UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2024

CHAIRMAN'S STATEMENT

I take great pleasure in presenting to you the unaudited financial results of Stanbic Bank Zimbabwe Limited ("the Bank" or "Stanbic Bank") for the half year ended 30 June 2024.

State of the operating environment in the country

- **Gross Domestic Product (GDP):** GDP growth is projected to slow down from 5.4% in 2023 to probably under 2% in 2024, due to drought and declining commodity prices. Agriculture, manufacturing and distribution are expected to underperform. Mining is expected to remain resilient driven by gold, PGMs and lithium. Strong growth is likely in construction and infrastructure driven by state projects.
- **Inflation:** The Zimbabwe Statistics Agency, ZimStats, has committed to providing separate USD and Zimbabwe Gold ("ZWG") price indices. Previously, the CPI data was blended. According to ZimStats data, annual USD inflation increased to 3.8% in June 2024 from an annual inflation rate of 3.5% in May 2024. ZWG monthly inflation data stood at 0% in June 2024 from negative 2.4% in May 2024.
- **Interest rates:** Local currency interest rates dropped significantly from above 120% to 20-30% effective April 2024, increasing demand for LCY borrowing. USD lending rates remain largely unchanged at 10 - 15%, depending on risk grade.
- **Exchange Rate:** The official rate has been relatively stable at ZWG 13.3 – 13.5/USD. The foreign currency auction system was replaced by the Willing Buyer Willing Seller model in April 2024. Foreign currency availability remains a challenge for most entities that do not trade in USD.

Performance

The Bank changed its functional currency from the Zimbabwe dollar ("ZWL") with effect from 1 January 2024. This was done in accordance with IAS21: The Effects of Changes in Foreign Exchange Rates, a standard within the International Financial Reporting Standards (IFRS) framework which has been adopted for use in Zimbabwe by the Public Accountants and Auditors Board (PAAB). Consequently, these abridged financial statements use ZWG as the currency of presentation.

Despite the challenging environment, the Bank's performance remained strong as noted under the Chief Executive's report.

Capital

The Bank ended the six months period to 30 June 2024 with a qualifying core capital of ZWG1.5 billion (USD107 million) surpassing the local currency equivalence of the required USD30 million regulatory minimum core capital.

Outlook

The evolving global geopolitical events contribute to the volatility and uncertainty in the outlook period, through disruptions to value chains. This requires policy makers and business players to remain focused on resolving gridlocks to international trade and capital flows. Businesses are also likely to remain focused on cost containment, and value preservation in the outlook period.

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 2024:

DIRECTOR'S NAME	MAIN BOARD	AUDIT	LOANS REVIEW	CREDIT	RISK	IT	PEOPLE & CULTURE
Gregory Sebborn *(Chairman)*	3	**	**	**	**	2	2
Solomon Nyanhongo *(Chief Executive)*	3	**	**	**	**	**	**
Betty Murambadoro *(Executive)*	3	**	**	**	**	**	**
Tafadzwa Mahachi *(Executive)*	3	**	**	**	**	**	**
Kingston Kamba	3	**	2	**	2	**	**
Muchakanakirwa Mkanganwi	3	2	**	3	**	**	2
Valentine Mushayakarara	3	2	**	3	**	**	**
Nellie Tiyago	3	**	2	**	2	**	**
Jonathan Wood	3	2`	**	**	2	2	**
Gregroy Brackenridge *	3	**	**	3	**	**	2
Dr. Tapiwanashe James Museba*	3	2	2	**	**	2	**
Lucinda Lee Tyser***	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Not Zimbabwean residents
** Not a member
***New member appointed on 25 June 2024

As at 30 June 2024 the Board comprised twelve 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 upskilling and alignment with changing trends, the members undergo regular training on key subjects pertaining to their roles as directors. The Board is primarily 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 a minimum four times a year. During the half year ended 30 June 2024, the committee held two meetings.

The committee is comprised of four 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. PricewaterhouseCoopers Chartered Accountants (Zimbabwe) remain the external auditors of the Bank and engage closely with the members of the Board Audit Committee. The committee liaises with both 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 four managers who have the adequate qualifications and experience in auditing. As at 30 June 2024, 50% of the planned audits for the year had been completed. This amounted to six out of twelve planned audits, with the remaining six reviews to be performed as scheduled in the second half of the year.

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 2024, the committee held two meetings.

The Loans Review Committee reviews customer facilities and the level of allowances for expected credit losses. It also considers other risk issues in relation to the structure of the Bank's balance sheet as a result of changes in the operating environment.
The committee comprises three independent non-executive directors.

Board Credit Committee

This committee meets at least four times a year, with additional meetings being convened when necessary. During the half year ended 30 June 2024, the committee held three meetings. The Board Credit Committee comprises three non-executive directors.

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.

Board Risk Committee

The committee meets four times a year. During the half year ended 30 June 2024, the committee held two meetings.

As at 30 June 2024 the committee comprised three non-executive directors, all of whom are independent.

The committee reviews and assesses the integrity of the risk control systems and ensures that risk policies and strategies are effectively identified, managed and monitored in order to contribute to a climate of discipline and control, which will reduce the opportunity of risk, including fraud, in all areas of operation in line with the requirements of the Banking Act as amended.

Board IT Committee

The committee is expected to meet at least four times a year and during the half year ended 30 June 2024, the committee held two meetings.

As at 30 June 2024 the committee comprised three non-executive directors, all of whom are independent. The committee's responsibility is to ensure that prudent and reasonable steps are taken with respect to Information Technology ("IT") governance. The committee reviews and assesses risks associated with IT including disaster recovery, business continuity and IT security. This committee has authority for overseeing matters of Information Technology risk including the cultivation and promotion of an ethical IT governance and management culture and awareness.

Board People and Culture

The committee's responsibility is to adequately deal with all matters that relate to People and Culture, directors' nominations, remuneration, dispute resolution for the directors and succession planning issues.

The committee is expected to mee at least four times in the coming year and as at 30 June 2024 the committee held two meetings. The committee currently comprises three non-executive directors.

Asset and Liability Committee

Though not a Board committee, the Asset and Liability Committee is a key management committee that meets a minimum of ten times a year. During the half year ended 30 June 2024, the committee held seven meetings including ad hoc meetings to adequately execute its mandate.

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

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

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

Assessment of the effectiveness of the Board and its members

The Bank holds an annual Board and director evaluation process as required by the Reserve Bank of Zimbabwe. Weaknesses and areas of concern are identified through this process. The areas of concern are discussed in the Board meetings with a view to rectifying the identified weaknesses. The Board evaluation meeting took place on the 20th of March 2024 and the regulator was engaged on same through submission of a report containing the evaluation results.

Stanbic Bank Nominees (Private) Limited

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

Corporate Social Responsibility

In alignment with our unwavering commitment to sustainability, as Stanbic Bank we continue to support the growth and development of various industries through our Business and Commercial Banking, as well as our Corporate and Investment Banking portfolios. Our dedication to driving growth within our country remains at the forefront of our operations.

Acknowledgements

I extend my appreciation to our valued customers and stakeholders for their unwavering support and commitment during the period as we continued to navigate an intricate environment. I am truly humbled by the staff and management for their invaluable insights, resilience and untiring commitment to serving our clients diligently in a challenging operating environment. I express my sincere gratitude to my fellow board members for their resolute support and robust contributions throughout the period.

Board appointment

I welcome Mrs Lucinda Lee Tyser who was appointed to the Board of Directors on 25 June 2024 and look forward to her valuable contribution.

Gregory Sebborn
Chairman

29 August 2024

CHIEF EXECUTIVE'S REPORT

Overview of business results for the half year ended 30 June 2024

The operating environment significantly deteriorated in the first quarter of the year 2024 characterised by exchange rate instability and soaring blended inflation which reached 55.3% as at the end of March 2024.

The Bank changed its functional currency from the Zimbabwe dollar ("ZWL") with effect from 1 January 2024. This was done in accordance with IAS21: The Effects of Changes in Foreign Exchange Rates, a standard within the International Financial Reporting Standards (IFRS) framework which has been adopted for use in Zimbabwe by the Public Accountants and Auditors Board (PAAB). Consequently, these abridged financial statements use ZWG as the currency of presentation.

The IFRS framework does not have any provisions catering to the preparation of comparative financial information for financial statements prepared after a change in currency as happened on the 5th of April 2024, with the introduction of the ZWG currency. Though the Institute of Chartered Accountants of Zimbabwe (ICAZ) has published guidance to handle this matter, the Board considers the outcome of the application of this guidance to be of limited value, and misleading, and hence have not adopted it. Consequently, the comparatives presented in this report have been prepared on the same basis as the current period's financial information to ensure comparability of the two periods and this is compliant with IAS 1 "Presentation of Financial Statements". This is the same basis on which the board and management have been consuming the information throughout the period.

Following the change in the Bank's functional currency from the Zimbabwe dollar ("ZWL") as at 1 January 2024, there are technical accounting adjustments that have been included in the Bank's Income Statement and Statement of Comprehensive Income. These adjustments arose from differences in fair values of property assets when expressed in the hitherto ZWL functional currency compared to the underlying valuations in the open market in real terms.

The Bank recorded a historical cost profit of ZWG27.1 million for the six months ended 30 June 2024, after taking into account the technical losses of ZWG389 million (ZWG319 million net after tax) incurred on the investment property portfolio. Without these losses, the adjusted profit (commonly referred to as headline earnings) would have been ZWG346 million, and this represents the true, sustainable performance into the future. The table below gives a view of the adjusted profit after tax excluding the impact of the technical accounting adjustments ("day 1 adjustments mentioned") mentioned above:

	June 2024 ZWG'000	June 2023 ZWG'000
Profit after tax as reported	27 105	398 989
Day 1 adjustments net after tax:		
Investment properties	318 757	-
Adjusted profit after tax (headline earnings)	345 862	398 989

Business performance

The Bank ended the first half of the year with net interest income of ZWG374 million which was within expectation supported largely by new foreign currency lending assets which were written during the period as demand for foreign currency facilities remained high. However, interest income on the local currency facilities was subdued on account of the reduction in minimum lending rates from 130% to 20% following the 5 April 2024 monetary policy statement announcement.

The Bank's fee and commission income performed within expectation largely spurred by the increased volumes of foreign currency denominated transactions which were passing through the various service channels as business operations continued to shift from local to foreign currency combined with the acquisition of new customers and an increase in wallet share on existing customers.

The expected credit loss allowances for the period were a raise of ZWG24.9 million largely driven by the new lending assets which were written in both foreign and local currency as demand for funding remained on an upward trend. The Bank's credit book remains sound as evidenced by its NPL ratio of 0.67% against regulatory threshold of 5%.

The Bank's operating expenses were contained within expectation as attention was directed at the implementation of various cost containment measures. The cost to income ratio ended the period at 51% (without day 1 adjustments), against internal benchmark of 50%.

Compliance and financial crime control function

An independent Compliance function manages the identification, assessment, and mitigation of compliance risk as part of the overall risk management framework of Stanbic Bank. The Compliance function proactively guides stakeholders in maintaining robust compliance risk management practices, to ensure that all business is conducted within statutory and supervisory requirements and in line with international best practice. This helps Stanbic Bank to mitigate regulatory, reputational and correspondent banking risk and supports our relationships with current and prospective strategic partners.

