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Stanbic Bank **IT CAN BE...**

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

CHAIRMAN'S STATEMENT

I am pleased to present the financial results of Stanbic Bank Zimbabwe Limited ("the Bank" or "Stanbic Bank Zimbabwe") for the year ended 31 December 2020.

Operating environment in the country

The global economy has been adversely impacted by the COVID-19 pandemic throughout 2020. Similarly, Zimbabwe's economic performance was not spared from the devastating impact of this deadly virus, especially during the lockdown periods. Other perennial challenges constraining economic growth prospects include erratic weather/rainfall patterns in 2020, low business confidence and high inflation levels. Gross Domestic Product (GDP) is estimated to have declined by 4.1% according to the Reserve Bank of Zimbabwe.

On a promising note, during the last quarter of 2020, some of the Government's efforts aimed at promoting price stability have started to bear positive outcomes as evidenced by the relative stability in both the official (at a range of USD1:ZWL81-83) and the black market pricing. Annual inflation also declined from a high of 837.5% in July 2020 to 348% by December 2020. The stability in the exchange rate and inflation are largely attributed to the slowdown in ZWL money supply growth and improved foreign currency availability to the productive sectors of the economy through the introduction of the weekly foreign exchange auction system.

Results

The Bank registered an inflation adjusted profit after tax of ZWL1.1 billion for the year ended 31 December 2020, growing from a prior period loss after tax of ZWL44 million. Under the historical cost accounts, a profit of ZWL3.1 billion was recorded in 2020, exceeding comparative period performance of ZWL477 million.

Capital

The Bank has ended the year with a qualifying core capital of ZWL3.8 billion (2019:ZWL651.2 million) against the regulatory minimum of ZWL25 million and has remained ahead of the 2021 minimum capital threshold which is the local currency equivalent of USD30 million.

Outlook

The outlook to the year 2021 remains grim on account of the resurgence in the number of COVID-19 infections. Sustenance of the positive developments achieved in the second half of 2020 will be hugely dependent on the impact of COVID-19 in the outlook and potential Government interventions to control any adverse developments. The GDP growth rate of 7.4% projected by Government for 2021 could be at risk if the impact of COVID-19 on economic performance is not significantly mitigated through availability of a sustainable and affordable vaccine.

Corporate governance

The Bank continues to maintain high standards of corporate governance, ensuring that its conduct is within the parameters set by both local and international best practice. 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 all regulatory requirements in all material respects.

The Board of Directors

The Board and its sub-committees meet at regular intervals during the year and on account of the new ways of work, the governance meetings were mostly convened online. The record of attendance of each director is as follows for the year ended 31 December 2020:

DIRECTOR'S NAME	MAIN BOARD	AUDIT	LOANS REVIEW	CREDIT	RISK	IT
Gregory Sebborn (<i>Chairman</i>)	8	**	**	4	4	4
Joshua Tapambgwa (<i>Chief Executive</i>)	8	**	**	**	**	**
Simbarashe Mhuriro	9	**	**	4	**	4
Gregory Brackenridge	6	**	**	1	2	**
Solomon Nyanhongo (<i>Executive</i>)	9	**	**	**	**	**
Pindie Nyandoro	9	**	**	**	4	**
Kingston Kamba	9	**	6	**	4	**
Muchakanakirwa Mkanganwi	9	4	6	**	**	4
Valentine Mushayakarara	9	4	**	4	**	**
Nellie Tiyago	9	**	6	**	4	4
Betty Murambadoro (<i>Executive</i>)	9	**	**	**	**	**
Jonathan Wood	9	4	**	4	**	4

** Not a member
> Became a member on the 11th of May 2020

As at 31 December 2020, the Board comprised twelve directors, three of whom are executive directors. The Board continues to have an appropriate level of independence and diversity for deliberations and objectivity, with the right mix of competencies and experience. To ensure continued competence, the members undergo an annual Board evaluation process. The Board is responsible for the overall corporate governance of the Bank, including matters of Board remuneration and nominations, dispute resolution, 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 year ended 31 December 2020, the committee held four meetings.

As at 31 December 2020 the committee comprised of 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.

There is extensive communication between the Board, executive management, compliance, internal audit and external audit in order to ensure that the Board Audit Committee mandate is effectively discharged. 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, and the effectiveness of the Bank's compliance plan using a risk based approach.

Board Loans Review Committee

In terms of the mandate, the committee shall meet at least four times annually and may convene meetings more often as and when necessary. During the year ended 31 December 2020, the committee held six meetings.

The Loans Review Committee reviews customer facilities and the adequacy of impairment provisions. 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.

Board Credit Committee

This committee meets at least four times a year, with additional meetings being convened when necessary. During the year ended 31 December 2020, the committee held four 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 five non-executive directors, including the Board Chairman.

Board Risk Committee

The committee is expected to meet at least four times a year and during the year ended 31 December 2020, the committee held four meetings.

As at 31 December 2020 the committee comprised four non-executive directors, three of whom are independent. 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 in line with the requirements of the Banking Act as amended. This committee has authority for overseeing matters of financial and strategic risk, legal and consumer protection issues. The Committee oversees human capital matters and in need, these issues are tabled and determined at a Board level.

Board IT Committee

The committee is expected to meet at least four times a year and during the year ended 31 December 2020, the committee held four meetings.

As at 31 December 2020 the committee comprised five non-executive directors, all of whom are independent. The committee's responsibility is to ensure that prudent and reasonable steps are taken with respect to Information Technology ("IT") governance. The committee reviews and assesses risks associated with IT including disaster recovery, business continuity and IT security. This committee has authority for overseeing matters of Information Technology risk including the cultivation and promotion of an ethical IT governance and management culture and awareness.

Asset and Liability Committee

Though not a Board committee, the Asset and Liability Committee is a key management committee that meets a minimum of ten times a year. The membership is comprised of seven strategic members of executive management. During the year ended 31 December 2020, the committee held twenty-four 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
- achieve the budgeted financial position and performance.

Stanbic Bank Nominees (Private) Limited

Stanbic Nominees (Private) Limited is a wholly owned subsidiary of Stanbic Bank. It is the nominee company which holds the securities for investments made by Stanbic Bank clients on the money and equity markets (the Bank's custodial services business), for the purposes of segregating clients' assets from those belonging to the Bank. The Board for Stanbic Nominees comprises two executive directors and three independent non-executive directors, who meet on a quarterly basis to review the operations and the risks associated with the custody business. The assets and income arising from the custody business have been disclosed in note 15.

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

The Bank undertakes an annual Board 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 (CSR)

Citizens should be cognisant of the need to take care of each other and the world around us. Sustainable Development Goals (SDGs) are a useful guideline for corporates to inform their approach.

Zimbabweans were not spared from the effects of the COVID-19 pandemic. The water treatment chemicals purchased by various organizations through our support will go a long way in helping with the provision of clean and safe water which is key in the prevention of the COVID-19 spread. Sanitizers also fall in this category in which a total of USD145 000 was paid on behalf of our customers to procure sanitizers and sterilization chemicals. We also facilitated the acquisition of medicines and hospital equipment by some of our customers in the health sector totaling USD2.5 million.

Further, we supported a large corporate client with foreign currency to enable them to continue producing ethanol which is the key ingredient in producing alcohol-based sanitizers. A guaranteed local supply of ethanol ensures that local manufacturers of hand sanitizers can rely on a readily available raw material without having to import and spend more foreign currency than necessary. The provision of foreign currency was made to some pharmaceutical producers for the purchase of raw materials necessary to manufacture drugs, to help ensure the health sector maintains the required levels of medication for patients.

Our Chief Executive's report gives greater detail of the important work we are doing in the CSR space.

Acknowledgements

My profound appreciation goes to our valued clients, stakeholders and shareholders for their unwavering support in an extremely challenging operating environment. I express my gratitude to Board members for their wise counsel and guidance as they steered the Bank in the midst of increasing headwinds. My special thanks goes to management and staff for their commitment and dedication in a tough operating environment which was worsened by the outbreak of the deadly COVID-19 pandemic, requiring the Bank to quickly adapt to the new ways of working as we served our customers.

On the 4th of December 2020, Mrs Aisha Thuliswa Nyamweda (nee Tsimba) unfortunately passed away after a short hospitalisation. Aisha was the Bank's Company Secretary and Legal Executive. She had served the Board and the Bank with passion and impact since she joined in 2003.

Following a successful tenure as Chief Executive for over 13 years, Mr Joshua Tapambgwa has retired from the Bank's management team and Board effective 31 December 2020. I thank Joshua for steering the Bank ably during some very challenging years in Zimbabwe's operating environment. I am grateful for his immeasurable contribution to the Bank and wish him well in his future endeavours.

On behalf of the Board, I take this opportunity to extend congratulations to Mr Solomon Nyanhongo and Mr Tafadzwa Mahachi who have been appointed Chief Executive and Chief Financial Officer, respectively. I wish them well in their new roles and assure them of the Board's support.

Gregory Sebborn Chairman

23 March 2021

CHIEF EXECUTIVE'S REPORT

Overview of business results for 2020

I am pleased to present my first report as the Chief Executive of Stanbic Bank Zimbabwe Limited. I would like to express my gratitude to my predecessor, Mr Joshua Tapambgwa, who retired from the Bank with effect from 31 December 2020, having served as Chief Executive for the past thirteen years. I thank Joshua for his mentorship and support over the years.

2020 was a difficult year in which the economy was confronted by innumerable challenges ranging from a soaring inflationary environment, foreign currency challenges, and declining aggregate demand. This was worsened by the devastating impact of the COVID-19 pandemic which disrupted business operations across the world. Stanbic Bank's performance was not spared from the adverse impact of the pandemic. The Bank invoked its business continuity plans in order to serve clients whilst observing the recommended health and safety measures.

The Bank closed the year 2020 with an inflation adjusted profit after tax of ZWL1.1 billion, growing from a loss of ZWL44 million in the comparative period. On a historical cost basis, a profit after tax of ZWL3.1 billion was achieved during the period up from ZWL477 million recorded in 2019.

The 2020 inflation adjusted net interest income declined by 18% from ZWL2 billion in 2019 to ZWL1.7 billion, despite the strong growth in our gross lending book from an inflation adjusted balance of ZWL4.3 billion to ZWL9 billion as demand for local currency funding continued to increase in line with growing working capital requirements. During the year, lending rates remained subdued and could not match the 14% average month on month inflation on account of regulatory constraints and, in turn, contributed to the receding interest income.

The Bank recorded a 53% increase in its net fee and commission income, growing from ZWL1.7 billion in 2019 to ZWL2.6 billion. The improvement in our fee and commission income was largely underpinned by the impact of the rapid depreciation of the local currency against the USD on our foreign denominated commission income.

The 2020 inflation adjusted credit impairments of ZWL761 million increased by 24% from ZWL614 million in the prior period largely because of the growth which was experienced in our interest earning assets which included lending and short-term financial investments. In addition, the Bank carried out an assessment of the impact of COVID-19 pandemic on the quality of the lending book especially in key sectors of the economy such as agriculture, manufacturing and tourism, and in turn additional impairments were recognised in the period.

The Bank's inflation adjusted operating expenses grew by 24% from ZWL4.3 billion in 2019 to ZWL5.3 billion. This growth was largely on account of the impact of exchange rate movements on our foreign denominated operating expenses which include, among others, licence fees, data lines, insurance and franchise fees. Unexpected expenses were incurred during the period in an effort to combat the spread of the pandemic for the safety of our customers and staff.

During the year, the working capital requirements for our customers continued to increase as the purchasing power of money was extensively eroded by the inflationary environment. This saw the Bank's historical cost net lending book growing from ZWL939 million in 2019 to ZWL8.9 billion as all energies were directed at supporting our customers during this difficult period.

The Bank's customer deposit base grew on a historical cost basis from ZWL5.6 billion in 2019 to ZWL35.5 billion largely reinforced by the impact of the continued weakening of the local currency against the USD on our foreign denominated customer deposits which had increased sharply in local currency terms. This was on the back of the unexpected increase in money supply from ZWL10.5 billion in 2019 to ZWL154.47 billion.

Compliance and money laundering control function

Stanbic Bank is committed to maintaining the highest standards of compliance with regulatory and policy requirements, while considering local and international developments. The Bank has a comprehensive compliance framework which seeks to meet all requirements of regulators, governing bodies and stakeholders including the Bank's parent company, Standard Bank Group. An independent Compliance monitoring function provides effective assurance within the overall risk management framework of the Bank under the oversight of the Board of Directors.

The Bank supports international efforts to combat money laundering and terrorist financing and complies with the requirements of the Money Laundering and Proceeds of Crime Act [Chapter 9:24] as well as related directives and standards. Investment in key compliance infrastructure and resources is ongoing, with the objective of mitigating the Bank's compliance risks and aligning its business conduct to international best practice.

Statement on corporate social investment ("CSI") responsibilities

Stanbic Bank Zimbabwe believes that if every member of society is engaged in helping the community, as best as they can, we will build a better community.

Our 2020 activities focused mainly on COVID-19 relief as the world continues to fight the pandemic. Through a USD200 000 fund, we provided various designated COVID-19 centres with Personal Protective Equipment (PPEs), PCR test kits, ventilators and sanitizers. At the same time, two boreholes in the high-density suburbs of Glen Norah in Harare and Cowdry Park in Bulawayo were also drilled to ease water shortages and help curb the spread of the virus.

Although some of our annual donations were disrupted by the pandemic, the Albino Charity Organization of Zimbabwe's ("ALCOZ") needs remain critical as the beneficiaries greatly depend on the skin protection soaps and lotions for their day-to-day activities. We supported ALCOZ with 1000 units of each of the following necessities: sunscreen lotions, antiseptic soaps, antiseptic liquid, sunhats and lip balms.

