



UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

CHAIRMAN'S STATEMENT

It is my pleasure to present to you the unaudited financial results of Stanbic Bank Zimbabwe Limited ("the Bank" or "Stanbic Bank") for the half year ended 30 June 2023.

State of the operating environment in the country

GDP growth forecast remains around 3%, premised on significant mining, agriculture, and infrastructure activities. Power availability has also improved following the completion of both Hwange 7 and 8 power units. However, major downside risks into the outlook period include the sustainability of the power supply, tight liquidity situation, climate risks (erratic rainfall patterns), geo-political risks, sluggish mineral commodity price trends, and persistent ZWL hyperinflation which continues to drive dollarisation.

Headline blended inflation, peaked at 175.8% in June 2023 on account of a 310% depreciation in the official exchange rate between mid-May 2023 and June 2023. The prevailing monetary policy stance, if sustained, could potentially slowdown the inflationary pressures. Hyperinflation is also associated with high cost of borrowing, value erosion, exchange rate instability, and increased incidence of dollarisation. This requires businesses to remain focused on cost containment, and value preservation in the outlook period.

Performance

The Bank recorded an inflation adjusted profit of ZWL372.9 billion for the six months ended 30 June 2023, increasing from ZWL55.5 billion in the comparative period. The growth in profit for the period was largely driven by the increase in foreign currency denominated transaction volumes as business operations continued to shift from local to foreign currency combined with the better tobacco selling season. In addition, new lending assets were written during the period in both local and foreign currency on the back of elevated demand for working capital by customers.

Capital

The Bank ended the six months period to 30 June 2023 with a qualifying core capital of ZWL552 billion (USD96.2 million) surpassing the local currency equivalence of the required USD30 million regulatory minimum core capital.

Outlook

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

Corporate governance

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

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

The Board of Directors

The Board meets a minimum of four times per year, and the record of attendance of each director is as follows for the half year ended 30 June 2023:

DIRECTOR'S NAME	MAIN BOARD	AUDIT	LOANS REVIEW	CREDIT	RISK	IT	PEOPLE & CULTURE
Gregory Sebborn (<i>Chairman</i>)	3	**	**	**	**	2	2
Solomon Nyanhongo (<i>Chief Executive</i>)	3	**	**	**	**	**	**
Tafadzwa Mahachi (<i>Executive</i>)	3	**	**	**	**	**	**
Betty Murambadoro (<i>Executive</i>)	3	**	**	**	**	**	**
Kingston Kamba	3	**	2	**	2	**	**
Simbarashe Mhuriro	3	**	**	2	**	2	**
Muchakanakirwa Manganwi	3	2	**	2	**	**	2
Valentine Mushayakarara	3	2	**	2	**	**	**
Nellie Tiyago	3	**	2	**	2	**	**
Jonathan Wood	3	2	**	**	2	2	**
Gregory Brackenridge *	2	**	**	2	**	**	2
Dr. Tapiwanashe James Museba*	2	2	2	**	**	2	**

* Not Zimbabwean residents

** Not a member

As at 30 June 2023 the Board comprised twelve directors, three of whom are executive directors. The increase in directors follows the appointment of Dr. Tapiwanashe James Museba on the 27th of January 2023. The Board continues to have an appropriate level of independence for deliberations and objectivity and has the right mix of competencies and experience. To ensure continued upskilling and alignment with changing trends, the members undergo regular training on key subjects pertaining to their roles as directors. The Board is primarily responsible for the overall corporate governance of the Bank, ensuring that appropriate controls, systems, and practices are in place.

Board Committees

The Board Audit Committee

The committee meets a minimum four times a year. During the half year ended 30 June 2023, the committee held two meetings.

The committee is now comprised of four non-executive directors following the appointment of Dr. Tapiwanashe James Museba to the Board. The role of the committee is to provide an independent evaluation of the adequacy and efficiency of the Bank's internal control systems, accounting practices, information systems and auditing processes.

Communication between the Board, executive management, compliance, internal audit, and external audit is encouraged. PricewaterhouseCoopers Chartered Accountants (Zimbabwe) remain the external auditors of the Bank and engage closely with the members of the Board Audit Committee. The committee liaises with both the external and internal auditors on accounting procedures and on the adequacy of controls and information systems, and reviews the financial statements, considers loss reports on major defalcations, and the effectiveness of the Bank's compliance plan.

The Internal Audit function reports administratively to the Chief Executive Officer and functionally to the Board Audit Committee and Group Internal Audit to ensure that it remains independent. The function consists of one head of department and three managers who have the adequate qualifications and experience in auditing. As at 30 June 2023, 33% of the planned audits for the year had been completed. This amounted to five out of twelve planned audits, with the remaining seven reviews to be performed as scheduled in the second half of the year.

Board Loans Review Committee

The committee meets at least four times annually and may convene more often as and when necessary. During the half year ended 30 June 2023, the committee held two meetings.

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

The committee comprises three independent non-executive directors.

Board Credit Committee

This committee meets at least four times a year, with additional meetings being convened when necessary. During the half year ended 30 June 2023, the committee held one meeting.

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 now comprises four non-executive directors. Mr. Gregory Brackenridge now sits as the Chairman for this committee and Mr. Muchakanakirwa Manganwi has since joined the committee.

Board Risk Committee

The committee meets four times a year. During the half year ended 30 June 2023, the committee held two meetings.

As at 30 June 2023 the committee comprised three non-executive directors, all of whom are independent.

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

Board IT Committee

The committee is expected to meet at least four times a year and during the half year ended 30 June 2023, the committee held two meetings.

As at 30 June 2023 the committee comprised four non-executive directors, all of whom are independent. Dr. Tapiwanashe James Museba sits on this committee following his Board appointment in January 2023. The committee's responsibility is to ensure that prudent and reasonable steps are taken with respect to Information Technology ("IT") governance. The committee reviews and assesses risks associated with IT including disaster recovery, business continuity and IT security. This committee has authority for overseeing matters of Information Technology risk including the cultivation and promotion of an ethical IT governance and management culture and awareness.

Board People and Culture

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

The committee is expected to hold at least four times in the coming year and as at 30 June 2023 the committee held two meetings. The committee currently comprises three non-executive directors.

Asset and Liability Committee

Though not a Board committee, the Asset and Liability Committee is a key management committee that meets a minimum of ten times a year. During the half year ended 30 June 2023, the committee held ten meetings including ad hoc meetings to adequately execute its mandate

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

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

- optimise net interest margins and exchange earnings;

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

Assessment of the effectiveness of the Board and its members

The Bank holds an annual Board and director evaluation process as required by the Reserve Bank of Zimbabwe. Weaknesses and areas of concern are identified through this process. The areas of concern are discussed in the Board meetings with a view to rectifying the identified weaknesses. The Board evaluation meeting took place on the 17th of March 2023 and the regulator was engaged on same through submission of a report containing the evaluation results.

Stanbic Bank Nominees (Private) Limited

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

Corporate Social Responsibility

Sustainability is a key pillar we focus on as we pursue business in support of various industries through our Business and Commercial Banking, Corporate and Investment Banking portfolios, in line with our commitment to drive the growth in and of our country. The Bank has established partnerships through its Corporate Social Investment policy in various provinces in Zimbabwe, supporting these communities in the aspects of health, education and sanitation.

Acknowledgements

I extend my heartfelt gratitude to our customers and stakeholders for their immense support during the period as we continued to navigate an ever evolving and complex environment. I commend the remarkable efforts of management and staff and their unwavering commitment to serving our clients diligently under challenging conditions. Special appreciation goes to my fellow board members for their relentless guidance and wise counsel displayed throughout the period.

I welcome Dr. Tapiwanashe James Museba who was appointed to the Board of Directors on 27 January 2023 and look forward to his valuable contribution.

Gregory Sebborn
Chairman

29 August 2023

CHIEF EXECUTIVE'S REPORT

Overview of business results for the half year ended 30 June 2023

The stable operating environment which had prevailed in the last quarter of 2022 persisted into the first quarter of 2023 characterised by a slowdown in inflation and moderate currency depreciation. However, this conducive environment was short-lived as ZWL prices of goods and services rose markedly in the second quarter of the year, coupled with a rapid depreciation of the ZWL: USD exchange rate. The change from standalone CPIs for ZWL and USD meant that it became difficult to discern the distinct inflation rates for prices in these two currencies, complicating financial reporting and management. June and July 2023 saw some stability returning as the ZWL appreciated against the USD, but the business outlook remains uncertain due to policy volatility, and long-standing macro-economic issues, chiefly hyperinflation, and the presence of two distinct markets for foreign currency (official and parallel).

The Bank registered an inflation adjusted profit of ZWL372.9 billion for the six months ended 30 June 2023, growing by 572% from prior period profit of ZWL55.5 billion.

The Bank's net interest income closed the period at ZWL135.4 billion, surpassing prior period income of ZWL60.9 billion by 122%. This growth was largely underpinned by the uplift in the Bank's average lending book which grew from ZWL73.4 billion in June 2022 to ZWL94.1 billion due to heightened demand for foreign currency funding by customers avoiding the high interest rates on local currency facilities, coupled with increased dollarisation of the economy.

The Bank recorded a 177% growth in fee and commission income which ended the period at ZWL129.9 billion up from ZWL46.9 billion in the comparative period. This growth was largely reinforced by the increased volumes of foreign currency transactions which were now being processed on our various service channels as business operations were shifting from local currency to foreign currency. In addition, new customers had been acquired during the period combined with improved customer transactability and increased utilization of digital solutions.

A net release of ZWL10.6 billion was recorded in credit impairments during the first half of the year, improving from a net raise of ZWL5.5 billion. The release in expected credit loss allowances was largely driven by the improvement in the quality of our lending book following the February 2023 interest rate reduction on local currency lending from 200% to 150%.

Total operating expenses increased by 135% from ZWL69.3 billion in the comparative period to ZWL163 billion largely because of the impact of the continued weakening of the ZWL currency against the USD on the Bank's foreign denominated expenses which have increased substantially in local currency terms.

The Bank's net lending book grew from ZWL489 billion in December 2022 to ZWL1.4 trillion largely spurred by the growing demand for foreign currency loans which saw new lending assets being written as we continued to support our customers in their funding requirements.

Compliance and financial crime control function

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

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

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

Statement on corporate social investment ("CSI") responsibilities

During the period under review, the Bank continued to support its customers through the provision of the required funding structures to meet their specific needs. For the 8th year running Stanbic Bank managed to donate an assortment of sun protection products to the Albino Charity Organization of Zimbabwe ("ALCOZ"). The products included substantial quantities of sunscreen lotion, antibacterial soap, antiseptic liquid, lip balm and sunhats.

The Bank is committed to supporting education and has made significant strides in spreading educational bursaries around the country. We are currently assisting five students at Africa University, five students at University of Zimbabwe, one student at St Giles Medical School as well as one student at Mufakose High 2 School.

Our people

The strength of our financial outcome continues to be driven by the unique contributions of the resilient Blue Bankers. Once again, we proved our steadfastness in the face of an increasingly fluid operating environment as we strive to remain relevant in our chosen market, serving our clients better. We have set ambitious targets for ourselves, and I remain confident that our Leadership Culture journey, our future skills curriculum and the continued reinforcement of our risk and conduct strategic value driver, will propel us into a prosperous second half of the year.

Our customers

As Stanbic Bank, transforming client experience remains one of our strategic priorities. Our client engagement drive has seen our teams directing their energies towards obtaining critical client insights into how the Bank can provide lasting financial solutions to its customers. Some of the results of our efforts include the sponsorship of the Chamber of Mines Indaba conference which was held in Victoria Falls. This accomplishment goes to show the important role the Bank plays in supporting the mining sector in Zimbabwe.

Partnering our customers for growth entails being proactive in providing financial and advisory support that will result in our customers growing and running sustainable businesses. Stanbic Bank continues to capacitate its customers with information and tools that they need to facilitate trade. Through the Africa-China import solution, the Bank succeeded in bridging language barriers and created value for customers by reducing the number of middlemen between original equipment manufacturers and importers.

The Bank's Trade Africa China Banking team partnered with the Zimtrade to host businesses attending the Zim-China Business Forum. This partnership has helped local businesses showcase their products and services in new export markets in China. There is a huge opportunity in citrus and nuts where the Bank and Zimtrade have also managed to open trade links for local producers. In exchange, the Bank hosted Guomao a Chinese company that facilitates trade between Zimbabwean and Chinese businesses. Through the trade solutions, the Bank facilitated the importation of various goods and services including an electronic motor vehicle assembled in China on behalf of clients.

Vote of thanks

I remain appreciative of our customers and stakeholders for their untiring support throughout the period. To the Stanbic Bank family, I appreciate and acknowledge your relentless efforts and dedication to supporting our clients under difficult conditions. These results would not have been possible without your immense support and commitment. Lastly, I am appreciative of the board's commitment, guidance and leadership as we steer the Bank through a challenging operating environment.