Stanbic Bank remains committed to combatting financial crime. We continue to abide by regulations including the Money Laundering and Proceeds of Crime Act (Chapter 9:24) and are guided by any relevant market developments, directives and global standards to enhance our financial crime control framework.

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

Statement on corporate social investment ("CSI") responsibilities

As part of our Corporate Social Investment (CSI) policy, we have established strategic partnerships across numerous provinces in Zimbabwe, aimed at bolstering community support in critical areas such as health, education, climate and sanitation.

During the period under review, we proudly completed the renovation of the autoclave room at Parirenyatwa Hospital which will house a new autoclave. Autoclaves are vital for sterilizing medical equipment and ensuring a sterile environment. Additionally, the Bank initiated comprehensive renovation work at Harare Children's Hospital in early June, demonstrating our ongoing commitment to enhancing healthcare facilities.

Our focus on education remains steadfast, as evidenced by the establishment of bursary programs with leading universities across the country, which will see twenty seven students, from across the country benefitting.

These initiatives reflect our commitment to creating a positive impact and fostering sustainable development within our communities. We remain dedicated to driving meaningful change and contributing to the overall well-being and growth of Zimbabwe.

Our people

The value that we deliver to our clients is originated through our people, who underpin everything that we do. Our approach to is ensure we uplift them to their full potential. We remain committed to ensuring future-ready employees who are equipped to partner with our clients across a broad spectrum of the market with specifically customised capabilities that allow them to meet their specific financial needs.

Our customers

Our commitment remains placing our customers at the centre of everything that we do. Our client engagement drive continues to focus on obtaining critical client insights into how the Bank can provide valuable financial solutions to its clients. The Bank continues to support critical sectors of the economy.

Partnering our customers for growth entails being proactive in providing financial and advisory support that will result in our customers growing and running sustainable businesses. The Bank partnered with Care International to run financial literacy training for women in Manicaland who are running various small businesses.

Stanbic Bank continues to capacitate its customers with information and tools that they need to facilitate trade. The Bank participated in the promotional event for the 7th China International Import Expo ("CIIE") and Hongqiao International Forum that is the precursor to the main Expo which promotes exports from Zimbabwe to China to be held in November 2024.

Vote of thanks

My gratitude goes to our esteemed customers and all our stakeholders for their collaboration and commitment throughout the period. I would like to honour the Stanbic Bank Zimbabwe board and staff for remaining steadfast and dedicated thereby helping the Bank to successfully navigate through the challenging environment. We believe the Bank is well positioned to partner its customers for growth as we move into the future. Zimbabwe is our home, we drive her growth.

Solomon Nyanhongo
Chief Executive

29 August 2024

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STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Note	Historical cost 30 June 2024 ZWG'000	Restated 31 December 2023 ZWG'000
ASSETS			
Cash and cash equivalents	1	6 567 304	5 340 176
Derivative assets	2	370	37
Financial investments	3	-	50 076
Investment securities	3.2	34 547	78 501
Loans and advances	4	4 303 011	4 248 655
Other assets	6	751 759	832 627
Current tax asset		55 079	1 236
Intangible assets		16 363	16 741
Investment property		935 235	1 303 071
Property and equipment		488 722	538 583
Right of use assets		3 485	5 521
Total assets		13 155 875	12 415 224
EQUITY AND LIABILITIES			
Equity		2 016 054	2 403 779
Ordinary share capital	7.2	427	427
Ordinary share premium	8.1	17 732	17 732
Reserves	8.2	1 997 895	2 385 620
Liabilities			
Derivative liabilities	2	53	349
Deposits and current accounts	9	8 774 156	7 398 110
Deposits from other banks		180 373	263 416
Deposits from customers		8 593 783	7 134 694
Deferred tax liability		257 082	417 348
Lease liability		3 144	3 910
Other liabilities		2 105 386	2 191 728
Total liabilities		11 139 821	10 011 445
Total equity and liabilities		13 155 875	12 415 224

STATEMENT OF PROFIT OR LOSS
For the half year ended 30 June 2024

	Note	Historical cost 30 June 2024 ZWG'000	Restated 30 June 2023 ZWG'000
Net interest income		374 038	508 752
Non interest income		683 023	633 257
Total income		1 057 061	1 142 009
Total expected credit losses	4.4	(24 885)	13 606
Income after credit loss allowances		1 032 176	1 155 615
Operating expenses		(533 210)	(587 445)
Staff costs		(234 327)	(251 760)
Other operating expenses		(298 883)	(335 685)
Profit before non trading and capital items		498 966	568 170
Indirect tax		(11 236)	(21 610)
Profit before direct tax		487 730	546 560
Direct tax		(141 868)	(147 571)
Profit after tax before non trading and capital item		345 862	398 989
Non trading and capital items net after tax	5	(318 757)	-
Profit after tax		27 105	398 989

STATEMENT OF OTHER COMPREHENSIVE INCOME
For the half year ended 30 June 2024

	Historical cost 30 June 2024 ZWG'000	Restated 30 June 2023 ZWG'000
Profit for the period	27 105	398 989
Items that will not be reclassified to profit or loss:		
Loss on revaluation of land and buildings (net of tax)	(107 522)	-
Net change in fair value of equity investments (net of tax)	(41 756)	-
Foreign currency translation reserve	73 448	-
Total comprehensive income for the half year attributable to the ordinary shareholder	(48 725)	398 989

STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2024

	Ordinary share capital ZWG'000	Ordinary share premium ZWG'000	Non-distributable reserve ZWG'000	Revaluation reserve ZWG'000	Fair value through other comprehensive income ZWG'000	Share-based payment reserve ZWG'000	Retained earnings ZWG'000	Foreign currency translation reserve ZWG'000	Ordinary shareholder's equity ZWG'000
Half year ended 30 June 2024									
Balance as at 1 January 2024	427	17 732	1 983	179 798	70 718	-	2 133 121	-	2 403 779
Profit for the period	-	-	-	-	-	-	27 105	-	27 105
Other comprehensive income									
Net change in fair value of equity investment	-	-	-	-	(41 756)	-	-	-	(41 756)
Loss on revaluation of land and buildings (net of tax)	-	-	-	(107 522)	-	-	-	-	(107 522)
Foreign currency translation reserve	-	-	-	-	-	-	-	73 448	73 448
Total comprehensive income for the period	-	-	-	(107 522)	(41 756)	-	27 105	73 448	(48 725)
Equity-settled share-based payments	-	-	-	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	-	(339 000)	-	(339 000)
Total transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	-	(339 000)	-	(339 000)
Balance as at 30 June 2024	427	17 732	1 983	72 276	28 962	-	1 821 226	73 448	2 016 054

	Ordinary share capital ZWG'000	Ordinary share premium ZWG'000	Non-distributable reserve ZWG'000	Revaluation reserve ZWG'000	Fair value through other comprehensive income ZWG'000	Share-based payment reserve ZWG'000	Retained earnings ZWG'000	Ordinary shareholder's equity ZWG'000
Half year ended 30 June 2023 Restated								
Balance as at 1 January 2023	5	218	24	250 530	68 918	-	1 616 718	1 936 413
Profit for the period	-	-	-	-	-	-	398 989	398 989
Other comprehensive income								
Net change in fair value of equity investment	-	-	-	-	-	-	-	-
Gain on revaluation of land and buildings net of tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	398 989	398 989
Equity-settled share-based payments	-	-	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	-	(339 000)	(339 000)
Total transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	-	(339 000)	(339 000)
Balance as at 30 June 2023	5	218	24	250 530	68 918	-	1 676 707	1 996 402

STATEMENT OF CASH FLOWS
For the half year ended 30 June 2024

	Historical cost 30 June 2024 ZWG'000	Restated 30 June 2023 ZWG'000
Cash generated from operations		
Net income before indirect tax	110 238	568 170
Adjusted for:		
Amortisation and impairment of intangible assets	17	115
Expected credit losses (on and off-balance sheet)	24 885	(13 606)
Depreciation of property and equipment	1 572	840
Depreciation of right of use assets	1 089	535
Equity-settled share-based payments	-	-
Fair value adjustment on investment property	388 728	-
Unrealised exchange gains	-	-
Indirect tax paid	11 236	(21 610)
(Profit)/loss from sale of property and equipment	(373)	1 122
Movement in working capital		
Increase in derivative assets	(333)	(73)
Increase in loans and advances	(80 164)	(2 873 677)
Increase in accrued interest on financial investments	-	(10 447)
Purchase of financial investments	(3 002)	(228 900)
Proceeds from sale of financial investments	53 213	54 974
Purchase of equity investment	-	-
Decrease in other assets	113 076	(73 955)
(Decrease)/increase in derivative liabilities	(296)	245
Increase in deposits	1 376 046	6 036 028
(Decrease)/increase in other liabilities	(88 620)	2 090 364
Direct tax paid	(246 519)	(44 785)
Net cash generated from operating activities	1 660 793	5 485 340
Cash flows from investing activities		
Capital expenditure on:		
- investment property	(2 278)	(20 163)
- equipment, furniture and vehicles	(91 772)	(20 108)
- intangible assets	-	-
Movement in right of use assets	(3 579)	(3 644)
Proceeds from:		
- sale of property and equipment	510	287
Net cash used in investing activities	(97 119)	(43 628)
Cash flows from financing activities		
Dividend paid	(339 000)	(339 000)
Movement in lease liability	2 490	3 109
Net cash used in financing activities	(336 510)	(335 891)
Net increase in cash and cash equivalents	1 227 164	5 105 821
Cash and cash equivalents at beginning of the interim reporting period	5 340 200	629 900
Cash and cash equivalents at end of the interim reporting period	6 567 364	5 735 721

ACCOUNTING POLICIES

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

BASIS OF PREPARATION

Statement of compliance
The Bank's condensed interim results, including the statement of financial position, statement of profit or loss, statement of changes in equity, statement of other comprehensive income and statement of cash flows, for the six months ended 30 June 2024 are prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") and its interpretations as published by the International Accounting Standards Board, the Banking Act of Zimbabwe (Chapter 24:20) and the presentation requirements of IAS 34 Interim Financial Reporting.

Functional and presentation currency
The Bank's financial statements are presented in the Zimbabwe Gold currency ("ZWG") which is its presentation currency. With effect from 1 January 2024, Stanbic Bank changed its functional currency from the Zimbabwe dollar ("ZWL").

Change in functional currency
The Bank changed its functional currency from the Zimbabwe dollar ("ZWL") with effect from 1 January 2024. This was done in accordance with IAS21: The Effects of Changes in Foreign Exchange Rates, a standard within the International Financial Reporting Standards (IFRS) framework which has been adopted for use in Zimbabwe by the Public Accountants and Auditors Board (PAAB). Consequently, these abridged financial statements use ZWG as the currency of presentation.

The financial statements are presented in the Zimbabwe Gold ("ZWG"), which is the presentation currency of Stanbic Bank Zimbabwe Limited. All amounts are stated in thousands of Zimbabwe Gold (ZWG'000), unless indicated otherwise.

