2011 ANNUAL REPORT

NMBZ HOLDINGS LIMITED

Dually listed on the London Stock Exchange and ZSE

Holding Company of NMB BANK LIMITED

(Registered Commercial Bank)

NMB BANK LIMITED

MISSION
To provide premium financial services to existing and potential high net worth individuals and businesses.

VISION
To be the leading financial services group in our chosen market.

VALUES
Integrity. Professionalism. Excellence. Loyal and Dedicated Staff. Innovation. Shareholder Value.

VALUES STATEMENT
Our values define what we believe in and what we aspire to be.

Our values mean:

Integrity
Uprightness in character.

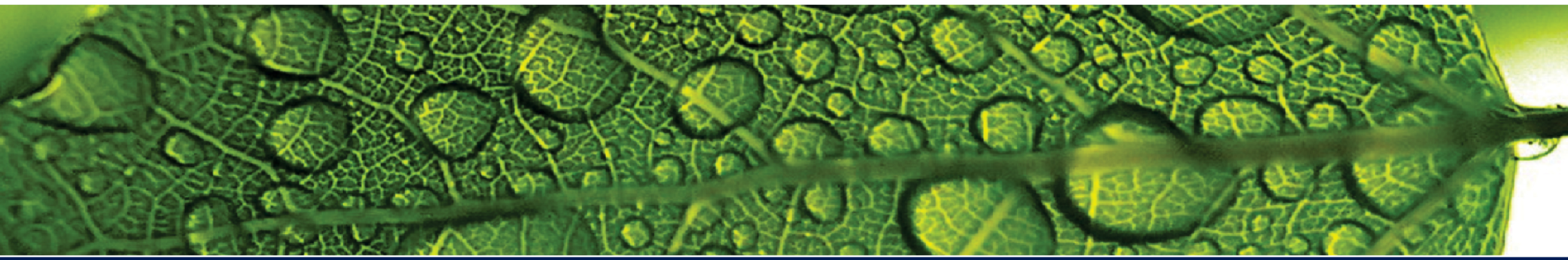
Professionalism
Exhibiting expertise and fairness in our work.

Excellence
Being exceptional in all our dealings.

Loyal and Dedicated Staff
Attracting and retaining professional, skilled and motivated staff.

Innovation
Committed to providing solutions that maximize value to our customers.

Shareholder Value
Achieving stakeholder satisfaction through high shareholder returns.



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HIGHLIGHTS

	2011	2010
Attributable profit (US$)	4 538 456	692 234
Basic earnings per share (US cents)	0.16	0.03
Total deposits (US$)	139 226 144	79 849 387
Shareholders' funds (US$)	23 371 581	18 833 125

Enquiries:

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We save trees and reduce our carbon footprint by offering online banking

Profile

The NMBZ Holdings Group comprises the company and operating subsidiaries, NMB Bank Limited (the Bank), 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 branch network is constantly growing to service customers and meet demand in suitable and convenient locations. Set out aside are the Bank's locations:

Harare Branches

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

Avondale – 20 King George Road, Avondale, Harare

Country Branches

Bulawayo Corporate and Retail Banking – NMB Centre, Corner George Silundika Street/Leopold Takawira Avenue, Bulawayo

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

Gweru – 36 Robert Mugabe Road, Gweru

ATM Sites

The Bank's ATM network, which accepts VISA cards, has been expanded to cover the following locations:

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

CHAIRMAN'S STATEMENT
for the year ended 31December 2011

INTRODUCTION

The country continued to experience a relatively stable economic environment during the period under review. A combination of the relative political stability and continued international re-engagement resulted in considerable growth in business activity in the country. The financial sector experienced intermittent liquidity constraints in the period under review and this constrained availability of credit to industry and commerce.

GROUP RESULTS

Compliance with International Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared in compliance with the Companies Act (Chapter 24:03) and the Banking Act (Chapter 24:20).

Commentary on operating results

The profit before taxation was US$6 193 653 during the period under review and this gave rise to an attributable profit of US$4 538 456 compared to $US692 234 from the prior year. Net interest income was US$11 901 512 for the period. Non-interest income amounted to US$12 164 691 and this was mainly as a result of commissions and fee income (US$11 958 029).

Operating expenses amounted to US$16 979 741 and these were 11% up from prior year figure of US$15 365 768 and were driven or by administration and staff related expenditure.

Impairment losses on loans and advances amounted to US$2 296 111 for the current period from a prior year of US$971 803. This is commensurate with the loans and advances which amounted to US$97 138 048 at 31 December 2011 compared to US$57 913 589 as at 31 December 2010.

Dividend

In view of the need to retain cash in the business and to strengthen the statutory capital requirements for the banking subsidiary, the Board has proposed not to declare a dividend.

Statement of financial position

The Group's total assets grew by 63% from US$102 839 504 as at 31 December 2010 to US$167 287 333 as at 31 December 2011. The assets comprised mainly loans, advances and other accounts (US$99 802 065), financial assets at fair value through profit and loss (US$24 585 255), cash and short term funds (US$32 265 953), investment properties (US$2 510 000) and property and equipment (US$6 801 982). Gross loans and advances increased by 68% from US$57 913 589 as at 31 December 2010 to US$97 138 048 as at 31 December 2011. The Bank's liquidity ratio closed the period at 35.25% and this was above the statutory requirement of 25% at 31 December 2011.

Capital

The banking subsidiary's capital adequacy ratio at 31 December 2011 calculated in accordance with the guidelines of the Reserve Bank of Zimbabwe (RBZ) was 14.37% (31 December 2010 – 17.49%). The minimum required by the RBZ is 10%.

The Group's equity increased by 24% from US$18 833 125 as at 31 December 2010 to US$ 23 371 581 as at 31 December 2011 as a result of growth in retained earnings.

CORPORATE SOCIAL INVESTMENTS

The Group is committed to improving the well-being of the communities where we work and live through our charitable giving. In 2011, the Group contributed towards the support of charities, community fundraisers and non-profit organizations that have a positive influence on society. During the year we supported a diverse range of causes and we dedicated a large portion of our community contributions towards areas of education, health and social services, the environment and the arts.

CORPORATE DEVELOPMENTS

In line with our strategic thrust to offer service excellence, the Bank successfully upgraded its core banking system to the latest version of T24. In addition to enhancing the efficiency of transaction processing, the new platform provides a solid base for a seamless integration to other modern service delivery channels that bring convenience to our high net worth individual and business customers. Going forward, the Bank is looking at enhancing existing electronic delivery channels through upgrades as well as acquiring new channels in an endeavour to bring more convenience to our valued clients.

A new branch was opened at the upmarket PaSangano in the Avondale (Harare) area during the last quarter of 2011. The opening of the branch is in line with the Bank's strategic intent to be present in key markets and it brings convenience to existing and potential clients in the Avondale and surrounding areas.

OUTLOOK AND STRATEGY

The Group has continued with its quest to access more lines of credit in order to underwrite more lending business for our clients. The Group has also continued to explore growth opportunities in the market.

DIRECTORATE

During the year Mr Francis Zimuto was appointed the Deputy Group Chief Executive Officer. There were no other changes to the composition of the Board.

APPRECIATION

I would like to express my appreciation to our valued clients, shareholders and Regulatory Authorities for their continued support in the period under review. I would also like to thank my fellow Board members, management and staff for their continued commitment and dedication which has underpinned the achievement of these results.

T N MUNDAWARARA
CHAIRMAN

20 March 2012

REPORT OF THE DIRECTORS
for the year ended 31 December 2011

We have pleasure in presenting to shareholders our report and the audited financial statements of the Group for the year ended 31 December 2011.

1. SHARE CAPITAL

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

1.1 Authorised:
3 500 000 000 ordinary shares of US$0.000028 each.

1.2 Issued and fully paid:
2 807 107 289 ordinary shares of US$0.000028 each.

No share options were exercised either by directors or managerial staff during the year.

2. GROUP ACTIVITIES AND RESULTS

After providing for depreciation and taxation, the Group posted an attributable profit of US$4 538 456 for the year ended 31 December 2011 (2010 – US$692 234).

3. CAPITAL ADEQUACY

As at 31 December 2011, the Bank's capital adequacy ratio computed under Bank for International Settlements (BIS) rules was 14.37% (2010 – 17.49%).

4 DIRECTORATE

4.1 Board of Directors

T N Mundawarara	(Chairman and Independent Non-executive Director)
A M T Mutsonziwa	(Independent Non-executive Director)
J A Mushore*	(Group Chief Executive Officer)
F Zimuto*	(Deputy Group Chief Executive Officer)
B Ndachena*	(Chief Financial Officer)
J T Makoni	(Non-Executive Director)
J de la Fargue	(Non-Executive Director)
J Chenevix-Trench	(Non-Executive Director)
B W Madzivire	(Independent Non-Executive Director)
M Mudukuti	(Independent Non-Executive Director)
L Majonga (Ms)	(Independent Non-Executive Director)
J Chigwedere	(Independent Non-Executive Director)

*Executive

In accordance with the Articles of Association, Mr F Zimuto who was appointed subsequent to the last Annual General Meeting (AGM) will retire at the forthcoming AGM and Mr. T.N. Mundawarara, Mr. J. Chigwedere and Mr. A.M.T Mutsonziwa will retire by rotation at the forthcoming Annual General Meeting (AGM). All retiring directors, being eligible, offer themselves for re-election.

