STANDARD CHARTERED BANK ZIMBABWE LIMITED

A member of the Deposit Protection Corporation

AUDITED ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017



Operating Environment

In my mid-year statement I highlighted the weak and challenging operating environment in the first half of 2017. This trend continued in the second half with key business indicators such as the fiscal deficit widening to USD1.8 billion from USD1.4 billion in 2016. The fiscal deficit, which was financed mainly through Treasury Bills, led to increased money supply growth which in turn put pressure on foreign exchange. The foreign currency shortages were exacerbated by limited foreign direct investment which remained lower than our regional peers at a meagre USD235 million in 2017, down from USD343 million in the previous year. Trade deficit also narrowed from USD2.2 billion to USD1.5 billion over the

Inflation maintained an upward trajectory, with the annual rate at 3.46% as at 31 December 2017, up from a negative 0.93% in 2016, mainly due to the money supply growth and increased cost of imported products. Successful re-engagement with international financial institutions and opening the economy to investors appears to be the only way to unlock opportunities for the country to enable growth in the

Standard Chartered Bank Zimbabwe Limited remains committed to the long-term interests of its stakeholders and to continuing the facilitation of development and growth of the economy

Financial Performance

Despite all these challenges, I am pleased to report that Standard Chartered Bank Zimbabwe Limited Despite all tiese chairenings, 1 and pleased to the polit that standard orlaratered bath Zillibabwe Lillilida remained profitable, well capitalised and highly liquid. The Bank achieved a profit after tax of USD13 million for the year ended 31 December 2017, the same level achieved in 2016 despite stronger headwinds. The Bank is continuing with its strategy of realigning its business model in recognition of the migration by customers to cheaper digital banking platforms. The Bank's balance sheet remains strong with capital levels above the minimum regulatory requirements. Core capital as at 31 December 2017 was USD73 million and well above the prescribed minimum capital requirement of USD25 million. Non-performing loans ratio at 2.8% was well within the regulatory threshold of 5.0%. The Bank's liquid asset ratio was 88% compared to the regulatory minimum of 30%. The Bank is confident of meeting the target regulatory core capital of USD100 million by 31 December 2020. A major concern however, was the Bank's inability to meet its customers' foreign currency requirements, resulting in rationing the limited resource against competing priorities.

Community Investment

Standard Chartered Bank Zimbabwe Limited continues to pursue social and development programmes in the country, making a positive contribution to the communities in which we operate. Our brand promise, **Here for good**, means sustainable and long term commitment to the people of Zimbabwe. It becomes 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 encourages its employees to commit their time and unique skills by helping the needy in the society. Employee volunteering is an important component of our community investment. It enables us to drive prosperity through our unique skills and diversity. In 2017, our staff volunteered 432 days of their leave entitlement to help the local communities through education and health programmes. This was significantly higher than the 337 days achieved in 2016 demonstrating a stronger bond with the communities in which we work

The Bank's investment under the 'Seeing is Believing' program, in partnership with Christian Blind Mission ('CBM'), changed lives and improved the quality of service rendered by selected beneficiary institutions. The partnership which has been running since 2015, aims to make eye-care services accessible to the general populace of Zimbabwe. A total of 9,203 cataract and other surgeries were performed and over 200,000 medical interventions realised during the three-year project. The awareness campaigns resulted in over three million people receiving health education countrywide. The program will extend until 2019 with an additional commitment of USD0.5 million.

The Bank and the Board of Directors remain committed to the maintenance of high standards of corporate governance across all its operations, ensuring its conduct is above reproach. The Board and its sub-committees, which are chaired by Independent Non-Executive Directors, oversees and monitors the application of risk management processes through the Board Risk Committee and regular independent audit processes. A Compliance Risk Management framework is in place to ensure adherence to internal processes and procedures as well as regulatory requirements.

In order to align with the Banking Amendment Act of 2015, the Bank took the necessary steps by effecting 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 tenors. Ms. E. Mkondo and Mr. H. S. Mashanyare joined the Board on 1 April 2017 as Independent Non-Executive Directors and I was appointed Chairman of the Board having served as an Independent Non-Executive Director for six years. 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

The Bank continues to play its part in driving investment, trade and creation of wealth across Asia, Africa and the Middle East by leveraging on the Group's strong global network. We will continue to review our distribution channels to align with the latest customer trends increasingly dominated by digital banking solutions. The Bank will remain focused on supporting the growth and prosperity of all its clients across the different segments leveraging on the country's improved economic outlook

I would like to thank our staff, management and my fellow Directors for their dedication and commitment. Their hard work saw the Bank being recognised through the following local and international accolades:

Top Company, Banking Sector 2017 - Top Companies Survey

First Runner Up, Top 5 Performing Banks - Banks & Banking Awards

Best Bank in Zimbabwe 2017 - Euromoney

- Best Digital Bank in Zimbabwe 2017 Global Finance
 Bank of The Year 2017 The Banker Magazine

We remain indebted to our stakeholders, particularly our clients for their unwavering support and loyalty.