Impact of change in functional currency
IAS 21: The Effects of Changes in Foreign Exchange Rates requires the effect of change in functional currency to be accounted for prospectively. In determining its opening balances, the Bank took the December 2023 inflation adjusted financial statements and converted them into USD using the closing official exchange rate as at 31 December 2023 which was USD1:ZWL6 104.723.

Following the change in the Bank's functional currency from the Zimbabwe dollar ("ZWL") as at 1 January 2024, there are technical accounting adjustments that have been included in the Bank's Statement of Profit or Loss and Other Comprehensive Income. These adjustments arose from differences in fair values of property assets when expressed in the hitherto ZWL functional currency compared to the underlying valuations in the open market in real terms.

The effects of these adjustments are summarised below:

Impact on property and equipment:

Asset	IAS 29 ZWG value as 31 December 2023 ZWG'000	Reduction in property and equipment ZWG'000	Reduction in deferred tax ZWG'000	Reduction in other comprehensive income ZWG'000
Owner occupied properties	419 382	(144 811)	(37 289)	(107 522)
Motor vehicle	15 144	-	-	-
Computer equipment	35 472	-	-	-
Furniture and fittings	7 642	-	-	-
Office equipment	2 894	-	-	-
Total	480 534	(144 811)	(37 289)	(107 522)

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Impact on investment property:

Asset	IAS 29 ZWG value as 31 December 2023 ZWG'000	Reduction in investment property ZWG'000	Reduction in deferred tax ZWG'000	Reduction in current year profits ZWG'000
Investment Property	1 303 071	(388 728)	(69 971)	(318 757)
Total	1 303 071	(388 728)	(69 971)	(318 757)

Impact on investment securities:

Asset	IAS 29 ZWG value as 31 December 2023 ZWG'000	Reduction in investment securities ZWG'000	Reduction in deferred tax ZWG'000	Reduction in other comprehensive income in ZWG'000
Investment securities	78 501	-	-	-
Total	78 501	-	-	-

RISK MANAGEMENT AND CONTROL

Overview

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

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

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

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

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

Risk appetite

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

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

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

Risk categories

The principal risks to which the Bank is exposed and which it manages are defined as follows:

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

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

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

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

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

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

Credit risk

Definition

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

Framework and governance

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

The Head of Credit has functional responsibility for credit risk across the Bank and reports to the Chief Executive. Furthermore, the credit function is monitored closely by the Standard Bank Africa Credit function, providing an additional layer of review.
The Board Loans Review Committee and the Board Credit Committee have oversight roles over the credit risk management process.

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

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

The Bank uses a 25-point master rating scale to quantify the credit risk for each exposure. On origination, each client is assigned a credit risk grade within the Bank's 25-point master rating scale. Ratings are mapped to probability of default ("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	Significant increase in credit risk ("SICR") trigger (from origination)
SB1-12	Low credit risk
SB13-20	3 rating or more
SB21-25	1 rating or more

Wholesale Clients (formerly 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 historical default experience which indicate that higher rated risk exposures are more sensitive to SICR than lower risk exposures. Based on an analysis of historical 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 counterparty credit risk ("CCR") to any counterparty, transaction, sector, or geographic region, so as to achieve the optimal balance between risk, cost, capital utilisation and reward. Risk mitigation may include the use of collateral, the imposition of financial or behavioural covenants, the acceptance of guarantees from parents or third parties, the recognition of parental support, and the distribution of risk.

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

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

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

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

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

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

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

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

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

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

Analysis of exposure to credit risk

The Bank's exposure to credit risk, varying from normal monitoring to close monitoring as determined by the internal models and as defined in terms of the Bank's rating scale as at 30 June 2024 are set out in the table below.

	Gross total (advances and financial investments)	Credit risk grade SB1 - SB12		Credit risk grade SB13 - SB20		Credit risk grade SB21 - SB25			Balance sheet impairments
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Default	(stage 3)
Mortgage loans	314 521	-	-	186 290	-	-	125 338	2 893	(268)
Instalment sale and finance leases	896 060	-	-	883 414	-	-	12 212	434	(497)
Personal unsecured lending	713 199	-	-	503 380	-	-	185 719	24 100	(32 052)
Business lending and other	739 821	-	-	623 136	-	-	114 832	1 853	(1 029)
Total loans	2 663 601	-	-	2 196 220	-	-	438 101	29 280	(33 846)
Corporate lending	1 735 530	703 778	-	966 468	-	58 851	6 433	-	-
Total gross loans and advances	4 399 131	703 778	-	3 162 688	-	58 851	444 534	29 280	(33 846)
Expected credit loss for loans and advances									
Stage 1	(38 561)	(564)	-	(36 519)	-	(1 478)	-	-	-
Stage 2	(23 713)	-	-	-	-	-	(23 713)	-	-
Stage 3	(33 846)	-	-	-	-	-	-	(33 846)	-
Net loans and advances	4 303 011	703 214	-	3 126 169	-	57 373	420 821	(4 566)	-
Off balance sheet exposures									
Letters of credit	57 271	39 760	-	12 060	-	2 710	2 741	-	-
Guarantees	61 468	33 246	-	28 105	-	117	-	-	-
Irrevocable unutilised facilities	19 133	-	-	19 133	-	-	-	-	-
Total	4 440 883	776 220	-	3 185 467	-	60 200	423 562	-	-
Expected credit loss for off balance sheet exposures	(1 105)	(469)	-	(583)	-	(16)	(37)	-	-
Stage 1	(1 068)	(469)	-	(583)	-	(16)	-	-	-
Stage 2	(37)	-	-	-	-	-	(37)	-	-
Stage 3	-	-	-	-	-	-	-	-	-
Add the following other banking activities exposures:									
Cash and cash equivalents	6 567 304								
Derivative assets	370								
Investment securities	34 547								
Other assets	660 621								
Total exposure to credit risk	11 702 620								

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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 loans. In general, the Bank does not use repossessed assets for business purposes. The collateral obtained by the Bank as at 30 June 2024 amounted to ZWG2 billion (31 December 2023: ZWG1.3 billion).

Exposure to credit risk by credit quality restated as at 31 December 2023 (ZWG'000)

	Gross total (advances and financial investments)	Credit risk grade SB1 - SB12 Stage 1	Credit risk grade SB1 - SB12 Stage 2	Credit risk grade SB13 - SB20 Stage 1	Credit risk grade SB13 - SB20 Stage 2	Credit risk grade SB21 - SB25 Stage 1	Credit risk grade SB21 - SB25 Stage 2	Default	Balance sheet impairments (stage 3)
Mortgage loans	329 036	-	-	292 696	-	-	33 463	2 877	(47)
Instalment sale and finance leases	823 435	-	-	813 572	-	-	8 429	1 434	(1 735)
Personal unsecured lending	677 495	-	-	621 371	-	-	31 488	24 636	(21 587)
Business lending and other	674 744	-	-	670 112	-	-	3 914	718	(1 518)
Total loans	2 504 710	-	-	2 397 751	-	-	77 294	29 665	(24 887)
Corporate lending	1 850 970	220 346	-	1 520 252	14 024	96 272	76	-	-
Total gross loans and advances	4 355 680	220 346	-	3 918 003	14 024	96 272	77 370	29 665	(24 887)
Financial investments at amortised cost									
Sovereign	52 529	-	-	-	-	52 529	-	-	-
Total financial investments	52 529	-	-	-	-	52 529	-	-	-
Expected credit loss for loans and advances and financial investments									
Stage 1	(57 070)	(122)	-	(51 174)	-	(5 774)	-	-	-
Stage 2	(27 521)	-	-	-	-	-	(27 521)	-	-
Stage 3	(24 887)	-	-	-	-	-	-	(24 887)	-
Net loans and advances and financial investments	4 298 731	220 224	-	3 866 829	14 024	143 027	49 849	4 778	-
Off balance exposures									
Letters of credit	39 999	18 983	-	21 016	-	-	-	-	-
Guarantees	49 499	-	-	48 800	-	699	-	-	-
Irrevocable unutilised facilities	50 865	14 161	-	33 234	-	3 470	-	-	-
Expected credit loss for off balance sheet exposures	(739)	(83)	-	(472)	-	(184)	-	-	-
Stage 1	(739)	(83)	-	(472)	-	(184)	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-
Add the following other banking activities exposures									
Cash and cash equivalents	5 340 176								
Derivative assets	37								
Investment securities	78 501								
Other assets	772 488								
Total exposure to credit risk	10 629 518								

Liquidity risk

Definition

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

Framework and governance

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

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

Maturity analysis assets and liabilities:

30 June 2024 Liquidity gap analysis (ZWG'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	Total
Assets							
Cash and cash equivalents	2 925 124	2 133 616	-	-	1 508 624	(60)	6 567 304
Derivative assets	370	-	-	-	-	-	370
Financial investments	-	-	-	-	-	-	-
Investment securities	-	-	-	-	-	34 547	34 547
Loans and advances	1 511 916	234 476	326 526	328 419	1 997 794	(96 120)	4 303 011
Other assets	24 487	636 134	-	-	-	-	660 621
Total	4 461 897	3 004 226	326 526	328 419	3 506 418	(61 633)	11 565 853
Liabilities							
Derivative liabilities	53	-	-	-	-	-	53
Deposits from customers and other banks	8 740 222	8 864	8 838	856	15 376	-	8 774 156
Other liabilities	-	1 478 228	105 203	187 911	25 182	24 600	1 821 124
Total	8 740 275	1 487 092	114 041	188 767	40 558	24 600	10 595 333
Liquidity gap	(4 278 378)	1 517 134	212 485	139 652	3 465 860	(86 233)	-
Cumulative liquidity gap	(4 278 378)	(2 761 244)	(2 548 759)	(2 409 107)	1 056 753	-	-
Letters of credit	(73 956)	(32 517)	-	(65 233)	-	-	-
Financial guarantees	(6 881)	(1 599)	(61 396)	(30 540)	-	-	-
Total liquidity gap (on-and off balance sheet)	(4 359 215)	(2 795 360)	(2 610 155)	(2 504 880)	1 056 753	-	-
Total cumulative liquidity gap	(4 359 215)	(2 876 197)	(2 725 108)	(2 681 22)	784 631	-	-

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

Maturity analysis assets and liabilities:

31 December 2023 Liquidity gap analysis (ZWG'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	Total
Restated							
Assets							
Cash and cash equivalents	4 611 746	-	-	-	728 454	(24)	5 340 176
Derivative assets	37	-	-	-	-	-	37
Financial investments	-	7 631	28 171	16 727	-	(2 453)	50 076
Investment securities	-	-	-	-	-	78 501	78 501
Loans and advances	1 582 590	242 812	329 787	889 817	1 310 674	(107 025)	4 248 655
Other assets	33 700	738 788	-	-	-	-	772 488
Total	6 228 073	989 231	357 958	906 544	2 039 128	(31 001)	10 489 933
Liabilities							
Derivative liabilities	349	-	-	-	-	-	349
Deposits from customers and other banks	7 393 297	-	4 807	-	6	-	7 398 110
Other liabilities	-	1 640 261	33 117	182 379	14 619	27 323	1 897 699
Total	7 393 646	1 640 261	37 924	182 379	14 625	27 323	9 296 158
Liquidity gap	(1 165 573)	(651 030)	320 034	724 165	2 024 503	(58 324)	-
Cumulative liquidity gap	(1 165 573)	(1 816 603)	(1 496 569)	(772 404)	1 252 099	1 193 775	-
Letters of credit	(40 596)	(7 729)	(40 680)	(71 468)	-	-	-
Financial guarantees	(1 230)	(14 511)	(438)	(66 719)	-	-	-
Total liquidity gap (on-and off-balance sheet)	(1 207 399)	(1 838 843)	(1 537 687)	(910 591)	1 252 099	1 193 775	-
Total cumulative liquidity gap	(1 207 399)	(1 880 669)	(1 601 753)	1 015 775	1 008 728	-	-

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

Liquidity coverage ratio ("LCR")

The below table shows Stanbic Bank's liquidity coverage ratio calculated based on Basel II requirements in line with the RBZ guidelines. The LCR is the ratio of highly liquid assets that the Bank has against its expected cash outflows in a stress scenario.

