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UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

CHAIRMAN'S STATEMENT

It is my pleasure to present to you the unaudited financial results of Stanbic Bank Zimbabwe Limited (“the Bank” or “Stanbic Bank”) for the half year ended 30 June 2021.

State of the operating environment in the country

The following notable developments were experienced in the economy during the first half of 2021:

- Improved economic performance – both the International Monetary Fund (IMF) and World Bank have reviewed the Gross Domestic Product (GDP) growth forecast for Zimbabwe to 6% and 3.9% respectively. This was after initially forecasting marginal growth of around 3%. This growth is largely underpinned by the improved agricultural performance and the better international mineral prices. However, sustainability of the growth forecast is dependent on addressing other key operational challenges being faced by productive sectors.
- Capacity utilisation improved from 36.4% to 47% in 2020, according to the CZI Manufacturing Sector Report, and it is expected to further improve to 61% in 2021. However, the improvement is heavily dependent on foreign exchange supply especially during the period after the tobacco selling season and policy consistencies.
- The annual inflation rate slowed down from 837% in July 2020 to 106% by June 2021. Notwithstanding the decline in inflation, the current levels hamper economic planning and growth, and policies are required to improve productivity and foster price stability. Major inflation drivers include high money supply growth, rapid depreciation of the local currency (“ZWL”) especially on the alternative foreign currency markets and policy volatility which have eroded confidence in the ZWL.
- International commodity prices for the country’s major exports continue to improve. However, during the first five months of 2021, output levels for major minerals such as gold, platinum, nickel and chrome were below 2020 levels. Major reasons included excessive water levels especially on small scale gold producers, increasing premiums on the alternative market compared to the official exchange rate, and other operational challenges faced by local producers. There is need for a holistic approach in addressing key challenges being faced by exporters including exchange rate policy to unlock improved export generation capacity for the economy.
- Improved Diaspora remittances-during the first quarter of 2021 Diaspora remittances increased to USD400 million from USD220 million over the same period in 2020. The increase is partly due to world economic recovery from the impact of COVID-19 and international travel restrictions forcing people to use official channels.

Performance

The Bank posted an inflation adjusted profit after tax of ZWL1.2 billion which was slightly below the inflation adjusted profit of ZWL1.3 billion achieved in the comparative period, largely because of the depressed performance of the trading revenue line on account of the subdued trading activity which was experienced during the period given the foreign currency shortages in the market combined with periods of lock downs. In addition, operating expenses increased in comparison to the prior year driven by expenditure of ZWL430 million incurred in a staff optimisation exercise.

Capital

The Bank ended the six months period to 30 June 2021 with a qualifying core capital of ZWL5.7 billion outpacing the local currency equivalence of the required USD30 million regulatory minimum core capital to be achieved by 31 December 2021.

Outlook

Notwithstanding the notable improvements above, the economy continues to be impacted by the resurgence in COVID-19 cases, low business confidence, policy inconsistencies, high inflation, foreign currency shortages, low disposable incomes and unstable energy supply. The policy environment and fiscal space are likely to remain constrained to contain these challenges in the short to medium term outlook.

Corporate governance

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

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

The Board of Directors

The Board meets a minimum of four times per year, and the record of attendance of each director is as follows for the half year ended 30 June 2021:

DIRECTOR'S NAME	MAIN BOARD	AUDIT	LOANS REVIEW	CREDIT	RISK	IT
Gregory Sebborn (<i>Chairman</i>)	3	**	**	2	1	2
Solomon Nyanhongo (<i>Chief Executive</i>)	3	**	**	**	**	**
Gregory Brackenridge *	3	**	**	2	2	**
Kingston Kamba	3	**	3	**	2	**
Tafadzwa Mahachi (<i>Executive</i>)	3	**	**	**	**	**
Simbarashe Mhuroiro	3	**	**	2	**	2
Muchakanakirwa Mkanganwi	3	2	3	**	**	2
Betty Murambadoro (<i>Executive</i>)	3	**	**	**	**	**
Valentine Mushayakarara	3	2	**	2	**	**
Nellie Triyago	3	**	3	**	2	2
Jonathan Wood	3	2	**	2	**	2

* Not Zimbabwean resident

** Not a member

As at 30 June 2021 the Board comprised of eleven directors, three of whom are executive directors. The Board continues to have an appropriate level of independence for deliberations and objectivity and has 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, ensuring that appropriate controls, systems, and practices are in place.

Board Committees

The Board Audit Committee

The committee meets at least four times a year. During the half year ended 30 June 2021, the committee held two meetings. The committee during the half year resolved to engage PricewaterhouseCoopers to be the Bank’s external auditors following the end of the regulatory tenure for KPMG Zimbabwe, the predecessor auditors.

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

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

The Internal Audit function reports administratively to the Chief Executive Officer and functionally to the Board Audit Committee and Group Internal Audit to ensure that it remains independent. The function consists of one head of department and three managers who have the adequate qualifications and experience in auditing. As at 30 June 2021, five audits had been completed which was 100% of the planned audits for the first half of the year and the remaining five audits will be performed in the second half of the year. The completed audits covered Credit Registry Data Quality Review, Internal Capital Adequacy Assessment Review, Credit Risk Management and Global Markets.

Board Loans Review Committee

The committee meets at least four times annually and may convene more often as and when necessary. During the half year ended 30 June 2021, the committee held three 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 half year ended 30 June 2021, the committee held two meetings.

The Board Credit Committee is tasked with the overall review of the Bank’s lending policies. During each meeting, the committee deliberates and considers credit applications beyond the mandate of the Credit Risk Management Committee.

The Board Credit Committee comprises five non-executive directors, including the Board Chairman.

Board Risk Committee

The committee meets four times a year. During the half year ended 30 June 2021, the committee held two meetings.

As at 30 June 2021 the committee comprised of three non-executive directors, two 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.

Board IT Committee

The committee is expected to meet at least four times a year and during the half year ended 30 June 2021, the committee held two meetings.

As at 30 June 2021 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. During the half year ended 30 June 2021, the committee held eight meetings.

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

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

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

Assessment of the effectiveness of the Board and its members

The Bank holds an annual Board and director evaluation process as required by the Reserve Bank of Zimbabwe. Weaknesses and areas of concern are identified through this process. The areas of concern are discussed in the Board meetings with a view to rectifying the identified weaknesses. The Board evaluation took place in the first quarter of 2021.

Stanbic Bank Nominees (Private) Limited

Stanbic Bank 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 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.

Corporate Social Responsibility

Sustainability is a key pillar we focus on as we pursue business in support of various industries through our Business and Commercial Clients, Wholesale Clients portfolios, in line with our commitment to drive the growth of our country.

The Bank continues to support various clients in credit and foreign currency allocation to enhance their capacity to produce and supply products related to fighting COVID-19. Some of these clients are in the medical industry while others are in chemical industries which provide necessary inputs for sanitation and hygiene.

Acknowledgements

I remain highly indebted to our customers and stakeholders for their unwavering support and commitment under challenging operating conditions. As always, I salute our dedicated staff members and management for their continued contribution in these trying times. I would like to thank my fellow board members for their guidance, wise counsel, and strenuous efforts in driving the growth and profitability of the Bank despite the increasing challenges in the operating environment.

I would like to take this opportunity to thank Ms. Pindie Nyandoro who served on the Bank’s board of directors and resigned in March this year. Her commitment and dedication to the success of the Bank and the Standard Bank Group at large is commended and appreciated. I wish her well in her future endeavours.

On behalf of the board and management, I welcome Advocate Neeta Joshi who joined the Bank as Head of Legal and Company Secretary beginning June 2021. I wish her well in the execution of her duties and look forward to her contributions.

Gregory Sebborn

24 August 2021

CHIEF EXECUTIVE'S REPORT

Overview of business results for the half year ended 30 June 2021

The year 2021 started on a disturbing note as the country was gripped with the second wave of the deadly COVID-19 pandemic which led to a spike in the number of infections and resulted in the reinstatement of national lock down periods for the first two months of the year. During this period, the level of business activity was adversely impacted as the country grappled to contain the spread of the disease. The country was again confronted by the third wave of the highly contagious virus before the end of first half of the year which saw tighter lock down conditions being introduced, all in an effort to halt the spread of the disease.

The Bank registered an inflation adjusted profit after tax of ZWL1.2 billion for the six months to 30 June 2021, declining slightly from the comparative period profit of ZWL1.3 billion.

The Bank recorded a 218% growth in its net interest income, closing the period at ZWL2.6 billion, outstripping prior period income of ZWL803 million. The uplift in interest income was largely buttressed by the strong growth in interest earning assets during the period as new lending assets were written.

Fee and commission income for the period had grown by 167% from ZWL1 billion in 2020 to ZWL2.7 billion largely spurred by the improved volumes of transactions which were being processed on our several service channels after the two months lock down period as most businesses were now operational. However, the limited foreign currency flows in the market impacted negatively on the trading revenue line as trading activity remained subdued throughout the period.

The Bank’s credit impairments ended in a net release of ZWL105 million, improving from a prior period charge of ZWL797 million, largely reinforced by better recoveries on foreign currency denominated financial assets.

The Bank had embarked on a staff optimisation project during the first half of the year which led to the increase in its total operating expenses from ZWL2.7 billion in the comparative period to ZWL3.2 billion. This was on the back of progress in the Bank’s digitisation strategy which saw an expansion in the digital solutions available for our transacting customers.

The demand for local currency funding continued on an upward trend during the period as working capital requirements swelled. This saw the Bank’s net lending book increasing in real terms from ZWL10.7 billion as at the end of December 2020 to ZWL12.2 billion as at the end of June 2021.

Compliance and financial crime control function

Identification, assessment and mitigation of compliance risk is carried out by an independent Compliance function as part of the overall risk management framework of Stanbic Bank Zimbabwe and the Standard Bank Group. The Compliance function proactively supports senior management and business through effective compliance risk management practices, to ensure that all business is conducted within statutory, supervisory and regulatory requirements, thereby mitigating regulatory and reputational risk.

