

UNAUDITED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

Chairman's Statement

Operating Environment

The operating environment for the first half of the year remained difficult. Weak domestic demand and foreign currency shortages have continued to negatively affect the economy. Inflation maintained an upward trajectory from October 2016, turning positive in February 2017, a welcome development following two and a half years of deflation. In 2016, the economy grew by a modest 0.7% against a target of 2.7% partly due to the El Nino induced drought and depressed international commodity prices as well as constrained local aggregate demand. The growth rate is expected to recover in 2017 to 3.7% on the back of improved output from the agriculture sector following a good rainy season, reduced food import bill and anticipated increases in gold, chrome and tobacco prices.

Financing of the budget deficit through domestic borrowing, given the limited external funding is expected to accelerate money supply growth. The latest Reserve Bank of Zimbabwe's (RBZ) Monthly Economic Review shows that broad money supply recorded a 9% growth from USD5.7 billion in December 2016 to USD6.2 billion in May 2017. Domestic credit recorded an increase of 33% to USD8.5 billion in May 2017 from USD6.4 billion in December 2016 mainly extended to Government as credit to the private sector slowed down.

The renewal of the Afreximbank Trade Debt-backed Securities ('AFTRADES') facility for another two years at USD200m until February 2019 was a welcome development. In April 2017, banks lowered lending rates to the productive sector as part of the RBZ's measures to promote economic growth and promote exports.

The Bank continues to invest in and promote use of electronic payment platforms in line with global payment trends. Standard Chartered Bank Zimbabwe Limited remains committed to meeting the needs of its clients and working with all stakeholders for the development of the economy.

Financial Performance

The Bank reported a profit after tax of USD6.8 million for the half-year ended 30 June 2017, compared with USD6.1 million for the same period in 2016. This performance was achieved on the back of cost and credit loss containment initiatives which countered the slow revenue momentum occasioned by the prevailing tough operating environment.

The Bank's balance sheet remains strong with capital levels well above the minimum regulatory requirements. The Bank is confident of meeting the target core capital of USD100 million by 31 December 2020.

Sustainability

Standard Chartered Bank Zimbabwe Limited continues to pursue social and development programmes in the country, making a positive contribution to the communities where we operate. Our brand promise, **Here for good**, means sustainable and long term commitment to the people of Zimbabwe. It becomes more imperative for the Bank to demonstrate this commitment in times of perennial economic headwinds and as such, the Bank has consistently lived up to its promise. The Bank's objective is to encourage employees to commit their time and unique skills by helping the needy in the society.

The Bank's investment under the 'Seeing is Believing' program, in partnership with Christian Blind Mission ('CBM'), continues to change people's lives and improve the quality of service rendered by selected beneficiary institutions. The program aims to make eye-care services accessible to over 100,000 adults by 2018. 69 staff members received eye screening training in order to assist during clinic days at Sekuru Kaguvi Pediatric Unit, Sakubva General Hospital and Norton Eye Unit. Zimbabweans in need of cataract operations continue to be referred to the afore-mentioned institutions for life changing procedures.

Corporate Governance

The Bank and the Board of Directors remain committed to the maintenance of high standards of corporate governance across all its operations. To enhance Board oversight, its sub-committees are chaired by Independent Non-Executive Directors while a strong Compliance Management Framework is in place to govern adherence to internal processes and procedures as well as regulatory requirements. The Bank continues to reinforce appropriate conduct by its staff and other stakeholders.

The Bank took the necessary steps to align with the Banking Amendment Act of 2015 resulting in changes to the Board composition. Messrs S. V. Rushwaya and I. J. Mackenzie stepped down from the Board on 31 March 2017 following the expiry of their tenure. Ms. E. Mkondo and Mr. H. S. Mashanyare joined the Board on 1 April 2017 as Independent Non-Executive Directors while I was appointed Chairman of the Board. The Bank also bid farewell to Mrs. J. Pohl who resigned from the Board and was replaced by Mr F. Pieterse as Non-Executive Director. I would like to thank Mr. Rushwaya, Mr. Mackenzie and Mrs. Pohl for their immense contribution to Standard Chartered Bank Zimbabwe Limited and wish them success in their future endeavours.

