UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

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 2020.

State of the operating environment in the country

The operating environment remains extremely challenging as evidenced by the following:

- The ongoing economic recession, with both the International Monetary Fund and World Bank downgrading Zimbabwe's growth prospects from rates of around 3% initially to negative growth of 7.4% and 10% respectively. Major risks obtaining in the economy as noted by both institutions include the impact of COVID-19, low business confidence, rising inflationary pressures, foreign currency shortages, erratic rainfall patterns, low disposable incomes, unstable energy supply and slow progress in implementation of Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) reforms.

- The annual inflation rate leapt from 521% in December 2019 to 737% by June 2020. Major inflation drivers include high money supply growth, rapid depreciation of the local currency ("ZWL") and policy volatility which have eroded confidence in the ZWL.

- International commodity prices for the country's major exports, with the exception of gold and palladium, have remained largely depressed on account of the impact of COVID-19 on the global economy.

- During the first four months of 2020, fiscal performance has remained largely subdued mainly due to the impact of the COVID-19 induced national lockdown. Monthly national revenues declined by 38% to ZWL3.8 billion in April 2020 compared to March 2020 levels of ZWL6.1 billion. However, rising inflationary pressures, natural disasters such as COVID-19 and requirements for drought mitigation are likely to drive faster growth in expenditures, thus threatening progress towards fiscal consolidation.

Notwithstanding the above challenges, the economy has also recorded some notable developments in 2020 including the increase in power generation to levels estimated at 1 050 MW by the end of June 2020 from 660 MW at the beginning of the year. The increase is mainly attributed to increase in water levels in Lake Kariba. Cereal production also significantly increased mainly on the back of a rise in small grains output. Lastly, the trade deficit during the first five months of 2020 narrowed to USD340 million compared to a deficit of USD400 million over the same period in 2019.

Performance

The Bank achieved an inflation adjusted profit after tax of ZWL607.2 million, surpassing the inflation adjusted loss of ZWL624 million incurred in the comparative period, underpinned largely by an improvement in our non-funded income which includes trading revenue, fee and commission income and fair value adjustments on investment properties.

Capital

The Bank ended the six months period to 30 June 2020 with a qualifying core capital of ZWL2.1 billion surpassing the local currency equivalence of the required USD30 million regulatory minimum core capital which has been set for the end of 2020.

Outlook

The operating environment is likely to remain highly challenging through to December 2020, mainly due to the impact of COVID-19 on economic performance and the other structural challenges facing the economy prior to the onset of the pandemic. The fiscal space is also likely to remain constrained to contain these challenges in the short to medium term outlook.

Corporate governance

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

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

The Board of Directors

The Board meets a minimum of four times per year, and the record of attendance of each director is as follows for the half year ended 30 June 2020:

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

*South African based members
** Not a member
^Became a member on 1 January 2020
Became a member on 11 May 2020

Following the appointment of Mr. Gregory Brackenridge as Non-Executive Director and Mrs. Betty Murambadoro as an Executive Director, the Board is now comprised of 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. The Board is responsible for the overall corporate governance of the Bank, ensuring that appropriate controls, systems and practices are in place.

Board Committees

The Board Audit Committee

The committee meets at least four times a year. During the half year ended 30 June 2020, the committee held two meetings.

As at 30 June 2020 the committee comprised of three non-executive directors following the appointment of Mr. Jonathan Wood. The role of the committee is to provide an independent evaluation of the adequacy and efficiency of the Bank's internal control systems, accounting practices, information systems and auditing processes.

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

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 2020, the committee held two meetings.

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

The committee comprises three independent non-executive directors following the appointment of Mrs. Nellie Tiyago-Jinjika as the chairperson.

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 2020, the committee held two meetings.

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

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

Board Risk Committee

The committee meets four times a year. During the half year ended 30 June 2020, the committee held two meetings.

As at 30 June 2020 the committee comprised of three non-executive directors, two of whom are independent.

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

Board IT Committee

The committee is expected to meet at least four times a year and during the half year ended 30 June 2020, the committee held two meetings.

As at 30 June 2020 the committee comprised five non-executive directors, all of whom are independent. The committee's responsibility is to ensure that prudent and reasonable steps are taken with respect to Information Technology (IT) governance. The committee reviews and assesses risks associated with IT including disaster recovery, business continuity and IT security. This committee has authority for overseeing matters of Information Technology risk including the cultivation and promotion of an ethical IT governance and management culture and awareness.

Asset and Liability Committee

Though not a Board committee, the Asset and Liability Committee is a key management committee that meets a minimum of ten times a year. During the half year ended 30 June 2020, the committee held twelve meetings.

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

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

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

Assessment of the effectiveness of the Board and its members

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

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. The assets and income arising from the Investor Services, which includes the custody business, have been disclosed in note 15.

Corporate Social Responsibility

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

We assisted various clients with approximately USD2.8 million in credit and foreign currency allocation to enhance their capacity to produce and supply products related to fighting COVID-19. Some of these clients are in the medical industry while others are in chemical industries which provide necessary inputs for sanitation, hygiene and the medical field.

Acknowledgements

My profound appreciation goes to our stakeholders and customers for their steadfast support during this difficult period. I salute our management and staff members for their indulgence and commitment in serving our clients diligently under very challenging conditions which were worsened by the emergence of the COVID-19 pandemic. I remain grateful to my board members for their guidance and strenuous efforts to drive the Bank's strategy amid extensive headwinds.

I welcome Mr Gregory Brackenridge who was appointed to the Board of Directors on 11 May 2020 to the Bank and look forward to his valuable contribution. I also want to welcome and congratulate Mrs Betty Murambadoro on her promotion to Executive Director, Corporate and Investment Banking (CIB) on the 1st of January 2020 and look forward to her contributions.

Gregory Sebborn

26 August 2020

CHIEF EXECUTIVE'S REPORT

Overview of business results for the half year ended 30 June 2020

The first half of the year was extremely challenging as the country continued to be confronted by multi-faceted headwinds which included among others, fuel and energy shortages, foreign currency shortages on the formal market, rapid depreciation of the local currency and a surging inflationary environment. The emergence of the deadly COVID-19 pandemic aggravated the challenges facing companies on account of its devastating impact on business operations. The Bank's performance was not spared from the various effects of pandemic, especially the impact on staff and customers, and the lockdown periods in which most companies were closed for business.

The Bank achieved an inflation adjusted profit after tax of ZWL607.2 million, surpassing the inflation adjusted loss of ZWL624 million incurred in the comparative period, underpinned largely by an improvement in our non-funded income which includes trading revenue, fee and commission income and fair value adjustments on investment properties.

Net interest income for the period declined by 28% from ZWL540 million to ZWL389 million although the Bank's lending book had grown by 11% from ZWL2.5 billion as at the end of December to ZWL2.7 billion. The Bank's lending rates remained stagnant on account of regulatory constraints, at a time when average monthly inflation rates were around 18%.

The Bank registered a 23% growth in its fee and commission income, growing from ZWL395 million in the prior period to ZWL486 million largely buttressed by the impact of the continued depreciation of our local currency against the USD on the foreign denominated commission income which, in turn, had increased substantially in local currency terms.

Fair value adjustments which were recorded during the period on investment properties underpinned the uplift in the Bank's inflation adjusted total income which grew by 108% from ZWL1.4 billion as at the end of June 2019 to ZWL 2.9 billion.

The acquisition of new lending and investment assets during the period saw the Bank's credit impairments growing by 236% from ZWL115 million to ZWL386 million. In addition, the Bank reassessed the quality of its lending book following the outbreak of COVID-19 and its impact on business operations in key industries such as agriculture, manufacturing and tourism, with the latter being the hardest hit so far, resulting in additional impairments being recorded.

The Bank's net lending book had increased by 11% from ZWL2.5 billion as at the end of December 2019 to ZWL2.7 billion largely supported by increased demand for local currency funding in a soaring inflationary environment as our customers' working capital requirements continued to grow.

Compliance and financial crime control function

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

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

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

Statement on corporate social investment ("CSI") responsibilities

The year began on a very unsettling note as we found the whole world at war with the COVID-19 pandemic. It has been a trying year for humanity, and we joined hands with our government and many other well-wishers by providing equipment worth USD200 000. The equipment comprised five ventilators, personal protective equipment ("PPEs") in the form of protective suits, goggles, N95 masks, surgical masks, and face shields; 2 400 PCR tests, sanitizers and two boreholes.

The PPEs were handed over to St Anne's Hospital, Wilkins Hospital, Thorngrove Hospital, Mutare Infectious Diseases Hospital, Gweru Provincial Hospital and Masvingo Provincial Hospital. The five ventilators were handed over to Thorngrove Hospital, Parirenyatwa Hospital, St Anne's Hospital and United Bulawayo Hospital, while the two boreholes as mentioned were drilled in Cowdray Park - Bulawayo and Glen Norah C – Harare to help these communities with better access to clean and safe water.

Our people

I would like to express my sincere gratitude to the Stanbic Bank family for your continued hard work, commitment and dedication as we navigated yet another difficult operating environment which was aggravated by the devastating COVID-19 pandemic which required the Bank to quickly invoke its business resilience strategy in order to minimise disruption to business operations. We executed our business continuity plans which has seen the Bank adopting new ways of working with some staff members working remotely as we strive to halt the spread of the disease. Your safety remains our primary concern during this crisis, and we will continue to invest in the necessary protective equipment as we join the nation in the fight against the disease.

Sadly, we lost our dear colleague Gerald Nyamatanga in July 2020. Our condolences go to his family and loved ones, and we cherish his memory as we remember his contribution to the Bank during his 22 years of steady service.

Our customers

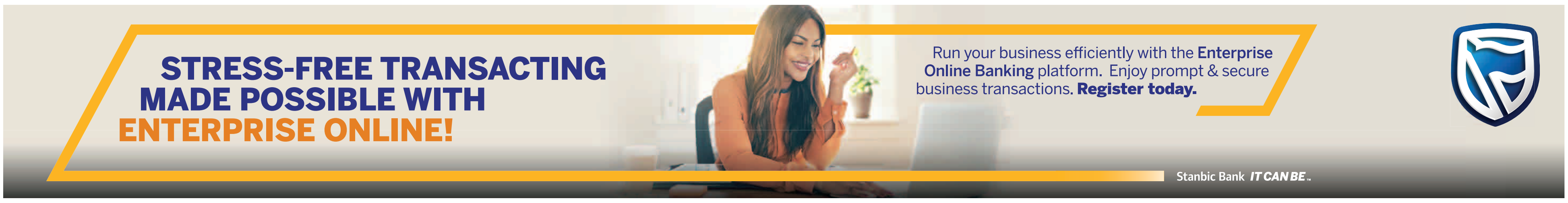
Our customers remain our most valuable stakeholders and remain at the centre of everything we do. It is our culture to customize all our products around what our customers need. We remain compliant with Consumer Protection laws and we continue to implement digital technologies set to enhance the customer experience. One technological milestone realised this year is the ability for clients to transact and settle local USD transactions on all channels. We are making strides in our journey towards becoming a digital bank for the utmost customer convenience.

Vote of thanks

I would like to thank our valued clients and stakeholders for demonstrating unwavering support to the Bank during these trying times. I am humbled by the continued support and wise counsel from board members in the execution of our business strategy. To the Stanbic Bank family, I say thank you for your dedication, commitment and resilience which has made the achievement of this set of financial results possible in a tiring operating environment.