The Bank remains supportive of local and international efforts to combat money laundering, terrorist financing and proliferation financing and continues to abide by the requirements of the Money Laundering and Proceeds of Crime Act (Chapter 9:24), the Bank Use Promotion Act (Chapter 24:24), the Suppression of Foreign and International Terrorism Act (Chapter 11:21) and any relevant directives as well as international best practice.

The Bank remains committed to ensuring that all regulatory requirements and directives are complied with in all material respects.

Statement on corporate social investment (“CSI”) responsibilities

The year 2021 started on a difficult note following the resurgence of the COVID-19 pandemic which saw the reintroduction of blanket lock down conditions for the first two months of the year. Before the end of the second quarter of the year, the third wave of the pandemic, which was highly contagious, resulted in a spike in infections. The Bank has continued with its CSI programmes despite the highly challenging operating environment.

The Bank donated various state of the art operating theatre equipment to Sally Mugabe Hospital-Maternity Wing valued at USD65 000. In addition to the equipment, the Bank also refurbished the theatre area, and handed it over to the hospital on the 26th of April 2021.

Our people

To the Blue Bankers, I extend my sincere appreciation for your continued hard work, diligence, commitment, resilience and relentless efforts which have culminated in the achievement of these commendable results in the midst of increasing headwinds exacerbated by the resurgence of the pandemic throughout this half year.

Our customers

During the period, the Bank redefined client centricity with its thrust shifting to acquisition of fans, not just clients. We continue to offer convenience and lower cost of financial intermediation through innovative digital solutions. As the Bank continued to foster social distancing, it enabled the electronic processing of statutory payments through its Slydepay channel. Interactions with customers through online meetings and webinars have increased during the period and financial literacy programmes were held to enrich the customer experience. In the second half of the year, we expect to roll out new exciting digital solutions, aimed at strengthening customer convenience during these tough times.

Future ready transformation

The Bank has embarked on an exciting transformation journey which has resulted in a revision of its operating model as we strive to become a more client centric organisation. As a client led Bank the primary axis of our organisation is now Client Segments. The Client Segments are responsible for designing and executing the client value proposition strategy and are the owners of the client relationship. Through this new business architecture, the Personal and Business Banking (PBB) segment has been transformed into three segments namely: Business and Commercial Client Segment (BCC), Client Solutions, and Consumer & High Net-Worth Client Segment (CHNW). The Corporate and Investment Banking segment has rebranded as Wholesale Clients. Client Solutions are there to support the Client Segments, by overseeing and managing products and services for the Bank, focusing on the seamless delivery of innovative and cost-effective client solutions.

Vote of thanks

I remain sincerely grateful to our valued clients and stakeholders for their commitment as we steered through yet another difficult period. I would like to thank management and staff for their hard work and commitment towards providing excellent customer experience despite the challenges brought by the COVID-19 pandemic. I am grateful to the board members for their high-level commitment and contribution as the Bank executed its strategy in an increasingly difficult operating environment.

Solomon Nyanhongo Chief Executive

24 August 2021



UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

Note	Inflation-adjusted		Historical cost	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
ASSETS				
Cash and cash equivalents	1	48 974 765	30 354 139	48 974 765
Derivative assets	2	21 021	15 536	21 021
Financial investments	3	1 138	2 030 556	1 138
Investment securities	3.2	451 099	544 423	451 099
Loans and advances	4	12 190 351	10 688 341	12 190 351
Other assets	5	9 426 019	9 818 393	9 211 176
Intangible assets		1 175 025	1 226 324	215 812
Investment property		3 316 768	3 316 768	2 787 005
Property and equipment		2 689 040	2 150 934	1 948 266
Right of use assets		31 753	32 593	9 484
Total assets		78 276 979	61 003 203	76 565 657
EQUITY AND LIABILITIES				
Equity		8 699 732	8 307 403	7 073 135
Ordinary share capital	6.2	8 744	8 744	260
Ordinary share premium	7.1	362 855	362 855	10 790
Reserves	7.2	8 328 133	7 935 804	7 062 085
Liabilities		4 039	1 763	4 039
Derivative liabilities		4 039	1 763	1 461
Deposits and current accounts	8	54 117 636	42 887 501	54 117 636
Deposits from other banks		926 966	792 039	926 966
Deposits from customers		53 190 670	42 095 462	53 190 670
Current income liability		711 455	244 156	711 455
Deferred tax liability		663 134	723 823	578 409
Other liabilities		14 080 983	8 838 557	14 080 983
Total liabilities		69 577 247	52 695 800	69 492 522
Total equity and liabilities		78 276 979	61 003 203	76 565 657

INCOME STATEMENT
For the half year ended 30 June 2021

Note	Inflation-adjusted		Historical cost	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Net interest income		2 555 635	802 868	2 430 067
Non interest income		3 059 494	5 235 138	3 436 813
Total income		5 615 129	6 038 006	5 866 880
Total expected credit losses	4.4	104 509	(797 472)	100 264
Income after credit loss allowances		5 719 638	5 240 534	5 967 144
Operating expenses		(3 212 635)	(2 666 549)	(2 914 403)
Staff costs		(1 923 809)	(1 365 669)	(1 795 808)
Other operating expenses		(1 288 826)	(1 300 880)	(1 118 595)
Loss on net monetary position		(285 875)	(250 138)	-
Net income before indirect tax		2 221 128	2 323 847	3 052 741
Indirect tax		(122 653)	(105 015)	(115 304)
Profit before direct tax		2 098 475	2 218 832	2 937 437
Direct tax		(881 443)	(964 158)	(895 918)
Profit for the period		1 217 032	1 254 674	2 041 519

STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2021

	Inflation-adjusted		Historical cost	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Profit for the period	1 217 032	1 254 674	2 041 519	1 401 510
Items that will not be reclassified to profit or loss:				
(Loss)/gain on revaluation of land and buildings (net of tax)	(225 269)	868 217	69 620	894 607
Net change in fair value of equity investments (net of tax)	(70 254)	(43 920)	-	-
Total comprehensive income for the half year attributable to the ordinary shareholder	921 509	2 078 971	2 111 139	2 296 117

STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2021

	Inflation adjusted		Historical cost	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	ZWL'000	ZWL'000	ZWL'000	ZWL'000

Half year ended 30 June 2021								
Balance as at 1 January 2021	8 744	362 855	40 592	857 037	393 545	38 740	6 605 890	8 307 403
Profit for the period	-	-	-	-	-	-	1 217 032	1 217 032
Other comprehensive income								
Net change in fair value of equity investment	-	-	-	-	(70 254)	-	-	(70 254)
Loss on revaluation of land and buildings (net of tax)	-	-	-	(225 269)	-	-	-	(225 269)
Total comprehensive income for the period	-	-	-	(225 269)	(70 254)	-	1 217 032	921 509
Equity-settled share-based payments	-	-	-	-	-	3 256	-	3 256
Dividend payment	-	-	-	-	-	-	(532 436)	(532 436)
Total transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	3 256	(532 436)	(529 180)
Balance as at 30 June 2021	8 744	362 855	40 592	631 768	323 291	41 996	7 290 486	8 699 732

	Inflation adjusted		Historical cost	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Half year ended 30 June 2020				
Balance as at 1 January 2020	8 743	362 857	40 593	804 957
Profit for the period	-	-	-	-
Other comprehensive income				
Net change in fair value of equity investment	-	-	-	(43 920)
Gain on revaluation of land and buildings net of tax	-	-	868 217	-
Total comprehensive income for the period	-	-	868 217	(43 920)
Equity-settled share-based payments	-	-	-	7 534
Total transactions with owner of the Bank recognised directly in equity	-	-	-	7 534
Balance as at 30 June 2020	8 743	362 857	40 593	1 673 174

	Inflation-adjusted		Historical cost	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Half year ended 30 June 2021				
Balance as at 1 January 2021	260	10 790	1 207	1 306 500
Profit for the period	-	-	-	-
Other comprehensive income				
Gain on revaluation of land and buildings (net of tax)	-	-	-	69 620
Total comprehensive income for the year	-	-	-	69 620
Equity-settled share-based payments	-	-	-	3 035
Dividend paid	-	-	-	(512 540)
Transactions with owner of the Bank recognised directly in equity	-	-	-	3 035
Balance as at 30 June 2021	260	10 790	1 207	1 376 120

	Inflation-adjusted		Historical cost	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Half year ended 30 June 2020				
Balance as at 1 January 2020	260	10 790	1 207	255 575
Profit for the period	-	-	-	-
Other comprehensive income				
Gain on revaluation of land and buildings (net of tax)	-	-	-	894 607
Total comprehensive income for the period	-	-	-	894 607
Equity-settled share-based payments	-	-	-	2 171
Total transactions with owner of the Bank recognised directly in equity	-	-	-	2 171
Balance as at 30 June 2020	260	10 790	1 207	1 150 182