Outlook

Standard Chartered Bank Zimbabwe Limited remains committed to maintaining its status as a premium international franchise and the Group's focus on Asia, Africa and the Middle East remains the same. The Bank will continue to leverage on the Group's strong Global presence in high growth markets to deliver support to local businesses.

Delivering superior digital platforms and driving the digitisation agenda remains a key focus area for the Bank. We were conferred with the Best Digital Bank award in Zimbabwe for 2017 by Global Finance Magazine in recognition of our efforts to attain leadership on the digital front. We are also very proud for being nominated the Best bank in the latest Top Companies Survey. The Bank has demonstrated its commitment to Zimbabwe and its customers through the refurbishment of 7 branches in the first half of 2017 in addition to the 3 completed in 2016. Our refurbished branches provide our customers with a world class banking environment that supports our digital agenda.

The Bank will continue to reinforce its "HUMAN" mantra in pursuing its business objectives and ensuring fair outcomes for its clients and stakeholders.

Acknowledgement

I would like to thank our staff, management and fellow Directors for their commitment and hard work to deliver a good set of results under challenging operating conditions. Your dedication echoes our brand promise to be **Here for good**. We remain indebted to our stakeholders, particularly our clients for their unwavering support and loyalty.

L. T. Manatsa

CHAIRMAN
22 August, 2017

Statement of Profit or Loss and Other Comprehensive Income

Note	Unaudited 6 months to 30 June 2017 USD	Unaudited 6 months to 30 June 2016 USD	Audited 12 months to 31 December 2016 USD
Interest income	13,510,573	10,219,062	21,765,813
Interest expense	(154,800)	(234,526)	(418,074)
Net interest income	13,355,773	9,984,536	21,347,739
Fees and commission income	16,896,046	17,166,981	35,992,312
Commission expense	(3,268,776)	(2,592,333)	(5,972,838)
Foreign currency trading income	3,162,176	2,040,795	3,653,657
Non interest income	16,789,446	16,615,443	33,673,131
Total revenue	30,145,219	26,599,979	55,020,870
Other income	147,636	494,995	1,053,538
Total operating income	30,292,855	27,094,974	56,074,408
Operating expenses	(20,623,814)	(19,012,519)	(38,523,230)
Profit before impairment charge	9,669,041	8,082,455	17,551,178
Net impairment recovery/(charge)	470,080	323,648	(90,145)
Loan impairment recovery	514,224	732,286	186,807
Other impairment charges	-	-	(103,800)
Bad debts written off	(44,144)	(408,638)	(173,152)
Profit before tax	10,139,121	8,406,103	17,461,033
Tax expense	(3,299,226)	(2,355,391)	(4,027,283)
Profit after tax	6,839,895	6,050,712	13,433,750
Other comprehensive income:			
Items that will not be reclassified to profit and loss			123,997
Remeasurements of the defined benefit liability	-	-	167,000
Tax relating to components of other comprehensive income	-	-	(43,003)
Total comprehensive income for the period	6,839,895	6,050,712	13,557,747