Joshua Tapambgwa
Chief Executive

26 August 2020



UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	Inflation-adjusted 30 June 2020 ZWL'000	Inflation-adjusted 31 December 2019 ZWL'000	Historical cost 30 June 2020 ZWL'000	Historical cost 31 December 2019 ZWL'000
ASSETS					
Cash and cash equivalents	1	17 880 658	11 672 366	17 880 658	4 454 788
Derivative assets	2	409	292	409	112
Pledged assets		-	129 458	-	49 408
Financial investments	3	1 088 917	399 675	1 088 917	152 537
Investment securities	3.2	17 426	45 658	17 426	17 426
Loans and advances	4	2 740 360	2 460 886	2 740 360	939 203
Other assets	5	3 463 116	2 772 962	3 378 430	1 037 552
Intangible assets		583 056	570 100	68 779	38 075
Investment property		2 123 834	1 170 007	2 123 834	446 536
Property and equipment		1 919 473	1 229 348	1 654 809	393 519
Right of use assets		30 072	27 575	9 670	1 908
Total assets		29 847 321	20 478 327	28 963 292	7 531 064
EQUITY AND LIABILITIES					
Equity		4 175 983	3 166 273	3 206 579	908 291
Ordinary share capital	6.2	4 231	4 231	260	260
Ordinary share premium	7.1	175 595	175 595	10 790	10 790
Reserves	7.2	3 996 157	2 986 447	3 195 529	897 241
Liabilities					
Derivative liabilities		1 692	39	1 692	15
Deposits and current accounts	8	20 557 398	14 673 538	20 557 398	5 600 193
Deposits from other banks		404 585	350 722	404 585	133 854
Deposits from customers		20 152 813	14 322 816	20 152 813	5 466 339
Current income liability		124 409	81 387	124 409	31 062
Deferred tax liability		956 662	489 089	1 042 037	202 245
Other liabilities		4 031 177	2 068 001	4 031 177	789 258
Total liabilities		25 671 338	17 312 054	25 756 713	6 622 773
Total equity and liabilities		29 847 321	20 478 327	28 963 292	7 531 064

STATEMENT OF PROFIT OR LOSS
For the half year ended 30 June 2020

	Note	Inflation-adjusted 30 June 2020 ZWL'000	Inflation-adjusted 30 June 2019 ZWL'000	Historical cost 30 June 2020 ZWL'000	Historical cost 30 June 2019 ZWL'000
Net interest income		388 527	539 932	234 928	42 919
Non interest income		2 533 409	863 203	2 858 125	76 192
Total income		2 921 936	1 403 135	3 093 053	119 111
Total expected credit losses	4.4	(385 916)	(114 755)	(233 599)	(10 747)
Income after credit loss allowances		2 536 020	1 288 380	2 859 454	108 364
Operating expenses		(1 290 407)	(1 154 149)	(766 557)	(67 815)
Staff costs		(660 880)	(369 802)	(416 590)	(27 511)
Other operating expenses		(629 527)	(784 347)	(349 967)	(40 304)
Loss on net monetary position		(121 048)	(545 861)	-	-
Net income/(loss) before indirect tax		1 124 565	(411 630)	2 092 897	40 549
Indirect tax		(50 819)	(20 242)	(31 853)	(2 569)
Profit before direct tax		1 073 746	(431 872)	2 061 044	37 980
Direct tax		(466 579)	(192 117)	(659 534)	(12 154)
Profit for the period		607 167	(623 989)	1 401 510	25 826

STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2020

	Inflation-adjusted 30 June 2020 ZWL'000	Inflation-adjusted 30 June 2019 ZWL'000	Historical cost 30 June 2020 ZWL'000	Historical cost 30 June 2019 ZWL'000
Profit/ (loss) for the period	607 167	(623 989)	1 401 510	25 826
Items that will not be reclassified to profit or loss:				
Gain on revaluation of land and buildings (net of tax)	420 151	-	894 607	-
Net change in fair value of equity investments (net of tax)	(21 254)	7 956	-	-
Total comprehensive income for the half year attributable to the ordinary shareholder	1 006 064	(616 033)	2 296 117	25 826

STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2020

	Ordinary share capital ZWL'000	Ordinary share premium ZWL'000	Non-distributable reserve ZWL'000	Revaluation reserve ZWL'000	Fair value through other comprehensive income ZWL'000	Share-based payment reserve ZWL'000	Retained earnings ZWL'000	Ordinary shareholder's equity ZWL'000
Half year ended 30 June 2020								
Inflation adjusted								
Balance as at 1 January 2020	4 231	175 595	19 644	389 538	26 485	13 276	2 537 504	3 166 273
Profit for the period	-	-	-	-	-	-	607 167	607 167
Other comprehensive income								
Net change in fair value of equity investment	-	-	-	-	(21 254)	-	-	(21 254)
Gain on revaluation of land and buildings (net of tax)	-	-	-	420 151	-	-	-	420 151
Total comprehensive income for the period	-	-	-	420 151	(21 254)	-	607 167	1 006 064
Equity-settled share-based payments	-	-	-	-	-	3 646	-	3 646
Total transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	3 646	-	3 646
Balance as at 30 June 2020	4 231	175 595	19 644	809 689	5 231	16 922	3 144 671	4 175 983

	Ordinary share capital ZWL'000	Ordinary share premium ZWL'000	Non-distributable reserve ZWL'000	Revaluation reserve ZWL'000	Fair value through other comprehensive income ZWL'000	Share-based payment reserve ZWL'000	Retained earnings ZWL'000	Ordinary shareholder's equity ZWL'000
Half year ended 30 June 2019								
Inflation adjusted								
Balance as at 1 January 2019	4 231	175 595	19 644	34 940	19 934	11 083	2 562 999	2 828 426
Loss for the period	-	-	-	-	-	-	(623 989)	(623 989)
Other comprehensive income								
Net change in fair value of equity investment	-	-	-	-	7 956	-	-	7 956
Total comprehensive income for the period	-	-	-	-	7 956	-	(623 989)	(616 033)
Equity-settled share based payments	-	-	-	-	-	1 168	-	1 168
Total transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	1 168	-	1 168
Balance as at 30 June 2019	4 231	175 595	19 644	34 940	27 890	12 251	1 939 010	2 213 561

	Ordinary share capital ZWL'000	Ordinary share premium ZWL'000	Non-distributable reserve ZWL'000	Revaluation reserve ZWL'000	Fair value through other comprehensive income ZWL'000	Share-based payment reserve ZWL'000	Retained earnings ZWL'000	Ordinary shareholder's equity ZWL'000
Half year ended 30 June 2020								
Historical cost								
Balance as at 1 January 2020	260	10 790	1 207	255 575	12 483	1 084	626 892	908 291
Profit for the period	-	-	-	-	-	-	1 401 510	1 401 510
Other comprehensive income								
Gain on revaluation of land and buildings (net of tax)	-	-	-	894 607	-	-	-	894 607
Total comprehensive income for the year	-	-	-	894 607	-	-	1 401 510	2 296 117
Equity-settled share-based payments	-	-	-	-	-	2 171	-	2 171
Transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	2 171	-	2 171
Balance as at 30 June 2020	260	10 790	1 207	1 150 182	12 483	3 255	2 028 402	3 206 579

	Ordinary share capital ZWL'000	Ordinary share premium ZWL'000	Non-distributable reserve ZWL'000	Revaluation reserve ZWL'000	Fair value through other comprehensive income ZWL'000	Share-based payment reserve ZWL'000	Retained earnings ZWL'000	Ordinary shareholder's equity ZWL'000
Half year ended 30 June 2019								
Historical cost								
Balance as at 1 January 2019	260	10 790	1 207	2 147	1 225	681	149 465	165 775
Profit for the period	-	-	-	-	-	-	25 826	25 826
Other comprehensive income								
Net change in fair value of equity investment	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	25 826	25 826
Equity-settled share based payments	-	-	-	-	-	95	-	95
Total transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	95	-	95
Balance as at 30 June 2019	260	10 790	1 207	2 147	1 225	776	175 291	191 696

STATEMENT OF CASH FLOWS
For the half year ended 30 June 2020

	Note	Inflation-adjusted 30 June 2020 ZWL'000	Inflation-adjusted 30 June 2019 ZWL'000	Historical cost 30 June 2020 ZWL'000	Historical cost 30 June 2019 ZWL'000
Cash generated from operations					
Net income/(loss) before indirect tax		1 124 565	(411 630)	2 092 897	40 549
Adjusted for:					
Amortisation and impairment of intangible assets		51 093	33 131	3 196	1 724
Expected credit loss (on and off-balance sheet)		385 916	114 755	233 599	10 747
Depreciation of property and equipment		29 777	35 274	8 647	2 146
Depreciation of right of use assets		13 682	2 612	2 520	283
Equity-settled share-based payments		3 646	1 168	2 171	95
Fair value adjustment on investment property		(646 086)	244 936	(1 510 465)	-
Unrealised exchange gains		(603 168)	-	(603 168)	-
Indirect tax paid		(50 819)	(20 242)	(31 853)	(2 569)
Loss/(profit) from sale of property and equipment		1 388	(7 286)	(101)	(225)
Movement in working capital					
Increase in derivative assets		(117)	(1 711)	(297)	(209)
(Increase)/ decrease in loans and advances		(357 095)	315 879	(1 845 767)	(330 876)
Increase in accrued interest on financial investments		(26 223)	(2 945)	(26 223)	(2 945)
Purchase of financial investments		(1 162 000)	(312 000)	(1 162 000)	(312 000)
Proceeds from sale of financial investments		432 358	2 745 366	203 759	297 448
Purchase of equity investment		-	-	-	-
Increase in other assets		(197 790)	(5 172 804)	(1 825 986)	(438 918)
Increase in derivative liabilities		1 653	328	1 677	46
Increase/(decrease) in deposits		5 883 860	(2 730 859)	14 957 205	1 100 306
Increase in other liabilities		1 959 393	959 316	3 231 207	200 113
Direct tax paid		(86 972)	(28 274)	(36 646)	(1 424)
Net cash generated from operating activities		6 757 061	(4 234 986)	13 694 372	564 291
Cash used in investment activities					
Capital expenditure on:					
- property		(380 301)	(134 452)	(195 801)	(9 173)
- equipment, furniture and vehicles		(90 946)	(23 114)	(36 195)	(3 350)
- intangible assets		(64 049)	(20 201)	(33 900)	(1 375)
movement in right of use assets		(16 179)	(18 194)	(10 282)	(1 973)
Proceeds from:					
- sales of property and equipment		333	8 193	185	260
Net cash used in investing activities		(551 142)	(187 768)	(275 993)	(15 611)
Net cash flows used in financing activities					
Movement in lease liability		2 497	15 582	7 787	1 697
Net increase/(decrease) in cash and cash equivalents		6 208 416	(4 407 172)	13 426 166	550 377
Cash and cash equivalents at beginning of the interim reporting period		11 672 644	15 176 229	4 454 894	934 211
Cash and cash equivalents at end of the interim reporting period	1	17 881 060	10 769 057	17 881 060	1 484 588

ACCOUNTING POLICIES

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

BASIS OF PREPARATION

Statement of compliance

The Bank's condensed interim results, including the statement of financial position, income statement, statement of changes in equity, statement of other comprehensive income and statement of cash flows, for the six months ended 30 June 2020 are prepared in accordance with the requirements of the Companies and Other Business Entities Act of Zimbabwe (Chapter 24:31), the requirements of International Financial Reporting Standards (IFRS) and its interpretations as adopted by the International Accounting Standards Board, the Banking Act of Zimbabwe (Chapter 24:20) and the presentation requirements of IAS 34 Interim Financial Reporting . These financial statements have been restated to take account of the effects of inflation in accordance with International Accounting Standard 29, 'IAS 29' *(Financial Reporting in Hyperinflationary Economies).*

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

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

Date	Indices	Conversion factors
June 2020	1 445.21	1.0000
December 2019	551.57	2.62018
June 2019	172.61	8.3727
December 2018	88.81	16.27383

COVID-19 pandemic

The COVID-19 pandemic continues to cripple business operations across the globe. The Bank's operations have not been spared from the devastating impact of the deadly virus. In an effort to minimise the impact of the pandemic on business operations, the Bank has implemented its business continuity plans, and this has seen new ways of working being introduced with some of our staff members now working remotely as we strive to halt the spread of the respiratory disease. The Bank continues to drive its digitisation strategy which has seen an increase in the volumes of transactions which are now being processed on our digital channels as we foster social distancing during this difficult period. The Bank has introduced new digital solutions which enables customers to easily transact whilst in the comfort of the homes.