Solomon Nyanhongo
Chief Executive

29 August 2023



UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

STATEMENT OF FINANCIAL POSITION As at 30 June 2023

Note	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	31 December 2022 ZWL'000	30 June 2023 ZWL'000	31 December 2022 ZWL'000
ASSETS				
Cash and cash equivalents	2 427 814 541	838 506 858	2 427 814 541	266 559 797
Derivative assets	42 810	36 905	42 810	11 732
Financial investments	106 057 294	89 158 695	106 057 294	28 343 386
Investment securities	3 903 347	11 324 903	3 903 347	3 600 166
Loans and advances	1 380 809 638	489 412 073	1 380 809 638	155 583 203
Other assets	286 103 437	77 776 187	275 628 952	23 060 662
Intangible assets	7 275 772	10 923 624	241 581	290 388
Investment property	315 017 412	150 325 511	315 017 412	47 788 205
Property and equipment	134 740 244	69 444 967	118 039 896	18 583 771
Right of use assets	2 073 268	985 926	1 449 823	133 997
Total assets	4 663 837 763	1 737 895 649	4 629 005 294	543 955 307
EQUITY AND LIABILITIES				
Equity				
Ordinary share capital	662 646 135	325 698 076	633 946 470	95 884 783
Ordinary share premium	125 924	125 924	260	260
Reserves	5 225 787	5 225 787	10 790	10 790
	657 294 424	320 346 365	633 935 420	95 873 733
Liabilities				
Derivative liabilities	105 058	4 577	105 058	1 455
Deposits and current accounts	2 918 325 374	1 142 941 012	2 918 325 374	363 338 858
Deposits from other banks	64 295 532	41 344 126	64 295 532	13 143 222
Deposits from customers	2 854 029 842	1 101 596 886	2 854 029 842	350 195 636
Current income liability	33 735 433	471 239	33 735 433	149 806
Deferred tax liability	81 038 398	26 217 749	74 905 594	7 470 072
Other liabilities	967 987 365	242 562 996	967 987 365	77 110 333
Total liabilities	4 001 191 628	1 412 197 573	3 995 058 824	448 070 524
Total equity and liabilities	4 663 837 763	1 737 895 649	4 629 005 294	543 955 307

INCOME STATEMENT For the half year ended 30 June 2023

Note	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	30 June 2022 ZWL'000	30 June 2023 ZWL'000	30 June 2022 ZWL'000
Net interest income	135 375 342	60 963 264	66 894 419	8 105 668
Non interest income	693 264 748	112 384 581	612 404 518	29 398 479
Total income	828 640 090	173 347 845	679 298 937	37 504 147
Total expected credit losses	10 628 242	(5 535 440)	8 740 680	(701 914)
Income after credit loss allowances	839 268 332	167 812 405	688 039 617	36 802 233
Operating expenses	(167 609 473)	(69 271 266)	(97 257 016)	(9 427 713)
Staff costs	(69 239 538)	(27 615 837)	(40 537 570)	(3 722 823)
Other operating expenses	(98 369 935)	(41 655 429)	(56 719 446)	(5 704 890)
Loss on net monetary position	(200 353 600)	(17 734 611)	-	-
Net income before indirect tax	471 305 259	80 806 528	590 782 601	27 374 520
Indirect tax	(6 716 865)	(2 629 507)	(3 696 149)	(353 433)
Profit before direct tax	464 588 394	78 177 021	587 086 452	27 021 087
Direct tax	(91 720 674)	(22 672 100)	(95 245 727)	(4 863 796)
Profit for the period	372 867 720	55 504 921	491 840 725	22 157 291

STATEMENT OF COMPREHENSIVE INCOME For the half year ended 30 June 2023

Note	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	30 June 2022 ZWL'000	30 June 2023 ZWL'000	30 June 2022 ZWL'000
Profit for the period	372 867 720	55 504 921	491 840 725	22 157 291
Items that will not be reclassified to profit or loss:				
Gain on revaluation of land and buildings (net of tax)	42 674 406	7 098 524	69 179 486	4 513 882
Net change in fair value of equity investments (net of tax)	(7 050 478)	2 849 366	288 022	1 170 283
Total comprehensive income for the half year attributable to the ordinary shareholder	408 491 648	65 452 811	561 308 233	27 841 456

STATEMENT OF CHANGES IN EQUITY For the half year ended 30 June 2023

Note	Inflation adjusted						
	Ordinary share capital ZWL'000	Ordinary share premium ZWL'000	Non-distributable 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 2023							
Balance as at 1 January 2023	125 924	5 225 787	584 599	27 644 597	9 621 612	- 282 495 557	325 698 076
Profit for the period	-	-	-	-	-	372 867 720	372 867 720
Other comprehensive income							
Net change in fair value of equity investment	-	-	-	(7 050 478)	-	-	(7 050 478)
Gain on revaluation of land and buildings (net of tax)	-	-	-	42 674 406	-	-	42 674 406
Total comprehensive income for the period	-	-	-	42 674 406	(7 050 478)	-	408 491 648
Equity-settled share-based payments	-	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	(71 543 589)	(71 543 589)
Total transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	(71 543 589)	(71 543 589)
Balance as at 30 June 2023	125 924	5 225 787	584 599	70 319 003	2 571 134	- 583 819 688	662 646 135

Note	Inflation adjusted						
	Ordinary share capital ZWL'000	Ordinary share premium ZWL'000	Non-distributable 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 2022							
Balance as at 1 January 2022	125 924	5 225 787	584 599	17 155 381	5 672 829	642 615	143 475 416
Profit for the period	-	-	-	-	-	55 504 921	55 504 921
Other comprehensive income							
Net change in fair value of equity investment	-	-	-	2 849 366	-	-	2 849 366
Gain on revaluation of land and buildings net of tax	-	-	-	7 098 524	-	-	7 098 524
Total comprehensive income for the period	-	-	-	7 098 524	2 849 366	-	65 452 811
Equity-settled share-based payments	-	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	(18 667 548)	(18 667 548)
Total transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	(18 667 548)	(18 667 548)
Balance as at 30 June 2022	125 924	5 225 787	584 599	24 253 905	8 522 195	642 615	180 312 789

Note	Historical cost						
	Ordinary share capital ZWL'000	Ordinary share premium ZWL'000	Non-distributable 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 2023							
Balance as at 1 January 2023	260	10 790	1 207	12 405 400	3 412 569	- 80 054 557	95 884 783
Profit for the period	-	-	-	-	-	491 840 725	491 840 725
Other comprehensive income							
Net change in fair value of equity investment	-	-	-	288 022	-	-	288 022
Gain on revaluation of land and buildings (net of tax)	-	-	-	69 179 486	-	-	69 179 486
Total comprehensive income for the year	-	-	-	69 179 486	288 022	-	491 840 725
Equity-settled share-based payments	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(23 246 546)	(23 246 546)
Transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	(23 246 546)	(23 246 546)
Balance as at 30 June 2023	260	10 790	1 207	81 584 886	3 700 591	- 548 648 736	633 946 470

Note	Historical cost						
	Ordinary share capital ZWL'000	Ordinary share premium ZWL'000	Non-distributable 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 2022							
Balance as at 1 January 2022	260	10 790	1 207	2 585 197	493 165	12 148	10 750 272
Profit for the period	-	-	-	-	-	22 157 291	22 157 291
Other comprehensive income							
Net change in fair value of equity investment	-	-	-	1 170 283	-	-	1 170 283
Gain on revaluation of land and buildings (net of tax)	-	-	-	4 513 882	-	-	4 513 882
Total comprehensive income for the period	-	-	-	4 513 882	1 170 283	-	22 157 291
Equity-settled share-based payments	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(2 390 223)	(2 390 223)
Total transactions with owner of the Bank recognised directly in equity	-	-	-	-	-	(2 390 223)	(2 390 223)
Balance as at 30 June 2022	260	10 790	1 207	7 099 079	1 663 448	12 148	30 517 340

STATEMENT OF CASH FLOWS For the half year ended 30 June 2023

Note	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	30 June 2022 ZWL'000	30 June 2023 ZWL'000	30 June 2022 ZWL'000
Cash generated from operations				
Net income before indirect tax	471 305 259	80 806 528	590 782 601	27 374 520
Adjusted for:				
Amortisation and impairment of intangible assets	3 647 851	2 606 232	48 807	21 112
Expected credit losses (on and off-balance sheet)	(10 628 242)	5 535 440	(8 740 680)	701 914
Depreciation of property and equipment	1 178 992	1 492 542	355 462	84 413
Depreciation of right of use assets	757 660	737 252	226 455	39 238
Equity-settled share-based payments	-	-	-	-
Fair value adjustment on investment property	(139 183 906)	(15 075 023)	(258 694 264)	(15 275 589)
Unrealised exchange gains	(212 846 489)	(21 556 223)	(212 846 489)	(4 364 011)
Indirect tax paid	(6 716 865)	(2 629 507)	(3 696 149)	(353 433)
Profit from sale of property and equipment	313 759	(127 123)	474 724	(257 161)
Movement in working capital				
Increase/(decrease) in derivative assets	(5 905)	934	(31 079)	(425)
Increase in loans and advances	(879 500 763)	(39 499 115)	(1 216 395 345)	(44 544 908)
Increase in accrued interest on financial investments	(4 421 900)	(1 453 446)	(4 421 900)	(294 247)
Purchase of financial investments	(96 890 805)	(14 818 631)	(96 890 805)	(3 000 000)
Proceeds from sale of financial investments	83 130 109	39 578 805	23 269 853	3 807 509
Purchase of equity investment	-	-	-	-
Decrease/(increase) in other assets	3 869 974	27 031 544	(32 763 119)	(2 674 384)
Increase in derivative liabilities	100 481	81 033	103 603	18 994
Increase/(decrease) in deposits	1 775 384 362	(16 856 178)	2 554 982 944	105 706 211
Increase in other liabilities	724 185 294	18 127 878	884 827 744	26 696 319
Direct tax paid	(17 277 918)	(15 587 654)	(18 957 164)	(2 944 949)
Net cash generated from operating activities	1 696 400 948	48 395 288	2 201 635 199	90 741 123
Cash flows from investing activities				
Capital expenditure on:				
- investment property	(25 507 995)	(20 483 339)	(8 534 943)	(2 202 975)
- equipment, furniture and vehicles	(9 764 858)	(4 327 366)	(8 511 688)	(569 961)
- intangible assets	-	(1 119 024)	-	(213 236)
Movement in right of use assets	(1 845 001)	(902 104)	(1 542 281)	(122 437)
Proceeds from:				
- sale of property and equipment	313 759	905 734	121 613	128 259
Net cash used in investing activities	(36 804 095)	(25 926 099)	(18 467 299)	(2 980 350)
Cash flows from financing activities				
Dividend paid	(71 543 589)	(18 667 548)	(23 246 546)	(2 390 223)
Movement in lease liability	1 087 341	164 847	1 315 826	83 199
Net cash used in financing activities	(70 456 248)	(18 502 701)	(21 930 720)	(2 307 024)
Net increase in cash and cash equivalents	1 589			



UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

Statement of compliance (continued)

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 statistical information published by Zimbabwe National Statistics Agency (ZIMSTAT) such as the Consumer Price Index (“CPI”), and total poverty datum line. Some estimation and interpolation was required to derive these factors as ZIMSTAT is publishing a CPI that blends price information from two currencies, as opposed to standalone CPIs per currency. The indices and conversion factors used were as follows:

Date	Indices	Conversion factors
June 2023	43 010.34	1.0000
December 2022	13 672.91	3.15
June 2022	8 707.35	4.94

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates (“functional currency”). The financial statements are presented in the 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.

RISK MANAGEMENT AND CONTROL

Overview

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

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

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

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

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

Risk appetite

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

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

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

Risk categories

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

- **Credit risk**
Credit risk is the risk of loss arising out of the failure of counterparties to meet their financial or contractual obligations when due. Credit risk comprises counterparty risk, settlement risk and concentration risk. These risk types are defined as follows:
 - **Counterparty risk:** The risk of credit loss to the Bank as a result of the failure by a counterparty to meet its financial and/or contractual obligations to the Bank.
 - **Settlement risk:** The risk of loss to the Bank from settling a transaction where value is exchanged, but where the Bank may not receive all or part of the countervalue.
 - **Credit concentration risk:** The risk of loss to the Bank as a result of excessive build-up of exposure to a specific counterparty, industry, market, product, financial instrument or type of security, or geography, or maturity. This concentration typically exists where a number of counterparties are engaged in similar activities and have similar characteristics, which could result in their ability to meet contractual obligations being similarly affected by changes in economic or other conditions.
- **Market risk**
This is the risk of a change in the actual or effective market value or earnings or future cash flows of a portfolio of financial instruments caused by movements in market variables such as equity, bond and commodity prices, currency exchange rates and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of the above.
- **Liquidity risk**
Liquidity risk arises when the Bank is unable to maintain or generate sufficient cash resources to meet its payment obligations as they fall due, or can only do so on materially disadvantageous terms. This inability to maintain or generate sufficient cash resources occurs when counterparties who provide the Bank with funding withdraw or do not roll over that funding, or as a result of a general disruption in asset markets that renders normally liquid assets illiquid.
- **Operational risk**
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.
- **Business risk**
Business risk is the risk of loss due to operating revenues not covering operating costs and is usually caused by the following:
 - inflexible cost structure, or
 - market-driven pressures, such as decreased demand, increased competition or cost increases, or
 - Bank-specific causes, such as a poor choice of strategy, reputational damage or the decision to absorb costs or losses to preserve reputation.
- **Reputational risk**
Reputational risk results from damage to the Bank’s image which may impair its ability to retain and generate business. Such damage may result from a breakdown of trust, confidence or business relationships.