Statement of Financial Position

Notes	Unaudited as at 30 June 2017 USD	Unaudited as at 30 June 2016 USD	Audited as at 31 December 2016 USD
ASSETS			
Cash and cash equivalents	288,170,771	184,456,714	199,084,791
Financial assets available for sale	188,945,917	87,554,461	139,162,491
Loans and advances to customers	108,299,955	135,940,496	125,140,962
Non current assets held for sale	6,558,000	4,772,116	6,908,000
Other assets	3,538,435	4,388,040	4,281,093
Restricted balances with the Central Bank	245,400	245,400	245,400
Investment property	3,000,000	6,050,000	3,000,000
Property and equipment	28,216,222	24,835,173	26,183,890
Total assets	626,974,700	448,242,400	504,006,627
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	825,000	825,000	825,000
Share premium	20,625,000	20,625,000	20,625,000
Foreign currency translation reserve	5,936,639	5,936,639	5,936,639
Revaluation reserve	9,926,759	10,299,759	9,926,759
Retained earnings	40,798,298	34,138,368	42,018,403
Total capital and reserves	78,111,696	71,824,766	79,331,801
Liabilities			
Deposits from customers	510,465,764	341,562,778	395,156,159
Deposits from banks	10,509,322	10,238,731	2,163,520
Other liabilities	26,032,057	22,606,425	26,096,624
Current tax liability	733,912	915,078	1,109,874
Deferred tax liability	1,121,949	1,094,622	148,649
Total liabilities	548,863,004	376,417,634	424,674,826
Total equity and liabilities	626,974,700	448,242,400	504,006,627

Statement of Changes in Equity

For the half year ended 30 June 2017

	Share capital USD	Share premium USD	Foreign currency translation reserve USD	Revaluation reserve USD	Retained earnings USD	Total USD
Balance as at 1 January 2017	825,000	20,625,000	5,936,639	9,926,759	42,018,403	79,331,801
Profit for the period	-	-	-	-	6,839,895	6,839,895
Dividend declared	-	-	-	-	(8,060,000)	(8,060,000)
Balance as at 30 June 2017	825,000	20,625,000	5,936,639	9,926,759	40,798,298	78,111,696
Balance as at 1 January 2016	825,000	20,625,000	5,936,639	10,299,759	28,087,656	65,774,054
Profit for the period	-	-	-	-	6,050,712	6,050,712
Balance as at 30 June 2016	825,000	20,625,000	5,936,639	10,299,759	34,138,368	71,824,766

Statement of Cash Flows

	Unaudited 6 months to 30 June 2017 USD	Unaudited 6 months to 30 June 2016 USD	Audited 12 months to 31 December 2016 USD
Cash flow from operating activities:			
Profit before tax	10,139,121	8,406,103	17,461,033
Adjustments for:			
Profit on disposal of property and equipment	(436)	(248,714)	(563,623)
Depreciation charge	825,342	734,274	1,554,616
Net loan impairment (recovery)/charge	(470,080)	(323,648)	90,145
Operating cash flow before changes in operating assets and liabilities	10,493,947	8,568,015	18,542,171
Changes in operating assets and liabilities:			
Increase in financial assets available for sale	(49,783,426)	(35,599,332)	(87,207,362)
Increase in loans and advances to customers	17,311,087	27,685,235	38,070,976
Decrease/(increase) in other assets	322,101	(519,457)	(1,316,250)
Increase in deposits from customers	115,309,605	50,260,148	103,853,929
Increase in deposits from banks	8,345,802	9,929,388	1,854,177
(Decrease)/increase in other liabilities	(8,142,069)	(1,603,050)	817,149
Corporate tax paid	93,857,047	58,720,947	74,614,790
	(2,684,386)	(3,206,989)	(3,296,061)
Net cash generated from operating activities	91,172,661	56,653,958	71,318,729
Cash flow from investing activities:			
Proceeds from disposal of property and equipment	833,393	340,099	2,619,495
Improvements and additions to property and equipment	(2,920,074)	(357,184)	(2,673,274)
Net cash utilised in investing activities	(2,086,681)	(17,085)	(53,779)
Net increase in cash and cash equivalents	89,085,980	56,636,873	71,264,950
Cash and cash equivalents at the beginning of the period	199,084,791	127,819,841	127,819,841
Cash and cash equivalents at the end of the period	288,170,771	184,456,714	199,084,791

Corporate Governance

The Board

The Board, which comprises three Executive Directors, two Non-Executive Directors and four Independent Non-Executive Directors, meets for a minimum of four times each year and has oversight over the Bank's affairs. It sets and monitors the Bank's strategy, reviews the Bank's performance and ensures that adequate financial resources are available to operate the Bank. The Board of Directors oversees compliance with corporate governance best practice, the Reserve Bank of Zimbabwe (RBZ) regulations and other regulatory requirements, as well as policies and procedures of the Standard Chartered Bank Zimbabwe Limited.