The Bank continues to assess the impact of COVID-19 on the quality of its lending book given the disruptions that the pandemic has caused in some key sectors of the economy such as manufacturing, transport and distribution and tourism, with the latter being the hardest hit so far on account of the severe drop in hotel occupancy and international air passenger traffic. As at the end of June 2020, the Bank had raised sufficient credit impairments after assessing the impact of the pandemic on the business operations of its credit counterparties.

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

Functional and presentation currency

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

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

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

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

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

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

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

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

RISK MANAGEMENT AND CONTROL

Overview

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

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

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

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

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

Risk appetite

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

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

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

Risk categories

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

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

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

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

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

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

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

Credit risk

Definition

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

Framework and governance

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

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

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

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

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

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

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

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

Credit risk mitigation

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

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

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

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

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

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

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

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

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

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

Analysis of exposure to credit risk

The Bank's exposure to credit risk, varying from normal monitoring to close monitoring as determined by the internal models and as defined in terms of the Bank's rating scale as at 30 June 2020 are set out in the table below.

Exposure to credit risk by credit quality as at 30 June 2020 (ZWL'000)

	Gross total (advances and financial investments)	Credit risk grade SB1 - SB12		Credit risk grade SB13 - SB20		Credit risk grade SB21 - SB25			
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Default	Balance sheet impairments (stage 3)
Personal and Business Banking loans and advances-("PBB")									
Mortgage loans	29 124	28 269	707	-	-	-	-	148	(80)
Instalment sale and finance leases	98 820	-	-	80 603	-	-	18 217	-	-
Personal unsecured lending	234 984	-	-	209 515	-	-	23 285	2 184	(1 998)
Business lending and other	807 157	-	-	664 937	-	-	140 322	1 898	(1 085)
Total loans PBB	1 170 085	28 269	707	955 055	-	-	181 824	4 230	(3 163)
Corporate and Investment Banking loans and advances-("CIB")									
Corporate lending (CIB)	1 644 342	628 997	-	900 998	114 243	-	104	-	-
Total gross loans and advances	2 814 427	657 266	707	1 856 053	114 243	-	181 928	4 230	(3 163)
Financial investments at amortised cost									
Corporate & Investment Banking									
Sovereign	1 188 223	-	-	-	-	1 188 223	-	-	-
Banking	-	-	-	-	-	-	-	-	-
Total financial investments	1 188 223	-	-	-	-	1 188 223	-	-	-
Expected credit loss for financial investments									
Stage 1	(99 306)	-	-	-	-	(99 306)	-	-	-
Net financial investments	1 088 917	-	-	-	-	1 088 917	-	-	-
Expected credit loss for loans and advances									
Stage 1	(10 370)	(1 433)	-	(8 937)	-	-	-	-	-
Stage 2	(60 534)	-	(220)	(3 892)	-	-	(56 422)	-	-
Stage 3	(3 163)	-	-	-	-	-	-	(3 163)	-
Net loans and advances and financial investments	3 829 277	655 833	487	1 843 224	114 243	1 088 917	125 506	1 067	-
Off balance sheet exposures									
Letters of credit	411 269	331 937	-	65 640	13 692	-	-	-	-
Guarantees	129 720	93 634	-	36 074	-	12	-	-	-
Irrevocable unutilised facilities	194 308	84 451	-	92 006	17 851	-	-	-	-
Total	735 297	510 022	-	193 720	31 543	12	-	-	-
Expected credit loss for off balance sheet exposures	(4 924)	(1 731)	-	(2 240)	(953)	-	-	-	-
Stage 1	(3 971)	(1 731)	-	(2 240)	-	-	-	-	-
Stage 2	(953)	-	-	-	(953)	-	-	-	-
Add the following other banking activities exposures:									
Cash and cash equivalents	17 880 658								
Investment securities	17 426								
Derivative assets	409								
Other assets	3 361 010								
Total exposure to credit risk	25 819 153								

Collateral obtained by the Bank

It is the Bank's policy to dispose of repossessed assets in an orderly fashion. The proceeds are used to repay the outstanding loan. In general, the Bank does not use repossessed assets for business purposes. The collateral obtained by the Bank as at 30 June 2020 amounted to ZWL1.1 billion (31 December 2019: ZWL746.8 million).

Exposure to credit risk by credit quality inflation adjusted as at 31 December 2019 (ZWL'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)
Personal and Business Banking loans and advances-("PBB")									
Mortgage loans	51 838	49 920	-	-	-	-	1 040	878	(558)
Instalment sale and finance leases	148 158	-	-	143 321	-	-	4 837	-	-
Personal unsecured lending	454 704	38 960	-	385 185	-	-	27 900	2 659	(2 253)
Business lending and other	668 291	30 761	-	613 880	-	-	15 100	8 550	(2 917)
Total loans PBB	1 322 991	119 641	-	1 142 386	-	-	48 877	12 087	(5 728)
Corporate and Investment Banking loans and advances-("CIB")									
Corporate lending (CIB)	1 212 198	49 587	-	1 029 497	75 736	56 135	1 243	-	-
Total gross loans and advances	2 535 189	169 228	-	2 171 883	75 736	56 135	50 120	12 087	(5 728)
Pledged assets	129 458	-	-	-	-	129 458	-	-	-
Financial investments at amortised cost									
Corporate & Investment Banking									
Sovereign	404 428	-	-	-	-	404 428	-	-	-
Total financial investments	404 428	-	-	-	-	404 428	-	-	-
Expected credit loss for loans and advances and financial investments									
Stage 1	(30 255)	(1 014)	-	(14 005)	-	(15 236)	-	-	-
Stage 2	(43 073)	-	-	-	(1 207)	-	(41 866)	-	-
Stage 3	(5 728)	-	-	-	-	-	-	(5 728)	-
Net loans and advances and financial investments	2 990 019	168 214	-	2 157 878	74 529	574 785	8 254	6 359	-
Off balance exposures									
Letters of credit	257 417	212 672	-	40 408	-	4 337	-	-	-
Guarantees	121 734	68 151	-	53 536	-	13	34	-	-
Irrevocable unutilised facilities	390 208	218 610	-	156 960	3 398	5 922	5 318	-	-
Expected credit loss for off balance sheet exposures	(5 238)	(1 292)	-	(1 928)	(141)	(1 316)	(561)	-	-
Stage 1	(4 536)	(1 292)	-	(1 928)	-	(1 316)	-	-	-
Stage 2	(702)	-	-	-	(141)	-	(561)	-	-
Add the following other banking activities exposures:									
Cash and cash equivalents	11 672 366								
Investment securities	45 658								
Derivative assets	292								
Other assets	2 677 275								
Total exposure to credit risk	18 149 731								

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 2020 Liquidity gap analysis (ZWL'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	Total
Inflation adjusted							
Assets							
Cash and cash equivalents	10 997 356	3 441 852	1 720 926	1 720 926	-	(402)	17 880 658
Derivative assets	409	-	-	-	-	-	409
Financial investments	-	-	-	1 188 223	-	(99 306)	1 088 917
Investment securities	-	-	-	-	-	17 426	17 426
Loans and advances to customers	1 241 290	78 647	784 187	341 814	368 489	(74 067)	2 740 360
Other assets	19 329	977 488	-	-	2 476 839	4 645 895	8 119 551
Total	12 258 384	4 497 987	2 505 113	3 250 963	2 845 328	4 489 546	29 847 321
Equity and liabilities							
Derivative liabilities	1 692	-	-	-	-	-	1 692
Deposits from customers and other banks	20 551 782	-	-	296	5 320	-	20 557 398
Other liabilities	-	3 246 573	455 370	286 089	139 439	984 777	5 112 248
Equity	-	-	-	-	-	4 175 983	4 175 983
Total	20 553 474	3 246 573	455 370	286 385	144 759	5 160 760	29 847 321
Liquidity gap	(8 295 090)	1 251 414	2 049 743	2 964 578	2 700 569	(671 214)	-
Cumulative liquidity gap	(8 295 090)	(7 043 676)	(4 993 933)	(2 029 355)	671 214	-	-
Letters of credit	(519 887)	(930 322)	(214 771)	(65 538)	-	-	-
Financial guarantees	(1 622)	(62)	(15 572)	(135 183)	-	-	-
Total liquidity gap (on-and off balance sheet)	(8 816 599)	(7 974 060)	(5 224 276)	(2 230 076)	671 214	-	-
Total cumulative liquidity gap	(8 816 599)	(8 495 569)	(6 676 169)	(3 912 312)	(1 211 743)	-	-

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

Other liabilities include internal clearing accounts.

Maturity analysis assets and liabilities:

31 December 2019 Liquidity gap analysis (ZWL'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	Total
Inflation adjusted							
Assets							
Cash and cash equivalents	11 646 054	-	26 590	-	-	(278)	11 672 366
Derivative assets	292	-	-	-	-	-	292
Pledged assets	-	129 458	-	-	-	-	129 458
Financial investments	-	404 428	-	-	-	(4 753)	399 675
Investment securities	-	-	-	-	-	45 658	45 658
Loans and advances to customers	1 130 916	57 995	360 469	383 571	602 238	(74 303)	2 460 886
Other assets	28 673	467 677	-	-	2 262 734	3 010 908	5 769 992
Total	12 805 935	1 059 558	387 059	383 571	2 864 972	2 977 232	20 478 327
Equity and liabilities							
Derivative liabilities	39	-	-	-	-	-	39
Deposits from customers and other banks	14 542 822	1 894	-	110 048	18 774	-	14 673 538
Other liabilities	254	1 422 553	553 870	42 326	103 348	516 126	2 638 477
Equity	-	-	-	-	-	3 166 273	3 166 273
Total	14 543 115	1 424 447	553 870	152 374	122 122	3 682 399	20 478 327
Liquidity gap	(1 737 180)	(364 889)	(166 811)	231 197	2 742 850	(705 167)	
Cumulative liquidity gap	(1 737 180)	(2 102 069)	(2 268 880)	(2 037 683)	705 167	-	
Letters of credit	(10 643)	(886 432)	(173 087)	-	-	-	
Financial guarantees	(6 215)	(25 099)	(30 913)	(113 087)	-	-	
Total liquidity gap (on-and off balance sheet)	(1 754 038)	(3 013 600)	(2 472 880)	(2 150 770)	705 167	-	
Total cumulative liquidity gap	(1 754 038)	(3 030 458)	(3 197 269)	(3 283 159)	(540 309)	-	

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

Other liabilities include internal clearing accounts.

Maturity analysis assets and liabilities:

30 June 2020 Liquidity gap analysis (ZWL'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	Total
Historical cost							
Assets							
Cash and cash equivalents	10 997 356	3 441 852	1 720 926	1 720 926	-	(402)	17 880 658
Derivative assets	409	-	-	-	-	-	409
Financial investments	-	-	-	1 188 223	-	(99 306)	1 088 917
Investment securities	-	-	-	-	-	17 426	17 426
Loans and advances to customers	1 241 290	78 647	784 187	341 814	368 489	(74 067)	2 740 360
Other assets	19 329	977 488	-	-	2 476 839	3 761 866	7 235 522
Total	12 258 384	4 497 987	2 505 113	3 250 963	2 845 328	3 605 517	28 963 292
Equity and liabilities							
Derivative liabilities	1 692	-	-	-	-	-	1 692
Deposits from customers and other banks	20 551 782	-	-	296	5 320	-	20 557 398
Other liabilities	-	3 246 573	455 370	286 089	139 439	1 070 152	5 197 623
Equity	-	-	-	-	-	3 206 579	3 206 579
Total	20 553 474	3 246 573	455 370	286 385	144 759	4 276 731	28 963 292
Liquidity gap	(8 295 090)	1 251 414	2 049 743	2 964 578	2 700 569	(671 214)	-
Cumulative liquidity gap	(8 295 090)	(7 043 676)	(4 993 933)	(2 029 355)	671 214	-	-
Letters of credit	(519 887)	(930 322)	(214 771)	(65 538)	-	-	-
Financial guarantees	(1 622)	(62)	(15 572)	(135 183)	-	-	-
Total liquidity gap (on-and off balance sheet)	(8 816 599)	(7 974 060)	(5 224 276)	(2 230 076)	671 214	-	-
Total cumulative liquidity gap	(8 816 599)	(8 495 569)	(6 676 169)	(3 912 312)	(1 211 743)	-	-

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

Other liabilities include current tax liability and clearing accounts.

