

Stanbic Bank IT CAN BE

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 vear ended 30 June 2021

State of the operating environment in the country

Stanbic Bank

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

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- 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.

Outlool

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	п
Gregory Sebborn (Chairman)	3	**	**	2	1	2
Solomon Nyanhongo (Chief Executive)	3	**	**	**	**	**
Gregory Brackenridge *	3	**	**	2	2	**
Kingston Kamba	3	**	3	**	2	**
Tafadzwa Mahachi (Executive)	3	**	**	**	**	**
Simbarashe Mhuriro	3	**	**	2	**	2
Muchakanakirwa Mkanganwi	3	2	3	**	**	2
Betty Murambadoro (Executive)	3	**	**	**	**	**
Valentine Mushayakarara	3	2	**	2	**	**
Nellie Tiyago	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 environ

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;

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- 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 Stanibic 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

To the Blue Bankers, I extend my sincere appreciation for your continued hard work, diligence, commitment, resilience and relentless efforts which ment of these commendable results in the midst of increasing headwinds exacerbated by the resurgence of have culminated in the achieve

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 indepe

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 nd reasonable steps are taken with respect to Information Technology (IT) governance. The committee reviews and as ensure that prudent a 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

pandemic throughout this half year

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 The manual success of the state its strategy in an increasingly difficult operating environment.

Solomon Nyanhongo **Chief Executive**

24 August 2021

Historical cost

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

STATEMENT OF FINANCIAL POSITION As at 30 June 2021

🗩 MoneyGram.

		Inflation-	-adjusted	Historio	al cost
	Note	30 June 2021 ZWĽ'000	31 December 2020 ZWL'000	30 June 2021 ZWL'000	31 December 2020 ZWL'000
ASSETS					
Cash and cash equivalents	1	48 974 765	30 354 139	48 974 765	25 150 871
Derivative assets	2	21 021	15 536	21 021	12 873
Financial investments	3	1 1 3 8	2 030 556	1 1 3 8	1 682 481
Investment securities	3.2	451 099	544 423	451 099	451 099
Loans and advances	4	12 190 351	10 688 341	12 190 351	8 856 159
Other assets	5	9 426 019	9 818 393	9 211 176	7 969 551
Intangible assets		1 175 025	1 226 324	215 812	171 437
Investment property		3 316 768	3 363 587	3 316 768	2 787 005
Property and equipment		2 689 040	2 931 168	2 150 934	1 948 266
Right of use assets		31 753	30 7 36	32 593	9 484
Total assets		78 276 979	61 003 203	76 565 657	49 039 226
EQUITY AND LIABILITIES					
Equity		8 699 732	8 307 403	7 073 135	5 471 501
Ordinary share capital	6.2	8 7 4 4	8 7 4 4	260	260
Ordinary share premium	7.1	362 855	362 855	10 790	10 790
Reserves	7.2	8 328 133	7 935 804	7 062 085	5 460 451
Liabilities					
Derivative liabilities		4 039	1 763	4 039	1 461
Deposits and current accounts	8	54 117 636	42 887 501	54 117 636	35 535 780
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 income liability		711 455	244 156	711 455	202 303
Deferred tax liability		663 134	723 823	578 409	504 718
Other liabilities		14 080 983	8 838 557	14 080 983	7 323 463
Total liabilities		69 577 247	52 695 800	69 492 522	43 567 725
Total equity and liabilities		78 276 979	61 003 203	76 565 657	49 039 226

INCOME STATEMENT

For the half year ended 30 June 2021

	Inflation	-adjusted	Historic	al cost	
Note	30 June 2021 ZWL'000	30 June 2020 ZWL'000	30 June 2021 ZWL'000	30 June 2020 ZWL'000	
Net interest income Non interest income	2 555 635 3 059 494	802 868 5 235 138	2 430 067 3 436 813	234 928 2 858 125	
Total income	5 615 129	6 038 006	5 866 880	3 093 053	
Total expected credit losses 4.4 Income after credit loss allowances	104 509 5 719 638	(797 472) 5 240 534	100 264 5 967 144	(233 599) 2 859 454	
Operating expenses	(3 212 635)	(2 666 549)	(2 914 403)	(766 557)	
Staff costs Other operating expenses Loss on net monetary position	(1 923 809) (1 288 826) (285 875)	(1 365 669) (1 300 880) (250 138)	(1 795 808) (1 118 595)	(416 590) (349 967)	
Net income before indirect tax	2 221 128	2 323 847	3 052 741	2 092 897	
Indirect tax	(122 653)	(105 015)	(115 304)	(31 853)	
Profit before direct tax	2 098 475	2 218 832	2 937 437	2 061 044	
Direct tax	(881 443)	(964 158)	(895 918)	(659 534)	
Profit for the period	1 217 032	1 254 674	2 041 519	1 401 510	

STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 June 2021

	Inflation	-adjusted	Historical cost			
	30 June 2021 ZWL'000	30 June 2020 ZWL'000	30 June 2021 ZWL'000	30 June 2020 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							
					Fair value			
	Ordinary	Ordinary	Non-		through other	Share-based		Ordinary
	share	share o	listributable	Revaluation	comprehensive	payment	Retained	shareholder's
	capital	premium	reserve	reserve	income	reserve	earnings	equity
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Half year ended 30 June 2021								
Balance as at 1 January 2021	8 7 4 4	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

					inscorricul cose			
					Fair value			
	Ordinary	Ordinary	Non-			Share-based		Ordinary
	share	share	distributable	Revaluation	comprehensive	payment	Retained	shareholder's
	capital	premium	reserve	reserve	income	reserve	earnings	equity
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	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	338 952	6 078	3 807 714	5 471 501
Profit for the period	-	-	-	-	-	-	2 041 519	2 041 519
Other comprehensive income								
Gain on revaluation of land and buildings (net of tax)	-	-	-	69 620	-	-	-	69 620
Total comprehensive income for the year	-	-	-	69 620	-	-	2 041 519	2 111 139
Equity-settled share-based payments	-	-	-	-	-	3 035	-	3 035
Dividend paid	-	-	-	-	-	-	(512 540)	(512 540
Transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	3 035	(512 540)	(509 505
Balance as at 30 June 2021	260	10 790	1 207	1 376 120	338 952	9 1 1 3	5 336 693	7 073 135
					Historical cos			
					Fair value			
	Ordinary	Ordina	ry Non- re distributable		through othe on comprehensive	r Share-based payment		Ordinary shareholder's
	capital	premiu						equity
	ZWL'000	ZWL'00						ZWL'000
Half year ended 30 June 2020								
Balance as at 1 January 2020	260	10 79	0 1 207	255 5	75 12 483	1 084	626 892	908 291
Profit for the period	-			-		-	1 401 510	1 401 510
Other comprehensive income								

Other comprehensive income								
Gain on revaluation of land and buildings (net of tax)	-	-	-	894 607	-	-	-	894 607
Total comprehensive income for the period	-	-	-	894 607	-	- 140	01 510	2 296 117
Equity-settled share-based payments	-	-	-	-	-	2 171	-	2 171
Total transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	2 171	-	2 171
Balance as at 30 June 2020	260	10 790	1 207	1 150 182	12 483	3 255 2 02	28 402	3 206 579