Directors' Attendance at Board meetings

Director	Date of meeting	
	23-Mar-17	8-Jun-17
L. T. Manatsa*	✓	✓
R. Watungwa	✓	✓
S. V. Rushwaya**	✓	n/a
I. J. Mackenzie**	✓	n/a
C. Mwerenga	✓	✓
S. M. Mushiri	✓	✓
S. Nhakaniso	✓	✓
M. Clarke	x	✓
F. Pieterse***	x	✓
E. Mkondo****	n/a	✓
H. S. Mashanyare****	n/a	✓
J. Pohl*****	n/a	n/a

Key

- * Appointed Board Chairman with effect from 1 April, 2017
- ** Retired with effect from 31 March, 2017
- *** Appointed with effect from 8 February, 2017
- **** Appointed with effect from 1 April, 2017
- ***** Resigned with effect from 1 February, 2017
- ✓ Present
- x Apology

The Board has four sub-committees that deal with Audit, Risk, Loans Review and Credit issues.

Audit Committee

The Audit Committee, inter alia, reviews the Bank's financial statements and liaises with the external and internal auditors on accounting policies, procedures and other internal controls in operation.

Director	Number of meetings attended	Number of meetings held in 2017
E. Mkondo*	1	
L. T. Manatsa**	1	
I. J. Mackenzie**	1	2
S. M. Mushiri	2	
H. S. Mashanyare***	1	

*Appointed to the Committee and is the Chairperson with effect from 1 April, 2017
**Retired with effect from 31 March, 2017
***Appointed with effect from 1 April, 2017

Corporate Governance (continued)

Risk Committee

The Risk Committee's mandate is to ensure the quality, integrity and reliability of the Bank's risk management systems and processes. The Committee has the responsibility, inter alia, of reviewing and assessing the Bank's risk control systems, and to ensure that risk policies and strategies are effectively managed. The Committee also makes an independent review of management actions and decisions pertaining to enterprise risk.

Director	Number of meetings attended	Number of meetings held in 2017
L. T. Manatsa*	1	
S. V. Rushwaya**	1	
F. Pieterse***	2	2
M. Clarke	2	
J. Pohl****	n/a	

*Appointed to the Committee and is the Chairman with effect from 1 April, 2017
**Retired with effect from 31 March, 2017
***Appointed with effect from 8 February, 2017
****Resigned with effect from 1 February, 2017

Loans Review Committee

The Committee reviews the quality of the Bank's loan portfolio in order to ensure its conformity to sound lending policies approved and adopted by the Board. The Committee ensures that the Board is adequately informed regarding portfolio risk.

Director	Number of meetings attended	Number of meetings held in 2017
E. Mkondo*	1	
S. V. Rushwaya**	1	
C. Mwerenga	2	2
I. J. Mackenzie**	1	
S. M. Mushiri***	1	

*Appointed to the Committee and is the Chairperson with effect from 1 April, 2017
**Retired with effect from 31 March, 2017
***Appointed with effect from 1 April, 2017

Credit Committee

The Committee oversees the overall lending policy of the Bank. It ensures that there are effective processes and procedures to identify and manage irregular problem exposures and minimise credit losses while maximising recoveries.

