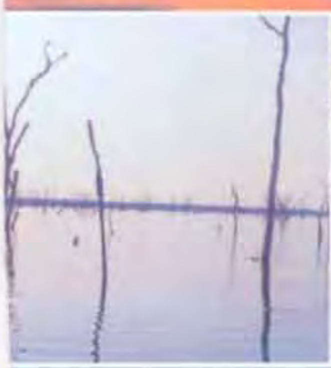
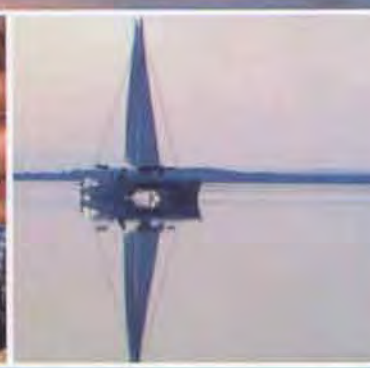
Annual Report 2008





NMBZ Holdings Limited

GROUP PROFILE

The NMBZ Holdings Group comprises of NMB Bank Limited (the Bank), Carey Farm (Private) Limited (property owning) and Stewart Holdings Limited (equity holdings).

The Bank was established in 1993 as a bank incorporated under the Companies Act (Chapter 24:03) and is registered as a commercial bank in terms of the Banking Act (Chapter 24:20). It operates through a branch network in Harare, Bulawayo, Mutare and Gweru. The Bank's product offering is constantly growing to service customers and meet demands in suitable and convenient locations. Set out below are the Bank's locations:

Head Office – Unity Court, Corner Kwame Nkrumah Avenue/First Street, Harare

Angwa City – Corner Kwame Nkrumah Avenue/Angwa Street, Harare

Borrowdale – Shops 37 & 38, Sam Levy's Village, Harare

Eastgate – Shop 24, Eastgate Mall, Corner Sam Nujoma Street/Robert Mugabe Road, Harare

Msasa – 77 Amby Drive, Harare

Southerton – 7 - 9 Plymouth Road, Harare

Bulawayo Corporate Banking – First Mutual Life Building, Corner Ninth Avenue/Main Street, Bulawayo

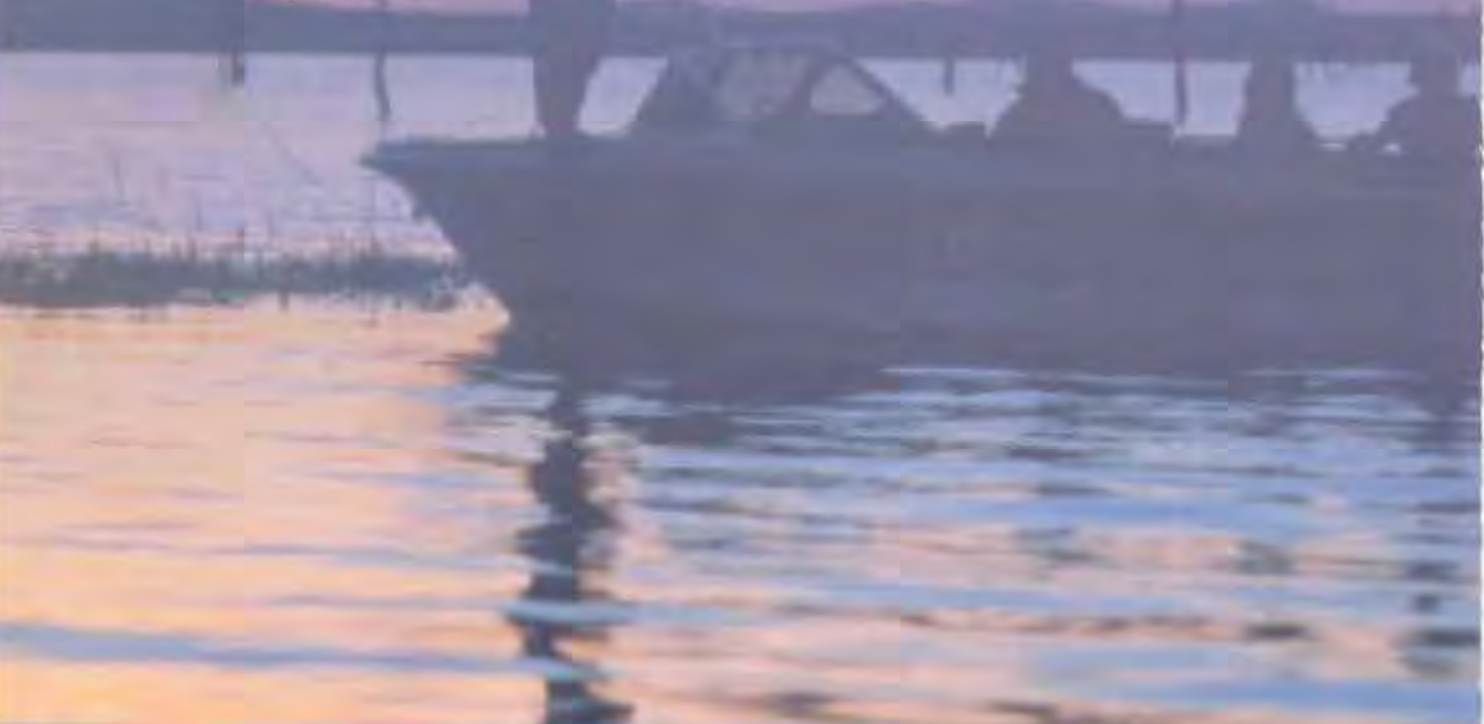
Bulawayo Retail – NMB Centre, Corner George Silundika Street/Leopold Takawira Street, Bulawayo

Mutare – Embassy Building, Corner Aerodrome Road/Second Street, Mutare

Gweru – 36 Robert Mugabe Road, Gweru

The Bank's ATM network, covers the following locations:

- Angwa City – Harare
- Borrowdale – Harare
- Card Centre – Harare
- Eastgate – Harare
- NMB Centre – Bulawayo
- Msasa - Harare
- Mutare
- Gweru



CONTENTS

HIGHLIGHTS

	2008 Z$ trillion	2007 Z$ trillion
Historical		
Attributable profit	125 466 224 688	-
Basic earnings per share	77	-
Total deposits	105 107 857 291	-
Shareholders' funds	230 742 119 001	-

Enquiries:

NMBZ HOLDINGS LIMITED	**Tel: +263-4-759 651/9**
Benefit P. Washaya, Chief Executive Officer	**benefitw@nmbz.co.zw**
Benson Ndachena, Chief Financial Officer	**bensonn@nmbz.co.zw**
Website:	**http://www.nmbz.co.zw**
Email:	**enquiries@nmbz.co.zw**

CHAIRMAN'S STATEMENT

The year under review was characterized by:

- Rapidly rising inflation
- High money supply growth
- Accelerating domestic and external debt
- Negative interest rates
- Supply side constraints

GROUP RESULTS

Compliance with International Financial Reporting Standards

The existence of hyperinflation as defined by International Accounting Standard (IAS) 29 "*Reporting in Hyperinflationary Economies*" was formally identified in Zimbabwe by the Zimbabwe Accounting Practices Board, which decided that IAS 29 would be applied for financial periods beginning on or after 1 January 2000. The results of the Group have not been adjusted to reflect the changes in the general level of prices due to unavailability of official Consumer Price Indices(CPI) as these were last published for July 2008. Consequently, these results have not been prepared in compliance with IAS 29, which requires the adjustment of the financial statements on the basis of the inflation indices over the reporting period and a restatement of prior year comparative figures.

An adverse audit opinion has been issued on the results of the Group as the financial statements have not been prepared in accordance with IAS 29 due to the absence of official inflation statistics.

Comparative figures

The Zimbabwe dollar was debased on 1 August 2008 by the removal of ten zeros and consequently, as the figures are reported in trillions, all the comparative figures are nil.

The Zimbabwe dollar was further debased on 1 February 2009 by the removal of an additional twelve zeros. As this was subsequent to 31 December 2008, the figures presented in this statement have not been adjusted for this effect.

Commentary on results

The profit before taxation was Z$150 113 390 956 trillion during the period under review. A historical cost attributable profit of Z$125 466 224 688 trillion was recorded for the year. Net interest income was Z$1 274 662 330 trillion. Non-interest income amounted to Z$234 847 412 514 trillion and this was mainly as a result of fair value adjustments on investment properties.

Operating expenses amounted to Z$26 209 605 370 trillion largely driven by forex denominated expenses.

While a conservative approach continues to be taken with respect to provisions for bad and doubtful debts, the charge amounted to Z$469 156 306 trillion for the current year. This is reflective of the loans and advances which amounted to Z$2 426 716 390 trillion at 31 December 2008, as well as a prudent lending policy in an uncertain environment.

Dividend

In light of the need to conserve cash in the business, the Board has proposed not to declare a dividend.

CHAIRMAN'S STATEMENT (Continued)

BALANCE SHEET

The Group's total asset base was Z$419 659 855 890 trillion and comprised mainly of financial assets at fair value through profit and loss (Z$120 000 056 trillion), cash and short term funds (Z$47 187 135 390 trillion), investment properties (Z$214 900 000 000 trillion) and property and equipment (Z$131 600 000 000 trillion).

Capital

The banking subsidiary's capital adequacy ratio at 31 December 2008 calculated on the historical cost basis in accordance with the guidelines of the Reserve Bank of Zimbabwe (RBZ) was 62% (31 December 2007 – 20.21%). The minimum required by the RBZ is 10%.

The Group will continue to monitor and manage its capital base in view of market and economic developments.

OUTLOOK AND STRATEGY

The advent of the inclusive government and the changing political and economic landscape will usher in a conducive environment for business. The company will reconfigure itself in response to the new operating environment.

DIRECTORATE

There were no changes to the Company's directorate during the period.

APPRECIATION

I would like to thank our clients for their support and patience during the year under review. In addition, I would like to thank the Monetary Authorities for their wise counsel and guidance. I would also like to express my appreciation and gratitude to my fellow Board members, management and staff for their commitment and dedication during this particularly difficult year.

GIBSON MANYOWA MANDISHONA
CHAIRMAN

7 May 2009

REPORT OF THE DIRECTORS

as at 31 December 2008

We have pleasure in presenting to shareholders our report and the audited financial statements of the Group for the year ended 31 December 2008.

1. SHARE CAPITAL

The authorised and issued share capital of the Company are as follows:-

1.1 Authorised: 2 250 000 000 ordinary shares of Z$0.000000000000025 each

1.2 Issued and fully paid: 1 641 258 229 ordinary shares of Z$0.000000000000025 each

A total of 33 099 170 share options were exercised by directors and managerial staff during the year.

2. GROUP ACTIVITIES AND RESULTS

After providing for depreciation and taxation, the Group posted a historical cost consolidated profit for the year of Z$125 466 224 688 for the year ended 31 December 2008.

3. CAPITAL ADEQUACY

At 31 December 2008, the Bank's capital adequacy ratio computed under Bank for International Settlements (BIS) rules was 62% (2007 – 20.21%) based on historical cost figures.

4. DIRECTORATE

4.1 Board of Directors

G M Mandishona	(Chairman)
A M T Mutsonziwa	(Non-executive director)
B P Washaya*	(Chief Executive Officer)
B Ndachena*	(Chief Financial Officer)
J A Mushore	(Non-executive director)
J T Makoni	(Non-executive director)
C Chipato	(Non-executive director)
B W Madzivire	(Non-executive director)
M Mudukuti	(Non-executive director)
L Majonga (Ms)	(Non-executive director)
T N Mundawarara	(Non-executive director)
J Chigwedere	(Non-executive director)

*Executive

In accordance with the Articles of Association, Dr G M Mandishona and Mr B Ndachena will retire by rotation at the forthcoming Annual General Meeting (AGM). All retiring directors, being eligible, offer themselves for re-election.