Category	Sub-category	30 June 2024 Total weighted value ZWG'000	31 December 2023 Total weighted value ZWG'000
High quality liquid assets ("HQLA")	Level 1 assets	1 435 849	2 773 228
	Level 2A assets	-	-
	Level 2B assets	-	-
	Total HQLA	1 435 849	2 773 228
Cash outflows			
	Retail deposits and deposits from small business customers of which:		
	Stable deposits	-	-
	Less stable deposits	3 734	16 907
	Wholesale funding, of which:	-	-
	Operational deposits (all counterparties) and deposits in networks of cooperative banking institutions	-	2 898 116
	Non-operational deposits (all counterparties)	3 583 642	-
	Unsecured debt	-	-
	Secured wholesale funding	-	-
	Additional requirements, of which:	-	-
	Outflows related to derivative exposures and other collateral requirements	-	-
	Outflows related to loss of funding on debt products	-	-
	Credit and liquidity facilities	-	-
	Other contractual funding obligations	-	-
	Other contingent funding obligations	46 766	25 121
	Total Cash Outflows	3 634 142	2 940 144
Cash inflows			
	Reverse repo and other secured lending transactions	-	-
	Credit or liquidity facilities provided to Stanbic Bank Zimbabwe	-	-
	Operational deposits held at other financial institutions	-	-
	Operational deposits held at other financial institutions	-	-
	Other inflows by counterparty	-	-
	Other contractual cash inflows	4 478 922	3 672 325
	Total cash Inflows	4 478 922	3 672 325
	Total HQLA	1 435 849	2 773 228
	Total Net Cash Outflows	612 843	735 036
	Liquidity Coverage Ratio (LCR %)	234 29%	377.29%

Level 1 assets- include notes and coins, central bank balances, debt securities issued by the Reserve Bank of Zimbabwe.
Level 2A assets- include corporate debt securities not issued by a financial institution.
Level 2B assets-include residential mortgage-backed securities.

Foreign currency liquidity management

A number of parameters are observed in order to monitor changes in either market liquidity or exchange rates. The use of the USD as the functional currency in Zimbabwe means that significant foreign currencies to the Bank are the Zimbabwe investment gold ("ZWG"), South African Rand ("ZAR") and the British Pound ("GBP"). These three foreign currencies (and other minor ones) contribute 26% (2023:62%) of the overall statement of financial position size as depicted below and thus pose a significant foreign currency liquidity risk to the Bank:

Statement of financial position by currency as at 30 June 2024	Historical cost Total ZWG'000	USD ZWG'000	ZWG ZWG'000	ZAR ZWG'000	GBP ZWG'000	Other ZWG'000
Assets						
Cash and cash equivalents	6 567 304	5 616 101	755 316	62 380	30 854	102 653
Derivative assets	370	-	370	-	-	-
Financial investments	-	-	-	-	-	-
Investment securities	34 547	-	34 547	-	-	-
Loans and advances	4 303 011	3 470 365	832 646	-	-	-
Other assets	751 759	536 388	173 765	41 415	17	174
Current taxation asset	55 079	-	55 079	-	-	-
Intangible assets	16 363	-	16 363	-	-	-
Investment property	935 235	-	935 235	-	-	-
Property and equipment	488 722	-	488 722	-	-	-
Right of use assets	3 485	-	3 485	-	-	-
Total assets	13 155 875	9 622 854	3 295 528	103 795	30 871	102 827
Equity and liabilities						
Equity	2 016 054	-	2 016 054	-	-	-
Ordinary share capital	427	-	427	-	-	-
Ordinary share premium	17 732	-	17 732	-	-	-
Reserves	1 997 895	-	1 997 895	-	-	-
Liabilities	11 139 821	8 385 697	2 386 889	103 239	111 386	152 610
Derivative liabilities	53	-	53	-	-	-
Total deposits	8 774 156	6 717 395	1 721 629	73 724	110 190	151 218
Deposits from other banks	180 373	76 236	-	39 759	63 948	430
Deposits from customers	8 593 783	6 641 159	1 721 629	33 965	46 242	150 788
Current taxation liability	-	-	-	-	-	-
Deferred tax liability	257 082	-	257 082	-	-	-
Other liabilities	2 108 530	1 668 302	408 125	29 515	1 196	1 392
Total equity and liabilities	13 155 875	8 385 697	4 402 943	103 239	111 386	152 610
Currency gap	-	1 237 157	(1 107 415)	556	(80 515)	(49 783)
Currency size as % of overall statement of financial position	100%	74%	24%	1%	0%	1%

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Statement of financial position by currency as at 31 December 2023	Restated Total ZWG'000	USD ZWG'000	ZWG ZWG'000	ZAR ZWG'000	GBP ZWG'000	Other ZWG'000
Assets						
Cash and cash equivalents	5 340 176	3 680 629	1 481 194	125 730	26 262	26 361
Derivative assets	37	-	37	-	-	-
Financial investments	50 076	-	50 076	-	-	-
Investment securities	78 501	-	78 501	-	-	-
Loans and advances	4 248 655	3 639 779	608 876	-	-	-
Other assets	832 627	319 814	502 891	7 861	2 061	-
Current tax asset	1 236	-	1 236	-	-	-
Intangible assets	16 741	-	16 741	-	-	-
Investment property	1 303 071	-	1 303 071	-	-	-
Property and equipment	538 583	-	538 583	-	-	-
Right of use assets	5 521	-	5 521	-	-	-
Total assets	12 415 224	7 640 222	4 586 727	133 591	28 323	26 361
Equity and liabilities						
Equity	2 403 779	-	2 403 779	-	-	-
Ordinary share capital	427	-	427	-	-	-
Ordinary share premium	17 732	-	17 732	-	-	-
Reserves	2 385 620	-	2 385 620	-	-	-
Liabilities	10 011 445	7 120 640	2 549 968	219 391	66 102	55 344
Derivative liabilities	349	-	349	-	-	-
Total deposits	7 398 110	5 300 413	1 897 276	82 030	64 926	53 465
Deposits from other banks	263 416	201 229	-	34 957	27 125	105
Deposits from customers	7 134 694	5 099 184	1 897 276	47 073	37 801	53 360
Deferred and current tax liabilities	417 348	-	417 348	-	-	-
Other liabilities	2 195 638	1 820 227	234 995	137 361	1 176	1 879
Total equity and liabilities	12 415 224	7 120 640	4 953 747	219 391	66 102	55 344
Currency gap	-	519 582	(367 020)	(85 800)	(37 779)	(28 983)
Currency size as % of overall statement of financial position	100%	62%	37%	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 200bps parallel rate shock on all yield curves would decrease the forecast net interest income based on balances as at 30 June 2024 by 4.3% (December 2023:3.47%) for the local currency balance sheet. For the foreign currency balance sheet a downward 100bps parallel rate shock on all yield curves would decrease the forecast net interest income based on balances as at 30 June 2024 by 12% (December 2023:10.08%). The table below indicates the ZWG 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 2024 ZWG'000	December 2023 ZWG'000
Increase in basis points	200	200
Sensitivity of annual net local currency interest income	24 996	13 064
Sensitivity of OCI		
Decrease in basis points	200	200
Sensitivity of annual net local currency interest income	(17 761)	(13 714)
Sensitivity of OCI		
Increase in basis points	100	100
Sensitivity of annual net local currency interest income	12 498	6 532
Sensitivity of OCI		
Decrease in basis points	100	100
Sensitivity of annual net local interest income	(8 866)	(6 824)

Interest rate sensitivity analysis	June 2024 ZWG'000	December 2023 ZWG'000
Increase in basis points	200	200
Sensitivity of annual net foreign currency interest income	131 117	86 245
Sensitivity of OCI		
Decrease in basis points	200	200
Sensitivity of annual net foreign currency interest income	(124 145)	(80 415)
Sensitivity of OCI		
Increase in basis points	100	100
Sensitivity of annual net foreign currency interest income	65 559	44 233
Sensitivity of OCI		
Decrease in basis points	100	100
Sensitivity of annual net foreign currency interest income	(62 072)	(40 208)

30 June 2024 Interest rate repricing gap analysis (ZWG'000)	Historical cost Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	Total
Assets							
Cash and cash equivalents	1 975 883	2 113 553	-	-	2 086 703	391 165	6 567 304
Derivative assets	-	-	-	-	-	370	370
Financial investments	-	-	-	-	-	-	-
Investment securities	-	-	-	-	-	34 547	34 547
Loans and advances	-	-	-	-	3 343 670	959 341	4 303 011
Other assets	-	-	-	-	-	660 621	660 621
Total	1 975 883	2 113 553	-	-	5 430 373	2 046 044	11 565 853
Liabilities							
Derivative liabilities	-	-	-	-	-	53	53
Deposits from customers and other banks	542 966	1 673 070	1 511 276	3 450 858	1 595 986	-	8 774 156
Other liabilities	-	-	-	-	-	1 821 124	1 821 124
Total	542 966	1 673 070	1 511 276	3 450 888	1 595 986	1 821 177	10 595 333
Interest rate repricing gap	1 432 917	440 483	(1 511 276)	(3 450 888)	3 834 387	224 867	
Cumulative interest rate repricing gap	1 432 917	1 873 400	362 124	(3 088 764)	745 623	-	

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

31 December 2023 Interest rate repricing gap analysis (ZWG'000)	Restated Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	Total
Assets							
Cash and cash equivalents	2 251 075	-	-	-	-	3 089 101	5 340 176
Derivative assets	-	-	-	-	-	37	37
Financial investments	4 442	6 664	16 659	16 659	-	5 652	50 076
Investment securities	-	-	-	-	-	78 501	78 501
Loans and advances	4 306 743	-	-	-	-	(58 088)	4 248 655
Other assets	-	-	-	-	-	772 488	772 488
Total	6 562 260	6 664	16 659	16 659	-	3 887 691	10 489 933
Liabilities							
Derivative liabilities	-	-	-	-	-	349	349
Deposits from customers and other banks	5 353 683	4 807	-	-	-	2 039 620	7 398 110
Other liabilities	-	-	-	-	-	1 897 698	1 897 698
Total	5 353 683	4 807	-	-	-	3 937 667	9 296 157
Interest rate repricing gap	1 208 577	1 857	16 659	16 659	-	(49 976)	
Cumulative interest rate repricing gap	1 208 577	1 210 434	1 227 093	1 243 752	1 243 752	-	

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

Market risk measurement

The techniques used to measure and control market risk include:

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

Daily VaR

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

Stress tests

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

Other market risk measures

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

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

Foreign currency risk

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

Foreign currency value at risk for June 2024

	Maximum possible loss in June 2024 ZWG'000	Minimum possible loss in June 2024 ZWG'000	Average possible loss ZWG'000	Possible loss at 30 June 2024 ZWG'000	Maximum acceptable VaR loss ZWG'000
Normal VaR	270.3	187.7	208.2	270.3	560
Stress VaR	36 250	25 234	28 074	36 250	36 000

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 2024 was ZWG270 300 (2023: ZWG389 000), and the minimum possible loss was ZWG187 700 (2023: ZWG224 000), with an average possible loss of ZWG208 200 (2023: ZWG306 000) in comparison to the maximum acceptable possible loss of ZWG560 000 (2023: ZWG1 555 000).