STATEMENT OF CASH FLOWS
For the half year ended 30 June 2021

	Inflation-adjusted		Historical cost	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Cash generated from operations				
Net income before indirect tax	2 221 128	2 323 847	3 052 741	2 092 897
Adjusted for:				
Amortisation and impairment of intangible assets	104 580	105 581	11 470	3 196
Expected credit loss (on and off-balance sheet)	(104 509)	797 472	(100 264)	233 599
Depreciation of property and equipment	120 885	61 532	42 849	8 647
Depreciation of right of use assets	36 974	28 273	11 130	2 520
Equity-settled share-based payments	3 256	7 534	3 035	2 171
Fair value adjustment on investment property	681 423	(1 335 098)	78 197	(1 510 465)
Unrealised exchange gains	(131 606)	(1 246 411)	(131 606)	(603 168)
Indirect tax paid	(122 652)	(105 015)	(115 304)	(31 853)
(Profit)/loss from sale of property and equipment	(3 828)	2 868	(7 779)	(101)
Movement in working capital				
Increase in derivative assets	(5 485)	(242)	(8 148)	(297)
(Increase)/ decrease in loans and advances	(1 590 371)	(737 915)	(3 416 039)	(1 845 767)
Increase in accrued interest on financial investments	(13)	(54 188)	(13)	(26 223)
Purchase of financial investments	(5 001 125)	(2 401 203)	(5 001 125)	(1 162 000)
Proceeds from sale of financial investments	7 061 015	893 442	6 710 759	203 759
Purchase of equity investment	-	-	-	-
Decrease/(increase) in other assets	686 964	(408 721)	(956 067)	(1 825 986)
Increase in derivative liabilities	2 276	3 416	2 578	1 677
Increase in deposits	11 230 135	12 158 644	18 581 856	14 957 205
Increase in other liabilities	5 242 184	4 048 968	6 735 193	3 231 207
Direct tax paid	(377 579)	(179 722)	(335 761)	(36 646)
Net cash generated from operating activities	20 053 652	13 963 062	25 157 702	13 694 372
Cash used in investment activities				
Capital expenditure on:				
- property	(648 296)	(785 869)	(602 103)	(195 801)
- equipment, furniture and vehicles	(168 470)	(187 934)	(158 532)	(36 195)
- intangible assets	(53 281)	(132 353)	(55 844)	(33 900)
movement in right of use assets	(37 991)	(33 433)	(34 240)	(10 282)
Proceeds from:				
- sales of property and equipment	7 990	687	7 450	185
Net cash used in investing activities	(900 048)	(1 138 902)	(843 269)	(275 993)
Net cash flows used in financing activities				
Dividend paid	(532 436)	-	(512 540)	-
Movement in lease liability	1 017	5 160	23 110	7 787
Net increase in cash and cash equivalents	18 622 185	12 829 320	23 825 003	13 426 166
Cash and cash equivalents at beginning of the interim reporting period	30 354 139	24 120 820	25 151 321	4 454 894
Cash and cash equivalents at end of the interim reporting period	48 976 324	36 950 140	48 976 324	17 881 060

ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the interim 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.

BASIS OF PREPARATION

Statement of compliance

The Bank's condensed interim results, including the statement of financial position, income statement, statement of changes in equity, statement of other comprehensive income and statement of cash flows, for the six months ended 30 June 2021 are prepared in accordance with the requirements of the Companies and Other Business Entities Act of Zimbabwe (Chapter 24:31), the requirements of International Financial Reporting Standards (IFRS) and its interpretations as adopted by the International Accounting Standards Board, the Banking Act of Zimbabwe (Chapter 24:20) and the presentation requirements of IAS 34 Interim Financial Reporting. These financial statements have been restated to take account of the effects of inflation in accordance with 'IAS 29' (*Financial Reporting in Hyperinflationary Economies*).

With effect from 1 July 2019, Zimbabwe was a hyperinflationary economy as the three-year cumulative inflation figure was above 100%. IAS 29 (*Financial Reporting in Hyperinflationary Economies*) requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. The same standard discourages the presentation of historical financial statements when inflation-adjusted financial statements are presented. The inflation adjusted financial information is the principal financial information. However, historical results have been included to allow comparability of results. The Zimbabwe Accounting Practices Board and the Zimbabwe Stock Exchange have permitted companies in Zimbabwe to present historical results in conjunction with inflation-adjusted results.

Accordingly, the financial statements and the corresponding figures for the previous period have been restated to take account of the changes in the general purchasing power of the Zimbabwe dollar and as a result are stated in terms of the measuring unit current at the balance sheet date. The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Zimbabwe Central Statistical Office. The indices and conversion factors used were as follows:

Date	Indices	Conversion factors
June 2021	2 986.44	1.0000
December 2020	2 474.51	1.206882
June 2020	1 445.21	2.06644

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UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

Analysis of exposure to credit risk

The Bank's exposure to credit risk, varying from normal monitoring to close monitoring as determined by the internal models and as defined in terms of the Bank's rating scale as at 30 June 2021 are set out in the table below.

	Gross total (advances and financial investments)		Credit risk grade SB1 - SB12		Credit risk grade SB13 - SB20		Credit risk grade SB21 - SB25		Default	Balance sheet impairments (stage 3)
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2		
Mortgage loans	386 683	368 591	-	-	-	-	17 589	503	(114)	
Installment sale and finance leases	1 356 943	1 317 896	-	-	-	-	39 047	-	-	
Personal unsecured lending	2 394 100	307 980	-	1 864 147	-	-	213 786	8 207	(5 884)	
Business lending and other	2 455 326	848 529	-	1 403 127	-	-	202 233	1 387	(3 036)	
Total loans	6 593 052	2 842 996	-	3 267 304	-	-	472 655	10 097	(9 034)	
Corporate lending	5 859 748	416 243	-	5 315 324	122 550		1 745	3 886	-	-
Total gross loans and advances	12 452 800	3 259 239	-	8 582 628	122 550		1 745	476 541	10 097	(9 034)
Financial investments at amortised cost										
Sovereign	1 138	-	-	-	-		1 138	-	-	-
Banking	-	-	-	-	-		-	-	-	-
Total financial investments	1 138	-	-	-	-		1 138	-	-	-
Expected credit loss for financial investments										
Stage 1	-	-	-	-	-		-	-	-	-
Net financial investments	1 138	-	-	-	-		1 138	-	-	-
Expected credit loss for loans and advances										
Stage 1	(31 882)	(7 379)	-	(24 396)	-		(107)	-	-	-
Stage 2	(221 533)	-	-	(190 039)	(3 708)		-	(27 786)	-	-
Stage 3	(9 034)	-	-	-	-		-	-	-	(9 034)
Net loans and advances and financial investments	12 191 489	3 251 860	-	8 368 193	118 842		2 776	448 755	10 097	(9 034)
Off balance sheet exposures										
Letters of credit	240 325	180 790	-	40 840	-		8 487	10 208	-	-
Guarantees	192 512	97 799	-	94 701	-		-	12	-	-
Irrevocable unutilised facilities	1 372 803	833 985	-	507 158	29 999		1 661	-	-	-
Total	1 805 640	1 112 574	-	642 699	29 999		10 148	10 220	-	-
Expected credit loss for off balance sheet exposures	(6 188)	(177)	-	(4 864)	(957)		(156)	(34)	-	-
Stage 1	(5 197)	(177)	-	(4 864)	-		(156)	-	-	-
Stage 2	(991)	-	-	-	(957)		-	(34)	-	-
Add the following other banking activities exposures:										
Cash and cash equivalents	48 974 765									
Investment securities	451 099									
Derivative assets	21 021									
Other assets	9 120 378									
Total exposure to credit risk	72 558 204									

Collateral obtained by the Bank

It is the Bank's policy to dispose of repossessed assets in an orderly fashion. The proceeds are used to repay the outstanding loan. In general, the Bank does not use repossessed assets for business purposes. The collateral obtained by the Bank as at 30 June 2021 amounted to ZWL2.9 billion (31 December 2020: ZWL1.1 billion).

Exposure to credit risk by credit quality inflation adjusted as at 31 December 2020 (ZWL'000)

	Gross total (advances and financial investments)		Credit risk grade SB1 - SB12		Credit risk grade SB13 - SB20		Credit risk grade SB21 - SB25		Default	Balance sheet impairments (stage 3)
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2		
Mortgage loans	131 889	118 773	-	-	12 503	-	-	613	(1 243)	
Installment sale and finance leases	772 114	772 099	-	-	15	-	-	-	-	
Personal unsecured lending	1 143 702	1 039 152	-	-	100 678	-	-	3 872	(693)	
Business lending and other	1 916 409	487 892	-	1 417 218	9 816	-	-	1 483	(2 704)	
Total loans	3 964 114	2 417 916	-	1 417 218	123 012	-	-	5 968	(4 640)	
Corporate lending	6 937 187	647 676	-	4 297 594	1 976 551		15 366	-	-	-
Total gross loans and advances	10 901 301	3 065 592	-	5 714 812	2 099 563		15 366	-	5 968	(4 640)
Financial investments at amortised cost										
Sovereign	2 064 684	-	-	-	-		2 064 684	-	-	-
Total financial investments	2 064 684	-	-	-	-		2 064 684	-	-	-
Expected credit loss for loans and advances and financial investments										
Stage 1	(61 388)	(7 865)	-	(18 794)	-		(34 729)	-	-	-
Stage 2	(181 060)	-	-	-	(181 060)		-	-	-	-
Stage 3	(4 640)	-	-	-	-		-	-	-	(4 640)
Net loans and advances and financial investments	12 718 897	3 057 727	-	5 696 018	1 918 503		2 045 321	-	5 968	(4 640)
Off balance exposures										
Letters of credit	583 139	458 107	-	99 109	1 931		23 992	-	-	-
Guarantees	190 412	128 238	-	62 037	121		-	16	-	-
Irrevocable unutilised facilities	599 134	249 726	-	110 289	233 276		5 843	-	-	-
Expected credit loss for off balance sheet exposures	(8 413)	(558)	-	(6 883)	(14)		(958)	-	-	-
Stage 1	(3 266)	(558)	-	(1 750)	-		(958)	-	-	-
Stage 2	(5 147)	-	-	(5 133)	(14)		-	-	-	-
Add the following other banking activities exposures:										
Cash and cash equivalents	30 354 139									
Investment securities	544 423									
Derivative assets	15 536									
Other assets	9 554 296									
Total exposure to credit risk	54 551 563									

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:

30 June 2021 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	46 271 187	2 705 137	-	-	-	(1 559)	48 974 765
Derivative assets	21 021	-	-	-	-	-	21 021
Financial investments	-	13	-	1 125	-	-	1 138
Investment securities	-	-	-	-	-	451 099	451 099
Loans and advances	5 248 651	777 487	2 169 380	1 980 672	2 276 610	(262 449)	12 190 351
Other assets	23 901	8 074 515	-	-	1 068 577	(46 615)	9 120 378
Total	51 564 760	11 557 152	2 169 380	1 981 797	3 345 187	140 476	70 758 752
Equity and liabilities							
Derivative liabilities	4 039	-	-	-	-	-	4 039
Deposits from customers and other banks	54 021 298	19 808	-	-	76 530	-	54 117 636
Other liabilities	-	9 960 471	1 213 087	-	-	6 189	11 179 747
Total	54 025 337	9 980 279	1 213 087	-	76 530	6 189	65 301 422
Liquidity gap	(2 460 577)	1 576 873	956 293	1 981 797	3 268 657	134 287	-
Cumulative liquidity gap	(2 460 577)	(883 704)	72 589	2 054 386	5 323 043	-	-
Letters of credit	(336 307)	(42 482)	(7 728)	(138 505)	-	-	-
Financial guarantees	(172 918)	(18 364)	(39 576)	(56 367)	-	-	-
Total liquidity gap (on-and off balance sheet)	(2 969 802)	(944 550)	25 285	1 859 514	5 323 043	-	-
Total cumulative liquidity gap	(2 969 802)	(1 453 775)	(544 786)	1 236 139	4 510 796	-	-

Other assets include internal clearing accounts.