REPORT OF THE DIRECTORS (Continued)

as at 31 December 2008

4.2 Directors' Interests

As at 31 December 2008 the Directors held the following direct and indirect beneficial interests in the shares of the Company:-

	31 December 2008 Shares	31 December 2007 Shares
J T Makoni	6 447 904	6 447 904
G M Mandishona	-	-
B P Washaya	20 692	-
T N Mundawarara	5 824	-
B W Madzivire	-	-
C Chipato	-	-
L Majonga	-	-
M Mudukuti	-	-
J Chigwedere	-	-
J A Mushore	-	-
A M T Mutsonziwa	70 560	70 560
B Ndachena	4 982 717	1 558 223
	11 527 697	8 076 687

4.3 Total share options granted to executive directors

	Share Options 31 December 2008	Share Options 31 December 2007
B P Washaya	6 000 000	-
F S Mangozho	3 000 000	-
B Ndachena	-	4 000 000
	9 000 000	4 000 000

REPORT OF THE DIRECTORS (Continued)

as at 31 December 2008

4.4 Directors' attendance at meetings

4.4.1 Board of Directors

Name	Meetings	Attended
1. Dr G M Mandishona	7	7
2. B P Washaya	7	7
3. Dr J T Makoni	7	nil
4. B W Madzivire	7	6
5. J A Mushore	7	nil
6. A M T Mutsonziwa	7	4
7. L Majonga (Ms)	7	7
8. B Ndachena	7	7
9. M Mudukuti	7	7
10. C Chipato	7	7
11. T N Mundawarara	7	7
12. J Chigwedere	4	4

4.4.2 Audit Committee

Name	Meetings	Attended
1. B W Madzivire	4	4
2. A M T Mutsonziwa	4	3
3. L Majonga (Ms)	4	4

4.4.3 Remuneration Committee

Name	Meetings	Attended
1. M Mudukuti	4	4
2. Dr G M Mandishona	4	4
3. B W Madzivire	4	4

4.4.4 Loans Review Committee

Name	Meetings	Attended
1. A M T Mutsonziwa	4	2
2. C Chipato	4	4
3. M Mudukuti	4	4

4.4.5 Risk Committee

Name	Meetings	Attended
1. T N Mundawarara	3	3
2. L Majonga (Ms)	3	3
3. J Chigwedere	3	3
4. B P Washaya	3	3

REPORT OF THE DIRECTORS (Continued)

as at 31 December 2008

4.4.6 ALCO, Finance & Strategy Committee

Name	Meetings	Attended
1. C Chipato	3	3
2. T N Mundawarara	3	3
3. B P Washaya	3	3
4. B Ndachena	3	3

5. CORPORATE GOVERNANCE

The Bank follows a set of principles of Corporate Governance derived from the Code of Best Practice of the combined code of the United Kingdom, the King II Report of South Africa and the Reserve Bank of Zimbabwe (RBZ) Corporate Governance Guidelines. In line with these principles, the Board has an Audit Committee and a Remuneration Committee. In addition the Board has a Loans Review Committee as required by the RBZ.

5.1 The Board of Directors

The number and calibre of the Bank's non-executive directors enables them to have a significant impact on the Board's decisions. There are twelve directors of whom, ten are non-executive directors. The chairman of the Board, and of all the Board committees are non-executive directors. The Board meets at least four times a year.

5.2 Audit Committee

The committee meets regularly with the company's internal and external auditors and executive management to review the adequacy of and compliance with the company's accounting, auditing, internal and statutory reporting procedures.

Membership:	B W Madzivire	(Chairman and non-executive director)
A M T Mutsonziwa	(Non-executive director)	
L Majonga	(Non-executive director)	

5.3 Remuneration Committee

This committee sets the remuneration of executive directors and approves the guidelines for the Bank's pay reviews.

Membership:	M Mudukuti	(Chairman and non-executive director)
	G M Mandishona	(Non-executive director)
	B W Madzivire	(Non-executive director)

5.4 Loans Review Committee

The Loans Review Committee, chaired by a non-executive director, meets regularly to review the Bank's loan book for compliance with the board's lending policies and to assess the adequacy of impairment on loans and receivables. The members are independent of the lending process as required by the RBZ.

Membership:	A M T Mutsonziwa	(Chairman and non-executive director)
	C Chipato	(Non-executive director)
	M Mudukuti	(Non- executive director)

REPORT OF THE DIRECTORS (Continued)

as at 31 December 2008

5.5 Credit Committee

The Committee approves all credit facilities in terms of the board's lending policies.

Membership:	T N Mundawarara (Chairman and non-executive director)
	G M Mandishona (Non-executive director)
	B P Washaya (Chief Executive Officer)
	B Ndachena (Chief Financial Officer)

5.6 ALCO, Finance and Strategy Committee

The Committee examines the Group's Assets and Liabilities, strategies and significant financial matters and monitors the business and financial strategies of the Company.

Membership:	C Chipato (Chairman and non-executive director)
	T N Mundawarara (Non-executive director)
	B P Washaya (Chief Executive Officer)
	B Ndachena (Chief Financial Officer)
	F S Mangozho (Executive Director – Treasury)
	L Chinyamutangira (Divisional Director – Banking)

5.7 Risk Committee

The Committee examines all the groupwide risks confronting the company.

Membership:	T N Mundawarara (Non-executive director)
	L Majonga (Non-executive director)
	J Chigwedere (Non-executive director)
	B P Washaya (Chief Executive Officer)
	FS Mangozho (Executive Director - Treasury)

5.8 Professional Advice

The non-executive directors have access to independent professional advice at the Bank's expense.

6. AUDITORS

At the forthcoming Annual General Meeting, shareholders will be asked to appoint auditors of the Company and to authorise the directors to fix the auditors' remuneration for the past year.

By order of the Board

B Ndachena
Acting Company Secretary

Harare

7 May 2009

STATEMENT OF DIRECTORS' RESPONSIBILITY

for the year ended 31 December 2008

1. RESPONSIBILITY

These financial statements are the responsibility of the directors. This responsibility includes the setting up of internal control and risk management processes, which are monitored independently. The information contained in these financial statements has been prepared on the going concern basis and is in accordance with the provisions of the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:20) and International Financial Reporting Standards (with the exception of International Accounting Standard 29).

2. CORPORATE GOVERNANCE

The Group adheres to principles of corporate governance derived from the King II Report, the United Kingdom Combined Code and the RBZ Corporate Governance Guidelines. The Group is cognisant of its duty to conduct business with due care and in good faith in order to safeguard all stakeholders' interests.

3. BOARD OF DIRECTORS

Board appointments are made to ensure a variety of skills and expertise on the Board. Non-executive directors are of such calibre as to provide independence to the Board. The Chairman of the Board is a non-executive director. The Board is supported by various committees in executing its responsibilities. The Board meets at least quarterly to assess risk, review performance and provide guidance to management on both operational and policy issues.

The board conducts an annual peer based evaluation on the effectiveness of its activities. The process involves the members evaluating each other collectively as a board and individually as members. The evaluation, as prescribed by the RBZ, takes into account the structure of the board, effectiveness of committees, strategic leadership, corporate social responsibility, attendance and participation of members and weaknesses noted. Remedial plans are invoked to address identified weaknesses with a view to continually improve the performance and effectiveness of the board and its members.

4. INTERNAL FINANCIAL CONTROL

It is the responsibility of the Board to ensure that effective financial controls are implemented in the Group. Internal controls focus on critical risk areas and are based on established policies and procedures. Adequate segregation of duties is in place to enhance the effectiveness of these controls. The Board monitors the effectiveness of these controls through reviews by the Audit Committee and independent evaluation by the external auditors.

The internal financial controls are designed to:-

- provide reasonable assurance of the integrity and reliability of financial information;
- safeguard income and assets; and
- prevent and detect fraud.

5. GOING CONCERN

The financial statements are prepared on the going concern basis. The Directors have assessed the ability of the company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the company to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

In the opinion of the directors, the Group's business is sound and adequate resources exist to support this basis.

STATEMENT OF DIRECTORS' RESPONSIBILITY (Continued)

for the year ended 31 December 2008

6. INTERNAL AUDIT

The internal audit activities have formally defined purposes, authority and responsibility consistent with the Institute of Internal Auditors' definition of internal auditing and include evaluating the effectiveness of the processes by which risks are identified, prioritised, managed and controlled. To this end a systematic, disciplined and objective approach has been developed to help the Group to accomplish its objectives and assist in evaluating and improving the effectiveness of risk management, control and governance processes. The internal audit activities include reviews of the reliability and integrity of financial and operating information, the systems of internal control, the means of safeguarding assets, the efficient management of the Group's resources, and the conduct of its operations.

7. AUDIT COMMITTEE

The Audit Committee comprising of non-executive directors and chaired by a non-executive director meets regularly to review the internal control environment, audit processes and financial reporting. The internal and external auditors have unrestricted access to the Audit Committee.

8. REMUNERATION COMMITTEE

The Remuneration Committee comprising of non-executive directors and chaired by a non-executive director determines the Group's policy for executive remuneration and pay reviews for staff. It sets individual remuneration terms and packages for executive directors and other senior executives. The remuneration policy is designed to reward performance and to retain high quality individuals. Accordingly, a discretionary performance related bonus is offered in addition to a basic salary package whilst a discretionary share option scheme has been introduced to facilitate the retention of senior executives.

9. LOANS REVIEW COMMITTE

The Loans Review Committee, chaired by a non-executive director, meets regularly to review the banking subsidiary's loan book for compliance with the Board's lending policies and for the adequacy of impairment loss on loans and receivables.

10. EMPLOYEE PARTICIPATION AND DEVELOPMENT

The Group encourages active participation by its employees in its ownership. In line with this commitment, managerial employees participate in the company's share option scheme. The Group is also committed to enhancing the skills of its staff and sponsors attendance at courses at reputable local and international institutions.

11. SOCIAL RESPONSIBILITY

The Group recognises its responsibility in the society within which it operates. Pursuant to this, the Group sponsors the arts and sports and also donates to deserving charities from time to time.

12. REGULATION

The banking subsidiary is subject to regulation by the RBZ and the Registrar of Banks and Financial Institutions. Where appropriate the Group participates in industry-consultative committees and discussion groups aimed at enhancing the business environment.

STATEMENT OF DIRECTORS' RESPONSIBILITY (Continued)

for the year ended 31 December 2008

13. FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the balance sheet at 31 December 2008, and the income statement, the statement of changes in equity and cash flow statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and legislative and regulatory requirements.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the company's ability to continue as a going concern as at the reporting date and have no reason to believe the business will not be a going concern in the year ahead, however this will be continuously assessed.

Approval of the financial statements

The financial statements of the company and Group, appearing on pages 14 to 58, were approved by the board of directors on 7 May 2009 and are signed on their behalf by:

G M Mandishona
Chairman

Date: 7 May 2009

B P Washaya
Chief Executive Officer

Date: 7 May 2009

ERNST & YOUNG

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NMBZ HOLDINGS LIMITED

We have audited the accompanying group financial statements of NMBZ Holdings Limited set out on pages 14 to 58, which comprise the balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Director's Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions of the Zimbabwe Companies Act (Chapter 24:03). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion, except for the scope limitation stated under the paragraph "basis of adverse opinion".

Basis of adverse opinion on compliance with International Financial Reporting Standards

The Zimbabwe economy is recognised as being hyperinflationary for purposes of financial reporting. These financial statements have not been prepared in conformity with International Financial Reporting Standards in that the requirements of International Accounting Standard (IAS) 29, (*Financial Reporting in Hyperinflationary Economies*) have not been complied with. The Standard requires that financial statements that report in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the balance sheet date.

The non-compliance with IAS 29 arises from the inability to reliably measure inflation due to the interaction of multiple economic factors which are pervasive to the Zimbabwean economic environment as explained in Note 35.

The scope of our work was limited in that we could not obtain sufficient appropriate audit evidence in respect of foreign currency denominated accruals for Information Technology services.

Adverse opinion on non-compliance with International Financial Reporting Standards

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion paragraph, the financial statements do not give a true and fair view of the financial position of the group and company as at December 31 2008, and of the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on legal and regulatory requirements

These financial statements have been properly prepared in accordance with the accounting policies set out on pages 18 to 25, and comply with the disclosure requirements of the Companies Act (Chapter 24:03) and the Banking Act (Chapter 24:20).

Emphasis of matter

Without further qualifying our opinion, we draw your attention to Note 36 to the financial statements, in respect of the following:

Going concern assumption

The operations of the Company, have been significantly affected, and may continue to be affected for the foreseeable future, by the adverse effects of the country's unstable economic environment which has resulted in a significant downturn in economic activity. The ability of the company to continue operating as a going concern, in such an environment, is subject to continual assessment.

Fair value determination for transactions, assets and liabilities

The determination of fair values presented in the financial statements is affected by the prevailing economic environment and may therefore be distorted. This may result in significant variations in fair values, depending on factors and assumptions used in the determination of the fair values. The significant assumptions and the estimation uncertainties pertaining to transactions and items that are carried at fair value have been disclosed in Note 2.4, Note 35 and Note 36 to these financial statements.