4.2 Directors' Interests

As at 31 December 2011 the Directors held the following direct and indirect beneficial interests in the shares of the Company:-

	31 December 2011 Shares	31 December 2010 Shares
T N Mundawarara	39 901	39 901
A M T Mutsonziwa	55 691	55 691
B Ndachena	350 000	797 842
J A Mushore**	1 646 969	1 646 969
J T Makoni**	6 447 904	6 447 904
F Zimuto**	-	-
B W Madzivire	-	-
M Mudukuti	-	-
L Majonga (Ms)	-	-
J. Chigwedere	-	-
J de la Fargue	5 294 005	-
J Chenevix-Trench***	2 806 866	2 806 866
B P Washaya*	20 692	4 020 692
F S Mangozho*	-	-
L Chinyamutangira*	152 482	1 303 321
	16 814 510	17 119 186

*B. P. Washaya, F.S. Mangozho and L. Chinyamutangira are NMB Bank Limited executive directors.

**Dr. J. Makoni, Mr. J. Mushore and Mr.F. Zimuto hold non-beneficial interests in Cornerstone Trust, Alsace Trust and Wamambo Investments Trust respectively.

***J Chenevix-Trench holds interests in African Century Financial Services LLP.

4.3 Directors' attendance to meetings

	Board of Directors		Audit Committee		Risk Management Committee		Asset and Liability Management Committee (ALCO), Finance & Strategy Committee		Loans Review Committee		Human Resources, Remuneration and Nominations Committee		Credit Committee	
T N Mundawarara	4	3					4	4			4	3	4	4
A M T Mutsonziwa	4	4	4	4					4	3	4	4		
J A Mushore	4	3			4	3	4	4			4	3	4	3
F Zimuto*	4	4			4	3	4	3			4	3	4	4
B Ndachena**	4	4					4	4	4	2				
B W Madzivire	4	4	4	4							4	4		
M Mudukuti	4	3							4	3	4	3		
L Majonga (Ms)	4	3	4	4	4	3								
Dr J T Makoni	4	1									4	1		
J Chigwedere	4	4			4	4	4	4						
J de la Fargue**	4	3	4	4	4	3			4	2				
J Chenevix-Trench	4	4					4	2			4	4		
B P Washaya					4	4	4	4					4	4
F S Mangozho					4	4	4	4					4	4
L Chinyamutangira							4	4					4	4

KEY Meetings Planned Meetings Attended

* Mr F Zimuto became a member of the Risk Management Committee, of the (ALCO), Finance & Strategy Committee and the Human Resources, Remuneration and Nominations Committee with effect from 16 March 2011.

** Mr. J. de la Fargue resigned from the Loans Review Committee with effect from 27 May 2011 and Mr.B.Ndachena became a member of the Loans Review Committee with effect from 27 May 2011.

5. CORPORATE GOVERNANCE

NMBZ Holdings Limited adheres to international best practice with regards to corporate governance. In particular, the group emulates corporate governance principles set out in the Combined Code of the United Kingdom, the King III report of South Africa and the Reserve Bank of Zimbabwe (RBZ) Corporate Governance Guideline. The Board has set up the Audit Committee, Human Resources and Remuneration Committee, ALCO, Finance and Strategy Committee, Credit Committee, Loans Review Committee and the Risk Management Committee to assist in the discharge of its duties and responsibilities.

5.1 The Board of Directors

The NMBZ Holdings Limited board comprises of twelve directors while the NMB Bank board comprises of fourteen directors. The boards of the holding company and the bank are almost identical as they share eleven directors. The group obtained regulatory approval to have similar boards for the group and the banking subsidiary as the bank was the group's only operating subsidiary. The NMBZ Holdings board comprises of three executive and nine non-executive directors while the NMB Bank board comprises of four executive and ten non-executive directors. The Chairpersons of the board and all the board committees are independent non-executive directors. The boards and the board committees meet at least four times a year.

5.2 Audit Committee

The committee oversees the Group's financial reporting process, monitoring the integrity and appropriateness of the Group's financial statements; evaluating the adequacy of the Group's financial and operational processes, compliance, internal controls and risk management processes and the selection, compensation, independence and performance of the Group's external and internal auditors. The Committee meets at least four times a year. The Committee meets regularly with the company's internal and external auditors. Both the internal and external auditors have unrestricted access to the audit committee to ensure their independence and objectivity.

Membership:	Mr. B. W. Madzivire	Chairperson- Independent Non-Executive Director
	Ms. L. Majonga	Independent Non-Executive Director
	Mr. A. M. T. Mutsonziwa	Independent Non-Executive Director
	Mr. J. de la Fargue	Non-Executive Director

5.3 Human Resources, Remuneration and Nominations Committee

The committee is responsible for setting the group's remuneration philosophy and reviews the overall remuneration structures of the group, including all material remuneration proposals and packages for Executive Directors and senior personnel.

Membership:	Mr. M. Mudukuti	Chairman - Independent Non-Executive Director
	Mr. T. N. Mundawarara	Independent Non-Executive Director
	Mr. B. W. Madzivire	Independent Non-Executive Director
	Mr. J. A. Mushore	Group Chief Executive Officer
	Mr. F. Zimuto	Deputy Group Chief Executive Officer
	Mr. J. Chenevix –Trench	Non-Executive Director
	Dr. J. Makoni	Non-Executive Director

5.4 Loans Review Committee

The Loans Review Committee assesses compliance of the loan book with the lending policy and the Banking Regulations. The committee conducts loan reviews independent of any person or committee responsible for sanctioning credit.

Membership:	Mr. A. M. T. Mutsonziwa	Chairman Independent Non-Executive Director
	Mr. M. Mudukuti	Independent Non-Executive Director
	Mr. B. Ndachena	Chief Finance Officer

5.5 Credit Committee

The credit committee's main responsibilities are to consider loan applications beyond the discretionary limits of the management Credit Committee and to direct the formulation of, review and monitor the credit principles and policies of the group.

Membership:	Mr. T. N. Mundawarara	Chairman - Independent Non-Executive Director
	Mr. J. A. Mushore	Group Chief Executive Officer
	Mr. F. Zimuto	Deputy Group Chief Executive Officer
	Mr. B. P. Washaya	Managing Director
	Mr. L. Chinyamutangira	Executive Director –Banking
	Mr. J. de la Fargue	Non-Executive Director

5.6 Asset and Liability Management Committee (ALCO), Finance and Strategy Committee

The ALCO, Finance & Strategy Committee is responsible for deriving the most appropriate strategy for the group in terms of the mix of assets and liabilities given its expectations of the future and the potential consequences of interest-rate movements, liquidity constraints, foreign exchange exposure and capital adequacy. The committee also ensures that such strategy is in line with the group's risk appetite. In addition, the committee monitors the business and financial strategies of the Company.

Membership:	Mr. T. N. Mundawarara	Chairman -Independent Non-Executive Director
	Mr. J. Chigwedere	Independent Non-Executive Director
	Mr. J. Mushore	Group Chief Executive Officer
	Mr. F. Zimuto	Deputy Group Chief Executive Officer
	Mr. B. P. Washaya	Managing Director
	Mr. B. Ndachena	Chief Finance Officer
	Mr. F. S. Mangozho	Executive Director –Treasury
	Mr. L. Chinyamutangira	Executive Director – Banking
	Dr. J. Makoni	Non - Executive Director
	Mr. J. Chenevix-Trench (alternate J. de la Fargue)	Non – Executive Director

5.7 Risk Management Committee

The Risk Management Committee oversees the quality, integrity and reliability of the group's risk management systems and reviews all group-wide risks.

Membership:	Mr. J. Chigwedere	Chairman - Independent Non-Executive Director
	Mr. J. de la Fargue	Non-Executive Director
	Ms. L. Majonga	Independent Non-Executive Director
	Mr. J. Mushore	Chief Executive Officer
	Mr. B. P. Washaya	Managing Director
	Mr. F. Mangozho	Executive Director - Treasury

5.8 Professional Advice

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

6. AUDITORS

At the forthcoming Annual General Meeting shareholders will be asked to authorise the directors to approve the auditor's remuneration for the year ended 31 December 2011 and to appoint auditors of the Company for the ensuing year.

By order of the Board

Mutandwa

V Mutandwa
Company Secretary

Harare
20 March 2012

STATEMENT OF DIRECTORS' RESPONSIBILITY

for the year ended 31December 2011

1. RESPONSIBILITY

The Directors of the Company are mandated by the Companies Act to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the state of affairs of the Company at the end of each financial year. The information contained in these financial statements has been prepared on a 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 (IFRSs).

2. CORPORATE GOVERNANCE

In its operations, the Group is guided by principles of corporate governance derived from the King III Report, the United Kingdom Combined Code and the Reserve Bank of Zimbabwe Corporate Governance Guideline. The directors of the Group are cognisant of their responsibility to exercise the duty of care and act in good faith in order to safeguard all stakeholders' interests.

3. BOARD OF DIRECTORS

Board appointments are made in a manner that ensures an adequate mix of skills and expertise on the board. The majority of the Group's non-executive directors are independent and thus provide the necessary checks and balances on the board and ensure that the interests of all stakeholders are taken into account in the decision making process. The Chairman of the board is an independent non-executive director. The board is assisted by various committees in executing its responsibilities. The board meets at least quarterly to assess risk, review financial performance, and provide guidance to management on operational and policy issues.

The board conducts an annual evaluation to assess its effectiveness and develop remedial action plans to address weaknesses noted from the evaluation. The evaluation involves an assessment of collective board performance, the chairperson's performance and individual directors' performance.

