	1	2
	Stanbic Bank Zambia Limited	4	3
	Standard Bank South Africa Limited	4 029	2 338
		4 217	2 456
	Related through shareholding in the parent company		
	Industrial and Commercial Bank of China	34	33

The above list of financial institutions are related parties to Stanbic Bank Zimbabwe because they are subsidiaries of The Standard Bank Group Limited the parent company of the Bank or are shareholders in the parent company.

		30 June 2015 USD'000	31 December 2014 USD'000
12.1.2	**Transactions**		
	Interest income from:		
	Standard Bank South Africa Limited	1	-
12.1.3	Group recharges	2 093	3 558
12.2	**Deposits and loans with related parties-related through common directorship**		
	Loans and advances		
	Total	1 935	6 592
	Deposits		
	Total	10 008	10 065

13 CAMELS Ratings

The Reserve Bank of Zimbabwe ("RBZ") conducted a full scope onsite examination from 28 July to 20 August 2014 and the Bank achieved the highest possible rating i.e. a CAMELS rating of 1. The CAMELS rating uses a rating scale of 1-5 where 1 is strong, 2 is satisfactory, 3 is fair, 4 is weak and 5 is critical. Hence according to these results, the Bank maintained its strong position as measured by the CAMELS rating.

14 Capital Management

The Bank's capital management framework is designed to ensure that the Bank is capitalised in a manner consistent with the Bank's risk profile, regulatory standards and economic capital standards. The Bank holds capital in excess of the minimum requirements to achieve the target capital adequacy ratios set by management and regulators.

The Bank's objectives when managing capital are to:

- comply with the capital requirements set by the banking regulators;
- safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to customers and other stakeholders, and;
- maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on guidelines developed by the Basel Committee as implemented by the Reserve Bank of Zimbabwe for supervisory purposes. The Reserve Bank of Zimbabwe requires each bank to maintain a minimum capital adequacy ratio of 12%. The table below summarises the composition of regulatory capital and the Bank's capital adequacy ratio:

Capital adequacy

	30 June 2015 USD'000	31 December 2014 USD'000
Ordinary paid up share capital	260	260
Share premium	10 790	10 790
Retained earnings	69 375	66 355
Operational risk	(5 588)	(5 129)
Reserves	2 363	2 319
Tier 1 capital	77 200	74 595
Revaluation reserve	1 943	1 943
General provisions (limited to 1.25% of risk weighted assets)	4 802	4 581
Tier 2 capital	6 745	6 524
Market risk	575	167
Operational risk	5 013	4 962
Tier 3 capital	5 588	5 129
Total Tier 1 and 2 capital	83 940	81 119
Tier 3	5 588	5 129
Total capital base	89 528	86 248
Risk weighted assets ("RWAs")	314 346	302 344
Operational risk equivalent assets	62 667	62 023
Market risk equivalent assets	7 186	2 089
Total risk weighted assets ("RWAs")	384 199	366 456
Tier 1 capital ratio	20 %	20%
Tier 1 and 2 capital ratio	22%	22%
Tier 1, 2 and Tier 3 capital ratio	23%	24%
Capital adequacy ratio excluding market and operational risk weighted assets	23%	23%

15 External Credit Ratings

The Bank's external credit ratings as determined by the Global Credit Rating Company ("GCR") for the past four years are summarised below:

Rating scale	2015	2014	2013	2012
Long term	AA-	AA-	AA-	AA-

16 Custodial services

The Bank provides custodial trust services to individuals and institutions by holding assets (mainly share certificates) on behalf of customers. As at 30 June 2015, funds under custody amounted to USD1.147 billion (31 December 2014: USD1.1 billion) and fee income amounting to USD1 million (30 June 2014: USD854 000) had been received in return for these services.

17 Dividend declaration

On the 7th of April 2015 the directors declared and paid a final dividend of USD7.5 million for the year ended 31 December 2014. On 30 June 2015 the directors declared an interim dividend of USD10 million for the year ending 31 December 2015.