Inflation-adjusted

STATEMENT OF CASH FLOWS

For the half year ended 30 June 2021

	Inflation	adjusted	Historic	al cost
	30 June 2021 ZWL'000	30 June 2020 ZWL'000	30 June 2021 ZWL'000	30 June 2020 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 27 3	11 130	2 520
Equity-settled share-based payments	3 256	7 534	3 0 3 5	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 1 4 8)	(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:	(57 551)	(55 455)	(34 240)	(10 202)
- 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	(300 040)	(1150 502)	(045 205)	(275 555)
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	10 022 100	.2 023 320	23 823 833	15 120 100
of the interim reporting period	30 354 139	24 120 820	25 151 321	4 454 894
Cash and cash equivalents at end of	56 55 55	21.120.020	23 131 321	
the interim reporting period	48 976 324	36 950 140	48 976 324	17 881 060
5				

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 interir esults, including the statement of financial pos

		Inflat	tion adjusted			
			Fair value			
Ordinary Ordinary	Non-		through other	Share-based		Ordinary
share share	distributable	Revaluation	comprehensive	payment	Retained	shareholder's
pital premium	n reserve	reserve	income	reserve	earnings	equity
000 ZWL'000	ZWL'000	ZWL'000	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	54 730	27 434	5 243 600	6 542 914
Profit for the period	-	-	-	-	-	-	1 254 674	1 254 674
Other comprehensive income								
Net change in fair value of equity investment	-	-	-	-	(43 920)	-	-	(43 920)
Gain on revaluation of land and buildings net of tax	-	-	-	868 217	-	-	-	868 217
Total comprehensive income for the period	-	-	-	868 217	(43 920)	-	1 254 674	2 078 971
Equity-settled share-based payments	-	-	-	-	-	7 534	-	7 534
Total transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	7 534	-	7 534
Balance as at 30 June 2020	8 743	362 857	40 593	1 673 174	10 810	34 968	6 498 274	8 629 419

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

COVID-19 pandemic

As the year 2021 commenced, the country was confronted with the second wave of the deadly respiratory disease which saw the Government reinstating blanket lock down conditions for the first two months of the year, all in an effort to curb the surge in the number of COVID-19 infections. During this period, most businesses were closed for operations except for those in the essential services categories, in turn subdued levels of business activity were recorded. The Bank continued to review its business continuity plans to preserve life during these trying times by further reducing the number of staff who were working from the office through enabling remote working for additional staff members. The Bank has continued to expand its digital solution offering in our quest to foster social distancing during this difficult period. Before the end of the second quarter of the year, the country was again gripped by the third wave of COVID-19 pandemic which was highly contagion as evidenced by the rapid spike in the number of new infections that has been experienced during the period.

The Bank continues to assess the impact of COVID-19 on the quality of its lending book given the devastating impact that the pandemic continued to have on business operations through the reduced level of business activity. As at the end of June 2021, the Bank had raised sufficient credit impairments after assessing the impact of the pandemic on the business operations of its credit counterparties.

In an effort to alleviate the impact of COVID-19 on our customers' businesses, some facilities had been restructured during the period through the deferment of both interest and capital to customers whose operations had been disrupted by the deadly virus.

Functional and presentation currency

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

New standards, amendments and interpretations, effective for accounting periods beginning on 1 January 2021 adopted by the Bank

Standard ("IFRS/IAS")/		
Interpretation	Content	Applicable for financial years beginning on/after
IFRS 4, IFRS 7, IFRS 9, IFRS 16, IAS 39	IFRS 4 Insurance Contracts, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 16 Leases, IAS 39 Financial Instruments: Recognition and Measurement (amendments)	Annual periods beginning on or after 1 January 2021
IFRS 16	Leases (amendment)	Annual periods beginning on or after 1 January 2021
IAS 1, IAS 8	IAS 1 Presentation of Financial Statements (amendments), IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (amendments)	Annual periods beginning on or after 1 January 2021
IAS 8	IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Annual periods beginning on or after 1 January 2021
IAS 12	IAS 12 Income Taxes (amendment)	Annual periods beginning on or after 1 January 2021

IFRS 4 Insurance Contracts, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 16 Leases, IAS 39 Financial Instruments: Recognition and Measurement (amendments). The second phase of Interest Rate Benchmark Reform (IBOR) resulted in amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 requirements to enable companies to deal with its effect on financial instruments and to continue providing useful information to investors. The amendments require entities to update the effective interest rate to reflect the change to the alternative benchmark rate instead of derecognising or adjusting the carrying amount of financial instruments for changes required by the reform. An entity will not have to discontinue hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria. In addition, the amendments require companies to provide additional information to investors about new risks arising from the reform and how it manages the transition to alternative benchmark rates. The Bank will transition to alternative benchmarks as each interest rate benchmark is replaced. The Bank has established a committee and working group within treasury and capital management to manage this transition.

Early adoption of amended standards

IFRS 16 Leases (amendment), In light of the recent COVID-19 pandemic and resultant rent concessions to be granted by lessors, the amendment permits lessees, as a practical expedient, not to assess whether particular Covid-19 related rent concessions are lease modifications and instead account for those rent concessions as if they were not lease modifications. The amendment permits lessees to apply the practical expedient as an accounting policy choice to rent concessions for which any reduction in lease payments affects payments originally due on or before 30 June 2021. The Bank elected not to apply this practical expedient.

IAS 1 Presentation of Financial Statements (amendments), IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (amendments). In response to the IASB's Disclosure Initiative – Principles of Disclosure, the amendments introduce a requirement on entities to disclose their material accounting policy information rather than significant accounting policies. To support this amendment the IASB also amended its IFRS Materiality Practice Statement to explain and demonstrate the application of the materiality process to accounting policy disclosures. The amendments have been applied prospectively.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments introduce the definition of accounting estimates and include amendments to assist entities to distinguish changes in accounting estimates from changes in accounting policies. The amendments have been applied prospectively.

IAS 12 Income Taxes (amendment). The amendments narrow the scope of the initial recognition exemption of deferred tax assets and liabilities. The exemption no longer applies to transactions that, at initial recognition, give rise to equal taxable and deductible temporary differences. The amendments have been applied retrospectively.

Annual improvements 2018-2020 cycle. The IASB has issued various amendments and clarifications to existing IFRS. The amendments have been applied retrospectively.

The adoption of new and amended standards on 1 January 2021 did not affect the Bank's previously reported financial results, disclosures or accounting policies and did not impact the Bank's results upon transition.

RISK MANAGEMENT AND CONTROL

Overview

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

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

Risk categories

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

Market risk

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

Liquidity risk

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

Operational risk

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

Business risk

Business risk is the risk of loss due to operating revenues not covering operating costs and is usually caused by the following: • inflexible cost structure, or

- market-driven pressures, such as decreased demand, increased competition or cost increases, or
- Bank-specific causes, such as a poor choice of strategy, reputational damage or the decision to absorb costs or losses to preserve reputation
 Reputational risk

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

Credit risk

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

Framework and governance

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

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

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

Each borrower (counterparty) is assigned a risk grade using an appropriate rating model. Rating models are used to achieve objectivity, comparability, transparency and consistency in the rating assignment process.