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)

12 June 2009

INCOME STATEMENTS

for the year ended 31 December 2008

		HISTORICAL	
	Note	2008	2007
		Z$ trillion	Z$ trillion
Interest income	3	1 288 157 794	-
Interest expense		(13 495 464)	-
Net interest income		1 274 662 330	-
Net foreign exchange losses	4	(59 329 922 212)	-
Non-interest income	4	234 847 412 514	-
Net operating income		176 792 152 632	-
Operating expenditure	5	(26 209 605 370)	-
Impairment losses on loans and advances		(469 156 306)	-
Profit before taxation		150 113 390 956	-
Taxation	6	(23 780 437 749)	-
Financial institutions levy	6	(866 728 519)	-
Profit for the year		125 466 224 688	-
Earnings per share (Z$ trillion)			
- Basic	7	76.76	-
- Headline	7	(38.17)	-
- Diluted basic	7	75.80	-
- Diluted headline	7	(37.68)	-

HISTORICAL COST BALANCE SHEETS

as at 31 December 2008

		GROUP		COMPANY	
	Note	2008	2007	2008	2007
SHAREHOLDERS' FUNDS		Z$ trillion	Z$ trillion	Z$ trillion	Z$ trillion
Share capital	9	-	-	-	-
Capital reserves	10	105 280 000 017	-	-	-
Revenue reserve	11	125 462 118 984	-	3 776 564 000	-
Total shareholders' funds		230 742 119 001	-	3 776 564 000	-
LIABILITIES					
Deposits and other accounts	12	137 924 059 052	-	-	-
Financial liabilities	13	28 347 562	-	-	-
Provision for current taxation	6	869 337 330	-	-	-
Deferred taxation	14	50 095 992 945	-	944 166 000	-
		419 659 855 890	-	4 720 730 000	-
ASSETS					
Cash and cash equivalents	15	47 187 135 390	-	-	-
Financial assets at fair value through profit & loss	13	120 000 056	-	-	-
Available-for-sale financial assets	13	235 269	-	-	-
Advances and other accounts	16	5 887 252 878	-	-	-
Group company loan	17	-	-	-	-
Investments:-					
Trade investment	18	-	-	-	-
Group companies	19			-	-
Quoted and other investments	20	19 965 232 297	-	4 720 730 000	-
Investment properties	21	214 900 000 000	-	-	-
Property and equipment	22	131 600 000 000	-	-	-
		419 659 855 890	-	4 720 730 000	-

....)
G M MANDISHONA
) Directors
....)
B P WASHAYA

7 May 2009

....
B NDACHENA
Acting Company Secretary

7 May 2009

HISTORICAL COST STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2008

GROUP

	Share Capital Z$ trillion	Share Premium Z$ trillion	Revaluation Reserve Z$ trillion	Accumulated Profit Z$ trillion	Total Z$ trillion
	← Capital Reserves →				
Balances at 1 January 2008	-	-	-	-	-
Profit for the year	-	-	-	125 466 224 688	125 466 224 688
General provision for doubtful debts RBZ grading	-	-	-	(5 941 670)	(5 941 670)
Deferred tax on general provision	-	-	-	1 835 976	1 835 976
Revaluation of properties	-	-	131 600 000 000	-	131 600 000 000
Deferred tax on revaluation of properties	-	-	(26 319 999 983)	-	(26 319 999 983)
Own equity instruments (note 9.3)	-	-	-	(10)	(10)
Dividends paid	-	-	-	-	-
Balances at 31 December 2008	-	-	105 280 000 017	125 462 118 984	230 742 119 001

COMPANY

	Share Capital Z$ trillion	Share Premium Z$ trillion	Revaluation Reserve Z$ trillion	Accumulated Profit Z$ trillion	Total Z$ trillion
	← Capital Reserves →				
Balances at 1 January 2008	-	-	-	-	-
Profit for the year	-	-	-	3 776 564 000	3 776 564 000
Dividends paid	-	-	-	-	-
Balances at 31 December 2008	-	-	-	3 776 564 000	3 776 564 000

CONSOLIDATED CASH FLOW STATEMENTS

for the year ended 31 December 2008

	HISTORICAL	
CASH FLOWS FROM OPERATING ACTIVITIES	2008	2007
	Z$'trillion	Z$ trillion
Profit before taxation	150 113 390 956	-
Non-cash items		
Impairment losses on loans and advances	469 156 306	-
Investment properties fair value adjustment	(214 900 000 000)	-
Quoted and other investments fair value adjustment	(19 915 416 850)	-
Operating cash flows before changes in operating assets and liabilities	(84 232 869 588)	-
Changes in operating assets and liabilities		
Financial liabilities	28 347 562	-
Deposits and other accounts	137 924 059 052	-
Advances and other accounts	(6 362 350 854)	-
Financial assets at fair value through profit and loss	(120 000 056)	-
Available-for-sale securities	(235 269)	-
	47 236 950 847	-
Taxation		
Corporate tax paid (note 6.4)	-	-
Net cash inflow from operating activities	47 236 950 847	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment		-
Purchase of quoted and other investments	(49 815 447)	-
Net cash outflow from investing activities	(49 815 447)	-
Net cash inflow before financing activities	47 187 135 400	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of own equity instruments	(10)	-
Dividends paid	-	-
Net cash outflow from financing activities	(10)	-
Net increase in cash and cash equivalents	47 187 135 390	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at the end of the year (note 15)	47 187 135 390	-

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 December 2008

The following paragraphs describe the main accounting policies applied consistently by the Group.

ACCOUNTING CONVENTION

As the banking subsidiary, NMB Bank Limited, constitutes the major part of the Group, the financial statements have been presented in a form applicable to a Commercial Bank registered in terms of the Banking Act (Chapter 24:20) and in conformity with International Financial Reporting Standards promulgated by the International Accounting Standards Board (IASB). International Financial Reporting Standards (IFRS's) include standards and interpretations of IFRSs and International Accounting Standards (IASs) developed by the International Financial Reporting Interpretations Committee (IFRIC) and approved for issue by the IASB as well as IAS's and Standards Interpretation Committee (SIC) interpretations issued under previous constitutions. The Group's financial statements are presented at least annually.

The accounting policies outlined below have been consistently applied by the Group.

BUSINESS COMBINATIONS

Business combinations are accounted for in accordance with the Purchase Method.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries. All companies in the Group have a December year end. Inter-group transactions and balances are eliminated on consolidation.

Subsidiaries

Subsidiaries are those enterprises controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements, using the Purchase Method, from the date that control effectively commences until the date that control effectively ceases.

Goodwill

Goodwill acquired in a business combination is recognised as an asset and is measured initially at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. Subsequently, the goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicated that it might be impaired. Impairment losses on goodwill are not reversed. Negative goodwill is taken directly to the income statement.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, are translated at the closing rate at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated to the presentation currency at the exchange rates ruling at the transaction date. Foreign exchange differences arising on translation are recognised in the income statement.

TAXATION

Current taxation

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in equity.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the year ended 31 December 2008

TAXATION (Continued)

Current taxation (Continued)

Current tax is expected tax payable on the taxable income for the year, using rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred taxation

Provision for deferred taxation is made using the balance sheet liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences arising out of the initial recognition of assets or liabilities and temporary differences on initial recognition of business combinations that affect neither accounting nor taxable profit are not recognised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Financial institutions levy

Financial institutions levy is accrued at the prescribed rate, which is currently 5%, on profit before taxation from the banking subsidiary.

DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

IMPAIRMENT LOSSES ON LOANS AND ADVANCES

An allowance for loan impairment is established if there is objective evidence as a result of one or more events that has occured after the initial recognition of the asset (an incurred "loss event") that the Group will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

The loan loss provision also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate. When a loan is uncollectible, it is written off against the related provision for impairment; subsequent recoveries are credited to the income statement.

If there is objective evidence that an impairment loss has been incurred, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. The amount of the loss measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred). If a past write-off is later recovered the recovery is recognised in the income statement.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the year ended 31 December 2008

REGULATORY GUIDELINES AND INTERNATIONAL FINANCIAL REPORTING STANDARDS REQUIREMENTS IN RESPECT OF THE GROUP'S BANKING ACTIVITIES.

The Banking Regulations 2000 issued by the RBZ give guidance on provisioning for doubtful debts and stipulate certain minimum percentages to be applied to the respective categories of the loan book.

International Accounting Standard 39 (IAS 39), *Financial Instruments: Recognition and Measurement* (IAS39) prescribes the provisioning for impairment losses based on the actual loan losses incurred in the past applied to the sectoral analysis of book debts and the discounting of expected cash flows on specific problem accounts.

The two prescriptions are likely to give different results. The Board has taken the view that where the IAS 39 charge is less than the amount provided for in the Banking Regulations, the difference is charged against equity and where it is more, the full amount will be charged to the income statement.

NON-PERFORMING LOANS

Interest on loans and advances is accrued to income until such time as reasonable doubt exists about its collectibility, thereafter and until all or part of the loan is written off, interest continues to accrue on customer's accounts but is not included in income. Such suspended interest is deducted from loans and advances in the balance sheet. This policy meets the requirements of the Banking Regulations, 2000.

FINANCIAL INSTRUMENTS

Classification

Financial assets and financial liabilities at fair value through profit and loss include financial assets and liabilities held for trading i.e. those that the Group principally holds for the purpose of short-term profit taking as well as those that were, upon initial recognition, are designated by the entity as *financial assets or liabilities at fair value through profit and loss.* There is no reclassification into or out of this category as per IAS 39.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those classified as held-for-trading and the Group upon initial recognition designates as at fair value through profit or loss and those the Group upon initial recognition designates as available for sale.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Financial assets available-for-sale are non-derivative financial assts that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Own equity instruments

Reacquired own instruments are measured at cost and are presented in the balance sheet as a deduction from equity. No gain or loss is recognised in the income statement on the sale, issuance or cancellation of these instruments. Consideration received is presented in the financial statements as a change in equity.

Recognition

The Group recognises *financial assets and liabilities at fair value through profit and loss* and *available for sale assets* on the date it commits to purchase the assets or acquire the liability. From this date any gains and losses arising from changes in fair value of the assets are recognised in the income statement and equity respectively.

Held-to-maturity investments and *loans and receivables* are recognised at cost which is the fair value of the consideration given on the day that they are transferred to the Group

SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the year ended 31 December 2008

FINANCIAL INSTRUMENTS (Continued)

Measurement

Financial assets and financial liabilities are measured initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit and loss and available for sale financial 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.

Held-to-maturity investments and loans and receivables are measured at amortised cost less impairment losses. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Effective interest rate method

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation, using the effective interest method of any differences between the initial amount recognised and maturity amount, minus any reduction for impairment.

Amortised cost measurement principles

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest.

Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of available for sale assets are recognised directly in equity. When the financial assets are sold, collected or otherwise disposed of the cumulative gain or loss recognised in equity is transferred to the income statement.

Gains and losses arising from a change in the fair value of financial assets and liabilities through profit and loss are recognised in the income statement.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the year ended 31 December 2008

- the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - the Bank has transferred substantially all the risks and rewards of the asset, or
  - the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substaintially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Available-for-sale

Available-for-sale assets and financial assets through profit and loss that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the Group commits to sell the assets. The Group uses the specific identification method to determine the gain or loss on derecognition.

Held-to-maturity

Held-to-maturity instruments and loans and receivables are derecognised on the day that they are transferred by the Group.

SHARE - BASED PAYMENTS

The Group issues share options to certain employees in terms of the Employee Share Option Scheme. Share options are measured at fair value at the grant date.. The fair value determined at the grant date of the options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured using the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and other behavioural considerations.

PROPERTY AND EQUIPMENT

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

Land and buildings are measured at revalued amount less accumulated depreciation on buildings and impairment losses recognized after the date of the revaluation. Revaluation of property is done half yearly and at the end of each reporting period, by a registered professional valuer.

Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the year ended 31 December 2008

PROPERTY AND EQUIPMENT (Continued)

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Residual values and the useful life of assets are reviewed at least at each financial year end. Where the residual value of an asset increases to an amount that is equal to or exceeds its carrying amount, then the depreciation of the asset ceases. Depreciation will resume only when the residual value decreases to an amount below the asset's carrying amount.

Owned Assets

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of attributable overheads which are directly attributable to the assets.

Property and equipment leased to customers

Property and equipment leased to customers are subject of operating leases. Items of property and equipment subject to operating leases are stated at cost less accumulated depreciation and impairment losses. Lease income from operating leases is recognised in the income statement on a straight-line basis over the lease term.

Depreciation

Depreciation is provided to write off the cost less the estimated residual value of property and equipment over their estimated useful lives at the following rates per annum, on a straight-line basis.

Computers	20%
Motor Vehicles	25%
Furniture and Equipment	20%
Buildings	2%

Land and capital work-in-progress are not depreciated.

Depreciation on property and equipment, which are subject to operating leases, is provided on a straight –line basis over the period of the initial lease.

The asset residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

Borrowing costs

Borrowing costs, incurred in respect of assets that require a substantial period to construct or install, are capitalized up to the date that the construction or installation of the assets is substantially complete.

Operating leases

Leases which do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the year ended 31 December 2008

PROPERTY AND EQUIPMENT (Continued)

Impairment of assets

The carrying amounts of the Group's assets other than consumables and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of assets is the greater of their fair value less cost to sell and value in use. In assesing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the functions of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognised. An impairment loss is charged to the income statement.

INVESTMENT PROPERTIES

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

INTEREST INCOME

Interest income includes income arising out of the banking activities of lending and investing. Interest income is recognised in the income statement as it accrues taking into account the effective yield on the asset and where appropriate, premiums/discounts on debt securities are amortised using the effective interest rate method.

INTEREST EXPENSE

Interest expense arises from deposit taking. The expense is recognised in the income statement as it accrues, taking into account the effective cost of the liability.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

for the year ended 31 December 2008

NON-INTEREST INCOME

Other income comprises of income such as revenue derived from service fees, commission, facility arrangement fees bad debts recoveries, disposals of property and equipment and foreign exchange differences arising on translation of foreign denominated assets. Commission income is brought to account on an accrual basis and bad debts recoveries on a receipt basis. Fee income is recognised on settlement date, or where determinable, by stage of completion.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances, and short term highly liquid investments with maturities of three months or less when purchased.

EMPLOYEE BENEFITS

Retirement benefits are provided for the Group's employees through a defined contribution plan and the National Social Security Authority Scheme.

Defined Contribution Plan

Obligations for contribution to the defined contribution pension plan are recognised as an expense in the income statement as they are incurred.

National Social Security Authority Scheme

The cost of retirement benefits applicable to the National Social Security Authority, which commenced operations on 1 October 1994 is determined by the systematic recognition of legislated contributions.