4. INTERNAL FINANCIAL CONTROLS

The board is responsible for ensuring that effective internal control systems are implemented within the Group. The Group maintains internal controls and systems designed to provide reasonable assurance of the integrity and reliability of its records, safeguard the assets of the Group and prevent and detect fraud and errors. The Audit Committee in conjunction with the external auditors of the Group reviews and assesses the internal control systems of the Group in key risk areas.

5. GOING CONCERN

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.

6. INTERNAL AUDIT

The board is responsible for ensuring that effective internal control systems are implemented within the group. The group maintains internal controls and systems designed to provide reasonable assurance of the integrity and reliability of its records, safeguard the assets of the group and prevent and detect fraud and errors. The Audit Committee in conjunction with the external auditors of the group reviews and assesses the internal control systems of the group in key risk areas.

7. REMUNERATION

The Remuneration Committee determines the remuneration policy for the Group. The remuneration policy is designed to reward performance and retain highly skilled individuals. Accordingly, a discretionary performance related bonus is offered in addition to a basic salary package.

8. EMPLOYEE PARTICIPATION AND DEVELOPMENT

The group encourages active participation by its employees in its ownership. In line with this commitment, managerial employees have in the past participated in the Company's share option scheme. The group is working on a new share option scheme for staff members. The group is also committed to enhancing the skills of staff and sponsors attendance of courses at reputable local and international institutions.

9. 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.

10. REGULATION

The banking subsidiary of the Group is subject to regulation and supervision by the Reserve Bank of Zimbabwe, which conducts the functions of the Registrar of Banking Institutions and is also the supervisor of banking institutions. Where appropriate, the Group participates in industry-consultative meetings and discussion groups aimed at enhancing the business environment.

11. ETHICS

As a Group, we aim to ensure that we adhere to the highest standards of responsible business practice. In this regard, the Group's values include integrity and excellence. All of the Group's employees are thus expected to adhere to the highest standards of personal integrity and professional conduct. The Group monitors its staff conduct through the code of conduct and ensures through its anti money-laundering policies that it did not conduct business with entities whose activities are harmful to the environment.

12. FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flow as at 31 December 2011, together with 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, legislative and regulatory requirements.

The directors' responsibility includes designing, implementing and maintaining internal controls 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.

The directors have satisfied themselves that the Company is in a sound financial position and that it has adequate resources to continue operating in the foreseeable future. Accordingly, they are satisfied that it is appropriate to prepare the financial consolidated statements of the Company on a going concern basis.

Approval of the financial statements

The financial statements of the Company and Group appearing on pages 14 to 86 were approved by the board of directors on 20 March 2012 and are signed on their behalf by:

…………………………………	………………………..
T. N. Mundawarara	J.A. Mushore
Chairman	Group Chief Executive Officer
Date: 20 March 2012	Date: 20 March 2012

NMBZ HOLDINGS LIMITED

Holding company of NMB BANK LIMITED

(Registered Commercial Bank)

Chartered Accountants (Zimbabwe)
Angwa City
Cnr Julius Nyerere Way/
Kwame Nkrumah Avenue
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Harare

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E-mail: admin@zw.ey.com

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

Report on the financial statements

We have audited the accompanying financial statements of NMBZ Holdings Limited as set out on page 14 to 86 which comprise the Group and Company statements of financial position as at 31 December 2011, and the Group and Company statement of comprehensive income, the Group and Company statements of changes in equity and the Group and Company statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:20)and the statutory instruments SI 33/99 and SI 62/96, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 the directors, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of NMBZ Holdings Limited and its subsidiaries as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:20) and the statutory instruments SI 33/99 and SI 62/96.

ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

30 April 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

		GROUP		COMPANY	
	Note	2011	2010	2011	2010
		US$	US$	US$	US$
Interest income	4	20 158 766	10 014 636	168 416	-
Interest expense	5	(8 257 254)	(3 143 168)	-	-
Net interest income		11 901 512	6 871 468	168 416	-
Net foreign exchange gains		1 289 729	1 055 307	-	-
Share of profit/(loss) of associate	19	113 573	(21 444)	-	-
Non-interest income	6	12 164 691	9 374 796	77 162	123 864
Net operating income		25 469 505	17 280 127	245 578	123 864
Operating expenditure	7	(16 979 741)	(15 365 768)	-	(140)
Impairment losses on loans and advances		(2 296 111)	(971 803)	-	-
Profit before taxation		6 193 653	942 556	245 578	123 724
Taxation	8	(1 655 197)	(250 322)	(47 306)	(9 684)
Profit for the year		4 538 456	692 234	198 272	114 040
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		4 538 456	692 234	198 272	114 040
Attributable to:					
Owners of the parent		4 538 456	692 234	198 272	114 040
Non – controlling interests		-	-	-	-
		4 538 456	692 234	198 272	114 040
Earnings per share (US cents)					
-Basic	9	0.16	0.03		
-Diluted basic	9	0.15	0.03		

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
as at 31December 2011

		GROUP		COMPANY	
	Note	2011	2010	2011	2010
		US$	US$	US$	US$
EQUITY					
Share capital	10	78 598	78 598	78 598	78 598
Capital reserves	11	16 806 650	16 666 633	15 783 219	15 783 219
Retained earnings	12	6 486 333	2 087 894	293 516	95 244
Total equity		23 371 581	18 833 125	16 155 333	15 957 061
LIABILITIES					
Deposits and other liabilities	13	102 608 918	65 979 335	129	129
Financial liabilities at fair value through profit and loss	14	40 148 860	17 177 109	-	-
Current tax liabilities	8.3	1 157 974	641 969	44 798	400
Deferred tax liabilities	15	-	207 966	7 042	7 533
Total liabilities		143 915 752	84 006 379	51 969	8 062
Total equity and liabilities		167 287 333	102 839 504	16 207 302	15 965 123
ASSETS					
Cash and cash equivalents	16	32 265 953	18 346 939	95 631	-
Financial assets at fair value through profit and loss	14	24 585 255	17 299 592	-	-
Loans, advances and other assets	17	99 802 065	60 315 397	1 749 172	1 842 363
Investments:-					
Trade investment	18	190 980	201 666	109 702	122 794
Associate	19	591 667	228 556	499 538	250 000
Group companies	20	-	-	13 722 112	13 722 112
Quoted and other investments	21	118 048	134 461	31 147	27 854
Investment properties	22	2 510 000	2 615 000	-	-
Property and equipment	23	6 801 982	3 697 893	-	-
Deferred tax assets	15	421 383	-	-	-
Total assets		167 287 333	102 839 504	16 207 302	15 965 123

T N MUNDAWARARA

J A MUSHORE

Directors

V MUTANDWA
Company Secretary

20 March 2012

20 March 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31December 2011

GROUP ← **Capital Reserve** →

	Share Capital US$	Share Premium US$	Treasury Shares US$	Share Option Reserve US$	Regulatory Reserve US$	Non-distributable Reserve US$	Retained Earnings US$	Total US$
Balances at 1 January 2010	-	34 822	(8 225)	61 212	274 904	6 201 909	2 003 383	8 568 005
Total comprehensive income for the year	-	-	-	-	-	-	692 234	692 234
Impairment allowance for loans and advances	-	-	-	-	608 510	-	(608 510)	-
Disposal proceeds of own equity instruments (note10.3)	-	-	9 012	-	-	-	-	9 012
Surplus on treasury shares (note 10.3)	-	-	(787)	-	-	-	787	-
Redenomination of share capital	46 147	6 155 762	-	-	-	(6 201 909)	-	-
Shares issued – share options exercised	87	15 454	-	(15 541)	-	-	-	-
Shares issued – rights issue	32 364	9 531 510	-	-	-	-	-	9 563 874
Balances at 31 December 2010	78 598	15 737 548	-	45 671	883 414	-	2 087 894	18 833 125
Total comprehensive income for the year	-	-	-	-	-	-	4 538 456	4 538 456
Impairment allowance for loans and advances	-	-	-	-	140 017	-	(140 017)	-
Shares issued – share options exercised	-	-	-	-	-	-	-	-
Balances at 31 December 2011	78 598	15 737 548	-	45 671	1 023 431	-	6 486 333	23 371 581

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2011

COMPANY

	Share Capital US$	Share Premium US$	Share Option Reserve US$ (Capital Reserve)	Non-distributable Reserve US$ (Capital Reserve)	Retained (Loss)/ Earnings US$	Total US$
Balances at 1 January 2010	-	34 822	61 212	6 201 909	(18 796)	6 279 147
Total comprehensive income for the year	-	-	-	-	114 040	114 040
Redenomination of share capital	46 147	6 155 762	-	(6 201 909)	-	-
Shares issued – share options exercised	87	15 454	(15 541)	-	-	-
Share issued – rights issue	32 364	9 531 510	-	-	-	9 563 874
Balances at 31 December 2010	78 598	15 737 548	45 671	-	95 244	15 957 061
Total comprehensive income for the year	-	-	-	-	198 272	198 272
Shares issued – share options exercised	-	-	-	-	-	-
Balances at 31 December 2011	78 598	15 737 548	45 671	-	293 516	16 155 333