L. T. Manatsa

15 March 2018

These abridged financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2017, which have been audited by KPMG Chartered Accountants (Zimbabwe) and an unmodified audit opinion issued thereon. The Auditor's report, which includes key audit matters, is available for inspection at the Bank's registered address.

Statement of Profit or Loss and Other Comprehensive In	ncome		
For the year ended 31 December 2017			
	Note	2017 USD	2016 USD
Interest income Interest expense Net interest income	2	29,301,196 (276,377) 29,024,819	21,765,813 (418,074) 21,347,739
Fees and commission income Commission expense Foreign currency trading income Non interest income		35,273,303 (7,205,776) 5,738,063 33,805,590	35,992,312 (5,972,838) 3,653,657 33,673,131
Total revenue		62,830,409	55,020,870
Other income	4	311,134	1,053,538
Total operating income		63,141,543	56,074,408
Loss on sale of property Operating expenses Total costs	5	(392,607) (44,572,997) (44,965,604)	(38,523,230) (38,523,230)
Profit before impairment charge		18,175,939	17,551,178
Net impairment charge Bad debts written off Recovery of bad debts previously written off Loan impairment (charge)/recovery		(433) (170,275) 304,393 (134,551)	(90,145) (276,952) - 186,807
Profit before tax		18,175,506	17,461,033
Tax expense Profit after tax		(4,846,212) 13,329,294	(4,027,283) 13,433,750
Other comprehensive income:			
Items that will not be reclassified into profit and loss Remeasurements of the defined benefit liability Loss on property revaluation Tax relating to components of other comprehensive income		(4,852) - (6,535) 1,683	123,997 167,000 (43,003)

Statement of Financial Position			
For the year ended 31 December 2017	Notes	2017 USD	2016 USD
ASSETS			
Cash and cash equivalents	9	350,063,169	199,084,791
Financial assets available for sale	11	271,102,359	139,162,491
Loans and advances to customers	12.3	152,893,497	125,140,962
Non current assets held for sale		5,208,000	6,908,000
Other assets	13	3,087,247	4,281,093
Current tax asset		226,462	-
Restricted balances with the Central Bank	14	245,400	245,400
Investment property	15	3,000,000	3,000,000
Property and equipment	16	28,417,007	26,183,890
Deferred tax asset		1,554,124	-
Total assets		815,797,265	504,006,627
CAPITAL AND LIABILITIES			
Capital and reserves			
Share capital		825.000	825.000
Share premium		20,625,000	20,625,000
Foreign currency translation reserve		5,936,639	5,936,639
Revaluation reserve		9,921,907	9,926,759
Retained earnings		47,287,697	42,018,403
Total capital and reserves		84,596,243	79,331,801
11.170			
Liabilities Deposits from customers	17	704,553,227	395,156,159
Deposits from banks	18	29.810	2,163,520
Other liabilities	19	26.617.985	26.096.624
Current tax liability			1,109,874
Deferred tax liability		_	148.649
Total liabilities		731,201,022	424,674,826
Total equity and liabilities		815,797,265	504,006,627

ent of Changes in Equ

•			Foreign currency			
	Share capital USD	Share premium 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	-	-	-	-	13,329,294	13,329,294
Other Comprehensive income	-	-	-	(4,852)	(0.000.000)	(4,852)
Dividend paid Balance as at 31 December 2017	825,000	20,625,000	5,936,639	9,921,907	(8,060,000) 47,287,697	(8,060,000) 84,596,243
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	_	_	_	-	13,433,750	13,433,750
Other Comprehensive income	-	-	-	-	123,997	123,997
Transfer to distributable reserves	-	-	-	(373,000)	373,000	-
Balance as at 31 December 2016	825,000	20,625,000	5,936,639	9,926,759	42,018,403	79,331,801