Credit risk

Definition

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

Framework and governance

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

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

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

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

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

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

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

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

Credit risk mitigation

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

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

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

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

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

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

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

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

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

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

To manage actual or potential portfolio risk concentrations in areas of higher credit risk and credit portfolio levels, 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 2023 are set out in the table below.

	Gross total (advances and financial investments)		Credit risk grade SB1 - SB12		Credit risk grade SB13 - SB20		Credit risk grade SB21 - SB25		Balance sheet impairments (stage 3)		
			Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Default		
Mortgage loans	126 523 286	-	-	-	123 583 191	-	-	-	1 826 011	1 114 083	(401 251)
Instalment sale and finance leases	204 725 845	-	-	-	200 802 110	-	-	-	3 298 722	625 013	(504 192)
Personal unsecured lending	356 373 851	-	-	-	341 077 800	-	-	-	8 915 755	6 380 297	(3 611 097)
Business lending and other	201 280 896	-	-	-	193 265 248	-	-	-	7 562 849	452 799	(2 611 132)
Total loans	888 903 878	-	-	-	858 728 349	-	-	-	21 603 337	8 572 192	(7 127 672)
Corporate lending	566 852 239	97 110 416	-	-	431 193 074	-	-	-	13 495 017	25 053 732	-
Total gross loans and advances	1 455 756 117	97 110 416	-	-	1 289 921 423	-	-	-	13 495 017	46 657 069	(7 127 672)
Financial investments at amortised cost											
Sovereign	106 675 560	-	-	-	-	-	-	-	106 675 560	-	-
Banking	-	-	-	-	-	-	-	-	-	-	-
Total financial investments	106 675 560	-	-	-	-	-	-	-	106 675 560	-	-
Expected credit loss for loans and advances including financial investments											
Stage 1	(26 855 597)	(68 724)	-	-	(25 812 692)	-	-	-	(974 181)	-	-
Stage 2	(41 581 476)	-	-	-	(38 410 504)	-	-	-	(3 170 972)	-	-
Stage 3	(7 127 672)	-	-	-	-	-	-	-	-	(7 127 672)	-
Net loans and advances and financial investments	1 486 866 932	97 041 692	-	-	1 225 698 227	-	-	-	119 196 396	43 486 097	1 444 520
Off balance sheet exposures											
Letters of credit	22 109 936	6 313 773	-	-	15 796 163	-	-	-	-	-	-
Guarantees	9 253 217	5 432 661	-	-	3 527 826	-	-	-	292 730	-	-
Irrevocable unutilised facilities	40 109 484	36 316 559	-	-	1 399 082	-	-	-	2 393 843	-	-
Total	71 472 637	48 062 993	-	-	20 723 071	-	-	-	2 686 573	-	-
Expected credit loss for off balance sheet exposures	(599 971)	(127 340)	-	-	(112 284)	-	-	-	(360 347)	-	-
Stage 1	(239 624)	(127 340)	-	-	(112 284)	-	-	-	-	-	-
Stage 2	(360 347)	-	-	-	-	-	-	-	(360 347)	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-
Add the following other banking activities exposures:											
Cash and cash equivalents	2 427 814 541	-	-	-	-	-	-	-	-	-	-
Investment securities	3 903 347	-	-	-	-	-	-	-	-	-	-
Derivative assets	42 810	-	-	-	-	-	-	-	-	-	-
Other assets	266 843 435	-	-	-	-	-	-	-	-	-	-
Total exposure to credit risk	4 256 343 731	-	-	-	-	-	-	-	-	-	-

Collateral obtained by the Bank

It is the Bank’s policy to dispose of repossessed assets in an orderly fashion. The proceeds are used to repay the outstanding loans. In general, the Bank does not use repossessed assets for business purposes. The collateral obtained by the Bank as at 30 June 2023 amounted to ZWL365.8 billion (31 December 2022: ZWL40.7 billion).



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Exposure to credit risk by credit quality inflation adjusted as at 31 December 2022 (ZWL'000)

	Gross total (advances and financial investments)		Credit risk grade SB1 - SB12		Credit risk grade SB13 - SB20		Credit risk grade SB21 - SB25		Balance sheet impairments (stage 3)
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Default		
Mortgage loans	32 130 559	30 917 683	-	-	-	-	830 923	381 953	(130 224)
Instalment sale and finance leases	72 703 699	69 954 036	-	-	-	-	2 649 666	99 997	(15 448)
Personal unsecured lending	174 860 726	22 024 442	4 912 004	140 823 801	-	-	3 991 681	3 108 798	(2 380 820)
Business lending and other	86 620 416	22 333 265	13 071 145	40 559 510	-	-	10 510 881	145 615	(177 110)
Total loans	366 315 400	145 229 426	17 983 149	181 383 311	-	-	17 983 151	3 736 363	(2 703 602)
Corporate lending	164 620 252	29 064 401	-	131 084 551	3 428 695	-	9 824	1 032 781	-
Total gross loans and advances	530 935 652	174 293 827	17 983 149	312 467 862	3 428 695	-	9 824	19 015 932	3 736 363
Financial investments at amortised cost	90 068 804	-	-	-	-	-	90 068 804	-	-
Total financial investments	90 068 804	-	-	-	-	-	90 068 804	-	-
Expected credit loss for loans and advances and financial investments	(6 517 096)	(1 570 550)	-	(4 034 581)	-	(910 109)	(1 856)	-	-
Stage 1	(3 055 748)	(5 070 916)	(15 277 987)	-	(146 110)	-	(12 560 735)	-	-
Stage 2	(2 860 844)	-	-	-	-	-	-	(2 860 844)	-
Net loans and advances and financial investments	578 570 768	167 652 361	2 705 162	308 433 281	3 282 585	89 168 519	6 453 341	875 519	-
Off balance exposures	12 310 495	7 450 579	-	4 792 752	67 164	-	-	-	-
Letters of credit	7 963 635	454 900	-	7 194 168	314 567	-	-	-	-
Guarantees	26 732 604	23 513 595	-	3 219 009	-	-	-	-	-
Irrevocable unutilised facilities	(112 980)	(31 026)	-	(81 133)	(821)	-	-	-	-
Expected credit loss for off balance sheet exposures	(112 159)	(31 026)	-	(81 133)	-	-	-	-	-
Stage 1	(821)	-	-	-	(821)	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-
Add the following other banking activities exposures:	838 506 858	11 324 903	36 905	69 482 394	-	-	-	-	-
Cash and cash equivalents	11 324 903	-	-	-	-	-	-	-	-
Investment securities	36 905	-	-	-	-	-	-	-	-
Derivative assets	69 482 394	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total exposure to credit risk	1 544 815 582	-	-	-	-	-	-	-	-

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 2023 Liquidity gap analysis (ZWL'000)	Inflation adjusted						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	
Assets							
Cash and cash equivalents	2 202 238 375	178 189	-	-	225 450 095	(52 118)	2 427 814 541
Derivative assets	42 810	-	-	-	-	-	42 810
Financial investments	-	69 358 056	20 381 078	11 772 523	5 163 903	(618 266)	106 057 294
Investment securities	-	-	-	-	-	3 903 347	3 903 347
Loans and advances	483 005 638	95 564 288	127 353 774	7 108 041	742 724 376	(74 946 479)	1 380 809 638
Other assets	1 390 574	265 452 861	-	-	-	-	266 843 435
Total	2 686 677 397	430 553 394	147 734 852	18 880 564	973 338 374	(71 713 516)	4 185 471 065
Equity and liabilities							
Derivative liabilities	105 058	-	-	-	-	-	105 058
Deposits from customers and other banks	2 913 648 638	900 497	-	-	3 776 239	-	2 918 325 374
Other liabilities	-	839 078 266	58 927 027	-	-	599 970	898 605 263
Total	2 913 753 696	839 978 763	58 927 027	-	3 776 239	599 970	3 817 035 695
Liquidity gap	(227 076 299)	(409 425 369)	88 807 825	18 880 564	969 562 135	(72 313 486)	-
Cumulative liquidity gap	(227 076 299)	(636 501 668)	(547 693 843)	(528 813 279)	440 748 856	-	-
Letters of credit	(16 683 515)	(2 869 898)	(56 557 495)	(17 219 383)	-	-	-
Financial guarantees	(1 273 441)	(3 073 804)	(1 039 521)	(7 420 066)	(266 939)	-	-
Total liquidity gap (on-and off balance sheet)	(245 033 255)	(642 445 370)	(605 290 859)	(553 452 728)	440 481 917	-	-
Total cumulative liquidity gap	(245 033 255)	(660 402 326)	(629 191 517)	(634 950 402)	334 344 794	-	-

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

Maturity analysis assets and liabilities:

31 December 2022 Liquidity gap analysis (ZWL'000)	Inflation adjusted						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	
Assets							
Cash and cash equivalents	786 485 042	-	-	-	52 241 012	(219 196)	838 506 858
Derivative assets	36 905	-	-	-	-	-	36 905
Financial investments	-	-	22 868 562	67 200 242	-	(910 109)	89 158 695
Investment securities	-	-	-	-	-	11 324 903	11 324 903
Loans and advances	165 104 775	36 989 348	43 821 674	114 582 870	170 436 985	(41 523 579)	489 412 073
Other assets	1 802 363	67 680 031	-	-	-	-	69 482 394
Total	953 429 085	104 669 379	66 690 236	181 783 112	222 677 997	(31 327 981)	1 497 921 828
Equity and liabilities							
Derivative liabilities	4 577	-	-	-	-	-	4 577
Deposits from customers and other banks	1 136 297 410	3 020 105	3 463 521	-	159 976	-	1 142 941 012
Other liabilities	-	136 814 794	3 975 405	31 132 007	2 839 573	-	174 761 779
Total	1 136 301 987	139 834 899	7 438 926	31 132 007	2 999 549	-	1 317 707 368
Liquidity gap	(182 872 902)	(35 165 520)	59 251 310	150 651 105	219 678 448	(31 327 981)	-
Cumulative liquidity gap	(182 872 902)	(218 038 422)	(158 787 112)	(8 136 007)	211 542 441	180 214 460	-
Letters of credit	(10 692 330)	(13 653 960)	(14 276 682)	-	-	-	-
Financial guarantees	(949 065)	(7 015)	(2 208 817)	(1 544 060)	-	-	-
Total liquidity gap (on-and off-balance sheet)	(194 514 297)	(231 699 397)	(175 272 611)	(9 680 067)	211 542 441	180 214 460	-
Total cumulative liquidity gap	(194 514 297)	(243 340 792)	(200 574 982)	(51 467 936)	168 210 512	-	-

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

Maturity analysis assets and liabilities:

30 June 2023 Liquidity gap analysis (ZWL'000)	Historical cost						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	
Assets							
Cash and cash equivalents	2 202 238 375	178 189	-	-	225 450 095	(52 118)	2 427 814 541
Derivative assets	42 810	-	-	-	-	-	42 810
Financial investments	-	69 358 056	20 381 078	11 772 523	5 163 903	(618 266)	106 057 294
Investment securities	-	-	-	-	-	3 903 347	3 903 347
Loans and advances	483 005 638	95 564 288	127 353 774	7 108 041	742 724 376	(74 946 479)	1 380 809 638
Other assets	1 390 574	265 452 861	-	-	-	-	266 843 435
Total	2 686 677 397	430 553 394	147 734 852	18 880 564	973 338 374	(71 713 516)	4 185 471 065
Equity and liabilities							
Derivative liabilities	105 058	-	-	-	-	-	105 058
Deposits from customers and other banks	2 913 648 638	900 497	-	-	3 776 239	-	2 918 325 374
Other liabilities	-	839 078 266	58 927 027	-	-	599 970	898 605 263
Total	2 913 753 696	839 978 763	58 927 027	-	3 776 239	599 970	3 817 035 695
Liquidity gap	(227 076 299)	(409 425 369)	88 807 825	18 880 564	969 562 135	(72 313 486)	-
Cumulative liquidity gap	(227 076 299)	(636 501 668)	(547 693 843)	(528 813 279)	440 748 856	-	-
Letters of credit	(16 683 515)	(2 869 898)	(56 557 495)	(17 219 383)	-	-	-
Financial guarantees	(1 273 441)	(3 073 804)	(1 039 521)	(7 420 066)	(266 939)	-	-
Total liquidity gap (on-and off balance sheet)	(245 033 255)	(642 445 370)	(605 290 859)	(553 452 728)	440 481 917	-	-
Total cumulative liquidity gap	(245 033 255)	(660 402 326)	(629 191 517)	(634 950 402)	334 344 794	-	-

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

Maturity analysis assets and liabilities:

31 December 2022 Liquidity gap analysis (ZWL'000)	Historical cost						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	Above 1 year	Insensitive portion	
Assets							
Cash and cash equivalents	250 022 157	-	-	-	16 607 322	(69 682)	266 559 797
Derivative assets	11 732	-	-	-	-	-	11 732
Financial investments	-	-	7 269 874	21 362 834	-	(289 322)	28 343 386
Investment securities	-	-	-	-	-	3 600 166	3 600 166
Loans and advances	52 486 506	11 758 846	13 930 830	36 425 685	54 181 606	(13 200 270)	155 583 203
Other assets	572 968	21 515 358	-	-	-	-	22 088 326
Total	303 093 363	33 274 204	21 200 704	57 788 519	70 788 928	(9 959 108)	476 186 610
Liabilities							
Derivative liabilities	1 455	-	-	-	-	-	1 455
Deposits from customers and other banks	361 226 869	960 086	1 101 047	-	50 856	-	363 338 858
Other liabilities	-	43 489 601	1 263 774	9 896 808	902 695	-	55 556 450