CONSOLIDATED STATEMENTS OF CASH FLOWS
for the year ended 31 December 2011

	GROUP 2011 US$	GROUP 2010 US$	COMPANY 2011 US$	COMPANY 2010 US$
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	6 193 653	942 556	245 578	123 724
Non-cash items				
-Impairment losses on loans and advances	2 296 111	971 803	-	-
-Investment properties fair value adjustment	40 000	784 600	-	-
-Loss/(profit) on disposal of property and equipment	18 046	(64 527)	-	-
-Quoted and other investments fair value adjustment	(5 689)	(94 139)	(22 989)	(106 864)
-Profit on disposal of quoted and other Investments	(27 173)	(13 232)	(27 173)	-
-Impairment (gain)/loss on land and buildings	(250 000)	298 811	-	-
-Depreciation	756 191	297 532	-	-
-Share of associate's (profit)/loss	(113 573)	21 444	-	-
Operating cash flows before changes in operating assets and liabilities	8 907 566	3 144 848	195 416	16 860
Changes in operating assets and liabilities				
Financial liabilities at fair value through profit and loss	22 971 751	10 732 177	-	129
Deposits and other liabilities	36 629 583	42 329 610	-	-
Loan advances and other assets	(41 782 779)	(48 283 101)	93 190	(1 763 328)
Finacial assets at fair value through profit and loss	(7 285 663)	(10 164 569)	-	-
Net cash inflow/(outflow) generated from operations	19 440 458	(2 241 035)	288 606	(1 746 339)
Taxation				
Corporate tax paid (note 8.3)	(1 765 544)	(445 657)	(400)	-
Capital gains tax paid	(2 998)	-	(2 998)	-
Net cash inflow/(outflow) from operating activities	17 671 916	(2 686 692)	285 208	(1 746 339)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds on disposal of investment property	4 688	84 860	-	-
Purchase of property and equipment	(3 568 013)	(732 183)	-	-
Improvements to investment property	-	(180 000)	-	-
Purchase of unquoted investments	-	(250 000)	-	(250 000)
Increase in investment in subsidiary	-	-	-	(7 567 535)
Proceeds from disposal of quoted and other investments	59 961	343 899	59 961	-
Increase in investment in associate	(249 538)	-	(249 538)	-
Net cash outflow from investing activities	(3 752 902)	(733 424)	(189 577)	(7 817 535)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from rights issue	-	9 563 874	-	9 563 874
Net increase in cash and cash equivalents	13 919 014	6 143 758	95 631	-
Cash and cash equivalents at the beginning of the year	18 346 939	12 203 181	-	-
Cash and cash equivalents at the end of the year (note 16)	32 265 953	18 346 939	95 631	-

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). The Group's financial statements are presented at least annually.

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

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis except for securities held for trading and investment properties which are stated at fair value, loans and advances which are stated at amortised cost and land, buildings which are stated at revalued amounts. The consolidated financial statements are reported in United States of America dollars and rounded to the nearest dollar.

Comparative financial information

The financial statements comprise a statement of financial position, a statement of comprehensive income, a statement of changes in equity and a statement of cash flows. The comparative statement of comprehensive income and the comparative statements of changes in equity and cash flows are for twelve months.

BUSINESS COMBINATIONS

Business combinations are accounted for in accordance with the acquisition method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

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, balances, income and expenses 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 Acquisition Method, from the date that control effectively commences until the date that control effectively ceases. All intra –group balances, transactions, unrealised gains and losses resulting from intra – group transactions and dividends are eliminated in full. Losses within a subsidiary are attributed to the non – controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without loss of control is accounted for as an equity transaction. If the group loses control over a subsidiary it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the fair value of the consideration received

ACCOUNTING CONVENTION (Cont'd)

Subsidiaries(Cont'd)

- Derecognises the cumulative transaction differences recorded in equity
- Derecognises the fair value of any investment retained
- Derecognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings as appropriate.

In the Holding Company's separate financial statements investments in subsidiaries are accounted for at cost.

Associates

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The share of profit of an associate is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group.

Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the income statement. Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

Quoted and trade investments

Quoted investments comprise interests in equities listed on a public exchange and are accounted for at fair value. The fair value is determined using quoted market prices in active markets.

Trade investments comprise interests in unquoted equities and are accounted for at fair value. The fair value is determined using valuation techniques or pricing models.

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 indicate that it might be impaired. Impairment losses on goodwill are not reversed. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognised directly in profit or loss in the year of acquisition.

FOREIGN CURRENCY TRANSACTIONS

The consolidated financial statements are presented in United States Dollars (US$), which is also the parent Company's functional currency.

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 reporting date. Non-monetary assets and liabilities measured at historical cost denominated in foreign currencies are translated at the exchange rates ruling at the transaction date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non – monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

TAXATION

Current taxation

Income tax on the statement of comprehensive income for the year comprises current and deferred tax. Current income tax is recognised in profit or loss except to the extent that it relates to items recognised in equity or other comprehensive income, in which case the related tax is also recognised in equity or other comprehensive income.

Current tax is expected tax payable on the taxable income for the year, using rates enacted or substantially enacted at the reporting date in the country where the Group operates and generates taxable income and any adjustment to tax payable in respect of previous years.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred taxation

Provision for deferred taxation is made using the 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. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

TAXATION (Cont'd)

Deferred taxation (cont'd)

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 reporting 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 reporting 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 tax assets is reviewed at each reporting 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 tax assets are reassessed at each reporting 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.

Deferred tax is recognised in profit or loss except to the extent that it relates to items recognised in equity or other comprehensive income, in which case the related tax is also recognised in equity or other comprehensive income.

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

Impairment

A provision for loan impairment is established if there is objective evidence as a result of one or more events that has occurred 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 incurred losses are present in components of the loan portfolio at the reporting 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 profit or loss.

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 profit or loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited in profit or loss.

IMPAIRMENT LOSSES ON LOANS AND ADVANCES (Cont'd)

Regulatory Guidelines And International Financial Reporting Standards Requirements In Respect Of The Group's Banking Activities

The Banking Regulations 2000 issued by the Reserve Bank of Zimbabwe (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 recognised directly in equity as a transfer from retained earnings to a regulatory reserve and where it is more, the full amount will be charged to profit or loss.

Non-Performing Loans

Interest on loans and advances is accrued to income until such time as reasonable doubt exists about its recoverability, 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 statement of financial position. This policy meets the requirements of the Banking Regulations, 2000.

Renegotiated Loans and Advances

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been re-negotiated, any impairment is measured using the original effective interest rate (EIR) as calculated before the modification of terms and the loan is no longer considered past due. Management continuously renews re-negotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loans original EIR.

FINANCIAL INSTRUMENTS

Financial instruments – initial recognition and subsequent measurement

(i) Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the bank becomes a party to the contractual provisions of the instrument. This includes 'regular way trades': purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

FINANCIAL INSTRUMENTS (Cont'd)

(iii) Financial assets or financial liabilities held for trading

Financial assets or financial liabilities held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised in 'Non-interest income'. Interest and dividend income or expense is recorded in 'Interest income or expense ' and "Non-interest income" respectively according to the terms of the contract, or when the right to the payment has been established.

Included in this classification are debt securities, equities and short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

(iv) Financial assets and financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

- The assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

- The financial instrument contains one or more embedded derivatives, which significantly modify the cash flows that would otherwise be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in 'Net gain or loss on financial assets and liabilities designated at fair value through profit or loss'. Interest earned or incurred is accrued in 'Interest income' or 'Interest expense', respectively, using the effective interest rate (EIR), while dividend income is recorded in 'Non-interest income' when the right to the payment has been established.

(v) 'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Net trading income'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised.

vi) Due from banks and loans and advances to customers

'Due from banks' and 'Loans and advances to customers' include non–derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Group intends to sell immediately or in the near term and those that the bank, upon initial recognition,
  designates as at fair value through profit or loss
- Those that the Group, upon initial recognition, designates as available for sale

vi) Due from banks and loans and advances to customers (Cont'd)

- Those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration

After initial measurement, amounts 'Due from banks' and 'Loans and advances to customers' are subsequently measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'Interest income' in the income statement. The losses arising from impairment are recognised in the income statement in 'Impairment losses on loans and advances'.

The Group may enter into certain lending commitments where the loan, on drawdown, is expected to be classified as held for trading because the intent is to sell the loans in the short term. These commitments to lend are recorded as derivatives and measured at fair value through profit or loss.

Where the loan, on drawdown, is expected to be retained by the Group, and not sold in the short term, the commitment is recorded only when it is an onerous contract that is likely to give rise to a loss (for example, due to a counterparty credit event).

(vii) Deposits and other liabilities

Deposits and other liabilities are non-trading financial liabilities payable on demand and at variable interest rates.

Subsequent to initial measurement deposits and other liabilities are measured at amortised cost applying the effective interest rate method.

(viii) Reclassification of financial assets

Effective from 1 July 2008, the Group was permitted to reclassify, in certain circumstances, non–derivative financial assets out of the 'held for trading' category and into the 'available for sale', 'loans and receivables', or 'held to maturity' categories. From this date, it was also permitted to reclassify, in certain circumstances, financial instruments out of the 'available for sale' category and into the 'loans and receivables' category.

Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost. For a financial asset reclassified out of the 'available for sale' category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the income statement.

The Group may reclassify a non–derivative trading asset out of the 'held for trading' category and into the 'loans and receivables' category if it meets the definition of loans and receivables and the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Reclassification is at the election of management, and is determined on an instrument by instrument basis. The Group does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition. There were no reclassification of financial assets in the period.

FINANCIAL INSTRUMENTS (Cont'd)

Derecognition of financial assets and financial liabilities

(i) 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
- The Group 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 Group has transferred substantially all the risks and rewards of the asset Or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group'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 Group 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 Group could be required to repay.

(ii) 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. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the bank's best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect

FINANCIAL INSTRUMENTS (Cont'd)

costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ('Day 1' profit or loss) is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 14.

Impairment of financial assets

The Group assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as amounts due from banks, loans and advances to customers as well as held to maturity investments), the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet 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. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest income'.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the 'Impairment losses on loans and advances expense.