FUEL

Fuel is accounted for at acquisition cost.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1. REPORTING ENTITY

NMBZ Holdings Limited is an investment holding company domiciled in Zimbabwe, whose registered office is 64 Kwame Nkrumah Avenue, Harare. The consolidated financial statements of the Group as at and for the year ended 31 December 2007 comprise the Group and its subsidiaries. The Group primarily is involved in corporate and retail banking and investment.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements have not been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board due to non-compliance with the requirement of IAS 29. The consolidated financial statements have been prepared in accordance with the requirements of the Companies Act (Chapter 24:03) and the Banking Act (Chapter 24:20). The results of the Group have not been adjusted to reflect the changes in the general level of prices as required by IAS 29 due to unavailability of official Consumer Price Indices (CPI) as these were last published for July 2008. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year and will be fully disclosed in the Company's Annual Report.

An adverse audit opinion has been issued on the results of the Group as the financial statements have not been prepared in accordance with IAS 29 due to the absence of official inflation statistics.

The financial statements were approved by the Board of Directors on 7 May 2009.

2.2 Basis of measurement

2.2.1 Historical cost convention

The financial statements are prepared under the historical cost convention except for property, investment property, quoted and other investments and financial instruments which are carried at fair value.

2.2.2 Inflation accounting

The economy of Zimbabwe is considered to be a hyperinflationary economy. In order to comply with IAS 29, *Financial Reporting in Hyperinflationary Economies*, financial statements need to be expressed in terms of the measuring unit current at the balance sheet date. Inflation statistics were last published for July 2008 by the Central Statistical Officer (CSO). Accordingly, the accompanying financial statements, including comparatives, have not been restated to account for changes in the general purchasing power of the Zimbabwe dollar. The restatement would have been based on the consumer price index at the balance sheet date. The indices and conversion factors are derived from the inflation rates which are issued by the Central Statistical Office of Zimbabwe.

The indices would have been applied to the historical costs of transactions and balances as follows:-

- All comparative figures as of and for the year ended 31 December 2007 would have been restated by applying the change in the index to 31 December 2008;
- Income statement transactions would have been restated by applying the change in the index from the approximate date of the transactions to 31 December 2008;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

2.2.2 Inflation accounting (Cont'd)

- Gains and losses arising from the monetary asset or liability positions would have been included in the income statement as monetary gain or monetary loss as appropriate.
- Non-monetary assets and liabilities would have been restated by applying the change in the index from the date of the transaction to 31 December 2008;
- Some non-monetary items are carried at amounts current at dates other than that of acquisition or that of the statement of financial position, for example property, plant and equipment that had been revalued at some earlier date. In these cases, the carrying amounts are restated from the date of the revaluation.
- Property and equipment, current and accumulated depreciation would have been restated by applying the change in the index from the date of their purchase to 31 December 2008.
- Components of shareholders' equity would have been restated by applying the change in index from the date on which the items arose.
- All items in the cash flow statement would have expressed in terms of the measuring unit current at the balance sheet date.
- The net impact of applying the procedures above is shown on the income statement as the net monetary position.

IAS 29 discourages publication of historical results as a supplement to inflation adjusted accounts. The Zimbabwe Accounting Practices Board and the Zimbabwe Stock Exchange permitted companies in Zimbabwe to publish historical results in conjunction with inflation adjusted accounts.

2.3 Functional and presentational currency

These consolidated financial statements are presented in Zimbabwe dollars, which is the Group's functional currency. Except as indicated, financial information presented in Zimbabwe dollars has been rounded to the nearest trillion.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.4.1 Estimation of Property and Equipment useful life

The determination of estimated useful life for property and equipment is carried out at each reporting period. Refer to accounting policy note on Property and Equipment.

2.4.2 Fair Value of Monetary Market Investments

The fair value of money market investments is determined by reference to quoted prices for similar investments on the market.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

2.4.3 Investment Properties

The properties were valued by the directors. The directors considered comparable market evidence of recent sale transactions and those transactions where firm offers had been made but awaiting acceptance. The directors also applied the rental yield method to assess fair value. The resultant fair value of properties was determined by considering market evidence of recent sales and value based on yield.

2.4.4 Quoted Equities

Trading on the Zimbabwe Stock Exchange (ZSE) was suspended from 18 November 2008 to 19 February 2009. The quoted equities on the ZSE were stated for year end purposes at the prices ruling on the last day of trading of 17 November 2008.

2.5 Adoption of future Reporting Standards

New standards, amendments and interpretations to the existing standards have been published that are mandatory for the company accounting periods beginning on or after 1 January 2009 or later periods are as follows:

- IFRS 8 – Operating Segments (effective from 1 January 2009)
- IAS 23R– Borrowing Costs (effective from 1 January 2009)
- IAS 1R – Presentation of Financial Statements (effective from 1 January 2009)
- IFRS 2 Amendment – Vesting Conditions and Cancellations (effective from 1 January 2009)
- IAS 27 Amendment – Consolidated and Separate Financial Statements (effective from 1 July 2009)
- IFRS 3R - Business combinations (effective from 1 July 2009)

These amendments are not expected to have a significant impact on the Group for the 31 December 2008 reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

3. INTEREST INCOME

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Cash and cash equivalents	5 014 453	-
Loans and advances to banks	240 094 940	-
Loans and advances to customers	893 241 514	-
Investment securities	149 806 887	-
	1 288 157 794	-

4. (a) NON-INTEREST INCOME

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Net gains from quoted and other investments	19 915 416 850	-
Net commission and fee income	12 111 928	-
Fair value adjustment on investment properties	214 900 000 000	-
Rent received	561	-
Other net operating income	19 883 175	-
	234 847 412 514	-

(b) NET FOREIGN EXCHANGE LOSSES

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Net foreign exchange losses	(59 329 922 212)	-

The foreign exchange losses are principally a result of the outstanding FCA balances as detailed in note 37.1. An amount of US$270 833, which relates to unclaimed customer bank drafts was credited to other income as they could not be substantiated.

5. OPERATING EXPENDITURE

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
The operating profit is after charging the following:-		
Administration costs	26 196 959 061	-
Audit fees	10 000	-
Depreciation on fixed assets	-	-
Directors' remuneration	204	-
- Fees for services as directors	-	-
- Retirement benefits – defined contribution plans	-	-
- Other emoluments	204	-
Staff costs	12 636 105	-
- Retirement benefits – defined contribution plans	220	-
- Other staff costs	12 635 885	-
	26 209 605 370	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

6. TAXATION

		HISTORICAL	
		2008	2007
6.1	**Tax Charge**	Z$ trillion	Z$ trillion
	Current taxation	2 606 917	-
	Aids levy	1 893	-
	Deferred tax charge (Note 14)	23 777 828 939	-
		23 780 437 749	-
	Financial institutions levy	866 728 519	-
	Total taxation	24 647 166 268	-

		HISTORICAL	
		2008	2007
6.2	**Reconciliation of income tax charge**	Z$ trillion	Z$ trillion
	Based on results for the period at a rate of 30%	45 034 017 287	-
	Arising due to:		
	- permanent differences	(21 253 581 431)	-
		23 780 435 856	-
	Aids levy	1 893	-
	Taxation	23 780 437 749	-
	Financial institutions levy	866 728 519	-
	Total taxation	24 647 166 268	-

		HISTORICAL	
		2008	2007
		Z$ trillion	Z$ trillion
6.3	**Total taxation charge/(credit) analysed by company**		
	Carey Farm (Private) Limited	24 500 000 000	-
	Stewart Holdings (Private) Limited	1 122 501 353	-
	NMB Bank Limited - Company	(1 919 501 085)	-
	NMBZ Holdings Limited	944 166 000	-
		24 647 166 268	-

6.4	**Provision for current taxation (income tax, aids levy and financial institutions levy)**		
	At 1 January	-	-
	Charge for the year	869 337 330	-
	Payments during the year	-	-
		869 337 330	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of NMBZ Holdings Limited by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of NMBZ Holdings Limited by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Headline earnings per share is calculated by dividing the profit attributable to ordinary equity holders of NMBZ Holdings Limited (after adjusting for non-recurring items net of tax) by the weighted average number of ordinary shares outstanding during the year.

7.1 Earnings/(losses)

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Basic	125 466 224 688	-
Headline (note 7.4)	(62 386 108 792)	-

7.2 Number of shares

	HISTORICAL	
	2008	2007
Weighted average shares in issue*	1 634 501 409	1 595 928 299
Diluted number of shares*	1 655 248 278	1 649 774 338
Weighted average shares in issue	1 634 501 409	1 595 928 299
Effects of dilution:		
Share options granted but not exercised	19 076 000	43 175 170
Share options approved but not yet granted	1 670 869	10 670 869
Diluted weighted number of shares	1 655 248 278	1 649 774 338

* excludes own equity instruments amounting to 32 805 shares.

7.3 Earnings /(losses) per share (Z$ trillion)

	HISTORICAL	
	2008	2007
Basic	76.76	-
Headline	(38.17)	-
Diluted basic	75.80	-
Diluted headline	(37.68)	-

7.4 Headline earnings/(losses)

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Profit attributable to shareholders	125 466 224 688	-
Add/(deduct) non-recurring items:		
- Fair value on quoted and other investments	(19 915 416 850)	-
- Fair value adjustment on investment properties	(214 900 000 000)	-
- Tax effect thereon	46 963 083 370	-
	(62 386 108 792)	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

8. DIVIDENDS

	GROUP AND COMPANY HISTORICAL	
	2008	2007
Dividends (Z$ trillion)		
Interim dividend	-	-
Final proposed dividend	-	-
Total dividend	-	-
Dividend per share (Z$ trillion)		
Interim dividend	-	-
Final proposed dividend	-	-
Total dividend	-	-
Total number of shares issued*	1 641 225 424	1 608 159 059

* excludes own equity instruments amounting to 32 805 shares.

9. SHARE CAPITAL

		GROUP AND COMPANY HISTORICAL			
		2008	2007	2008	2007
9.1	**Authorised**	Shares million	Shares million	Z$ trillion	Z$ trillion
	Ordinary shares of Z$0.000000000000025 each	2 250	2 250	-	-
9.2	**Issued and fully paid**	2008 Shares million	2007 Shares million	2008 $ trillion	2007 $ trillion
	At 1 January	1 608	1 569	-	-
	Shares issued – share options	33	39	-	-
	At 31 December	1 641	1 608	-	-

Of the unissued ordinary shares of 608 741 771 (2007 - 641 840 941), options which may be granted in terms of the NMBZ 2005 Employee Share Option Scheme (ESOS) amount to 85 360 962 (2007 - 85 360 962) and out of these 1 670 869 (2007 - 10 670 869) had not been issued. As at 31 December 2008, 19 076 000 (2007 - 43 175 170) share options out of the issued had not been exercised.

Subject to the provisions of section 183 of the Companies Act (Chapter 24:03), the unissued shares are under the control of the directors.

9.3 Own equity instruments

Own equity instruments amounting to 32 805 shares at a cost of Z$10 trillion were held by the Company's subsidiary, Stewart Holdings (Private) Limited.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

10. CAPITAL RESERVES

	HISTORICAL			
	GROUP		COMPANY	
	2008	2007	2008	2007
	Z$ trillion	Z$ trillion	Z$ trillion	Z$ trillion
Share premium	-	-	-	-
Revaluation reserve	105 280 000 017	-	-	-
Total capital reserves	105 280 000 017	-	-	-

11. REVENUE RESERVE

	HISTORICAL			
Analysis of retained profit by company	GROUP		COMPANY	
	2008	2007	2008	2007
	Z$ trillion	Z$ trillion	Z$ trillion	Z$ trillion
NMBZ Holdings Limited	3 776 564 000	-	3 776 564 000	-
NMB Bank Limited	19 249 965 777	-	-	-
Carey Farm (Private) Limited	98 000 000 561	-	-	-
Stewart Holdings (Private) Limited	4 435 588 646	-	-	-
	125 462 118 984	-	3 776 564 000	-

12. DEPOSITS AND OTHER ACCOUNTS

	HISTORICAL	
	2008	2007
12.1 Deposits and other accounts by type	Z$ trillion	Z$ trillion
RBZ Productive Sector Facility	2 338	-
Deposits from other banks	373 114 393	-
Other money market deposits	2 086	-
Current and deposit accounts	104 734 738 474	-
Total deposits	105 107 857 291	-
Trade and other payables	32 844 549 323	-
	137 952 406 614	-
Less: Financial liabilities as disclosed on note 13.1	(28 347 562)	-
	137 924 059 052	-

The above are all financial liabilities at fair value through profit and loss. They are payable on demand, have variable interest rates and varying security. The fair value of the above is the same as the cost.

12.2 Maturity analysis

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Less than one month	105 107 857 291	-
1 to three months	-	-
3 to 6 months	-	-
6 months to 1 year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	105 107 857 291	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

		HISTORICAL			
		2008		2007	
12.3	**Sectoral analysis of deposits**	Z$ trillion	%	Z$ trillion	%
	Banks and other financial institutions	373 114 393	-	-	-
	Reserve Bank of Zimbabwe	2 338	-	-	-
	Transport and telecommunications companies	11 899 181 749	11	-	-
	Mining companies	178 760 791	-	-	-
	Industrial companies	50 919 761 785	49	-	-
	Municipalities and parastatals	145	-	-	-
	Individuals	8 431 433 904	8	-	-
	Agriculture	2 677 397 920	3	-	-
	Other deposits	30 628 204 266	29	-	-
		105 107 857 291	100	-	-

13. FINANCIAL INSTRUMENTS

		Cost 2008 Z$ trillion	Fair Value 2008 Z$ trillion	Historical Cost 2007 Z$ trillion
13.1	**Financial liabilities**			
	Fixed term deposits	26 742 236	26 742 236	-
	Negotiable Certificates of Deposits	1 605 326	1 605 326	-
	Total financial liabilities at fair value through profit and loss	28 347 562	28 347 562	-

13.2 Financial assets at fair value through profit and loss

	Cost 2008 Z$ trillion	Fair Value* 2008 Z$ trillion	Historical 2007 Z$ trillion
Government and public sector securities	120 000 056	-	-
Treasury bills	120 000 056	-	-
Government stock	-	-	-
Mortgage bonds	-	-	-
Bills-own acceptances	-	-	-
Total financial assets at fair value through profit and loss	120 000 056	-	-

* Fair value could not be reliably measured due to the absence of reliable inputs to perform a valuation.