Other liabilities include internal clearing accounts.

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	20 483 633	9 871 049	-	-	-	(543)	30 354 139
Derivative assets	-	15 536	-	-	-	-	15 536
Financial investments	-	-	825 874	1 238 810	-	(34 128)	2 030 556
Investment securities	-	-	-	-	-	544 423	544 423
Loans and advances	3 891 603	844 207	3 261 194	1 873 775	1 030 522	(212 960)	10 688 341
Other assets	28 723	6 346 991	-	-	3 400 578	(221 996)	9 554 296
Total	24 403 959	17 077 783	4 087 068	3 112 585	4 431 100	74 796	53 187 291
Equity and liabilities							
Derivative liabilities	-	1 763	-	-	-	-	1 763
Deposits from customers and other banks	42 562 958	323 876	264	-	403	-	42 887 501
Other liabilities	-	4 123 366	817 649	1 013 560	-	7 357	5 961 932
Total	42 562 958	4 449 005	817 913	1 013 560	403	7 357	48 851 196
Liquidity gap	(18 158 999)	12 628 778	3 269 155	2 099 025	4 430 697	67 439	-
Cumulative liquidity gap	(18 158 999)	(5 530 221)	(2 261 066)	(162 041)	4 268 656	4 336 095	-
Letters of credit	(338 458)	(474 592)	(1 040 199)	-	(49 353)	-	-
Financial guarantees	(19 095)	(9 632)	(15 887)	(200 502)	-	-	-
Total liquidity gap (on-and off-balance sheet)	(18 516 552)	(6 014 445)	(3 317 152)	(362 543)	4 219 303	4 336 095	-
Total cumulative liquidity gap	(18 516 552)	(6 371 998)	(4 158 929)	(2 260 406)	2 120 938	2 188 377	-

Other assets include internal clearing accounts.

Other liabilities include internal clearing accounts.

Maturity analysis assets and liabilities:

	Historical cost						
30 June 2021 Liquidity gap analysis (ZWL'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	Total
Assets							
Cash and cash equivalents	46 271 187	2 705 137	-	-	-	(1 559)	48 974 765
Derivative assets	21 021	-	-	-	-	-	21 021
Financial investments	-	13	-	1 125	-	-	1 138
Investment securities	-	-	-	-	-	451 099	451 099
Loans and advances	5 248 651	777 487	2 169 380	1 980 672	2 276 610	(262 449)	12 190 351
Other assets	23 901	8 074 515	-	-	1 068 577	(46 615)	9 120 378
Total	51 564 760	11 557 152	2 169 380	1 981 797	3 345 187	140 476	70 758 752
Equity and liabilities							
Derivative liabilities	4 039	-	-	-	-	-	4 039
Deposits from customers and other banks	54 021 298	19 808	-	-	76 530	-	54 117 636
Other liabilities	-	9 960 471	1 213 087	-	-	6 189	11 179 747
Total	54 025 337	9 980 279	1 213 087	-	76 530	6 189	65 301 422
Liquidity gap	(2 460 577)	1 576 873	956 293	1 981 797	3 268 657	134 287	-
Cumulative liquidity gap	(2 460 577)	(883 704)	72 589	2 054 386	5 323 043	-	-
Letters of credit	(336 307)	(42 482)	(7 728)	(138 505)	-	-	-
Financial guarantees	(172 918)	(18 364)	(39 576)	(56 367)	-	-	-
Total liquidity gap (on-and off balance sheet)	(2 969 802)	(944 550)	25 285	1 859 514	5 323 043	-	-
Total cumulative liquidity gap	(2 969 802)	(1 453 775)	(544 786)	1 236 139	4 510 796	-	-

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

Foreign currency liquidity management

A number of parameters are observed in order to monitor changes in either market liquidity or exchange rates. The use of the ZWL as the primary functional currency in Zimbabwe means that significant foreign currencies to the Bank are the United States Dollar (“USD”), South African Rand (“ZAR”) and the Pound (“GBP”). These three foreign currencies (and other minor ones) contribute 58% (2020:53%) of the overall statement of financial position size as depicted below and thus pose a significant foreign currency liquidity risk to the Bank:

Statement of financial position by currency as at 30 June 2021	Inflation adjusted					
	Total	ZWL	USD	ZAR	GBP	Other
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Assets						
Cash and cash equivalents	48 974 765	12 249 359	32 370 778	2 153 842	90 605	2 110 181
Derivative assets	21 021	21 021	-	-	-	-
Financial investments	1 138	1 138	-	-	-	-
Investment securities	451 099	451 099	-	-	-	-
Loans and advances	12 190 351	10 325 564	1 864 787	-	-	-
Other assets	9 426 019	2 596 590	6 815 196	12 824	163	1 246
Intangible assets	1 175 025	1 162 785	-	12 240	-	-
Investment property	3 316 768	3 316 768	-	-	-	-
Property and equipment	2 689 040	2 689 040	-	-	-	-
Right of use assets	31 753	31 753	-	-	-	-
Total assets	78 276 979	32 845 117	41 050 761	2 178 906	90 768	2 111 427
Equity and liabilities						
Equity	8 699 732	8 699 732	-	-	-	-
Ordinary share capital	8 744	8 744	-	-	-	-
Ordinary share premium	362 855	362 855	-	-	-	-
Reserves	8 328 133	8 328 133	-	-	-	-
Liabilities	69 577 251	27 851 952	38 403 505	2 373 550	828 371	119 869
Derivative liabilities	4 039	4 039	-	-	-	-
Total deposits	54 117 636	24 410 088	27 212 335	1 573 873	821 160	100 180
Deposits from other banks	926 966	97	324 567	143 280	452 558	6 464
Deposits from customers	53 190 670	24 409 991	26 887 768	1 430 593	368 602	93 716
Current taxation liability	711 455	711 455	-	-	-	-
Deferred tax liability	663 134	663 134	-	-	-	-
Other liabilities	14 080 983	2 063 236	11 191 170	799 677	7 211	19 689
Total equity and liabilities	78 276 979	36 551 684	38 403 505	2 373 550	828 371	119 869
Currency gap	-	(3 706 567)	2 647 256	(194 644)	(737 603)	1 991 558
Currency size as % of overall statement of financial position	100%	42%	52%	3%	0%	3%

Statement of financial position by currency as at 31 December 2020	Inflation adjusted					
	Total	ZWL	USD	ZAR	GBP	Other
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Assets						
Cash and cash equivalents	30 354 139	2 464 870	26 638 272	718 232	47 283	485 482
Derivative assets	15 536	15 536	-	-	-	-
Financial investments	2 030 556	2 030 556	-	-	-	-
Investment securities	544 423	544 423	-	-	-	-
Loans and advances	10 688 341	9 450 796	1 237 545	-	-	-
Other assets	9 818 393	6 631 640	2 973 311	111 524	5 621	96 297
Intangible assets	1 226 324	1 111 273	115 051	-	-	-
Investment property	3 363 587	3 363 587	-	-	-	-
Property and equipment	2 931 168	2 931 168	-	-	-	-
Right of use assets	30 736	30 736	-	-	-	-
Total assets	61 003 203	28 574 585	30 964 179	829 756	52 904	581 779
Equity and liabilities						
Equity	8 307 403	8 307 403	-	-	-	-
Ordinary share capital	8 744	8 744	-	-	-	-
Ordinary share premium	362 855	362 855	-	-	-	-
Reserves	7 935 804	7 935 804	-	-	-	-
Liabilities	52 695 800	19 889 389	30 978 793	1 071 941	301 291	454 809
Derivative liabilities	1 763	1 763	-	-	-	-
Total deposits	42 887 501	18 118 313	23 530 966	588 114	289 664	360 444
Deposits from other banks	792 039	117	375 037	195 800	159 009	62 076
Deposits from customers	42 095 462	18 118 196	23 155 929	392 314	130 655	298 368
Deferred and current tax liabilities	967 979	967 979	-	-	-	-
Other liabilities	8 838 557	801 334	7 447 827	483 827	11 627	94 365
Total equity and liabilities	61 003 203	28 196 792	30 978 793	1 071 941	301 291	454 809
Currency gap	-	377 793	(14 614)	(242 185)	(248 387)	126 970
Currency size as % of overall statement of financial position	100%	47%	51%	1%	0%	1%