FINANCIAL INSTRUMENTS (Cont'd)

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Group has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past–due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

See Note 17.3 for details of impairment losses on financial assets carried at amortised cost.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(iii) Collateral valuation

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Group's quarterly reporting schedule, however, some collateral, for example, cash or securities relating to margining requirements, is valued daily. To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources. (See note 34.1.4 for further analysis of collateral).

(iv) Collateral repossessed

The Group's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold, are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Group's policy.

FINANCIAL INSTRUMENTS (Cont'd)

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statement of financial position.

SHARE - BASED PAYMENTS

The Group issues share options to certain employees in terms of the Employee Share Option Scheme which is an equity settled share-based payment scheme. Share options are measured at fair value of the equity instruments at the grant date. The fair value determined at the grant date of the options is expensed 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. The previous remaining carrying amount is derecognized. All other repair and maintenance costs are recognized in the profit or loss 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 recognized in other comprehensive income and accumulated in the assets revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve, the decrease in other comprehensive income reduces the amount accumulated in equity as the asset revaluation reserve, the decrease in other comprehensive income reduces the amount accumulated in equity as the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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 profit or loss in the year the asset is derecognized.

PROPERTY AND EQUIPMENT (Cont'd)

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.

Depreciation

Depreciable amount is the cost of an asset or other amount substituted for cost less its residual value. Depreciation is provided to write off the depreciable amount of property and equipment over their estimated useful lives to their estimated residual values 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Group capitalises borrowing costs for all eligible assets.

Leasing

The determination of whether an arrangement is a lease, or it contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group Company as a lessee

Leases which do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. Contingent rentals payable are recognised as an expense in the period in which they are incurred.

Group Company as lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

PROPERTY AND EQUIPMENT (Cont'd)

Impairment of non – financial assets
The carrying amounts of the Group's non- financial assets other than consumables and deferred tax assets are reviewed at each reporting 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 assessing 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 profit or loss in those expense categories consistent with the functions of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist, or may have decreased. If such an indication exists the bank estimates the assets or CGU's recoverable.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Impairment losses relating to goodwill cannot be reversed in future periods.

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 reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise. Revaluation is done half yearly and at the end of each reporting period by a registered professional valuer.

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 profit or loss 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 and equipment up to the date of change in use.

FINANCIAL GUARANTEES

In the ordinary course of business, the Group companies give financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less, where appropriate, cumulative amortisation recognised in profit or loss, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recognised in the profit or loss. The premium received is recognised in profit or loss on a straight line basis over the life of the guarantee, or in full, depending on the conditions attached to the guarantee.

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised.

INTEREST INCOME

For all financial instruments measured amortised cost and financial instruments designated at fair value through profit and loss, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income includes income arising out of the banking activities of lending and investing.

INTEREST EXPENSE

Interest expense arises from deposit taking. The expense is recognised in profit or loss as it accrues, taking into account the effective interest cost of the liability.

NON-INTEREST INCOME

Other income comprises of income such as revenue derived from service fees, commission, facility arrangement fees, bad debts recoveries and profit/losses on disposals of property and equipment. Commission income is brought to account on an accrual basis and bad debts recoveries on a receipt basis. Service fee income is recognised on settlement date, or where determinable, by stage of completion. Arrangement fee income is deferred and recognised over the tenure of the facility.

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 profit or loss 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.

INVENTORY

Inventory is accounted for at weighted average 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 profit or loss net of any reimbursements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

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 2011 comprise the company and its subsidiaries. The Group primarily is involved in corporate and retail banking and investments.

2. ACCOUNTING MATTERS

2.1 Functional and reporting currency

The Company changed its functional and reporting currency from the Zimbabwe dollar to the United States dollar with effect from 1 January 2009. These financial statements are reported in United States of America dollars and rounded to the nearest dollar.

2.2 USE OF ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, 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.

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

2.2.1 Deferred tax asset

In determining the amounts used for taxation purposes for assets purchased (in ZWD) prior to 1 January 2009 the directors referred to applicable effective exchange rates at the date of acquisition of assets or incurring of liabilities. The Zimbabwe Revenue Authority (ZIMRA), announced methods to be used to account for the deferred tax arising on assets purchased in ZWD. These methods require the preparer to first estimate the equivalent USD value of those assets at the time of purchase. Since the measurement of transactions in Zimbabwe dollars in the prior periods is affected by several economic variables such as mode of payment and hyperinflation this is an area where the directors have had to apply their judgement and acknowledge there could be significant variations in the results achieved depending on assumptions made.

2.2.2 Land and buildings

The properties were valued by professional valuers. The valuer applied the rental yield method to assess fair value of land and buildings. The determined fair value of land and buildings is most sensitive to the estimated yield as well as the long term vacancy rate. In addition, the property market is currently not stable due to liquidity constraints and hence comparable values are also not stable.

ACCOUNTING MATTERS (Cont'd)

2.2.3 Investment property and equipment

Investment property was valued by professional valuers.

The professional valuers considered comparable market evidence of recent sale transactions and those transactions where firm offers had been made but awaiting acceptance. In addition, the property market is currently not stable due to liquidity constraints and hence comparable values are also not stable.

The directors exercised their judgement in determining the residual values of the other property and equipment which have been determined as nil.

2.2.4 RBZ Forex Bond

The RBZ Forex Bond was valued at cost as there is currently no market information to facilitate the application of fair value principles. There is currently no active market for these bonds.

2.2.5 Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank makes judgements about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), concentrations of risks and economic data.

The impairment loss on loans and advances is disclosed in more detail under Significant Accounting Policies – Impairment losses on loans and advances.

2.2.6 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.

2.2.7 RBZ Statutory reserves

The statutory reserves are stated at cost as IFRS principles of amortised cost could not be applied due to the significant uncertainty as to the expected receipt date as at 31 December 2011. Subsequent to year end, the Reserve Bank of Zimbabwe announced that these balances would be converted to tradeable interest bearing instruments (refer to note 35).

2.3 STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), and the International Financial Reporting Interpretations, (IFRIC) interpretations as issued by the International Accounting Standards Board (IASB). The financial statements are based on statutory records that are maintained under the historical cost convention as modified by the revaluation of property, plant and equipment and investment property.

2.3 STATEMENT OF COMPLIANCE (Cont'd)

The consolidated financial statements have been prepared in compliance with the Companies Act (Chapter 24:03) and the Banking Act (Chapter 24:20) and Statutory Instruments SI 33/99 and SI 62/96.

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 24.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense will not be offset in the consolidated profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

2.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2011:

- IAS 24 Related Party Disclosures (amendment) effective 1 January 2011
- IAS 32 Financial Instruments: Presentation (amendment) effective 1 February 2010
- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment) effective 1 January 2011
- Improvements to IFRSs (May 2010)

The adoption of the standards or interpretations is described below.

IAS 24 *Related Party Transactions (Amendment)*

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

IAS 32 *Financial Instruments: Presentation (Amendment)*

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these type of instruments.

IFRIC 14 *Prepayments of a Minimum Funding Requirement (Amendment)*

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements in Zimbabwe, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.

Improvements to IFRSs

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Group.

Improvements to IFRSs (Cont'd)

- IFRS 3 Business Combinations: The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.
- The amendments to IFRS 3 are effective for annual periods beginning on or after 1 July 2011. The Group, however, adopted these as of 1 January 2011 and changed its accounting policy accordingly as the amendment was issued to eliminate unintended consequences that may arise from the adoption of IFRS 3.
- IFRS 7 Financial Instruments — Disclosures: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context. The Group reflects the revised disclosure requirements in Note 14.
- IAS 1 Presentation of Financial Statements: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements. The Group does not currently have any other comprehensive income. Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:
- IFRS 3 Business Combinations (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008))
- IFRS 3 Business Combinations (Un-replaced and voluntarily replaced share-based payment awards) IAS 27 Consolidated and Separate Financial Statements
- IAS 34 Interim Financial Statements

The following interpretation and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRIC 13 Customer Loyalty Programmes (determining the fair value of award credits)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the bank reasonably expects to be applicable at a future date. The bank intends to adopt those standards when they become effective.

IAS 1 *Financial Statement Presentation – Presentation of Items of Other Comprehensive Income42*

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has therefore no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 12 *Income Taxes – Recovery of Underlying Asset*s

The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (Cont'd)

IAS 19 *Employee Benefits (Amendment)*
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The group had made a voluntary change in accounting policy to recognise actuarial gains and losses in OCI in the current period (see note 2.4). The Group is currently assessing the full impact of the remaining amendments. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 27 *Separate Financial Statements (as revised in 2011)*
As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 *Investments in Associates and Joint Ventures (as revised in 2011)*
As a consequence of the new IFRS 11 and IFRS 12. IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 32 *Financial Instruments: Presentation (Amendment) – Offsetting Financial Assets and Financial Liabilities*
The IASB issued an amendment to clarify the meaning of "currently has a legally enforceable right to set off the recognised amount". This means that the right of set-off:

(i) Must not be contingent on a future event; and,
(ii) Must be legally enforceable in all of the following circumstances
  - the normal course of business
  - the event of default and
  - the event of insolvency or bankruptcy of the entity and all of the counterparties

The amendment is effective for annual periods beginning on or after 1 January 2014 and the Group is still in the process of determining how it will impact the disclosures upon adoption.