Director	Number of meetings attended	Number of meetings held in 2017
L. T. Manatsa*	2	
R. Watungwa	2	
S. M. Mushiri**	1	2
H. S. Mashanyare***	1	

* Chairman
** Retired with effect from 31 March, 2017
*** Appointed with effect from 1 April, 2017

Statement of compliance

The Bank complied with all statutes regulating financial institutions as well as corporate governance best practice. The Bank also complied with the RBZ's directives on liquidity management, capital adequacy, as well as prudential lending guidelines.

Going concern

The Directors have made an assessment of the ability of the Bank to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

Approval of the unaudited abridged financial statements

The unaudited financial statements were approved at a Board Audit Committee meeting held on 22 August, 2017.

Risk Management

The management of risk is a key component of the Bank's business. One of the main risks the Bank is exposed to arises from extending credit to customers through its trading and lending operations. Beyond credit risk, the Bank is also exposed to a range of other risk types such as market, liquidity, capital, operational, reputational, legal and compliance, conduct and other risks peculiar to the banking sector.

Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from the Bank's loans and advances to customers, other banks and investment securities.

The Bank actively manages its credit risk at the individual transaction, counterparty and other portfolio levels, using a variety of qualitative and quantitative measures. The Bank endeavours to minimise risk as far as possible by only granting a loan where the risk of default is acceptable. Based on evaluation of the counterparty's creditworthiness and the type of credit arrangement desired, credit limits are assigned by experienced credit officers, and approved by the Board Credit Committee.

Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulties in meeting the obligations of its financial liabilities. Liquidity risk arises from the fact that assets and liabilities have differing maturities. Liquidity issues are addressed through the Asset and Liability Committee ('ALCO') of the Bank comprising the Chief Executive Officer, Chief Financial Officer and Country Chief Risk Officer. The respective Heads of Commercial Banking, Global Banking, Financial Markets, Asset and Liability Management ('

UNAUDITED ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

Accounting Policies (continued)

LOAN IMPAIRMENT ALLOWANCE (continued)

Thereafter, and until all or part of the loan is written off, interest continues to accrue on customers' accounts, but is not included in profits. Such suspended interest is deducted from the gross loans and advances when accrued.

FINANCIAL INSTRUMENTS

Financial instruments are measured initially at fair value, including transaction costs, except for instruments measured at fair value through profit or loss. Subsequent to initial recognition all trading instruments and all available for sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, less impairment losses.

Fair valuation measurement principles

The fair value of financial instruments is based on their market price at the statement of financial position date without any deduction for transaction costs. If a market price is not available, the fair value of the instrument is estimated using discounted cashflow techniques. Where this technique is used, estimated future cashflows are based on management's best estimates and the discount rate is a market related rate at the statement of financial position date for an instrument with similar terms and conditions.

INVESTMENT PROPERTY

Investment property is stated at fair value determined annually by an independent registered valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in the statement of comprehensive income. When an item of property and equipment becomes an investment property following a change of its use, any differences arising at the date of transfer between the carrying amount of the item and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognised in the statement of comprehensive income.

PROPERTY AND EQUIPMENT

Owned assets
Items of property and equipment are stated at cost or valuation less accumulated depreciation and impairment losses.

Subsequent expenditure

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised with the carrying amount of the component being de-recognised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure not of capital nature is recognised in the statement of comprehensive income as and when incurred.

DEPRECIATION

Depreciation is provided to write off the cost less estimated residual value of motor vehicles, furniture and fittings, computers and office equipment and buildings by equal instalments over their estimated remaining useful lives. Changes in residual values and useful lives are treated as changes in accounting estimates.

EMPLOYEE BENEFITS

The Bank operates both defined contribution and defined benefit schemes for its employees.

Defined contribution plan

Contributions to the defined contribution scheme are recognised as an expense in the statement of comprehensive income when incurred. The Bank has no further payment obligations once the contributions have been paid.

Defined benefit plans

The Bank's net obligation in respect of defined benefit scheme is calculated separately by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That future benefit is discounted to determine its present value and compared against fair value of existing plan assets. The calculation is performed by a qualified actuary every three years using the projected unit credit method.