Statement of financial position by currency as at 30 June 2021	Historical cost					
	Total	ZWL	USD	ZAR	GBP	Other
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Assets						
Cash and cash equivalents	48 974 765	12 249 359	32 370 778	2 153 842	90 605	2 110 181
Derivative assets	21 021	21 021	-	-	-	-
Financial investments	1 138	1 138	-	-	-	-
Investment securities	451 099	451 099	-	-	-	-
Loans and advances	12 190 351	10 325 564	1 864 787	-	-	-
Other assets	9 211 176	2 381 747	6 815 196	12 824	163	1 246
Intangible assets	215 812	203 572	-	12 240	-	-
Investment property	3 316 768	3 316 768	-	-	-	-
Property and equipment	2 150 934	2 150 934	-	-	-	-
Right of use assets	32 593	32 593	-	-	-	-
Total assets	75 565 657	31 133 795	41 050 761	2 178 906	90 768	2 111 427
Equity and liabilities						
Equity	7 073 135	7 073 135	-	-	-	-
Ordinary share capital	260	260	-	-	-	-
Ordinary share premium	10 790	10 790	-	-	-	-
Reserves	7 062 085	7 062 085	-	-	-	-
Liabilities	69 492 522	27 767 227	38 403 505	2 373 550	828 371	119 869
Derivative liabilities	4 039	4 039	-	-	-	-
Total deposits	54 117 636	24 410 088	27 212 335	1 573 873	821 160	100 180
Deposits from other banks	926 966	97	324 567	143 280	452 558	6 464
Deposits from customers	53 190 670	24 409 991	26 887 768	1 430 593	368 602	93 716
Current taxation liability	711 455	711 455	-	-	-	-
Deferred tax liability	578 409	578 409	-	-	-	-
Other liabilities	14 080 983	2 063 236	11 191 170	799 677	7 211	19 689
Total equity and liabilities	75 565 657	34 840 362	38 403 505	2 373 550	828 371	119 869
Currency gap	-	(3 706 567)	2 647 256	(194 644)	(737 603)	1 991 558
Currency size as % of overall statement of financial position	100%	41%	54%	3%	0%	2%

Statement of financial position by currency as at 31 December 2020	Historical cost					
	Total	ZWL	USD	ZAR	GBP	Other
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	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	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	22 169 480	25 656 339	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	43 567 725	16 384 947	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	663 970	6 170 780	400 890	9 634	78 189
Total equity and liabilities	49 039 226	21 856 448	25 668 098	888 190	249 644	376 846
Currency gap	-	313 032	(11 759)	(200 669)	(205 809)	105 205
Currency size as % of overall statement of financial position	100%	45%	52%	2%	0%	1%

Market risk

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

Trading market risk

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

Banking book interest rate risk

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

Interest rate risk measurement

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

Interest rate risk limits

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

Annual net interest income at risk

Assuming no management intervention, a downward 100bps parallel rate shock on all yield curves would decrease the forecast net interest income based on balances as at 30 June 2021 by 3.8% (December 2020: 9.3%). 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	June	December
	2021	2020
	ZWL'000	ZWL'000
Increase in basis points	100	100
Sensitivity of annual net interest income	81 612	25 456
Sensitivity of OCI	-	-
Decrease in basis points	100	100
Sensitivity of annual net interest income	(81 612)	(56 836)
Sensitivity of OCI	-	-

30 June 2021 interest rate repricing gap analysis (ZWL'000)	Inflation adjusted					
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing
Assets						
Cash and cash equivalents	15 193 731	13 279 078	-	-	-	20 501 956
Derivative assets	-	-	-	-	-	21 021
Financial investments	-	13	-	1 125	-	1 138
Investment securities	-	-	-	-	-	451 099
Loans and advances	-	12 318 435	81 125	-	-	(209 209)
Other assets	-	-	-	-	-	9 120 378
Total	15 193 731	25 597 526	81 125	1 125	-	29 885 245
Equity and liabilities						
Derivative liabilities	-	-	-	-	-	4 039
Deposits from customers and other banks	-	54 117 595	-	-	-	41
Other liabilities	-	-	-	-	-	11 179 747
Total	-	54 117 595	-	-	-	11 183 827
Interest rate repricing gap	15 193 731	(28 520 069)	81 125	1 125	-	18 701 418
Cumulative interest rate repricing gap	15 193 731	(13 326 338)	(13 245 213)	(13 244 088)	(13 244 088)	-

Other assets include internal clearing accounts.

Other liabilities include internal clearing accounts.

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

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	9 439 271	7 219 516	-	-	-	13 695 352	30 354 139
Derivative assets	-	-	-	-	-	15 536	15 536
Financial investments	-	-	820 680	1 231 020	-	(21 144)	2 030 556
Investment securities	-	-	-	-	-	544 423	544 423
Loans and advances	-	10 698 498	-	121 383	-	(131 540)	10 688 341
Other assets	-	-	-	-	-	9 554 296	9 554 296
Total	9 439 271	17 918 014	820 680	1 352 403	-	23 656 923	53 187 291
Equity and liabilities							
Derivative liabilities	-	-	-	-	-	1 763	1 763
Deposits from customers and other banks	42 886 904	-	237	-	360	-	42 887 501
Other liabilities	-	-	-	-	-	5 961 932	5 961 932
Total	42 886 904	-	237	-	360	5 963 695	48 851 196
Interest rate repricing gap	(33 447 633)	17 918 014	820 443	1 352 403	(360)	17 693 228	
Cumulative interest rate repricing gap	(33 447 633)	(15 529 619)	(14 709 176)	(13 356 773)	(13 357 133)	4 336 095	

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

30 June 2021 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	15 193 731	13 279 078	-	-	-	20 501 956	48 974 765
Derivative assets	-	-	-	-	-	21 021	21 021
Financial investments	-	13	-	1 125	-	-	1 138
Investment securities	-	-	-	-	-	451 099	451 099
Loans and advances	-	12 318 435	81 125	-	-	(209 209)	12 190 351
Other assets	-	-	-	-	-	9 120 378	9 120 378
Total	15 193 731	25 597 526	81 125	1 125	-	29 885 245	70 758 752
Equity and liabilities							
Derivative liabilities	-	-	-	-	-	4 039	4 039
Deposits from customers and other banks	-	54 117 595	-	-	-	41	54 117 636
Other liabilities	-	-	-	-	-	11 179 747	11 179 747
Total	-	54 117 595	-	-	-	11 183 827	65 301 422
Interest rate repricing gap	15 193 731	(28 520 069)	81 125	1 125	-	18 701 418	
Cumulative interest rate repricing gap	15 193 731	(13 326 338)	(13 245 213)	(13 244 088)	(13 244 088)	-	

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

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	-	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.

Market risk measurement
The techniques used to measure and control market risk include:

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

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

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

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

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

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

Foreign currency value at risk for June 2021					
	Maximum possible loss in June 2021 ZWL'000	Minimum possible loss in June 2021 ZWL'000	Average possible loss ZWL'000	Possible loss at 30 June 2021 ZWL'000	Maximum acceptable VaR loss ZWL'000
Normal VaR	19 972.6	2 565.1	8 091.3	2 565.1	21 000
Stress VaR	82 600.2	19 972.6	54 101.7	19 972.6	125 000

As depicted in the table, historical trading data for the foreign currency business indicates that the maximum possible loss for any one day's trading in 2021 was ZWL19 973 (2020: ZWL197 200), and the minimum possible loss was ZWL2 565 (2020: ZWL118 200), with an average possible loss of ZW8 091 (2020: ZW137 700) in comparison to the maximum acceptable possible loss of ZWL21 000 (2020: ZWL149 100).

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 30 June 2021

	Inflation-adjusted		Historical cost	
	30 June 2021 ZWL'000	31 December 2020 ZWL'000	30 June 2021 ZWL'000	31 December 2020 ZWL'000
1 Cash and cash equivalents				
Bank notes	7 517 410	11 049 069	7 517 410	9 155 052
Balances with the Central Bank	12 986 105	2 645 912	12 986 105	2 192 353
Balances with other banks	28 472 809	16 659 701	28 472 809	13 803 916
	48 976 324	30 354 682	48 976 324	25 151 321
Expected credit loss on balances with other banks	(1 559)	(543)	(1 559)	(450)
Current	48 974 765	30 354 139	48 974 765	25 150 871

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

	Inflation-adjusted		Historical cost	
	30 June 2021 ZWL'000	31 December 2020 ZWL'000	30 June 2021 ZWL'000	31 December 2020 ZWL'000
Stage 1				
Balance as at the beginning of the year	(543)	(574)	(450)	(106)
Net movement	(1 064)	420	(1 094)	(344)
Originated impairments raise	-	420	-	(344)
Subsequent impairments	(1 064)	-	(1 094)	-
Derecognised or write offs	-	-	-	-
Other movements	48	(389)	(15)	-
Balance at end of the half year	(1 559)	(543)	(1 559)	(450)

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 half year ended 30 June 2021. 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 30 June 2021 ZWL'000	Fair value of assets 31 December 2020 ZWL'000	Fair value of assets 30 June 2021 ZWL'000	Fair value of assets 31 December 2020 ZWL'000
Derivatives held for trading	21 021	15 536	21 021	12 873
Foreign exchange contracts				
Maturity analysis of net fair value				
Up to 1 month	21 021	15 536	21 021	12 873

	Inflation-adjusted		Historical cost	
	Fair value of liabilities 30 June 2021 ZWL'000	Fair value of liabilities 31 December 2020 ZWL'000	Fair value of liabilities 30 June 2021 ZWL'000	Fair value of liabilities 31 December 2020 ZWL'000
Derivatives held for trading	(4 039)	(1 763)	(4 039)	(1 461)
Foreign exchange contracts				
Maturity analysis of net fair value				
Up to 1 month	(4 039)	(1 763)	(4 039)	(1 461)

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

4.3.1 4.3.1 A reconciliation of the allowances for expected credit losses for loans and advances by class for the half year ended 30 June 2021