IFRS 7 *Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements*
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

IFRS 9 *Financial Instruments: Classification and Measurement*
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (Cont'd)

IFRS 10 *Consolidated Financial Statements*

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 *Joint Arrangements*

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard will not impact the financial position of the Group. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 12 *Disclosure of Involvement with Other Entities*

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into four operating segments based on products and services as follows:

Retail banking	-	Individual customer deposits and consumer loans, overdrafts, credit card facilities and funds transfer facilities.
Corporate banking	-	Loans and other credit facilities and deposit and current accounts for corporate and institutional customers.
Treasury	-	Money market investment, securities trading, accepting and discounting of instruments and foreign currency trading.
International banking	-	Handles the Group's foreign currency denominated banking business and manages relationships with correspondent banks

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a Group basis and are not allocated to operating segments.

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, not the gross income and expense.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the bank's total revenue in 2011 or 2010.

3. SEGMENT INFORMATION (CONT'D)

The following table presents income and profit and certain asset and liability information regarding the Group's operating segments and service units:

for the year ended 31 December 2011

	Retail Banking US$	Corporate Banking US$	Treasury US$	International Banking US$	Investment in Associate US$	Unallocated US$	Total US$
Income							
Third party	12 122 517	17 608 301	2 521 784	1 190 962	-	283 255	33 726 819
Total operating income	12 122 517	17 608 301	2 521 784	1 190 962	-	283 255	33 726 819
Impairment losses on loans and advances	(284 178)	(2 011 933)	-	-	-	-	(2 296 111)
Net operating income	11 838 339	15 596 368	2 521 784	1 190 962	-	283 255	31 430 708
Results							
Interest income	4 191 175	14 567 481	1 232 055	-	-	168 055	20 158 766
Interest expense	(1 496 919)	(6 078 341)	(681 994)	-	-	-	(8 257 254)
Net interest income	2 694 256	8 489 140	550 061	-	-	168 055	11 901 512
Share of profit of associate	-	-	-	-	113 573	-	113 573
Fee and commission income	7 930 889	3 040 821	-	1 190 962	-	(204 643)	11 958 029
Fee and commission expense	-	-	-	-	-	-	-
Net fees and commission income	7 930 889	3 040 821	-	1 190 962	-	(204 643)	11 958 029
Depreciation of property and equipment	323 115	63 296	7 075	11 582	-	351 123	756 191
Segment profit/ (loss)	3 141 886	7 926 550	1 224 334	340 776	113 573	(6 553 466)	6 193 653
Income tax expense	-	-	-	-	-	-	(1 655 197)
Profit/(loss) for the year	3 141 886	7 926 550	1 224 334	340 776	113 573	(6 553 466)	4 538 456

3. SEGMENT INFORMATION (Cont'd)

for the year ended 31 December 2011

	Retail Banking US$	Corporate Banking US$	Treasury US$	International Banking US$	Investment in Associate US$	Unallocated US$	Total US$
Assets and Liabilities							
Capital expenditure	1 618 558	157 634	78 298	49 038	-	1 664 485	3 568 013
Total assets	**37 333 931**	**99 879 097**	**14 815 783**	**49 038**	**591 667**	**14 617 817**	**167 287 333**
Total liabilities and equity	**23 340 594**	**51 995 615**	**63 092 803**	**-**	**-**	**28 858 321**	**167 287 333**

The following table presents income and profit and certain asset and liability information regarding the Group's operating segments and service units:

for the year ended 31 December 2010

	Retail Banking US$	Corporate Banking US$	Treasury US$	International Banking US$	Investment in Associate US$	Unallocated US$	Total US$
Income							
Third party	6 344 836	12 508 781	1 371 284	695 863	-	(497 470)	20 423 294
Total operating income	6 344 836	12 508 781	1 371 284	695 863	-	(497 470)	20 423 294
Impairment losses on loans and advances	(87 941)	(883 862)	-	-	-	-	(971 803)
Net operating income	6 256 895	11 624 919	1 371 284	695 863	-	(497 470)	19 451 491
Results							
Interest income	2 110 273	7 489 810	426 006	-	-	(11 453)	10 014 636
Interest expense	(669 134)	(2 339 207)	(135 080)	-	-	253	(3 143 168)
Net interest income	1 441 139	5 150 603	290 926	-	-	(11 200)	6 871 468
Share of loss of associate	-	-	-	-	(21 444)	-	(21 444)
Fee and commission income	4 234 563	4 929 796	-	695 863	-	(169 153)	9 691 069
Fee and commission expense	-	-	-	-	-	-	-
Net fees and commission income	4 234 563	4 929 796	-	695 863	-	(169 153)	9 691 069
Depreciation of property and equipment	139 376	18 583	5 807	16 261	-	117 505	297 532
Segment profit/ (loss)	**496 672**	**5 854 649**	**1 075 705**	**(150 877)**	**(21 444)**	**(6 312 149)**	**942 556**
Income tax expense	-	-	-	-	-	-	(250 322)
Profit/(loss) for the year	**496 672**	**5 854 649**	**1 075 705**	**(150 877)**	**(21 444)**	**(6 312 149)**	**692 234**

3. SEGMENT INFORMATION (Cont'd)

for the year ended 31 December 2010

	Retail Banking US$	Corporate Banking US$	Treasury US$	International Banking US$	Investment in Associate US$	Unallocated US$	Total US$
Assets and Liabilities							
Capital expenditure	368 979	49 197	15 374	43 048	-	255 585	732 183
Total assets	**12 396 655**	**56 968 230**	**27 600 964**	**-**	**228 556**	**5 645 099**	**102 839 504**
Total liabilities and equity	**14 158 924**	**35 278 465**	**32 344 518**	**-**	**-**	**21 057 597**	**102 839 504**

4. INTEREST INCOME

	GROUP		COMPANY	
	2011 US$	**2010 US$**	**2011 US$**	**2010 US$**
Loans and advances to banks	1 097 573	297 752	-	-
Loans and advances to customers	14 054 625	6 721 892	-	-
Investment securities	4 811 300	2 990 349	-	-
Other	195 268	4 643	168 416	-
	20 158 766	10 014 636	168 416	-

5. INTEREST AND SIMILAR EXPENSE

	GROUP	
	2011 US$	**2010 US$**
Due to banks	2 750 670	843 705
Due to customers	912 697	501 763
Other borrowed funds	595	561
	3 663 962	1 346 029
Interest expense on financial liabilities designated at fair value through profit and loss	4 593 292	1 797 139
	8 257 254	3 143 168

6 NON-INTEREST INCOME AND NET FOREIGN EXCHANGE GAINS

6.1 Non – interest income

	GROUP		COMPANY	
	2011	2010	2011	2010
	US$	US$	US$	US$
Quoted and other investments fair value adjustments	5 689	94 139	22 989	106 864
Commission and fee income	11 958 029	9 691 069	-	-
(Loss)/profit on disposal of property and equipment	(18 046)	64 527	-	-
Fair value adjustment on investment properties	(40 000)	(784 600)	-	-
Fair value adjustment on financial instruments	180 118	54 404	-	-
Profit on disposal of quoted and other investments	27 173	13 232	27 173	-
Other operating income	51 728	242 025	27 000	17 000
	12 164 691	9 374 796	77 162	123 864

6.2 Net foreign exchange gains

	GROUP	
	2011	2010
	US$	US$
Net foreign exchange gains	1 289 729	1 055 307

Net foreign exchange income includes gains and losses from spot and forward contracts and other currency derivatives.

7. OPERATING EXPENDITURE

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$
The operating profit is after charging				
The following:-				
Administration costs	8 599 112	5 924 296	-	140
Audit fees	151 515	153 864	-	-
Impairment (gain)/loss on land and buildings	(250 000)	298 811	-	-
Depreciation	756 191	297 532	-	-
Directors' remuneration	1 506 630	587 612	-	-
- Fees for services as directors	47 520	45 625	-	-
- Other emoluments	1 459 110	541 987	-	-
Staff costs				
- salaries, allowances and related costs	6 216 293	5 014 041	-	
- retrenchment	-	3 089 612	-	-
	16 979 741	15 365 768	-	140

8. TAXATION

8.1 Income tax expense

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$
Current tax	2 215 095	765 499	43 495	388
Aids levy	66 453	22 965	1 304	12
Capital gains tax	2 998	-	2 998	-
Deferred tax	(629 349)	(514 224)	(491)	9 284
Tax adjustment due to changes in tax law	-	(23 918)	-	-
	1 655 197	250 322	47 306	9 684

8.2 Reconciliation of income tax charge

	GROUP		COMPANY	
	2011	2010	2011	2010
	US$	US$	US$	US$
Based on results for the period at a rate of 25%	1 548 413	235 639	61 395	30 931
Arising due to:				
Income not subject to tax	(44)	(10 206)	(9 958)	(21 259)
Non-deductible expenses	45 810	1 924	-	-
Tax rate differential on capital gains	(5 435)	-	(5 435)	-
	1 588 744	227 357	46 002	9 672
Aids levy	66 453	22 965	1 304	12
Tax expense	1 655 197	250 322	47 306	9 684

8.3 Total taxation charge/ (credit) analysed by company

	GROUP		COMPANY	
	2011	2010	2011	2010
	US$	US$	US$	US$
Stewart Holdings (Private) Limited	(1 024)	(4 079)	-	-
NMB Bank Limited	1 574 148	250 239	-	-
NMBZ Holdings Limited	82 073	4 162	47 306	9 684
	1 655 197	250 322	47 306	9 684

Current tax liabilities (income tax, aids levy)

	GROUP		COMPANY	
	2011	2010	2011	2010
	US$	US$	US$	US$
At 1 January	641 969	299 162	400	-
Charge for the year	2 281 549	788 464	44 798	400
Payments during the year	(1 765 544)	(445 657)	(400)	-
	1 157 974	641 969	44 798	400

9. 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 adjusted for the after tax effect of: (a) any dividends or other items related to dilutive potential ordinary shares deducted in arriving at profit or loss attributable to ordinary equity holders of the parent entity; (b) any interest recognised in the period related to dilute potential ordinary shares; (c) any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, 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 (excluding separately identifiable re-measurements, relating to any change in the carrying amount of an asset or liability, net of related tax (both current and deferred), other than re-measurements specifically included in headline earnings) by the weighted average number of ordinary shares outstanding during the year.