Education remains key for sustainable social investment, therefore, in addition to our ongoing bursary program for tuition fees and laptops, we partnered Africa University to support five more students from their university with the same requirements. Furthermore, the construction and furnishing of a block of two classrooms at the Nyarutombo Primary School in Muzarabani was completed. Toilets and a borehole to serve both the school and the community were also part of this development as we contributed in assisting the school to achieve Examination Centre status, relieving grade seven students from the current 20 km walk to the nearest examination centre.

St Mary's Mission in Wedza faces water challenges mainly brought about by the depressed 2019-2020 rainy season. We drilled a borehole at St Mary's Mission Hospital to help ease the water crisis being faced by the institution and the community.

In our efforts to further reduce infant and maternal mortality rates following the successful completion of Nyamuzwe Waiting Mothers' Home project in Mutoko, we are currently refurbishing one theatre at Sally Mugabe Central Hospital Maternity ward. The theatre will be fully equipped with the equipment requested by the hospital to help with Caesarean deliveries at the public hospital, as we support the government's call to make maternity healthcare free in public institutions.

As concerns for preservation of the environment remain topical world over, we took the initiative to run an awareness campaign aimed at imparting knowledge on how every individual can play their part through the adoption of environmentally friendly habits. The campaign was launched in partnership with Redan Private Limited and endorsed by the Environmental Management Agency.

Our people

I am highly indebted to the Blue Bankers who worked tirelessly and remained resolute in serving our clients as we introduced new ways of working following the outbreak of the COVID-19 pandemic. The health and safety of our staff members remains key during these trying times. The Bank will continue to invest in the relevant personal protective equipment as the country battles to contain this pandemic.

On 5 December 2020, our Head of Legal, Aisha Nyamweda, who had served the Bank over the past seventeen years, passed on. Our thoughts are with her family. We shall miss her energy at the Bank.

Our customers

We remain resolute and dedicated to our five strategic pillars, with Client Centricity being the bedrock. Indeed, 2020 was a challenging year which demanded versatility from most of us, and we achieved success through improved digital channels and ensuring smooth workflow as new ways of working were adopted during the period. As we continued to foster social distancing, the Bank introduced several digital solutions in our quest to offer matchless customer experience during these trying times. As we start the year 2021, we look forward to rolling out more digital solutions as attention remains directed at enriching our customer experience.

Vote of thanks

As always, I remain grateful to our management and staff for their commitment and resilience in an increasingly turbulent operating environment which was exacerbated by the onset of the deadly respiratory disease. The hard work that has been demonstrated by the Blue Bankers during the period contributed substantially to the achievement of this set of results. I am grateful to our Board members for their wise counsel and direction in an immensely challenging operating environment.

Solomon Nyanhongo Chief Executive

23 March 2021

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION As at 31 December 2020

Note	Inflation-adjusted		Historical cost	
	31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
ASSETS				
Cash and cash equivalents	25 150 871	19 985 583	25 150 871	4 454 788
Derivative assets	12 873	502	12 873	112
Pledged assets	-	221 660	-	49 408
Financial investments	1 682 481	684 329	1 682 481	152 537
Investment securities	451 099	78 179	451 099	17 426
Loans and advances	8 856 159	4 213 561	8 856 159	939 203
Other assets	8 135 337	4 747 904	7 969 551	1 037 552
Intangible assets	1 016 109	976 132	1 714 437	38 075
Investment property	2 787 005	2 003 301	2 787 005	446 536
Property and equipment	2 428 711	2 104 907	1 948 266	393 519
Right of use assets	25 467	47 214	9 484	1 908
Total assets	50 546 112	35 063 272	49 039 226	7 531 064
EQUITY AND LIABILITIES				
Equity				
Ordinary share capital	6 883 359	5 421 335	5 471 501	908 291
Ordinary share premium	7 245	7 245	260	260
Reserves	300 655	300 655	10 790	10 790
	6 575 459	5 113 435	5 460 451	897 241
Liabilities				
Derivative liabilities	1 461	67	1 461	15
Deposits and current accounts	35 535 780	25 124 231	35 535 780	5 600 193
Deposits from other banks	656 269	600 511	656 269	133 854
Deposits from customers	34 879 511	24 523 720	34 879 511	5 466 339
Current income liability	202 303	139 354	202 303	31 062
Deferred tax liability	599 746	837 425	504 718	202 245
Other liabilities	7 323 463	3 540 860	7 323 463	789 258
Total liabilities	43 662 753	29 641 937	43 567 725	6 622 773
Total equity and liabilities	50 546 112	35 063 272	49 039 226	7 531 064

INCOME STATEMENT For the year ended 31 December 2020

Note	Inflation-adjusted		Historical cost	
	31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
Net interest income	1 651 767	2 023 947	1 152 102	198 949
Non interest income	7 204 562	6 451 097	6 886 920	1 001 448
Total income	8 856 329	8 475 044	8 039 022	1 200 397
Total expected credit losses	(760 992)	(614 360)	(319 607)	(11 320)
Income after credit loss allowances	8 095 337	7 860 684	7 719 415	1 189 077
Operating expenses	(5 333 513)	(4 293 381)	(3 619 527)	(469 861)
Staff costs	(2 432 061)	(2 077 334)	(1 584 300)	(269 783)
Other operating expenses	(2 901 452)	(2 216 047)	(2 035 227)	(200 078)
Loss on net monetary position	(842 115)	(2 313 687)	-	-
Net income before indirect tax	1 919 709	1 253 616	4 099 888	719 216
Indirect tax	(222 805)	(165 953)	(156 722)	(17 117)
Profit before direct tax	1 696 904	1 087 663	3 943 166	702 099
Direct tax	(568 136)	(1 131 314)	(762 344)	(224 672)
Profit/(loss) for the period	1 128 768	(43 651)	3 180 822	477 427

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2020

Note	Inflation-adjusted		Historical cost	
	31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
Profit/ (loss) for the period	1 128 768	(43 651)	3 180 822	477 427
Items that will not be reclassified to profit or loss:				
Gain on revaluation of land and buildings (net of tax)	43 153	607 146	1 050 925	253 428
Net change in fair value of equity investments (net of tax)	280 736	11 216	326 469	11 258
Total comprehensive income for the year attributable to the ordinary shareholder	1 452 657	574 711	4 558 216	742 113

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2020

Note	Inflation adjusted							
	Ordinary share capital ZWL'000	Ordinary share premium ZWL'000	Non-distributable reserve ZWL'000	Revaluation reserve ZWL'000	Fair value through other comprehensive income ZWL'000	Share-based payment reserve ZWL'000	Retained earnings ZWL'000	Ordinary shareholder's equity ZWL'000
Year ended 31 December 2020								
Balance as at 1 January 2020	7 245	300 655	33 634	666 972	45 348	22 732	4 344 749	5 421 335
Profit for the period	-	-	-	-	-	-	1 128 768	1 128 768
Other comprehensive income								
Net change in fair value of equity investment	-	-	-	-	280 736	-	-	280 736
Gain on revaluation of land and buildings (net of tax)	-	-	-	43 153	-	-	-	43 153
Total comprehensive income for the period	-	-	-	43 153	280 736	-	1 128 768	1 452 657
Equity-settled share-based payments	-	-	-	-	-	9 367	-	9 367
Total transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	9 367	-	9 367
Balance as at 31 December 2020	7 245	300 655	33 634	710 125	326 084	32 099	5 473 517	6 883 359

Note	Inflation adjusted							
	Ordinary share capital ZWL'000	Ordinary share premium ZWL'000	Non-distributable reserve ZWL'000	Revaluation reserve ZWL'000	Fair value through other comprehensive income ZWL'000	Share-based payment reserve ZWL'000	Retained earnings ZWL'000	Ordinary shareholder's equity ZWL'000
Year ended 31 December 2019								
Balance as at 1 January 2019	7 245	300 655	33 634	59 825	34 132	18 977	4 388 401	4 842 869
Loss for the year	-	-	-	-	-	-	(43 651)	(43 651)
Other comprehensive income								
Gain on revaluation of land and buildings net of tax	-	-	-	607 146	-	-	-	607 146
Net change in fair value of equity investment	-	-	-	-	11 216	-	-	11 216
Total comprehensive income for the year	-	-	-	607 146	11 216	-	(43 651)	574 711
Equity-settled share based payments	-	-	-	-	-	3 755	-	3 755
Total transactions with the owner of the Bank recognised directly in equity	-	-	-	-	-	3 755	-	3 755
Balance as at 31 December 2019	7 245	300 655	33 634	666 971	45 348	22 732	4 344 750	5 421 335

Note	Historical cost							
	Ordinary share capital ZWL'000	Ordinary share premium ZWL'000	Non-distributable reserve ZWL'000	Revaluation reserve ZWL'000	Fair value through other comprehensive income ZWL'000	Share-based payment reserve ZWL'000	Retained earnings ZWL'000	Ordinary shareholder's equity ZWL'000
Year ended 31 December 2020								
Balance as at 1 January 2020	260	10 790	1 207	255 575	12 483	1 084	626 892	908 291
Profit for the period	-	-	-	-	-	-	3 180 822	3 180 822
Other comprehensive income								
Gain on revaluation of land and buildings (net of tax)	-	-	-	1 050 925	-	-	-	1 050 925
Net change in fair value of equity investment	-	-	-	-	326 469	-	-	326 469
Total comprehensive income for the year	-	-	-	1 050 925	326 469	-	3 180 822	4 558 216
Equity-settled share-based payments	-	-	-	-	-	4 994	-	4 994
Transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	4 994	-	4 994
Balance as at 31 December 2020	260	10 790	1 207	1 306 500	338 952	6 078	3 807 714	5 471 501

Note	Historical cost							
	Ordinary share capital ZWL'000	Ordinary share premium ZWL'000	Non-distributable reserve ZWL'000	Revaluation reserve ZWL'000	Fair value through other comprehensive income ZWL'000	Share-based payment reserve ZWL'000	Retained earnings ZWL'000	Ordinary shareholder's equity ZWL'000
Year ended 31 December 2019								
Balance as at 1 January 2019	260	10 790	1 207	2 147	1 225	681	149 465	165 775
Profit for the period	-	-	-	-	-	-	477 427	477 427
Other comprehensive income								
Gain on revaluation of land and buildings (net of tax)	-	-	-	253 428	-	-	-	253 428
Net change in fair value of equity investment	-	-	-	-	11 258	-	-	11 258
Total comprehensive income for the period	-	-	-	253 428	11 258	-	477 427	742 113
Equity-settled share-based payments	-	-	-	-	-	403	-	403
Total transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	403	-	403
Balance as at 31 December 2019	260	10 790	1 207	2 557 575	12 483	1 084	626 892	908 291

STATEMENT OF CASH FLOWS For the year ended 31 December 2020

Note	Inflation-adjusted		Historical cost	
	31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
Cash generated from operations				
Net income/(loss) before indirect tax	1 919 709	1 253 616	4 099 888	719 216
Adjusted for:				
Amortisation and impairment of intangible assets	174 728	93 302	6 383	3 434
Expected credit loss (on and off-balance sheet)	760 992	614 360	319 607	11 320
Depreciation of property and equipment	81 845	113 885	25 095	6 096
Depreciation of right of use assets	59 066	37 021	10 378	1 496
Equity-settled share-based payments	9 367	3 755	4 994	403
Fair value adjustment on investment property	119 792	(1 032 566)	(1 845 234)	(407 501)
Unrealised exchange gains	(1 069 889)	(333 531)	(1 069 889)	(74 344)
Indirect tax paid	(222 805)	(165 953)	(156 722)	(17 117)
Loss/(profit) from sale of property and equipment	2 330	(7 276)	(1 261)	(1 451)
Movement in working capital				
Increase in derivative assets	(12 372)	(27)	(12 762)	(95)
(Increase)/ decrease in loans and advances	(4 858 659)	6 661 622	(8 043 238)	(549 122)
Increase in accrued interest on financial investments	(10 759)	(16 864)	(10 759)	(3 759)
Purchase of financial investments	(4 662 000)	(2 969 941)	(4 662 000)	(662 000)
Proceeds from sale of financial investments	3 638 283	11 018 605	3 165 759	800 048
Increase in other assets	(2 597 128)	(4 228 621)	(6 023 673)	(968 554)
Increase in derivative liabilities	1 393	135	1 446	8
Increase/(decrease) in deposits	10 411 549	(16 995 885)	29 935 587	4 096 395
Increase in other liabilities	3 796 963	973 180	6 521 592	696 249
Direct tax paid	(849 224)	(431 377)	(740 932)	(85 369)
Net cash generated from operating activities	6 693 181	(5 412 560)	21 524 259	3 565 353
Cash used in investment activities				
Capital expenditure on:				
- property and equipment	(307 721)	(256 783)	(173 065)	(19 462)
- investment property	(947 053)	(219 430)	(504 943)	(12 072)
- intangible assets	(214 705)	(130 799)	(139 745)	(13 216)
Movement in right of use assets	(37 320)	(84 235)	(17 955)	(3 404)
Proceeds from:				
- sales of property and equipment	626	11 440	232	1 552
Net cash used in investing activities	(1 506 173)	(679 807)	(835 476)	(46 602)
Net cash flows used in financing activities				
Movement in lease liability	(21 746)	47 322	7 644	1 932
Net increase/(decrease) in cash and cash equivalents	5 165 262	(6 045 045)	20 696 427	3 520 683
Cash and cash equivalents at beginning of the reporting period	19 986 059	26 031 104	4 454 894	934 211
Cash and cash equivalents at end of the reporting period	25 151 321	19 986 059	25 151 321	4 454 894

ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the financial information are set out below. The accounting policies applied in the preparation of these financial statements from which the results have been derived are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the Bank's previous annual financial statements with the exception of changes referred to under the basis of preparation paragraph below.