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

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

Master rating scale band SB1-12 SB13-20 SB21-25

SICR trigger (from origination) Low credit risk 3 rating or more 1 rating or more

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

Credit risk mitigation

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

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

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

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

The main types of collateral obtained by the Bank for its banking book exposures include: • mortgage bonds over residential, commercial and industrial properties

- cession of book debts
- pledge and cession of financial assets

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

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

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

Risk appetite

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

The Board establishes the Bank's parameters for risk appetite by:

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

- bonds over plant and equipment
- the underlying movable assets financed under leases and
- instalment sales.

Reverse repurchase agreements and commodity leases to customers are collateralised by the underlying assets. Guarantees and related legal contracts are often required, particularly in support of credit extension to groups of companies and weaker obligors. Guarantors include banks, parent companies, shareholders and associated obligors. Creditworthiness is established for the guarantor as for other obligor credit approvals.

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

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

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

Stanbic Bank IT CAN

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	(advances and Credit risk grade Credit risk grade Credit risk grade						Balance sheet	
	financial		- SB12	SB13 - SB20		SB21 - SB25			impairments
	investments)	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Default	(stage 3)
Mortgage loans	386 683	368 591	-	-	-	-	17 589	503	(114)
Instalment sale and finance leases	1 356 943	1 317 896	-	-	-	-	39 047	-	-
Personal unsecured lending	2 394 100	307 980	-	1 864 127	-	-	213 786	8 207	(5 884)
Business lending and other	2 455 326	848 529	-	1 403 177	-	-	202 233	1 387	(3 0 3 6)
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		-	8 582 628	122 550	1 745	476 541	10 097	(9 034)
Financial investments at amortised cost									
Sovereign	1 1 3 8	-	-	-	-	1 1 3 8	-	-	-
Banking	-	-	-	-	-	-	-	-	-
Total financial investments	1 1 3 8	-	-	-	-	1 138	-	-	-
Expected credit loss for financial investments									
Stage 1	-	-	-	-	-	-	-	-	-
Net financial investments	1 1 3 8	-	-	-	-	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 0 3 4)	-	-	-	-	-	-	-	(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 1 2 0 3 7 8								
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	Credit ri SB1	sk grade - SB12		risk grade 3 - SB20	Credit ris SB21	ik grade - SB25		Balance sheet impairments
	investments)	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Default	(stage 3)
Mortgage loans	131 889	118 773	-	-	12 503	-	-	613	(1 243)
Instalment 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 8 1 6	-	-	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 1 4 7)	-	-	(5 1 3 3)	(14)	-	-	-	-

Maturity analysis assets and liabilities:

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

			Inf	lation adjusted			
30 June 2021 Liquidity	Redeemable	Up to 1	1-3	3-12	Above 1	Insensitive	
gap analysis (ZWL'000)	on demand	month	months	months	year	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 1 2 5	-	-	1 1 3 8
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 0 3 9
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:

			Inf	lation adjusted	I		
31 December 2020 Liquidity gap	Redeemable	Up to 1	1-3	3-12	Above 1	Insensitive	
analysis (ZWL'000)	on demand	month	months	months	year	portion	Total
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	Redeemable	Up to 1	1-3	3-12	Above 1	Insensitive					
gap analysis (ZWL'000)	on demand	month	months	months	year	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 1 2 5	-	-	1 1 3 8				
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 0 3 9				
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 liabilities include internal clearing accounts.

Maturity analysis assets and liabilities:

		Historical cost								
31 December 2020 Liquidity gap analysis (ZWL'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	Tota			
Assets										
Cash and cash equivalents	16 972 355	8 178 966	-	-	-	(450)	25 150 87			
Derivative assets	-	12 873	-	-	-	-	12 87			
Financial investments	-	-	684 304	1 026 455	-	(28 278)	1 682 481			
Investment securities	-	-	-	-	-	451 099	451 099			
Loans and advances	3 224 509	699 494	2 702 164	1 552 576	853 871	(176 455)	8 856 159			
Other assets	23 799	5 258 998	-	-	2 827 654	(193 942)	7 916 509			
Total	20 220 663	14 150 331	3 386 468	2 579 031	3 681 525	51 974	44 069 992			
Liabilities										
Derivative liabilities	-	1 461	-	-	-	-	1 461			
Deposits from customers and other banks	35 266 869	268 358	219	-	334	-	35 535 780			
Other liabilities	-	3 416 544	677 489	839 817	-	6 095	4 939 945			
Total	35 266 869	3 686 363	677 708	839 817	334	6 095	40 477 186			
Liquidity gap	(15 046 206)	10 463 968	2 708 760	1 739 214	3 681 191	45 879				
Cumulative liquidity gap	(15 046 206)	(4 582 238)	(1 873 478)	(134 264)	3 546 927	-	-			
Off-balance sheet exposures							•			
Letters of credit	(280 440)	(393 238)	(861 889)	-	(40 893)	-				
Financial guarantees	(15 822)	(7 981)	(13 164)	(166 132)	-	-				
Total liquidity gap (on-and off balance sheet)	(15 342 468)	(4 983 457)	(2 748 531)	(300 396)	3 506 034	-				
Total cumulative liquidity gap	(15 342 468)	(5 279 719)	(3 446 012)	(1 872 930)	1 767 368	-	-			

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

Add the follo

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

wing other banking

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.

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



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:

				ı adjusted		
Statement of financial position	Total	ZWL	USD	ZAR	GBP	Othe
by currency as at 30 June 2021	ZWL'000	ZWĽ000	ZWĽ000	ZWL'000	ZWL'000	ZWL'00
Assets						
Cash and cash equivalents	48 974 765	12 249 359	32 370 778	2 153 842	90 605	2 110 18
Derivative assets	21 021	21 021	-	-	-	
Financial investments	1 1 38	1 1 3 8	-	-	-	
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 24
ntangible assets	1 175 025	1 162 785	-	12 240	-	
nvestment property	3 316 768	3 316 768	-	-	-	
Property and equipment	2 689 040	2 689 040	-	-	-	
Right of use assets	31 753	31 753	-	-	-	
Fotal assets	78 276 979	32 845 117	41 050 761	2 178 906	90 768	2 111 42
Equity and liabilities	0 000 700	0 600 722				
Equity	8 699 732	8 699 732	-	-	-	
Ordinary share capital	362 855	8 744 362 855	-	-	-	
Ordinary share premium Reserves	8 328 133	8 328 133	-	-	-	
Liabilities	69 577 251	27 851 952	38 403 505	2 373 550	828 371	119 86
Derivative liabilities	4 039	4 039	20 403 203		020 37 1	113.00
Fotal deposits	4 039 54 117 636	4 039 24 410 088	27 212 335	- 1 573 873	821 160	100 18
Deposits from other banks	926 966	24 410 088	324 567	143 280	452 558	6 46
Deposits from customers	53 190 670	24 409 991	26 887 768	1 430 593	368 602	93 71
Current taxation liability	711 455	711 455				5571
Deferred tax liability	663 134	663 134	-	-	-	
Other liabilities	14 080 983	2 063 236	11 191 170	799 677	7 211	19 68
Fotal equity and liabilities	78 276 979	36 551 684	38 403 505	2 373 550	828 371	119 86
Currency gap		(3 706 567)	2 647 256	(194 644)	(737 603)	
Currency size as % of overall			2 200			
statement of financial position	100%	42%	52%	3%	0%	39
				n adjusted		
Statement of financial position	Total	ZWL	USD	ZAR	GBP	Othe
by currency as at 31 December 2020	ZWL'000	ZWL'000	ZWĽ000	ZWL'000	ZWL'000	ZWĽ00
Assets						
Cash and cash equivalents	30 354 139	2 464 870	26 638 272	718 232	47 283	485 48
Derivative assets	15 536	15 536	20 030 272	/10232	47 203	405 40
Financial investments	2 030 556	2 030 556	-	_	-	
nvestment 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 29
Intangible assets	1 226 324			111 524	2 02 1	90 29
5		1 111 273	115 051	-	-	
nvestment property	3 363 587	3 363 587	-	-	-	
Property and equipment	2 931 168	2 931 168	-	-	-	
Right of use assets	30 736	30 736	-	-	-	504 77
Fotal assets	61 003 203	28 574 585	30 964 179	829 756	52 904	581 77
Equity and liabilities						
Equity and habilities	8 307 403	8 307 403		-		
Equity Ordinary share capital	8 744	8 744	-		-	
Ordinary share capital Ordinary share premium	362 855	362 855	-	-	-	
Ordinary share premium Reserves	7 935 804	362 855 7 935 804	-	-	-	
leserves	52 695 800	19 889 389	30 978 793	1 071 941	301 291	454 80
Derivative liabilities	1 763	19 889 389	50 51 01 25		501251	-54 00
Jerivative liabilities Fotal deposits	42 887 501	1 763	- 23 530 966	588 114	289 664	360 44
	792 039	18 18 3 3	375 037	195 800	289 664	62 07
Deposits from other banks Deposits from customers	42 095 462	18 118 196	375 037 23 155 929	392 314	130 655	298 36
Deposits from customers Deferred and current tax liabilities	967 979	967 979	52122353	JJC 314	120 023	220.20
Other liabilities	8 838 557	801 334	7 447 827	483 827	11 627	94 36
Fotal equity and liabilities	61 003 203	28 196 792	30 978 793	1 071 941	301 291	454 80
Currency gap	01 003 203	377 793	(14 614)	(242 185)	(248 387)	
Currency gap	-	511193	(14 0 14)	(242 103)	(240.30/)	120 9/
statement of financial position	100%	47%	51%	1%	0%	19
	100%	-17/0	5170	170	070	17
			Histor	ical cost		
Statement of financial position	Total	ZWL	USD	ZAR	GBP	Othe
by currency as at 30 June 2021	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWĽ00
Assets	40.07 / 7	10.040.055	22 270 77-	2 4 5 2 2 4 2	00.00-	0 1 1 0 1 -
Cash and cash equivalents	48 974 765	12 249 359	32 370 778	2 153 842	90 605	2 110 18
Derivative assets	21 021	21 021	-	-	-	
inancial investments	1 138	1 1 38	-	-	-	
nvestment securities	451 099	451 099	-	-	-	
Loans and advances	12 190 351	10 325 564	1 864 787	-	-	1
Other assets	9 211 176	2 381 747	6 815 196	12 824	163	1 24

			Histori	cal cost		
Statement of financial position	Total	ZWL	USD	ZAR	GBP	Other
by currency as at 31 December 2020	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWĽ000
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 2021 ZWL'000	December 2020 ZWL'000
Increase in basis points	100	100
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	-	-

		Inflation adjusted								
30 June 2021 interest rate repricing gap analysis (ZWL'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	Total			
Assets										
Cash and cash equivalents	15 193 731	13 279 078	-	-	-	20 501 956	48 974 765			
Derivative assets	-	-	-	-	-	21 021	21 021			
Financial investments	-	13	-	1 1 2 5	-	-	1 1 3 8			
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			
nterest 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)	-	-			

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%

9 211 176 2 381 747

203 572

215 812

Other assets

Intangible ass

6 815 196

12 824

12 240

163

1 246

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

on demand

9 4 3 9 2 7 1

9 439 271

42 886 904

42 886 904

(33 447 633) 17 918 014

Redee

Up to 1

month

7 219 516

10 698 498

17 918 014

1-3

months

820 680

820 680

237

820 443

(33 447 633) (15 529 619) (14 709 176) (13 356 773) (13 357 133)

3-12

months

1 231 020

121 383

1 352 403

1 352 403

>1 Non-interest

bearing

13 695 352

15 536

(21 144)

544 423

(131 540)

9 554 296

23 656 923

1 763

5 961 932

5 963 695

17 693 228

4 336 095

vear

360

360

(360)

31 December 2020 interest rate repricing

Cash and cash equivalents

Derivative assets

Financial investments

Investment securities

Loans and advances

Equity and liabilities

Derivative liabilities

Other liabilities

Other assets

Total

Tota

gap analysis (ZWL'000)



One platform to address your multiple business needs.



UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

Total

30 354 139

2 030 556

10 688 341

9 554 296

53 187 291

42 887 501

5 961 932

48 851 196

1 763

544 423

15 536

Foreign currence	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

1

2

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		Historio	cal cost
	30 June 2021 ZWĽ'000	31 December 2020 ZWL'000	30 June 2021 ZWL'000	31 December 2020 ZWL'000
Cash and cash equivalents				
Bank notes Balances with the Central Bank	7 517 410 12 986 105	11 049 069 2 645 912	7 517 410 12 986 105 28 472 800	9 155 052 2 192 353
Balances with other banks	28 472 809 48 976 324	16 659 701 30 354 682	28 472 809 48 976 324	13 803 916 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	Historic	cal 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)	

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	Histori	cal 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 Foreign exchange contracts	21 021	15 536	21 021	12 873
Maturity analysis of net fair value Up to 1 month	21 021	15 536	21 021	12 873

Interest rate repricing gap Cumulative interest rate repricing gap

Other assets include internal clearing accounts

Deposits from customers and other banks

Other liabilities include internal clearing a

			н	istorical cost			
30 June 2021 interest rate repricing gap analysis (ZWL'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	Total
Assets							
Cash and cash equivalents	15 193 731	13 279 078	-	-	-	20 501 956	48 974 765
Derivative assets	-	-	-	-	-	21 021	21 021
Financial investments	-	13	-	1 125	-	-	1 1 3 8
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

			i.	istorical cost			
31 December 2020							
interest rate repricing	Redeemable	Up to 1	1-3	3-12	>1	Non-interest	
gap analysis (ZWL'000)	on demand	month	months	months	year	bearing	Total
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)	-	

ets include internal clearing ar

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.