Operational risk

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

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

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

Compliance risk

The Bank's approach to managing compliance risk 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.

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Climate Risk Management

Stanbic Bank Zimbabwe defines climate-related risk as the exposure to the physical- and transition-related risk drivers associated with climate change, both in respect of the bank's own activities and operations, but more materially through the transmission of such drivers into credit, market, reputational and other risk exposures from lending to, investing in and otherwise transacting with the bank's counterparties. Exposure to climate-related risks either directly to the bank, or indirectly through increased financial and reputational exposure to the bank's clients and third parties, could therefore present as financial losses, loss of shareholder value, increased investor pressure, heightened reputational risk or regulatory sanctions.

Our climate journey

Our climate journey starts with the purpose of Stanbic Bank Zimbabwe which is: Zimbabwe is our home; we drive her growth. We aim to be a market leader in sustainable finance across the country and aid in Zimbabwe's just energy transition.

As such, together with the broader Standard Bank Group we are committed to achieving net zero carbon emissions from our own operations for newly built facilities by 2030, for existing facilities by 2040 and from our portfolio of financed emissions by 2050. In 2024, the Bank will invest considerable time in refining our approach to climate change. We understand our climate related opportunities and risks through a double materiality lens. Our approach is underpinned by two interconnected pillars: climate strategy and climate risk.

Climate strategy is led by our client segments and integrates climate-related opportunities and risks into their strategies. This pillar addresses the impact that the Bank has on climate change through setting climate mitigation targets and commitments. Climate risk management is led by our risk function and integrates climate-related risks into the Bank's overall risk management framework. This pillar addresses the impact that climate change has on the Bank.

Zimbabwe much like the rest of the continent is disproportionately impacted by climate change: the continent is already experiencing above average temperature increases, prolonged and severe droughts, frequent flooding, and coastal erosion. Yet Africa's contribution to global GHG emissions is less than 4%. Furthermore, the achievement of the United Nations ("UN") Sustainable Development Goals ("SDGs") is constrained by energy poverty: 600 million Africans have no access to electricity. Energy use per capita in Africa remains one-third of the global average. Africa's demand for electricity is expected to increase by 75% by 2030. As such, climate change and the energy transition present a significant opportunity and a material risk to the Bank.

Our approach to understanding climate related risks and opportunities in Zimbabwe is founded on the principle of common but differentiated responsibility for climate mitigation and lowering GHG emissions that is enshrined in the Paris Agreement. This principle allows developing countries a longer time to transition to net zero, beyond 2050. Due to huge dependency on mining, oil and gas sectors to generate foreign currency, government revenue, and employment for many developing nations like Zimbabwe. It is not tenable to simply stop financing such activity, particularly as the impact on global GHG emissions will be marginal. The broader impacts of loadshedding include weaker consumer and business confidence, and an impediment to foreign investment. This energy challenge similarly poses a significant opportunity driven by the increased demand from households and businesses for off-the-grid and alternative energy solutions. The total value of renewable-energy projects in Africa is thought to be in the region of USD35 billion, including 104 wind projects and over 1 000 solar projects. Zimbabwe is also increasing power demand and efforts to expand electrification. Despite global finance investment flows reaching record highs in 2021, investment to support the energy transitions of African countries remains extremely limited.

For Zimbabwe to make progress towards the SDGs there are sectors that will continue to need financing despite their carbon intensity. Indeed, certain activities will require higher levels of investment. Agricultural and food manufacturing are essential for food security and employment. Mining for copper, cobalt and lithium is core to the global energy transition. Steel and cement are needed for infrastructure development across the continent. We place these sectors and activities under the umbrella of transition finance. We will continue to finance them while also supporting efforts to ensure they have credible plans to transition to net zero. In our view this approach is preferable to disinvestment and disorderly energy transitions.

Zimbabwe will also play a critical role in regional and global climate mitigation efforts, As a continent, Africa serves as a significant carbon sink with its equatorial forests absorbing more carbon than the continent generates. We are working to unlock the opportunities that Zimbabwe holds to support global decarbonisation efforts. Our climate commitments are integrated into our strategy. Our client segments are leading the development of climate targets and commitments across the various economic sectors that we bank.

The needs of our clients are at the forefront of this work, and we are working with them to support their energy transitions, providing climate-related solutions to clients, deploying capital to scale renewable energy solutions, and mobilising capital for a sustainable energy transition.

In keeping with the Bank's operating model, client segments take the lead in assessing and monitoring climate-related issues relevant to their specific businesses. Each segment has identified an appropriate executive to drive climate-related work in their business, ensuring that the climate strategy work takes place as close to our clients as possible. This means for example that the executives leading the Bank's agriculture business monitor climate related issues relevant to the agriculture sector, while executives leading the Bank's residential real estate business monitor issues pertinent to home loans.

In addition, executives in various corporate functions support climate related risk management at total bank level. For example, Risk Management Committee ("RMC") focuses on climate change in relation to sovereign risk. A Sustainability Committee responsible for championing the Bank's sustainability targets has been set up and meets monthly to execute on the business's sustainability agenda and climate-related matters. Relevant capacity building is also being currently developed through bespoke training sessions to different audiences within the Bank.

Our climate policy and commitment to net zero by 2050 is integrated into our strategy, which aims to deliver sustainable growth and value for all our stakeholders. Our strategy is underpinned by integrated thinking, connecting the emerging trends effecting our business and the issues that impact how we execute our strategy and create value. This is reflected in our six strategic value drivers. Our climate strategy is reflected in each value driver.

Climate Risk and Our strategic value drivers

Client focus

Our clients sit at the heart of our climate strategy. We are partnering with our clients supporting their transition and adaptation plans with relevant solutions.

Employee engagement

We are investing in our employee's capabilities to understand climate-related opportunities and risks to better service offering for our clients.

Risk and conduct

We aim to prudently manage climate risk in line with our risk appetite, risk management framework, and regulatory expectations.

Operational excellence

We are managing our direct operational footprint across our offices, branches, and automated teller machines ("ATMs") to reduce our direct GHG emissions.

Financial outcomes

Implementing our climate strategy to support Zimbabwe's transition will generate revenue for the Bank

Social, economic and environmental impact

Our climate policy will make a positive contribution to economic growth and human development in Zimbabwe, while helping to minimise and mitigate climate-related risk. Our approach supports SDGs 7, 8 and 13.

Governance

We expect that both the board and management will spend more time assessing and monitoring climate-related issues in 2024. We expect this trend to continue into 2025 and beyond. This include:

- Providing adequate oversight on the Bank's sustainability agenda.
- setting climate targets and commitments for Bank
- Monitoring progress in meeting these commitments and targets.
- Monitoring climate risks that may impact the Bank's risk profile and approving and monitoring risk appetite.

Board level oversight and guidance

Stanbic Bank Zimbabwe board

The board is responsible for overseeing climate related risk management and progress against our climate policy and targets. This responsibility is delegated to the Board Risk committee which meets quarterly and provide feedback to the full board.

Board Risk Committee

This committee is expanding its role in the oversight of climate risk management. In the year 2024, it will consider a detailed report on evolving our climate risk management practices, regulatory requirements, and the work being led by the Bank to understand its exposure to climate risk. Management is expected to table a climate risk management report to board risk committee in Q3 2024.

Management level oversight

Executive Committee

The Bank's Executive Committee drives the implementation of the climate strategy and adherence to the climate policy. Throughout the year 2024 it will receive progress reports on the target setting work underway in client segments.

Sustainability Committee

This committee has oversight of the Bank's climate policy, climate targets and commitments. In 2024, it is expected to develop a report on progress against the Bank's phase one climate targets.

Risk Management Committee

This committee is developing its role in the oversight of climate risk management. In 2024, the committee will consider a detailed report on evolving climate risk management practices, regulatory requirements, and the work being done by the Bank to understand the its exposure to climate risk.

Client segments

Client segments have strategy and governance committees that oversee climate work in their respective business units, and which recommend climate targets and commitments to Bank-wide governance committees for approval.

How the Bank manages climate change

This work is led by the Bank's client segments who are accountable for setting and meeting climate targets and commitments in line with the Bank's climate policy. The real estate services team is responsible for managing and reducing our direct operational footprint in line with the Bank's climate policy by implementing efficient energy solutions, including solar photovoltaic ("PV") solutions for key buildings.

How climate change impacts the Bank' Climate risk management

This work is led by the Bank's Chief Risk Officer ("CRO"). The CRO is responsible for implementing the emerging climate risk management framework in the business. The Bank's Credit Risk Management Committee ("CRMC") is responsible for ensuring the Bank's lending activities align with environmental and social risk policies, as well as international standards of best practice, and works with business and credit teams to assess and monitor climate risks.

Integration of climate-related risks into overall risk management

Our enterprise risk management framework provides the umbrella for how we manage climate risk across the Bank. The Bank's Risk Management Report provides a comprehensive picture of the Bank's risk management. Our existing policies and standards for risk identification, assessment, management, and mitigation are being applied to climate risk. The Bank's enterprise risk management team conducts an annual process to identify and assess top risks and emerging risks to the Bank informed. Climate-related risks have emerged as a material risk to the Bank and consequently there has been heightened attention given to understanding and managing these risks in the current year 2024.

Climate risk is a financial and non-financial risk

We define climate risk as exposure to the physical and transition risks associated with climate change both in respect of our own activities and operations, but more materially through the transmission of climate risks into credit, market, reputational and other risk exposures from lending to, investing in and otherwise transacting with our clients and counterparties.

We recognise that climate risk has two distinct drivers which are the primary source of risk across all our operations, with varying levels of intensity. Firstly, the risk of financial loss arising through increasing severity and frequency of physical climate risk drivers. This may include more frequent and extreme climate change related weather events such as storms, wildfires, droughts and other physical hazards, all of which are evident in Zimbabwe. It may also include chronic longer-term changes in climate, such as changing precipitation patterns, rising sea levels and average temperature rises.

Secondly, the risk of financial loss arising through transition risk drivers, being changes associated with microeconomic (individual and corporate level) and macroeconomic (economy and country level) adjustments made in transitioning to a lower carbon emissions economy and business operating model. Such drivers include climate related changes in policies, legislation and regulations, changes due to technology improvements that support transition to a lower carbon economy, changes in market demand for products and services that support the transition, and reputational risks associated with changing customer preferences.