Maturity analysis assets and liabilities:

31 December 2019 Liquidity gap analysis (ZWL'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	Total
Historical cost							
Assets							
Cash and cash equivalents	4 444 746	-	10 148	-	-	(106)	4 454 788
Derivative assets	112	-	-	-	-	-	112
Pledged assets	-	49 408	-	-	-	-	49 408
Financial investments	-	154 351	-	-	-	(1 814)	152 537
Investment securities	-	-	-	-	-	17 426	17 426
Loans and advances to customers	431 617	22 134	137 574	146 391	229 845	(28 358)	939 203
Other assets	10 943	178 490	-	-	863 578	864 579	1 917 590
Total	4 887 418	404 383	147 722	146 391	1 093 423	851 727	7 531 064
Equity and liabilities							
Derivative liabilities	15	-	-	-	-	-	15
Deposits from customers and other banks	5 550 305	723	-	42 000	7 165	-	5 600 193
Other liabilities	97	542 921	211 386	16 154	39 443	212 564	1 022 565
Equity	-	-	-	-	-	908 291	908 291
Total	5 550 417	543 644	211 386	58 154	46 608	1 120 855	7 531 064
Liquidity gap	(662 999)	(139 261)	(63 664)	88 237	1 046 815	(269 128)	
Cumulative liquidity gap	(662 999)	(802 260)	(865 924)	(777 687)	269 128	-	
Off-balance sheet exposures							
Letters of credit	(4 062)	(338 309)	(66 059)	-	-	-	
Financial guarantees	(2 372)	(9 579)	(11 798)	(43 160)	-	-	
Total liquidity gap (on-and off balance sheet)	(669 433)	(1 150 148)	(943 781)	(820 847)	269 128	-	
Total cumulative liquidity gap	(669 433)	(1 156 582)	(1 298 103)	(1 253 026)	(206 211)	-	

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

Other liabilities include internal clearing accounts.

Foreign currency liquidity management

A number of parameters are observed in order to monitor changes in either market liquidity or exchange rates. The use of the ZWL as the primary functional currency in Zimbabwe means that significant foreign currencies to the Bank are the United States Dollar ("USD"), South African Rand ("ZAR") and the Pound ("GBP"). These three foreign currencies (and other minor ones) contribute 66% (2019:45%) of the overall statement of financial position size as depicted below and thus poses a significant foreign currency liquidity risk to the Bank:

Statement of financial position by currency as at 30 June 2020	Total ZWL'000	ZWL ZWL'000	USD ZWL'000	ZAR ZWL'000	GBP ZWL'000	Other ZWL'000
Inflation adjusted						
Assets						
Cash and cash equivalents	17 880 658	1 596 902	15 707 664	412 133	27 109	136 850
Derivative assets	409	409	-	-	-	-
Financial investments	1 088 917	1 088 917	-	-	-	-
Investment securities	17 426	17 426	-	-	-	-
Loans and advances to customers	2 740 360	2 643 979	96 381	-	-	-
Other assets	3 463 116	331 664	3 119 965	10 477	150	860
Intangible assets	583 056	446 021	-	137 035	-	-
Investment property	2 123 834	2 123 834	-	-	-	-
Property and equipment	1 919 473	1 919 473	-	-	-	-
Right of use assets	30 072	30 072	-	-	-	-
Total assets	29 847 321	10 198 697	18 924 010	559 645	27 259	137 710
Equity and liabilities						
Equity	4 175 983	4 175 983	-	-	-	-
Ordinary share capital	4 231	4 231	-	-	-	-
Ordinary share premium	175 595	175 595	-	-	-	-
Reserves	3 996 157	3 996 157	-	-	-	-
Liabilities	25 671 338	7 103 237	17 517 991	679 890	243 324	126 896
Derivative liabilities	1 692	1 692	-	-	-	-
Total deposits	20 557 398	5 959 121	13 758 537	473 151	240 815	125 774
Deposits from other banks	404 585	2 886	217 933	93 688	88 361	1 717
Deposits from customers	20 152 813	5 956 235	13 540 604	379 463	152 454	124 057
Current taxation liability	124 409	124 409	-	-	-	-
Deferred tax liability	956 662	956 662	-	-	-	-
Other liabilities	4 031 177	61 353	3 759 454	206 739	2 509	1 122
Total equity and liabilities	29 847 321	11 279 220	17 517 991	679 890	243 324	126 896
Currency gap	-	(1 080 523)	1 406 019	(120 245)	(216 065)	10 814
Currency size as % of overall statement of financial position	100%	34%	63%	2%	0%	1%

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Statement of financial position by currency as at 31 December 2019	Total ZWL'000	ZWL ZWL'000	USD ZWL'000	ZAR ZWL'000	GBP ZWL'000	Other ZWL'000
Inflation adjusted						
Assets						
Cash and cash equivalents	11 672 366	4 433 176	6 599 930	350 961	25 141	263 158
Derivative assets	292	292	-	-	-	-
Pledged assets	129 458	129 458	-	-	-	-
Financial investments	399 675	399 675	-	-	-	-
Investment securities	45 658	45 658	-	-	-	-
Loans and advances to customers	2 460 886	2 427 719	33 167	-	-	-
Other assets	2 772 962	120 293	2 615 135	14 951	2 201	20 382
Intangible assets	570 100	550 934	19 166	-	-	-
Investment property	1 170 007	1 170 007	-	-	-	-
Property and equipment	1 229 348	1 229 348	-	-	-	-
Right of use assets	27 575	27 575	-	-	-	-
Total assets	20 478 327	10 534 135	9 267 398	365 912	27 342	283 540
Equity and liabilities						
Equity	3 166 273	3 166 273	-	-	-	-
Ordinary share capital	4 231	4 231	-	-	-	-
Ordinary share premium	175 595	175 595	-	-	-	-
Reserves	2 986 447	2 986 447	-	-	-	-
Liabilities	17 312 054	8 397 322	8 126 478	398 428	51 277	338 549
Derivative liabilities	39	39	-	-	-	-
Total deposits	14 673 538	7 681 857	6 389 356	253 707	47 614	301 004
Deposits from other banks	350 722	-	166 895	69 251	42	114 533
Deposits from customers	14 322 816	7 681 857	6 222 461	184 456	47 572	186 471
Deferred and current tax liabilities	570 476	570 476	-	-	-	-
Other liabilities	2 068 001	144 950	1 737 122	144 721	3 663	37 545
Total equity and liabilities	20 478 327	11 563 595	8 126 478	398 428	51 277	338 549
Currency gap	-	(1 029 460)	1 140 920	(32 516)	(23 935)	(55 009)
Currency size as % of overall statement of financial position	100%	55%	41%	2%	0%	2%

Statement of financial position by currency as at 30 June 2020	Total ZWL'000	ZWL ZWL'000	USD ZWL'000	ZAR ZWL'000	GBP ZWL'000	Other ZWL'000
Historical cost						
Assets						
Cash and cash equivalents	17 880 658	1 596 902	15 707 664	412 133	27 109	136 850
Derivative assets	409	409	-	-	-	-
Financial investments	1 088 917	1 088 917	-	-	-	-
Investment securities	17 426	17 426	-	-	-	-
Loans and advances to customers	2 740 360	2 643 979	96 381	-	-	-
Other assets	3 378 430	246 978	3 119 965	10 477	150	860
Intangible assets	68 779	52 614	-	16 165	-	-
Investment property	2 123 834	2 123 834	-	-	-	-
Property and equipment	1 654 809	1 654 809	-	-	-	-
Right of use assets	9 670	9 670	-	-	-	-
Total assets	28 963 292	9 435 538	18 924 010	438 775	27 259	137 710
Equity and liabilities						
Equity	3 206 579	3 206 579	-	-	-	-
Ordinary share capital	260	260	-	-	-	-
Ordinary share premium	10 790	10 790	-	-	-	-
Reserves	3 195 529	3 195 529	-	-	-	-
Liabilities	25 756 713	7 188 612	17 517 991	679 890	243 324	126 896
Derivative liabilities	1 692	1 692	-	-	-	-
Total deposits	20 557 398	5 959 121	13 758 537	473 151	240 815	125 774
Deposits from other banks	404 585	2 886	217 933	93 688	88 361	1 717
Deposits from customers	20 152 813	5 956 235	13 540 604	379 463	152 454	124 057
Current taxation liability	124 409	124 409	-	-	-	-
Deferred tax liability	1 042 037	1 042 037	-	-	-	-
Other liabilities	4 031 177	61 353	3 759 454	206 739	2 509	1 122
Total equity and liabilities	28 963 292	10 395 191	17 517 991	679 890	243 324	126 896
Currency gap	-	(959 653)	1 406 019	(241 115)	(216 065)	10 814
Currency size as % of overall statement of financial position	100%	33%	65%	1%	0%	1%

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

Market risk

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

Trading market risk

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

Banking book interest rate risk

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

Interest rate risk measurement

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

Interest rate risk limits

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

Annual net interest income at risk

Assuming no management intervention, a downward 100bps parallel rate shock on all yield curves would decrease the forecast net interest income based on balances as at 30 June 2020 by 5.6% (December 2019: 8.05%). The table below indicates the ZWL equivalent sensitivity of the Bank's banking book earnings (net interest income and banking book mark-to-market profit or loss) and other comprehensive income ("OCI") in response to a parallel yield curve shock, before tax.

Interest rate sensitivity analysis	June 2020 ZWL'000	December 2019 ZWL'000
Increase in basis points	100	100
Sensitivity of annual net interest income	25 927	9 834
Sensitivity of OCI	-	-
Decrease in basis points	100	100
Sensitivity of annual net interest income	(29 589)	(10 871)
Sensitivity of OCI	-	-

30 June 2020 interest rate repricing gap analysis (ZWL'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	Total
Inflation adjusted							
Assets							
Cash and cash equivalents	-	11 068 005	1 720 746	1 720 746	-	3 371 161	17 880 658
Derivative assets	-	-	-	-	-	409	409
Financial investments	-	26 223	-	1 162 000	-	(99 306)	1 088 917
Investment securities	-	-	-	-	-	17 426	17 426
Loans and advances to customers	-	2 798 048	-	-	-	(57 688)	2 740 360
Other assets	-	-	-	-	-	8 119 551	8 119 551
Total	-	13 892 276	1 720 746	2 882 746	-	11 351 553	29 847 321
Equity and liabilities							
Derivative liabilities	-	-	-	-	-	1 692	1 692
Deposits from customers and other banks	-	20 365 742	-	296	298	191 062	20 557 398
Other liabilities	-	-	-	-	-	5 112 248	5 112 248
Equity	-	-	-	-	-	4 175 983	4 175 983
Total	-	20 365 742	-	296	298	9 480 985	29 847 321
Interest rate repricing gap	-	(6 473 466)	1 720 746	2 882 450	(298)	1 870 568	
Cumulative interest rate repricing gap	-	(6 473 466)	(4 752 720)	(1 870 270)	(1 870 568)	-	

Other assets include intangible assets, investment property and property and equipment.
Other liabilities include current tax liability and internal clearing accounts.