	Inflation-	adjusted	Historic	al 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 Foreign exchange contracts	(4 039)	(1 763)	(4 039)	(1 461)
Maturity analysis of net fair value Up to 1 month	(4 039)	(1 763)	(4 039)	(1 461)

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UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

3.2

4

		Inflation-a	djusted	Histori	cal cost
		30 June	31 December	30 June	31 December
		2021 ZWĽ000	2020 ZWL'000	2021 ZWL'000	2020 ZWĽ000
3	Financial investments	2 020 555	035.004	1 602 401	150 507
	Balance at the beginning of the period Transfer from/(to) pledged assets	2 030 556	825 904 267 518	1 682 481	152 537 49 408
	Additions	5 001 125	5 626 484	5 001 125	4 662 000
	Accrued interest	13	12 985	13	10 759
	Total disposals	(7 061 015)	(4 390 980)	(6 710 759)	(3 165 759)
	Disposals	(7 050 256)	(4 386 443)	(6 700 000)	(3 162 00)
	Interest received	(10 759)	(4 537)	(10 759)	(3 759)
	Expected credit loss	20.450			(0.0. I.C.))
	allowances (note 3.1.4) Balance at the end of the period	30 459 1 138	(311 355) 2 030 556	28 278	(26 464)
	balance at the end of the period	1150	2 030 330	1150	1 002 401
	Current	1 1 3 8	2 030 556	1 1 3 8	1 682 481
	Non- current	-	-	-	-
		1 138	2 030 556	1 1 38	1 682 481
3.1	Financial investments				
	Other financial investments				
	Comprising:				
	Date at an estimation of each				
	Debt at amortised cost	1 138	2 064 684	1 138	1 710 759
	Sovereign	1 1 3 8	2 004 084	1 138	1710759
3.1.2	Gross financial investments				
	Sovereign	1 138	2 064 684	1 138	1 710 759
	Expected credit loss				
	Stage 1	-	(34 128)	-	(28 278)
	Net debt financial investments	1 138	2 030 556	1 138	1 682 481
		1 1 3 8	2 030 556	1 1 3 8	1 682 481
3.1.3	Expected credit loss for debt				
	financial investments				
			Inflat	ion-adjusted	
		Stage 1	Stage 2	Stage 3	Total
	Courseine kurs 2021				
	Sovereign June 2021		-		
	Sovereign December 2020	(34 128)	-	-	(34 128)
	2				
3.1.3.1	Expected credit loss for debt				
	financial investments		His	storical cost	
		Stage 1	Stage 2	Stage 3	Total
	Sovereign June 2021		-		
	Courses Decomber 2020	(20.270)			(20.270)
	Sovereign December 2020	(28 278)	-	-	(28 278)
3.1.4	A reconciliation of the expected credit losse	es for debt financial ir	nvestments at amortised	cost, by class:	
					an adjusted
					on adjusted
				Sovereign	Total
	Stage 1				
	Balance at beginning of the year			34 128	34 128
	Net movement			(30 459)	(30 459)
	Originated impairments raised			-	(20.450)
	Subsequent decrease in expected credit los Other movements	21		(30 459) (3 669)	(30 459) (3 669)
	Balance at the end of period				
				Inflatior	1 adjusted 2020
				Sovereign	Total
	Stage 1			0.000	0.000
	Balance at beginning of the year			9 822	9 822
	Net movement Originated impairments raised			311 355	311 355 321 177
	Subsequent decrease in expected credit los	SS		(9 822)	(9 822)
	Other movements			(287 049)	(287 049)
	Balance at the end of period			34 128	34 128
				Hist	orical cost
				HISU	
				Sovereign	Total
	Stage 1 Balance at beginning of the year				

VISA

	Inflation-	-adjusted	Histor	ical cost
	30 June 2021 ZWĽ'000	31 December 2020 ZWL'000	30 June 2021 ZWL'000	31 December 2020 ZWL'000
Maturity analysis The maturities represent periods to contractual redemption of the financial investments recorded:				
Maturing within one year	1 1 3 8	2 030 556	1 1 38	1 682 481
Investment securities Balance at the beginning of the period	544 423	94 353	451 099	17 426
Additions	-	-		-
Net change in fair value	(93 324)	450 070	-	433 673
Balance at the end of period	451 099	544 423	451 099	451 099

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

	Inflation	-adjusted	Histor	ical cost
	30 June 2021 ZWĽ000	31 December 2020 ZWL'000	30 June 2021 ZWL'000	31 December 2020 ZWL'000
Loans and advances Personal & Business Banking: Gross				
loans and advances measured				
at amortised cost	6 593 052	3 964 114	6 593 052	3 284 591
Mortgage loans	386 683	131 889	386 683	109 281
Instalment sale and finance leases	1 356 943	772 114	1 356 943	639 759
Personal unsecured lending	2 394 100	1 143 702	2 394 100	947 650
Business Lending and other	2 455 326	1 916 409	2 455 326	1 587 901
business centaing and other	2455 520	1 510 405	2 433 320	1 307 301
Corporate & Investment Banking				
Loans and advances				
Corporate Lending	5 859 748	6 937 187	5 859 748	5 748 023
Expected credit loss	(262 449)	(212 960)	(262 449)	(176 455)
Stage 1	(31 882)	(27 260)	(31 882)	(22 587)
Stage 2	(221 533)	(181 060)	(221 533)	(150 023)
Stage 3	(9 034)	(4 640)	(9 0 3 4)	(3 845)
Net loans and advances	12 190 351	10 688 341	12 190 351	8 856 159
Maturity analysis				
The maturity analysis is based on the				
remaining periods to contractual				
maturity from period end				
Redeemable on demand	5 248 651	3 891 603	5 248 651	3 224 509
Maturing within 1 month	777 487	844 207	777 487	699 494
Maturing after 1 month				
but within 12 months	4 150 052	5 134 970	4 150 052	4 254 740
Maturing after 12 months	2 276 610	1 030 521	2 276 610	853 871
Gross loans and advances	12 452 800	10 901 301	12 452 800	9 032 614

		Inflation	-adjusted	
	30 June	30 June	31 December	31 December
	2021	2021	2020	2020
	ZWL'000	%	ZWL'000	%
Sectoral analysis-industry				
Individuals	3 577 077	29%	1 523 811	14%
Agriculture	2 666 826	22%	2 595 391	24%
Manufacturing	2 250 391	18%	1 684 555	16%
Wholesale distribution	1 761 238	14%	1 352 401	12%
Other services	1 175 058	9%	1 511 867	14%
Transport	404 241	3%	549 816	5%
Mining	384 462	3%	1 470 843	13%
Construction	191 514	2%	210 599	2%
Finance	32 140	0%	1 611	0%
Communications	9 853	0%	407	0%
	12 452 800	100%	10 901 301	100%
		Histor	ical cost	
	30 June	30 June	31 December	31 December
	30 June 2021			31 December 2020
		30 June	31 December	
Sectoral analysis-industry	2021	30 June 2021	31 December 2020	2020
Sectoral analysis-industry Individuals	2021	30 June 2021	31 December 2020	2020
, ,	2021 ZWĽ000	30 June 2021 %	31 December 2020 ZWL'000	2020 %
Individuals	2021 ZWL'000 3 577 077	30 June 2021 % 29%	31 December 2020 ZWL'000 1 262 601	2020 %
Individuals Agriculture	2021 2WL'000 3 577 077 2 666 826	30 June 2021 % 29% 22%	31 December 2020 ZWL'000 1 262 601 2 150 492	2020 % 14% 24%
Individuals Agriculture Manufacturing	2021 2WL'000 3 577 077 2 666 826 2 250 391	30 June 2021 % 29% 22% 18%	31 December 2020 2WL'000 1 262 601 2 150 492 1 395 791	2020 % 14% 24% 16%
Individuals Agriculture Manufacturing Wholesale distribution	2021 2WL'000 3 577 077 2 666 826 2 250 391 1 761 238	30 June 2021 % 29% 22% 18% 14%	31 December 2020 ZWL'000 1 262 601 2 150 492 1 395 791 1 120 574	2020 % 14% 24% 16% 13%
Individuals Agriculture Manufacturing Wholesale distribution Other services	2021 2WL'000 3 577 077 2 666 826 2 250 391 1 761 238 1 175 058	30 June 2021 % 29% 22% 18% 14% 9%	31 December 2020 ZWL'000 1 262 601 2 150 492 1 395 791 1 120 574 1 252 706	2020 % 14% 24% 16% 13% 13%
Individuals Agriculture Manufacturing Wholesale distribution Other services Transport	2021 2WL'000 3 577 077 2 666 826 2 250 391 1 761 238 1 175 058 404 241	30 June 2021 % 29% 22% 18% 14% 9% 3%	31 December 2020 ZWL'000 1 262 601 2 150 492 1 395 791 1 120 574 1 252 706 455 567	2020 % 14% 24% 16% 13% 13% 4%
Individuals Agriculture Manufacturing Wholesale distribution Other services Transport Mining	2021 2WL'000 3 577 077 2 666 826 2 250 391 1 761 238 1 175 058 404 241 384 462	30 June 2021 % 29% 22% 18% 14% 9% 3% 3%	31 December 2020 ZWL'000 1 262 601 2 150 492 1 395 791 1 120 574 1 252 706 455 567 1 218 713	2020 % 14% 24% 16% 13% 13% 4% 14%
Individuals Agriculture Manufacturing Wholesale distribution Other services Transport Mining Construction	2021 2WL'000 3 577 077 2 666 826 2 250 391 1 761 238 1 175 058 404 241 384 462 191 514	30 June 2021 % 29% 22% 18% 14% 9% 3% 3% 2%	31 December 2020 ZWL'000 1 262 601 2 150 492 1 395 791 1 120 574 1 252 706 455 567 1 218 713 174 498	2020 % 14% 24% 16% 13% 13% 4% 14% 2%