When the benefits of the plan change, the portion of the increased benefit relating to past service by employees is recognised as an expense in the statement of comprehensive income.

Notes to the Unaudited Abridged Financial Statements

1 INCORPORATION AND ACTIVITIES

Standard Chartered Bank Zimbabwe Limited provides retail, corporate and custody services. The Bank is incorporated and registered as a commercial bank under the Banking Act, Chapter (24:20) of Zimbabwe. Its ultimate parent company is Standard Chartered PLC.

	Unaudited 6 months to 30 June 2017 USD	Unaudited 6 months to 30 June 2016 USD	Audited 12 months to 31 December 2016 USD
2 INTEREST INCOME			
Loans and advances to banks	42,233	41,258	71,570
Loans and advances to customers	5,800,259	8,020,980	14,734,214
Bonds, bills and other debt securities	7,668,081	2,156,824	6,960,029
	13,510,573	10,219,062	21,765,813
3 INTEREST EXPENSE			
Time deposits	147,535	231,535	412,788
Savings deposits	7,265	2,991	5,286
	154,800	234,526	418,074
4 OTHER INCOME			
Rental income from investment property	143,800	245,241	443,930
Profit on sale of property and equipment	436	248,714	563,623
Other miscellaneous income	3,400	1,040	45,985
	147,636	494,995	1,053,538
5 OPERATING EXPENDITURE			
Audit fees	43,256	63,789	159,287
Depreciation	825,342	734,274	1,554,616
Staff costs	13,094,867	12,588,227	24,590,715
Directors' emoluments (Note 6)	640,628	667,271	998,140
Group cross border recharges	233,461	356,800	922,676
Premises and equipment costs	2,314,189	2,139,572	4,524,652
VAT on imported services	640,612	678,299	1,235,371
Communication costs	603,675	914,036	1,186,326
Other	2,227,784	870,251	3,351,447
	20,623,814	19,012,519	38,523,230
6 DIRECTORS' EMOLUMENTS			
Fees for services as directors	43,000	42,125	104,500
Pension	21,869	34,795	37,810
Salaries	495,169	542,999	743,825
Other emoluments	80,590	47,352	112,105
	640,628	667,271	998,140
7 TAX EXPENSE			
Charge for taxation based on taxable income for the period	1,962,571	1,467,250	2,830,064
Provision for Aids levy	58,877	44,018	84,902
	2,021,448	1,511,268	2,914,966
Capital gains tax	17,500	-	107,500
Prior year tax adjustment	286,977	113,055	1,262,724
Deferred tax charge/(credit)	973,301	731,068	(257,907)
	3,299,226	2,355,391	4,027,283
8 CAPITAL AND RESERVES			
Tier 1 capital	57,481,609	48,597,999	58,375,891
Paid up share capital	825,000	825,000	825,000
Share premium	20,625,000	20,625,000	20,625,000
Foreign currency translation reserve (limited to 75% of closing balance)	4,452,479	4,452,479	4,452,479
Retained earnings	40,739,298	34,138,368	42,018,403
Less: Inherent losses	(18,292)	(60,487)	(23,301)
Less: Capital allocated for market and operational risk	(9,200,876)	(11,362,361)	(9,521,690)
Tier 2 capital	12,904,884	14,611,004	13,890,467
Foreign currency translation reserve (limited to 25% of closing balance)	1,484,160	1,484,160	1,484,160
Revaluation reserve	9,926,759	10,299,759	9,926,759
General provisions (limited to 1.25% of risk weighted assets)	1,493,965	2,827,085	2,479,548
Total capital - Tier 1 and 2	70,386,493	63,209,003	72,266,358
Tier 3 capital			
Capital allocated for market and operational risk	9,200,876	11,362,361	9,521,690
Total capital base	79,587,369	74,571,364	81,788,048
Risk weighted assets	196,191,194	226,166,836	198,363,816
Tier 1 capital ratio	29.30%	21.49%	29.43%
Tier 2 capital ratio	6.58%	6.46%	7.00%
Tier 3 capital ratio	4.69%	5.02%	4.80%
Capital adequacy ratio	40.57%	32.97%	41.23%
9 CASH AND CASH EQUIVALENTS			
Cash and balances with banks	19,143,775	41,989,190	34,731,034
Unrestricted balances with the Central Bank	269,026,996	142,467,524	164,353,757
Total cash and cash equivalents	288,170,771	184,456,714	199,084,791
Cash and balances with Banks and unrestricted balances with the Central Bank are used to facilitate customer transactions which include payments and cash withdrawals. In 2016, the Central Bank through Exchange Control Operational Guide 8 (ECOGAD8) introduced prioritisation criteria which have to be followed when making foreign payments for customers. After prioritisation, foreign payments are then made subject to availability of funds with its own foreign correspondent banks, resulting in possible delay of payment of telegraphic transfers. However, no delay is expected in the settlement of local transactions through the Retail Time Gross Settlement system.			
	Unaudited 6 months to 30 June 2017 USD	Unaudited 6 months to 30 June 2016 USD	Audited 12 months to 31 December 2016 USD
10 LIQUIDITY			
Cash and cash equivalents	288,170,771	184,456,714	199,084,791
Financial assets available for sale	188,945,917	87,554,461	139,162,491
Restricted balances with the Central Bank	245,400	245,400	245,400
Total liquid assets	477,362,088	272,256,575	338,492,682
Customer deposits	510,465,764	341,562,778	395,156,159
Deposits from banks	10,509,322	10,238,521	2,163,520
Total liabilities to the public	520,975,086	351,801,509	397,319,679
Liquidity ratio (minimum - 30%)	91.63%	77.39%	85.19%
11 FINANCIAL ASSETS AVAILABLE FOR SALE			
Bonds and notes issued by the Government	3,258,128	3,377,682	3,442,848
Money market instruments issued by others	185,687,789	84,176,719	135,719,643
	188,945,917	87,554,461	139,162,491
11.1 Maturities			
More than 5 years	1,287,773	1,927,703	1,607,772
5 years or less but over 1 year	51,145,035	1,328,930	1,364,736
1 year or less but over 3 months	112,494,447	79,948,009	81,957,907
3 months or less including payable on demand	24,018,663	4,349,819	54,232,076
	188,945,918	87,554,461	139,162,491