We understand the transmission of climate risk has both financial and non-financial elements, and that climate risk-related events have implications for other risk types faced by the bank. Below we have examples of how climate-related risks transmit to the financial and non-financial risk types within our enterprise-wide risk management framework.

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 counterparties in high transition risk sectors, such as our coal-fired power generation and mining sectors, are expected to have to incur higher taxes on their emissions in the short to medium term, potentially impacting the credit quality of our exposures.

Market risk

The risk of change in market value, earnings or future cash flows from a financial instrument held, caused by adverse moves in market variables Financial instruments issued by counterparties in sectors with high transition risk due to carbon intensive business models, may be at risk of value erosion in a disorderly transition that impacts market prices.

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. The potential for the Bank to be impacted through climate-risk related events or conditions, that results in an inability to access sufficient funding to meet liquidity reserving requirements, has not been fully examined as yet.

Materiality of climate-related risks in assessing where material climate-related credit exposures reside in our portfolio, we leveraged internal expert knowledge on the inherent risks in the sectors and industries that our counterparties operate in, in order to build a climate-sensitive sector inventory. We supplemented that with external advisory recommendations, references to peers and links to standard industry classification codes. The value of our outstanding credit exposure to each sector and industry relative to the total portfolio, the geographies in which our exposures are concentrated, as well as the sector-specific strategies we have in place, were also all considerations taken in determining materiality of our climate-related risks and opportunities. When assessing climate-related risks we align with our phased target-setting approach which defines the following timescales for short, medium, and long term: Short term 0 – 5 years; Medium term 5 – 10 years; Long term more than 10 years.

Setting climate risk appetite

Central to the integration of climate risk management is the development of a risk appetite framework within which these risks can be measured and monitored. Our risk appetite defines the nature and magnitude of risk that we are willing to take in support of our financial and strategic objectives. It reflects our capacity to sustain losses and continue to meet our obligations as they fall due, both under normal and stressed conditions. We acknowledge that in the case of climate-related risks, there are multiple dimensions around which risk appetite needs to be set such as a sector's, or country's exposure to climate risk. Our climate policy is one form of expression of our appetite for lending to sectors we have identified as being sensitive to climate-related risks. The targets set for exposure concentration to these sectors reflect our intentions to align to our net zero commitments, and to contribute to mitigating the effects of climate change through limiting our lending to high emitting sectors. This forms the basis for our initial views on portfolio level appetite setting. Further work will be done on setting sector specific metrics for portfolio level appetite monitoring. In terms of transaction level appetite for climate related credit risk.

Targets and metrics

Our climate policy defines the following overall sustainable finance and lending concentration risk-based targets for the primary sectors that we have focused on, being those that we have identified as being exposed to material levels of climate-related risk. Our policy states that these targets will be reviewed regularly and in time will be re-baselined to reflect targets for absolute emissions contractions.

Metrics

The Bank will be using the following metrics:

- lending exposure to high-emissions sectors as a proxy indicator
- We are working toward the disclosure of scope 3 financed emissions data, with an initial focus on mining, tobacco farming and coal-fired power generation.

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NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 30 June 2024

		Historical cost 30 June 2024 ZWG'000	Restated 31 December 2023 ZWG'000
1	**Cash and cash equivalents**		
	Bank notes	788 802	1 590 897
	Balances with the Central Bank	1 853 550	1 498 228
	Balances with other banks	3 925 012	2 251 075
		6 567 364	5 340 200
	Expected credit loss on balances with other banks	(60)	(24)
	Current	6 567 304	5 340 176

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

	Historical cost 30 June 2024 ZWG'000	Restated 31 December 2023 ZWG'000
Stage 1		
Balance as at the beginning of the year	(24)	(744)
Net movement	473	674
Originated impairments raise	-	(22)
Subsequent impairments	473	696
Derecognised or write offs	-	-
Other movements	(509)	46
Balance at end of the half year	(60)	(24)

2 **Derivative instruments**

The Bank's derivatives are classified as held for trading.

Fair values

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

Use and measurement

The Bank entered into derivative transactions for trading purposes during the half year ended 30 June 2024. 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 customers demand both as market maker in the wholesale markets and in structuring tailored derivatives for customers.

	Historical cost Fair value of assets 30 June 2024 ZWG'000	Restated Fair value of assets 31 December 2023 ZWG'000
Derivatives held for trading		
Foreign exchange contracts	370	37
Maturity analysis of net fair value		
Up to 1 month	370	37

	Historical cost Fair value of liabilities 30 June 2024 ZWG'000	Restated Fair value of liabilities 31 December 2023 ZWG'000
Derivatives held for trading		
Foreign exchange contracts	(53)	(349)
Maturity analysis of net fair value		
Up to 1 month	(53)	(349)

		Historical cost 30 June 2024 ZWG'000	Restated 31 December 2023 ZWG'000
3	**Financial investments**		
	Balance at the beginning of the period	50 076	302 533
	Additions	3 002	228 218
	Accrued interest	-	27 015
	Total disposals	(53 318)	(502 480)
	Disposals	(26 303)	(465 310)
	Interest received	(27 015)	(37 170)
	Expected credit loss allowances (note 3.1.4)	240	(5 210)
	Balance at the end of the period	-	50 076
	Current	-	50 076
3.1	**Financial investments**		
	Other financial investments		
	Comprising:		
	Financial investments at amortised cost		
	Sovereign	-	52 529
3.1.2	**Gross financial investments**		
	Sovereign	-	52 529
	Expected credit loss		
	Stage 1	-	(2 453)
	Net financial investments	-	50 076

3.1.3 Expected credit loss for financial investments

	Stage 1	Stage 2	Stage 3	Total
Sovereign June 2024	-	-	-	-
Sovereign December 2023	(2 453)	-	-	(2 453)

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

	Sovereign	Total
Stage 1 2024		
Balance at beginning of the year	2 453	2 453
Net movement	(240)	(240)
Originated impairments raised	2 213	2 213
Subsequent decrease in expected credit loss	(2 453)	(2 453)
Derecognition on matured financial investments	(2 213)	(2 213)
Balance at the end of period	-	-

	Sovereign	Total
Stage 1 restated 2023		
Balance at beginning of the year	3 088	3 088
Net movement	5 210	5 210
Originated impairments raised	8 298	8 298
Subsequent decrease in expected credit losses	(3 088)	(3 088)
Derecognition on matured financial investments	(5 845)	(5 845)
Balance at the end of period	2 453	2 453

		Historical cost 30 June 2024 ZWG'000	Restated 31 December 2023 ZWG'000
	Maturity analysis		
	The maturities represent periods to contractual redemption of the financial investments recorded:		
	Maturing within one year	-	50 076
3.2	**Investment securities**		
	Balance at the beginning of the period	78 501	38 428
	Additions	-	-
	Disposal	-	-
	Net change in fair value	(43 954)	40 073
	Balance at the end of period	34 547	78 501

The Bank has a 15.97% (2023:15.97%) shareholding in Zimswitch Holdings (Private) Limited, a special purpose company that has shareholding in Zimswitch Technologies (Private) Limited, which provides a 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.

		Historical cost 30 June 2024 ZWG'000	Restated 31 December 2023 ZWG'000
4	**Loans and advances**		
	Gross loans and advances measured at amortised cost	2 663 601	2 504 710
	Mortgage loans	314 521	329 036
	Instalment sale and finance leases	896 060	823 435
	Personal unsecured lending	713 199	677 495
	Business lending and other	739 821	674 744
	Corporate lending	1 735 530	1 850 970
	Allowance for expected credit losses	(96 120)	(107 025)
	Stage 1	(38 561)	(54 617)
	Stage 2	(23 713)	(27 521)
	Stage 3	(33 846)	(24 887)
	Net loans and advances	4 303 011	4 248 655
	Maturity analysis		
	The maturity analysis of gross loans and advances is based on the remaining periods to contractual maturity from period end		
	Redeemable on demand	1 511 916	1 582 590
	Maturing within 1 month	234 476	242 812
	Maturing after 1 month but within 12 months	654 945	1 219 605
	Maturing after 12 months	1 997 794	1 310 673
	Gross loans and advances	4 399 131	4 355 680

	30 June 2024 ZWG'000	30 June 2024 %	31 December 2023 ZWG'000	31 December 2023 %
Sectoral analysis-industry				
Individuals	1 424 201	33%	727 913	43%
Agriculture	805 577	18%	504 352	18%
Manufacturing	675 725	15%	1 394 676	8%
Wholesale distribution	366 935	8%	468 458	7%
Other services	501 928	12%	537 063	16%
Transport	324 620	7%	101 196	2%
Mining	170 068	4%	542 571	3%
Construction	126 228	3%	75 260	3%
Finance	1 339	0%	4 113	0%
Communications	2 510	0%	78	0%
	4 399 131	100%	4 355 680	100%

4.3 Expected credit losses for loans and advances

The allowance for expected credit losses for loans and advances by class for the half year ended 30 June 2024 is as follows:

	Historical cost			
Total impairments	Stage 1 ZWG'000	Stage 2 ZWG'000	Stage 3 ZWG'000	Total ZWG'000
30 June 2024				
Mortgage loans	1 451	2 379	268	4 098
Instalment sale and finance leases	4 634	15 138	497	20 269
Personal unsecured lending	12 632	3 967	31 533	48 132
Business lending and other	9 194	2 211	1 548	12 953
Corporate lending	10 650	18	-	10 668
Balance as at 30 June 2024	38 561	23 713	33 846	96 120

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 2024

Allowance for expected credit losses	Mortgage loans ZWG'000	Instalment sale and finance leases ZWG'000	Personal unsecured lending ZWG'000	Business lending and other ZWG'000	Corporate lending ZWG'000	Total ZWG'000
Stage 1						
Balance as at the beginning of the year	478	7 906	11 783	15 759	18 691	54 617
Net movement	973	(1 871)	(2 517)	(1 126)	(5 275)	(9 816)
Originated impairments raised	290	518	7 304	6 059	2 676	16 847
Subsequent changes in expected credit loss	(1 443)	(2 744)	(12 313)	(18 997)	(2 654)	(38 151)
Transfers from/(to) stage 2	2 126	355	2 995	11 812	33	17 321
Transfers to stage 3	-	-	(503)	-	-	(503)
Derecognition including write off	-	-	-	-	(5 330)	(5 330)
Other movements	-	(1 401)	3 366	(5 439)	(2 766)	(6 240)
Balance at end of the half year	1 451	4 634	12 632	9 194	10 650	38 561
Stage 2						
Balance as at the beginning of the year	2 265	12 486	5 885	6 828	57	27 521
Net movement	54	5 106	2 669	1 487	(86)	9 230
Originated impairments raised	336	-	1 575	458	12	2 381
Subsequent changes in expected credit loss	1 952	5 461	6 319	13 291	(59)	26 964
Transfers (to)/from stage 1	(2 126)	(355)	(2 995)	(11 812)	(33)	(17 321)
Transfers to stage 3	(108)	-	(2 230)	(450)	-	(2 788)
Derecognised including write offs	-	-	-	-	(6)	(6)
Other movements	60	(2 454)	(4 587)	(6 104)	47	(13 038)
Balance at end of the half year	2 379	15 138	3 967	2 211	18	23 713
Stage 3						
Balance as at the beginning of the year	47	1 735	21 588	1 517	-	24 887
Net movement	112	307	24 125	1 850	-	26 394
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	4	307	21 392	1 400	-	23 103
Transfers from stage 1	-	-	503	450	-	953
Transfers from stage 2	108	-	2 230	-	-	2 338
After write off recoveries	-	-	-	-	-	-
Write offs	-	(269)	(7 939)	-	-	(8 208)
Time value of money ("TVM") unwinding	-	-	-	-	-	-
Other movements	109	(1 276)	(6 241)	(1 819)	-	(9 227)
Balance at end of the half year	268	497	31 533	1 548	-	33 846