31 December 2019 interest rate repricing gap analysis (ZWL'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	Total
Inflation adjusted							
Assets							
Cash and cash equivalents	-	5 436 733	-	-	-	6 235 633	11 672 366
Derivative assets	-	-	-	-	-	292	292
Pledged assets	-	129 458	-	-	-	-	129 458
Financial investments	-	404 428	-	-	-	(4 753)	399 675
Investment securities	-	-	-	-	-	45 658	45 658
Loans and advances to customers	-	2 505 398	-	-	-	(44 512)	2 460 886
Other assets	-	-	-	-	-	5 769 992	5 769 992
Total	-	8 476 017	-	-	-	12 002 310	20 478 327
Equity and liabilities							
Derivative liabilities	-	-	-	-	-	39	39
Deposits from customers and other banks	-	7 174 408	-	110 048	1 556	7 387 526	14 673 538
Other liabilities	-	-	-	-	-	2 638 477	2 638 477
Equity	-	-	-	-	-	3 166 273	3 166 273
Total	-	7 174 408	-	110 048	1 556	13 192 315	20 478 327
Interest rate repricing gap	-	1 301 609	-	(110 048)	(1 556)	1 190 005	
Cumulative interest rate repricing gap	-	1 301 609	1 301 609	1 191 561	1 190 005	-	

Other assets include intangible assets, investment property and property and equipment.
Other liabilities include current tax liability and internal clearing accounts.

30 June 2020 interest rate repricing gap analysis (ZWL'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	Total
Historical cost							
Assets							
Cash and cash equivalents	-	11 068 005	1 720 746	1 720 746	-	3 371 161	17 880 658
Derivative assets	-	-	-	-	-	409	409
Financial investments	-	26 223	-	1 162 000	-	(99 306)	1 088 917
Investment securities	-	-	-	-	-	17 426	17 426
Loans and advances to customers	-	2 798 048	-	-	-	(57 688)	2 740 360
Other assets	-	-	-	-	-	7 235 522	7 235 522
Total	-	13 892 276	1 720 746	2 882 746	-	10 467 524	28 963 292
Equity and liabilities							
Derivative liabilities	-	-	-	-	-	1 692	1 692
Deposits from customers and other banks	-	20 365 742	-	296	298	191 062	20 557 398
Other liabilities	-	-	-	-	-	5 197 623	5 197 623
Equity	-	-	-	-	-	3 206 579	3 206 579
Total	-	20 365 742	-	296	298	8 596 956	28 963 292
Interest rate repricing gap	-	(6 473 466)	1 720 746	2 882 450	(298)	1 870 568	
Cumulative interest rate repricing gap	-	(6 473 466)	(4 752 720)	(1 870 270)	(1 870 568)	-	

Other assets include intangible assets, investment property and property and equipment.
Other liabilities include current tax liability and internal clearing accounts.

31 December 2019 interest rate repricing gap analysis (ZWL'000)	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	Total
Historical cost							
Assets							
Cash and cash equivalents	-	2 074 943	-	-	-	2 379 845	4 454 788
Derivative assets	-	-	-	-	-	112	112
Pledged assets	-	49 408	-	-	-	-	49 408
Financial investments	-	154 351	-	-	-	(1 814)	152 537
Investment securities	-	-	-	-	-	17 426	17 426
Loans and advances to customers	-	956 191	-	-	-	(16 988)	939 203
Other assets	-	-	-	-	-	1 917 590	1 917 590
Total	-	3 234 893	-	-	-	4 296 171	7 531 064
Equity and liabilities							
Derivative liabilities	-	-	-	-	-	15	15
Deposits from customers and other banks	-	2 738 131	-	42 000	594	2 819 468	5 600 193
Other liabilities	-	-	-	-	-	1 022 565	1 022 565
Equity	-	-	-	-	-	908 291	908 291
Total	-	2 738 131	-	42 000	594	4 750 339	7 531 064
Interest rate repricing gap	-	496 762	-	(42 000)	(594)	(454 168)	
Cumulative interest rate repricing gap	-	496 762	496 762	454 762	454 168	-	

Other assets include intangible assets, investment property and property and equipment.
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 2020

	Maximum possible loss in June 2020 ZWL'000	Minimum possible loss in June 2020 ZWL'000	Average possible loss ZWL'000	Possible loss at 30 June 2020 ZWL'000	Maximum acceptable VaR loss ZWL'000
Normal VaR	197.2	118.2	137.7	182.5	149.1
Stress VaR	1 614.9	700.1	1 078.4	1 090	684.6

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 2020 was ZWL197 200 (2019: ZWL570 000), and the minimum possible loss was ZWL118 200 (2019: ZWL45 900), with an average possible loss of ZW137 700 (2019: ZW166 400) in comparison to the maximum acceptable possible loss of ZWL149 100 (2019: ZWL46 000).

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 30 June 2020

		Inflation-adjusted 30 June 2020 ZWL'000	Inflation-adjusted 31 December 2019 ZWL'000	Historical cost 30 June 2020 ZWL'000	Historical cost 31 December 2019 ZWL'000
1	**Cash and cash equivalents**				
	Bank notes	1 485 668	819 628	1 485 668	312 813
	Balances with the Central Bank	1 616 115	4 967 542	1 616 115	1 895 875
	Balances with other banks	14 779 277	5 885 474	14 779 277	2 246 206
		17 881 060	11 672 644	17 881 060	4 454 894
	Expected credit loss on balances with other banks	(402)	(278)	(402)	(106)
	Current	17 880 658	11 672 366	17 880 658	4 454 788

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

	Inflation-adjusted 30 June 2020 ZWL'000	Inflation-adjusted 31 December 2019 ZWL'000	Historical cost 30 June 2020 ZWL'000	Historical cost 31 December 2019 ZWL'000
Stage 1				
Balance as at the beginning of the year	(278)	(26 964)	(106)	(1 657)
Net movement	(484)	20 699	(296)	1 551
Originated impairments raise	(555)	(278)	(339)	(106)
Subsequent impairments	(82)	-	(50)	-
Derecognised or write offs	153	20 977	93	1 657
Other movements	360	5 987	-	-
Balance at end of the half year	(402)	(278)	(402)	(106)

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

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

Use and measurement
The Bank entered into derivative transactions for trading purposes during the half year ended 30 June 2020. The derivatives used by the Bank are foreign exchange contracts. Foreign exchange contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price.

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

	Inflation-adjusted Fair value of assets 30 June 2020 ZWL'000	Inflation-adjusted Fair value of assets 31 December 2019 ZWL'000	Historical cost Fair value of assets 30 June 2020 ZWL'000	Historical cost Fair value of assets 31 December 2019 ZWL'000
Derivatives held for trading				
Foreign exchange contracts	409	292	409	112
Maturity analysis of net fair value				
Up to 1 month	409	292	409	112
More than 1 month but within 1 year	-	-	-	-
	409	292	409	112

	Inflation-adjusted Fair value of liabilities 30 June 2020 ZWL'000	Inflation-adjusted Fair value of liabilities 31 December 2019 ZWL'000	Historical cost Fair value of liabilities 30 June 2020 ZWL'000	Historical cost Fair value of liabilities 31 December 2019 ZWL'000
Derivatives held for trading				
Foreign exchange contracts	(1 692)	(39)	(1 692)	(15)
Maturity analysis of net fair value				
Up to 1 month	(1 692)	(39)	(1 692)	(15)
More than 1 month but within 1 year	-	-	-	-
	(1 692)	(39)	(1 692)	(15)

		Inflation-adjusted 30 June 2020 ZWL'000	Inflation-adjusted 31 December 2019 ZWL'000	Historical cost 30 June 2020 ZWL'000	Historical cost 31 December 2019 ZWL'000
3	**Financial investments**				
	Balance at the beginning of the period	399 675	5 321 235	152 537	326 981
	Transfer from/(to) pledged assets	129 458	(129 458)	49 408	(49 408)
	Additions	1 162 000	1 734 562	1 162 000	662 000
	Accrued interest	26 223	9 849	26 223	3 759
	Total disposals	(432 358)	(6 435 298)	(203 759)	(800 048)
	Disposals	(428 599)	(6 286 786)	(200 000)	(743 368)
	Interest received	(3 759)	(148 512)	(3 759)	(56 680)
	Expected credit loss allowances (note 3.1.4)	(196 081)	(101 215)	(97 492)	9 253
	Balance at the end of the period	1 088 917	399 675	1 088 917	152 537
	Current	1 088 917	399 675	1 088 917	152 537
	Non- current	-	-	-	-
		1 088 917	399 675	1 088 917	152 537
3.1	**Financial investments**				
	Other financial investments				
	Comprising:				
	Debt at amortised cost				
	Corporate & Investment Banking				
	Sovereign	1 088 917	399 675	1 088 917	152 537
3.1.2	**Gross financial investments**				
	Sovereign	1 188 223	404 428	1 188 223	154 351
	Expected credit loss				
	Stage 1	(99 306)	(4 753)	(99 306)	(1 814)
	Net debt financial investments	1 088 917	399 675	1 088 917	152 537

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3.1.3 Expected credit loss for debt financial investments (inflation-adjusted)

	Stage 1	Stage 2	Stage 3	Total
Sovereign June 2020	99 306	-	-	99 306
Sovereign December 2019	4 753	-	-	4 753

3.1.3.1 Expected credit loss for debt financial investments (historical cost)

	Stage 1	Stage 2	Stage 3	Total
Sovereign June 2020	99 306	-	-	99 306
Sovereign December 2019	1 814	-	-	1 814

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

	Sovereign	Total
Stage 1 inflation adjusted		
Balance at beginning of the year	4 753	4 753
Net movement	196 081	196 081
Originated impairments raised	200 834	200 834
Subsequent decrease in expected credit loss	(4 753)	(4 753)
Other movements	(101 528)	(101 528)
Balance at the end of period	99 306	99 306
Stage 1 historical cost		
Balance at beginning of the year	1 814	1 814
Net movement	97 492	97 492
Originated impairments raised	99 306	99 306
Subsequent decrease in expected credit loss	(1 814)	(1 814)
Balance at the end of period	99 306	99 306

	Inflation-adjusted 30 June 2020 ZWL'000	Inflation-adjusted 31 December 2019 ZWL'000	Historical cost 30 June 2020 ZWL'000	Historical cost 31 December 2019 ZWL'000
Maturity analysis				
The maturities represent periods to contractual redemption of the financial investments recorded:				
Maturing within one year	1 088 917	399 675	1 088 917	152 537
Maturing after one year but within 5 years	-	-	-	-
	1 088 917	399 675	1 088 917	152 537
3.2 Investment securities				
Balance at the beginning of the period	45 658	36 837	17 426	2 264
Additions	-	-	-	-
Net change in fair value	(28 232)	8 821	-	15 162
Balance as at 30 June 2020	17 426	45 658	17 426	17 426

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

	Inflation-adjusted 30 June 2020 ZWL'000	Inflation-adjusted 31 December 2019 ZWL'000	Historical cost 30 June 2020 ZWL'000	Historical cost 31 December 2019 ZWL'000
4 Loans and advances				
Personal & Business Banking:				
Loans and advances	1 170 085	1 322 991	1 170 085	504 923
Mortgage loans	29 124	51 838	29 124	19 784
Instalment sale and finance leases	98 820	148 158	98 820	56 545
Personal unsecured lending	234 984	454 704	234 984	173 539
Business Lending and other	807 157	668 291	807 157	255 055
Corporate & Investment Banking				
Loans and advances				
Corporate Lending	1 644 342	1 212 198	1 644 342	462 638
Expected credit loss	(74 067)	(74 303)	(74 067)	(28 358)
Stage 1	(10 370)	(25 502)	(10 370)	(9 733)
Stage 2	(60 534)	(43 073)	(60 534)	(16 439)
Stage 3	(3 163)	(5 728)	(3 163)	(2 186)
Net loans and advances	2 740 360	2 460 886	2 740 360	939 203
Comprising:				
Gross loans and advances	2 814 427	2 535 189	2 814 427	967 561
Expected credit loss	(74 067)	(74 303)	(74 067)	(28 358)
Net loans and advances	2 740 360	2 460 886	2 740 360	939 203
Maturity analysis				
The maturity analysis is based on the remaining periods to contractual maturity from period end				
Redeemable on demand	1 241 290	1 130 916	1 241 290	431 617
Maturing within 1 month	78 647	57 995	78 647	22 134
Maturing after 1 month but within 12 months	1 126 001	744 040	1 126 001	283 965
Maturing after 12 months	368 489	602 238	368 489	229 845
Gross loans and advances	2 814 427	2 535 189	2 814 427	967 561