Directors: L. T. Manatsa (Chairman), R. Watungwa (Chief Executive/), S. Nkhaniso*, S. M. Mushiri, C. Mwerenga*, M. Clarke, F. Pieterse, E. Mkhondo, H. S. Mashanyare

*Executive

Notes to the Unaudited Abridged Financial Statements (continued)

12 LOANS AND ADVANCES TO CUSTOMERS

12.1 Maturity analysis

	Unaudited 30 June 2017 USD	Unaudited 30 June 2016 USD	Audited 31 December 2016 USD
3 months or less	28,904,377	57,041,769	42,714,240
Between 3 and 12 months	24,258,435	12,196,990	34,648,161
Over one year	60,292,852	77,649,853	53,409,734
	113,455,664	146,888,612	130,772,135

12.2 Loan impairment allowance

	Unaudited 30 June 2017 USD	Unaudited 30 June 2016 USD	Audited 31 December 2016 USD
Balance at beginning of the period	3,943,223	7,249,430	7,249,430
Recovery through profit and loss	(514,224)	(732,286)	(186,807)
Allowance recognised during the period	326,687	172,565	1,046,316
Amounts reversed during the period	(840,911)	(904,851)	(1,233,123)
Applied against bad debts written off	(56,519)	-	(3,119,400)
	3,372,480	6,517,144	3,943,223