4.3.2 December 2023 allowance for expected credit losses on loans and advances to customers

A reconciliation of the allowance for expected credit losses on loans and advances to customers by class:

	Mortgage loans ZWG'000	Instalment sale and finance leases ZWG'000	Personal unsecured lending ZWG'000	Business lending and other ZWG'000	Corporate lending ZWG'000	Total ZWG'000
Stage 1 restated						
Balance as at the beginning of the year	233	102	12 778	3 985	2 017	19 115
Net movement	106	9 440	(2 890)	(18)	15 967	22 605
Originated impairments raised	711	555	(4 624)	(5 868)	19 336	10 110
Subsequent changes in expected credit loss	(608)	8 885	1 738	5 850	(3 107)	12 758
Transfers from/(to) stage 2	3	-	(13)	-	119	109
Transfers to stage 3	-	-	9	-	-	9
Derecognition	-	-	-	-	(381)	(381)
Other movements	139	(1 636)	1 895	11 792	707	12 897
Balance as at end of the year	478	7 906	11 783	15 759	18 691	54 617
Stage 2 restated						
Balance as at the beginning of the year	2 842	14 986	20 443	73 379	515	112 165
Net movement	(4 291)	(16 271)	(175 363)	(365)	867	(195 423)
Originated impairments raised	1 436	85	4 732	936	(17)	7 172
Subsequent changes in expected credit loss	(5 720)	(16 356)	(179 951)	(1 301)	850	(202 478)
Transfers (to)/ from stage 1	(3)	-	13	-	(119)	(109)
Transfers to stage 3	(4)	-	(157)	-	-	(161)
Derecognition including write off	-	-	-	-	153	153
Other movements	3 714	13 771	160 805	(66 186)	(1 325)	110 779
Balance as at end of the year	2 265	12 486	5 885	6 828	57	27 521
Stage 3 restated						
Balance as at the beginning of the year	442	52	8 079	601	534	9 708
Net movement	1 181	2 710	51 111	2 315	-	57 317
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	1 177	2 710	51 336	2 315	-	57 538
Transfers from stage 1	-	-	(9)	-	-	(9)
Transfers from stage 2	4	-	157	-	-	161
After write off recoveries	-	-	(373)	-	-	(373)
TVM unwinding	-	-	-	-	-	-
Write off	-	-	-	-	-	-
Other movements	(1 576)	(1 027)	(37 602)	(1 399)	(534)	(42 138)
Balance as at end of the year	47	1 735	21 588	1 517	-	24 887

	Historical cost 30 June 2024 ZWG'000	Restated 31 December 2023 ZWG'000
4.4 Expected credit losses for the six months ended 30 June 2024:		
Net expected credit losses raised and (released) on financial investments	(240)	512
Stage 1 (note 3.1.4)	(240)	512
Net expected credit losses raised and (released) on balances with other banks	(473)	(384)
Stage 1 (note 1. 1)	(473)	(384)
Net expected credit losses raised and (released) on loans and advances	25 808	(13 737)
Stage 1 (note 4.3.1)	(9 816)	13 721
Stage 2 (note 4.3.1)	9 230	(39 132)
Stage 3 (note 4.3.1)	26 394	11 674
Net expected credit losses raised and (released) on off – balance sheet exposures	(210)	3
Stage 1 (note 11.2.3)	(241)	(235)
Stage 2	31	238
Total expected credit losses (on and off-balance sheet)	24 885	(13 606)

	Historical cost 30 June 2024 ZWG'000	Restated 31 December 2023 ZWG'000
5 Non trading and capital items		
Fair value loss on investment property	(388 728)	-
Tax charge	69 971	-
	(318 757)	-

Non trading and capital items relate to technical accounting adjustments that were made following the change in the Bank's functional currency from ZWL. These adjustments were because of the differences in fair value of property assets when expressed in local currency compared to the underlying valuations in the open market in real terms

	Historical cost 30 June 2024 ZWG'000	Restated 31 December 2023 ZWG'000
6 Other assets		
Inventories	21 281	7 724
Prepayments	69 857	52 414
Amounts due from group companies	697	166
Other receivables	176	16 356
Internal clearing accounts	659 748	755 967
	751 759	832 627
Allowance for expected credit losses on other assets	-	-
	751 759	832 627
Financial assets	660 621	772 489
Non financial assets	91 138	60 138
	751 759	832 627
Maturity analysis		
Maturing within 1 year	660 621	772 489
Maturing after 1 year	91 138	60 138
	751 759	832 627

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

6.1 Due to the short-term nature of these assets and historical experience and available forward-looking information, debtors are regarded as having a low PD. Therefore, the ECL has been assessed to be insignificant.

	Historical cost 30 June 2024 ZWG'000	Restated 31 December 2023 ZWG'000
7 Share capital		
7.1 Authorised share capital		
500 000 ordinary shares with nominal value of ZWG1 each	61	61
7.2 Issued share capital		
260 000 ordinary shares with nominal value of ZWG1 each	427	427
8 Share premium and reserves		
8.1 Share premium		
Share premium on issue of shares	17 732	17 732
8.2 Reserves		
Non-distributable reserve	147 707	181 781
Fair value through other comprehensive income	28 962	70 718
Retained earnings	1 821 226	2 133 121
	1 997 895	2 385 620
9 Deposits and current accounts		
Deposits from other banks	180 373	263 416
Deposits from customers	8 593 783	7 134 694
Current accounts	8 450 096	2 083 882
Call deposits	91 587	5 022 256
Term deposits	29 532	5 222
Savings accounts	22 568	23 334
Deposits and current accounts	8 774 156	7 398 110
Current	8 758 780	7 398 104
Non-current	15 376	6
	8 774 156	7 398 110
Maturity analysis		
The maturity analysis is based on the remaining periods to contractual maturity from period end		
Redeemable on demand	8 740 222	7 393 297
Maturing with 1 month	8 864	-
Maturing after 1 month but within 12 months	9 694	4 807
Maturing after 12 months	15 376	6
	8 774 156	7 398 110

10 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

June 2024

	Held for trading ZWG'000	At fair value through profit and loss-default ZWG'000	Fair value through OCI ZWG'000	Amortised cost ZWG'000	Total carrying amount ZWG'000
30 June 2024					
Financial assets					
Cash and cash equivalents	-	2 066 894	-	4 500 410	6 567 304
Derivative assets	370	-	-	-	370
Financial investments	-	-	-	-	-
Investment securities	-	-	34 547	-	34 547
Loans and advances	-	-	-	4 303 011	4 303 011
Other financial assets	-	-	-	660 621	660 621
	370	2 066 894	34 547	9 464 042	11 565 853
Financial liabilities					
Derivative liabilities	53	-	-	-	53
Deposits from other banks	-	-	-	180 373	180 373
Deposits from customers	-	-	-	8 593 783	8 593 783
Other financial liabilities	-	-	-	1 821 124	1 821 124
	53	-	-	10 595 280	10 595 333

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

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10.1 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Restated December 2023

	Held for trading ZWG'000	At fair value through profit or loss-default ZWG'000	Fair value through OCI ZWG'000	Amortised cost ZWG'000	Total carrying amount ZWG'000
31 December 2023					
Financial assets					
Cash and cash equivalents	-	2 348 332	-	2 991 844	5 340 176
Derivative assets	37	-	-	-	37
Financial investments	-	-	-	50 076	50 076
Investment securities	-	-	78 501	-	78 501
Loans and advances	-	-	-	4 248 655	4 248 655
Other assets	-	-	-	772 488	772 488
	37	2 348 332	78 501	8 063 063	10 489 933
Financial liabilities					
Derivative liabilities	349	-	-	-	349
Deposits from other banks	-	-	-	263 416	263 416
Deposits from customers	-	-	-	7 134 694	7 134 694
Other liabilities	-	-	-	1 897 698	1 897 698
	349	-	-	9 295 808	9 296 157

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

11 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 2024, 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.

		Historical cost				
Assets	**Note**	**Fair values ZWG'000**	**Level 1 ZWG'000**	**Level 2 ZWG'000**	**Level 3 ZWG'000**	**Valuation techniques and inputs**
30 June 2024						
Assets						
Cash and cash equivalents		2 066 894	2 066 894	-	-	
Derivative assets						
– Foreign exchange contracts	2	370	-	370	-	Discounted cash flows
Investment securities	3.2	34 547	-	34 547	-	Net asset value
Investment property		935 235	-	-	935 235	Sales comparison method, market rentals and yields
Freehold property		354 341	-	-	354 341	
Sales comparison method, market rentals and yields						
Total assets		3 391 387	2 066 894	34 917	1 289 576	
Liabilities						
Financial liabilities						
Derivatives liabilities						
– Foreign exchange contracts		53	-	53	-	Discounted cash flows
Total liabilities		53	-	53	-	

		Restated				
Assets	**Note**	**Fair values ZWG'000**	**Level 1 ZWG'000**	**Level 2 ZWG'000**	**Level 3 ZWG'000**	**Valuation techniques and inputs**
31 December 2023						
Assets						
Cash and cash equivalents		2 348 332	2 348 332	-	-	
Derivative assets						
– Foreign exchange contracts	2	37	-	37	-	Discounted cash flows
Investment securities	3.2	78 501	-	-	78 501	Net asset value
Investment property		1 303 071	-	-	1 303 071	Sales comparison method, market rentals and yields
Freehold property		419 382	-	-	419 382	Sales comparison method, market rentals and yields
Total assets		4 149 323	2 348 332	37	1 800 954	
Liabilities						
Financial liabilities						
Derivatives liabilities						
– Foreign exchange contracts		349	-	349	-	Discounted cash flows
Total liabilities		349	-	349	-	

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:

	Historical cost					
	30 June 2024			31 December 2023		
Reconciliation of level 3 items	**Investment property ZWG'000**	**Freehold property ZWG'000**	**Total assets ZWG'000**	**Investment property ZWG'000**	**Freehold property ZWG'000**	**Total assets ZWG'000**
Balance at 1 January	1 303 071	419 382	1 722 453	510 084	177 925	688 009
Additions	2 278	80 510	82 788	128 823	131 186	260 009
Disposal	-	-	-	-	-	-
Transfers (out) of into level 3	-	-	-	-	-	-
Transfers into (out) of level 3	-	-	-	-	-	-
Gains or losses for the period	-	-	-	-	-	-
Included in profit or loss	(388 728)	(740)	(389 468)	664 164	(3 962)	660 202
Exchange rate movements	18 614	-	18 614	-	-	-
Recognised in other comprehensive income	-	(144 811)	(144 811)	-	114 233	114 233
Balance at the end of the period	935 235	354 341	1 289 576	1 303 071	419 382	1 722 453