	30 June 2020 ZWL'000	30 June 2020 %	31 December 2019 ZWL'000	31 December 2019 %
Sectoral analysis-industry inflation-adjusted				
Agriculture	778 751	28%	712 688	28%
Mining	486 594	17%	30 038	2%
Individuals	435 181	16%	563 683	22%
Wholesale distribution	389 047	14%	563 885	22%
Other services	356 349	13%	337 993	13%
Manufacturing	319 941	11%	234 328	9%
Construction	36 111	1%	50 153	2%
Transport	9 345	0%	29 236	2%
Finance	2 218	0%	7 580	0%
Communications	890	0%	5 605	0%
	2 814 427	100%	2 535 189	100%
Sectoral analysis-industry historical cost				
Agriculture	778 751	28%	271 999	28%
Mining	486 594	17%	11 464	2%
Individuals	435 181	16%	215 131	22%
Wholesale distribution	389 047	14%	215 208	22%
Other services	356 349	13%	128 996	13%
Manufacturing	319 941	11%	89 432	9%
Construction	36 111	1%	19 141	2%
Transport	9 345	0%	11 158	2%
Finance	2 218	0%	2 893	0%
Communications	890	0%	2 139	0%
	2 814 427	100%	967 561	100%

4.3 Expected credit loss for loans and advances

Total impairments	Stage 1 ZWL'000	Stage 2 ZWL'000	Stage 3 ZWL'000	Total ZWL'000
Inflation adjusted				
30 June 2020				
Mortgage loans	93	2 349	80	2 522
Instalment sale and finance leases	1 407	6 402	-	7 809
Personal unsecured lending	684	1 277	1 998	3 959
Business lending and other	3 171	46 602	1 085	50 858
Corporate lending	5 015	3 904	-	8 919
Balance as at 30 June 2020	10 370	60 534	3 163	74 067

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 2020

	Mortgage loans ZWL'000	Instalment sale and finance leases ZWL'000	Personal unsecured lending ZWL'000	Business lending and other ZWL'000	Corporate lending ZWL'000	Total ZWL'000
Stage 1 inflation adjusted						
Balance as at the beginning of the year	102	2 096	3 582	3 679	16 043	25 502
Net movement	89	830	(1 190)	3 077	(2 314)	492
Originated impairments raised	31	351	637	2 800	7 299	11 118
Subsequent changes in expected credit loss	96	490	(1 503)	(837)	(1 729)	(3 483)
Transfers (to)/ from stage 2	(38)	(11)	(329)	1 114	(679)	57
Transfers from stage 3	-	-	5	-	-	5
Derecognition including write off	-	-	-	-	(7 205)	(7 205)
Other movements	(98)	(1 519)	(1 708)	(3 585)	(8 714)	(15 624)
Balance at end of the half year	93	1 407	684	3 171	5 015	10 370
Stage 2 inflation adjusted						
Balance as at the beginning of the year	2 549	8 162	14 060	17 013	1 289	43 073
Net movement	2 350	4 366	(7 278)	71 389	3 961	74 788
Originated impairments raised	266	84	993	525	180	2 048
Subsequent changes in expected credit loss	2 045	4 271	(8 664)	71 969	3 201	72 823
Transfers from/(to) stage 1	39	11	329	(1 114)	679	(57)
Transfers from stage 3	-	-	64	9	-	73
Derecognised including write offs	-	-	-	-	(99)	(99)
Other movements	(2 550)	(6 126)	(5 505)	(41 800)	(1 346)	(57 327)
Balance at end of the half year	2 349	6 402	1 277	46 602	3 904	60 534
Stage 3 inflation adjusted						
Balance as at the beginning of the year	558	3	2 253	2 914	-	5 728
Net movement	(116)	(10)	(4 068)	4 221	-	27
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	(113)	(2)	(5 063)	1 779	-	(3 399)
Transfers to stage 1	-	-	(5)	-	-	(5)
Transfers to stage 2	-	-	(64)	(9)	-	(73)
After write off recoveries	(3)	(8)	1 064	2 451	-	3 504
Write offs	(8)	-	(269)	(1)	-	(278)
TVM unwinding	(20)	-	-	(319)	-	(339)
Other movements	(334)	7	4 082	(5 730)	-	(1 975)
Balance at end of the half year	80	-	1 998	1 085	-	3 163

	Mortgage loans ZWL'000	Instalment sale and finance leases ZWL'000	Personal unsecured lending ZWL'000	Business lending and other ZWL'000	Corporate lending ZWL'000	Total ZWL'000
Stage 1 historical cost						
Balance as at the beginning of the year	39	800	1 367	1 404	6 123	9 733
Net movement	54	607	(683)	1 767	(1 108)	637
Originated impairments raised	19	257	366	1 608	3 495	5 745
Subsequent changes in expected credit loss	58	358	(863)	(481)	(828)	(1 756)
Transfers (to)/ from stage 2	(23)	(8)	(189)	640	(325)	95
Transfers from stage 3	-	-	3	-	-	3
Derecognised including write offs	-	-	-	-	(3 450)	(3 450)
Balance at end of the half year	93	1 407	684	3 171	5 015	10 370
Stage 2 historical cost						
Balance as at the beginning of the year	973	3 115	5 366	6 493	492	16 439
Net movement	1 376	3 287	(4 089)	40 109	3 412	44 095
Originated impairments raised	156	63	558	295	155	1 227
Subsequent changes in expected credit loss	1 197	3 216	(4 872)	40 449	3 017	43 007
Transfers from/(to) stage 1	23	8	189	(640)	325	(95)
Transfers from stage 3	-	-	36	5	-	41
Derecognised including write offs	-	-	-	-	(85)	(85)
Balance at end of the half year	2 349	6 402	1 277	46 602	3 904	60 534
Stage 3 historical cost						
Balance as at the beginning of the year	213	1	860	1 112	-	2 186
Net movement	(72)	(6)	1 147	(1 190)	-	(121)
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	(70)	(1)	1 486	(494)	-	921
Transfers to stage 1	-	-	(3)	-	-	(3)
Transfers to stage 2	-	-	(36)	(5)	-	(41)
After write off recoveries	(2)	(5)	(300)	(691)	-	(998)
Write offs	(8)	-	(269)	(1)	-	(278)
TVM unwinding	(20)	-	-	(319)	-	(339)
Other movements	(33)	5	260	1 483	-	1 715
Balance at end of the half year	80	-	1 998	1 085	-	3 163

4.3.2 December 2019 credit impairments for loans and advances to customers

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

	Mortgage loans ZWL'000	Instalment sale and finance leases ZWL'000	Personal unsecured lending ZWL'000	Business lending and other ZWL'000	Corporate lending ZWL'000	Total ZWL'000
Stage 1 inflation adjusted						
Balance as at the beginning of the year	1 271	4 915	5 322	11 814	24 491	47 813
Net movement	(362)	4 625	9 658	6 299	42 890	63 110
Originated impairments raised	176	2 387	3 398	14 935	24 038	44 934
Subsequent changes in expected credit loss	(234)	2 377	7 542	(557)	17 450	26 578
Transfers to stage 2	(304)	(139)	(1 300)	(8 089)	1 402	(8 430)
Transfers from stage 3	-	-	18	10	-	28
Other movements	(807)	(7 444)	(11 398)	(14 434)	(51 338)	(85 421)
Balance as at end of the year	102	2 096	3 582	3 679	16 043	25 502
Stage 2 inflation adjusted						
Balance as at the beginning of the year	18 092	33 997	60 296	82 069	191 300	385 754
Net movement	(1 782)	13 127	21 250	18 551	(144 089)	(92 943)
Originated impairments raised	2 114	859	7 630	6 815	-	17 418
Subsequent changes in expected credit loss	(4 200)	12 129	11 898	2 431	(142 687)	(120 429)
Transfers from stage 1	304	139	1 300	8 089	(1 402)	8 430
Transfers from stage 3	-	-	422	1 216	-	1 638
Other movements	(13 761)	(38 962)	(67 486)	(83 607)	(45 922)	(249 738)
Balance as at end of the year	2 549	8 162	14 060	17 013	1 289	43 073

4.3.2 December 2019 credit impairments for loans and advances to customers (continued)

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

	Mortgage loans ZWL'000	Instalment sale and finance leases ZWL'000	Personal unsecured lending ZWL'000	Business lending and other ZWL'000	Corporate lending ZWL'000	Total ZWL'000
Stage 3 inflation adjusted						
Balance as at the beginning of the year	2 589	11 621	20 228	29 812	-	64 250
Net movement	254	(5 754)	(3 873)	(6 650)	(2 128)	(18 151)
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	272	(5 707)	2 497	459	-	(2 479)
Transfers to stage 1	-	-	(19)	(11)	-	(30)
Transfers to stage 2	-	-	(422)	(1 216)	-	(1 638)
After write off recoveries	(18)	(47)	(5 929)	(5 882)	(2 128)	(14 004)
Other movements	(2 285)	(5 864)	(14 102)	(20 248)	2 128	(40 371)
Balance as at end of the year	558	3	2 253	2 914	-	5 728
Stage 1 historical cost						
Balance as at the beginning of the year	78	302	327	726	1 505	2 938
Net movement	(39)	498	1 040	678	4 618	6 795
Originated impairments raised	19	257	366	1 608	2 588	4 838
Subsequent changes in expected credit loss	(25)	256	812	(60)	1 879	2 862
Transfers to stage 2	(33)	(15)	(140)	(871)	151	(908)
Transfers from stage 3	-	-	2	1	-	3
Balance as at end of the year	39	800	1 367	1 404	6 123	9 733
Stage 2 historical cost						
Balance as at the beginning of the year	1 112	2 089	3 705	5 043	11 755	23 704
Net movement	(139)	1 026	1 661	1 450	(11 263)	(7 265)
Originated impairments raised	156	63	558	294	-	1 071
Subsequent changes in expected credit loss	(328)	948	930	190	(11 112)	(9 372)
Transfers from stage 1	33	15	140	871	(151)	908
Transfers from stage 3	-	-	33	95	-	128
Balance as at end of the year	973	3 115	5 366	6 493	492	16 439
Stage 3 historical cost						
Balance as at the beginning of the year	159	714	1 243	1 832	-	3 948
Net movement	32	(719)	(484)	(831)	(266)	(2 268)
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	34	(713)	292	-	-	(387)
Transfers from stage 1	-	-	(2)	(1)	-	(3)
Transfers from stage 2	-	-	(33)	(95)	-	(128)
After write off recoveries	(2)	(6)	(741)	(735)	(266)	(1 750)
Write offs	(17)	-	(480)	(24)	-	(521)
TVM unwinding	(26)	(16)	(21)	(456)	-	(519)
Other movements	65	22	602	591	266	1 546
Balance as at end of the year	213	1	860	1 112	-	2 186

	Inflation-adjusted		Historical cost	
	30 June 2020 ZWL'000	30 June 2019 ZWL'000	30 June 2020 ZWL'000	30 June 2019 ZWL'000
4.4 Credit impairment charges for the six months ended 30 June 2020:				
Net expected credit loss raised and released on financial investments	196 081	77 430	97 492	6 991
Stage 1 (note 3.1.4)	196 081	77 430	97 492	6 991
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Net expected credit loss raised and released on balances with other banks	484	(8 688)	296	(1 038)
Stage 1 (note 1. 1)	484	(8 688)	296	(1 038)
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Net expected credit loss raised and released on loans and advances	75 307	(26 751)	44 611	(1 786)
Stage 1 (note 4.3.1)	492	59 603	637	3 879
Stage 2 (note 4.3.1)	74 788	(74 050)	44 095	(4 602)
Stage 3 (note 4.3.1)	27	(12 304)	(121)	(1 063)
Net expected credit loss raised and released on other assets	110 804	66 776	88 275	6 029
Stage 1 (note 5)	110 804	66 776	88 275	6 029
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Net expected credit loss raised and released on off -balance sheet exposures	3 240	5 988	2 925	551
Stage 1 (note 11.2.3)	2 311	5 878	2 240	529
Stage 2	929	110	685	22
Stage 3	-	-	-	-
Total credit impairment charges (on and off-balance sheet)	385 916	114 755	233 599	10 747