12.3 Net loans

	Unaudited 30 June 2017 USD	Unaudited 30 June 2016 USD	Audited 31 December 2016 USD
Gross loans and advances to customers	113,455,664	146,888,612	130,772,135
Less loan impairment allowance	(3,372,480)	(6,517,144)	(3,943,223)
Less interest in suspense	(1,783,229)	(4,430,972)	(1,687,950)
	108,299,955	135,940,496	125,140,962

12.4 Non-performing loans and advances

	Unaudited 30 June 2017 USD	Unaudited 30 June 2016 USD	Audited 31 December 2016 USD
Total loans and advances on which interest is suspended	4,051,011	10,212,831	4,661,302
Interest in suspense	(1,783,229)	(4,430,972)	(1,687,950)
Specific impairment allowance	(1,466,361)	(3,701,774)	(1,493,662)
	803,421	2,080,085	1,479,690

12.4.1 Maturity analysis of non-performing loans and advances

	Unaudited 30 June 2017 USD		Unaudited 30 June 2016 USD		Audited 31 December 2016 USD	
	Gross	Net	Gross	Net	Gross	Net
Past due up to 30 days	-	-	-	-	-	-
Past due up to 60 days	-	-	-	-	-	-
Past due up to 90 days	-	-	-	-	1,657,309	526,098
Past due up to 180 days	11,236	6,757	314,469	181,671	54,061	17,161
Past due up to 365 days	4,225	2,615	947,500	860,518	415,737	131,972
Over 1 year	4,035,550	794,049	8,950,862	1,037,896	2,534,195	804,459
	4,051,011	803,421	10,212,831	2,080,085	4,661,302	1,479,690

These are loans and advances on which interest is no longer being accrued or taken into income unless the borrower pays in cash. Non accrual assets include those assets that are non-performing, i.e. assets on which:

- 1) the principal amount and/or the interest is due and unpaid for 90 days or more; or
- 2) interest payments equal to 90 days or more have been capitalised, refinanced or rolled over.

	Unaudited 30 June 2017 USD	Unaudited 30 June 2016 USD	Audited 31 December 2016 USD
12.5 Recoveries for amounts written off			
	-	400,712	718,193

The recovery relates to loans that were previously written off.

12.6 Sectoral analysis of utilisations

	Unaudited 30 June 2017 USD		Unaudited 30 June 2016 USD		Audited 31 December 2016 USD	
Agriculture and horticulture	9,560,090	8%	19,780,414	13%	16,702,881	13%
Construction and property	761,807	1%	1,546,798	1%	1,063,643	1%
Commerce	10,208,655	9%	29,148,438	20%	22,617,367	17%
Mining	-	0%	6,000,000	4%	6,000,000	5%
Manufacturing	37,798,213	33%	50,799,850	35%	42,274,573	32%
Transport	169,210	0%	486,253	0%	232,208	0%
Individual loans	53,405,304	47%	38,246,804	26%	41,075,495	31%
Other	1,552,385	2%	880,055	1%	805,968	1%
Total	113,455,664	100%	146,888,612	100%	130,772,135	100%

	Unaudited 30 June 2017 USD	Unaudited 30 June 2016 USD	Audited 30 December 2016 USD
13 OTHER ASSETS			
Accrued interest receivable	457,215	739,083	415,977
Amounts due from other SCB subsidiaries	1,116,212	196,698	732,424
Other prepaid expenses	332,500	-	760,000
Prepaid taxes	9,859	1,576,311	1,488,648
Sundry and suspense accounts	1,622,649	1,875,948	884,044
	3,538,435	4,388,040	4,281,093

14 RESTRICTED BALANCES WITH THE CENTRAL BANK

	Unaudited 30 June 2017 USD	Unaudited 30 June 2016 USD	Audited 30 December 2016 USD
Customers' refundable deposits for Foreign Exchange Licensed Warehouse and Retail Shops (FOLIW			