AUDITOR'S STATEMENT

These financial results should be read in conjunction with the full set of inflation adjusted financial statements for the year ended 31 December 2020, which have been audited by the Independent Auditors, KPMG Chartered Accountants (Zimbabwe). The Independent Auditors have issued a qualified opinion on the inflation adjusted financial statements because of non-compliance with International Financial Reporting Standard IAS 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21) in the prior year and the impact of this non-compliance on the comparative financial information and the carrying value of equipment and intangible assets. The Independent Auditors' report includes key audit matters (KAMs). The KAMs include, valuation of owner occupied property and investment property, expected credit loss allowance on legacy debt asset, expected credit loss allowance on loans and advances and financial reporting in hyperinflationary economies. The Independent Auditors' report on the financial statements is available for inspection at the Bank's Registered Office.

BASIS OF PREPARATION

Statement of compliance



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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

COVID-19 pandemic

The resurgence of the COVID-19 pandemic in January 2021 has seen a national lock down period being implemented in Zimbabwe with the aim of reducing the spike which had been experienced in the number of COVID-19 infections in the country. The Bank implemented its business continuity plans which resulted in a reduction in the number of staff that are working from the offices as we strive to combat the spread of the disease. The impact of the second wave of the COVID-19 pandemic is currently being assessed and will be included in our 2021 forecast. We are currently reviewing the quality of the lending book considering the impact of the pandemic on business operations especially in the agriculture, manufacturing and tourism sector. Engagements are underway with our clients in order to identify areas where they need support during this difficult period.

In an effort to alleviate the impact of COVID-19 on our customers' businesses, some facilities had been restructured during the period through the deferment of both interest and capital to customers especially in the tourism sector as the pandemic has hobbled operations in this sector.

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 Zimbabwe dollar ("ZWL"), which is the functional currency of Stanbic Bank Zimbabwe Limited. All amounts are stated in thousands of Zimbabwe dollars (ZWL'000), unless indicated otherwise.

New standards, amendments and interpretations, effective for accounting periods beginning on 1 January 2020 adopted by the Bank

Standard ("IFRS/IAS")/ Interpretation	Content	Applicable for financial years beginning on/after
IFRS 3	Business Combinations (amendment)	Annual periods beginning on or after 1 January 2020
IFRS 7	Financial Instruments: Disclosures	Annual periods beginning on or after 1 January 2020
IAS 16	Property, Plant and Equipment (amendments)	Annual periods beginning on or after 1 January 2020
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (amendments)	Annual periods beginning on or after 1 January 2020

IFRS 3 Business Combinations (amendment) (IFRS 3), the amendment clarifies the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment will be applied prospectively.

IFRS 7 Financial Instruments: Disclosures (IFRS 7), IFRS 9 Financial Instruments (amendments) (IFRS 9) and IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). Interest Rate Benchmark Reform resulted in amendments to IFRS 9, IAS 39 and IFRS 7 requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendment will be applied retrospectively.

IAS 16 Property, Plant and Equipment (amendments) (IAS 16). Narrow-scope amendments to IAS 16 for the accounting of amounts received when selling items produced while an entity is preparing an asset for its intended use. The amendments clarify the accounting requirements in prohibiting the entity from deducting such amount from the cost of property, plant and equipment and instead recognising such sales proceeds and related cost in profit or loss. The amendments will be applied retrospectively.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets (amendments) (IAS 37). Narrow-scope amendments to IAS 37 in determining which costs to include in estimating the cost of fulfilling a contract for the purposes of assessing whether that contract is onerous. The amendments clarify that the cost of fulfilling the contract includes both the incremental costs of fulfilling the contract and an allocation of costs that relate directly to fulfilling contracts. The amendments will be applied retrospectively. Adjusting prior periods is not required, but rather adjusting the opening Retained Earnings with the cumulative effect of the amendments on transition date.

The adoption of new and amended standards on 1 January 2020 did not affect the Bank's previously reported financial results, disclosures or accounting policies and did not impact the Bank's results upon transition.

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 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

Definition

Credit risk is the risk of loss arising out of the failure of counterparties to meet their financial or contractual obligations when due.

Framework and governance

Credit risk is the Bank's most material risk. It is managed in accordance with the Bank's comprehensive risk management control framework.

The Head of Credit has functional responsibility for credit risk across the Bank and reports to the Chief Executive. Furthermore, the credit function is monitored closely by the Standard Bank Africa Credit function, providing an additional layer of review.

The Board Loans Review Committee and the Board Credit Committee have an oversight role over the credit risk management process.

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.

Most of the models take into account quantitative factors, financial statements and qualitative factors. These are combined to produce a stand-alone rating.

The Bank uses a 25-point master rating scale to quantify the credit risk for each exposure. On origination, each client is assigned a credit risk grade within the Bank's 25-point master rating scale. Ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data for the applicable portfolio. These credit ratings are evaluated at least annually or more frequently as appropriate.

Master rating scale band	SICR trigger (from origination)
SB1-12	Low credit risk
SB13-20	3 rating or more
SB21-25	1 rating or more

CIB exposures are evaluated for SICR by comparing the credit risk grade at the reporting date to the origination credit risk grade. Where the relative change in the credit risk grade exceeds certain pre-defined ratings' migration thresholds or, when a contractual payment becomes more than 30 days overdue (IFRS 9's rebuttable presumption), the exposure is classified within stage 2. These pre-defined ratings' migration thresholds have been determined based on historic default experience which indicate that higher rated risk exposures are more sensitive to SICR than lower risk exposures. Based on an analysis of historic default experience, exposures that are classified by the Bank's master rating scale as investment grade (within credit risk grade 1 - 12 of the Bank's 25-point master rating scale) are assessed for SICR at each reporting date but are considered to be of a low credit risk for IFRS 9 purposes.

Credit risk mitigation

Wherever warranted, the Bank will attempt to mitigate credit risk, including CCR to any counterparty, transaction, sector, or geographic region, so as to achieve the optimal balance between risk, cost, capital utilisation and reward. Risk mitigation may include the use of collateral, the imposition of financial or behavioural covenants, the acceptance of guarantees from parents or third parties, the recognition of parental support, and the distribution of risk.

Collateral, parental guarantees, credit derivatives and on- and off-balance sheet netting are widely used to mitigate credit risk. Credit risk mitigation policies and procedures ensure that risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used.

In the case of collateral where the Bank has an unassailable legal title, the Bank's policy is such that collateral is required to meet certain criteria for recognition in loss given default (LGD) modelling, including that it:

- is readily marketable and liquid
- is legally perfected and enforceable
- has a low valuation volatility
- is readily realisable at minimum expense
- has no material correlation to the obligor credit quality
- has an active secondary market for resale.

The main types of collateral obtained by the Bank for its banking book exposures include:

- mortgage bonds over residential, commercial and industrial properties
- cession of book debts
- pledge and cession of financial assets
- bonds over plant and equipment
- the underlying movable assets financed under leases and
- instalment sales.

Reverse repurchase agreements and commodity leases to customers are collateralised by the underlying assets.

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

Other credit protection terms may be stipulated, such as limitations on the amount of unsecured credit exposure acceptable, collateralisation if the mark-to-market credit exposure exceeds acceptable limits, and termination of the contract if certain credit events occur, for example, downgrade of the counterparty's public credit rating.

Wrong-way risk arises in transactions where the likelihood of default (i.e. the probability of default (PD)) by a counterparty and the size of credit exposure (as measured by EAD) to that counterparty tend to increase at the same time. This risk is managed both at an individual counterparty level and at an aggregate portfolio level by limiting exposure to such transactions, taking adverse correlation into account in the measurement and mitigation of credit exposure and increasing oversight and approval levels. The Bank has no appetite for wrong-way risk arising where the correlation between EAD and PD is due to a legal, economic, strategic or similar relationship (i.e. specific wrong-way risk). General wrong-way risk, which arises when the correlation between EAD and PD for the counterparty, due mainly to macro factors, is closely managed within existing risk frameworks.

To manage actual or potential portfolio risk concentrations in areas of higher credit risk and credit portfolio growth, the Bank implements hedging and other strategies from time-to-time. This is done at individual counterparty, sub-portfolio and portfolio levels through the use of syndication, distribution and sale of assets, asset and portfolio limit management, credit derivatives and credit protection.

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 31 December 2020 are set out in the table below.

	Gross total (advances and financial investments)				Credit risk grade			Balance sheet impairments (stage 3)
	SB1 - SB12	SB13 - SB20	SB21 - SB25	Default	SB1 - SB12	SB13 - SB20	SB21 - SB25	
Personal and Business Banking loans and advances ("PBB")								
Mortgage loans	109 281	98 413	-	-	10 360	-	-	508 (1 030)
Installment sale and finance leases	639 759	639 747	-	-	12	-	-	-
Personal unsecured lending	947 650	861 022	-	-	83 420	-	-	3 208 (574)
Business lending and other	1 587 901	404 258	-	-	1 174 280	8 134	-	1 229 (2 241)
Total loans PBB	3 284 591	2 003 440	-	-	1 174 280	101 926	-	4 945 (3 845)
Corporate and Investment Banking loans and advances ("CIB")								
Corporate lending (CIB)	5 748 023	536 652	-	-	3 560 906	1 637 733	12 732	-
Total gross loans and advances	9 032 614	2 540 092	-	-	4 735 186	1 739 659	12 732	4 945 (3 845)
Financial investments at amortised cost								
Corporate & Investment Banking								
Sovereign	1 710 759	-	-	-	-	1 710 759	-	-
Banking	-	-	-	-	-	-	-	-
Total financial investments	1 710 759	-	-	-	-	1 710 759	-	-
Expected credit loss for loans and advances and financial investments								
Stage 1	(50 865)	(6 517)	-	-	(15 572)	-	(28 776)	-
Stage 2	(150 023)	-	-	-	-	(150 023)	-	-
Stage 3	(3 845)	-	-	-	-	-	-	(3 845)
Net loans and advances and financial investments	10 538 640	2 533 575	-	-	4 719 614	1 589 636	1 694 715	- 1 100
Off balance sheet exposures								
Letters of credit	483 178	379 579	-	-	82 120	1 600	19 879	-
Guarantees	157 772	106 256	-	-	51 403	100	-	13
Irrevocable unutilised facilities	496 431	206 918	-	-	91 383	193 288	4 842	-
Expected credit loss for off balance sheet exposures								
Stage 1	(2 706)	(462)	-	-	(1 450)	-	(794)	-
Stage 2	(4 265)	-	-	-	(4 265)	(12)	-	-
Add the following other banking activities exposures:								
Cash and cash equivalents	25 150 871	-	-	-	-	-	-	-
Investment securities	451 099	-	-	-	-	-	-	-
Derivative assets	12 873	-	-	-	-	-	-	-
Other assets	7 916 509	-	-	-	-	-	-	-
Total exposure to credit risk	45 200 402	-	-	-	-	-	-	-

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 31 December 2020 amounted to ZWL1.1 billion (31 December 2019: ZWL746.8 million).

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Exposure to credit risk by credit quality inflation adjusted as at 31 December 2019 (ZWL'000)

	Inflation adjusted						Balance sheet impairments (stage 3)
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	
Personal and Business Banking							
loans and advances ("PBB")							
Mortgage loans	88 757	85 469	-	-	-	1 781	1 507 (956)
Installment sale and finance leases	253 679	-	-	245 393	-	8 286	-
Personal unsecured lending	778 551	66 712	-	659 520	-	47 770	4 549 (3 858)
Business lending and other	1 144 257	52 674	-	1 051 094	-	25 855	14 634 (4 993)
Total loans PBB	2 265 244	204 855	-	1 956 007	-	83 692	20 690 (9 807)
Corporate and Investment Banking							
loans and advances ("CIB")							
Corporate lending (CIB)	2 075 540	84 903	-	1 762 718	129 677	96 115	2 127 -
Total gross loans and advances	4 340 784	289 758	-	3 718 725	129 677	96 115	85 819 20 690 (9 807)
Pledged assets	221 660	-	-	-	-	221 660	-
Financial investments at amortised cost							
Corporate & Investment Banking							
Sovereign	692 467	-	-	-	-	692 467	-
Total financial investments	692 467	-	-	-	-	692 467	-
Expected credit loss for loans and advances and financial investments							
Stage 1	(51 803)	(1 736)	-	(23 979)	-	(26 088)	-
Stage 2	(73 746)	-	-	(2 064)	-	(71 682)	-
Stage 3	(9 807)	-	-	-	-	-	(9 807)
Net loans and advances and financial investments	5 119 555	288 022	-	3 694 746	127 613	984 154	14 137 10 883 -
Off balance exposures							
Letters of credit	440 754	364 141	-	69 188	-	7 425	-
Guarantees	208 434	116 690	-	91 664	-	22	58 -
Irrevocable unutilised facilities	668 120	374 307	-	268 748	5 819	10 139	9 107 -
Expected credit loss for off balance sheet exposures							
Stage 1	(7 766)	(2 212)	-	(3 302)	-	(2 252)	-
Stage 2	(1 202)	-	-	(242)	-	(960)	-
Add the following other banking activities exposures:							
Cash and cash equivalents	19 985 583	-	-	-	-	-	-
Investment securities	78 179	-	-	-	-	-	-
Derivative assets	502	-	-	-	-	-	-
Other assets	4 584 067	-	-	-	-	-	-
Total exposure to credit risk	31 076 226	-	-	-	-	-	-

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.