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

4.3 Expected credit loss for loans and advances

The allowances for expected credit losses for loans and advances by class for the half year ended 30 June 2021 is as follows:

	Inflation adjusted						
Total impairments	Stage 1 ZWĽ000	Stage 2 ZWL'000	Stage 3 ZWĽ000	Total ZWL'000			
30 June 2021							
Mortgage loans	340	5 683	114	6 137			
Instalment sale and finance leases	433	35 849	-	36 282			
Personal unsecured lending	9 307	108 349	5 884	123 540			
Business lending and other	5 377	67 650	3 0 3 6	76 063			
Corporate lending	16 425	4 002	-	20 427			
Balance as at 30 June 2021	31 882	221 533	9 0 3 4	262 449			





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UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

4.3

4.4

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

			Inflatior	adjusted		
	Mortgage Ioans ZWL'000	Instalment sale and finance leases ZWL'000	Personal unsecured lending ZWL'000	Business lending and other ZWL'000	Corporate lending ZWL'000	Total 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 1 3 9
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 1 1 2	16 483	68 138	22 412	(33 500)	74 64
Originated impairments raised	192	-	5 247	496	4 886	10 82
Subsequent changes in expected credit loss	1 0 3 7	16 483	63 296	21 452	(38 512)	63 756
Transfers from/(to) stage 1	(117)	-	(317)	464	126	15
Transfers to stage 3	-	-	(88)	-	-	(8)
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 53
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 95
Originated impairments raised	-	-	-	-	-	
Subsequent changes in expected credit loss	5	(49)	4 484	(39)	-	4 40
Transfers from stage 1	-	-	10	-	-	10
Transfers from stage 2	-	-	88	-	-	88
After write off recoveries	(6)	-	(411)	(127)	-	(544
Write offs	-	-	(405)	-	-	(40
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 0 3 4

			Historica	al cost		
	Mortgage Ioans ZWL'000	Instalment sale and finance leases ZWL'000	Personal unsecured lending ZWL'000	Business lending and other ZWL'000	Corporate lending ZWL'000	Total ZWL'000
Stage 1						
Balance as at the beginning of the year	33	224	4 7 4 1	4 866	12 723	22 587
Net movement	307	202	4 566	359	3 5 2 6	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 99)
Transfers from/(to) stage 2	107	-	291	(426)	(116)	(14)
Transfers to stage 3	-	-	(9)	-	-	. (!
Derecognised including write offs	-	-	-	-	-	
Other movements		7	-	152	176	33
Balance at end of the half year	340	433	9 307	5 377	16 425	31 88
Stage 2						
Balance as at the beginning of the year	4 821	20 1 39	45 279	44 694	35 090	150 02
Net movement	800	14 887	63 070	21 711	(31 375)	69 09
Originated impairments raised	178	-	4 857	4 593	389	10 01
Subsequent changes in expected credit loss	729	14 887	58 585	16 692	(31 880)	59 01
Transfers (to)/from stage 1	(107)	-	(291)	426	116	14
Transfers to stage 3		-	(81)	-	-	(8
Derecognised including write offs	-	-	-	-	-	
Other movements	62	823	-	1 245	287	2 41
Balance at end of the half year	5 683	35 849	108 349	67 650	4 002	221 53
Stage 3						
Balance as at the beginning of the year	93	-	1 725	2 027	-	3 84
Net movement	(4)	(46)	4 038	(194)	-	3 7 9
Originated impairments raised	-	-	-	-	-	
Subsequent changes in expected credit loss	2	(46)	4 342	(72)	-	4 2 2
Transfers from stage 1	-	-	9	-	-	
Transfers from stage 2	-	-	81	-	-	8
After write off recoveries	(6)	-	(394)	(122)	-	(52
Write offs	-	-	(405)	-	-	(40
TVM unwinding	(33)	-	(69)	(30)	-	(13
Other movements	58	46	595	1 233	-	1 93
Balance at end of the half year	114	-	5 884	3 0 3 6	-	9.03

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:

			Inflatior	adjusted		
		Instalment				
		sale and	Personal	Business		
	Mortgage	finance	unsecured	lending and	Corporate	
	loans	leases	lending	other	lending	Total
	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 5 9 9	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