Statement of Cash Flows

For the year ended 31 December 2017		
•	2017 USD	2016 USD
Cash flow from operating activities		
Profit before tax	18,175,506	17,461,033
Adjustments for:		
Loss/(profit) on disposal of property and equipment	392,607	(563,623)
Depreciation	1,863,232	1,554,616
Net impairment charge	433	90,145
Operating cash flow before changes in operating assets and liabilities	20,431,778	18,542,171
Changes in operating assets and liabilities:		
Increase in financial assets available for sale	(131,939,868)	(87,207,362)
(Increase)/decrease in loans and advances to customers	(27,752,968)	38,070,976
(Decrease)/increase in other assets	1,736,387	(1,316,250)
Increase in deposits from customers	309,397,068	103,853,929
(Decrease)/increase/in deposits from banks	(2,133,710)	1,854,177
Increase in other liabilities	521,361	817,149
	170,260,048	74,614,790
Corporate tax paid	(7,885,321)	(3,296,061)
Net cash generated from operating activities	162,374,727	71,318,729
Cash flow from investing activities:		
Proceeds on disposal of property and equipment	855.720	2.619.495
Improvements and additions to property and equipment	(4,192,069)	(2,673,274)
Net cash utilised in investing activities	(3,336,349)	(53,779)
Cash flow from financing activities:		
Dividend paid	(8,060,000)	
Net cash utilised in financing activities	(8,060,000)	-

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at the end of the year

The Board

The Board, which comprises three Executive Directors, two Non-Executive Directors and four Independent Non-Executive Directors, meets 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 any other regulatory requirements, as well as policies and procedures of Standard Chartered Bank Zimbabwe Limited.

Directors' attendance at Board meetings

Director	Date of meeting			
	23-Mar-17	8-Jun-17	7-Sep-17	30-Nov-17
L. T. Manatsa*	✓	✓	✓	✓
R. Watungwa	✓	✓	✓	✓
S. V. Rushwaya**	✓	n/a	n/a	n/a
I. J. Mackenzie**	✓	n/a	n/a	n/a
C. Mwerenga	✓	✓	✓	✓
S. M. Mushiri	✓	✓	✓	✓
S. Nhakaniso	✓	✓	✓	✓
M. Clarke	×	✓	✓	✓
F. Pieterse***	×	✓	✓	✓
E. Mkondo****	n/a	✓	✓	✓
H. S. Mashanyare****	n/a	✓	✓	✓
J. Pohl****	n/a	n/a	n/a	n/a

ointed Board Chairman with effect from 1 April 2017 ** Retired with effect from 31 March 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

* Apology

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

Director	Number of meetings attended	Number of meetings held in 2017
E. Mkondo*	3	
L. T. Manatsa**	1	
I. J. Mackenzie**	1	4
S. M. Mushiri	4	
H. S. Mashanyare***	3	

(6,535) 1,683 (43,003) * Appointed to the Committee and is the Chairperson with effect from 1 April 2017

** Retired from the Committee with effect from 31 March 2017 *** Appointed with effect from 1 April 2017

13,324,442 13,557,747

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 politicis and strategies are effectively managed. The Committee also makes an independent review of management's actions and decisions pertaining to enterprise ris

Director	Number of meetings attended	Number of meetings held in 2017
L. T. Manatsa*	3	
S. V. Rushwaya**	1	
F. Pieterse***	4	4
M. Clarke	4	
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

Committee reviews the quality of the Bank's loan portfolio in order to ensure its conformity to sound lending policies wed 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
S. M. Mushiri*	3	
S. V. Rushwaya**	1	
C. Mwerenga	4	4
I. J. Mackenzie**	1	
E. Mkondo***	3	

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*	4	
R. Watungwa	4	_
S. M. Mushiri**	1	4
H S Mashanyare***	3	

* Chairman
** Retired from the Committee 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. T also complied with the RBZ directives on liquidity management, capital adequacy, as well as prudential lending guide

Going concern
These financial statement were prepared on a going concern basis. In the opinion of the Directors, the Bank's business is sound and adequate resources exist to support this basis.

Approval of the audited abridged financial statements These audited abridged financial statements were approved by the Board of Directors on 15 March 2018.

By order of the Board

Company Secretary

15 March 2018

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, financial crime, information cyber security, conduct and other risks peculiar to the Banking sector.

nagement of risk is a key component of the Bank's business. One of the main risks the Bank is exposed to

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 facilities where the risk of default is acceptable. Based on evaluation of the counterparty's creditivorthiness 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 Liquidity risk is the tisk 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, Country Chief Risk Officer and Chief Financial Officer. The respective Heads of Commercial Banking, Global Banking, Retail Banking, Financial Markets, Asset and Liability Management and Group Treasury attend by invitation. At its meetings, ALCO deals with strategic and policy issues on liquidity, and sets the position and mismatch levels within which the activities of the next period are conducted. It is the responsibility of ALCO to ensure that the Bank has sufficient liquidity at any given time.

150,978,378

199,084,791

350,063,169

71,264,950

127,819,841

199,084,791

Market risk Market risk is the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. The primary categories of market risk for the Bank are interest rate risk and currency exchange rate risk. Interest rate risk arises from adverse movements in interest rates that affect the underlying value of assets and liabilities and or alters interest rate-sensitive income and expenses thereby affecting earnings. Currency exchange risk arises from movements in exchange rates.