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

Maturity analysis assets and liabilities:

31 December 2020 Liquidity gap analysis (ZWL'000)	Inflation adjusted						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	
Assets							
Cash and cash equivalents	16 972 355	8 178 966	-	-	-	(450)	25 150 871
Derivative assets	-	12 873	-	-	-	-	12 873
Financial investments	-	-	684 304	1 026 455	-	(28 278)	1 682 481
Investment securities	-	-	-	-	-	451 099	451 099
Loans and advances to customers	3 224 509	699 494	2 702 164	1 552 576	853 871	(176 455)	8 856 159
Other assets	23 799	5 258 998	-	-	2 827 654	(193 942)	7 916 509
Total	20 220 663	14 150 331	3 386 468	2 579 031	3 681 525	51 974	44 069 992
Equity and liabilities							
Derivative liabilities	-	1 461	-	-	-	-	1 461
Deposits from customers and other banks	35 266 869	268 358	219	-	334	-	35 535 780
Other liabilities	-	3 416 544	677 489	839 817	-	6 095	4 939 945
Total	35 266 869	3 686 363	677 708	839 817	334	6 095	40 477 186
Liquidity gap	(15 046 206)	10 463 968	2 708 760	1 739 214	3 681 191	45 879	-
Cumulative liquidity gap	(15 046 206)	(4 582 238)	(1 873 478)	(134 264)	3 546 927	3 592 808	-
Letters of credit	(280 440)	(393 238)	(861 889)	-	(40 893)	-	-
Financial guarantees	(15 822)	(7 981)	(13 164)	(166 132)	-	-	-
Total liquidity gap (on-and off balance sheet)	(15 342 468)	(4 983 457)	(2 748 531)	(300 396)	3 506 034	-	-
Total cumulative liquidity gap	(15 342 468)	(5 279 719)	(3 446 013)	(1 872 930)	1 767 368	-	-

Other assets include intangible assets, investment property and property and equipment.

Other liabilities include internal clearing accounts.

Maturity analysis assets and liabilities:

31 December 2019 Liquidity gap analysis (ZWL'000)	Inflation adjusted						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	
Assets							
Cash and cash equivalents	19 940 531	-	45 527	-	-	(476)	19 985 583
Derivative assets	502	-	-	-	-	-	502
Pledged assets	-	221 660	-	-	-	-	221 660
Financial investments	-	692 467	-	-	-	(8 138)	684 329
Investment securities	-	-	-	-	-	78 179	78 179
Loans and advances to customers	1 936 370	99 300	617 200	656 756	1 031 157	(127 223)	4 213 561
Other assets	49 094	800 762	-	-	3 874 594	(140 072)	4 584 378
Total	21 926 497	1 814 189	662 727	656 756	4 905 751	(197 730)	29 768 192
Equity and liabilities							
Derivative liabilities	67	-	-	-	-	-	67
Deposits from customers and other banks	24 900 418	3 244	-	188 425	32 144	-	25 124 231
Other liabilities	435	1 262 288	948 344	72 472	-	46 294	2 329 833
Total	24 900 920	1 265 532	948 344	260 897	32 144	46 294	27 454 131
Liquidity gap	(2 974 423)	548 657	(285 617)	395 859	4 873 607	(244 024)	-
Cumulative liquidity gap	(2 974 423)	(2 425 766)	(2 711 383)	(2 315 524)	2 558 083	-	-
Letters of credit	(18 223)	(1 517 761)	(296 361)	-	-	-	-
Financial guarantees	(10 642)	(42 974)	(52 930)	(193 629)	-	-	-
Total liquidity gap (on-and off balance sheet)	(3 003 288)	(3 986 501)	(3 060 674)	(2 509 153)	2 558 083	-	-
Total cumulative liquidity gap	(3 003 288)	(4 015 366)	(4 650 274)	(4 448 044)	425 563	-	-

Other assets include intangible assets, investment property and property and equipment.

Other liabilities include internal clearing accounts.

Maturity analysis assets and liabilities:

31 December 2020 Liquidity gap analysis (ZWL'000)	Historical cost						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	
Assets							
Cash and cash equivalents	16 972 355	8 178 966	-	-	-	(450)	25 150 871
Derivative assets	-	12 873	-	-	-	-	12 873
Financial investments	-	-	684 304	1 026 455	-	(28 278)	1 682 481
Investment securities	-	-	-	-	-	451 099	451 099
Loans and advances to customers	3 224 509	699 494	2 702 164	1 552 576	853 871	(176 455)	8 856 159
Other assets	23 799	5 258 998	-	-	2 827 654	(193 942)	7 916 509
Total	20 220 663	14 150 331	3 386 468	2 579 031	3 681 525	51 974	44 069 992
Liabilities							
Derivative liabilities	-	1 461	-	-	-	-	1 461
Deposits from customers and other banks	35 266 869	268 358	219	-	334	-	35 535 780
Other liabilities	-	3 416 544	677 489	839 817	-	6 095	4 939 945
Total	35 266 869	3 686 363	677 708	839 817	334	6 095	40 477 186
Liquidity gap	(15 046 206)	10 463 968	2 708 760	1 739 214	3 681 191	45 879	-
Cumulative liquidity gap	(15 046 206)	(4 582 238)	(1 873 478)	(134 264)	3 546 927	-	-
Letters of credit	(280 440)	(393 238)	(861 889)	-	(40 893)	-	-
Financial guarantees	(15 822)	(7 981)	(13 164)	(166 132)	-	-	-
Total liquidity gap (on-and off balance sheet)	(15 342 468)	(4 983 457)	(2 748 531)	(300 396)	3 506 034	-	-
Total cumulative liquidity gap	(15 342 468)	(5 279 719)	(3 446 013)	(1 872 930)	1 767 368	-	-

Other assets include internal clearing accounts.

Other liabilities include internal clearing accounts.

Maturity analysis assets and liabilities:

31 December 2019 Liquidity gap analysis (ZWL'000)	Historical cost						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	
Assets							
Cash and cash equivalents	4 444 746	-	10 148	-	-	(106)	4 454 788
Derivative assets	112	-	-	-	-	-	112
Pledged assets	-	49 408	-	-	-	-	49 408
Financial investments	-	154 351	-	-	-	(1 814)	152 537
Investment securities	-	-	-	-	-	17 426	17 426
Loans and advances to customers	431 617	22 134	137 574	146 391	229 845	(28 358)	939 203
Other assets	10 943	178 490	-	-	863 578	(31 222)	1 021 789
Total	4 887 418	404 383	147 722	146 391	1 093 423	(44 074)	6 635 263
Liabilities							
Derivative liabilities	15	-	-	-	-	-	15
Deposits from customers and other banks	5 550 305	723	-	42 000	7 165	-	5 600 193
Other liabilities	97	281 364	211 386	16 154	-	10 319	519 320
Total	5 550 417	282 087	211 386	58 154	7 165	10 319	6 119 528
Liquidity gap	(662 999)	122 296	(63 664)	88 237	1 086 258	(54 393)	-
Cumulative liquidity gap	(662 999)	(540 703)	(604 367)	(516 130)	570 128	-	-
Off-balance sheet exposures							
Letters of credit	(4 062)	(338 309)	(66 059)	-	-	-	-
Financial guarantees	(2 372)	(9 579)	(11 798)	(43 160)	-	-	-
Total liquidity gap (on-and off balance sheet)	(669 433)	(888 591)	(682 224)	(559 290)	570 128	-	-
Total cumulative liquidity gap	(669 433)	(895 025)	(1 036 546)	(991 469)	94 7		



ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of financial position by currency as at 31 December 2019	Inflation adjusted					
	Total ZWL'000	ZWL ZWL'000	USD ZWL'000	ZAR ZWL'000	GBP ZWL'000	Other ZWL'000
Assets						
Cash and cash equivalents	19 985 583	7 590 545	11 300 490	600 919	43 046	450 583
Derivative assets	502	502	-	-	-	-
Pledged assets	221 660	221 660	-	-	-	-
Financial investments	684 329	684 329	-	-	-	-
Investment securities	78 179	78 179	-	-	-	-
Loans and advances to customers	4 213 561	4 156 759	56 801	-	-	-
Other assets	4 747 904	206 057	4 477 670	25 599	3 769	34 899
Intangible assets	976 132	943 317	32 815	-	-	-
Investment property	2 003 301	2 003 301	-	-	-	-
Property and equipment	2 104 907	2 104 907	-	-	-	-
Right of use assets	47 214	47 214	-	-	-	-
Total assets	35 063 272	18 036 770	15 867 776	626 518	46 815	485 482
Equity and liabilities						
Equity	5 421 335	5 421 335	-	-	-	-
Ordinary share capital	7 245	7 245	-	-	-	-
Ordinary share premium	300 655	300 655	-	-	-	-
Reserves	5 113 435	5 113 435	-	-	-	-
Liabilities	29 641 937	14 378 012	13 914 266	682 194	87 797	579 668
Derivative liabilities	67	67	-	-	-	-
Total deposits	25 124 231	13 152 979	10 939 942	434 401	81 526	515 383
Deposits from other banks	600 511	-	285 760	118 573	72	196 106
Deposits from customers	24 523 720	13 152 979	10 654 182	315 828	81 454	319 277
Deferred and current tax liabilities	976 779	976 779	-	-	-	-
Other liabilities	3 540 860	248 187	2 974 324	247 793	6 272	64 284
Total equity and liabilities	35 063 272	19 799 347	13 914 266	682 194	87 798	579 667
Currency gap	-	(1 762 647)	1 953 510	(55 675)	(40 983)	(94 185)
Currency size as % of overall statement of financial position	100%	56%	40%	2%	0%	2%

Statement of financial position by currency as at 31 December 2020	Historical cost					
	Total ZWL'000	ZWL ZWL'000	USD ZWL'000	ZAR ZWL'000	GBP ZWL'000	Other ZWL'000
Assets						
Cash and cash equivalents	25 150 871	2 042 345	22 071 973	595 114	39 178	402 261
Derivative assets	12 873	12 873	-	-	-	-
Financial investments	1 682 481	1 682 481	-	-	-	-
Investment securities	451 099	451 099	-	-	-	-
Loans and advances to customers	8 856 159	7 830 752	1 025 407	-	-	-
Other assets	7 969 551	5 329 067	2 463 630	92 407	4 657	79 790
Intangible assets	171 437	76 108	95 329	-	-	-
Investment property	2 787 005	2 787 005	-	-	-	-
Property and equipment	1 948 266	1 948 266	-	-	-	-
Right of use assets	9 484	9 484	-	-	-	-
Total assets	49 039 226	22 169 390	26 656 339	687 521	43 835	482 051
Equity and liabilities						
Equity	5 471 501	5 471 501	-	-	-	-
Ordinary share capital	260	260	-	-	-	-
Ordinary share premium	10 790	10 790	-	-	-	-
Reserves	5 460 451	5 460 451	-	-	-	-
Liabilities	43 567 724	16 384 950	25 668 098	888 190	249 644	376 846
Derivative liabilities	1 461	1 461	-	-	-	-
Total deposits	35 535 780	15 012 495	19 497 318	487 300	240 010	298 657
Deposits from other banks	656 269	97	310 749	162 236	131 752	51 435
Deposits from customers	34 879 511	15 012 398	19 186 569	325 064	108 258	247 222
Deferred and current tax liabilities	707 021	707 021	-	-	-	-
Other liabilities	7 323 463	663 973	6 170 780	400 890	9 634	78 189
Total equity and liabilities	49 039 226	22 933 755	25 668 098	888 190	249 644	376 846
Currency gap	-	312 939	(988 241)	(200 669)	(205 809)	105 205
Currency size as % of overall statement of financial position	100%	47%	52%	1%	0%	0%

Statement of financial position by currency as at 31 December 2019	Historical cost					
	Total ZWL'000	ZWL ZWL'000	USD ZWL'000	ZAR ZWL'000	GBP ZWL'000	Other ZWL'000
Assets						
Cash and cash equivalents	4 454 788	1 691 933	2 518 880	133 945	9 595	100 435
Derivative assets	112	112	-	-	-	-
Pledged assets	49 408	49 408	-	-	-	-
Financial investments	152 537	152 537	-	-	-	-
Investment securities	17 426	17 426	-	-	-	-
Loans and advances to customers	939 203	926 545	12 658	-	-	-
Other assets	1 037 552	25 154	998 073	5 706	840	7 779
Intangible assets	38 075	36 795	1 280	-	-	-
Investment property	446 536	446 536	-	-	-	-
Property and equipment	393 519	393 519	-	-	-	-
Right of use assets	1 908	1 908	-	-	-	-
Total assets	7 531 064	3 741 873	3 530 891	139 651	10 435	108 214
Equity and liabilities						
Equity	908 291	908 291	-	-	-	-
Ordinary share capital	260	260	-	-	-	-
Ordinary share premium	10 790	10 790	-	-	-	-
Reserves	897 241	897 241	-	-	-	-
Liabilities	6 622 773	3 220 443	3 101 491	152 061	19 570	129 208
Derivative liabilities	15	15	-	-	-	-
Total deposits	5 600 193	2 931 800	2 438 514	96 828	18 172	114 879
Deposits from other banks	133 854	-	63 696	26 430	16	43 712
Deposits from customers	5 466 339	2 931 800	2 374 818	70 398	18 156	71 167
Deferred and current tax liabilities	233 307	233 307	-	-	-	-
Other liabilities	789 258	55 321	662 977	55 233	1 398	14 329
Total equity and liabilities	7 531 064	4 128 734	3 101 491	152 061	19 570	129 208
Currency gap	-	(386 861)	429 400	(12 410)	(9 135)	(20 994)
Currency size as % of overall statement of financial position	100%	55%	41%	2%	0%	2%

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 31 December 2020 by 5.6% (December 2019: 8.05%). The table below indicates the ZWL 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.