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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 functional currency in Zimbabwe means that significant foreign currencies to the Bank are the United States of America dollar ("USD"), South African Rand ("ZAR") and the British Pound ("GBP"). These three foreign currencies (and other minor ones) contribute 79% (2022:59%) of the overall statement of financial position size as depicted below and thus pose a significant foreign currency liquidity risk to the Bank:

Statement of financial position by currency as at 30 June 2023	Inflation adjusted					
	Total ZWL'000	ZWL ZWL'000	USD ZWL'000	ZAR ZWL'000	GBP ZWL'000	Other ZWL'000
Assets						
Cash and cash equivalents	2 427 814 541	105 445 424	2 008 248 617	89 325 789	12 852 639	211 942 072
Derivative assets	42 810	42 810	-	-	-	-
Financial investments	106 057 294	106 057 294	-	-	-	-
Investment securities	3 903 347	3 903 347	-	-	-	-
Loans and advances	1 380 809 638	101 500 590	1 279 309 048	-	-	-
Other assets	286 103 437	232 630 845	50 284 695	3 097 766	16 672	73 459
Intangible assets	7 275 772	7 275 772	-	-	-	-
Investment property	315 017 412	315 017 412	-	-	-	-
Property and equipment	134 740 244	134 740 244	-	-	-	-
Right of use assets	2 073 268	2 073 268	-	-	-	-
Total assets	4 663 837 763	1 008 687 006	3 337 842 360	92 423 555	12 869 311	212 015 531
Equity and liabilities						
Equity	662 646 135	662 646 135	-	-	-	-
Ordinary share capital	125 924	125 924	-	-	-	-
Ordinary share premium	5 225 787	5 225 787	-	-	-	-
Reserves	657 294 424	657 294 424	-	-	-	-
Liabilities	4 001 191 628	604 130 335	3 245 930 444	110 773 772	20 532 470	19 797 060
Derivative liabilities	105 058	105 058	-	-	-	-
Total deposits	2 918 325 374	341 603 242	2 452 980 301	84 701 536	20 369 619	18 643 129
Deposits from other banks	64 295 532	7 262 847	37 168 162	11 539 013	8 183 574	141 936
Deposits from customers	2 854 029 842	334 340 395	2 415 812 139	73 162 523	12 186 045	18 501 193
Current taxation liability	33 735 433	33 735 433	-	-	-	-
Deferred tax liability	81 038 398	81 038 398	-	-	-	-
Other liabilities	967 987 365	147 648 204	792 950 143	26 072 236	162 851	1 153 931
Total equity and liabilities	4 663 837 763	1 266 776 470	3 245 930 444	110 773 772	20 532 470	19 797 060
Currency gap	-	(258 089 464)	91 911 916	(18 350 217)	(7 663 159)	192 218 471
Currency size as % of overall statement of financial position	100%	21%	72%	2%	0%	5%

Statement of financial position by currency as at 31 December 2022	Inflation adjusted					
	Total ZWL'000	ZWL ZWL'000	USD ZWL'000	ZAR ZWL'000	GBP ZWL'000	Other ZWL'000
Assets						
Cash and cash equivalents	838 506 858	166 165 860	616 072 386	17 532 359	14 876 997	23 859 256
Derivative assets	36 905	36 905	-	-	-	-
Financial investments	89 158 695	89 158 695	-	-	-	-
Investment securities	11 324 903	11 324 903	-	-	-	-
Loans and advances	489 412 073	125 257 802	364 154 271	-	-	-
Other assets	77 776 187	57 806 179	14 129 122	5 798 945	19 031	22 910
Intangible assets	10 923 624	10 923 624	-	-	-	-
Investment property	150 325 511	150 325 511	-	-	-	-
Property and equipment	69 444 967	69 444 967	-	-	-	-
Right of use assets	985 926	985 926	-	-	-	-
Total assets	1 737 895 649	681 430 372	994 355 779	23 331 304	14 896 028	23 882 166
Equity and liabilities						
Equity	325 698 076	325 698 076	-	-	-	-
Ordinary share capital	125 924	125 924	-	-	-	-
Ordinary share premium	5 225 787	5 225 787	-	-	-	-
Reserves	320 346 365	320 346 365	-	-	-	-
Liabilities	1 412 197 573	399 458 159	946 395 085	41 059 104	8 111 965	17 173 261
Derivative liabilities	4 577	4 577	-	-	-	-
Total deposits	1 142 941 012	366 301 622	747 826 538	18 106 345	7 912 376	2 794 131
Deposits from other banks	41 344 126	21 554 141	13 677 226	2 937 126	2 952 873	222 760
Deposits from customers	1 101 596 886	344 747 481	734 149 312	15 169 219	4 959 503	2 571 371
Deferred and current tax liabilities	26 688 988	26 688 988	-	-	-	-
Other liabilities	242 562 996	6 462 972	198 568 547	22 952 759	199 589	14 379 130
Total equity and liabilities	1 737 895 649	725 156 235	946 395 085	41 059 104	8 111 965	17 173 261
Currency gap	-	(43 725 863)	47 960 694	(17 837 800)	6 784 063	6 708 905
Currency size as % of overall statement of financial position	100%	39%	57%	1%	1%	1%

Statement of financial position by currency as at 30 June 2023	Historical cost					
	Total ZWL'000	ZWL ZWL'000	USD ZWL'000	ZAR ZWL'000	GBP ZWL'000	Other ZWL'000
Assets						
Cash and cash equivalents	2 427 814 541	105 445 424	2 008 248 617	89 325 789	12 852 639	211 942 072
Derivative assets	42 810	42 810	-	-	-	-
Financial investments	106 057 294	106 057 294	-	-	-	-
Investment securities	3 903 347	3 903 347	-	-	-	-
Loans and advances	1 380 809 638	101 500 590	1 279 309 048	-	-	-
Other assets	275 628 952	222 156 360	50 284 695	3 097 766	16 672	73 459
Intangible assets	241 581	241 581	-	-	-	-
Investment property	315 017 412	315 017 412	-	-	-	-
Property and equipment	118 039 896	118 039 896	-	-	-	-
Right of use assets	1 449 823	1 449 823	-	-	-	-
Total assets	4 629 005 294	973 854 537	3 337 842 360	92 423 555	12 869 311	212 015 531
Equity and liabilities						
Equity	633 946 470	633 946 470	-	-	-	-
Ordinary share capital	260	260	-	-	-	-
Ordinary share premium	10 790	10 790	-	-	-	-
Reserves	633 935 420	633 935 420	-	-	-	-
Liabilities	3 995 058 824	597 997 531	3 245 930 444	110 773 772	20 529 470	19 797 060
Derivative liabilities	105 058	105 058	-	-	-	-
Total deposits	2 918 325 374	341 603 242	2 452 980 301	84 701 536	20 369 619	18 643 129
Deposits from other banks	64 295 532	7 262 847	37 168 162	11 539 013	8 183 574	141 936
Deposits from customers	2 854 029 842	334 340 395	2 415 812 139	73 162 523	12 186 045	18 501 193
Current taxation liability	33 735 433	33 735 433	-	-	-	-
Deferred tax liability	74 905 594	74 905 594	-	-	-	-
Other liabilities	967 987 365	147 648 204	792 950 143	26 072 236	162 851	1 153 931
Total equity and liabilities	4 629 005 294	1 231 944 001	3 245 930 444	110 773 772	20 529 470	19 797 060
Currency gap	-	(258 089 464)	91 911 916	(18 350 217)	(7 660 159)	192 218 471
Currency size as % of overall statement of financial position	100%	21%	72%	2%	0%	5%

Statement of financial position by currency as at 31 December 2022	Historical cost					
	Total ZWL'000	ZWL ZWL'000	USD ZWL'000	ZAR ZWL'000	GBP ZWL'000	Other ZWL'000
Assets						
Cash and cash equivalents	266 559 797	52 823 823	195 848 285	5 573 505	4 729 370	7 584 814
Derivative assets	11 732	11 732	-	-	-	-
Financial investments	28 343 386	28 343 386	-	-	-	-
Investment securities	3 600 166	3 600 166	-	-	-	-
Loans and advances	155 583 203	39 819 226	115 763 977	-	-	-
Other assets	23 060 662	16 712 233	4 491 622	1 843 474	6 050	7 283
Intangible assets	290 388	290 388	-	-	-	-
Investment property	47 788 205	47 788 205	-	-	-	-
Property and equipment	18 583 771	18 583 771	-	-	-	-
Right of use assets	133 997	133 997	-	-	-	-
Total assets	543 955 307	208 106 927	316 103 884	7 416 979	4 735 420	7 592 097
Equity and liabilities						
Equity	95 884 783	95 884 783	-	-	-	-
Ordinary share capital	260	260	-	-	-	-
Ordinary share premium	10 790	10 790	-	-	-	-
Reserves	95 873 733	95 873 733	-	-	-	-
Liabilities	448 070 524	126 122 516	300 857 267	13 052 614	2 578 779	5 459 348
Derivative liabilities	1 455	1 455	-	-	-	-
Total deposits	363 338 858	116 446 616	237 732 689	5 755 974	2 515 330	888 249
Deposits from other banks	13 143 222	6 852 022	4 347 965	933 707	938 713	70 815
Deposits from customers	350 195 636	109 594 594	233 384 724	4 822 267	1 576 617	817 434
Deferred and current tax liabilities	7 619 878	7 619 878	-	-	-	-
Other liabilities	77 110 333	2 054 567	63 124 578	7 296 640	63 449	4 571 099
Total equity and liabilities	543 955 307	222 007 299	300 857 267	13 052 614	2 578 779	5 459 348
Currency gap	-	(13 900 372)	15 246 617	5 635 635	2 156 641	2 132 749
Currency size as % of overall statement of financial position	100%	41%	58%	1%	0%	0%

Market risk

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

Trading market risk

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

Banking book interest rate risk

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

Interest rate risk measurement

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

Interest rate risk limits

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

Annual net interest income at risk

Assuming no management intervention, a downward 200bps parallel rate shock on all yield curves would decrease the forecast net interest income based on balances as at 30 June 2023 by 4.3% (December 2022:1.66%) for the local currency balance sheet. For the foreign currency balance sheet a downward 100bps parallel rate shock on all yield curves would decrease the forecast net interest income based on balances as at 30 June 2023 by 12% (December 2022:11.01%). 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 2023 ZWL'000	December 2022 ZWL'000
Increase in basis points	200	200
Sensitivity of annual net local currency interest income	3 880 770	844 133
Sensitivity of OCI	-	-
Decrease in basis points	200	200
Sensitivity of annual net local currency interest income	(4 048 304)	(621 783)
Sensitivity of OCI	-	-
Increase in basis points	100	100
Sensitivity of annual net local currency interest income	1 940 309	422 048
Sensitivity of OCI	-	-
Decrease in basis points	100	100
Sensitivity of annual net local interest income		

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30 June 2023 Interest rate repricing gap analysis (ZWL'000)	Inflation adjusted						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	
Assets							
Cash and cash equivalents	1 358 964 592	2 709 019	-	-	-	1 066 140 930	2 427 814 541
Derivative assets	-	-	-	-	-	42 810	42 810
Financial investments	67 156 624	19 734 180	16 398 862	-	-	2 767 628	106 057 294
Investment securities	-	-	-	-	-	3 903 347	3 903 347
Loans and advances	1 434 229 245	-	-	-	-	(53 419 607)	1 380 809 638
Other assets	-	-	-	-	-	266 843 435	266 843 435
Total	2 860 350 461	22 443 199	16 398 862	-	-	1 286 278 543	4 185 471 065
Equity and liabilities							
Derivative liabilities	-	-	-	-	-	105 058	105 058
Deposits from customers and other banks	2 918 325 374	-	-	-	-	-	2 918 325 374
Other liabilities	-	-	-	-	-	898 605 263	898 605 263
Total	2 918 325 374	-	-	-	-	898 710 321	3 817 035 695
Interest rate repricing gap	(57 974 913)	22 443 199	16 398 862	-	-	387 568 222	-
Cumulative interest rate repricing gap	(57 974 913)	(35 531 714)	(19 132 852)	(19 132 852)	(19 132 852)	-	-