Market risk is addressed through the Executive Risk Committee (ERC') of the Bank comprising the Country Chief Risk Officer, Chief Executive Officer and Heads of Business and Functions. The ERC ensures that value-at-risk measures for market risk exposures remain within the overall approved risk appetite. The Bank's exposure to market risk arises predominantly from trading book positions, mainly currency exchange risk and or interest rate risk in the banking book.

Operational risk is the potential for loss resulting from inadequate or failed internal processes, people, and systems or from the impact of external events, including legal risk. Operational risk exposures are managed through a set of management processes that drive risk identification, assessment, control and monitoring consistently across the Bank. The Bank aims to control operational risk to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damages to the bank's franchise.

Reputational risk is the potential for damage to the franchise resulting in loss of earnings or adverse impact on market capitalisation as a result of stakeholders taking a negative view of the Bank, its actions or inactions, leading stakeholders to change their behaviour. The Bank's reputational risk policy provides a framework of first and second line ownership, risk authorities, risk appetite and reporting and governance committee oversight.

Legal and compliance risk
Legal and compliance risk is the risk that arises due to the Bank's failure to adhere to legal and regulatory
obligations. The Bank manages this risk through dedicated Legal and Compliance units, an established set of
procedures for managing regulatory change and oversight by governance committees.

Strategic risk Strategic risk refers to the potential for opportunity loss arising from failure to optimise the earnings potential of the Bank. The Board approves the Bank's strategy as formulated by top management, while the Chief Executive Officer has the overall responsibility for strategy implementation. The Board conducts quarterly reviews of the strategy and its continued applicability.

BASIS OF PREPARATION

These audited bridged financial results have been prepared in a form applicable to a commercial bank registered in terms of the Banking Act (Chapter 24:20), Banking Amendment Act No.12 of 2015, Companies Act (24:03) and are in conformity with International Financial Reporting Standards (FIRS). The accounting policies applied in the preparation of these audited abridged financial results are consistent with the policies applied in the previous year.

Furthermore, the Bank complied with the following statutes inter alia: the Banking Regulations, Statutory Instrument 205 of 2000, the Exchange Control Act (Chapter 22:05), the Bank Use Promotion and Suppression of Money Laundering Act (Chapter 24:24), Money Laundering and Proceeds of Cime Act (Chapter 9:24) and the National Payment Systems Act (Chapter 4:23), In addition, the Bank also complied with the RBZ's directives on liquidity management, capital adequacy as well as prudential lending guidelines.

The audited abridged financial results have been prepared on the historical cost basis except for investment properly, financial ask presentation for sale and property and equipment whose values have been stated at fair value. Functional ask presentation currency.

Presentation and functional currency These audited abridged financial results are presented in United States dollars, which is the Bank's functional currency. The Directors believe that the statement of financial position as at 31 December 2017 presents the assets and liabilities of the Bank in accordance with IFRS and is a fair reflection of shareholders' equity.

LOAN IMPAIRMENT ALLOWANCE

Loan impairment allowance is recognised in respect of loans and advances. Loan impairment allowance is provided for in accordance with the provisions of the Banking Regulations, 2000 Statutory Instrument 205 of 2000 and IFRS. Specific impairment allowance covering identified doubtful debts are based on periodic evaluation of loan and advances and take account of past loss experience, economic conditions and changes in the nature and level of risk. General loan impairment allowance cover losses which, although not specifically identified, may be present in any portfolio of the Bank's loan and advances. In line with the requirements of accounting standards, these are charged through the statement of profit or loss. The excess, if any, of the RBZ provision to IAS 39 is passed through the statement of changes in equity. Interest to loans and advances is accrued to profits until such time a reasonable doubt exists with regard to its collectability.

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. 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.

STANDARD CHARTERED BANK ZIMBABWE LIMITED

Registered Commercial Bank

A member of the Deposit Protection Corporation



AUDITED ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL INSTRUMENTS Measurement
Financial instruments are measured initially at fair value, including transaction costs. 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 the 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

INVESIMENT PROPERTY
Investment property is stated at fair value which is 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 fit is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognised in the statement of profit or loss.

PROPERTY AND EQUIPMENT

Owned assets
Items of property and equipment are stated at cost or valuation less accumulated depreciation and impairment
losses. Subsequent 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 written off. Other
subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item
of property and equipment. All other expenditure is recognised in the statement of profit or loss as an expense
as incurred.

DEPRECIATION

Depreciation is provided to write off the cost less estimated residual value of motor vehicles, furniture and fittings computes and office equipment and buildings by equal instalments over their estimated remaining useful lives Changes in residual values and sufful lives are freated 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.