9.1 Earnings

	2011 US$	2010 US$
Basic	4 538 456	692 234

9.2 Number of shares

	2011	2010
Weighted average shares in issue	2 807 107 289	2 228 151 974
Diluted weighted average number of shares	2 817 850 158	2 238 894 843
Weighted average shares in issue	2 807 107 289	2 228 151 974
Effects of dilution:		
Share options granted but not exercised	9 072 000	9 072 000
Share options approved but not yet granted	1 670 869	1 670 869
Diluted weighted average number of shares	2 817 850 158	2 238 894 843

9.3 Earnings per share (US cents)

	2011	2010
Basic	0.16	0.03

10. SHARE CAPITAL

10.1 Authorised

	GROUP AND COMPANY			
	2011 Shares million	2010 Shares million	2011 US$	2010 US$
Ordinary shares of US$0.000028 each	3 500	3 500	98 000	98 000
	=====	=====	======	======

10.2 Issued and fully paid

	GROUP AND COMPANY			
	2011 Shares million	2010 Shares million	2011 US$	2010 US$
At 1 January	2 807	1 648	78 598	-
Redenomination of share capital	-	-	-	46 147
Shares issued – rights issue	-	1 156	-	32 364
Shares issued – share options	-	3	-	87
	-------	-------	---------	---------
At 31 December	2 807	2 807	78 598	78 598
	=====	=====	======	======

Of the unissued ordinary shares of 692 892 711 (2010– 692 892 711), options which may be granted in terms of the NMBZ 2005 Employee Share Option Scheme (ESOS) amounted to 85 360 962 (2010 – 85 360 962) and out of these 1 670 869 (2010 – 1 670 869) had not been issued. As at 31 December 2011, 9 072 000 (2010 – 9 072 000) 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.

The share capital was redenominated after the requisite shareholder approvals on 17 June 2010 and the subsequent regulatory approvals.

10.3 Own equity instruments

The own equity instruments amounting to 1 028 172 shares at a cost of US$8 225 which were held by the Company's Subsidiary (Stewart Holdings (Private) Limited) in 2009 were disposed off in 2010 for a consideration of US$9 012 resulting in a surplus on disposal of US$787. This surplus is included in the consolidated statement of changes in equity.

11. CAPITAL RESERVES

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$
Share premium	15 737 548	15 737 548	15 737 548	15 737 548
Treasury shares	-	-	-	-
Share option reserve	45 671	45 671	45 671	45 671
Regulatory reserve	1 023 431	883 414	-	-
	------------	------------	------------	------------
Total capital reserves	16 806 650	16 666 633	15 783 219	15 783 219
	=========	========	=========	========

Nature and purpose of reserves

Capital reserves

Share premium

This reserve represents the increase in share capital attributable to:

- the shares issued to shareholders in terms of a right issue exercise concluded in August 2010
- upon exercise of share options by officers and key management personnel of the group,
- the excess reserves above the stated nominal price per share in terms of the redenomination of share capital during the year.

Share option reserve

The share option reserve is used to recognise the value of equity – settled share based payment transactions provided to employees, including key management personnel, as part of their remuneration. Refer to note 32.3 for further details of these plans.

Treasury shares

This reserve represents the reduction in equity arising from the shareholding in the Group Company held by a subsidiary. Refer to note 10.3 for further details of these own equity instruments.

Regulatory reserve

This reserve represents the excess of the Banking Regulations allowance for impairment losses on loans and advances amount compared to the IAS 39 allowance for impairment losses on loan and advances.

Non – distributable reserve

The non-distributable reserve resulted from the net effect of the re-establishment of the Group's assets and liabilities at 1 January 2009. Refer to note 2.1.1 for further details of this reserve. This reserve was applied in 2010 to the redenomination of share capital and share premium reserve after the requisite shareholder approvals on 17 June 2010 and the subsequent regulatory approvals.

12. RETAINED EARNINGS

Analyses of retained profit by company

	GROUP		COMPANY	
	2011	2010	2011	2010
	US$	US$	US$	US$
NMBZ Holdings Limited	356 400	79 322	293 516	95 244
NMB Bank Limited	6 116 397	1 976 437	-	-
Stewart Holdings (Private) Limited	13 536	32 135	-	-
	-----------	-----------	----------	----------
Total	6 486 333	2 087 894	293 516	95 244
	========	========	=======	=======

13. DEPOSITS AND OTHER LIABILITIES

13.1 Deposits and other liabilities by type

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$
Deposits from other banks and other financial institutions	43 009 970	26 598 041	-	-
Other money market deposits	40 148 860	17 177 109	-	-
Current and deposit accounts**	56 067 314	36 074 237	-	-
Total deposits	139 226 144	79 849 387	-	-
Trade and other payables**	3 531 634	3 307 057	129	129
	142 757 778	83 156 444	129	129
Less: Financial liabilities disclosed*in note 14.1	(40 148 860)	(17 177 109)	-	-
	102 608 918	65 979 335	129	129

*The above are all financial liabilities at fair value through profit and loss designated as such upon initial recognition. The fair value of the above is the same as the carrying amount. The deposits are payable on demand, have variable interest rates and varying security.

**Deposits and other payables approximate the related carrying amount due to their short term nature.

13.2 Maturity analysis

	GROUP	
	2011 US$	2010 US$
Less than one month	105 423 635	54 179 210
1 to three months	17 727 720	15 575 677
3 to 6 months	13 874 789	10 090 000
6 months to 1 year	2 200 000	4 500
1 to 5 years	-	-
Over 5 years	-	-
	139 226 144	79 849 387

13.3 Sectoral analysis of deposits

	GROUP			
	2011		2010	
	US$	%	US$	%
Banks and other financial institutions	43 009 970	31	23 183 081	29
Transport and telecommunicationscompanies	5 297 087	4	5 829 647	7
Mining companies	1 144 080	1	1 200 512	1
Industrial companies	38 536 164	28	24 377 638	31
Municipalities and parastatals	19 879 203	14	4 539 082	6
Individuals	21 438 755	15	10 653 099	13
Agriculture	3 180 921	2	4 427 417	6
Other deposits	6 739 964	5	5 638 911	7
	139 226 144	100	79 849 387	100

14. FINANCIAL INSTRUMENTS

14.1 Financial liabilities at fair value through profit and loss*

	Carrying Amount 2011 US$	Fair Value 2011 US$	Fair Value 2010 US$	Carrying Amount 2010 US$
Fixed term deposits	8 910 353	8 910 353	3 469 068	3 469 068
Negotiable Certificates of Deposits	31 238 507	31 238 507	13 708 041	13 708 041
Total financial liabilities at fair value through profit and loss	40 148 860	40 148 860	17 177 109	17 177 109

All changes in the period to the fair value of the financial liabilities are attributable to changes in the related credit risk.

*All financial liabilities at fair value through profit and loss were designated as such upon initial recognition.

14.2 Maturity analysis of financial liabilities at fair value through profit and loss

	2011 US$	2010 US$
Less than 1 month	22 407 235	8 747 376
1 to 3 months	11 666 836	8 335 233
3 to 6 months	3 874 789	90 000
6 months to 1 year	2 200 000	4 500
1 to 5 years	-	-
Over 5 years	-	-
	---------------	-------------
	40 148 860	17 177 109
	==========	=========

14.3 Financial assets at fair value through profit and loss

	Carrying Amount 2011 US$	Fair Value* 2011 US$	Fair Value 2010 US$	Carrying Amount 2010 US$
Government and public sector securities	2 126 657	2 126 657	1 994 585	1 994 585
RBZ Forex Bond (1)	2 126 657	2 126 657	1 994 585	1 994 585
Bills-own acceptance (2)	22 196 067	22 401 174	14 805 628	14 769 753
Promissory Notes (2)	57 884	57 424	499 379	498 798
	-------------	-------------	-------------	-------------
Total financial assets at fair value through profit and loss	24 380 608	24 585 255	17 299 592	17 263 136
	=========	=========	=========	=========

(1) Financial asset at fair value through profit and loss was classified as held for trading in accordance with IAS 39.

(2) Financial asset at fair value through profit and loss was designated as such upon initial recognition.

The RBZ Forex Bond is valued at cost as there is no market information to facilitate application of fair value principles.

*All changes in the period to the fair value of the financial assets are attributable to changes in related credit risk, market rates of interest and assumptions regarding market liquidity, where relevant.