Interest rate sensitivity analysis

	December 2020 ZWL'000	December 2019 ZWL'000
Increase in basis points	100	100
Sensitivity of annual net interest income	25 456	9 834
Sensitivity of OCI	-	-
Decrease in basis points	100	100
Sensitivity of annual net interest income	(56 836)	(10 871)
Sensitivity of OCI	-	-

31 December 2020 interest rate repricing gap analysis (ZWL'000)	Inflation adjusted						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	
Assets							
Cash and cash equivalents	7 821 203	5 981 956	-	-	-	11 347 712	25 150 871
Derivative assets	-	-	-	-	-	12 873	12 873
Financial investments	-	-	680 000	1 020 000	-	(17 519)	1 682 481
Investment securities	-	-	-	-	-	451 099	451 099
Loans and advances to customers	-	8 864 575	-	100 576	-	(108 992)	8 856 159
Other assets	-	-	-	-	-	7 916 509	7 916 509
Total	7 821 203	14 846 531	680 000	1 120 576	-	19 601 682	44 069 992
Liabilities							
Derivative liabilities	-	-	-	-	-	1 461	1 461
Deposits from customers and other banks	35 535 286	-	196	-	298	-	35 535 780
Other liabilities	-	-	-	-	-	4 939 945	4 939 945
Total	35 535 286	-	196	-	298	4 941 406	40 477 186
Interest rate repricing gap	(27 714 083)	14 846 531	679 804	1 120 576	(298)	14 660 276	
Cumulative interest rate repricing gap	(27 714 083)	(12 867 552)	(12 187 748)	(11 067 172)	(11 067 470)	-	

Other assets include internal clearing accounts.

Other liabilities include internal clearing accounts.

31 December 2019 interest rate repricing gap analysis (ZWL'000)	Inflation adjusted						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	
Assets							
Cash and cash equivalents	-	9 308 848	-	-	-	10 676 735	19 985 583
Derivative assets	-	-	-	-	-	502	502
Pledged assets	-	221 660	-	-	-	-	221 660
Financial investments	-	692 467	-	-	-	(8 138)	684 329
Investment securities	-	-	-	-	-	78 179	78 179
Loans and advances to customers	-	4 289 775	-	-	-	(76 214)	4 213 561
Other assets	-	-	-	-	-	4 584 378	4 584 378
Total	-	14 512 750	-	-	-	15 255 442	29 768 192
Liabilities							
Derivative liabilities	-	-	-	-	-	67	67
Deposits from customers and other banks	-	12 284 119	-	188 425	2 665	12 649 022	25 124 231
Other liabilities	-	-	-	-	-	2 329 833	2 329 833
Total	-	12 284 119	-	188 425	2 665	14 978 922	27 454 131
Interest rate repricing gap	-	2 228 631	-	(188 425)	(2 665)	276 520	
Cumulative interest rate repricing gap	-	2 228 631	2 228 631	2 040 206	2 037 541	-	

Other assets include internal clearing accounts.

Other liabilities include internal clearing accounts.

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

31 December 2020 interest rate repricing gap analysis (ZWL'000)	Historical cost						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	
Assets							
Cash and cash equivalents	7 821 203	5 981 956	-	-	-	11 347 712	25 150 871
Derivative assets	-	-	-	-	-	12 873	12 873
Financial investments	-	-	680 000	1 020 000	-	(17 519)	1 682 481
Investment securities	-	-	-	-	-	451 099	451 099
Loans and advances to customers	-	8 864 575	-	100 576	-	(108 992)	8 856 159
Other assets	-	-	-	-	-	7 916 509	7 916 509
Total	7 821 203	14 846 531	680 000	1 120 576	-	19 601 682	44 069 992
Liabilities							
Derivative liabilities	-	-	-	-	-	1 461	1 461
Deposits from customers and other banks	35 535 286	-	196	-	298	-	35 535 780
Other liabilities	-	-	-	-	-	4 939 945	4 939 945
Total	35 535 286	-	196	-	298	4 941 406	40 477 186
Interest rate repricing gap	(27 714 083)	14 846 531	679 804	1 120 576	(298)	14 660 276	
Cumulative interest rate repricing gap	(27 714 083)	(12 867 552)	(12 187 748)	(11 067 172)	(11 067 470)	-	

Other assets include internal clearing accounts.
Other liabilities include internal clearing accounts.

31 December 2019 interest rate repricing gap analysis (ZWL'000)	Historical cost						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	
Assets							
Cash and cash equivalents	-	2 074 943	-	-	-	2 379 845	4 454 788
Derivative assets	-	-	-	-	-	112	112
Pledged assets	-	49 408	-	-	-	-	49 408
Financial investments	-	154 351	-	-	-	(1 814)	152 537
Investment securities	-	-	-	-	-	17 426	17 426
Loans and advances to customers	-	956 191	-	-	-	(16 988)	939 203
Other assets	-	-	-	-	-	1 021 789	1 021 789
Total	-	3 234 893	-	-	-	3 400 370	6 635 263
Liabilities							
Derivative liabilities	-	-	-	-	-	15	15
Deposits from customers and other banks	-	2 738 131	-	42 000	594	2 819 468	5 600 193
Other liabilities	-	-	-	-	-	519 320	519 320
Total	-	2 738 131	-	42 000	594	3 338 803	6 119 528
Interest rate repricing gap	-	496 762	-	(42 000)	(594)	61 567	
Cumulative interest rate repricing gap	-	496 762	496 762	454 762	454 168	-	

Other assets include internal clearing accounts.
Other liabilities include internal clearing accounts.

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 December 2020

	Maximum possible loss in December 2020 ZWL'000	Minimum possible loss in December 2020 ZWL'000	Average possible loss ZWL'000	Possible loss at 31 December 2020 ZWL'000	Maximum acceptable VaR loss ZWL'000
Normal VaR	204.7	78.7	186.9	96.3	256.5
Stress VaR	999.32	521.04	760.18	570.4	1 529.3

As depicted in the table above, historical trading data for the foreign currency business indicates that the maximum possible loss for any one day's trading in 2020 was ZWL204 700 (2019:ZWL253 677), and the minimum possible loss was ZWL78 700 (2019:ZWL165 884), with an average possible loss of ZWL186 900 (2019:ZWL204 508) in comparison to the maximum acceptable possible loss of ZWL256 500 (2019:ZWL510 196).

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 year ended 31 December 2020

1		Inflation-adjusted		Historical cost	
		31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
	Cash and cash equivalents				
	Bank notes	9 155 052	1 403 378	9 155 052	312 813
	Balances with the Central Bank	2 192 353	8 505 493	2 192 353	1 895 875
	Balances with other banks	13 803 916	10 077 188	13 803 916	2 246 206
		25 151 321	19 986 059	25 151 321	4 454 894
	Expected credit loss on balances with other banks	(450)	(476)	(450)	(106)
	Current	25 150 871	19 985 583	25 150 871	4 454 788

1.1 A reconciliation of the allowances for expected credit losses on balances with other banks

	Inflation-adjusted		Historical cost	
	31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
Stage 1				
Balance as at the beginning of the year	(476)	(46 169)	(106)	(1 657)
Net movement	348	35 442	(344)	1 551
Originated impairments raise	348	(476)	(344)	(106)
Subsequent impairments	-	35 918	-	1 657
Other movements	(322)	10 251	-	-
Balance at end of the year	(450)	(476)	(450)	(106)

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 purposes during the year ended 31 December 2020. 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.

	Inflation-adjusted		Historical cost	
	Fair value of assets 31 December 2020 ZWL'000	Fair value of assets 31 December 2019 ZWL'000	Fair value of assets 31 December 2020 ZWL'000	Fair value of assets 31 December 2019 ZWL'000
Derivatives held for trading	12 873	502	12 873	112
Foreign exchange contracts				
Maturity analysis of net fair value				
Up to 1 month	12 873	502	12 873	112
More than 1 month but within 1 year	-	-	-	-
	12 873	502	12 873	112

	Inflation-adjusted		Historical cost	
	Fair value of liabilities 31 December 2020 ZWL'000	Fair value of liabilities 31 December 2019 ZWL'000	Fair value of liabilities 31 December 2020 ZWL'000	Fair value of liabilities 31 December 2019 ZWL'000
Derivatives held for trading	(1 461)	(67)	(1 461)	(15)
Foreign exchange contracts				
Maturity analysis of net fair value				
Up to 1 month	(1 461)	(67)	(1 461)	(15)
More than 1 month but within 1 year	-	-	-	-
	(1 461)	(67)	(1 461)	(15)

3		Inflation-adjusted		Historical cost	
		31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
	Financial investments				
	Balance at the beginning of the period	684 329	9 111 091	152 537	326 981
	Transfer from/(to) pledged assets	221 660	(221 660)	49 408	(49 408)
	Additions	4 662 000	2 969 941	4 662 000	662 000
	Accrued interest	10 759	16 864	10 759	3 759
	Total disposals	(3 638 284)	(11 018 605)	(3 165 759)	(800 048)
	Disposals	(3 634 525)	(10 764 321)	(3 162 000)	(743 368)
	Interest received	(3 759)	(254 284)	(3 759)	(56 680)
	Expected credit loss allowances (note 3.1.4)	(257 983)	(173 302)	(26 464)	9 253
	Balance at the end of the period	1 682 481	684 329	1 682 481	152 537
	Current	1 682 481	684 329	1 682 481	152 537
	Non-current	-	-	-	-
		1 682 481	684 329	1 682 481	152 537

3.1 Financial investments

Other financial investments

Comprising:

Debt at amortised cost
Corporate & Investment Banking
Sovereign

3.1.2 Gross financial investments

Sovereign

Expected credit loss

Stage 1

Net debt financial investments

	Inflation-adjusted		Historical cost	
	31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
Sovereign	1 710 759	692 467	1 710 759	152 537
Sovereign	1 710 759	692 467	1 710 759	154 351
Expected credit loss	(28 278)	(8 138)	(28 278)	(1 814)
Stage 1				
Net debt financial investments	1 682 481	684 329	1 682 481	152 537

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

3.1.3 Expected credit loss for debt financial investments

	Inflation-adjusted			
	Stage 1	Stage 2	Stage 3	Total
Sovereign December 2020	(28 278)	-	-	(28 278)
Sovereign December 2019	(8 138)	-	-	(8 138)

3.1.3.1 Expected credit loss for debt financial investments

	Inflation-adjusted			
	Stage 1	Stage 2	Stage 3	Total
Sovereign December 2020	(28 278)	-	-	(28 278)
Sovereign December 2019	(1 814)	-	-	(1 814)

3.1.4 A reconciliation of the expected credit losses for debt financial investments at amortised cost, by class:

	Inflation adjusted 2020	
	Sovereign	Total
Stage 1		
Balance at beginning of the year	8 138	8 138
Net movement	257 983	257 983
Originated impairments raised	266 121	266 121
Subsequent decrease in expected credit loss	(8 138)	(8 138)
Other movements	(237 843)	(237 843)
Balance at the end of period	28 278	28 278

	Inflation adjusted 2019		
	Sovereign	Bank	Total
Stage 1			
Balance at beginning of the year	308 178	188	308 366
Net movement	173 491	(188)	173 303
Originated impairments raised	481 669	-	481 669
Subsequent decrease in expected credit loss	(308 178)	(188)	(308 367)
Other movements	(473 531)	-	(473 531)
Balance at the end of period	8 138	-	8 138

	Historical cost 2020	
	Sovereign	Total
Stage 1		
Balance at beginning of the year	1 814	1 814
Net movement	26 464	26 464
Originated impairments raised	28 278	28 278
Subsequent decrease in expected credit loss	(1 814)	(1 814)
Balance at the end of period	28 278	28 278

	Historical cost 2019		
	Sovereign	Bank	Total
Stage 1			
Balance at beginning of the year	11 060	7	11 067
Net movement	(9 246)	(7)	(9 253)
Originated impairments raised	1 814	-	1 814
Subsequent decrease in expected credit loss	(11 060)	(7)	(11 067)
Balance at the end of period	1 814	-	1 814

	Inflation-adjusted		Historical cost	
	31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
Maturity analysis				
The maturities represent periods to contractual redemption of the financial investments recorded:				
Maturing within one year	1 682 481	684 329	1 682 481	152 537
Maturing after one year but within 5 years	-	-	-	-
	1 682 481	684 329	1 682 481	152 537
3.2 Investment securities				
Balance at the beginning of the period	78 179	63 074	17 426	2 264
Additions	-	-	-	-
Net change in fair value	372 920	15 105	433 673	15 162
Balance as at 31 December 2020	451 099	78 179	451 099	17 426

The Bank has a 15.97% shareholding in Zimswitch Holdings, an entity which provides central national switch for banks in Zimbabwe facilitating clearing and settlement of local payments and transfers. This is a strategic investment that the Bank has made and it is measured at fair value through other comprehensive income.