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 then compared against fair value of existing plan assets. The calculation is performed by a qualified actuary every three years.

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 profit or loss.

Notes to the Audited Abridged Financial Statements

INCORPORATION AND ACTIVITIES

Standard Chartered Bank Zimbabwe Limited provides retail and corporate banking as well as custodial services. The Bank is incorporated and registered as a commercial bank under the Banking Act, (Chapter 24:02) of Zimbabwe. It's ultimate parent company is Standard Chartered PLC.

		31 Dec 2017 USD	31 Dec 2016 USD
2	INTEREST INCOME		
-	Loans and advances to banks	101,219	71,570
	Loans and advances to customers	12,550,033	14.734.214
	Bonds, bills and other debt securities	16,649,944	6,960,029
		29,301,196	21,765,813
3	INTEREST EXPENSE		
	Time deposits	259,560	412,788
	Savings deposits	16,817	5,286
		276,377	418,074
4	OTHER INCOME		
7	Rental income from investment property	307,734	443,930
	Profit on sale of property and equipment	-	563,623
	Other miscellaneous income	3,400	45,985
		311,134	1,053,538
5	OPERATING EXPENDITURE		
-	Audit fees	132,372	132,372
	Depreciation	1,863,232	1,554,616
	Staff costs	30,157,082 1,052,915	24,580,098
	Directors' emoluments (Note 6) Group cross border recharges	865,025	998,140 922,676
	Premises and equipment costs	4,265,743	4,524,652
	Value Added Tax on services	1,503,436	1,235,371
	Communication costs	1,034,844	1,186,326
	Other	3,698,348 44,572,997	3,388,979
6	DIRECTORS' EMOLUMENTS	44,312,331	38,523,230
٠	Fees for services as directors	86,000	104,500
	Pension	45,428	37,710
	Salaries	798,499	743,825
	Other emoluments	122,988 1,052,915	112,105 998,140
		1,032,513	330,140
7	TAX EXPENSE		
	Charge for taxation based on taxable income for the period	6,384,826	2,830,064
	Provision for AIDS levy	191,545	2,914,966
	Capital gains tax	6,576,371 65,348	107,500
	Prior year tax adjustment	(92,734)	1,262,724
	Deferred tax credit	(1.702.773)	(257,907)
		4,846,212	4,027,283
8	CAPITAL AND RESERVES		
٠	Tier 1 capital	64,052,408	58,375,891
	Paid up share capital	825,000	825,000
	Share premium	20,625,000	20,625,000
	Foreign currency translation reserve (limited to 75% of closing balance) Retained earnings	4,452,479 47,287,697	4,452,479 42,018,403
	Less insider loans	(46,633)	(23,301)
	Less capital allocated for market and operational risk	(9,091,135)	(9,521,690)
	Tier 2 capital Foreign currency translation reserve (limited to 25% of closing balance)	13,215,444 1,484,160	13,890,467 1,484,160
	Revaluation reserve	9,921,907	9,926,759
	General provisions	1,809,377	2,479,548
	(limited to 1.25% of risk weighted assets)		
	Total capital - Tier 1 and 2	77,267,852	72,266,358
	Tier 3 capital		
	Capital allocated for market and operational risk	9,091,135	9,521,690
	Total capital base	86,358,987	81,788,048
	Risk weighted assets	220,509,647	198,363,816
	Tier 1 capital ratio	29.05%	29.43%
	Tier 2 capital ratio	5.99%	7.00%
	Tier 3 capital ratio	4.12%	4.80%
	Capital adequacy ratio	39.16%	41.23%
9	CASH AND CASH EQUIVALENTS		
3	Cash and balances with banks	42,849,342	34,731,034
	Unrestricted balances with the Central Bank	307,213,827	164,353,757
	Total cash and cash equivalents	350,063,169	199,084,791

Operational soude of 2000-009 introduced primisation chieral which have to be towed when having lotely payments for customers. After prioritisation, foreign payments are then made subject to availability of funds with our foreign correspondent banks, resulting in possible delay of payment of foreign telegraphics transfers. However, no delay is expected in the settlement of custode legisprip transfers through the Retail Time Gross Settlement System.