	Historical cost	Restated
Reconciliation of level 3 items	**30 June 2024 Investment securities ZWG'000**	**31 December 2023 Investment securities ZWG'000**
Balance at 1 January	78 501	38 427
Additions	-	-
Disposal	-	-
Gains or losses for the period		
Recognised in other comprehensive income	(43 954)	40 074
Balance at the end of the period	34 547	78 501

The table below shows the fair value of financial instruments not measured at fair value as at 30 June 2024:

		Historical cost			
	Note	**Fair values ZWG'000**	**Level 1 ZWG'000**	**Level 2 ZWG'000**	**Level 3 ZWG'000**
Assets					
Cash and cash equivalents		4 500 410	4 500 410	-	-
Financial investments		-	-	-	-
Loans and advances	4	4 303 011	-	-	4 303 011
Other assets		660 621	-	-	660 621
Total assets		9 464 042	4 500 410	-	4 963 632
Liabilities					
Financial liabilities measured at amortised cost					
Deposits from other banks	9	180 373	180 373	-	-
Deposits from customers	9	8 774 156	8 758 780	15 376	-
Other liabilities		1 821 124	-	-	1 821 124
Total liabilities		10 775 653	8 939 153	15 376	1 821 124

The table below shows the fair value of financial instruments not measured at fair value as at 31 December 2023:

		Restated			
Assets	**Note**	**Fair values ZWG'000**	**Level 1 ZWG'000**	**Level 2 ZWG'000**	**Level 3 ZWG'000**
Restated 31 December 2023					
Cash and cash equivalents		2 991 843	2 991 843	-	-
Financial investments		50 076	-	-	50 076
Loans and advances	4	4 248 655	-	-	4 248 655
Other assets		772 488	-	-	772 488
Total assets		8 063 062	2 991 843	-	5 071 219
Liabilities					
Financial liabilities measured at amortised cost					
Deposits from other banks	9	263 416	263 416	-	-
Deposits from customers	9	7 134 694	7 134 688	6	-
Other liabilities		1 897 698	-	-	1 897 698
Total liabilities		9 295 807	7 398 104	6	1 897 698

12 Contingent liabilities and commitments

12.1 The Bank had written letters of credit and guarantees amounting to ZWG272 million as at 30 June 2024 (31 December 2023: ZWG244 million). The amount of these letters of credit and guarantees represents the Bank's maximum exposure and no material losses are anticipated from these transactions.

	Historical cost	Restated
	30 June 2024 ZWL'000	**31 December 2023 ZWL'000**
12.2 Commitments		
As at 30 June 2024 the contractual amounts of the Bank's commitments to engage in capital expenditure or to extend credit to its customers were as follows:		
12.2.1 Capital commitments		
Capital expenditure authorised but not yet contracted	779 057	1 588 437
12.2.2 Loan commitments	37 795	50 865

12.2.3 A reconciliation of the allowance for expected credit losses on off balance sheet exposures, by class

	Historical cost			
	Letter of credit ZWG'000	**Guarantee ZWG'000**	**Loan commitments ZWG'000**	**Total ZWG'000**
30 June 2024				
Stage 1				
Balance at the beginning of the year	189	247	303	739
Net movement	(63)	(202)	24	(241)
Originated impairments raised	43	-	-	43
Subsequent changes in expected credit losses	(23)	(202)	24	(201)
Transfers to stage 2	(52)	-	-	(52)
Transfer to stage 3	-	-	-	-
Derecognised including write offs	(31)	-	-	(31)
Other movements	347	113	110	570
Balance at the end of the period	473	158	437	1 068
Stage 2				
Balance at the beginning of the year	-	-	-	-
Net movement	31	-	-	31
Originated impairments raised	-	-	-	-
Subsequent changes in expected credit losses	(21)	-	-	(21)
Transfers from stage 1	52	-	-	52
Derecognised including write offs	-	-	-	-
Other movements	6	-	-	6
Balance at the end of the period	37	-	-	37
Credit impairment charge	(32)	(202)	24	(210)
Total ECL balance at 30 June 2024	510	158	437	1 105

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	Restated			
	Letter of credit ZWG'000	Guarantee ZWG'000	Loan commitments ZWG'000	Total ZWG'000
Year ended 31 December 2023				
Stage 1 restated				
Balance at the beginning of the year	123	158	99	380
Net movement	(225)	38	(186)	(373)
Originated impairments raised	18	8	492	518
Subsequent changes in expected credit losses	(238)	39	(646)	(845)
Transfers from stage 2	-	-	-	-
Derecognised including write offs	(5)	(9)	(32)	(46)
Other movements	291	51	390	732
Balance at the end of the period	189	247	303	739
Stage 2 restated				
Balance at the beginning of the year	1	-	-	1
Net movement	(1)	(4)	217	212
Originated impairments raised	-	-	217	217
Subsequent changes in expected credit losses	(1)	(4)	-	(5)
Transfers to stage 1	-	-	-	-
Derecognised including write offs	-	-	-	-
Other movements	-	4	(217)	(213)
Balance at the end of the period	-	-	-	-
Stage 3 restated				
Balance at the beginning of the year	-	-	-	-
Net movement	-	-	1	1
Originated impairments raised				
Subsequent changes in expected credit losses	-	-	1	1
Transfers to stage 1				
Derecognised including write offs				
Other movements	-	-	(1)	(1)
Balance at the end of the period	-	-	-	-
Expected credit losses charge/(release)	(226)	34	31	(161)
Total ECL balance at 31 December 2023	189	247	303	739

		Historical cost	Restated
		30 June 2024 ZWG'000	30 June 2023 ZWG'000
13	**Directors' emoluments and key management compensation**		
	Non-executive directors' emoluments		
	Emoluments of directors in respect of services rendered (included in operating expenses):		
	As directors of the Bank	2 058	892
	Key management compensation		
	Key management includes executive directors and other members of the Bank's executive committee- included in staff costs.		
	Short term employee benefits	24 660	18 537
	Other long-term benefits	-	78
	Post- employment benefits	716	394
		25 376	19 009

14 Related party disclosures

14.1 Controlling entity

The Bank is a wholly owned subsidiary of The Standard Bank Group Limited. The 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.

		Historical cost	Restated
		30 June 2024 ZWG'000	31 December 2023 ZWG'000
14.1.1	**Amounts due from related parties (bank balances):**		
	Stanbic Bank Botswana Limited	703	884
	Stanbic Bank Swaziland Limited	-	-
	Stanbic Bank Malawi Limited	16	16
	Stanbic Bank Kenya Limited	13	71
	Stanbic Bank Zambia Limited	28	45
	Standard Bank Mauritius	15	172
	Standard Bank South Africa Limited	727 862	1 305 406
	Standard Bank Isle of Man Douglas	2 675 403	-
		3 404 040	1 306 594
	Related through shareholding in the parent company		
	Industrial and Commercial Bank of China (bank balances)	32 437	130 521

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

		Historical cost	Restated
		30 June 2024 ZWG'000	30 June 2023 ZWG'000
14.1.2	**Transactions**		
	Interest income from:		
	Standard Bank South Africa Limited	21 230	39 194
	Standard Bank Isle of Man Douglas	39 496	31 208
14.1.3	Group recharges	75 336	128 236

		Historical cost	Restated
		30 June 2024 ZWG'000	31 December 2023 ZWG'000
14.2	**Deposits and loans with related parties-related through common directorship**		
	Total loans and advances	-	-
	Total customer deposits	37 608	21 131

15 Capital management

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

The Bank's objectives when managing capital are to:

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

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

Capital adequacy	30 June 2024 ZWG'000	31 December 2023 ZWG'000
Ordinary paid up share capital	-	1
Share premium	4	24
Retained earnings	1 466 475	1 931 194
Market and operational risk	(141 989)	(150 907)
Less exposures to insiders	-	-
Reserves	32 836	74 562
Tier 1 capital	1 357 326	1 854 874
Revaluation reserve	201 254	294 627
General provisions (limited to 1.25% of risk weighted assets)	103 689	116 755
Tier 2 capital	304 943	411 382
Market risk	13 035	11 417
Operational risk	128 955	139 490
Tier 3 capital	141 990	150 907
Total Tier1 and 2 capital	1 662 269	2 266 256
Tier 3	141 989	150 907
	1 804 258	2 417 163
Risk weighted assets ("RWAs")	6 261 582	6 954 325
Operational risk equivalent assets	1 611 936	1 743 613
Market risk equivalent assets	421 565	642 489
Total risk weighted assets ("RWAs")	8 295 083	9 340 437
Tier 1 capital ratio	16%	20%
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%	25%

16 Custodial services

The Bank provides custodial trust services to individuals and institutions by holding assets (mainly share certificates) on behalf of customers. As at 30 June 2024, funds under custody amounted to ZWG20.9 billion (31 December 2023: ZWG 9.6 billion) and fee income amounting to ZWG4.3 million on a historical cost basis (30 June 2023: ZWG6.6 million) had been received in return for these services.

17 Dividend paid

During the first half of the year, the Bank paid a dividend of ZWG339 million in historical cost terms out of the 2023 profits.

18 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	2024	2023	2022	2021	2020
Long term	AA	AA	AA	AA	AA

19 CAMELS RATINGS

The Reserve Bank of Zimbabwe ("RBZ") conducted a risk based remote examination from 16 November to 18 December 2021 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.

20 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	2021
Overall Inherent Risk	Low
Overall Risk Management System	Strong
Overall Composite Risk	Low
Direction of Overall Composite Risk	Stable

20.1 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	Acceptable	Moderate	Stable
Strategic risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance	Low	Strong	Low	Stable
Reputation	Low	Strong	Low	Stable
Overall	**Low**	**Strong**	**Low**	**Stable**

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20.2 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.

Acceptable – management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses, these have been recognised and are being addressed. Management information systems are generally adequate.

Strong – management effectively identifies and controls all types of risk posed by the relevant functional areas or per inherent risk. The board and senior management are active participants in managing risk and ensure appropriate policies and limits are put in place. The policies comprehensively define the bank's risk tolerance, responsibilities and accountabilities are effectively communicated.

Overall Composite Risk

Low – would be assigned to low inherent risk areas. Moderate risk areas may be assigned a low composite risk where internal controls and risk management systems are strong and effectively mitigate much of the risk.

Moderate – risk management systems appropriately mitigates inherent risk. For a given low risk area, significant weaknesses in the risk management systems may result in a moderate composite risk assessment. On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organisation.

High – risk management systems do not significantly mitigate the high inherent risk. Thus, the activity could potentially result in a financial loss that would have a significant impact on the bank's overall condition.

Direction of Overall Composite risk

Increasing – based on the current information, risk is expected to increase in the next 12 months

Decreasing – based on current information, risk is expected to decrease in the next 12 months

Stable – based on the current information, risk is expected to be stable in the next 12 months.