	Inflation-adjusted		Historical cost	
	31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
4 Loans and advances				
Personal & Business Banking: Gross loans and advances measured at amortised cost	3 284 591	2 265 244	3 284 591	504 923
Mortgage loans	109 281	88 757	109 281	19 784
Instalment sale and finance leases	639 759	253 679	639 759	56 545
Personal unsecured lending	947 650	778 551	947 650	173 539
Business Lending and other	1 587 901	1 144 257	1 587 901	255 055
Corporate & Investment Banking Loans and advances				
Corporate Lending	5 748 023	2 075 540	5 748 023	462 638
Expected credit loss	(176 455)	(127 223)	(176 455)	(28 358)
Stage 1	(22 587)	(43 665)	(22 587)	(9 733)
Stage 2	(150 023)	(73 751)	(150 023)	(16 439)
Stage 3	(3 845)	(9 807)	(3 845)	(2 186)
Net loans and advances	8 856 159	4 213 561	8 856 159	939 203
Maturity analysis				
The maturity analysis is based on the remaining periods to contractual maturity from period end				
Redeemable on demand	3 224 509	1 936 370	3 224 509	431 617
Maturing within 1 month	699 494	99 300	699 494	22 134
Maturing after 1 month but within 12 months	4 254 740	1 273 956	4 254 740	283 965
Maturing after 12 months	853 871	1 031 158	853 871	229 845
Gross loans and advances	9 032 614	4 340 784	9 032 614	967 561

4 Loans and advances (continued)

	Inflation-adjusted			
	31 December 2020 ZWL'000	31 December 2020 %	31 December 2019 ZWL'000	31 December 2019 %
Sectoral analysis-industry				
Agriculture	2 150 492	24%	1 220 273	21%
Wholesale distribution	1 120 574	13%	965 491	13%
Individuals	1 262 601	14%	965 145	25%
Other services	1 252 706	13%	578 718	19%
Manufacturing	1 395 791	16%	401 220	8%
Construction	174 498	2%	85 873	6%
Mining	1 218 713	14%	51 431	6%
Transport	455 567	4%	50 058	2%
Finance	1 335	0%	12 979	0%
Communications	337	0%	9 596	0%
	9 032 614	100%	4 340 784	100%

	Historical cost			
	31 December 2020 ZWL'000	31 December 2020 %	31 December 2019 ZWL'000	31 December 2019 %
Sectoral analysis-industry				
Agriculture	2 150 492	24%	271 999	28%
Wholesale distribution	1 120 574	13%	215 208	22%
Individuals	1 262 601	14%	215 131	22%
Other services	1 252 708	13%	128 996	13%
Manufacturing	1 395 791	16%	89 432	9%
Construction	174 498	2%	19 141	2%
Mining	1 218 713	14%	11 464	1%
Transport	455 567	4%	11 158	2%
Finance	1 335	0%	2 893	0%
Communications	337	0%	2 139	0%
Agriculture	9 032 614	100%	967 561	100%

4.3 Expected credit loss for loans and advances

The allowances for expected credit losses for loans and advances by class for the year ended 31 December 2020 is as follows:

	Inflation adjusted			
	Stage 1 ZWL'000	Stage 2 ZWL'000	Stage 3 ZWL'000	Total ZWL'000
Total impairments				
31 December 2020				
Mortgage loans	33	4 821	93	5 884
Instalment sale and finance leases	224	20 139	-	20 363
Personal unsecured lending	4 741	45 279	1 725	50 595
Business lending and other	4 866	44 694	2 027	51 800
Corporate lending	12 723	35 090	-	47 813
Balance as at 31 December 2020	22 587	150 023	3 845	176 455

	Inflation adjusted			
	Stage 1 ZWL'000	Stage 2 ZWL'000	Stage 3 ZWL'000	Total ZWL'000
Total impairments				
31 December 2019				
Mortgage loans	175	4 365	956	5 496
Instalment sale and finance leases	3 589	13 975	4	17 568
Personal unsecured lending	6 133	24 074	3 858	34 065
Business lending and other	6 298	29 130	4 989	40 417
Corporate lending	27 470	2 207	-	29 677
Balance as at 31 December 2020	43 665	73 751	9 807	127 223

	Historical cost			
	Stage 1 ZWL'000	Stage 2 ZWL'000	Stage 3 ZWL'000	Total ZWL'000
Total impairments				
31 December 2020				
Mortgage loans	33	4 821	93	4 947
Instalment sale and finance leases	224	20 139	-	20 363
Personal unsecured lending	4 741	45 279	1 725	51 745
Business lending and other	4 866	44 694	2 027	51 587
Corporate lending	12 723	35 090	-	47 813
Balance as at 31 December 2020	22 587	150 023	3 845	176 455

	Historical cost			
	Stage 1 ZWL'000	Stage 2 ZWL'000	Stage 3 ZWL'000	Total ZWL'000
Total impairments				
31 December 2019				
Mortgage loans	39	973	213	1 225
Instalment sale and finance leases	800	3 115	1	3 916
Personal unsecured lending	1 367	5 366	860	7 593
Business lending and other	1 404	6 493	1 112	9 009
Corporate lending	6 123	492	-	6 615
Balance as at 31 December 2020	9 733	16 439	2 186	28 358

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

4.3.1 A reconciliation of the allowances for expected credit losses for loans and advances by class for the year ended 31 December 2020

	Inflation adjusted					Total ZWL'000
	Instalment		Personal unsecured lending	Business lending and other	Corporate lending	
	Mortgage loans	sale and finance leases				
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
31 December 2020						
Stage 1						
Balance as at the beginning of the year	175	3 589	6 133	6 298	27 470	43 665
Net movement	(6)	(622)	3 640	3 739	7 125	13 876
Originated impairments raised	28	23	3 218	6 246	12 365	21 880
Subsequent changes in expected credit loss	(235)	(655)	266	(2 528)	143	(3 009)
Transfers from/(to) stage 2	201	10	161	57	(344)	85
Transfers from stage 3	-	-	(5)	(36)	-	(41)
Derecognition including write off	-	-	-	-	(5 039)	(5 039)
Other movements	(136)	(2 743)	(5 032)	(5 171)	(21 872)	(34 954)
Balance at end of the year	33	224	4 741	4 866	12 723	22 587
Stage 2						
Balance as at the beginning of the year	4 365	13 975	24 074	29 130	2 207	73 751
Net movement	6 523	28 357	66 569	63 675	57 336	222 460
Originated impairments raised	260	-	4 714	542	56 086	61 602
Subsequent changes in expected credit loss	6 464	28 367	62 134	63 200	906	161 071
Transfers (to)/ from stage 1	(201)	(10)	(161)	(57)	344	(85)
Transfers from stage 3	-	-	(118)	(10)	-	(128)
Derecognition including write offs	-	-	-	-	-	-
Other movements	(6 067)	(22 193)	(45 364)	(48 111)	(24 453)	(146 188)
Balance at end of the year	4 821	20 139	45 279	44 694	35 090	150 023
Stage 3						
Balance as at the beginning of the year	956	4	3 858	4 989	-	9 807
Net movement	39	(120)	1 354	(1 794)	(19 754)	(20 275)
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	57	(1)	2 052	(1 060)	-	1 048
Transfers from stage 1	-	-	5	36	-	41
Transfers from stage 2	-	-	118	10	-	128
After write off recoveries	(18)	(119)	(821)	(780)	(19 754)	(21 492)
TVM unwinding	(24)	-	(2)	(403)	-	(429)
Other movements	(878)	116	(3 485)	(765)	19 754	14 742
Balance at end of the year	93	-	1 725	2 027	-	3 845

	Historical cost					Total ZWL'000
	Instalment		Personal unsecured lending	Business lending and other	Corporate lending	
	Mortgage loans	sale and finance leases				
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
31 December 2020						
Stage 1						
Balance as at the beginning of the year	39	800	1 367	1 404	6 123	9 733
Net movement	(6)	(575)	3 370	3 462	6 597	12 848
Originated impairments raised	26	21	2 980	5 783	11 449	20 259
Subsequent changes in expected credit loss	(218)	(605)	246	(2 341)	132	(2 786)
Transfers from/(to) stage 2	186	9	149	53	(318)	79
Transfers to stage 3	-	-	(5)	(33)	-	(38)
Derecognition	-	-	-	-	(4 666)	(4 666)
Other movements	-	(1)	4	-	(3)	(6)
Balance at end of the year	33	224	4 741	4 866	12 723	22 587
Stage 2						
Balance as at the beginning of the year	973	3 115	5 366	6 493	491	16 438
Net movement	3 848	17 010	39 913	38 187	34 512	133 470
Originated impairments raised	156	-	2 828	325	33 650	36 959
Subsequent changes in expected credit loss	3 878	17 019	37 279	37 919	544	96 639
Transfers (to)/from stage 1	(186)	(9)	(149)	(53)	318	(79)
Transfers to stage 3	-	-	(45)	(4)	-	(49)
Other movements	-	14	-	14	87	115
Balance at end of the year	4 821	20 139	45 279	44 694	35 090	150 023
Stage 3						
Balance as at the beginning of the year	213	1	860	1 112	-	2 186
Net movement	39	(118)	1 270	(1 778)	(19 449)	(20 036)
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	57	(1)	2 028	(1 047)	-	1 037
Transfers to stage 1	-	-	5	33	-	38
Transfers to stage 2	-	-	45	4	-	49
After write off recoveries	(18)	(117)	(808)	(768)	(19 449)	(21 160)
Write offs	(46)	-	(540)	-	-	(586)
TVM unwinding	(24)	-	(2)	(403)	-	(429)
Other movements	(89)	117	137	3 096	19 449	22 710
Balance at end of the year	93	-	1 725	2 027	-	3 845

4.3.2 December 2019 credit impairments for loans and advances to customers

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

	Inflation adjusted					Total ZWL'000
	Instalment		Personal unsecured lending	Business lending and other	Corporate lending	
	Mortgage loans	sale and finance leases				
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
31 December 2019						
Stage 1						
Balance as at the beginning of the year	2 176	8 416	9 112	20 229	41 934	81 866
Net movement	(619)	7 918	16 537	10 785	73 436	108 057
Originated impairments raised	301	4 087	5 819	25 572	41 157	76 936
Subsequent changes in expected credit loss	(400)	4 069	12 974	(920)	29 879	45 602
Transfers (to)/from stage 2	(520)	(238)	(2 225)	(13 849)	2 400	(14 432)
Transfers to stage 3	-	-	(31)	(18)	-	(49)
Other movements	(1 382)	(12 745)	(19 515)	(24 716)	(87 900)	(146 258)
Balance as at end of the year	175	3 589	6 133	6 298	27 470	43 665
Stage 2						
Balance as at the beginning of the year	30 978	58 210	103 239	140 520	327 546	660 493
Net movement	(3 051)	22 476	36 384	31 763	(246 711)	(159 139)
Originated impairments raised	3 620	1 472	13 064	11 669	-	29 825
Subsequent changes in expected credit loss	(7 191)	20 766	21 817	8 327	(244 311)	(200 592)
Transfers from/(to) stage 1	520	238	2 225	13 849	(2 400)	14 432
Transfers to stage 3	-	-	(722)	(2 082)	-	(2 804)
Other movements	(23 562)	(66 711)	(115 549)	(143 153)	(78 628)	(427 603)
Balance as at end of the year	4 365	13 975	24 074	29 130	2 207	73 751
Stage 3						
Balance as at the beginning of the year	4 432	19 897	34 634	51 045	-	110 009
Net movement	435	(9 852)	(6 631)	(11 386)	(3 643)	(31 077)
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	467	(9 771)	2 769	(3 414)	-	(9 949)
Transfers from stage 1	-	-	31	18	-	49
Transfers from stage 2	-	-	722	2 082	-	2 804
After write off recoveries	(32)	(81)	(10 153)	(10 072)	(3 643)	(23 981)
TVM unwinding	(117)	(72)	(94)	(2 045)	-	(2 328)
Other movements	(3 794)	(9 969)	(24 051)	(32 625)	3 643	(66 797)
Balance as at end of the year	956	4	3 858	4 989	-	9 807

4.3 Expected credit loss for loans and advances (continued)

	Historical cost					Total ZWL'000
	Instalment		Personal unsecured lending	Business lending and other	Corporate lending	
	Mortgage loans	sale and finance leases				
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
31 December 2019						
Stage 1						
Balance as at the beginning of the year	78	302	327	726	1 505	2 938
Net movement	(39)	498	1 040	678	4 618	6 795
Originated impairments raised	19	257	366	1 608	2 588	4 838
Subsequent changes in expected credit loss	(25)	256	816	(58)	1 879	2 868
Transfers (to)/ from stage 2	(33)	(15)	(140)	(871)	151	(908)
Transfers to stage 3	-	-	(2)	(1)	-	(3)
Balance as at end of the year	39	800	1 367	1 404	6 123	9 733
Stage 2						
Balance as at the beginning of the year	1 112	2 089	3 705	5 043	11 755	23 704
Net movement	(139)	1 026	1 661	1 450	(11 263)	(7 265)
Originated impairments raised	156	63	558	294	-	1 071
Subsequent changes in expected credit loss	(328)	948	996	380	(11 112)	(9 116)
Transfers from/(to) stage 1	33	15	140	871	(151)	908
Transfers to stage 3	-	-	(33)	(95)	-	(128)
Balance as at end of the year	973	3 115	5 366	6 493	492	16 439
Stage 3						
Balance as at the beginning of the year	159	714	1 243	1 832	-	3 948
Net movement	32	(719)	(484)	(831)	(266)	(2 268)
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	34	(713)	222	(192)	-	(649)
Transfers from stage 1	-	-	2	1	-	3
Transfers from stage 2	-	-	33	95	-	128
After write off recoveries	(2)	(6)	(741)	(735)	(266)	(1 750)
Write offs	(17)	-	(480)	(24)	-	(521)
TVM unwinding	(26)	(16)	(21)	(456)	-	(519)
Other movements	65	22	602	591	266	1 546
Balance as at end of the year	213	1	860	1 112	-	2 186

4.4 Credit impairment charges for the year ended 31 December 2020:

	Inflation-adjusted		Historical cost	
	31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
Net expected credit loss raised and released on financial investments	257 983	173 302	26 464	(9 253)
Stage 1 (note 3.1.4)	257 983	173 302	26 464	(9 253)
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Net expected credit loss raised and released on balances with other banks	(348)	(35 442)	344	(1 551)
Stage 1 (note 1.1)	(348)	(35 442)	344	(1 551)
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Net expected credit loss raised and released on loans and advances	216 061	(82 159)	126 282	(2 738)
Stage 1 (note 4.3.1)	13 876	108 057	12 848	6 795
Stage 2 (note 4.3.1)	222 460	(159 139)	133 470	(7 265)
Stage 3 (note 4.3.1)	(20 275)	(31 077)	(20 036)	(2 268)
Net expected credit loss raised and released on other assets	279 907	534 873	161 561	23 404
Stage 1 (note 5)	279 907	534 873	161 561	23 404
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Net expected credit loss raised and released on off - balance sheet exposures	7 389	23 786	4 956	1 458
Stage 1 (note 11.2.3)	2 219	23 768	966	1 403
Stage 2	5 170	18	3 990	55
Stage 3	-	-	-	-
Total credit impairment charges (on and off-balance sheet)	760 992	614 360	319 607	11 320