		31 Dec 2017 USD	31 Dec 2016 USD
10	LIQUIDITY		- 005
	Cash and cash equivalents	350.063.169	199.084.791
	Financial assets available for sale	271.102.359	139,162,491
	Restricted balances with the Central Bank	245,400	245,400
	Total liquid assets	621,410,928	338,492,682
	Customer deposits	703,885,147	395,156,159
	Deposits from banks	668,080	2.163.520
	Total liabilities to the public	704,553,227	397,319,679
	Liquidity ratio (minimum - 30%)	88.20%	85.19%
11	FINANCIAL ASSETS AVAILABLE FOR SALE		
	Bonds and notes issued by the Government	267.844.225	135,719,643
	Money market instruments issued by other financial institutions	3,258,134	3,442,848
		271,102,359	139,162,491
11.1	Maturities		
	More than 5 years	1,287,772	1,607,772
	5 years or less but over 1 year	106,994,254	1,364,736
	1 year or less but over 3 months	102,234,620	81,957,907
	3 months or less including payable on demand	60,585,713	54,232,076
		271,102,359	139,162,491
12	LOANS AND ADVANCES TO CUSTOMERS		
12.1	Maturity analysis		
	3 months or less	60,137,129	42,714,240
	Between 3 and 12 months	29,642,258	34,648,161
	Over one year	68,805,074	53,409,734

Notes to the Audited Abridged Financial Statements (co	ntinued)	
	31 Dec 2017 USD	31 Dec 2016 USD
12.2 Loan impairment allowance		
Balance at beginning of the period	3,943,223	7,249,430
Charge/(recovery) through profit and loss	134,551	(186,807)
Provisions recognised during the period	1,358,705	1,046,316
Amounts reversed during the period	(1,224,154)	(1,233,123)
Applied against bad debts	-	(3,119,400)
Balance at end of period	4,077,774	3,943,223
2.3 Net loans and advances to customers		
Gross loans and advances to customers	158,584,461	130,772,135
Less loan impairment allowance	(4,077,774)	(3,943,223)
Less interest in suspense	(1,613,190)	(1,687,950)
Net loans and advances to customers	152,893,497	125,140,962
12.4 Non-performing loans and advances		
Total loans and advances on which interest is suspended	4,176,443	4,661,302
Interest in suspense	(1,613,190)	(1,687,950)
Specific impairment provision	(1,881,116)	(1,493,662)
Net non-performing loans and advances	682,137	1,479,690

	31 Dec 2017 USD		31 Dec 2016 USD	
	Gross	Net	Gross	Net
Past due up to 30 days	-	-	-	-
Past due up to 60 days	-	-	-	-
Past due up to 90 days	1,726,923	374,463	1,657,309	645,948
Past due up to 180 days	210,741	134,916	54,061	21,071
Past due up to 365 days	200,467	7,818	415,737	162,036
Over 1 year	2,038,312	164,940	2,534,195	650,635
•	4,176,443	682,137	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 borrowe 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

304,393 718,193 The recovery relates to loans that were previously written off.

12.0	Sectorial analysis of utilisations		31 Dec 2017 USD		31 Dec 2016 USD	
		Gross	Net	Gross	Net	
	Agriculture and horticulture	27,117,103	17%	16,702,881	18%	
	Construction and property	1,353,544	1%	1,063,643	1%	
	Commerce	13,644,688	9%	22,617,367	20%	
	Mining	-	0%	6,000,000	3%	
	Manufacturing	39,781,466	25%	42,274,573	30%	
	Transport	99,468	0%	232,208	1%	
	Individual loans	66,877,446	42%	41,075,495	26%	
	Other	9,710,746	6%	805,968	1%	
	Total	158,584,461	100%	130,772,135	100%	
13	OTHER ASSETS			31 Dec 2017 USD		
13	Accrued interest receivable			USD 468,749	USC 415,977	
3	Accrued interest receivable Amounts due from other SCB subsidiaries			468,749 1,093,502	415,977 732,424	
13	Accrued interest receivable Amounts due from other SCB subsidiaries Property sales receivable			468,749 1,093,502 1,241,609	415,977 732,424 760,000	
13	Accrued interest receivable Amounts due from other SCB subsidiaries Property sales receivable Prepaid taxes			468,749 1,093,502 1,241,609 30,178	415,977 732,424 760,000 1,488,648	
13	Accrued interest receivable Amounts due from other SCB subsidiaries Property sales receivable			468,749 1,093,502 1,241,609 30,178 253,209	31 Dec 2016 USD 415,977 732,424 760,000 1,488,648 884,044	
13	Accrued interest receivable Amounts due from other SCB subsidiaries Property sales receivable Prepaid taxes			468,749 1,093,502 1,241,609 30,178	415,977 732,424 760,000 1,488,648	
	Accrued interest receivable Amounts due from other SCB subsidiaries Property sales receivable Prepaid taxes	NTRAL BANK		468,749 1,093,502 1,241,609 30,178 253,209	415,977 732,424 760,000 1,488,648 884,044	
13	Accrued interest receivable Amounts due from other SCB subsidiaries Property sales receivable Prepaid taxes Sundry and suspense accounts	NTRAL BANK		468,749 1,093,502 1,241,609 30,178 253,209	415,977 732,424 760,000 1,488,648 884,044	

Restricted balances with the Central Bank relate to customer foreign currency account funds ("FCA") that were transferred to the Central Bank during the Zimbabwe dollar era in line with exchange control regulations in force at the time. These balances are not available for use in the Bank's day to day operations.