Expected credit loss for loans and advances (continued)						
	Historical cost					
		Instalment				
	Mortgage Ioans ZWL'000	sale and finance leases ZWL'000	Personal unsecured lending ZWL'000	Business lending and other ZWL'000	Corporate lending ZWL'000	Total ZWL'000
Stage 1						
Balance as at the beginning of the year	39	800	1 367	1 404	6 123	9 7 3 3
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		(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 91 3	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 1 3 9	45 279	44 694	35 090	150 023
Stage 3						
Balance as at the beginning of the year	213	1	860	1 1 1 2	-	2 186
Net movement	39	(118)	1 270	(1778)	(19 449)	(20 036
Originated impairments raised	-	-	-	-	-	
Subsequent changes in expected credit loss	57	(1)	2 028	(1 047)	-	1 032
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
	Infl	ation-adjuste	od.		istorical cost	
						30 June
						2020
						ZWL'000
Credit impairment charges for the six months ended 30 June 2021: Net expected credit loss raised and released on financial investments	30 Ju 202 ZWL'00	21 50 59)	30 June 2020 ZWL'000	ZWL ((28)	221 2000	
Stage 1 (note 3.1.4)	(30 4	59)	405 190	(28 2	278)	97 49
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 3 -	Stage 5				
released on balances with other banks 1064 1000 1094 296 Stage 1 (note 1.1) 1064 1000 1094 296 Stage 2 -	Net expected credit loss raised and				
Stage 1 (note 1. 1) 1064 1060 1094 296 Stage 2 -		1 064	1 000	1 094	296
Stage 2 - </td <td></td> <td></td> <td></td> <td></td> <td></td>					
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 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 - - - - - Net expected credit loss raised and released on other assets (162 700) 228 970 (153 952) 88 275 Stage 2 - - - - - - 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 (3 387) - - - - Stage 3 - - - - - - - - Stage 3 - - - - - - - - - - -	•		_	_	_
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) 3 955 3 555 55 3 794 (121) Net expected credit loss raised and released on other assets (162 700) 228 970 (153 952) 88 275 Stage 2 Net expected credit loss raised and released on other assets (162 700) 228 970 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 2 240 685 Stage 3 Total credit impairment charges	Stage 5				
Stage 1 (note 4.3.1) 9 761 1 017 8 960 637 Stage 2 (note 4.3.1) 74 645 3 955 154 545 69 093 3 44 095 Stage 3 (note 4.3.1) 3 955 55 55 3 794 (121) Net expected credit loss raised and released on other assets (162 700) 228 970 (153 952) 88 275 Stage 2 - - - - - - Stage 3 -	Net expected credit loss raised and				
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 2 - - - - - - - Stage 3 -	released on loans and advances	88 361	155 617	81 847	44 611
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 (3 387) - - - Stage 3 - - - - - - Stage 3 - - - - - - Total credit impairment charges - - - - - -	Stage 1 (note 4.3.1)	9 761	1 017	8 960	637
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 3 - - - - Total credit impairment charges - - - -	Stage 2 (note 4.3.1)	74 645	154 545	69 093	44 095
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 - <td< td=""><td>Stage 3 (note 4.3.1)</td><td>3 955</td><td>55</td><td>3 794</td><td>(121)</td></td<>	Stage 3 (note 4.3.1)	3 955	55	3 794	(121)
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 - <td< td=""><td></td><td></td><td></td><td></td><td></td></td<>					
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 Stage 1 (note 11.2.3) (775) 6 695 (975) 2 925 Stage 3 - - - - - - Total credit impairment charges - - - -	Net expected credit loss raised and				
Stage 2Stage 3Net expected credit loss raised and released on off – balance sheet exposures(775)6 695(975)2 6124 7753 387)1 920Stage 3-Total credit impairment charges-	released on other assets	(162 700)	228 970	(153 952)	88 275
Stage 3Net expected credit loss raised and released on off – balance sheet exposures(775)6 695(975)2 925Stage 1 (note 11.2.3)2 6124 7752 3302 240Stage 2(3 387)1 920(3 305)685Stage 3	Stage 1 (note 5.1)	(162 700)	228 970	(153 952)	88 275
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 - - - -	Stage 2	-	-	-	-
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) 6 685 Stage 3 - - - - Total credit impairment charges - - - -	Stage 3	_	-	_	_
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) 6 685 Stage 3 - - - - Total credit impairment charges - - - -					
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 - - -	Net expected credit loss raised and				
Stage 2 (3 387) 1 920 (3 305) 685 Stage 3 - - - - Total credit impairment charges - - - -	released on off - balance sheet exposures	(775)	6 6 9 5	(975)	2 925
Stage 3	Stage 1 (note 11.2.3)	2 612	4 775	2 330	2 240
Total credit impairment charges	Stage 2	(3 387)	1 920	(3 305)	685
	Stage 3	-	-	-	-
(an and off balance sheet) (104 E00) 707 472 (100 204) 222 E00	Total credit impairment charges				
(104 509) 197 472 (100 264) 233 599	(on and off-balance sheet)	(104 509)	797 472	(100 264)	233 599

	Inflation-	adjusted	Historie	cal cost
	30 June 2021 ZWL'000	31 December 2020 ZWL'000	30 June 2021 ZWL'000	31 December 2020 ZWL'000
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 2012, 2015 and 2016 which required banks to limit their nostro holdings to a certain percentage of their customer deposits with the excess being surrendered to the central bank in return for electronic currency (RTGS\$) which was at that time trading at par to the USD.

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		Inflation	-adjusted	Historic	al cost
		30 June 2021	31 December 2020	30 June 2021	31 December 2020
		ZWL'000	ZWL'000	ZWL'000	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 Originated impairments Other movements Closing balance	234 065 (162 700) (24 750) 46 615	169 537 337 815 (273 287) 234 065	193 942 (153 952) <u>6 625</u> 46 615	31 222 161 561 <u>1 159</u> 193 942
6 6.1	Share capital 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 7.1	Share premium and reserves Share premium Share premium on issue of shares	362 855	362 855	10 790	10 790
	Share premium on issue of shares	502 055	502 055	10750	10750
7.2	Reserves Non-distributable reserve Fair value through other	672 360	897 629	1 377 327	1 307 707
	comprehensive income Share-based payments reserve Retained earnings	323 291 41 996 7 290 486 8 328 133	393 545 38 740 6 605 890 7 935 804	338 952 9 113 5 336 693 7 062 085	338 952 6 078 <u>3 807 714</u> 5 460 451
8	Deposits and current accounts	8 328 133			
	Deposits from other banks Deposits from customers Current accounts Call deposits Term deposits Savings accounts	926 966 53 190 670 24 231 543 28 923 332 19 808 15 987	792 039 42 095 462 18 230 424 23 834 522 16 876 13 640	926 966 53 190 670 24 231 543 28 923 332 19 808 15 987	656 269 34 879 511 15 105 388 19 748 839 13 983 11 301
	Deposits and current accounts	54 117 636	42 887 501	54 117 636	35 535 780
	Current Non-current	54 041 106 76 530 54 117 636	42 886 667 834 42 887 501	54 041 106 76 530 54 117 636	35 535 089 691 35 535 780
	Maturity analysis The maturity analysis is based on the remaining periods to contractual maturity from period end				
	Redeemable on demand Maturing with 1 month Maturing after 1 month but	54 021 298 19 808	42 562 957 323 876	54 021 298 19 808	35 266 869 268 358
	within 12 months Maturing after 12 months	- 76 530 54 117 636	264 404 42 887 501	- 76 530 54 117 636	219 334 35 535 780

Classification of financial assets and financial liabilities

		Inflation adjusted					
	Held for trading ZWL'000	Fair value through profit and loss-default ZWL'000	Fair value through OCI ZWL'000	Amortised cost ZWL'000	Total carrying amount ZWL'000	Fair valu ZWĽ00	
30 June 2021							
Financial assets							
Cash and cash equivalents	-	8 595 184	-	40 379 581	48 974 765	48 974 76	
Derivative assets	21 021	-	-	-	21 021	21 02	
Financial investments	-	-	-	1 1 3 8	1 1 3 8	1 1 3	
Investment securities	-	-	451 099	-	451 099	451 09	
Loans and advances	-	-	-	12 190 351	12 190 351	12 190 35	
Other financial assets	-	-	-	9 120 378	9 120 378	9 1 2 0 3 7	
	21 021	8 595 184	451 099	61 691 448	70 758 752	70 758 75	
Financial liabilities							
Derivative liabilities	4 039	-	-	-	4 039	4 0 3	
Deposits from other banks	-	-	-	926 966	926 966	926 96	
Deposits from customers	-	-	-	53 190 670	53 190 670	53 190 67	
Other financial liabilities	-	-	-	11 179 747	11 179 747	11 179 74	
	4 0 3 9	-	-	65 297 383	65 301 422	65 301 42	