	Inflation-adjusted		Historical cost	
	30 June 2020 ZWL'000	31 December 2019 ZWL'000	30 June 2020 ZWL'000	31 December 2019 ZWL'000
5 Other assets				
Inventories	29 985	23 655	7 571	3 459
Prepayments	78 894	71 851	16 622	12 145
Amounts due from group companies	13 685	3 629	13 685	1 385
Other receivables	2 477 506	2 263 991	2 477 506	864 058
Internal clearing accounts	982 543	491 879	982 543	187 727
	3 582 613	2 855 005	3 497 927	1 068 774
Expected credit loss on other assets	(119 497)	(312 386)	(119 497)	(23 404)
Other movements	-	230 343	-	(7 818)
	3 463 116	2 772 962	3 378 430	1 037 552
Current	3 463 116	2 772 962	3 378 430	1 037 552
Non-current	-	-	-	-
	3 463 116	2 772 962	3 378 430	1 037 552

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

Included in other receivables is ZWL2.48 billion relating to legacy debts and effects of allocation of foreign currency to customers with local currency deposits in line with the previous monetary policies prevailing before 1 October 2018. This receivable is a recovery of the foreign currency which over the years has been transferred to the RBZ in line with the exchange control directives of 2012, 2015 and 2016 which required banks to limit their nostro holdings to a certain percentage of their customer deposits with the excess being surrendered to the central bank in return for electronic currency (RTGS$) which was at that time trading at par to the USD.

	Inflation-adjusted		Historical cost	
	30 June 2020 ZWL'000	31 December 2019 ZWL'000	30 June 2020 ZWL'000	31 December 2019 ZWL'000
5.1 A reconciliation of the allowances for expected credit losses other assets				
Stage 1				
Balance as at the beginning of the year	81 807	-	31 222	-
Originated impairments	110 804	312 386	88 275	23 404
Other movements	(73 114)	(230 579)	-	7 818
Closing balance	119 497	81 807	119 497	31 222
6 Share capital				
6.1 Authorised share capital				
500 000 ordinary shares of ZWL1 each	8 136	8 136	500	500
6.2 Issued share capital				
260 000 ordinary shares of ZWL1 each	4 231	4 231	260	260
7 Share premium and reserves				
7.1 Share premium				
Share premium on issue of shares	175 595	175 595	10 790	10 790
7.2 Reserves				
Non-distributable reserve	829 333	409 182	1 151 389	256 782
Fair value through other comprehensive income	5 231	26 485	12 483	12 483
Share-based payments reserve	16 922	13 276	3 255	1 084
Retained earnings	3 144 671	2 537 504	2 028 402	626 892
	3 996 157	2 986 447	3 195 529	897 241
8 Deposits and current accounts				
Deposits from other banks	404 585	350 722	404 585	133 854
Deposits from customers	20 152 813	14 322 816	20 152 813	5 466 339
Current accounts	5 979 236	7 311 386	5 979 236	2 790 409
Call deposits	14 144 918	6 883 706	14 144 918	2 627 184
Term deposits	22 939	113 449	22 939	43 298
Savings accounts	5 720	14 275	5 720	5 448
Deposits and current accounts	20 557 398	14 673 538	20 557 398	5 600 193
Current	20 552 078	14 654 764	20 552 078	5 593 028
Non-current	5 320	18 774	5 320	7 165
	20 557 398	14 673 538	20 557 398	5 600 193
Maturity analysis				
The maturity analysis is based on the remaining periods to contractual maturity from period end				
Redeemable on demand	20 551 782	14 542 822	20 551 782	5 550 305
Maturing with 1 month	-	1 894	-	723
Maturing after 1 month but within 12 months	296	110 048	296	42 000
Maturing after 12 months	5 320	18 774	5 320	7 165
	20 557 398	14 673 538	20 557 398	5 600 193

9 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Held for trading ZWL'000	Fair value through profit and loss-default ZWL'000	Fair value through OCI ZWL'000	Amortised cost ZWL'000	Total carrying amount ZWL'000	Fair value ZWL'000
Inflation adjusted						
30 June 2020						
Financial assets						
Cash and cash equivalents	-	1 643 938	-	16 236 720	17 880 658	17 880 658
Derivative assets	409	-	-	-	409	409
Financial investments	-	-	-	1 088 917	1 088 917	1 241 841
Investment securities	-	-	17 426	-	17 426	17 426
Loans and advances to customers	-	-	-	2 740 360	2 740 360	2 740 360
Other financial assets	-	-	-	3 361 010	3 361 010	3 361 010
	409	1 643 938	17 426	23 427 007	25 088 780	25 241 704
Financial liabilities						
Derivative liabilities	1 692	-	-	-	1 692	1 692
Deposits from other banks	-	-	-	404 585	404 585	404 585
Deposits from customers	-	-	-	20 152 813	20 152 813	20 152 813
Other financial liabilities	-	-	-	3 480 676	3 480 676	3 480 676
	1 692	-	-	24 038 074	24 039 766	24 039 766

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

	Held for trading ZWL'000	At fair value through profit or loss default ZWL'000	Fair value through OCI ZWL'000	Amortised cost ZWL'000	Total carrying amount ZWL'000	Fair value ZWL'000
Inflation adjusted						
31 December 2019						
Financial assets						
Cash and cash equivalents	-	1 236 942	-	10 435 424	11 672 366	11 672 366
Derivative assets	292	-	-	-	292	292
Pledged assets	-	-	-	129 458	129 458	131 224
Financial investments	-	-	-	399 675	399 675	405 130
Investment securities	-	-	45 658	-	45 658	45 658
Loans and advances to customers	-	-	-	2 460 886	2 460 886	2 460 886
Other assets	-	-	-	2 677 275	2 677 275	2 677 275
	292	1 236 942	45 658	16 102 718	17 385 610	17 392 831
Financial liabilities						
Derivative liabilities	39	-	-	-	39	39
Deposits from other banks	-	-	-	350 722	350 722	350 722
Deposits from customers	-	-	-	14 322 816	14 322 816	14 322 816
Other liabilities	-	-	-	1 360 714	1 360 714	1 360 714
	39	-	-	16 034 252	16 034 291	16 034 291

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

10 Fair value estimation

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

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

The following table presents the Bank's assets and liabilities that are measured at fair value at 30 June 2020, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

10 Fair value estimation (continued)

Assets	Note	Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000	Valuation techniques and inputs
Inflation adjusted 30 June 2020						
Financial assets						
Cash and cash equivalents		1 643 938	1 643 938	-	-	Discounted cash flows
Derivatives assets						
– Foreign exchange contracts		409	-	409	-	Discounted cash flows
Investment securities	3.2	17 426	-	-	17 426	Net asset value
Investment property		2 123 834	-	-	2 123 834	Sales comparison method, market rentals and yields
Freehold property		1 599 672	-	-	1 599 672	Sales comparison method, market rentals and yields
Total assets		5 385 279	1 643 938	409	3 740 932	
Liabilities						
Financial liabilities						
Derivatives liabilities						
– Foreign exchange contracts		1 692	-	1 692	-	Discounted cash flows
Total liabilities		1 692	-	1 692	-	
Inflation adjusted 31 December 2019						
Financial assets						
Cash and cash equivalents		1 236 942	1 236 942	-	-	Discounted cash flows
Derivatives assets						
– Foreign exchange contracts		292	-	292	-	Discounted cash flows
Investment securities		45 658	-	-	45 658	Net asset value
Investment property		1 170 007	-	-	1 170 007	Sales comparison method, market rentals and yields
Freehold property		975 421	-	-	975 421	Sales comparison method, market rentals and yields
Total assets		3 428 320	1 236 942	292	2 191 086	
Liabilities						
Financial liabilities						
Derivatives liabilities						
– Foreign exchange contracts		39	-	39	-	Discounted cash flows
Total liabilities		39	-	39	-	

The following table presents the Bank's assets and liabilities that are measured at fair value at 30 June 2020.

Assets	Note	Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000	Valuation techniques and inputs
Historical cost June 2020						
Financial assets						
Cash and cash equivalents		1 643 938	1 643 938	-	-	Discounted cash flows
Derivatives assets						
– Foreign exchange contracts		409	-	409	-	Discounted cash flows
Investment securities	3.2	17 426	-	-	17 426	Net asset value
Investment property		2 123 834	-	-	2 123 834	Sales comparison method, market rentals and yields
Freehold property		1 599 672	-	-	1 599 672	Sales comparison method, market rentals and yields
Total assets		5 385 279	-	409	3 740 932	
Liabilities						
Financial liabilities						
Derivatives liabilities						
– Foreign exchange contracts		1 692	-	1 692	-	Discounted cash flows
Total liabilities		1 692	-	1 692	-	
Historical cost December 2019						
Financial assets						
Cash and cash equivalents		472 082	472 082	-	-	Discounted cash flows
Derivatives assets						
– Foreign exchange contracts		112	-	112	-	Discounted cash flows
Investment securities	3.2	17 426	-	-	17 426	Discounted cash flows
Investment property		446 536	-	-	446 536	Sales comparison method, market rentals and yields
Freehold property		372 272	-	-	372 272	Sales comparison method, market rentals and yields
Total assets		1 308 428	472 082	112	836 234	
Liabilities						
Financial liabilities						
Derivatives liabilities						
– Foreign exchange contracts		15	-	15	-	Discounted cash flows
Total liabilities		15	-	15	-	

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

Reconciliation of level 3 items	30 June 2020 Investment property ZWL'000	Freehold property ZWL'000	Total assets ZWL'000	31 December 2019 Investment property ZWL'000	Freehold property ZWL'000	Total assets ZWL'000
Inflation adjusted						
Balance at 1 January	1 170 007	975 421	2 145 428	438 792	437 225	876 017
Additions	333 180	47 120	380 300	128 156	66 194	194 350
Transfers in/(out)	(25 439)	25 439	-	-	-	-
Gains or losses for the period						
Included in profit or loss	646 086	(6 426)	639 660	603 059	11 432	614 491
Recognised in other comprehensive income	-	558 118	558 118	-	460 570	460 570
Balance at the end of the period	2 123 834	1 599 672	3 723 506	1 170 007	975 421	2 145 428
Reconciliation of level 3 items						
Historical cost						
Balance at 1 January	446 536	372 272	818 808	26 963	26 867	53 830
Additions	176 542	19 259	195 801	12 072	6 212	18 284
Transfers in/(out)	(9 709)	9 709	-	-	-	-
Gains or losses for the period						
Included in profit or loss	1 510 465	(6 426)	1 504 039	407 501	(2 123)	405 378
Recognised in other comprehensive income	-	1 204 858	1 204 858	-	341 316	341 316
Balance at the end of the period	2 123 834	1 599 672	3 723 506	446 536	372 272	818 808

Reconciliation of level 3 items	Inflation-adjusted 30 June 2020 Investment securities	Inflation-adjusted 31 December 2019 Investment securities	Historical cost 30 June 2020 Investment securities	Historical cost 31 December 2019 Investment securities
Balance at 1 January	45 658	36 837	17 426	2 264
Additions	-	-	-	-
Gains or losses for the period				
Recognised in other comprehensive income	(28 232)	8 821	-	15 162
Balance at the end of the period	17 426	45 658	17 426	17 426

The table below shows the fair value of financial instruments not measured at fair value as at 30 June 2020:

Assets	Note	Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000
Cash and cash equivalents		16 236 720	16 236 720	-	-
Financial investments		1 241 841	-	-	1 241 841
Loans and advances to customers	4	2 740 360	-	-	2 740 360
Other assets		3 361 010	-	-	3 361 010
Total assets		23 579 931	16 236 720	-	7 343 211
Liabilities					
Financial liabilities measured at amortised cost					
Deposits from other banks	8	404 585	404 585	-	-
Deposits from customers	8	20 152 813	20 132 663	20 150	-
Other liabilities		3 480 677	-	-	3 480 677
Total liabilities		24 038 075	20 537 248	20 150	3 480 677

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

Assets	Note	Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000
Inflation adjusted 31 December 2019					
Cash and cash equivalents		10 435 424	10 435 424	-	-
Pledged assets		131 224	-	-	131 224
Financial investments		405 130	-	-	405 130
Loans and advances to customers	4	2 460 886	-	-	2 460 886
Other assets		2 677 275	-	-	2 677 275
Total assets		16 109 939	10 435 424	-	5 674 515
Liabilities					
Financial liabilities measured at amortised cost					
Deposits from other banks	8	350 722	350 722	-	-
Deposits from customers	8	14 322 816	14 209 320	113 496	-
Other liabilities		1 360 714	-	-	1 360 714
Total liabilities		16 034 252	14 560 042	113 496	1 360 714

11 Contingent liabilities and commitments

11.1 The Bank had written letters of credit and guarantees amounting to ZWL1.9 billion as at 30 June 2020 (31 December 2019: ZWL475.3 million). The amount of these letters of credit and guarantees represents the Bank's maximum exposure and no material losses are anticipated from these transactions.