	Inflation adjusted					
	Instalment sale and finance leases		Personal unsecured lending	Business lending and other	Corporate lending	Total
	Mortgage loans ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Stage 1						
Balance as at the beginning of the year	40	270	5 723	5 872	15 355	27 260
Net movement	309	217	4 974	346	3 915	9 761
Originated impairments raised	259	87	6 767	5 388	17 031	29 532
Subsequent changes in expected credit loss	(67)	130	(2 100)	(4 578)	(12 990)	(19 605)
Transfers from/(to) stage 2	117	-	317	(464)	(126)	(156)
Transfers to stage 3	-	-	(10)	-	-	(10)
Derecognition including write off	-	-	-	-	-	-
Other movements	(9)	(54)	(1 390)	(841)	(2 845)	(5 139)
Balance at end of the half year	340	433	9 307	5 377	16 425	31 882
Stage 2						
Balance as at the beginning of the year	5 818	24 305	54 646	53 940	42 351	181 060
Net movement	1 112	16 483	68 138	22 412	(33 500)	74 645
Originated impairments raised	192	-	5 247	496	4 886	10 821
Subsequent changes in expected credit loss	1 037	16 483	63 296	21 452	(38 512)	63 756
Transfers from/(to) stage 1	(117)	-	(317)	464	126	156
Transfers to stage 3	-	-	(88)	-	-	(88)
Derecognised including write offs	-	-	-	-	-	-
Other movements	(1 247)	(4 939)	(14 435)	(8 702)	(4 849)	(34 172)
Balance at end of the half year	5 683	35 849	108 349	67 650	4 002	221 533
Stage 3						
Balance as at the beginning of the year	112	-	2 082	2 446	-	4 640
Net movement	(1)	(49)	4 171	(166)	-	3 955
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	5	(49)	4 484	(39)	-	4 401
Transfers from stage 1	-	-	10	-	-	10
Transfers from stage 2	-	-	88	-	-	88
After write off recoveries	(6)	-	(411)	(127)	-	(544)
Write offs	-	-	(405)	-	-	(405)
TVM unwinding	(33)	-	(69)	(30)	-	(132)
Other movements	36	49	105	786	-	976
Balance at end of the half year	114	-	5 884	3 036	-	9 034

	Historical cost					
	Mortgage loans	Instalment sale and finance leases	Personal unsecured lending	Business lending and other	Corporate lending	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Stage 1						
Balance as at the beginning of the year	33	224	4 741	4 866	12 723	22 587
Net movement	307	202	4 566	359	3 526	8 960
Originated impairments raised	238	80	6 212	4 946	15 634	27 110
Subsequent changes in expected credit loss	(38)	122	(1 928)	(4 161)	(11 992)	(17 997)
Transfers from/(to) stage 2	107	-	291	(426)	(116)	(144)
Transfers to stage 3	-	-	(9)	-	-	(9)
Derecognised including write offs	-	-	-	-	-	-
Other movements	-	7	-	152	176	335
Balance at end of the half year	340	433	9 307	5 377	16 425	31 882
Stage 2						
Balance as at the beginning of the year	4 821	20 139	45 279	44 694	35 090	150 023
Net movement	800	14 887	63 070	21 711	(31 375)	69 093
Originated impairments raised	178	-	4 857	4 593	389	10 017
Subsequent changes in expected credit loss	729	14 887	58 585	16 692	(31 880)	59 013
Transfers (to)/from stage 1	(107)	-	(291)	426	116	144
Transfers to stage 3	-	-	(81)	-	-	(81)
Derecognised including write offs	-	-	-	-	-	-
Other movements	62	823	-	1 245	287	2 417
Balance at end of the half year	5 683	35 849	108 349	67 650	4 002	221 533
Stage 3						
Balance as at the beginning of the year	93	-	1 725	2 027	-	3 845
Net movement	(4)	(46)	4 038	(194)	-	3 794
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	2	(46)	4 342	(72)	-	4 226
Transfers from stage 1	-	-	9	-	-	9
Transfers from stage 2	-	-	81	-	-	81
After write off recoveries	(6)	-	(394)	(122)	-	(522)
Write offs	-	-	(405)	-	-	(405)
TVM unwinding	(33)	-	(69)	(30)	-	(132)
Other movements	58	46	595	1 233	-	1 932
Balance at end of the half year	114	-	5 884	3 036	-	9 034

4.3.2 December 2020 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					
	Instalment sale and finance leases		Personal unsecured lending	Business lending and other	Corporate lending	Total
	Mortgage loans ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Stage 1						
Balance as at the beginning of the year	211	4 332	7 402	7 601	33 153	52 699
Net movement	(7)	(751)	4 393	4 513	8 599	16 747
Originated impairments raised	34	28	3 884	7 538	14 923	26 407
Subsequent changes in expected credit loss	(284)	(791)	321	(3 051)	173	(3 632)
Transfers from/(to) stage 2	243	12	194	69	(415)	103
Transfers to stage 3	-	-	(6)	(43)	-	(49)
Derecognition	-	-	-	-	(6 082)	(6 082)
Other movements	(164)	(3 311)	(6 072)	(6 242)	(26 397)	(42 186)
Balance as at end of the year	40	270	5 723	5 872	15 355	27 260
Stage 2						
Balance as at the beginning of the year	5 268	16 866	29 054	35 156	2 664	89 008
Net movement	7 872	34 224	80 341	76 848	69 198	268 483
Originated impairments raised	314	-	5 689	654	67 689	74 346
Subsequent changes in expected credit loss	7 801	34 236	74 988	76 275	1 094	194 394
Transfers (to)/ from stage 1	(243)	(12)	(194)	(69)	415	(103)
Transfers to stage 3	-	-	(142)	(12)	-	(154)
Other movements	(7 322)	(26 785)	(54 749)	(58 064)	(29 511)	(176 431)
Balance as at end of the year	5 818	24 305	54 646	53 940	42 351	181 060
Stage 3						
Balance as at the beginning of the year	1 154	5	4 656	6 021	-	11 836
Net movement	47	(145)	1 634	(2 165)	(23 841)	(24 470)
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	69	(1)	2 477	(1 279)	-	1 266
Transfers from stage 1	-	-	6	43	-	49
Transfers from stage 2	-	-	142	12	-	154
After write off recoveries	(22)	(144)	(991)	(941)	(23 841)	(25 939)
TVM unwinding	(29)	-	(2)	(486)	-	(517)
Other movements	(1 060)	140	(4 206)	(924)	23 841	17 791
Balance as at end of the year	112	-	2 082	2 446	-	4 640

4.3 Expected credit loss for loans and advances (continued)

	Historical cost					
	Instalment sale and finance leases		Personal unsecured lending	Business lending and other	Corporate lending	Total
	Mortgage loans ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
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)
Derecognised	-	-	-	-	(4 666)	(4 666)
Other movements	-	(1)	4	-	3	6
Balance as 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 as 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 from stage 1	-	-	5	33	-	38
Transfers from 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 as at end of the year	93	-	1 725	2 027	-	3 845

	Inflation-adjusted		Historical cost	
	30 June 2021 ZWL'000	30 June 2020 ZWL'000	30 June 2021 ZWL'000	30 June 2020 ZWL'000
4.4 Credit impairment charges for the six months ended 30 June 2021:				
Net expected credit loss raised and released on financial investments	(30 459)	405 190	(28 278)	97 492
Stage 1 (note 3.1.4)	(30 459)	405 190	(28 278)	97 492
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Net expected credit loss raised and released on balances with other banks	1 064	1 000	1 094	296
Stage 1 (note 1. 1)	1 064	1 000	1 094	296
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Net expected credit loss raised and released on loans and advances	88 361	155 617	81 847	44 611
Stage 1 (note 4.3.1)	9 761	1 017	8 960	637
Stage 2 (note 4.3.1)	74 645	154 545	69 093	44 095
Stage 3 (note 4.3.1)	3 955	55	3 794	(121)
Net expected credit loss raised and released on other assets	(162 700)	228 970	(153 952)	88 275
Stage 1 (note 5.1)	(162 700)	228 970	(153 952)	88 275
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Net expected credit loss raised and released on off – balance sheet exposures	(775)	6 695	(975)	2 925
Stage 1 (note 11.2.3)	2 612	4 775	2 330	2 240
Stage 2	(3 387)	1 920	(3 305)	685
Stage 3	-	-	-	-
Total credit impairment charges (on and off-balance sheet)	(104 509)	797 472	(100 264)	233 599

	Inflation-adjusted		Historical cost	
	30 June 2021 ZWL'000	31 December 2020 ZWL'000	30 June 2021 ZWL'000	31 December 2020 ZWL'000
5 Other assets				
Inventories	77 220	58 228	27 123	9 915
Prepayments	228 421	205 869	63 790	43 127
Amounts due from group companies	11 867	8 213	11 867	6 805
Other receivables	1 068 869	3 420 027	1 068 869	2 833 770
Internal clearing accounts	8 086 257	6 360 121	8 086 142	5 269 876
	9 472 634	10 052 458	9 257 791	8 163 493
Expected credit loss on other assets	(46 615)	(234 065)	(46 615)	(193 942)
	9 426 019	9 818 393	9 211 176	7 969 551
Current	8 098 301	6 375 698	8 098 301	5 282 784
Non-current	1 327 718	3 442 695	1 112 875	2 686 767
	9 426 019	9 818 393	9 211 176	7 969 551

Internal clearing accounts include suspense accounts where transactions are held temporarily and are cleared daily to the appropriate ledger accounts.