		HISTORICAL	
		2008	2007
13.3	**Fair value adjustment to profit and loss**	Z$ trillion	Z$ trillion
	Fair value adjustment	-	-
13.4	**Available-for-sale securities at fair value**		
	Treasury bills (two-year bills)	-	-
	Non-negotiable certificates of deposits	235 269	-
		235 269	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

MATURITY ANALYSIS OF FINANCIAL INSTRUMENTS

13.5 Financial liabilities

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Less than 1 month	26 815 920	-
1 to 3 months	1 531 642	-
3 to 6 months	-	-
6 months to 1 year		-
1 to 5 years	-	-
Over 5 years	-	-
	28 347 562	-

13.6 Financial assets at fair value through profit and loss

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Less than one month	-	-
1 to 3 months	-	-
3 to 6 months	-	-
6 months to 1 year	120 000 056	-
1 year to 5 years	-	-
Over 5 years	-	-
	120 000 056	-

13.7 Available-for-sale securities at fair value

Less than one month	235 269	-
1 to 3 months	-	-
3 to 6 months	-	-
6 months to 1 year	-	-
1 year to 5 years	-	-
Over 5 years	-	-
	235 269	-

14. TAXATION

	HISTORICAL	
	2008	2007
Deferred Taxation	Z$ trillion	Z$ trillion
Provision for portfolio doubtful debts	(1 835 976)	-
Property and equipment	26 319 999 983	-
Marking to market adjustments	46 973 046 460	-
Loss to be assessed	(4 862 271 559)	-
Unrealised losses	(18 332 945 963)	-
Closing deferred tax liability	50 095 992 945	-
Deferred tax liability at the beginning of the year	-	-
Deferred tax charged to statement of changes in equity	(26 318 164 006)	-
Current year charge (note 6.1)	23 777 828 939	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

15. CASH AND CASH EQUIVALENTS

		HISTORICAL	
		2008	2007
15.1	**Balances with Reserve Bank of Zimbabwe**	Z$ trillion	Z$ trillion
	Statutory reserve	612 780 755	-
15.2	**Balances with other banks and cash**		
	Current, nostro accounts and cash	46 574 354 635	-
	Total cash and cash equivalents	47 187 135 390	-

The statutory reserve balance with the Reserve Bank of Zimbabwe is non-interest bearing. The balance is determined on the basis of deposits held and is not available to the Bank for daily use.

16. ADVANCES AND OTHER ACCOUNTS

		HISTORICAL			
		GROUP		COMPANY	
		2008	2007	2008	2007
		Z$ trillion	Z$ trillion	Z$ trillion	Z$ trillion
16.1	**Advances**				
	Fixed term loans	122 012 336	-	-	-
	Local loans and overdrafts	1 829 606 077	-	-	-
	Other accounts	3 935 634 465	-	-	-
		5 887 252 878	-	-	-
16.1.2	**Maturity analysis**				
	Less than one month	2 403 332 105	-	-	-
	1 to three months	-	-	-	-
	3 to 6 months	-	-	-	-
	6 months to 1 year	23 383 664	-	-	-
	1 to 5 years	-	-	-	-
	Over 5 years	621	-	-	-
	Total advances	2 426 716 390	-	-	-
	Provision for impairment losses on loans and advances	(475 097 977)	-	-	-
	Suspended interest	-	-	-	-
		1 951 618 413	-	-	-
	Other accounts	3 935 634 465	-	-	-
	Total	5 887 252 878	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

16.2 Sectoral analysis of utilisations

	HISTORICAL			
	2008		2007	
Sectoral analysis of utilisations	Z$ trillion	%	Z$ trillion	%
Industrials	622 689 969	26	-	-
Agriculture and horticulture	7 171 223	-	-	-
Conglomerates	320 432 946	13	-	-
Services	1 067 479 745	44	-	-
Mining	343 198	-	-	-
Food & beverages	87 935 395	4	-	-
Other	320 663 914	13	-	-
	2 426 716 390	100	-	-

The material concentration of loans and advances are in the services sector at 44%.

16.3 Provisions for losses on loans and advances (including acceptances)

	HISTORICAL					
	2008			2007		
	Specific Z$ trillion	Portfolio Z$ trillion	Total Z$ trillion	Specific Z$ trillion	Portfolio Z$ trillion	Total Z$ trillion
At 1 January	-	-	-	-	-	-
Charge against profits	462 644 403	6 511 904	469 156 307	-	-	-
Charge against retained earnings	-	5 941 670	5 941 670	-	-	-
Bad debts written off	-	-	-	-	-	-
At 31 December	462 644 403	12 453 574	475 097 977	-	-	-

16.4 Non-performing loans and advances

	HISTORICAL	
	2008 Z$ trillion	2007 Z$ trillion
Total non-performing loans and advances	462 644 403	-
Provision for impairment loss on loans and advances	(462 644 403)	-
Interest in suspense	-	-
	-	-

The residue on these accounts, where applicable, represents recoverable portions covered by realisable security.

16.5 Other assets

	HISTORICAL	
	2008 Z$ trillion	2007 Z$ trillion
Service deposits	3 500 069 668	-
Accrued income	44 276 953	-
Prepayments and stocks	152 794 339	-
Other receivables	238 493 505	-
	3 935 634 465	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

16.6 Loans to officers

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Included in advances and other accounts (note 16.1) are loans to officers:-		
At 1 January	-	-
Net additions during the year	621	-
Balance at 31 December	621	-
Of which housing loans comprised:-	-	-

Loans to executive directors and officers are granted at preferential rates of up to 25% as part of their overall remuneration agreements.

16.7 The terms and conditions applicable to advances are as follows:

	Tenure	Interest Rate
Overdraft	Payable on demand	Minimum lending rate plus a margin on unauthorised facility
Loans	Loan payable over a maximum period of 24 months	Minimum lending rate plus a margin. Loans to employees and directors are at discounted interest rates.
Bankers Acceptances	Loan payable over a minimum period of 90 days	Rate of 800% per annum.
RBZ Funded Loans	Bill payable on maturity with a maximum term per transaction of 180 days, subject to roll over upon satisfactory performance.	Rates range from 5% to 40% depending on the nature of the facility.

17. GROUP COMPANY LOAN

	COMPANY HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Loan to NMB Bank Limited		
Balance at 31 December	-	-

The Holding Company has subordinated the loan to the Bank. There are no fixed repayment terms and the loan is interest free.

18. TRADE INVESTMENT

	HISTORICAL			
	GROUP		COMPANY	
	2008	2007	2008	2007
Unlisted	Z$ trillion	Z$ trillion	Z$ trillion	Z$ trillion
Takura Ventures (Private) Limited	-	-	-	-
Other	-	-	-	-
Directors' valuation	-	-	-	-

The Takura Ventures (Private) Limited investment represents 3.1% shareholding in the company, whose principal activity is venture capital finance. Other investment represents various short term equity and other investments held by NMBZ Holdings Limited. The trade investment was valued by directors at fair value at 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2008

19. INVESTMENTS IN GROUP COMPANIES

19.1 Subsidiaries

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Investments in subsidiaries	-	-

19.2 Shareholding

The subsidiaries, all of which are registered in Zimbabwe, and the extent of the group's beneficial interest therein and their principal business activities are listed below:-

NMB Bank Limited	100% (Banking)
Carey Farm (Private) Limited (subsidiary of NMB Bank Limited)	100% (Property owning)
Brixtun (Private) Limited	100% (Dormant)
NMB Fund Management (Private) Limited	100% (Dormant)
Stewart Holdings (Private) Limited	100% (Equity holdings)
Invariant (Private) Limited	100% (Dormant)
Darksan (Private) Limited	100% (Dormant)

Carey Farm (Private) Limited's only asset is a certain piece of land situated in the District of Salisbury, called The Remainder of Lot H of Borrowdale Estate measuring 89.2623 hectares (223.16 acres) in extent. The beneficial interest in the subsidiary arose from shareholding acquired in settlement of a debt owed to the Bank amounting to Z$0.0010008. This acquisition is in compliance with Section 34 of the Banking Act (Chapter 24:20).

20. QUOTED AND OTHER INVESTMENTS

	GROUP HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Quoted investments	19 965 232 297	-
Unquoted investments	-	-
	19 965 232 297	-

The quoted investments comprise shares stated for year end purposes at the last trading date of 17 November 2008. Trading on the Zimbabwe Stock Exchange was suspended from 18 November 2008 to 19 February 2009.

The unquoted investments represent various short term equity and other investments held by NMBZ Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

21. INVESTMENT PROPERTIES

	HISTORICAL 2008 Z$ trillion	2007 Z$ trillion
At 1 January	-	-
Fair value adjustments	214 900 000 000	-
At 31 December	214 900 000 000	-

Rental income amounting to Z$561 trillion was received and no operating expenses were incurred on the investment property in the current year.

The investment properties comprise 3 sets of properties namely Borowdale Road, Borrowdale Estate and other investment properties. The Borrowdale Road which is also known Stand Number 19207 Harare Township of Stand 19206 measures 4.4506 hectares in extent. The property was valued for year end purposes by the directors and the open market value was Z$70 000 000 000 trillion.

Borrowdale Estate which is also known as the remainder of Lot H of Borrowdale Estate is owned by Carey Farm (Pvt) Ltd, a wholly owned subsidiary of the Bank. The property measures 89.2623 hectares (223.16 acres) in extent. The beneficial interest in Carey Farm (Private) Limited arose from shareholding acquired in settlement of a debt owed to the Bank amounting to Z$0.0010008. The acquisition is in compliance with Section 34 of the Banking Act (Chapter 24.20). The land was valued by the directors for year end purposes and the open market value was Z$122 500 000 000 trillion.

The other properties comprise residential stands and houses which were valued by the directors for year end purposes at Z$22 400 000 000 trillion.

22. PROPERTY AND EQUIPMENT

HISTORICAL COST/ REVALUED AMOUNT

	Computers Z$ trillion	Motor Vehicles Z$ trillion	Furniture & Equipment Z$ trillion	Assets Leased to Customers Z$ trillion	Freehold Land & Building Z$ trillion	Total Z$ trillion
Cost						
At 1 January 2008	-	-	-	-	-	-
Additions		-	-	-	-	-
Revaluation	-	-	-	-	131 600 000 000	131 600 000 000
Disposals	-	-	-	-	-	-
At 31 December 2008	-	-	-	-	131 600 000 000	131 600 000 000
Accumulated depreciation						
At 1 January 2008	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 December 2008	-	-	-	-	-	-
Net book amount						
At 31 December 2008	-	-	-	-	131 600 000 000	131 600 000 000
Net book amount						
At 1 January 2008	-	-	-	-	-	-

The freehold land and buildings were valued by the directors at 31 December 2008. The estimated values were based on the comparative method and the properties were valued by reference to comparable properties in the same area which are substantially similar in every material respect.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

23. INTEREST RATE REPRICING AND GAP ANALYSIS

23.1 Total position

At 31 December 2008	HISTORICAL					
	Up to 1 month Z$ trillion	1 month to 3 months Z$ trillion	3 months to 1 year Z$ trillion	1 year to 5 years Z$ trillion	Non-interest bearing Z$ trillion	Total Z$ trillion
Assets						
Cash and cash equivalents	47 187 135 390	-	-	-	-	47 187 135 390
Financial assets at fair value through profit and loss	-		120 000 056	-		120 000 056
Available-for-sale securities	235 269	-	-	-	-	235 269
Advances and other accounts	1 928 234 128		23 383 664	621	3 935 634 465	5 887 252 878
Quoted and other investments	-	-	-	-	19 965 232 297	19 965 232 297
Investment properties	-	-	-	-	214 900 000 000	214 900 000 000
Property and equipment	-	-	-	-	131 600 000 000	131 600 000 000
	49 115 604 787	-	143 383 720	621	370 400 866 762	419 659 855 890
Liabilities and shareholders' funds						
Financial liabilities	26 815 920	1 531 642	-	-	-	28 347 562
Deposits and other accounts	105 079 509 729	-	-	-	32 844 549 323	137 924 059 052
Provision for current taxation	-	-	-	-	869 337 330	869 337 330
Deferred taxation	-	-	-	-	50 095 992 945	50 095 992 945
Shareholder's funds	-	-	-	-	230 742 119 001	230 742 119 001
	105 106 325 649	1 531 642	-	-	314 551 998 599	419 659 855 890
Interest rate repricing gap	(55 990 720 862)	(1 531 642)	143 383 720	621	55 848 868 163	-
Cumulative gap	(55 990 720 862)	(55 992 252 504)	(55 848 808 784)	(55 868 868 163)	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2008