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

31 December 2022 Interest rate repricing gap analysis (ZWL'000)	Inflation adjusted						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	
Assets							
Cash and cash equivalents	351 323 877	27 729 747	-	-	-	459 453 234	838 506 858
Derivative assets	-	-	-	-	-	36 905	36 905
Financial investments	-	20 971 077	9 436 984	52 187 416	-	6 563 218	89 158 695
Investment securities	-	-	-	-	-	11 324 903	11 324 903
Loans and advances	490 058 949	37 713 140	-	-	-	(38 360 016)	489 412 073
Other assets	-	-	-	-	-	69 482 394	69 482 394
Total	841 382 826	86 413 964	9 436 984	52 187 416	-	508 500 638	1 497 921 828
Equity and liabilities							
Derivative liabilities	-	-	-	-	-	4 577	4 577
Deposits from customers and other banks	848 246 052	3 837 707	-	-	-	290 857 253	1 142 941 012
Other liabilities	-	-	-	-	-	174 761 779	174 761 779
Total	848 246 052	3 837 707	-	-	-	465 623 609	1 317 707 368
Interest rate repricing gap	(6 863 226)	82 576 257	9 436 984	52 187 416	-	42 877 029	-
Cumulative interest rate repricing gap	(6 863 226)	75 713 031	85 150 015	137 337 431	137 337 431	-	-

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

30 June 2023 Interest rate repricing gap analysis (ZWL'000)	Historical cost						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	
Assets							
Cash and cash equivalents	1 358 964 592	2 709 019	-	-	-	1 066 140 930	2 427 814 541
Derivative assets	-	-	-	-	-	42 810	42 810
Financial investments	67 156 624	19 734 180	16 398 862	-	-	2 767 628	106 057 294
Investment securities	-	-	-	-	-	3 903 347	3 903 347
Loans and advances	1 434 229 245	-	-	-	-	(53 419 607)	1 380 809 638
Other assets	-	-	-	-	-	266 843 435	266 843 435
Total	2 860 350 461	22 443 199	16 398 862	-	-	1 286 278 543	4 185 471 065
Equity and liabilities							
Derivative liabilities	-	-	-	-	-	105 058	105 058
Deposits from customers and other banks	2 918 325 374	-	-	-	-	-	2 918 325 374
Other liabilities	-	-	-	-	-	898 605 263	898 605 263
Total	2 918 325 374	-	-	-	-	898 710 321	3 817 035 695
Interest rate repricing gap	(57 974 913)	22 443 199	16 398 862	-	-	387 568 222	-
Cumulative interest rate repricing gap	(57 974 913)	(35 531 714)	(19 132 852)	(19 132 852)	(19 132 852)	-	-

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

31 December 2022 Interest rate repricing gap analysis (ZWL'000)	Historical cost						Total
	Redeemable on demand	Up to 1 month	1-3 months	3-12 months	>1 year	Non-interest bearing	
Assets							
Cash and cash equivalents	111 685 218	8 815 236	-	-	-	146 059 343	266 559 797
Derivative assets	-	-	-	-	-	11 732	11 732
Financial investments	-	6 666 667	3 000 000	16 590 284	-	2 086 435	28 343 386
Investment securities	-	-	-	-	-	3 600 166	3 600 166
Loans and advances	155 788 844	11 988 938	-	-	-	(12 194 579)	155 583 203
Other assets	-	-	-	-	-	22 646 833	22 646 833
Total	267 474 062	27 470 841	3 000 000	16 590 284	-	162 209 930	476 745 117
Liabilities							
Derivative liabilities	-	-	-	-	-	1 455	1 455
Deposits from customers and other banks	269 655 869	1 220 000	-	-	-	92 462 989	363 338 858
Other liabilities	-	-	-	-	-	55 556 450	55 556 450
Total	269 655 869	1 220 000	-	-	-	148 020 894	418 896 763
Interest rate repricing gap	(2 181 807)	26 250 841	3 000 000	16 590 284	-	14 189 036	-
Cumulative interest rate repricing gap	(2 181 807)	24 069 034	27 069 034	43 659 318	43 659 318	-	-

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

Market risk measurement

The techniques used to measure and control market risk include:

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

Daily VaR

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

Stress tests

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

Other market risk measures

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

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

Foreign currency risk

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

Foreign currency value at risk for June 2023

	Maximum possible loss in June 2023 ZWL'000	Minimum possible loss in June 2023 ZWL'000	Average possible loss ZWL'000	Possible loss at 30 June 2023 ZWL'000	Maximum acceptable VaR loss ZWL'000
Normal VaR	18 403.6	4 540.3	10 951.3	8339.6	21 000
Stress VaR	4 843 488.8	1 765 755.1	3 463 146.8	3 865 581.2	6 879 000

As depicted in the table, historical trading data for the foreign currency business indicates that the maximum possible loss for any one day's trading in 2023 was ZWL18.4 million (2022: ZWL1 317 400), and the minimum possible loss was ZWL4.5 million (2022: ZWL587 000), with an average possible loss of ZWL11 million (2022: ZWL956 700) in comparison to the maximum acceptable possible loss of ZWL21 million (2022: ZWL21 000 000).

Operational risk

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

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

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

Compliance risk

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

**NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 30 June 2023**

	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	31 December 2022 ZWL'000	30 June 2023 ZWL'000	31 December 2022 ZWL'000
1 Cash and cash equivalents				
Bank notes	797 097 716	305 220 236	797 097 716	97 028 955
Balances with the Central Bank	269 043 214	118 284 990	269 043 214	37 602 582
Balances with other banks	1 361 725 729	415 220 828	1 361 725 729	131 997 942
	2 427 866 659	838 726 054	2 427 866 659	266 629 479
Expected credit loss on balances with other banks	(52 118)	(219 196)	(52 118)	(69 682)
Current	2 427 814 541	838 506 858	2 427 814 541	266 559 797

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

	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	31 December 2022 ZWL'000	30 June 2023 ZWL'000	31 December 2022 ZWL'000
Stage 1				
Balance as at the beginning of the year	(219 196)	(218 888)	(69 682)	(20 242)
Net movement	167 292	30 088	240 670	(24 811)
Originated impairments raise	(29 031)	-	(41 765)	-
Subsequent impairments	149 122	30 088	214 530	(24 811)
Derecognised or write offs	47 201	-	67 905	-
Other movements	(214)	(30 396)	(223 106)	(24 629)
Balance at end of the half year	(52 118)	(219 196)	(52 118)	(69 682)

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 2023. The derivatives used by the Bank are foreign exchange contracts. Foreign exchange contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price.

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

	Inflation-adjusted		Historical cost	
	Fair value of assets 30 June 2023 ZWL'000	Fair value of assets 31 December 2022 ZWL'000	Fair value of assets 30 June 2023 ZWL'000	Fair value of assets 31 December 2022 ZWL'000
Derivatives held for trading				
Foreign exchange contracts	42 810	36 905	42 810	11 732
Maturity analysis of net fair value				
Redeemable on demand	42 810	36 905	42 810	11 732



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	Inflation-adjusted		Historical cost	
	Fair value of liabilities 30 June 2023 ZWL'000	Fair value of liabilities 31 December 2022 ZWL'000	Fair value of liabilities 30 June 2023 ZWL'000	Fair value of liabilities 31 December 2022 ZWL'000
Derivatives held for trading				
Foreign exchange contracts	(105 058)	(4 577)	(105 058)	(1 455)
Maturity analysis of net fair value				
Redeemable on demand	(105 058)	(4 577)	(105 058)	(1 455)

	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	31 December 2022 ZWL'000	30 June 2023 ZWL'000	31 December 2022 ZWL'000
3 Financial investments				
Balance at the beginning of the period	89 158 695	39 401 111	28 343 386	3 643 689
Additions	96 890 805	87 313 972	96 890 805	27 756 952
Accrued interest	4 421 900	9 883 243	4 421 900	3 141 865
Total disposals	(83 130 109)	(46 334 170)	(23 269 853)	(6 052 653)
Disposals	(79 988 244)	(45 436 339)	(20 127 988)	(5 767 234)
Interest received	(3 141 865)	(897 831)	(3 141 865)	(285 419)
Expected credit loss allowances (note 3.1.4)	(1 283 997)	(1 105 461)	(328 944)	(146 467)
Balance at the end of the period	106 057 294	89 158 695	106 057 294	28 343 386
Current	106 057 294	89 158 695	106 057 294	28 343 386

3.1 Financial investments	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	31 December 2022 ZWL'000	30 June 2023 ZWL'000	31 December 2022 ZWL'000
Other financial investments				
Comprising:				
Financial investments at amortised cost				
Sovereign	106 675 560	90 068 804	106 675 560	28 632 708
3.1.2 Gross financial investments				
Sovereign	106 675 560	90 068 804	106 675 560	28 632 708
Expected credit loss				
Stage 1	(618 266)	(910 109)	(618 266)	(289 322)
Net debt financial investments	106 057 294	89 158 695	106 057 294	28 343 386

3.1.3 Expected credit loss for financial investments	Inflation-adjusted			
	Stage 1	Stage 2	Stage 3	Total
Sovereign June 2023	(618 266)	-	-	(618 266)
Sovereign December 2022	(910 109)	-	-	(910 109)

3.1.3.1 Expected credit loss for financial investments	Historical cost			
	Stage 1	Stage 2	Stage 3	Total
Sovereign June 2023	(618 266)	-	-	(618 266)
Sovereign December 2022	(289 322)	-	-	(289 322)

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

	Inflation adjusted 2023	
	Sovereign	Total
Stage 1		
Balance at beginning of the year	910 109	910 109
Net movement		
Originated impairments raised	1 283 997	1 283 997
Subsequent decrease in expected credit loss	(2 413 333)	(2 413 333)
Other movements	(1 129 336)	(1 129 336)
Other movements	(1 575 840)	(1 575 840)
Balance at the end of period	618 266	618 266

	Inflation adjusted 2022	
	Sovereign	Total
Stage 1		
Balance at beginning of the year	1 544 765	1 544 765
Net movement		
Originated impairments raised	1 105 461	1 105 461
Subsequent decrease in expected credit losses	(2 183 668)	(2 183 668)
Other movements	(1 078 207)	(1 078 207)
Other movements	(1 740 117)	(1 740 117)
Balance at the end of period	910 109	910 109

	Historical cost 2023	
	Sovereign	Total
Stage 1		
Balance at beginning of the year	289 322	289 322
Net movement		
Originated impairments raised	328 944	328 944
Subsequent decrease in expected credit losses	(618 266)	(618 266)
Other movements	(289 322)	(289 322)
Balance at the end of period	618 266	618 266

	Historical cost 2022	
	Sovereign	Total
Stage 1		
Balance at beginning of the year	142 855	142 855
Net movement		
Originated impairments raised	146 467	146 467
Subsequent decrease in expected credit losses	(289 322)	(289 322)
Other movements	(142 855)	(142 855)
Balance at the end of period	289 322	289 322

	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	31 December 2022 ZWL'000	30 June 2023 ZWL'000	31 December 2022 ZWL'000
Maturity analysis				
The maturities represent periods to contractual redemption of the financial investments recorded:				
Maturing within one year	106 057 294	89 158 695	106 057 294	28 343 386

3.2 Investment securities	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	31 December 2022 ZWL'000	30 June 2023 ZWL'000	31 December 2022 ZWL'000
Balance at the beginning of the period	11 324 903	7 168 283	3 600 166	662 900
Additions	-	-	-	-
Disposal	-	-	-	-
Net change in fair value	(7 421 556)	4 156 620	303 181	2 937 266
Balance at the end of period	3 903 347	11 324 903	3 903 347	3 600 166

The Bank has a 15.97% (2022:15.97%) shareholding in Zimswitch Holdings (Private) Limited, a special purpose company that has shareholding in Zimswitch Technologies (Private) Limited, 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.

4 Loans and advances	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	31 December 2022 ZWL'000	30 June 2023 ZWL'000	31 December 2022 ZWL'000
Gross loans and advances measured at amortised cost				
888 903 878	366 315 400	888 903 878	116 450 996	
Mortgage loans	126 523 286	32 130 559	126 523 286	10 214 246
Instalment sale and finance leases	204 725 845	72 703 699	204 725 845	23 112 373
Personal unsecured lending	356 373 851	174 860 726	356 373 851	55 587 905
Business lending and other	201 280 896	86 620 416	201 280 896	27 536 472
Corporate lending	566 852 239	164 620 252	566 852 239	52 332 477
Allowance for expected credit losses	(74 946 479)	(41 523 579)	(74 946 479)	(13 200 270)
Stage 1	(26 237 331)	(5 606 987)	(26 237 331)	(1 782 451)
Stage 2	(41 581 476)	(33 055 748)	(41 581 476)	(10 508 362)
Stage 3	(7 127 672)	(2 860 844)	(7 127 672)	(909 457)
Net loans and advances	1 380 809 638	489 412 073	1 380 809 638	155 583 203

4 Maturity analysis	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	31 December 2022 ZWL'000	30 June 2023 ZWL'000	31 December 2022 ZWL'000
The maturity analysis of gross loans and advances is based on the remaining periods to contractual maturity from period end				
Redeemable on demand	483 005 638	165 104 775	483 005 638	52 486 506
Maturing within 1 month	95 564 288	36 989 348	95 564 288	11 758 846
Maturing after 1 month but within 12 months	134 461 815	158 404 544	134 461 815	50 356 515
Maturing after 12 months	742 724 376	170 436 985	742 724 376	54 181 606
Gross loans and advances	1 455 756 117	530 935 652	1 455 756 117	168 783 473