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

			Inflation a	ljusted		
	Held for trading ZWL'000	At fair value through profit or loss default ZWL'000	Fair value through OCI ZWL'000	Amortised cost ZWL'000	Total carrying amount ZWL'000	Fair value ZWL'000
31 December 2020						
Financial assets Cash and cash equivalents		11 522 069	-	18 832 070	30 354 139	30 354 139
Derivative assets	15 536	11 522 009	-	10 052 070	15 536	15 536
Einancial investments	15 550	-	-	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	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

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					
		Fair values	Level 1	Level 2	Level 3	
Assets	Note	ZWL'000	ZWĽ000	ZWĽ000	ZWL'000	Valuation techniques and input
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		Discounced cash nows
		4 0 3 3		4 0 5 5		
				Inflation	adjusted	
		Fair values	Level 1	Level 2	Level 3	
Assets	Note	ZWL'000	ZWL'000	ZWL'000	ZWL'000	Valuation techniques and input
31 December 2020						
Financial assets						
Cash and cash equivalents		11 522 069	11 522 069	_	-	
Derivatives assets		11 522 005	11 522 005			
– Foreign exchange contracts		15 536	_	15 536	_	Discounted cash flows
Investment securities		544 423	-	12 220	544 423	
Investment property		3 363 587	-	-	3 363 587	
investment property		3 303 307	-	-	3 303 301	
Freehold property		2 171 142			2 171 142	market rentals and yields Sales comparison method,
reenoid property		2 1/1 142	-	-	L 1/1 14Z	market rentals and yields
Total assets		17 616 757	11 522 069	15 536	6 079 152	market rentais allu yielus
Financial liabilities						
Financial liabilities Derivatives liabilities						
Liabilities Financial liabilities Derivatives liabilities – Foreign exchange contracts Total liabilities		1 763	-	1 763	-	Discounted cash flows

				Historica	l cost	
Assets	Note	Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000	Valuation techniques and inputs
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						
Financial liabilities						
Derivatives liabilities						
– Foreign exchange contracts		4 039	-	4 039	-	Discounted cash flows
Total liabilities		4 039	-	4 0 3 9	-	
				Historica	l cost	
		Fair values	Level 1	Level 2	Level 3	
Assets	Note	ZWL'000	ZWL'000	ZWL'000	ZWL'000	Valuation techniques and inputs

1 763 48 849 433 48 851 196 48 851 196

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

			Historic	al cost		
	Held for trading ZWL'000	At fair value through profit or loss default ZWL'000	Fair value through OCI ZWL'000	Amortised cost ZWL'000	Total carrying amount ZWL'000	Fair value ZWL'000
31 December 2020						
Financial assets Cash and cash equivalents	-	9 546 971		15 603 900	25 150 871	25 150 07
Derivative assets	12 873	9 540 97 1	-	12 002 900	12 873	12 87
Einancial investments	120/3	_	_	1 682 481	1 682 481	1 682 48
Investment securities	-	-	451 099		451 099	451 09
Loans and advances	-	-	-	8 856 159	8 856 159	8 856 15
Other assets	-	-	-	7 916 509	7 916 509	7 916 50
	12 873	9 546 971	451 099	34 059 049	44 069 992	44 069 99
Financial liabilities						
Derivative liabilities	1 461	-	-	-	1 461	1 46
Deposits from other banks	-	-	-	656 269	656 269	656 26
Deposits from customers	-	-	-	34 879 511	34 879 511	34 879 51
Other liabilities		-	-	4 939 945	4 939 945	4 939 94
	1 461	-	-	40 475 725	40 477 186	40 477 18

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:

		Inflation adjusted							
	30 June			31 December					
	2021			2020					
Reconciliation of level 3 items	Investment	Freehold	Total	Investment	Freehold	Total			
	property	property	assets	property	property	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									
ncluded 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			

		Historical cost						
	30 June 2021			31 December 2020				
Reconciliation of level 3 items	Investment	Freehold	Total	Investment	Freehold	Total		
	property	property	assets	property	property	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		

	Inflation	-adjusted	Historical cost		
	30 June	31 December	30 June	31 December	
	2021	2020	2021	2020	
	Investment	Investment	Investment	Investment	
	securities	securities	securities	securities	
Reconciliation of level 3 items	ZWL'000	ZWL'000	ZWL'000	ZWL'000	
Balance at 1 January Additions	544 423	94 353	451 099	17 426	
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-a	djusted	
		Fair values	Level 1	Level 2	Level
Assets	Note	ZWL'000	ZWL'000	ZWL'000	ZWĽ00
30 June 2021					
Cash and cash equivalents		40 379 581	40 379 581	-	
Financial investments		1 1 3 8	-	-	1 13
Loans and advances to custor	ners 4	12 190 351	-	-	12 190 35
Other assets		9 120 263	-	-	9 120 26
Total assets		61 691 333	40 379 581	-	21 311 75
Liabilities					
Financial liabilities measur at amortised cost	ed				
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 74
Total liabilities		65 297 383	54 097 828	19 808	11 179 74

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 ZWĽ000	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	-	-			

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	31 December	30 June	31 December	
		2021	2020	2021	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 ZWL'000	Guarantee ZWL'000	Loan commitments ZWL'000	Total ZWĽ000			
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 1 3 3	5 1 4 7			
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 ZWL'000	Guarantee ZWL'000	Loan commitments ZWL'000	Total 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 1 3 3	5 147			

8	42 095 462	42 094 628	834	-
	5 961 932	-	-	5 961 932
	48 849 433	42 886 667	834	5 961 932
	8	5 961 932	5 961 932 -	5 961 932

Credit impairment charge	1 922	984	6 013	8 919
Total ECL balance at 31 December	1 293	929	6 191	8 413



UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

Contingent liabilities and commitments (continued) 11

	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 7 3 2)
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 1 4 9
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	
17 796	18 511	17 108	6 863	
128 048	77 897	119 886	23 762 92	
5 796	3 372	5 484	92 1 029 24 883	
	30 June 2021 ZWL'000 17 796	30 June 2021 ZWL'000 30 June 2020 ZWL'000 17 796 18 511 128 048 77 897 302 5 796 3 372	30 June 2021 ZWL'000 30 June 2020 ZWL'000 30 June 2021 ZWL'000 17 796 18 511 17 108 128 048 77 897 119 886 - 302 - 5 796 3 372 5 484	

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			

		Inflation-	adjusted	Historical cost	
		30 June 2021 ZWL'000	30 June 2020 ZWL'000	30 June 2021 ZWĽ000	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

		30 June 2021	31 December 2020	30 June 2021	31 December 2020
		ZWL'000	ZWL'000	ZWĽ000	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

Capital management

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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 ZWĽ000	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%

Custodial services

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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.

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	2010	2018	2017

		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.

nutring scare	LOLI	LOLO	2013	2010	2017
Long term	AA	AA-	AA	AA-	AA-

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.

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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Stanbic Bank App



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