				31 Dec 2017 USD	31 Dec 2016 USD
15	INVESTMENT PROPERTY Balance at the beginning of period Disposals Transfer to non-current assets held for sale Balance at end of the period			3,000,000	6,050,000 (800,000) (2,250,000) 3,000,000
16	PROPERTY AND EQUIPMENT			.,,	
	Balance at the beginning of the period Additions Disposals			26,183,890 4,192,069 (95,720)	30,684,104 2,673,274 (960,872)
	Transfer to non-current assets held for sale Depreciation charge			(1,863,232) 28.417.007	(4,658,000) (1,554,616)
17	Balance at end of the period DEPOSITS FROM CUSTOMERS			20,417,007	26,183,890
	Maturity analysis Payable on demand 3 months or less			703,885,147 668,080	392,398,409 57,750
				704,553,227	392,456,159
		3	31 Dec 2017	3	1 Dec 2016
	Concentration of customer deposits		USD		USD
	Individuals	104,896,520	15%	95,869,861	24%
	Agriculture	34,586,737	5%	10,436,682	3%
	Mining	1,730,915	0%	2,237,097	1%

0% 17% 6% 0% 10%

2,237,097 55,080,255 89,786,614 35,333,868

	Financial institutions	193,027,818	27%	27,722,973	7%
		704,553,227	99%	395,156,159	100%
				31 Dec 2017 USD	31 Dec 2016 USD
18	DEPOSITS FROM BANKS Deposits from related banks Deposits from other banks			17,175 12,635 29,810	717,357 1,446,163 2,163,520
19	OTHER LIABILITIES Accrued interest payable Remitlances in transit International card settlement Long service award Local card suspense Group cross border recharges Provisions (Note 20) Redundancy accrual Other			2,005 5,234,105 4,025,915 3,328,000 36,244 743,977 6,597,754 4,855,361 1,794,624 26,617,985	131 2,634,580 3,065,304 3,146,004 1,544,718 6,767,836 5,701,454 818,173 2,418,424 26,096,624
			Performance	Other accrued	
			bonus	expenses	Total
•	PDOMOIONO		USD	USD	USD
20	PROVISIONS		0.040.000	0.054.705	5 704 454
	Balance at 1 January 2017		2,649,689	3,051,765	5,701,454
	Provisions made during the period		3,099,822	3,497,932	6,597,754

Provisions reversed	-	(434,067)	(434,067)
Provision paid during the period	(2,649,689)	(2,617,698)	(5,267,387)
Balance at 31 December 2017	3,099,822	3,497,932	6,597,754
Balance at 1 January 2016	2,318,549	4,888,491	7,207,040
Provisions made during the period	2,649,689	3,051,765	5,701,454
Provisions reversed during the period	-	(1,189,022)	(1,189,022)
Provisions paid during the period	(2,318,549)	(3,699,469)	(6,018,018)
Balance at 31 December 2016	2.649.689	3.051.765	5.701.454

Performance bonus
The provision is recognised for expected bonus payments to employees. It is expected that the bonus will be paid in the next financial year. The bonus provision was based on the Bank's financial results for the current financial year, the Bank's policy and the history of actual payments. The final payment is subject to approval by the Directors.

Included in other accrued expenses is staff leave pay accrual of USD1,329,745 (2016: USD1,312,684) and a tax provision of USD1,237,000 (2016: USD1,237,000).

	31 Dec 2017 USD	31 Dec 2016 USD
CONTIGENT LIABILITIES Letters of credit Foreign currency forwards Disputed FCA balances Guarantees Other commitments	386,410 5,241,439 265,000 21,782,465 30,334,652 58,009,966	287,371 3,901,898 769,000 13,611,123 35,035,669 53,605,061

ged Financial Statements (continued)

	Up to 1 month USD	1 month to 3 months USD	Up to 1 year USD	Over 1 year USD	Non Interest bearing USD	Total USD
Assets						
Cash and cash equivalents	-	-	-	-	350,063,169	350,063,169
Financial assets available for sale	7,674,952	52,910,761	102,234,620	108,282,026	-	271,102,359
Loans and advances to customers	29,188,883	20,948,246	29,642,258	73,114,110	-	152,893,497
Non current assets held for sale	-	-		-	5,208,000	5,208,000
Other assets	-	-		-	3,087,247	3,087,247
Current tax asset	-	-	-	-	226,462	226,462
Restricted balances with the						
Central Bank	-	-	-	-	245,400	245,400
Investment property	-	-		-	3,000,000	3,000,000
Property and equipment	-	-	-	-	28,417,007	28,417,007
Deferred tax asset	-	-	-	-	1,554,124	1,554,124
	36,863,835	73,859,007	131,876,878	181,396,136	391,801,409	815,797,265
Equity and liabilities						
Shareholders' funds	-	-	-	-	84,596,243	84,596,243
Deposits from customers	704,553,227	-	-	-		704,553,227
Deposits from banks	-	-	-	-	29,810	29,810
Other liabilities	-	-	-	-	26,617,985	26,617,985
	704.553.227				111.244.038	815,797,265