	Inflation-adjusted 30 June 2020 ZWL'000	Inflation-adjusted 31 December 2019 ZWL'000	Historical cost 30 June 2020 ZWL'000	Historical cost 31 December 2019 ZWL'000
11.2 Commitments				
As at 30 June 2020 the contractual amounts of the Bank's commitments to engage in capital expenditure or to extend credit to its customers were as follows:				
11.2.1 Capital commitments				
Capital expenditure authorised but not yet contracted	110 517	986 271	110 517	376 413
11.2.2 Loan commitments	314 999	587 186	314 999	224 101

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

	Letter of credit ZWL'000	Guarantee ZWL'000	Loan commitments ZWL'000	Total ZWL'000
30 June 2020				
Stage 1 inflation adjusted				
Balance at the beginning of the year	1 056	1 059	2 421	4 536
Net movement	743	1 547	21	2 311
Originated impairments raised	70	-	(209)	(139)
Subsequent changes in expected credit losses	787	1 553	(115)	2 225
Transfers (to)/from stage 2	(53)	-	-	(53)
Derecognised including write offs	(61)	(6)	345	278
Other movements	(697)	(624)	(1 555)	(2 876)
Balance at the end of the period	1 102	1 982	887	3 971
Stage 2 inflation adjusted				
Balance at the beginning of the year	-	-	702	702
Net movement	91	-	838	929
Originated impairments raised	-	-	32	32
Subsequent changes in expected credit losses	38	-	923	961
Transfers from stage 1	53	-	-	53
Derecognised including write offs	-	-	(117)	(117)
Other movements	(9)	-	(669)	(678)
Balance at the end of the period	82	-	871	953
Credit impairment charge	834	1 547	859	3 240
Total ECL balance at 30 June 2020	1 184	1 982	1 758	4 924

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	Letter of credit ZWL'000	Guarantee ZWL'000	Loan commitments ZWL'000	Total ZWL'000
31 December 2019				
Stage 1 inflation adjusted				
Balance at the beginning of the year	1 009	1 140	3 189	5 338
Net movement	3 375	3 304	7 203	13 882
Originated impairments raised	495	1 383	6 155	8 033
Subsequent changes in expected credit losses	3 019	1 950	1 682	6 651
Transfers (to)/from stage 2	10	-	286	296
Derecognised including write offs	(149)	(29)	(920)	(1 098)
Other movements	(3 328)	(3 385)	(7 971)	(14 684)
Balance at the end of the period	1 056	1 059	2 421	4 536
Stage 2 inflation adjusted				
Balance at the beginning of the year	16	131	3 320	3 467
Net movement	-	(3)	13	10
Originated impairments raised	-	-	24	24
Subsequent changes in expected credit losses	3	(3)	18	18
Transfers from stage 1	(10)	-	(286)	(296)
Derecognised including write offs	7	-	257	264
Other movements	(16)	(128)	(2 631)	(2 775)
Balance at the end of the period	-	-	702	702
Credit impairment charge	3 375	3 301	7 216	13 892
Total ECL balance at 31 December	1 056	1 059	3 123	5 238

	Letter of credit ZWL'000	Guarantee ZWL'000	Loan commitments ZWL'000	Total ZWL'000
30 June 2020				
Stage 1 historical				
Balance at the beginning of the year	403	404	924	1 731
Net movement	699	1 578	(37)	2 240
Originated impairments raised	66	-	366	432
Subsequent changes in expected credit losses	740	1 584	203	2 527
Transfers (to)/from stage 2	(50)	-	-	(50)
Derecognised including write offs	(57)	(6)	(606)	(669)
Balance at the end of the period	1 102	1 982	887	3 971
Stage 2 historical cost				
Balance at the beginning of the year	-	-	268	268
Net movement	82	-	603	685
Originated impairments raised	-	-	23	23
Subsequent changes in expected credit losses	32	-	664	696
Transfers from stage 1	50	-	-	50
Derecognised including write offs	-	-	(84)	(84)
Balance at the end of the period	82	-	871	953
Credit impairment charge	781	1 578	566	2 925
Total ECL balance at 30 June 2020	1 184	1 982	1 758	4 924
31 December 2019				
Stage 1 historical				
Balance at the beginning of the year	62	70	196	328
Net movement	341	334	728	1 403
Originated impairments raised	50	140	622	813
Subsequent changes in expected credit losses	305	197	170	670
Transfers (to)/from stage 2	1	-	29	30
Derecognised including write offs	(15)	(3)	(93)	(110)
Balance at the end of the period	403	404	924	1 731
Stage 2 historical cost				
Balance at the beginning of the year	1	8	204	213
Net movement	(1)	(8)	64	55
Originated impairments raised	-	-	130	130
Subsequent changes in expected credit losses	7	(7)	97	97
Transfers from stage 1	-	(1)	(29)	(30)
Derecognised including write offs	(8)	-	(134)	(142)
Balance at the end of the period	-	-	268	268
Credit impairment charge	340	326	792	1 458
Total ECL balance at 31 December 2019	403	404	1 192	1 999

		Inflation-adjusted		Historical cost	
		30 June 2020 ZWL'000	30 June 2019 ZWL'000	30 June 2020 ZWL'000	30 June 2019 ZWL'000
12	**Directors' emoluments and key management compensation**				
	Non-executive directors' emoluments				
	Emoluments of directors in respect of services rendered (included in operating expenses):				
	As directors of the company	8 958	6 966	6 863	832
	Key management compensation				
	Key management includes executive directors and other members of the Bank's executive committee-included in staff costs.				
	Short term employee benefits	37 696	17 055	23 762	2 037
	Other long term benefits	146	84	92	10
	Post- employment benefits	1 632	678	1 029	81
		39 474	17 817	24 883	2 128

13 Related party disclosures

13.1 Controlling entity

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

		Inflation-adjusted		Historical cost	
		30 June 2020 ZWL'000	31 December 2019 ZWL'000	30 June 2020 ZWL'000	31 December 2019 ZWL'000
13.1.1	**Amounts due from related parties (bank balances):**				
	Stanbic Bank Botswana Limited	9 981	9 910	9 981	3 782
	Stanbic Bank Swaziland Limited	-	13	-	5
	Stanbic Bank Malawi Limited	87	139	87	53
	Stanbic Bank Kenya Limited	134	55	134	21
	Stanbic Bank Zambia Limited	2 049	6 163	2 049	2 352
	Standard Bank South Africa Limited	435 775	541 183	435 775	206 544
	Standard Bank Ise of Man Douglas	6 882 984	-	6 882 984	-
		7 331 010	557 463	7 331 010	212 757
	Related through shareholding in the parent company				
	Industrial and Commercial Bank of China (bank balances)	249	348	249	133

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

		Inflation-adjusted		Historical cost	
		30 June 2020 ZWL'000	30 June 2019 ZWL'000	30 June 2020 ZWL'000	30 June 2019 ZWL'000
13.1.2	**Transactions**				
	Interest income from:				
	Standard Bank South Africa Limited	364	13	193	5
	Standard Bank Ise of Man Douglas	16 015	-	11 563	-
13.1.3	Group recharges	173 744	17 364	114 546	6 627

		Inflation-adjusted		Historical cost	
		30 June 2020 ZWL'000	31 December 2019 ZWL'000	30 June 2020 ZWL'000	31 December 2019 ZWL'000
13.2	**Deposits and loans with related parties- related through common directorship**				
	Total loans and advances	2 066	4 842	2 066	1 848
	Total customer deposits	9 616	6 925	9 616	2 643

14 Capital management

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

The Bank's objectives when managing capital are to:

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

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

Capital adequacy	30 June 2020 ZWL'000	31 December 2019 ZWL'000
Ordinary paid up share capital	260	260
Share premium	10 790	10 790
Retained earnings	2 028 402	626 892
Market and operational risk	(252 651)	(62 681)
Less exposures to insiders	(2 066)	(1 848)
Reserves	16 945	14 774
Tier 1 capital	1 801 680	588 187
Revaluation reserve	1 150 182	255 575
General provisions (limited to 1.25% of risk weighted assets)	174 558	43 745
Tier 2 capital	1 324 740	299 320
Market risk	59 767	20 384
Operational risk	192 884	42 297
Tier 3 capital	252 651	62 681
Total Tier1 and 2 capital	3 126 420	887 507
Tier 3	252 651	62 681
	3 379 071	950 188
Risk weighted assets ("RWAs")	10 806 523	2 716 090
Operational risk equivalent assets	2 411 044	528 707
Market risk equivalent assets	747 089	254 805
Total risk weighted assets ("RWAs")	13 964 656	3 499 602
Tier 1 capital ratio	13%	17%
Tier 1 and 2 capital ratio	22%	25%
Tier1,2 and Tier 3 capital	24%	27%
Capital adequacy ratio excluding market and operational risk weighted assets	24%	27%

15 Custodial services

The Bank provides custodial trust services to individuals and institutions by holding assets (mainly share certificates) on behalf of customers. As at 30 June 2020, funds under custody amounted to ZWL35.8 billion (31 December 2019: ZWL6 billion) and fee income amounting to ZWL14.6 million on an inflation adjusted basis (30 June 2019: ZWL45.2 million) had been received in return for these services. The historical cost fee and commission income earned amounted to ZWL10 million (2019: ZWL3.9 million).

16 Dividend declaration

No dividend has been proposed for the half year ended 30 June 2020.

17 External Credit Ratings

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

Rating scale	**2019**	**2018**	**2017**	**2016**	**2015**
Long term	AA	AA-	AA-	AA-	AA-

18 CAMELS RATINGS

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

19 RISK ASSESSMENT SYSTEM ("RAS")

The most recent RAS ratings risk matrix assigned by the Reserve Bank of Zimbabwe is summarised in the table below:

SUMMARY RAS – RATINGS

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

19.1 SUMMARY RISK MATRIX FORMAT

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

19.2 KEY

Low -reflects a lower than average probability of an adverse impact on a banking institution's capital and earnings. Losses in 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 polices and limits are put in place. The policies comprehensively define the bank's risk tolerance, responsibilities and accountabilities are effectively communicated.

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

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

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

Direction of Overall Composite risk
Increasing – based on the current information, risk is expected to increase in the next 12 months
Decreasing – based on current information, risk is expected to decrease in the next 12 months
Stable – based on the current information, risk is expected to be stable in the next 12 months.