Included in other receivables is ZWL1.1 billion relating to legacy debts and effects of allocation of foreign currency to customers with local currency deposits in line with the previous monetary policies prevailing before 1 October 2018. This receivable is a recovery of the foreign currency which over the years has been transferred to the RBZ in line with the exchange control directives of

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

		Inflation-adjusted		Historical cost	
		30 June 2021 ZWL'000	31 December 2020 ZWL'000	30 June 2021 ZWL'000	31 December 2020 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	234 065	169 537	193 942	31 222
	Originated impairments	(162 700)	337 815	(153 952)	161 561
	Other movements	(24 750)	(273 287)	6 625	1 159
	Closing balance	46 615	234 065	46 615	193 942
6	Share capital				
6.1	Authorised share capital				
	500 000 ordinary shares of ZWL1 each	16 812	16 812	500	500
6.2	Issued share capital				
	260 000 ordinary shares of ZWL1 each	8 744	8 744	260	260
7	Share premium and reserves				
7.1	Share premium				
	Share premium on issue of shares	362 855	362 855	10 790	10 790
7.2	Reserves				
	Non-distributable reserve	672 360	897 629	1 377 327	1 307 707
	Fair value through other comprehensive income	323 291	393 545	338 952	338 952
	Share-based payments reserve	41 996	38 740	9 113	6 078
	Retained earnings	7 290 486	6 605 890	5 336 693	3 807 714
		8 328 133	7 935 804	7 062 085	5 460 451
8	Deposits and current accounts				
	Deposits from other banks	926 966	792 039	926 966	656 269
	Deposits from customers	53 190 670	42 095 462	53 190 670	34 879 511
	Current accounts	24 231 543	18 230 424	24 231 543	15 105 388
	Call deposits	28 923 332	23 834 522	28 923 332	19 748 839
	Term deposits	19 808	16 876	19 808	13 983
	Savings accounts	15 987	13 640	15 987	11 301
	Deposits and current accounts	54 117 636	42 887 501	54 117 636	35 535 780
	Current	54 041 106	42 886 667	54 041 106	35 535 089
	Non-current	76 530	834	76 530	691
		54 117 636	42 887 501	54 117 636	35 535 780
	Maturity analysis				
	The maturity analysis is based on the remaining periods to contractual maturity from period end				
	Redeemable on demand	54 021 298	42 562 957	54 021 298	35 266 869
	Maturing with 1 month	19 808	323 876	19 808	268 358
	Maturing after 1 month but within 12 months	-	264	-	219
	Maturing after 12 months	76 530	404	76 530	334
		54 117 636	42 887 501	54 117 636	35 535 780

9 Classification of financial assets and financial liabilities

		Inflation adjusted				
		Fair value through profit and loss	Fair value through OCI	Amortised cost	Total carrying amount	Fair value
		Held for trading				
		ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
30 June 2021						
Financial assets						
Cash and cash equivalents	-	8 595 184	-	40 379 581	48 974 765	48 974 765
Derivative assets	21 021	-	-	-	21 021	21 021
Financial investments	-	-	-	1 138	1 138	1 138
Investment securities	-	-	451 099	-	451 099	451 099
Loans and advances	-	-	-	12 190 351	12 190 351	12 190 351
Other financial assets	-	-	-	9 120 378	9 120 378	9 120 378
		21 021	8 595 184	451 099	61 691 448	70 758 752
Financial liabilities						
Derivative liabilities	4 039	-	-	-	4 039	4 039
Deposits from other banks	-	-	-	926 966	926 966	926 966
Deposits from customers	-	-	-	53 190 670	53 190 670	53 190 670
Other financial liabilities	-	-	-	11 179 747	11 179 747	11 179 747
		4 039	-	-	65 297 383	65 301 422
Other assets include internal clearing accounts.						
Other liabilities include internal clearing accounts.						

		Inflation adjusted				
		At fair value through profit or loss	Fair value through OCI	Amortised cost	Total carrying amount	Fair value
		Held for trading				
		ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
31 December 2020						
Financial assets						
Cash and cash equivalents	-	11 522 069	-	18 832 070	30 354 139	30 354 139
Derivative assets	15 536	-	-	-	15 536	15 536
Financial investments	-	-	-	2 030 556	2 030 556	2 030 556
Investment securities	-	-	544 423	-	544 423	544 423
Loans and advances	-	-	-	10 688 341	10 688 341	10 688 341
Other assets	-	-	-	9 554 296	9 554 296	9 554 296
		15 536	11 522 069	544 423	41 105 263	53 187 291
Financial liabilities						
Derivative liabilities	1 763	-	-	-	1 763	1 763
Deposits from other banks	-	-	-	792 039	792 039	792 039
Deposits from customers	-	-	-	42 095 462	42 095 462	42 095 462
Other liabilities	-	-	-	5 961 932	5 961 932	5 961 932
		1 763	-	-	48 849 433	48 851 196
Other assets include internal clearing accounts.						
Other liabilities include internal clearing accounts.						

		Historical cost				
		At fair value through profit or loss	Fair value through OCI	Amortised cost	Total carrying amount	Fair value
		Held for trading				
		ZWL'000	ZWL'000	ZWL'000	ZWL'000	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	-	-	-	8 856 159	8 856 159	8 856 159
Other assets	-	-	-	7 916 509	7 916 509	7 916 509
		12 873	9 546 971	451 099	34 059 049	44 069 992
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 liabilities	-	-	-	4 939 945	4 939 945	4 939 945
		1 461	-	-	40 475 725	40 477 186
Other assets include internal clearing accounts.						
Other liabilities include internal clearing accounts.						

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 30 June 2021, 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.

		Inflation adjusted				Valuation techniques and inputs
		Fair values	Level 1	Level 2	Level 3	
Assets	Note	ZWL'000	ZWL'000	ZWL'000	ZWL'000	
30 June 2021						
Financial assets						
Cash and cash equivalent		8 595 184	8 595 184	-	-	
Derivatives assets						
- Foreign exchange contracts		21 021	-	21 021	-	Discounted cash flows
Investment securities	3.2	451 099	-	-	451 099	Net asset value
Investment property		3 316 768	-	-	3 316 768	Sales comparison method, market rentals and yields
Freehold property		1 857 657	-	-	1 857 657	Sales comparison method, market rentals and yields
Total assets		14 241 729	8 595 184	21 021	5 652 524	
Liabilities						
Financial liabilities						
Derivatives liabilities						
- Foreign exchange contracts		4 039	-	4 039	-	Discounted cash flows
Total liabilities		4 039	-	4 039	-	

		Inflation adjusted				Valuation techniques and inputs
		Fair values	Level 1	Level 2	Level 3	
Assets	Note	ZWL'000	ZWL'000	ZWL'000	ZWL'000	
31 December 2020						
Financial assets						
Cash and cash equivalents		11 522 069	11 522 069	-	-	
Derivatives assets						
- Foreign exchange contracts		15 536	-	15 536	-	Discounted cash flows
Investment securities		544 423	-	-	544 423	Net asset value
Investment property		3 363 587	-	-	3 363 587	Sales comparison method, market rentals and yields
Freehold property		2 171 142	-	-	2 171 142	Sales comparison method, market rentals and yields
Total assets		17 616 757	11 522 069	15 536	6 079 152	
Liabilities						
Financial liabilities						
Derivatives liabilities						
- Foreign exchange contracts		1 763	-	1 763	-	Discounted cash flows
Total liabilities		1 763	-	1 763	-	

The following table presents the Bank's assets and liabilities that are measured at fair value at 30 June 2021.

		Historical cost				Valuation techniques and inputs
		Fair values	Level 1	Level 2	Level 3	
Assets	Note	ZWL'000	ZWL'000	ZWL'000	ZWL'000	
June 2021						
Financial assets						
Cash and cash equivalents		8 595 184	8 595 184	-	-	
Derivatives assets						
- Foreign exchange contracts		21 021	-	21 021	-	Discounted cash flows
Investment securities	3.2	451 099	-	-	451 099	Net asset value
Investment property		3 316 768	-	-	3 316 768	Sales comparison method, market rentals and yields
Freehold property		1 857 657	-	-	1 857 657	Sales comparison method, market rentals and yields
Total assets		14 241 729	8 595 184	21 021	5 625 524	
Liabilities						
Financial liabilities						
Derivatives liabilities						
- Foreign exchange contracts		4 039	-	4 039	-	Discounted cash flows
Total liabilities		4 039	-	4 039	-	

		Historical cost				Valuation techniques and inputs
		Fair values	Level 1	Level 2	Level 3	
Assets	Note	ZWL'000	ZWL'000	ZWL'000	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	-	

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10 Fair value estimation (continued)

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					
	30 June 2021			31 December 2020		
	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	3 363 587	2 171 144	5 534 731	2 417 749	2 015 651	4 433 400
Additions	634 604	13 691	648 295	1 142 982	54 357	1 197 339
Transfers (out) of into level 3	-	-	-	(70 696)	70 696	-
Transfers into (out) of level 3	-	-	-	18 127	(18 127)	-
Gains or losses for the period						
Included in profit or loss	(681 423)	(27 936)	(709 359)	(144 575)	(20 616)	(165 191)
Recognised in other comprehensive income	-	(299 242)	(299 242)	-	69 183	69 183
Balance at the end of the period	3 316 768	1 857 657	5 174 425	3 363 587	2 171 144	5 534 731

Reconciliation of level 3 items	Historical cost					
	30 June 2021			31 December 2020		
	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	2 787 005	1 798 969	4 585 974	446 536	372 272	818 808
Additions	602 103	-	602 103	504 943	38 049	542 992
Transfers in/(out) level 3	5 857	(5 857)	-	3 349	(3 349)	-
Transfers (out)/in of level 3	-	-	-	(13 057)	13 057	-
Gains or losses for the period						
Included in profit or loss	(78 197)	(27 936)	(106 133)	1 845 234	(17 082)	1 828 152
Recognised in other comprehensive income	-	92 481	92 481	-	1 396 022	1 396 022
Balance at the end of the period	3 316 768	1 857 657	5 174 425	2 787 005	1 798 969	4 585 974

Reconciliation of level 3 items	Inflation-adjusted		Historical cost	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	Investment securities	Investment securities	Investment securities	Investment securities
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at 1 January	544 423	94 353	451 099	17 426
Additions	-	-	-	-
Gains or losses for the period				
Recognised in other comprehensive income	(93 324)	450 070	-	433 673
Balance at the end of the period	451 099	544 423	451 099	451 099

The table below shows the fair value of financial instruments not measured at fair value as at 30 June 2021:

		Inflation-adjusted			
Assets	Note	Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000
30 June 2021					
Cash and cash equivalents		40 379 581	40 379 581	-	
Financial investments		1 138	-	-	1 138
Loans and advances to customers	4	12 190 351	-	-	12 190 351
Other assets		9 120 263	-	-	9 120 263
Total assets		61 691 333	40 379 581	-	21 311 752
Liabilities					
Financial liabilities measured at amortised cost					
Deposits from other banks	8	926 966	926 966	-	-
Deposits from customers	8	53 190 670	53 170 862	19 808	-
Other liabilities		11 179 747	-	-	11 179 747
Total liabilities		65 297 383	54 097 828	19 808	11 179 747

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

		Inflation-adjusted			
Assets	Note	Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000
31 December 2020					
Cash and cash equivalents		18 832 070	18 832 070	-	-
Financial investments		2 030 556	-	-	2 030 556
Loans and advances	4	10 688 341	-	-	10 688 341
Other assets		9 554 296	-	-	9 554 296
Total assets		41 105 263	18 832 070	-	22 273 193
Liabilities					
Financial liabilities measured at amortised cost					
Deposits from other banks	8	792 039	792 039	-	-
Deposits from customers	8	42 095 462	42 094 628	834	-
Other liabilities		5 961 932	-	-	5 961 932
Total liabilities		48 849 433	42 886 667	834	5 961 932

11 Contingent liabilities and commitments

11.1 The Bank had written letters of credit and guarantees amounting to ZWL812 million as at 30 June 2021 (31 December 2020: ZWL1.8 billion). The amount of these letters of credit and guarantees represents the Bank's maximum exposure and no material losses are anticipated from these transactions.