5 Other assets

	Inflation-adjusted		Historical cost	
	31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
Inventories	48 247	40 502	9 915	3 459
Prepayments	170 579	123 024	43 127	12 145</

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Inflation-adjusted		Historical cost	
	31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
5.1 A reconciliation of the allowances for expected credit losses other assets				
Stage 1				
Balance as at the beginning of the year	140 475	-	31 222	-
Originated impairments	279 907	534 873	161 561	23 404
Other movements	(226 440)	(394 398)	1 159	7 818
Closing balance	193 942	140 475	193 942	31 222
6 Share capital				
6.1 Authorised share capital				
500 000 ordinary shares of ZWL1 each	13 930	13 930	500	500
6.2 Issued share capital				
260 000 ordinary shares of ZWL1 each	7 245	7 245	260	260
7 Share premium and reserves				
7.1 Share premium				
Share premium on issue of shares	300 655	300 655	10 790	10 790
7.2 Reserves				
Non-distributable reserve	743 759	700 605	1 307 707	256 782
Fair value through other comprehensive income	326 084	45 348	338 952	12 483
Share-based payments reserve	32 099	22 732	6 078	1 084
Retained earnings	5 473 517	4 344 750	3 807 714	626 892
	6 575 459	5 113 435	5 460 451	897 241
8 Deposits and current accounts				
Deposits from other banks	656 269	600 511	656 269	133 854
Deposits from customers	34 879 511	24 523 720	34 879 511	5 466 339
Current accounts	15 105 388	12 518 656	15 105 388	2 790 409
Call deposits	19 748 839	11 786 375	19 748 839	2 627 184
Term deposits	13 983	194 248	13 983	43 298
Savings accounts	11 301	24 441	11 301	5 448
Deposits and current accounts	35 535 780	25 124 231	35 535 780	5 600 193
Current	35 535 089	25 092 086	35 535 089	5 593 028
Non-current	691	32 145	691	7 165
	35 535 780	25 124 231	35 535 780	5 600 193
Maturity analysis				
The maturity analysis is based on the remaining periods to contractual maturity from period end				
Redeemable on demand	35 266 869	24 900 417	35 266 869	5 550 305
Maturing with 1 month	268 358	3 244	268 358	723
Maturing after 1 month but within 12 months	219	188 425	219	42 000
Maturing after 12 months	334	32 145	334	7 165
	35 535 780	25 124 231	35 535 780	5 600 193

9 Classification of financial assets and financial liabilities

	Inflation adjusted					
	Held for trading ZWL'000	Fair value through profit and loss ZWL'000	Fair value through OCI ZWL'000	Amortised cost ZWL'000	Total carrying amount ZWL'000	Fair value ZWL'000
31 December 2020						
Financial assets						
Cash and cash equivalents	-	9 546 971	-	15 603 900	25 150 871	25 150 871
Derivative assets	12 873	-	-	-	12 873	12 873
Financial investments	-	-	-	1 682 481	1 682 481	1 682 481
Investment securities	-	-	451 099	-	451 099	451 099
Loans and advances to customers	-	-	-	8 755 584	8 755 584	8 755 584
Other financial assets	-	-	-	7 916 509	7 916 509	7 916 509
	12 873	9 546 971	451 099	33 958 474	43 969 417	43 969 417
Financial liabilities						
Derivative liabilities	1 461	-	-	-	1 461	1 461
Deposits from other banks	-	-	-	656 269	656 269	656 269
Deposits from customers	-	-	-	34 879 511	34 879 511	34 879 511
Other financial liabilities	-	-	-	4 939 945	4 939 945	4 939 945
	1 461	-	-	40 475 725	40 477 186	40 477 186

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

	Inflation adjusted					
	Held for trading ZWL'000	At fair value through profit or loss ZWL'000	Fair value through OCI ZWL'000	Amortised cost ZWL'000	Total carrying amount ZWL'000	Fair value ZWL'000
31 December 2019						
Financial assets						
Cash and cash equivalents	-	2 117 909	-	17 867 674	19 985 583	19 985 583
Derivative assets	502	-	-	-	502	502
Pledged assets	-	-	-	221 660	221 660	221 660
Financial investments	-	-	-	684 329	684 329	684 329
Investment securities	-	-	78 179	-	78 179	78 179
Loans and advances to customers	-	-	-	4 213 561	4 213 561	4 213 561
Other assets	-	-	-	4 584 378	4 584 378	4 584 378
	502	2 117 909	78 179	27 571 602	29 768 192	29 768 192
Financial liabilities						
Derivative liabilities	67	-	-	-	67	67
Deposits from other banks	-	-	-	600 511	600 511	600 511
Deposits from customers	-	-	-	24 523 720	24 523 720	24 523 720
Other liabilities	-	-	-	2 329 833	2 329 833	2 329 833
	67	-	-	27 454 064	27 454 131	27 454 131

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

9 Classification of financial assets and financial liabilities (continued)

	Historical cost					
	Held for trading ZWL'000	Fair value through profit and loss ZWL'000	Fair value through OCI ZWL'000	Amortised cost ZWL'000	Total carrying amount ZWL'000	Fair value ZWL'000
31 December 2020						
Financial assets						
Cash and cash equivalents	-	9 546 971	-	15 603 900	25 150 871	25 150 871
Derivative assets	12 873	-	-	-	12 873	12 873
Pledged assets	-	-	-	-	-	-
Financial investments	-	-	-	1 682 481	1 682 481	1 682 481
Investment securities	-	-	451 099	-	451 099	451 099
Loans and advances to customers	-	-	-	8 755 584	8 755 584	8 755 584
Other assets	-	-	-	7 916 509	7 916 509	7 916 509
	12 873	9 546 971	451 099	33 958 474	43 969 417	43 969 417
Financial liabilities						
Derivative liabilities	1 461	-	-	-	1 461	1 461
Deposits from banks	-	-	-	656 269	656 269	656 269
Deposits from customers	-	-	-	34 879 511	34 879 511	34 879 511
Other liabilities	-	-	-	4 939 945	4 939 945	4 939 945
	1 461	-	-	40 475 725	40 477 186	40 477 186

	Historical cost					
	Held for trading ZWL'000	At fair value through profit or loss ZWL'000	Fair value through OCI ZWL'000	Amortised cost ZWL'000	Total carrying amount ZWL'000	Fair value ZWL'000
31 December 2019						
Financial assets						
Cash and cash equivalents	-	472 082	-	3 982 706	4 454 788	4 454 788
Derivative assets	112	-	-	-	112	112
Pledged assets	-	-	-	49 408	49 408	49 408
Financial investments	-	-	-	152 537	152 537	152 537
Investment securities	-	-	17 426	-	17 426	17 426
Loans and advances to customers	-	-	-	939 203	939 203	939 203
Other assets	-	-	-	1 021 789	1 021 789	1 021 789
	112	472 082	17 426	6 145 643	6 635 263	6 635 263
Financial liabilities						
Derivative liabilities	15	-	-	-	15	15
Deposits from banks	-	-	-	133 854	133 854	133 854
Deposits from customers	-	-	-	5 466 339	5 466 339	5 466 339
Other liabilities	-	-	-	519 320	519 320	519 320
	15	-	-	6 119 513	6 119 528	6 119 528

10 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 assets and liabilities that are measured at fair value at 31 December 2020, 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.

Assets	Note	Inflation adjusted			Valuation techniques and inputs
		Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	
31 December 2020					
Financial assets					
Cash and cash equivalents		9 546 971	9 546 971	-	-
Derivatives assets					
- Foreign exchange contracts		12 873	-	12 873	Discounted cash flows
Investment securities	3.2	451 099	-	451 099	Discounted cash flows
Investment property		2 787 005	-	2 787 005	Sales comparison method, market rentals and yields
Freehold property		1 798 968	-	1 798 968	Sales comparison method, market rentals and yields
Total assets		14 596 916	9 546 971	12 873	5 037 072
Liabilities					
Financial liabilities					
Derivatives liabilities					
- Foreign exchange contracts		1 461	-	1 461	Discounted cash flows
Total liabilities		1 461	-	1 461	-

Assets	Note	Inflation adjusted			Valuation techniques and inputs
		Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	
31 December 2019					
Financial assets					
Cash and cash equivalents		2 117 909	2 117 909	-	-
Derivatives assets					
- Foreign exchange contracts		502	-	502	Discounted cash flows
Investment securities		78 179	-	-	78 179
Investment property		2 003 301	-	-	2 003 301
Freehold property		1 670 131	-	-	1 670 131
Total assets		5 870 022	2 117 909	502	3 751 611
Liabilities					
Financial liabilities					
Derivatives liabilities					
- Foreign exchange contracts		67	-	67	Discounted cash flows
Total liabilities		67	-	67	-

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10 Fair value estimation (continued)

The following table presents the Bank's assets and liabilities that are measured at fair value at 31 December 2020.

Assets	Note	Historical cost				Valuation techniques and inputs
		Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000	
December 2020						
Financial assets						
Cash and cash equivalents		9 546 971	9 546 971	-	-	
Derivatives assets						
- Foreign exchange contracts		12 873	-	12 873	-	Discounted cash flows
Investment securities	3.2	451 099	-	-	451 099	Discounted cash flows
Investment property		2 787 005	-	-	2 787 005	Sales comparison method, market rentals and yields
Freehold property		1 798 968	-	-	1 798 968	Sales comparison method, market rentals and yields
Total assets		14 596 916	9 546 971	12 873	5 037 072	
Liabilities						
Financial liabilities						
Derivatives liabilities						
- Foreign exchange contracts		1 461	-	1 461	-	Discounted cash flows
Total liabilities		1 461	-	1 461	-	

Assets	Note	Historical cost				Valuation techniques and inputs
		Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000	
December 2019						
Financial assets						
Cash and cash equivalents		472 082	472 082	-	-	
Derivatives assets						
- Foreign exchange contracts		112	-	112	-	Discounted cash flows
Investment securities	3.2	17 426	-	-	17 426	Discounted cash flows
Investment property		446 536	-	-	446 536	Sales comparison method, market rentals and yields
Freehold property		372 272	-	-	372 272	Sales comparison method, market rentals and yields
Total assets		1 308 428	472 082	112	836 234	
Liabilities						
Financial liabilities						
Derivatives liabilities						
- Foreign exchange contracts		15	-	15	-	Discounted cash flows
Total liabilities		15	-	15	-	

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	Inflation adjusted					
	31 December 2020			31 December 2019		
	Investment property	Freehold property	Total assets	Investment property	Freehold property	Total assets
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at 1 January	2 003 301	1 670 131	3 673 432	751 305	702 763	1 454 068
Additions	947 053	45 039	992 092	219 430	5 783	225 213
Transfers (out) of into level 3	(58 577)	58 577	-	-	153 415	153 415
Transfers into (out) of level 3	15 020	(15 020)	-	-	-	-
Gains or losses for the period						
Included in profit or loss	(119 792)	(17 082)	(136 874)	1 032 566	(9 524)	1 023 042
Recognised in other comprehensive income	-	57 324	57 324	-	817 694	817 694
Balance at the end of the period	2 787 005	1 798 969	4 585 974	2 003 301	1 670 131	3 673 432

Reconciliation of level 3 items	Historical cost					
	31 December 2020			31 December 2019		
	Investment property	Freehold property	Total assets	Investment property	Freehold property	Total assets
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at 1 January	446 536	372 272	818 808	26 963	25 221	52 184
Additions	504 943	38 049	542 992	12 072	7 781	19 853
Transfers in level 3	3 349	(3 349)	-	-	77	77
Transfers out of level 3	(13 057)	13 057	-	-	-	-
Gains or losses for the period						
Included in profit or loss	1 845 234	(17 082)	1 828 152	407 501	(2 123)	405 378
Recognised in other comprehensive income	-	1 396 022	1 382 848	-	341 316	341 316
Balance at the end of the period	2 787 005	1 798 969	4 590 638	446 536	372 272	818 808

Reconciliation of level 3 items	Inflation-adjusted		Historical cost	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	Investment securities	Investment securities	Investment securities	Investment securities
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at 1 January	78 179	63 074	17 426	2 264
Additions	-	-	-	-
Gains or losses for the period				
Recognised in other comprehensive income	372 920	15 105	433 673	15 162
Balance at the end of the period	451 099	78 179	451 099	17 426

10 Fair value estimation (continued)

The table below shows the fair value of financial instruments not measured at fair value as at 31 December 2020:

Assets	Note	Inflation-adjusted			
		Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000
31 December 2020					
Cash and cash equivalents		15 603 900	15 603 900	-	-
Financial investments		1 682 481	-	-	1 682 481
Loans and advances to customers	4	8 856 159	-	-	8 856 159
Other assets		7 916 509	-	-	7 916 509
Total assets		34 059 049	15 603 900	-	18 455 149
Liabilities					
Financial liabilities measured at amortised cost					
Deposits from other banks	8	656 269	656 269	-	-
Deposits from customers	8	34 879 511	34 878 820	691	-
Other liabilities		4 939 945	-	-	4 939 945
Total liabilities		40 475 725	35 535 089	691	4 939 945

The table below shows the fair value of financial instruments not measured at fair value as at 31 December 2019:

Assets	Note	Inflation-adjusted			
		Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000
31 December 2019					
Cash and cash equivalents		17 867 674	17 867 674	-	-
Pledged assets		221 660	-	-	221 660
Financial investments		684 329	-	-	684 329
Loans and advances to customers	4	4 213 561	-	-	4 213 561
Other assets		4 584 378	-	-	4 584 378
Total assets		27 571 602	17 867 674	-	9 703 928
Liabilities					
Financial liabilities measured at amortised cost					
Deposits from other banks	8	600 511	600 511	-	-
Deposits from customers	8	24 523 720	24 491 575	32 145	-
Other liabilities		2 329 833	-	-	2 329 833
Total liabilities		27 454 064	25 092 086	32 145	2 329 833

11 Contingent liabilities and commitments

11.1 The Bank has written letters of credit and guarantees amounting to ZWL1.9 billion as at 31 December 2020 (31 December 2019: ZWL475.3 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.