24. INTEREST RATE REPRICING AND GAP ANALYSIS

24.1 Zimbabwe dollar

At 31 December 2008	HISTORICAL					
	Up to 1 month Z$ trillion	1 month to 3 months Z$ trillion	3 months to 1 year Z$ trillion	1 year to 5 years	Non-interest bearing Z$ trillion	Total Z$ trillion
Assets						
Cash and cash equivalents	1 737 380 771	-	-	-	-	1 737 380 771
Financial assets at fair value through profit and loss	-	-	120 000 056	-	-	120 000 056
Available-for-sale securities	235 269	-	-	-	-	235 269
Advances and other accounts	773 263 557		23 383 664	621	3 935 634 465	4 732 282 307
Quoted and other investments	-	-	-	-	10 320 192 705	10 320 192 705
Investment properties	-	-	-	-	214 900 000 000	214 900 000 000
Property and equipment	-	-	-	-	131 600 000 000	131 600 000 000
	2 510 879 597	-	143 383 720	621	360 755 827 170	363 410 091 108
Liabilities and shareholders' funds						
Financial liabilities	26 815 920	1 531 642	-	-	-	28 347 562
Deposits and other accounts	1 828 903 944	-	-	-	32 844 549 323	34 673 453 267
Provision for current taxation	-	-	-	-	869 337 330	869 337 330
Deferred taxation	-	-	-	-	50 095 992 945	50 095 992 945
Shareholder's funds	-	-	-	-	230 742 119 001	230 742 119 001
	1 855 719 864	1 531 642	-	-	314 551 998 599	316 409 250 105
Interest rate repricing gap	655 159 733	(1 531 642)	143 383 720	621	46 203 828 571	47 000 841 003
Cumulative gap	655 159 733	653 628 091	797 011 811	797 012 432	47 000 841 003	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

25. INTEREST RATE REPRICING AND GAP ANALYSIS

25.1 Foreign currency

At 31 December 2008

	HISTORICAL					
	Up to 1 month Z$ trillion	1 month to 3 months Z$ trillion	3 months to 1 year Z$ trillion	1 year to 5 years Z$ trillion	Non-interest bearing Z$ trillion	Total Z$ trillion
Assets						
Cash and cash equivalents	45 449 754 619	-	-	-	-	45 449 754 619
Financial assets at fair value through profit and loss	-	-	-	-	-	-
Quoted and other investments	-	-	-	-	9 645 039 592	9 645 039 592
Advances and other accounts	1 154 970 571	-	-	-	-	1 154 970 571
Investment properties	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-
	46 604 725 190	-	-	-	9 645 039 592	56 249 764 782
Liabilities and shareholders' funds						
Financial liabilities	-	-	-	-	-	-
Deferred taxation	-	-	-	-	-	-
Deposits and other accounts	103 250 605 785	-	-	-	-	103 250 605 785
Provision for current taxation	-	-	-	-	-	-
Shareholder's funds	-	-	-	-	-	-
	103 250 605 785	-	-	-	-	103 250 605 785
Interest rate repricing gap	(56 645 880 595)	-	-	-	9 645 039 592	(47 000 841 003)
Cumulative gap	(56 645 880 595)	(56 645 880 595)	(56 645 880 595)	(56 645 880 595)	(47 000 841 003)	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

26. FOREIGN EXCHANGE POSITIONS

26.4 At 31 December 2008

HISTORICAL

	US$	RAND	GBP	Other foreign currencies	Z$	TOTAL
Assets	Z$ trillion	Z$ trillion	Z$ trillion	Z$ trillion	Z$ trillion	Z$ trillion
Cash and cash equivalents	31 401 757 100	9 772 640 579	1 204 663 798	3 070 693 142	1 737 380 771	47 187 135 390
Financial assets at fair value through profit and loss	-	-	-	-	120 000 056	120 000 056
Available-for-sale securities	-	-	-	-	235 269	235 269
Advances and other accounts	194 722 843	960 247 627	101	-	4 732 282 307	5 887 252 878
Quoted and other investments	9 645 039 592	-	-	-	10 320 192 705	19 965 232 297
Investment properties	-	-	-	-	214 900 000 000	214 900 000 000
Property and equipment	-	-	-	-	131 600 000 000	131 600 000 000
	41 241 519 535	10 732 888 206	1 204 663 899	3 070 693 142	363 410 091 108	419 659 855 890
Liabilities and shareholders' funds						
Financial liabilities	-	-	-	-	28 347 562	28 347 562
Deferred taxation	-	-	-	-	50 095 992 945	50 095 992 945
Deposits and other accounts	75 731 941 996	10 968 247 543	2 976 217 024	13 574 199 222	34 673 453 267	137 924 059 052
Provision for current taxation	-	-	-	-	869 337 330	869 337 330
Shareholder's funds	-	-	-	-	230 742 119 001	230 742 119 001
	75 731 941 996	10 968 247 543	2 976 217 024	13 574 199 222	316 409 250 105	419 659 855 890
Net foreign exchange position	(34 490 422 461)	(235 359 337)	(1 771 553 125)	(10 503 506 080)	47 000 841 003	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

27. CONTINGENT LIABILITIES

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Guarantees	-	-
Commitments to lend	9 299 778 077	-
	9 299 778 077	-

The Bank enters into various irrevocable commitments and contingent liabilities in its normal course of business in order to meet financial needs of customers. These obligations are not recognised on the balance sheet, but contain credit risk and are therefore part of the overall risk of the bank.

Guarantees commit the Bank to make payments on behalf of clients in the event of a specified act. Guarantees carry the same credit risk as loans.

Commitments to lend represent contractual commitments to advance loans and revolving credits. Commitments have fixed expiry dates and may expire without being drawn upon, hence total contract amounts do not necessarily represent future cash requirements.

28. CAPITAL COMMITMENTS

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Capital expenditure contracted for	-	-
Capital expenditure authorised but not yet contracted for	-	-
	-	-

Capital commitments, when they arise, will be financed from the Group's own resources.

29. OPERATING LEASE COMMITMENTS

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Lease commitments	70 719 600 000	-
Up to 1 year	14 143 920 000	-
1 – 5 years	56 575 680 000	-

Lease commitments relate to future rental commitments up to the expiry of the lease agreements.

30. RELATED PARTIES

As required by IAS 24, *Related Parties Disclosures*, the Board's view is that non-executive and executive directors constitute the key management of the Bank. Accordingly, key management remuneration is disclosed below.

30.1 Compensation of key management personnel of the Bank

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Short – term employee benefits	204	-

At 31 December 2008, key management held options to purchase ordinary shares of the Company as follows:

- 6 000 000 ordinary shares at a price of Z$0.00000001 exercisable between 7 January 2008 and 7 January 2013.
- 3 000 000 ordinary shares at a price of Z$0.000024 exercisable between 12 March 2008 and 12 March 2013.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

30.3 Balances and transactions with directors, officers and others

Loans to directors and officers or their companies and companies are included in advances and other accounts (note 16.1).

	HISTORICAL	
	2008 Z$ trillion	2007 Z$ trillion
Non - executive directors	-	-
Executive directors	-	-
Officers (Note 16.6)	621	-
Directors' companies	-	-
Officers' companies	-	-
Intra group loans	-	-
	621	-
Provision for impairment losses on loans	-	-
	621	-

30.4 Other related party disclosures

HISTORICAL

Entities with significant influence over the bank	Interest from related parties Z$ trillion	Interest to related parties Z$ trillion	Amounts owed by related parties Z$ trillion	Amounts owed to related parties Z$ trillion
2008	-	-	-	-
2007	-	-	-	-

The amount in respect of the holding company and the investment in the subsidiary are shown under note 17 and 19 respectively.

30.5 Borrowing powers

Holding Company

In terms of the existing Articles of Association, Article 56, the directors may from time to time, at their discretion, borrow or secure the payment of any sum or sums of money for the purposes of the company without any limitation.

Banking subsidiary

In terms of the existing Articles of Association, Article 56, the directors may from time to time, at their discretion, borrow or secure the payment of any sum or sums of money for the purposes of the company without any limitation.

31. EMPLOYEE BENEFITS

31.1 Pension Fund

All eligible employees contribute to the NMB Bank Pension Fund, which is a defined contribution plan.

The assets of the Pension Fund are held separately from those of the Group in funds under the control of Trustees. The pension fund assets include 389 068 shares in NMBZ Holdings Limited as at 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

31. EMPLOYEE BENEFITS (Cont'd)

31.2 Expense recognised in the income statement

	HISTORICAL	
	2008	2007
	Z$ trillion	Z$ trillion
Defined Contribution Plan	220	-

The expense is recognised in the income statement as part of staff costs under operating expenses (note 5).

31.3 Employee Share Option Scheme

In terms of the Employee Share Option Scheme, up to a maximum of 10% of the issued share capital may be granted by the directors to senior employees by way of options. Each set of options is exercisable at any time within a period of five years from the date the options are granted and the issue price is based on the higher of nominal value of the shares and the middle market price derived from the Zimbabwe Stock Exchange prices for the trading day immediately preceding the date of offer. The options vest immediately from date of issue and the fair value of the options is estimated at the grant date using the Black – Scholes option pricing model, taking into account the terms and conditions upon which the instruments were granted.

As at 31 December 2008 the options outstanding were as follows:-	GROUP & COMPANY	
	2008	2007
Shares	Shares	
	000's	000's
Outstanding as at 1 January	43 175	26 947
Lapsed	-	-
Issued	9 000	27 744
Exercised	(33 099)	(11 516)
Outstanding as at 31 December	19 076	43 175

Terms of options outstanding at 31 December 2008

Expiry date	Exercise price	GROUP & COMPANY 2008 Shares	2007 Shares
	Z$	000's	000's
1 May 2008	-	-	-
1 April 2014	-	-	560
3 January 2015	-	-	2 155
17 October 2010	-	-	8 297
18 July 2011	-	-	12 366
25 March 2012	-	-	4 000
5 September 2012	0.0000001	10 076	15 797
7 January 2013	0.00000001	6 000	-
12 March 2013	0.000024	3 000	-
		19 076	43 175

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

31. EMPLOYEE BENEFITS (Continued)

31.4 National Social Security Authority Scheme

All employees of the group are members of the National Social Security Authority Scheme, a defined contribution plan to which both the employer and the employees contribute.

Contributions by the employer are charged to the profit and loss account and during the period amounted to a historical cost figure of nil.

31.5 Number of employees

The total number of employees of the Group at 31 December 2008 was 470 (2007 – 469).

32. SEGMENT REPORT

No segmental information is presented in respect of the Group as there are no distinguishable business segments.

33. EXCHANGE RATES

In compliance with the directive from the Reserve Bank of Zimbabwe, the following exchange rates have been used to translate the foreign currency balances to Zimbabwe dollars at year end:

		Zimbabwe dollar equivalent	
		31 December 2008	31 December 2007
		Mid-rate	Mid-rate
		Z$ trillion	Z$ trillion
United States Dollar	USD1.00	35 000	-
British Sterling	GBP1.00	50 572	-
South African Rand	ZAR1.00	3 738	-
European Euro	EUR1.00	49 302	-
Botswana Pula	BWP1.00	4 620	-

34. RISK MANAGEMENT

In the ordinary course of business the Group manages risks of all forms especially operational, market, liquidity and credit risks. These risks are identified and monitored through various channels and mechanisms.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Asset and Liability Management Committee (ALCO) and operational risk committees, which are responsible for developing and monitoring Group risk management policies in their specified areas. The Group has a Risk Management department, which reports to the Chief Executive Officer and is responsible for the management of the overall risk profile.

The Group risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems and reviewed regularly to reflect changes in market conditions, products and services offered.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

34. RISK MANAGEMENT (Continued)

The Group Risk Committee which is responsible for monitoring compliance with the Group risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group, is assisted in these functions by Internal Audit and Risk Management. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee and the Risk Committee.

The Group main objective is to contain the risk inherent within the financial services sector and to ensure that the Group various risk profiles are understood and appropriately managed to the benefit of customers, shareholders and other stakeholders.

34.1 Credit risk

Credit risk is the risk that a financial contract will not be honoured according to the original set of terms. The risk arises when borrowers or counterparties to a financial instrument fail to meet their contractual obligations. The Board has put in place sanctioning committees which operate according to the amount requested by an applicant. The Credit Risk Management department reviews all applications. This initial review allows only those applications that do not unduly expose the Group to credit risk to be considered by the sanctioning committees.

34.1.1 Management of credit risk

The Board has delegated responsibility for the management of credit risk to its Loans Review Committee. The Credit Risk Management department which also reports to the Loan review committee is responsible for oversight of the Group credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities. Facilities require authorization by Head of Credit Risk, executive directors, Loans Review Committee or the Board of Directors depending on amount as per set limits.
- The Credit Risk department assesses all credit exposures in excess of designated limits, prior to facilities being committed to clients by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counter parties and industry for loans and advances.
- Maintaining and monitoring the risk gradings as per the RBZ requirement in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The current risk grading framework consists of five grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

The table below shows the maximum exposure to credit for the components of the balance sheet. The maximum exposure is shown as gross.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

34.1.2 Maximum exposure to credit risk without taking account of any collateral

	Note	HISTORICAL 2008 Z$ trillion	2007 Z$ trillion
Cash and cash equivalents (excluding cash on hand)		8 421 193 160	-
Financial assets fair value through profit & loss	13	120 000 056	-
Available-for-sale financial assets	13	235 269	-
Advances and other accounts	16	5 887 252 878	-
Total		14 428 681 363	-
Guarantees	27	-	-
Commitments to lend	27	9 299 778 077	-
Total		9 299 778 077	-
Total credit risk exposure		23 728 459 440	-

Where financial instruments are recorded at fair value the amounts shown above represent the current risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values. The effect of collateral and other risk mitigation techniques is shown below.