	Inflation-adjusted		Historical cost	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
11.2 Commitments				
As at 30 June 2021 the contractual amounts of the Bank's commitments to engage in capital expenditure or to extend credit to its customers were as follows:				
11.2.1 Capital commitments				
Capital expenditure authorised but not yet contracted	885 631	284 957	885 631	236 110
11.2.2 Loan commitments				
	1 373 892	855 900	1 373 892	709 183

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

	Inflation adjusted			
	Letter of credit	Guarantee	Loan commitments	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
30 June 2021				
Stage 1				
Balance at the beginning of the year	1 279	929	1 058	3 266
Net movement	(793)	(597)	4 002	2 612
Originated impairments raised	59	36	3 895	3 990
Subsequent changes in expected credit losses	(345)	(630)	574	(401)
Transfers to stage 2	(262)	-	-	(262)
Derecognised including write offs	(245)	(3)	(467)	(715)
Other movements	(134)	(82)	(465)	(681)
Balance at the end of the period	352	250	4 595	5 197
Stage 2				
Balance at the beginning of the year	14	-	5 133	5 147
Net movement	29	-	(3 416)	(3 387)
Originated impairments raised	14	-	461	475
Subsequent changes in expected credit losses	(247)	-	(53)	(300)
Transfers from stage 1	262	-	-	262
Derecognised including write offs	-	-	(3 824)	(3 824)
Other movements	(9)	-	(760)	(769)
Balance at the end of the period	34	-	957	991
Credit impairment (release)/charge	(764)	(597)	586	(775)
Total ECL balance at 30 June 2021	386	250	5 552	6 188

	Inflation adjusted			
	Letter of credit	Guarantee	Loan commitments	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
31 December 2020				
Stage 1				
Balance at the beginning of the year	2 182	2 187	5 004	9 373
Net movement	1 790	984	(95)	2 679
Originated impairments raised	139	-	1 406	1 545
Subsequent changes in expected credit losses	1 804	1 062	710	3 576
Transfers from stage 2	-	-	167	167
Derecognised including write offs	(153)	(78)	(2 378)	(2 609)
Other movements	(2 693)	(2 242)	(3 851)	(8 786)
Balance at the end of the period	1 279	929	1 058	3 266
Stage 2				
Balance at the beginning of the year	-	-	1 451	1 451
Net movement	132	-	6 108	6 240
Originated impairments raised	-	-	5 835	5 835
Subsequent changes in expected credit losses	-	-	640	640
Transfers to stage 1	-	-	(167)	(167)
Derecognised including write offs	132	-	(200)	(68)
Other movements	(118)	-	(2 426)	(2 544)
Balance at the end of the period	14	-	5 133	5 147
Credit impairment charge	1 922	984	6 013	8 919
Total ECL balance at 31 December	1 293	929	6 191	8 413

TOTAL LOSSES CAN BE MANAGED!

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

11 Contingent liabilities and commitments (continued)

	Historical cost			
	Letter of credit ZWL'000	Guarantee ZWL'000	Loan commitments ZWL'000	Total ZWL'000
30 June 2021				
Stage 1				
Balance at the beginning of the year	1 060	770	876	2 706
Net movement	(766)	(550)	3 646	2 330
Originated impairments raised	65	39	4 255	4 359
Subsequent changes in expected credit losses	(277)	(586)	(99)	(962)
Transfers to stage 2	(286)	-	-	(286)
Derecognised including write offs	(268)	(3)	(510)	(781)
Other movements	58	30	73	161
Balance at the end of the period	352	250	4 595	5 197
Stage 2				
Balance at the beginning of the year	12	-	4 253	4 265
Net movement	19	-	(3 324)	(3 305)
Originated impairments raised	14	-	451	465
Subsequent changes in expected credit losses	(281)	-	(43)	(324)
Transfers from stage 1	286	-	-	286
Derecognised including write offs	-	-	(3 732)	(3 732)
Other movements	3	-	28	31
Balance at the end of the period	34	-	957	991
Credit impairment (release)/charge	(747)	(550)	322	(975)
Total ECL balance at 30 June 2021	386	250	5 552	6 188

	Historical cost			
	Letter of credit ZWL'000	Guarantee ZWL'000	Loan commitments ZWL'000	Total 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
Transfers from stage 2	-	-	60	60
Derecognised including write offs	(47)	(24)	(729)	(800)
	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
Transfers to stage 1	-	-	(60)	(60)
Derecognised including write offs	-	-	(90)	(90)
	-	-	7	7
Balance at the end of the period	12	-	4 253	4 265
Credit impairment charges	666	359	3 931	4 956
Total ECL balance at 31 December 2020	1 072	770	5 129	6 971

	Inflation-adjusted		Historical cost	
	30 June 2021 ZWL'000	30 June 2020 ZWL'000	30 June 2021 ZWL'000	30 June 2020 ZWL'000
12 Directors' emoluments and key management compensation				
Non-executive directors' emoluments				
Emoluments of directors in respect of services rendered (included in operating expenses):				
As directors of the company	17 796	18 511	17 108	6 863
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	128 048	77 897	119 886	23 762
Other long-term benefits	-	302	-	92
Post- employment benefits	5 796	3 372	5 484	1 029
	133 844	81 571	125 370	24 883

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	
	30 June 2021 ZWL'000	31 December 2020 ZWL'000	30 June 2021 ZWL'000	31 December 2020 ZWL'000
13.1.1 Amounts due from related parties (bank balances):				
Stanbic Bank Botswana Limited	2 169	1 744	2 169	1 445
Stanbic Bank Swaziland Limited	1	1	1	1
Stanbic Bank Malawi Limited	210	91	210	75
Stanbic Bank Kenya Limited	233	232	233	192
Stanbic Bank Zambia Limited	515	66	515	55
Standard Bank South Africa Limited	2 183 786	1 012 935	2 183 786	839 299
Standard Bank Ise of Man Douglas	17 084 922	9 871 049	17 084 922	8 178 966
	19 271 836	10 886 118	19 271 836	9 020 033
Related through shareholding in the parent company				
Industrial and Commercial Bank of China (bank balances)	187 319	515	187 319	249

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	
	30 June 2021 ZWL'000	30 June 2020 ZWL'000	30 June 2021 ZWL'000	30 June 2020 ZWL'000
13.1.2 Transactions				
Interest income from:				
Standard Bank South Africa Limited	1 106	752	1 036	193
Standard Bank Ise of Man Douglas	3 868	33 094	3 621	11 563
13.1.3 Group recharges	592 912	359 032	557 637	114 546

	Inflation-adjusted		Historical cost	
	30 June 2021 ZWL'000	31 December 2020 ZWL'000	30 June 2021 ZWL'000	31 December 2020 ZWL'000
13.2 Deposits and loans with related parties-related through common directorship				
Total loans and advances	-	-	-	-
Total customer deposits	35 802	7 939	35 802	6 578

14 Capital management

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

The Bank's objectives when managing capital are to:

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

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

Capital adequacy	30 June 2021 ZWL'000	31 December 2020 ZWL'000
Ordinary paid up share capital	260	260
Share premium	10 790	10 790
Retained earnings	5 336 693	3 807 714
Market and operational risk	(590 680)	(333 589)
Less exposures to insiders	(8 340)	-
Reserves	349 272	346 237
Tier 1 capital	5 097 995	3 831 412
Revaluation reserve	1 376 120	1 306 500
General provisions (limited to 1.25% of risk weighted assets)	425 183	282 048
Tier 2 capital	1 801 303	1 588 548
Market risk	20 116	40 635
Operational risk	570 564	292 955
Tier 3 capital	590 680	333 590
Total Tier1 and 2 capital	6 899 298	5 419 960
Tier 3	590 680	333 590
	7 489 978	5 753 550
Risk weighted assets ("RWAs")	26 631 123	18 393 968
Operational risk equivalent assets	7 132 053	3 661 932
Market risk equivalent assets	251 452	507 936
Total risk weighted assets ("RWAs")	34 014 628	22 563 836
Tier 1 capital ratio	15%	17%
Tier 1 and 2 capital ratio	20%	24%
Tier1,2 and Tier 3 capital	22%	26%
Capital adequacy ratio excluding market and operational risk weighted assets	21%	24%

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 30 June 2021, funds under custody amounted to ZWL106 billion (31 December 2020: ZWL35.8 billion) and fee income amounting to ZWL48.7 million on an inflation adjusted basis (30 June 2021: ZWL45.2 million) had been received in return for these services. The historical cost fee and commission income earned amounted to ZWL46 million (2020: ZWL10 million).

16 Dividend declaration

During the first half of the year, the Bank had paid a dividend of ZWL532 million in inflation adjusted terms and ZWL513 million in historical cost terms.

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	2021	2020	2019	2018	2017
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

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

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 afunctional 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.

Adequacy of Risk Management Systems (continued)

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 polices 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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