Reconciliation of level 3 items	Inflation-adjusted		Historical cost	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at 1 January	2 003 301	1 670 131	3 673 432	751 305
Additions	947 053	45 039	992 092	219 430
Transfers (out) of into level 3	(58 577)	58 577	-	-
Transfers into (out) of level 3	15 020	(15 020)	-	-
Gains or losses for the period				
Included in profit or loss	(119 792)	(17 082)	(136 874)	1 032 566
Recognised in other comprehensive income	-	57 324	57 324	-
Balance at the end of the period	2 787 005	1 798 969	4 585 974	2 003 301

11.2 Commitments

As at 31 December 2020 the contractual amounts of the Bank's commitments to engage in capital expenditure or to extend credit to its customers were as follows:

Reconciliation of level 3 items	Inflation-adjusted		Historical cost	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at 1 January	2 003 301	1 670 131	3 673 432	751 305
Additions	947 053	45 039	992 092	219 430
Transfers (out) of into level 3	(58 577)	58 577	-	-
Transfers into (out) of level 3	15 020	(15 020)	-	-
Gains or losses for the period				
Included in profit or loss	(119 792)	(17 082)	(136 874)	1 032 566
Recognised in other comprehensive income	-	57 324	57 324	-
Balance at the end of the period	2 787 005	1 798 969	4 585 974	2 003 301

11.2.1 Capital commitments

Capital expenditure authorised but not yet contracted

Reconciliation of level 3 items	Inflation-adjusted		Historical cost	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at 1 January	2 003 301	1 670 131	3 673 432	751 305
Additions	947 053	45 039	992 092	219 430
Transfers (out) of into level 3	(58 577)	58 577	-	-
Transfers into (out) of level 3	15 020	(15 020)	-	-
Gains or losses for the period				
Included in profit or loss	(119 792)	(17 082)	(136 874)	1 032 566
Recognised in other comprehensive income	-	57 324	57 324	-
Balance at the end of the period	2 787 005	1 798 969	4 585 974	2 003 301

11.2.2 Loan commitments

A reconciliation of the allowance for expected credit loss for off balance sheet exposures, by class

Reconciliation of level 3 items	Inflation adjusted			
	Letter of credit	Guarantee	Loan commitments	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at 1 January	2 003 301	1 670 131	3 673 432	751 305
Additions	947 053	45 039	992 092	219 430
Transfers (out) of into level 3	(58 577)	58 577	-	-
Transfers into (out) of level 3	15 020	(15 020)	-	-
Gains or losses for the period				
Included in profit or loss	(119 792)	(17 082)	(136 874)	1 032 566
Recognised in other comprehensive income	-	57 324	57 324	-
Balance at the end of the period	2 787 005	1 798 969	4 585 974	2 003 301

31 December 2020

Stage 1

Reconciliation of level 3 items	Inflation-adjusted		Historical cost	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at the beginning of the year	1 808	1 812	4 146	7 766
Net movement	1 483	815	(79)	2 219
Originated impairments raised	115	-	1 165	1 280
Subsequent changes in expected credit losses	1 495	880	588	2 963
Transfers (to)/from stage 2	-	-	138	138
Derecognised including write offs	(127)	(65)	(1 970)	(2 162)
Other movements	(2 231)	(1 857)	(3 191)	(7 279)
Balance at the end of the period	1 060	770	876	2 706

Stage 2

Reconciliation of level 3 items	Inflation-adjusted		Historical cost	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at the beginning of the year	-	-	1 202	1 202
Net movement	109	-	5 061	5 170
Originated impairments raised	-	-	4 835	4 835
Subsequent changes in expected credit losses	109	-	530	639
Transfer to stage 1	-	-	(138)	(138)
Derecognised	-	-	(166)	(166)
Other movements	(97)	-	(2 010)	(2 107)
Balance at the end of the period	12	-	4 253	4 265

Reconciliation of level 3 items	Inflation-adjusted		Historical cost	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at 1 January	2 003 301	1 670 131	3 673 432	751 305
Additions	947 053	45 039	992 092	219 430
Transfers (out) of into level 3	(58 577)	58 577	-	-
Transfers into (out) of level 3	15 020	(15 020)	-	-
Gains or losses for the period				
Included in profit or loss	(119 792)	(17 0		



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11 Contingent liabilities and commitments (continued)

	Inflation adjusted			Total ZWL'000
	Letter of credit ZWL'000	Guarantee ZWL'000	Loan commitments ZWL'000	
31 December 2019				
Stage 1				
Balance at the beginning of the year	1 727	1 952	5 460	9 139
Net movement	5 778	5 658	12 332	23 768
Originated impairments raised	848	2 369	10 538	13 755
Subsequent changes in expected credit losses	5 168	3 338	2 880	11 386
Transfers (to)/from stage 2	18	-	489	507
Derecognised	(256)	(49)	(1 575)	(1 880)
Other movements	(5 697)	(5 798)	(13 646)	(25 141)
Balance at the end of the period	1 808	1 812	4 146	7 766
Stage 2				
Balance at the beginning of the year	27	224	5 684	5 935
Net movement	-	(4)	22	18
Originated impairments raised	-	-	40	40
Subsequent changes in expected credit losses	4	(4)	31	31
Transfers from stage 1	(18)	-	(489)	(507)
Derecognised	14	-	440	454
Other movements	(27)	(220)	(4 504)	(4 751)
Balance at the end of the period	-	-	1 202	1 202
Credit impairment charge	5 778	5 654	12 354	23 786
Total ECL balance at 31 December	1 808	1 812	5 348	8 968

	Historical cost			Total ZWL'000
	Letter of credit ZWL'000	Guarantee ZWL'000	Loan commitments ZWL'000	
31 December 2020				
Stage 1				
Balance at the beginning of the year	403	404	924	1 731
Net movement	654	359	(47)	966
Originated impairments raised	50	-	507	557
Subsequent changes in expected credit losses	651	383	115	1 149
Transfer from stage 2	-	-	60	60
Derecognised	(47)	(24)	(729)	(800)
Other movements	3	7	(1)	9
Balance at the end of the period	1 060	770	876	2 706
Stage 2				
Balance at the beginning of the year	-	-	268	268
Net movement	12	-	3 978	3 990
Originated impairments raised	-	-	3 733	3 733
Subsequent changes in expected credit losses	12	-	395	407
Transfer to stage 1	-	-	(60)	(60)
Derecognised	-	-	(90)	(90)
Other movements	-	-	7	7
Balance at the end of the period	12	-	4 253	4 265
Credit impairment charge	666	359	3 931	4 956
Total ECL balance at 31 December 2020	1 072	770	5 129	6 971

	Historical cost			Total ZWL'000
	Letter of credit ZWL'000	Guarantee ZWL'000	Loan commitments ZWL'000	
31 December 2019				
Stage 1				
Balance at the beginning of the year	62	70	196	328
Net movement	341	334	728	1 403
Originated impairments raised	50	140	622	813
Subsequent changes in expected credit losses	305	197	170	670
Transfers (to)/from stage 2	1	-	29	30
Derecognised including write offs	(15)	(3)	(93)	(110)
Balance at the end of the period	403	404	924	1 731
Stage 2				
Balance at the beginning of the year	1	8	204	213
Net movement	(1)	(8)	64	55
Originated impairments raised	-	-	130	130
Subsequent changes in expected credit losses	7	(7)	97	97
Transfers to stage 1	-	(1)	(29)	(30)
Derecognised including write offs	(8)	-	(134)	(142)
Balance at the end of the period	-	-	268	268
Credit impairment charges	340	326	792	1 458
Total ECL balance at 31 December 2019	403	404	1 192	1 999

	Inflation-adjusted		Historical cost	
	31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
12 Directors' emoluments and key management compensation				
Emoluments of directors in respect of services rendered (included in operating expenses): As directors of the company	8 958	6 966	6 863	832
Key management compensation				
Key management includes executive directors and other members of the Bank's executive committee- included in staff costs.				
Short term employee benefits	115 232	217 770	75 065	12 870
Other long-term benefits	25 676	25 473	16 726	6 549
Post-employment benefits	3 640	17 735	2 371	685
	144 548	260 978	94 162	20 104

13 Related party disclosures

13.1 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 and insurance companies outside Zimbabwe. Stanbic Bank Zimbabwe Limited does business with banks and insurance companies in The Standard Bank Group Limited, all of which are undertaken on an arm's length basis.

	Inflation-adjusted		Historical cost	
	31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
13.1.1 Amounts due from related parties (bank balances):				
Stanbic Bank Botswana Limited	1 445	16 967	1 445	3 782
Stanbic Bank Swaziland Limited	1	22	1	5
Stanbic Bank Malawi Limited	75	238	75	53
Stanbic Bank Kenya Limited	192	94	192	21
Stanbic Bank Zambia Limited	55	10 552	55	2 352
Standard Bank South Africa Limited	8 178 966	-	8 178 966	206 544
Standard Bank Ise of Man Douglas	839 299	926 622	839 299	-
	9 020 033	954 495	9 020 033	212 757
Related through shareholding in the parent company				
Industrial and Commercial Bank of China (bank balances)	249	597	249	133

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.

	Inflation-adjusted		Historical cost	
	31 December 2020 ZWL'000	31 December 2019 ZWL'000	31 December 2020 ZWL'000	31 December 2019 ZWL'000
13.1.2 Transactions				
Interest income from: Standard Bank South Africa Limited	949	17 909	578	1 738
Standard Bank Ise of Man Douglas	35 101	-	18 169	-
13.1.3 Group recharges	754 012	493 737	538 739	47 480
13.2 Deposits and loans with related parties-related through common directorship				
Total loans and advances	-	8 291	-	1 848
Total customer deposits	6 578	11 857	6 578	2 643

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:

	31 December 2020 ZWL'000	31 December 2019 ZWL'000
Capital adequacy		
Ordinary paid up share capital	260	260
Share premium	10 790	10 790
Retained earnings	3 807 714	626 892
Market and operational risk	(333 589)	(62 681)
Less exposures to insiders	-	(1 848)
Reserves	346 237	14 774
Tier 1 capital	3 831 412	588 187
Revaluation reserve	1 290 720	255 575
General provisions (limited to 1.25% of risk weighted assets)	282 048	43 745
Tier 2 capital	1 572 768	299 320
Market risk	40 635	20 384
Operational risk	292 955	42 297
Tier 3 capital	333 590	62 681
Total Tier1 and 2 capital	5 386 180	887 507
Tier 3	333 590	62 681
	5 719 770	950 188
Risk weighted assets ("RWAs")	18 393 968	2 716 090
Operational risk equivalent assets	3 661 932	528 707
Market risk equivalent assets	507 936	254 805
Total risk weighted assets ("RWAs")	22 563 836	3 499 602
Tier 1 capital ratio	17%	17%
Tier 1 and 2 capital ratio	24%	25%
Tier1,2 and Tier 3 capital	26%	27%
Capital adequacy ratio excluding market and operational risk weighted assets	24%	27%

15 Custodial services

The Bank provides custodial trust services to individuals and institutions by holding assets (mainly share certificates) on behalf of customers. As at 31 December 2020, funds under custody amounted to ZWL35.8 billion (31 December 2019: ZWL6 billion) and fee income amounting to ZWL14.6 million on an inflation adjusted basis (31 December 2019: ZWL45.2 million) had been received in return for these services. The historical cost fee and commission income earned amounted to ZWL10 million (2019: ZWL4.5 million).

16 Dividend declaration

No dividend has been proposed for the year ended 31 December 2020.



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

Rating scale	2020	2019	2018	2017	2016
Long term	AA-	AA	AA-	AA-	AA-

18 CAMELS RATINGS
The Reserve Bank of Zimbabwe ("RBZ") last 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.

19 RISK ASSESSMENT SYSTEM ("RAS")
The most recent RAS ratings risk matrix assigned by the Reserve Bank of Zimbabwe is summarised in the table below:

SUMMARY RAS – RATINGS

RAS COMPONENT	JULY 2014
Overall Inherent Risk	Low
Overall Risk Management System	Strong
Overall Composite Risk	Low
Direction of Overall Composite Risk	Stable

19.1 SUMMARY RISK MATRIX FORMAT

Type of Risk	Level of inherent risk	Adequacy of risk management systems	Overall composite risk	Direction of overall composite risk
Credit	Moderate	Acceptable	Moderate	Stable
Liquidity	Low	Strong	Low	Stable
Interest Rate	Low	Strong	Low	Stable
Foreign exchange	Low	Strong	Low	Stable
Operational risk	Moderate	Strong	Moderate	Stable
Legal & Compliance	Moderate	Acceptable	Moderate	Stable
Strategic risk	Low	Strong	Low	Stable
Reputation	Low	Strong	Low	Stable
Overall	Acceptable	Acceptable	Moderate	Stable

19.2 KEY
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 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 and 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 recognised 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 a 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 organisation.

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 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.



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