An industry sector analysis of the Group's financial assets, before and after taking into account collateral held or other credit enhancements is as follows:

34.1.3 Risk concentrations of maximum exposure to credit risk

At 31 December 2008	HISTORICAL Gross Maximum exposure Z$ trillion	Net maximum exposure Z$ trillion
Industrials	622 689 969	-
Agriculture and horticulture	7 171 223	7 163 169
Conglomerates	320 432 946	-
Services	1 067 479 745	144 857 544
Mining	343 198	343 198
Food and beverages	87 935 395	-
Other	320 663 914	-
	2 426 716 390	152 363 911

34.1.4 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of credit risk of the counterparty. There are guidelines regarding the acceptability of types of collateral. The main types of collateral obtained are guarantees, cession of debtors, mortgages over residential properties, equities, subordination of shareholder loans and promissory notes. The benefits on guarantees are not included in the above table.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

34.1.5 Credit quality per sector

HISTORICAL

At 31 December 2008	Grade A Pass Z$ trillion	Grade B Special Mention Z$ trillion	Grade C Substandard Z$ trillion	Grade D Doubtful Z$ trillion	Grade E Loss Z$ trillion	Total Z$ trillion
Industrials	65 852 839	95 392 586	461 444 544	-	-	622 689 969
Agriculture and horticulture	-	2 795 966	4 375 257	-	-	7 171 223
Conglomerates	320 374 951	-	57 995	-	-	320 432 946
Services	903 450 320	15 971 413	148 058 012	-	-	1 067 479 745
Mining	-	-	343 198	-	-	343 198
Food and beverages	87 825 461	-	109 934	-	-	87 935 395
Other	251 520 642	-	69 143 272	-	-	320 663 914
Total	1 629 024 213	114 159 965	683 532 212	-	-	2 426 716 390

34.2 Market risk

This arises from adverse movements in the market place, which occur in the money market (interest rate risk), foreign exchange and equity markets in which the Group operates. The Group is currently developing VaR (Value at Risk) model which will be used to manage and monitor the market risk for the trading portfolio.

The Group has in place an Asset and Liability Management Committee (ALCO), which comprises the departmental heads of Risk, Treasury, Corporate and Retail banking and Finance, in addition to executive directors. The committee monitors these risks and recommends the appropriate levels to which the Bank should be exposed at any time. The approval of all dealing limits ultimately rests with this committee.

The market risk for the non - trading portfolio is managed by monitoring the sensitivity of Group's financial assets and liabilities to various interest rate scenarios.

HISTORICAL

Sensitivity of net interest income

At 31 December 2008	Increase in %	0 to 1 months Z$ trillion	1 to 3 months Z$ trillion	3months to 1 year Z$ trillion	1 year to 5 years Z$ trillion	Total Z$ trillion
Zimbabwe Dollar	+50	313 524 704	(633 575)	15 439 212	-	328 330 341
Zimbabwe Dollar	+100	627 047 408	(1 267 151)	31 207 198	-	656 987 455
Zimbabwe Dollar	-50	(313 524 704)	633 575	(15 439 212)	-	(328 330 341)
Zimbabwe Dollar	-100	(627 047 408)	1 267 151	(31 207 798)	-	(656 987 455)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

34.3 Foreign currency exchange rate risk

The table below calculates the effect of a reasonable possible movement of the currency rate against the United States Dollar, with all other variables held constant. A negative amount in the table reflects a potential net reduction in income statement or equity while a positive amount reflects a net potential increase.

At 31 December 2008		HISTORICAL	
Currency	Change in currency rate%	Effect on profit before tax Z$ trillion	Effect on equity Z$ trillion
USD	+5%	(3 875 043 009)	(2 677 654 719)
USD	+25%	(19 375 215 045)	(13 388 273 596)
USD	+60%	(46 500 516 109)	(32 131 856 631)

34.4 Liquidity risk

Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timeously. The risk arises when there is a maturity mismatch between assets and liabilities. The Group identifies this risk through maturity profiling of assets and liabilities and assessment of excepted cashflows and the availability of collateral which could be used additional funding if required.

The Group maintains a portfolio of marketable assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Bank maintains a statutory deposit with the Central Bank at stipulated rates. As at 31 December 2008 these rates were 50% for time and demand liabilities. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO.

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits to customers. Liquid assets consist of cash and cash equivalents, short term bank deposits and liquid investment securities available for immediate sale.

Maturity profile for contingent liabilities

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments to lend:

At 31 December 2008	HISTORICAL					
	On Demand Z$ trillion	0 to 1 months Z$ trillion	1 to 3 months Z$ trillion	3 months to 1 year Z$ trillion	1 year to to 5 years Z$ trillion	Total Z$ trillion
Guarantees	-	-	-	-	-	-
Commitments to lend	9 299 778 077	-	-	-	-	9 299 778 077
	9 299 778 077	-	-	-	-	9 299 778 077

The Bank expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

34.5 Operational risk

This risk is inherent in all business activities and is the potential for loss arising from ineffective internal controls, poor operational procedures to support these controls, errors and deliberate acts of fraud. The mitigation of the risk and the cost incurred to reduce the risk is critical. The Board has a Risk Committee whose function is to ensure that this risk is minimised. The Risk Committee through the internal audit and Risk Management functions assesses the adequacy of the internal controls and makes the necessary recommendations to the Board.

34.6 Legal risk

Legal risk is risk from uncertainty due to legal actions or uncertainty in the applicability or interpretation of contracts, laws or regulations. Legal risk may entail such issues as contract formation, capacity and contract frustration.

To manage this risk the Group employs a legal practitioner who is responsible for the drafting, monitoring and executing all contracts. Permanent relationships are also maintained with firms of legal practitioners and access to legal advice is readily available to all departments. The compliance function is also responsible for identifying and monitoring legal risks and ensuring that the Group remains in compliance with all regulatory requirements.

34.7 Reputational risk

Reputational risk is the risk of loss of business as a result of negative publicity or negative perceptions by the market with regards to the way the Bank conducts its business.

To manage this risk, the Group strictly monitors customers' complaints, continuously train staff at all levels, conducts market surveys and periodic reviews of business practices through its internal audit department.

The directors are satisfied with the risk management processes in the Group as these have contributed to the minimisation of losses arising from risky exposures.

34.8 Risk Ratings

34.8.1 Camels* ratings

CAMELS Component	Latest RBS** Ratings 31/01/2008	Previous RBS Ratings 30/06/2007	Previous RBS Ratings 30/06/2006
Capital Adequacy	4	4	3
Asset Quality	2	3	4
Management	3	4	4
Earnings	3	3	4
Liquidity	3	3	4
Sensitivity to Market Risk	3	3	4
Composite Rating	3	4	4

*CAMELS is an acronym for **C**apital Adequacy, **A**sset quality, **M**anagement, **E**arnings, **L**iquidity and **S**ensitivity to Market Risk. CAMELS rating system uses a rating scale of 1-5, where '1' is Strong, '2' is Satisfactory, '3' is Fair, '4' is Weak and '5' is Critical.

**RBS stands for Risk-Based Supervision

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

34.8.2 Summary of RAS ratings

RAS Component	Latest RBS** Ratings 31/01/2008	Previous RBS Ratings 30/06/2007	Previous RBS Ratings 30/06/2006
Overall Inherent Risk	Moderate	High	High
Overall Risk Management Systems	Acceptable	Weak	Weak
Overall Composite Risk	Moderate	High	High
Direction of Overall Composite Risk	Stable	Increasing	Increasing

*** RAS stands for **R**isk **A**ssessment **S**ystem.

34.8.3 Summary Risk Matrix – 31 January 2008 on-site examination

Type of Risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Credit	Moderate	Weak	Moderate	Increasing
Liquidity	Moderate	Acceptable	Moderate	Stable
Interest Rate	Moderate	Acceptable	Moderate	Increasing
Foreign Exchange	High	Weak	Moderate	Stable
Strategic Risk	Moderate	Acceptable	Moderate	Stable
Operational Risk	Moderate	Weak	High	Increasing
Legal & Compliance	High	Acceptable	Moderate	Stable
Reputation	Moderate	Acceptable	Moderate	Increasing
Overall	Moderate	Acceptable	Moderate	Stable

Level of Inherent Risk

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 a 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 recognized and are being addressed. Management information systems are generally adequate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

Adequacy of Risk Management Systems (Continued)

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 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 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.

34.9 External Credit Ratings

The external credit ratings were given by Global Credit Rating (GCR), a credit rating agency accredited with the Reserve Bank of Zimbabwe.

Security class	2006	2007	2008
Short-term	A3	NR	NR
Long term	BBB-	BBB-*	BB+

* the rating was withdrawn after the discovery of the US$6.4 million forex fraud (refer to Note 37.1).
NR – not rated.

34.10. Capital Management

34.10.1Holding Company

The capital allocation to the subsidiary units is in accordance with the regulatory requirements of the business undertaken by the subsidiary.

34.10.2 Banking Subsidiary

The primary objective of the Group's capital management is to ensure that the Group complies with the RBZ requirements. In implementing the current capital requirements, the RBZ requires the Banking subsidiary to maintain a prescribed ratio of total capital to total risk weighted assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

34.10.2 Banking Subsidiary (Continued)

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, retained earnings (including current year profit), statutory reserve and other equity reserves.

The other component of regulatory capital is Tier 2 capital, which includes subordinated term debt, revaluation reserves and portfolio provisions.

Tier 3 capital relates to an allocation of capital to market and operational risk.

Various limits are applied to elements of the capital base. The core capital (Tier 1) shall compromise not less than 50% of the capital base and portfolio provisions are limited to 1.25% of total risk weighted assets.

The Bank's regulatory capital position at 31 December 2008 was as follows:

	HISTORICAL	
	2008	2007
	Z$ million	Z$ million
Share capital	-	-
Share premium	-	-
Retained earnings	117 249 946 338	-
	117 249 946 338	-
Less: capital allocated for market and operational risk	(24 925 292)	-
Credit to insiders	-	-
Tier 1 capital	117 225 021 046	-
Tier 2 capital (subject to limit as per Banking Regulations)	105 292 453 591	-
Revaluation reserves	105 280 000 017	-
Available for sale	-	-
Subordinated debt	-	-
Portfolio provisions (limited to 1.25% of risk weighted assets)	12 453 574	-
Total Tier 1 & 2 capital	222 517 474 637	-
Tier 3 capital (sum of market and operational risk capital)	24 925 292	-
Total capital base	222 542 399 929	-
Total risk weighted assets	359 934 173 940	-
Tier 1 ratio	33%	9.71%
Tier 2 ratio	29%	9.71%
Tier 3 ratio	-	0.80%
Total capital adequacy ratio	62%	20.21%
RBZ minimum required	10%	10.00%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

35. Limitations of financial reporting

The uncertainties in the adverse Zimbabwean economic environment during the year have resulted in limitations in financial reporting. These uncertainties include:

- The inflation indices have not been published since July 2008. Subsequent estimates by economists are wide ranging of trillions to quadrillions, in some cases. The use of foreign currency and multiple pricing, described below, also distorts the process of measuring inflation.

Given the chronic hyperinflation, the time lapse between the balance sheet and reporting dates renders the financial information presented in the financial statements less useful and relevant for making economic decisions. Official inflation indices, when available, are only available at month-end periods. Therefore, the use of assumptions to determine inflation in the intervening periods renders the information presented susceptible to estimation errors.

In these circumstances, inflation adjusted financial statements are not prepared as required by the International Financial Reporting Standard (IAS 29) *Financial Reporting in Hyperinflationary Economies* as such financial statements are considered inherently unreliable.

- The measurement of transactions in local currency is dependent on the mode of settlement. As a result, there may be significant variations in the valuations of assets and liabilities. Accordingly, such valuations may be inherently unreliable.

The uncertainties have been aggravated by:

- multiple exchange rates - there are various rates applicable which vary significantly (for instance the market "cash exchange rate" is less than 1% of the market "cheque exchange rate" or the United Nations exchange rate). If a transaction occurs at more than one rate and is recorded at its nominal value, this may result in distortions in financial reporting;
- multiple pricing - there are multiple prices for the same commodity/service, largely dependant on the modes of settling transactions from cheque/transfer, cash, fuel coupons, foreign currency etc. The effect is similar to that of the multiple exchange rates described above and may result in distortions in financial reporting;
- "dollarisation" - the introduction of licensed operators in foreign currency in the country and also the "basing" of most other transactions in foreign currency for most of the non-licensed operators, has created challenges for the company in determining its functional currency (as between the local currency and a foreign currency);

As a result of these uncertainties and inherent limitations, the directors advise caution on the use of these financial statements for decision making purposes.