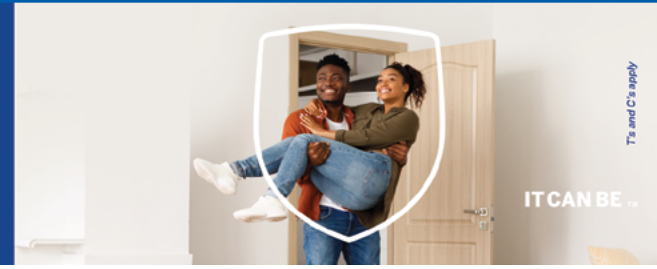
Sectoral analysis-industry	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	30 June 2023 %	31 December 2022 ZWL'000	31 December 2022 %
Individuals	518 702 328	36%	228 648 956	43%
Agriculture	292 867 961	20%	95 431 606	18%
Manufacturing	206 099 994	14%	42 934 280	8%
Wholesale distribution	83 197 662	6%	37 894 225	7%
Other services	199 192 803	14%	86 636 529	16%
Transport	46 656 728	3%	9 663 113	2%
Mining	78 890 886	5%	17 832 433	3%
Construction	27 095 399	2%	11 482 847	3%
Finance	3 007 841	0%	366 916	0%
Communications	44 515	0%	44 747	0%
	1 455 756 117	100%	530 935 652	100%

Sectoral analysis-industry	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	30 June 2023 %	31 December 2022 ZWL'000	31 December 2022 %
Individuals	518 702 328	36%	72 687 085	43%
Agriculture	292 867 961	20%	30 337 533	18%
Manufacturing	206 099 994	14%	13 648 729	8%
Wholesale distribution	83 197 662	6%	12 046 505	7%
Other services	199 192 803	14%	27 541 594	16%
Transport	46 656 728	3%	3 071 886	2%
Mining	78 890 886	5%	5 668 898	3%
Construction	27 095 399	2%	3 650 376	3%
Finance	3 007 841	0%	116 642	0%
Communications	44 515	0%	14 225	0%
	1 455 756 117	100%	168 783 473	100%

4.3 Expected credit losses for loans and advances

The allowance for expected credit losses for loans and advances by class for the half year ended 30 June 2023 is as follows:

	Inflation adjusted			
	Stage 1 ZWL'000	Stage 2 ZWL'000	Stage 3 ZWL'000	Total ZWL'000
Total impairments				
30 June 2023				
Mortgage loans	271 575	2 834 373	401 251	3 507 199
Instalment sale and finance leases	495 792	15 823 241	504 192	16 823 225
Personal unsecured lending	16 859 585	19 136 967	3 611 097	39 607 649
Business lending and other	6 262 788	1 697 523	2 611 132	10 571 443
Corporate lending	2 347 591	2 089 372	-	4 436 963
Balance as at 30 June 2023	26 237 331	41 581 476	7 127 672	74 946 479



UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023

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 2023

Allowance for expected credit losses	Inflation adjusted					Total ZWL'000
	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	
Stage 1						
Balance as at the beginning of the year	68 667	30 148	3 739 455	1 174 345	594 373	5 606 988
Net movement	94 052	499 708	6 592 921	3 234 065	343 105	10 763 851
Originated impairments raised	46 210	2 015	3 211 907	3 333 463	1 648 348	8 241 943
Subsequent changes in expected credit loss	44 755	497 693	3 365 581	(99 398)	(1 282 749)	2 525 882
Transfers from/(to) stage 2	3 087	-	17 489	-	55 322	75 898
Transfers to stage 3	-	-	(2 056)	-	-	(2 056)
Derecognition including write off	-	-	-	-	(77 816)	(77 816)
Other movements	108 856	(34 064)	6 527 209	1 854 378	1 410 113	9 866 492
Balance at end of the half year	271 575	495 792	16 859 585	6 262 788	2 347 591	26 237 331
Stage 2						
Balance as at the beginning of the year	837 413	4 416 603	6 024 781	21 625 280	151 671	33 055 748
Net movement	385 039	3 687 014	(27 238 112)	(12 554 828)	1 217 128	(34 503 759)
Originated impairments raised	47 731	-	399 346	961 487	1 852 623	3 261 187
Subsequent changes in expected credit loss	343 565	3 687 014	(27 599 191)	(13 516 315)	(548 037)	(37 632 964)
Transfers (to)/from stage 1	(3 087)	-	(17 489)	-	-	(20 576)
Transfers to stage 3	(3 170)	-	(20 778)	-	-	(23 948)
Derecognition including write off	-	-	-	-	(87 458)	(87 458)
Other movements	1 611 921	7 719 624	40 350 298	(7 372 929)	720 573	43 029 487
Balance at end of the half year	2 834 373	15 823 241	19 136 967	1 697 523	2 089 372	41 581 476
Stage 3						
Balance as at the beginning of the year	130 224	15 448	2 380 819	177 110	157 242	2 860 843
Net movement	710 855	874 587	9 695 216	562 534	37	11 843 229
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	707 685	874 587	9 674 304	562 534	37	11 819 147
Transfers from stage 1	-	-	2 056	-	-	2 056
Transfers from stage 2	3 170	-	20 778	-	-	23 948
After write off recoveries	-	-	(1 922)	-	-	(1 922)
Write offs	-	-	-	-	-	-
Time value of money ("TVM") unwinding	(119)	-	-	-	-	(119)
Other movements	(439 709)	(385 843)	(8 464 938)	1 871 488	(157 279)	(7 576 281)
Balance at end of the half year	401 251	504 192	3 611 097	2 611 132	-	7 127 672

Allowance for expected credit losses	Historical cost					Total ZWL'000
	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	
Stage 1						
Balance as at the beginning of the year	21 829	9 584	1 188 766	373 322	188 950	1 782 451
Net movement	77 070	409 480	5 402 491	2 650 116	281 153	8 820 310
Originated impairments raised	37 866	1 651	2 631 959	2 731 567	1 350 719	6 753 762
Subsequent changes in expected credit loss	36 674	407 829	2 757 886	(81 451)	(1 051 134)	2 069 804
Transfers from/(to) stage 2	2 530	-	14 331	-	45 333	62 194
Transfers to stage 3	-	-	(1 685)	-	-	(1 685)
Derecognition including write off	-	-	-	-	(63 765)	(63 765)
Other movements	172 676	76 728	10 268 328	3 239 350	1 877 488	15 634 570
Balance at end of the half year	271 575	495 792	16 859 585	6 262 788	2 347 591	26 237 331
Stage 2						
Balance as at the beginning of the year	266 212	1 404 030	5 865 103	2 924 801	48 216	10 508 362
Net movement	280 726	2 688 145	(19 858 886)	(9 153 531)	887 389	(25 156 157)
Originated impairments raised	34 800	-	291 157	701 005	1 350 719	2 377 681
Subsequent changes in expected credit loss	250 488	2 688 145	(20 122 143)	(9 854 536)	(399 565)	(27 437 611)
Transfers (to)/from stage 1	(2 530)	-	(14 331)	-	-	(16 861)
Transfers to stage 3	(2 032)	-	(13 569)	-	-	(15 601)
Derecognition including write off	-	-	-	-	(63 765)	(63 765)
Other movements	2 287 435	11 731 066	33 130 750	7 926 253	1 153 767	56 229 271
Balance at end of the half year	2 834 373	15 823 241	19 136 967	1 697 523	2 089 372	41 581 476
Stage 3						
Balance as at the beginning of the year	41 398	4 911	756 858	56 303	49 987	909 457
Net movement	450 451	554 204	6 143 586	356 464	54	7 504 759
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	448 419	554 204	6 130 334	356 464	54	7 489 475
Transfers from stage 1	-	-	1 685	-	-	1 685
Transfers from stage 2	2 032	-	13 569	-	-	15 601
After write off recoveries	-	-	(2 002)	-	-	(2 002)
Write offs	-	-	-	-	-	-
TVM unwinding	(119)	-	-	-	-	(119)
Other movements	(90 479)	(54 923)	(3 289 347)	2 198 365	(50 041)	(1 286 425)
Balance at end of the half year	401 251	504 192	3 611 097	2 611 132	-	7 127 672

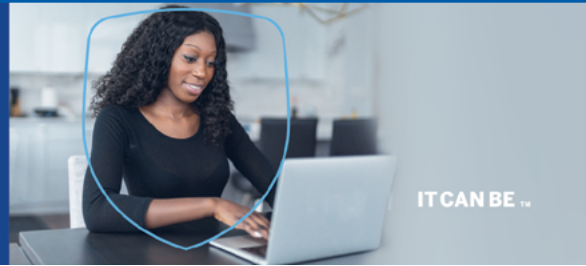
4.3.2 December 2022 allowance for expected credit losses on loans and advances to customers. A reconciliation of the allowance for expected credit losses on loans and advances to customers by class:

Allowance for expected credit losses	Inflation adjusted					Total ZWL'000
	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	
Stage 1						
Balance as at the beginning of the year	9 818	2 746	312 131	134 719	532 435	991 849
Net movement	25 071	13 819	1 289 457	294 752	196 056	1 819 155
Originated impairments raised	21 457	1 312	835 774	322 188	743 358	1 924 088
Subsequent changes in expected credit loss	2 500	13 838	431 142	(27 436)	(378 417)	41 627
Transfers from/(to) stage 2	1 114	(1 331)	23 611	-	(35)	23 360
Transfers to stage 3	-	-	(1 070)	-	-	(1 070)
Derecognition	-	-	-	-	(168 850)	(168 850)
Other movements	33 778	13 583	2 137 867	744 874	(134 118)	2 795 984
Balance as at end of the year	68 667	30 148	3 739 455	1 174 345	594 373	5 606 988
Stage 2						
Balance as at the beginning of the year	132 206	719 705	3 365 244	1 354 446	60 101	5 631 702
Net movement	234 965	1 518 021	6 383 613	21 124 019	148 425	29 409 043
Originated impairments raised	16 892	-	2 742 438	5 548 050	9 176	8 316 556
Subsequent changes in expected credit loss	219 933	1 516 690	3 672 452	15 575 969	151 319	21 136 363
Transfers (to)/ from stage 1	(1 114)	1 331	(23 611)	-	35	(23 359)
Transfers to stage 3	(746)	-	(7 666)	-	-	(8 412)
Derecognition including write off	-	-	-	-	(12 105)	(12 105)
Other movements	470 242	2 178 877	(3 724 076)	(853 185)	(56 855)	(1 984 997)
Balance as at end of the year	837 413	4 416 603	6 024 781	21 625 280	151 671	33 055 748
Stage 3						
Balance as at the beginning of the year	1 677	30 063	234 987	131 039	-	397 766
Net movement	61 765	74 728	3 278 122	178 114	152 222	3 744 951
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	61 063	74 728	3 274 120	185 456	152 222	3 747 589
Transfers from stage 1	-	-	1 070	-	-	1 070
Transfers from stage 2	746	-	7 666	-	-	8 412
After write off recoveries	(44)	-	(4 734)	(7 342)	-	(12 120)
TVM unwinding	-	-	(44)	-	-	(44)
Write off	(28)	-	(40 975)	(3)	-	(41 006)
Other movements	66 810	(89 343)	(1 091 271)	(132 040)	5 020	(1 240 824)
Balance as at end of the year	130 224	15 448	2 380 819	177 110	157 242	2 860 843

	Historical cost					Total ZWL'000
	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	
Stage 1						
Balance as at the beginning of the year	908	254	28 865	12 458	49 238	91 723
Net movement	5 904	2 980	311 529	71 212	58 739	450 364
Originated impairments raised	5 312	325	206 910	79 764	184 031	476 342
Subsequent changes in expected credit loss	330	2 368	99 067	(8 552)	(83 482)	9 731
Transfers from/(to) stage 2	262	287	5 817	-	(10)	6 356
Transfers to stage 3	-	-	(265)	-	-	(265)
Derecognition	-	-	-	-	(41 800)	(41 800)
Other movements	15 017	6 350	848 372	289 652	80 973	1 240 364
Balance as at end of the year	21 829	9 584	1 188 766	373 322	188 950	1 782 451
Stage 2						
Balance as at the beginning of the year	12 226	66 556	311 207	125 255	5 558	520 802
Net movement	45 568	363 936	1 791 757	6 499 918	45 253	8 743 432
Originated impairments raised	3 261	-	846 635	1 686 591	1 770	2 538 257
Subsequent changes in expected credit loss	42 713	364 223	952 419	4 813 327	40 558	6 213 240
Transfers (to)/from stage 1	(262)	(287)	(5 817)	-	10	(6 356)
Transfers to stage 3	(144)	-	(1 480)	-	-	(1 624)
Derecognition including write off	-	-	-	-	(85)	(85)
Other movements	208 418	973 538	(187 697)	249 464	405	1 244 128
Balance as at end of the year	266 212	1 404 030	1 915 267	6 874 637	48 216	10 508 362
Stage 3						
Balance as at the beginning of the year	155	2 780	21 731	12 118	-	36 784
Net movement	17 931	15 532	817 581	44 186	(4 412)	890 818
Originated impairments raised	-	-	-	-	-	-
Subsequent changes in expected credit loss	17 796	15 532	816 819	45 710	(4 412)	891 445
Transfers from stage 1	-	-	265	-	-	265
Transfers from stage 2	144	-	1 480	-	-	1 624
After write off recoveries	(9)	-	(983)	(1 524)	-	(2 516)
Write offs	(9)	-	(13 026)	(1)	-	(13 036)
TVM unwinding	-	-	(14)	-	-	(14)
Other movements	23 321	(13 401)	(69 414)	-	54 399	(5 095)
Balance as at end of the year	41 398	4 911	756 858	56 303	49 987	909 457