(667,689,392) 73,859,007 131,876,878 181,396,136 280,557,371

(667,689,392) (593,830,385) (461,953,507) (280,557,371)

Cumulative gap

Interest rate repricing gap

:3	LIQUIDIT T GAP ANALTSIS						
		Up to 1	1 month to	Up to 1	Over 1	Non Interest	
		month USD	3 months USD	year USD	year USD	bearing USD	Total USD
	Assets	- 005				- 005	- 000
	Cash and cash equivalents	350,063,169	-	-	-	-	350,063,169
	Financial assets available for sale	7,674,952	52,910,761	102,234,620	108,282,026	-	271,102,359
	Loans and advances to customers	29,188,883	20,948,246	29,642,258	73,114,110	-	152,893,497
	Non current assets held for sale	-	-	-	-	5,208,000	5,208,000
	Other assets	3,087,247	-	-	-	-	3,087,247
	Current tax asset	-	-	226,462	-	-	226,462
	Restricted balances with the						
	Central Bank	-	-	-	245,400		245,400
	Investment property	-	-	-	-	3,000,000	3,000,000
	Property and equipment Deferred tax asset	-	-	-	-	28,417,007 1.554.124	28,417,007 1,554,124
	Deletted tax asset	390.014.251	73,859,007	132,103,340	181.641.536	38,179,131	815,797,265
		390,014,231	13,039,001	132,103,340	101,041,030	30,179,131	013,797,203
	Equity and liabilities						
	Shareholders' funds		-	-		84,596,243	84,596,243
	Deposits from customers	704,553,227	-	-	-	-	704,553,227
	Deposits from banks	29,810	-	-	-	-	29,810
	Other liabilities	10,042,246	-	-	3,328,000	13,247,739	26,617,985
		714,625,283			3,328,000	97,843,982	815,797,265
	Liquidity gap	(324,611,032)	73,859,007	132,103,340	178,313,536	(59,664,851)	
	Liquidity gap	(324,011,032)	13,039,007	132,103,340	110,313,330	(33,004,031)	
	Cumulative gap	(324,611,032)	(250,752,025)	(118,648,685)	59,664,851	-	

24 MANAGED FUNDS

The Bank holds a custodianship in respect of assets owned by certain pension funds and private clients. In the event that the Bank defaults in executing its custodial duties, it may be held liable by third parties

25 RESERVE BANK OF ZIMBABWE ON-SITE EXAMINATION

The latest on-site examination of the Bank was conducted as at 31 March 2014 and the Bank was given an overall rating of "2", which is a satisfactory rating using the CAMELS model. This rating was largely premised on the Bank's strong capital base and satisfactory earnings performance. The following table shows the rating by each of the six components

CAMELS component	Latest rating
Capital adequacy	1
Asset Quality	3
Management	2
Earnings	2
Liquidity	1
Sensitivity to Market Risk	1
Composite rating	2

Key 1 Strong 2 Satisfactory 3 Fair 4 Weak 5 Critical

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

Interpretation of the risk matrix

3% 1% 14% 23% 0% 9% 19%

Low: reflects a lower than average probability of an adverse impact on a bank's capital and earnings. Losses in a functional area with a low inherent risk would have little negative impact on the bank's overall financial condition. Moderate: could reasonably be expected to result in a loss that could be absorbed by a bank in the normal course of

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

Weak: risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the bank. The bank's risk management systems are lacking in important ways and are 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 bank might be having some minor risk management weaknesses, these have been recognised and are being addressed. Management information systems are generally adequate.

Strong: there is evidence of effective management controls on all risks inherent across functional areas. The Board and senior management are active participants in managing risk, setting appropriate policy frameworks, defining a bank's risk tolerance levels and ensuring that responsibilities and accountabilities are effectively communicated.

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

oderate: risk management system appropriately mitigates inherent risk. For a given low risk 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 organization.

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 financial 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 the 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.

EXTERNAL CREDIT RATING

Rating agent	2017	2016	2015
Global Credit Rating company	AA-	AA-	AA-

By order of the Board

C. Kamba Company Secretary