36. ASSUMPTIONS

36.1 Going concern

The Directors have assessed the ability of the group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the group to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2008

36. ASSUMPTIONS (Continued)

36.2 Fair value determination for transactions, assets and liabilities

In the determination of the fair values for assets and liabilities, an exchange rate of Z$35 quadrillion to the US$ was used as presented by the Reserve Bank of Zimbabwe.

Significant variation would occur if a different exchange rate is used to translate foreign currency balances to Zimbabwe dollars.

37. NON – ADJUSTING POST BALANCE SHEET EVENTS

37.1 Fraud

Subsequent to the balance sheet date for the year ended 31 December 2006, a fraud involving about US$6.4 million was uncovered wherein foreign currency was disposed of by a bank official for Zimbabwe dollars at the then ruling official exchange rate, without authority. This subsequently resulted in the revocation of the bank's foreign currency dealership licence by the Reserve Bank of Zimbabwe with effect from 15 May 2007. The revocation did not affect the local currency banking operations. The foreign currency dealership licence was restored with effect from 1 June 2008.

An amount of US$2.6 million of the total funds defrauded belonged to the bank's clients and the balance was the bank's own funds. The fraud has no accounting effect on the financial statements for the year ended 31 December 2006 as value was received at the official exchange rate, the amount at which the asset was carried in the financial statements. It is intended that the US$2.6 million net liability will be met by any recoveries of the misappropriated foreign currency and shareholder injections anticipated from a plan the Board has put in place, the details of which will be made available in separate circular to shareholders.

As at 31 December 2008, for financial reporting purposes, the US$ exchange rate of Z$35 quadrillion was applied in the bank's financial statements. The foreign exchange market was partially liberalised on 2 May 2008 and exchange controls were substantially abolished on 1 March 2009.

The directors are of the view that with the restoration of the bank's foreign currency dealership licence, the Bank will continue in operational existence for the foreseeable future.

37.2 Redenomination of the Zimbabwe dollar

The Zimbabwe dollar was debased on 1 February 2009 by the removal of twelve (12) zeros from the currency. As this was an event subsequent to year end, the effect has not been adjusted on the 31 December 2008 results.

37.3 Dollarisation

The Zimbabwean economy was fully dollarised with effect from February 2009 by allowing the use of multiple foreign currencies in business transactions. The change in the functional currency will affect the opening balances for the 2009 financial year and will be dealt with accordingly.

HISTORICAL FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED INCOME STATEMENTS

	2008	2007	2006	2005	2004
	Z$ trillion	Z$ trillion	Z$ trillion	Z$ trillion	Z$ trillion
Interest from lending activities	1 138 350 907	-	-	-	-
Interest from investing activities	149 806 887	-	-	-	-
	1 288 157 794	-	-	-	-
Interest expense	(13 495 464)	-	-	-	-
Net interest income	1 274 662 330	-	-	-	-
Net foreign exchange losses	(59 329 922 212)	-	-	-	-
Non-interest income	234 847 412 514	-	-	-	-
Net operating income	176 792 152 632	-	-	-	-
Operating expenditure	(26 209 605 370)	-	-	-	-
Impairment losses on loans and advances	(469 156 306)	-	-	-	-
Profit before taxation	150 113 390 956	-	-	-	-
Financial institutions levy	(866 728 519)	-	-	-	-
Taxation	(23 780 437 749)	-	-	-	-
Profit after taxation	125 466 224 688	-	-	-	-

CONSOLIDATED BALANCE SHEETS

	2008	2007	2006	2005	2004
Share capital	-	-	-	-	-
Reserves	230 742 119 001	-	-	-	-
Total shareholders' funds	230 742 119 001	-	-	-	-
Deferred taxation	50 095 992 945	-	-	-	-
Deposits and other accounts	137 924 059 052	-	-	-	-
Provision for current taxation	869 337 330	-	-	-	-
Financial liabilities	28 347 562	-	-	-	-
Capital employed	419 659 855 890	-	-	-	-

ASSETS

	2008	2007	2006	2005	2004
Cash and cash equivalents	47 187 135 390	-	-	-	-
Advances and other accounts	5 887 252 878	-	-	-	-
Financial assets at fair value through profit and loss	120 000 056	-	-	-	-
Available for sale securities	235 269	-	-	-	-
Investments	19 965 232 297	-	-	-	-
Investment properties	214 900 000 000	-	-	-	-
Property and equipment	131 600 000 000	-	-	-	-
Employment of capital	419 659 855 890	-	-	-	-

HISTORICAL FIVE YEAR FINANCIAL SUMMARY (Continued)

	2008	2007	2006	2005	2004
CLOSING NUMBER OF SHARES*	1 641 225 424	1 608 159 059	1 569 339 001	853 609 624	426 804 812
Share Performance					
Net asset value per share (Z$ trillion)	140.59	-	-	-	-
Basic earnings per share (Z$ trillion)	76.76	-	-	-	-
Dividend per share (cents)	-	-	-	-	-
Dividend cover (times)	-	-	-	-	-
Price/earnings ratio	9.77	106.20	1.73	1.11	(3.08)
Closing price per share (Z$ trillion)	750	-	-	-	-
Market capitalisation (Z$ trillion)	1 230 936 171 750	-	-	-	-
Financial Performance					
Return on shareholders' funds (%)[1]	54	24	86	81	(83)
Return on assets (%)	30	3	12	10	(2)
Cost/net income ratio (%)[2]	15	80	28	34	122
Non-interest income/total income (%)	133	62	36	62	33
Effective tax rate (%)	16	(23)	27	34	(48)

1. The return on shareholders' funds is based on shareholders' funds at the end of the year.

2. Includes charge for impairment of losses on loans and advances.

* excludes own equity instruments amounting to 32 805 shares

NOTICE TO MEMBERS

Notice is hereby given that the 14th Annual General Meeting of Members of NMBZ Holdings Limited will be held at the Registered Office of the Company at 4th Floor Unity Court, Cnr 1st Street/Kwame Nkrumah Avenue, Harare on **Thursday, 25 June 2009** at **14:30 hours** for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Financial Statements for the year ended 31 December 2008, together with the reports of the Directors and Auditors thereon.

2. To appoint Directors.

   In accordance with the Articles of Association, Dr G M Mandishona and Mr B Ndachena retire by rotation. Being eligible, both the retiring directors offer themselves for re-election.

3. To appoint Auditors for the current year and to approve Messrs Ernst & Young's remuneration for the previous year.

Note: *A member of the company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, speak and on a poll, vote in his stead. A proxy need not be a member of the company. Proxy forms should be forwarded to reach the office of the transfer secretaries at least 48 hours before the commencement of the meeting.*

By Order of the Board

B Ndachena
Acting Company Secretary

7 May 2009

SHAREHOLDERS' ANALYSIS

Size of Shareholding			2008 Number of Shareholders	%	2008 Issued Shares	%
1	-	5 000	1 972	56.29	3 265 585	0.20
5 001	-	10 000	488	13.93	3 635 143	0.22
10 001	-	50 000	610	17.41	13 275 830	0.81
50 001	-	100 000	153	4.37	10 930 384	0.67
100 001	-	500 000	178	5.08	39 375 208	2.40
500 001	-	1 000 000	38	1.09	27 635 962	1.68
1 000 001	-	10 000 000	44	1.26	131 250 693	8.00
10 000 001	-	And over	20	0.57	1 411 889 424	86.02
Total			3 503	100.00	1 641 258 229	100.00

Size of Shareholding			2007 Number of Shareholders	%	2007 Issued Shares	%
1	-	5 000	1 279	50.79	2 199 266	0.13
5 001	-	10 000	373	14.81	2 729 887	0.17
10 001	-	50 000	512	20.33	10 962 594	0.68
50 001	-	100 000	126	5.00	8 885 174	0.55
100 001	-	500 000	137	5.44	31 034 173	1.93
500 001	-	1 000 000	34	1.35	22 557 510	1.40
1 000 001	-	10 000 000	38	1.51	118 633 671	7.38
10 000 001	-	And over	19	0.75	1 411 156 784	87.75
Total			2 518	100.00	1 608 159 059	100.00

Industry	2008 Shareholders	%	2008 Shares	%
Banks and nominees	78	2.23	53 370 329	3.25
Employees	60	1.71	23 490 037	1.43
Deceased estates	5	0.14	11 173 353	0.68
External companies	4	0.11	64 066 761	3.90
Insurance companies	9	0.26	346 512 511	21.11
Investment, trusts and property companies	340	9.71	817 101 442	49.79
Non-resident individuals	16	0.46	2 096 864	0.13
Other corporate holdings	171	4.88	203 646 669	12.41
Pension funds	19	0.54	48 976 962	2.98
Resident individual/trusts	2 801	79.96	70 823 301	4.32
	3 503	100.00	1 641 258 229	100.00

SHAREHOLDERS' ANALYSIS (Continued)

Industry	2007 Shareholders	%	2007 Shares	%
Banks and nominees	72	2.86	68 185 860	4.23
Employees	55	2.18	20 369 504	1.27
Deceased estates	4	0.16	674 183	0.04
External companies	4	0.16	64 067 551	3.98
Insurance companies	6	0.24	346 509 126	21.55
Investment, trusts and property companies	180	7.15	788 779 406	49.04
Non-resident individuals	16	0.64	2 037 064	0.12
Other corporate holdings	173	6.87	202 686 456	12.60
Pension funds	18	0.71	4 537 179	3.39
Resident individual/trusts	1 990	79.03	60 312 730	3.75
	2 518	100.00	1 608 159 059	100.00

TOP TEN SHAREHOLDERS

		2008 Shares	% of Total
1	Old Mutual Life Assurance Company of Zimbabwe	346 492 017	21.11
2	Cornerstone Trust	168 755 799	10.23
3	Alsace Trust	168 755 795	10.23
4	Wamambo Investments Trust	142 260 092	8.67
5	M Lynton Edwards Stockbrokers (Pvt) Ltd	123 424 919	7.52
6	Drakmore Investments (Pvt) Ltd	109 627 112	6.68
7	Elsha Investments (Pvt) Ltd	53 435 939	3.26
8	Martcap Investments (Pvt) Ltd	51 090 385	3.11
9	Rayvonne Trust	46 137 727	2.81
10	Local Authorities Pension Fund	45 689 628	2.78

		2007 Shares	% of Total
1	Old Mutual Life Assurance Company of Zimbabwe	346 492 017	21.55
2	Cornerstone Trust	168 755 799	10.49
3	Alsace Trust	168 755 795	10.49
4	Wamambo Investments Trust	142 260 092	8.85
5	M Lynton Edwards Stockbrokers (Pvt) Ltd	118 907 309	7.39
6	Drakmore Investment (Pvt) Ltd	109 627 112	6.82
7	Elsha Investments (Pvt) Ltd	53 435 939	3.32
8	Martcap Investments (Pvt) Ltd	51 090 385	3.18
9	Local Authorities Pension Fund	47 676 500	2.96
10	Rayvonne Trust	46 137 727	2.87

SHAREHOLDERS' INFORMATION

MEMBERS' DIARY	
Financial year end	31 December 2008
Reports:-	
- Announcement of annual results	21 May 2008
- Annual financial statements	posted May 2009
- Annual General Meeting	25 June 2008
- Announcement of the 2009 half-year results	August 2009
Dividend payments:	
- Interim	n/a
- Final	n/a

SECRETARY AND REGISTERED OFFICE

Acting Secretary B Ndachena

Registered Offices

1st Floor
Unity Court
Cnr 1st Street/Kwame Nkrumah Avenue
Harare
Zimbabwe

Telephone: +263 4 759651
Facsimile +263 4 759648
Website: **http://www.nmbz.co.zw**
Email: enquiries@nmbz.co.zw

NMB Centre
George Silundika Avenue/
Leopold Takawira Street
Bulawayo
Zimbabwe

+263 9 70169
+263 9 68535

Auditors

Ernst & Young Chartered Accounts (Zimbabwe)
Angwa City
J Nyerere Way/Kwame Nkrumah Avenue
Harare
Zimbabwe

Transfer Secretaries

In Zimbabwe
First Transfer Secretaries
4th Floor, Gold Bridge North
Eastgate Building
Cnr. Robert Mugabe/Sam Munjoma Street
P O Box 11
Harare
Zimbabwe

In UK
Computershare Services PLC
36 St Andrew Square
Edinburgh
EH2 2YB
UK

Legal Practitioners to the Company

In Zimbabwe
Gill, Godlonton & Gerrans
7th Floor, Beverly Court
100 Nelson Mandela Avenue
Harare
Zimbabwe

In UK
Dechert
2 Serjeants' Inn
London EC4Y 1LT
UK

NMBZ HOLDINGS LIMITED

ANNUAL GENERAL MEETING
FORM OF PROXY

I/We, ...

of ....

being a member of the above company and entitled to vote, hereby appoint

....

of ....

or failing him ....

of ....

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on 25 June 2009 and at any adjournment thereof.

Signed this .... **day of** **2009**

Signature of member ....

Note

(i) In terms of Section 129 of the Companies Act (Chapter 24:03) a member of the company is entitled to appoint one or more proxies to act in the alternative to attend, vote and speak in his stead. A proxy need not be a member of the Company.

(ii) Sections 75 and 76 of the Company's Articles of Association provide that instruments of proxy must be signed and returned to reach the Registered Office of the Company not less than forty-eight hours before the time for holding the meeting.

NMBZ Holdings Limited

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First Floor, Unity Court
Cnr Kwame Nkrumah Avenue / First Street
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