4.4 Expected credit losses for the six months ended 30 June 2023:

	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	31 December 2022 ZWL'000	30 June 2023 ZWL'000	31 December 2022 ZWL'000
Net expected credit losses raised and (released) on financial investments	1 283 997	511 727	328 944	(24 247)
Stage 1 (note 3.1.4)	1 283 997	511 727	328 944	(24 247)
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Net expected credit losses raised and (released) on balances with other banks	(167 292)	(281 055)	(240 670)	(39 576)
Stage 1 (note 1.1)	(167 292)	(281 055)	(240 670)	(39 57



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	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	31 December 2022 ZWL'000	30 June 2023 ZWL'000	31 December 2022 ZWL'000
6 Share capital				
6.1 Authorised share capital 500 000 ordinary shares with nominal value of ZWL1 each	242 125	242 125	500	500
6.2 Issued share capital 260 000 ordinary shares with nominal value of ZWL1 each	125 924	125 924	260	260
7 Share premium and reserves				
7.1 Share premium Share premium on issue of shares	5 225 787	5 225 787	10 790	10 790
7.2 Reserves				
Non-distributable reserve	70 903 602	28 229 197	81 586 093	12 406 607
Fair value through other comprehensive income	2 571 134	9 621 612	3 700 591	3 412 569
Retained earnings	583 819 688	282 495 556	548 648 736	80 054 557
	657 294 424	320 346 365	633 935 420	95 873 733
8 Deposits and current accounts				
Deposits from other banks	64 295 532	41 344 126	64 295 532	13 143 222
Deposits from customers	2 854 029 842	1 101 596 886	2 854 029 842	350 195 636
Current accounts	427 468 590	370 695 007	427 468 590	117 843 265
Call deposits	2 425 615 592	726 637 504	2 425 615 592	230 996 734
Term deposits	905 006	4 166 891	905 006	1 324 647
Savings accounts	40 654	97 484	40 654	30 990
Deposits and current accounts	2 918 325 374	1 142 941 012	2 918 325 374	363 338 858
Current	2 914 549 135	1 142 781 036	2 914 549 135	363 288 002
Non-current	3 776 239	159 976	3 776 239	50 856
	2 918 325 374	1 142 941 012	2 918 325 374	363 338 858
Maturity analysis The maturity analysis is based on the remaining periods to contractual maturity from period end				
Redeemable on demand	2 913 648 638	1 136 297 410	2 913 648 638	361 226 869
Maturing with 1 month	900 497	3 020 105	900 497	960 086
Maturing after 1 month but within 12 months	-	3 463 521	-	1 101 047
Maturing after 12 months	3 776 239	159 976	3 776 239	50 856
	2 918 325 374	1 142 941 012	2 918 325 374	363 338 858

9 Classification of financial assets and financial liabilities

	Inflation adjusted				
	Held for trading ZWL'000	At fair value through profit and loss-default ZWL'000	Fair value through OCI ZWL'000	Amortised cost ZWL'000	Total carrying amount ZWL'000
30 June 2023					
Financial assets					
Cash and cash equivalents	-	797 097 116	-	1 630 717 425	2 427 814 541
Derivative assets	42 810	-	-	-	42 810
Financial investments	-	-	-	106 057 294	106 057 294
Investment securities	-	-	3 903 347	-	3 903 347
Loans and advances	-	-	-	1 380 809 638	1 380 809 638
Other financial assets	-	-	-	266 843 435	266 843 435
	42 810	797 097 116	3 903 347	3 384 427 792	4 185 471 065
Financial liabilities					
Derivative liabilities	105 058	-	-	-	105 058
Deposits from other banks	-	-	-	64 295 532	64 295 532
Deposits from customers	-	-	-	2 854 029 842	2 854 029 842
Other financial liabilities	-	-	-	893 373 773	893 373 773
	105 058	-	-	3 811 699 147	3 811 804 205
Other assets include internal clearing accounts. Other liabilities include internal clearing accounts.					

	Inflation adjusted				
	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
31 December 2022					
Financial assets					
Cash and cash equivalents	-	356 054 001	-	482 452 857	838 506 858
Derivative assets	36 905	-	-	-	36 905
Financial investments	-	-	-	89 158 695	89 158 695
Investment securities	-	-	11 324 903	-	11 324 903
Loans and advances	-	-	-	489 412 073	489 412 073
Other assets	-	-	-	69 482 394	69 482 394
	36 905	356 054 001	11 324 903	1 1305 060 019	1 497 921 828
Financial liabilities					
Derivative liabilities	4 577	-	-	-	4 577
Deposits from other banks	-	-	-	41 344 126	41 344 126
Deposits from customers	-	-	-	1 101 596 886	1 101 596 886
Other liabilities	-	-	-	174 761 779	174 761 779
	4 577	-	-	1 317 702 791	1 317 707 368
Other assets include internal clearing accounts. Other liabilities include internal clearing accounts.					

	Historical cost				
	Held for trading ZWL'000	At fair value through profit or loss-default ZWL'000	Fair value through OCI ZWL'000	Amortised cost ZWL'000	Total carrying amount ZWL'000
31 December 2022					
Financial assets					
Cash and cash equivalents	-	113 188 916	-	153 370 881	266 559 797
Derivative assets	11 732	-	-	-	11 732
Financial investments	-	-	-	28 343 386	28 343 386
Investment securities	-	-	3 600 166	-	3 600 166
Loans and advances	-	-	-	155 583 203	155 583 203
Other assets	-	-	-	22 088 326	22 088 326
	11 732	113 188 916	3 600 166	359 385 796	476 186 610
Financial liabilities					
Derivative liabilities	1 455	-	-	-	1 455
Deposits from other banks	-	-	-	13 143 222	13 143 222
Deposits from customers	-	-	-	350 195 636	350 195 636
Other liabilities	-	-	-	55 556 450	55 556 450
	1 455	-	-	418 895 308	418 896 763
Other assets include internal clearing accounts. Other liabilities include internal clearing accounts.					

10 Fair value estimation

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

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

The following table presents the Bank's assets and liabilities that are measured at fair value at 30 June 2023, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

Assets	Note	Inflation adjusted				Valuation techniques and inputs
		Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000	
30 June 2023						
Financial assets						
Cash and cash equivalents		797 097 116	797 097 116	-	-	
Derivatives assets						
- Foreign exchange contracts		42 810	-	42 810	-	Discounted cash flows
Investment securities	3.2	3 903 347	-	-	3 903 347	Net asset value
Investment property		315 017 412	-	-	315 017 412	Sales comparison method, market rentals and yields
Freehold property		110 774 635	-	-	110 774 635	Sales comparison method, market rentals and yields
Total assets		1 226 835 320	797 097 116	42 810	429 695 394	
Liabilities						
Financial liabilities						
Derivatives liabilities						
- Foreign exchange contracts		105 058	-	105 058	-	Discounted cash flows
Total liabilities		105 058	-	105 058	-	

Assets	Note	Inflation adjusted				Valuation techniques and inputs
		Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000	
31 December 2022						
Financial assets						
Cash and cash equivalents		356 054 001	356 054 001	-	-	
Derivatives assets						
- Foreign exchange contracts		36 905	-	36 905	-	Discounted cash flows
Investment securities		11 324 903	-	-	11 324 903	Net asset value
Investment property		150 325 511	-	-	150 325 511	Sales comparison method, market rentals and yields
Freehold property		52 435 797	-	-	52 435 797	Sales comparison method, market rentals and yields
Total assets		570 177 117	356 054 001	36 905	214 086 211	
Liabilities						
Financial liabilities						
Derivatives liabilities						
- Foreign exchange contracts		4 577	-	4 577	-	Discounted cash flows
Total liabilities		4 577	-	4 577	-	

The following table presents the Bank's assets and liabilities that are measured at fair value at 30 June 2023.

Assets	Note	Historical cost				Valuation techniques and inputs
		Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000	
June 2023						
Financial assets						
Cash and cash equivalents		797 097 116	797 097 116	-	-	
Derivatives assets						
- Foreign exchange contracts		42 810	-	42 810	-	Discounted cash flows
Investment securities	3.2	3 903 347	-	-	3 903 347	Net asset value
Investment property		315 017 412	-	-	315 017 412	Sales comparison method, market rentals and yields
Freehold property		110 774 635	-	-	110 774 635	Sales comparison method, market rentals and yields
Total assets		1 226 835 320	797 097 116	42 810	429 695 394	
Liabilities						
Financial liabilities						
Derivatives liabilities						
- Foreign exchange contracts		105 058	-	105 058	-	Discounted cash flows
Total liabilities		105 058	-	105 058	-	

Assets	Note	Historical cost				Valuation techniques and inputs
		Fair values ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000	
December 2022						
Financial assets						
Cash and cash equivalents		113 188 916	113 188 916	-	-	
Derivatives assets						
- Foreign exchange contracts		11 732	-	11 732	-	Discounted cash flows
Investment securities		3 600 166	-	-	3 600 166	Net asset value
Investment property	3.2	47 788 205	-	-	47 788 205	Sales comparison method, market rentals and yields
Freehold property		16 669 244	-	-	16 669 244	Sales comparison method, market rentals and yields
Total assets		181 258 263	113 188 916	11 732	68 057 615	
Liabilities						
Financial liabilities						
Derivatives liabilities						
- Foreign exchange contracts		1 455	-	1 455	-	Discounted cash flows
Total liabilities		1 455	-	1 455	-	



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10 Fair value estimation (continued)

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

Reconciliation of level 3 items	Inflation adjusted					
	30 June 2023			31 December 2022		
	Investment property	Freehold property	Total assets	Investment property	Freehold property	Total assets
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at 1 January	150 325 511	52 435 797	202 761 308	94 256 374	37 892 602	132 148 976
Additions	25 507 995	1 829 251	27 337 246	35 807 775	1 199 183	37 006 958
Disposal	-	-	-	(994 812)	-	(994 812)
Transfers (out) of into level 3	-	-	-	-	-	-
Transfers into (out) of level 3	-	-	-	-	-	-
Gains or losses for the period						
Included in profit or loss	139 183 906	(177 987)	139 005 919	21 256 174	(589 588)	20 666 586
Recognised in other comprehensive income	-	56 687 574	56 687 574	-	13 933 600	13 933 600
Balance at the end of the period	315 017 412	110 774 635	425 792 047	150 325 511	52 435 797	202 761 308

Reconciliation of level 3 items	Historical cost					
	30 June 2023			31 December 2022		
	Investment property	Freehold property	Total assets	Investment property	Freehold property	Total assets
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at 1 January	47 788 205	16 669 244	64 457 449	8 716 529	3 504 187	12 220 716
Additions	8 534 943	2 177 670	10 712 613	6 571 581	150 425	6 722 006
Disposal	-	-	-	(91 997)	-	(91 997)
Transfers in/(out) level 3	-	-	-	-	-	-
Transfers (out)/in of level 3	-	-	-	-	-	-
Gains or losses for the period						
Included in profit or loss	258 694 264	(177 987)	258 516 277	32 592 092	(187 429)	32 404 663
Recognised in other comprehensive income	-	92 105 708	92 105 708	-	13 202 061	13 202 061
Balance at the end of the period	315 017 412	110 774 635	425 792 047	47 788 205	16 669 244	64 457 449

Reconciliation of level 3 items	Inflation-adjusted		Historical cost	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	Investment securities	Investment securities	Investment securities	Investment securities
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at 1 January	11 324 903	7 168 283	3 600 166	662 900
Additions	-	-	-	-
Disposal	-	-	-	-
Gains or losses for the period				
Recognised in other comprehensive income	(7 421 556)	4 156 620	303 181	2 937 266
Balance at the end of the period	3 903 347	11 324 903	3 903 347	3 600 166

The table below shows the fair value of financial instruments not measured at fair value as at 30 June 2023:

Assets	Note	Inflation-adjusted			
		Fair values	Level 1	Level 2	Level 3
		ZWL'000	ZWL'000	ZWL'000	ZWL'000
Cash and cash equivalents		1 630 717 425	1 630 717 425	-	-
Financial investments		106 057 294	-	-	106 057 294
Loans and advances	4	1 380 809 638	-	-	1 380 809 638
Other assets		266 843 435	-	-	266 843 435
Total assets		3 384 427 792	1 630 717 425	-	1 753 710 367
Liabilities					
Financial liabilities measured at amortised cost					
Deposits from other banks	8	64 295 532	64 295 532	-	-
Deposits from customers	8	2 854 029 842	2 850 253 603	3 776 239	-
Other liabilities		893 373 773	-	-	893 373 773
Total liabilities		3 811 699 147	2 914 549 135	3 776 239	893 373 773

The table below shows the fair value of financial instruments not measured at fair value as at 31 December 2022:

Assets	Note	Inflation-adjusted			
		Fair values	Level 1	Level 2	Level 3
		ZWL'000	ZWL'000	ZWL'000	ZWL'000
31 December 2022					
Cash and cash equivalents		482 452 857	482 452 857	-	-
Financial investments		89 158 695	-	-	89 158 695
Loans and advances	4	489 412 073	-	-	489 412 073
Other assets		71 239 268	-	-	71 239 268
Total assets		1 132 262 893	482 452 857	-	649 810 036
Liabilities					
Financial liabilities measured at amortised cost					
Deposits from other banks	8	41 344 126	41 344 126	-	-
Deposits from customers	8	1 101 596 886	1 101 436 910	159 976	-
Other liabilities		174 761 779	-	-	174 761 779
Total liabilities		1 317 702 791	1 142 781 036	159 976	174 761 779

11 Contingent liabilities and commitments

11.1 The Bank had written letters of credit and guarantees amounting to ZWL106.4 billion as at 30 June 2023 (31 December 2022: ZWL13.8 billion). The amount of these letters of credit and guarantees represents the Bank's maximum exposure and no material losses are anticipated from these transactions.

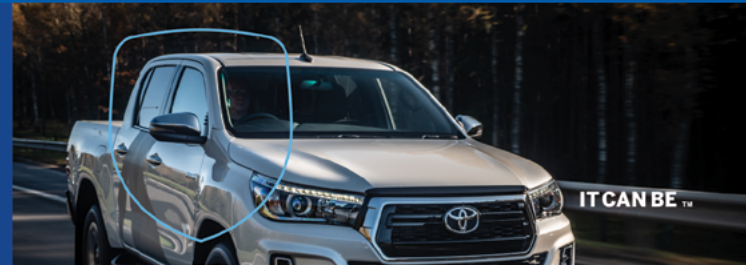
11.2 Commitments	Inflation-adjusted		Historical cost	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
As at 30 June 2023 the contractual amounts of the Bank's commitments to engage in capital expenditure or to extend credit to its customers were as follows:				
11.2.1 Capital commitments	44 983 733	203 869 112	44 983 733	64 809 618
11.2.2 Loan commitments	49 468 190	29 934 507	49 468 190	9 516 125

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

	Inflation adjusted			
	Letter of credit	Guarantee	Loan commitments	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
30 June 2023				
Stage 1				
Balance at the beginning of the year	36 370	46 641	29 148	112 159
Net movement	(66 111)	38 506	(186 242)	(213 847)
Originated impairments raised	24 715	-	6 249	30 964
Subsequent changes in expected credit losses	(90 217)	53 701	(184 418)	(220 934)
Transfers from stage 2	270	(778)	-	(508)
Transfer to stage 3	-	-	-	-
Derecognised including write offs	(879)	(14 417)	(8 073)	(23 369)
Other movements	150 221	(299)	191 389	341 311
Balance at the end of the period	120 480	84 848	34 295	239 623
Stage 2				
Balance at the beginning of the year	182	639	-	821
Net movement	(179)	(95)	365 851	365 577
Originated impairments raised	-	-	852 773	852 773
Subsequent changes in expected credit losses	91	22 891	(486 922)	(463 940)
Transfers from stage 1	(270)	778	-	508
Derecognised including write offs	-	(23 764)	-	(23 764)
Other movements	(3)	1 860	(7 907)	(6 050)
Balance at the end of the period	-	2 404	357 944	360 348
Credit impairment charge	(66 290)	38 411	179 609	151 730
Total ECL balance at 30 June 2023	120 480	87 252	392 239	599 971

	Inflation adjusted			
	Letter of credit	Guarantee	Loan commitments	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Year ended 31 December 2022				
Stage 1				
Balance at the beginning of the year	42 551	3 438	64 492	110 481
Net movement	(39 550)	35 197	(17 081)	(21 434)
Originated impairments raised	11 095	63 866	53 401	128 362
Subsequent changes in expected credit losses	(48 490)	(28 644)	(33 756)	(110 890)
Transfers from stage 2	-	-	-	-
Derecognised including write offs	(2 155)	(25)	(36 726)	(38 906)
Other movements	33 369	8 006	(18 263)	23 112
Balance at the end of the period	36 370	46 641	29 148	112 159
Stage 2				
Balance at the beginning of the year	1 633	-	573	2 206
Net movement	(1 979)	2 350	7 005	7 376
Originated impairments raised	-	2 350	-	2 350
Subsequent changes in expected credit losses	7 716	-	-	7 716
Transfers to stage 1	-	-	-	-
Derecognised including write offs	(9 695)	-	7 005	(2 690)
Other movements	528	(1 711)	(7 578)	(8 761)
Balance at the end of the period	182	639	-	821
Stage 3				
Balance at the beginning of the year	-	-	9 321	9 321
Net movement	-	-	9 321	9 321
Originated impairments raised	-	-	9 321	9 321
Subsequent changes in expected credit losses	-	-	-	-
Transfers to stage 1	-	-	-	-
Derecognised including write offs	-	-	(9 321)	(9 321)
Other movements	-	-	-	-
Balance at the end of the period	-	-	-	-
Expected credit losses charge/(release)	(41 529)	37 547	(755)	(4 737)
Total ECL balance at 31 December 2022	36 552	47 280	29 148	112 980

	Historical cost			
	Letter of credit	Guarantees	Loan commitments	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Period ended 30 June 2023				
Stage 1				
Balance at the beginning of the year	11 562	14 827	9 266	35 655
Net movement	(46 779)	27 246	(131 781)	(151 314)
Originated impairments raised	17 488	-	4 422	21 910
Subsequent changes in expected credit losses	(63 836)	37 996	(130 491)	(156 331)
Transfers to stage 2	59	(551)	-	(492)
Transfer to stage 3	-	-	-	-
Derecognised including write offs	(490)	(10 199)	(5 712)	(16 401)
Other movements	155 697	42 775	156 810	355 282
Balance at the end of the period	120 480	84 848	34 295	239 623
Stage 2				
Balance at the beginning of the year	58	203	-	261
Net movement	(75)	(40)	153 563	153 448
Originated impairments raised	-	-	357 944	357 944
Subsequent changes in expected credit losses	(16)	9 608	(204 381)	(194 789)
Transfers from stage 1	(59)	551	-	492
Derecognised including write offs	-	(10 199)	-	(10 199)
Other movements	17	2 241	204 381	206 639
Balance at the end of the period	-	2 404	357 944	360 348
Expected credit losses charge	(46 854)	27 206	21 782	2 134
Total ECL balance at 30 June 2023	120 480	87 252	392 239	599 971



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11 Contingent liabilities and commitments (continued)

	Historical cost			Total ZWL'000
	Letter of credit ZWL'000	Guarantee ZWL'000	Loan commitments ZWL'000	
31 December 2022				
Stage 1				
Balance at the beginning of the year	3 935	318	5 964	10 217
Net movement	(9 889)	11 317	(4 851)	(3 423)
Originated impairments raised	1 772	10 199	8 528	20 499
Subsequent changes in expected credit losses	(11 317)	1 122	(7 514)	(17 709)
Transfers from stage 2	-	-	-	-
Derecognised including write off	(344)	(4)	(5 865)	(6 213)
Other movements	17 516	3 192	8 153	28 861
Balance at the end of the period	11 562	14 827	9 266	35 655
Stage 2				
Balance at the beginning of the year	151	-	53	204
Net movement	(302)	203	(53)	(152)
Originated impairments raised	-	203	-	203
Subsequent changes in expected credit losses	(159)	-	-	(159)
Transfers to stage 1	-	-	-	-
Derecognised including write offs	(143)	-	(53)	(196)
Other movements	209	-	-	209
Balance at the end of the period	58	203	-	261
Stage 3				
Balance at the beginning of the year	-	-	-	-
Expected credit losses	-	-	1 888	1 888
Originated expected credit losses raised	-	-	-	-
Subsequent changes in expected credit losses	-	-	1 888	1 888
Other movements	-	-	(1 888)	(1 888)
Balance at the end of the year	-	-	-	-
Total ECL balance at 31 December 2022	11 620	15 030	9 266	35 916
Expected credit losses charge/ (release)	(10 191)	11 520	(3 015)	(1 686)

	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	30 June 2022 ZWL'000	30 June 2023 ZWL'000	30 June 2022 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 Bank	342 272	270 944	131 371	40 687
Key management compensation				
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	5 922 244	3 057 256	2 729 508	398 623
Other long-term benefits	24 861	8 437	11 458	1 246
Post-employment benefits	125 888	115 857	58 020	15 175
	6 072 993	3 181 550	2 798 986	415 044

13 Related party disclosures

13.1 Controlling entity

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

	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	31 December 2022 ZWL'000	30 June 2023 ZWL'000	31 December 2022 ZWL'000
13.1.1 Amounts due from related parties (bank balances):				
Stanbic Bank Botswana Limited	340 615	179 926	340 615	57 198
Stanbic Bank Swaziland Limited	43	19	43	6
Stanbic Bank Malawi Limited	11 779	5 675	11 779	1 804
Stanbic Bank Kenya Limited	2 195	13 674	2 195	4 347
Stanbic Bank Zambia Limited	2 614	25 310	2 614	8 046
Standard Bank Mauritius	105 887	37 525	105 887	11 929
Standard Bank South Africa Limited	764 185 790	63 456 184	764 185 790	20 172 606
Standard Bank Isle of Man Douglas	20 172 606	230 105 007	20 172 606	73 149 960
	784 821 529	293 823 320	784 821 529	93 405 896
Related through shareholding in the parent company				
Industrial and Commercial Bank of China (bank balances)	20 802 194	2 685 102	20 802 194	853 589

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

	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	30 June 2022 ZWL'000	30 June 2023 ZWL'000	30 June 2022 ZWL'000
13.1.2 Transactions				
Interest income from:				
Standard Bank South Africa Limited	9 034 735	25 063	5 771 080	3 691
Standard Bank Isle of Man Douglas	12 253 662	339 327	4 595 180	60 845
13.1.3 Group recharges	32 332 126	10 149 868	18 882 083	1 417 953

	Inflation-adjusted		Historical cost	
	30 June 2023 ZWL'000	31 December 2022 ZWL'000	30 June 2023 ZWL'000	31 December 2022 ZWL'000
13.2 Deposits and loans with related parties-related through common directorship				
Total loans and advances	-	-	-	-
Total customer deposits	48 284 807	25 411 892	48 284 807	8 078 394

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:

	30 June 2023 ZWL'000	31 December 2022 ZWL'000
Capital adequacy		
Ordinary paid up share capital	260	260
Share premium	10 790	10 790
Retained earnings	548 648 736	80 054 557
Market and operational risk	(43 623 205)	(6 263 317)
Less exposures to insiders	-	(7 705)
Reserves	3 413 776	3 413 776
Tier 1 capital	508 450 357	77 208 361
Revaluation reserve	81 584 886	12 405 400
General provisions (limited to 1.25% of risk weighted assets)	36 472 626	4 122 633
Tier 2 capital	118 057 512	16 528 033
Market risk	5 074 877	690 470
Operational risk	38 548 328	5 572 848
Tier 3 capital	43 623 205	6 263 318
Total Tier1 and 2 capital	626 507 869	93 736 394
Tier 3	43 623 205	6 263 317
	670 131 074	99 999 711
Risk weighted assets ("RWAs")	2 196 062 076	251 519 209
Operational risk equivalent assets	481 854 101	69 660 595
Market risk equivalent assets	239 893 913	8 630 870
Total risk weighted assets ("RWAs")	2 917 810 090	329 810 674
Tier 1 capital ratio	17%	23%
Tier 1 and 2 capital ratio	21%	28%
Tier1,2 and Tier 3 capital	23%	30%
Capital adequacy ratio excluding market and operational risk weighted assets	23%	29%

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 2023, funds under custody amounted to ZWL4.1 trillion (31 December 2022: ZWL5.81 trillion) and fee income amounting to ZWL1.9 billion on an inflation adjusted basis (30 June 2022: ZWL701.4 million) had been received in return for these services. The historical cost fee and commission income earned amounted to ZWL977.3 million (2022: ZWL203.3 million).

16 Dividend declaration

During the first half of the year, the Bank had paid a dividend of ZWL23.2 billion in historical cost terms.

17 External Credit Ratings

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

Rating scale	2022	2021	2020	2019	2018
Long term	AA	AA	AA	AA	AA-

18 CAMELS RATINGS

The Reserve Bank of Zimbabwe ("RBZ") conducted a risk based remote examination from 16 November to 18 December 2021 and the Bank achieved the highest possible rating i.e. a CAMELS rating of 1. The CAMELS rating uses a rating scale of 1-5 where 1 is strong, 2 is satisfactory, 3 is fair, 4 is weak and 5 is critical. Hence according to these results, the Bank maintained its strong position as measured by the CAMELS rating.

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	2021
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	Acceptable	Moderate	Stable
Strategic risk	Moderate	Acceptable	Moderate	Stable
Legal & Compliance	Low	Strong	Low	Stable
Reputation	Low	Strong	Low	Stable
Overall	Low	Strong	Low	Stable



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19.2

KEY

Low – reflects a lower than average probability of an adverse impact on a banking institution’s capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the banking institution’s overall financial condition.

Moderate – Could reasonably be expected to result in a loss which could be absorbed by a banking institution in the normal course of business.

High – reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in significant and harmful loss to the banking institution.

Adequacy of Risk Management Systems

Weak – risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution’s risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects particularly as indicated by continued control exceptions or by the failure to adhere to written policies and procedures.

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

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

Overall Composite Risk

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

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

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

Direction of Overall Composite risk

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

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

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



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