14.4 Maturity analysis of financial assets at fair value through profit and loss

	2011 US$	2010 US$
Less than 1 month	10 770 543	7 707 188
1 to 3 months	10 150 024	6 884 042
3 to 6 months	3 664 688	2 708 362
6 months to 1 year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	24 585 255	17 299 592

14.5 Other financial assets and financial liabilities summary

Fair value

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

	Carrying amount 2011 US$	Fair Value 2011 US$	Fair Value 2010 US$	Carrying amount 2010 US$
Cash and cash equivalent	32 265 953	32 265 953	18 346 939	18 346 939
Financial assets at fair value through profit and loss	24 380 608	24 585 255	17 299 592	17 263 136
Advances and other assets	95 943 262	95 697 791	59 492 813	59 474 284
Trade investments	190 980	190 980	201 666	201 666
Quoted and other investments	118 048	118 048	134 461	134 461
Total	152 898 851	152 858 027	95 475 471	95 420 486
Financial liabilities				
Deposits and other liabilities	102 608 918	102 608 918	65 979 335	65 979 335
Financial liabilities at fair value through profit and loss	40 148 860	40 148 860	17 177 109	17 177 109
	142 757 778	142 757 778	83 156 444	83 156 444

14.5 Other financial assets and financial liabilities summary (Cont'd)

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, advances and other assets, deposits and other liabilities approximate their carrying amounts largely due to the short – term maturities of these instruments.
- Fair value of quoted investments is derived from quoted market prices in active markets if available.
- Fair value of trade investments is derived from the Group's proportionate share of the net asset value of associate investments.
- Fair value of financial assets and liabilities at fair value through profit and loss is derived from quoted market prices in active markets. If quoted market prices are not available the fair value is estimated using pricing models or discounted cash flow techniques.

Fair value hierarchy

As at 31 December 2011, the Group held the following financial instruments measured at fair value:

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value

	GROUP			
	31 Dec 2011 US$	Level 1 US$	Level 2 US$	Level 3 US$
Financial assets at fair value through Profit and loss	24 585 255	-	22 458 598	2 126 657
Trade investments	190 980	-	190 980	-
Quoted investments	118 048	118 048	-	-

Liabilities measured at fair value

	31 Dec 2011 US$	Level 1 US$	Level 2 US$	Level 3 US$
Financial liabilities of fair value through profit and loss	40 148 860	-	40 148 860	-

During the reporting period ending 31 December 2011, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

14.5 Other financial assets and financial liabilities summary (Cont'd)

	GROUP			
	31 Dec 2010 US$	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**
Financial assets at fair value through profit and loss	17 299 592	-	15 305 007	1 994 585
Trade investments	201 666	-	201 666	-
Quoted investments	134 461	134 461	-	-

Liabilities measured at fair value

	31 Dec 2010 US$	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**
Financial liabilities at fair value through profit and loss	17 177 109	-	17 177 109	-

During the reporting period ending 31 December 2010, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

14.6 Fair value adjustment to profit and loss

	2011 US$	**2010 US$**
Fair value gain on financial assets designated at fair value through profit and loss	180 118	54 404
	----------	----------
	180 118	54 404
	======	======

The fair value adjustment through profit and loss on financial instruments is calculated in accordance with the principles disclosed in Significant Accounting Policies – Financial Instruments.

15. DEFERRED TAX

	GROUP		COMPANY	
	2011	2010	2011	2010
	US$	US$	US$	US$
Allowance for impairment losses on loans and advances	(863 678)	(272 429)	-	-
Quoted and other investments	7 014	16 806	1 557	1 393
Investments:-trade investments	5 485	-	5 485	6 140
Investment properties	129 493	134 743	-	-
Property and equipment	412 667	268 036	-	-
Marking to market adjustments IAS 39	33 514	17 408	-	-
Unrealised foreign exchange gains	332 105	271 742	-	-
Suspended interest	(269 862)	(161 703)	-	-
Deferred income	(208 121)	(58 601)	-	-
Assessed loss	-	(8 036)	-	-
Closing deferred tax liability/ (asset)	(421 383)	207 966	7 042	7 533
Deferred tax liability at the beginning of the year	(207 966)	(746 108)	(7 533)	1 751
Current year credit (note 8.1)	(629 349)	(538 142)	(491)	9 284

16. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2011	2010	2011	2010
16.1 Balances with Reserve Bank of Zimbabwe	US$	US$	US$	US$
Balances with the Central Bank	12 255 166	5 669 979	-	-
16.2 Balances with other banks and cash				
Current, nostro accounts and cash	20 010 787	12 676 960	95 631	-
	32 265 953	18 346 939	95 631	-

17. LOANS, ADVANCES AND OTHER ASSETS

17.1 Total loans, advances and other assets

17.1.1 Advances

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$
Fixed term loans	36 116 550	16 553 444	-	-
Local loans and overdrafts	56 619 403	39 674 193	-	-
Statutory reserves*	3 231 838	3 265 176	-	-
Other assets	3 834 274	822 584	1 748 172	1 842 363
	99 802 065	60 315 397	1 748 172	1 842 363

*The statutory reserve balance with the Reserve Bank of Zimbabwe is non-interest bearing.
The balance was determined on the basis of deposits held and is not available to the Bank for daily use. The Reserve Bank of Zimbabwe announced on 16 February 2012 that the balances owed to the banks would be converted to tradable interest bearing instruments (refer note 35).

17.1.2 Maturity analysis

	GROUP 2011 US$	GROUP 2010 US$	COMPANY 2011 US$	COMPANY 2010 US$
Less than one month	64 535 974	45 997 447	-	-
1 to three months	10 679 285	3 554 191	-	-
3 to 6 months	885 387	2 511 409	-	-
6 months to 1 year	2 875 529	5 106 790	-	-
1 to 5 years	18 161 873	743 752	-	-
Over 5 years	-	-	-	-
Total advances	97 138 048	57 913 589	-	-
Provision for impairment losses on loans and advances	(3 354 088)	(1 057 977)	-	-
Provision for suspended interest	(1 048 007)	(627 975)		
	92 735 953	56 227 637	-	-
Statutory reserves	3 231 838	3 265 176	-	-
Other assets (note 17.5)	3 834 274	822 584	1 748 172	1 842 363
	99 802 065	60 315 397	1 748 172	1 842 363

17.2 Sectoral analysis of utilisations

	GROUP			
	2011		2010	
	US$	%	US$	%
Industrials	50 988 641	52	30 158 132	52
Agriculture and horticulture	6 526 499	7	5 079 399	9
Conglomerates	222 088	-	3 151 309	5
Services	12 800 879	13	8 876 982	15
Mining	2 449 213	3	1 120 858	2
Food & beverages	5 747 287	6	2 153 130	4
Individuals	18 403 441	19	7 373 779	13
	97 138 048	100	57 913 589	100

The material concentration of loans and advances are in the industrial sector at 52% (2010 – 52%).

17.3 Allowance for impairment losses on loans and advances (including acceptances)

	GROUP					
	2011			2010		
	Specific US$	Portfolio US$	Total US$	Specific US$	Portfolio US$	Total US$
At 1 January	1 057 977	-	1 057 977	106 105	-	106 105
Charge against profits	2 296 111	-	2 296 111	971 803	-	971 803
Bad debts written off	-	-	-	(19 931)	-	(19 931)
At 31 December	3 354 088	-	3 354 088	1 057 977	-	1 057 977

17.4 Non-performing loans and advances

	GROUP	
	2011	2010
	US$	US$
Total non-performing loans and advances	8 983 037	5 939 359
Provision for impairment loss on loans and advances	(3 354 088)	(1 057 977)
Interest in suspense	(1 048 007)	(627 975)
Residue	4 580 942	4 253 407

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

17.5 Other assets

	GROUP		COMPANY	
	2011	2010	2011	2010
	US$	US$	US$	US$
Service deposits	183 909	117 772	-	-
Prepayments and stocks	1 029 791	589 026	-	-
Other receivables	2 620 574	115 786	1 749 172	1 842 363
	3 834 274	822 584	1 749 172	1 842 363

17.6 Loans to officers

	GROUP	
	2011 US$	2010 US$
Included in advances and other accounts (note 17.1) are loans to officers:-		
At 1 January	786 221	335 953
Net additions during the year	355 154	511 891
	1 141 375	847 844
Fair value adjustment	(86 152)	(61 623)
Balance at 31 December	1 055 223	786 221
Of which housing loans comprised:-	-	-

Loans to officers are granted at a preferential rate of 6% per annum as part of their overall remuneration agreements.

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

	Tenure	Interest Rate
Overdraft	Payable on demand on unauthorised facility	Minimum lending rte plus a margin
Loans	Loan payable over a maximum period of 24 months	Minimum lending rte plus a margin. Loans to employees and directors are at discounted interest rates
Bankers Acceptances	Loan payable over a maximum period of 30 months	Average rate of 17.86% per anum

18. TRADE INVESTMENT

	GROUP		COMPANY	
Unlisted	2011 US$	2010 US$	2011 US$	2010 US$
Takura Ventures (Private) Limited	-	32 788	-	32 788
Other	190 980	168 878	109 702	90 006
	190 980	201 666	109 702	122 794
Directors' valuation	190 980	201 666	109 702	122 794

The investment in Takura ventures was disposed during the year. Other investment represents equity investment in SWIFT and Medical Investments (Private) Limited t/a Avenues Clinic. The trade investment was valued by directors at fair value at 31 December 2011.

19. INVESTMENT IN ASSOCIATE

The Group has a 25% interest in African Century Limited, which is involved in the provision of lease finance.

African Century Limited is a company that is not listed on any public exchange. The following table illustrates summarised audited financial information of the Group's investment in African Century Limited.

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$
Share of the associate's statement of financial position:				
Current assets	2 831 891	222 185	-	-
Non-current assets	68 577	26 058	-	-
Current liabilities	(133 823)	(19 687)	-	-
Non – current liabilities	(2 174 978)	-	-	-
Equity	591 667	228 556	-	-
Share of the associate's revenue and profit/(loss)				
Revenue	571 617	676	-	-
Profit/(loss)	113 573	(21 444)	-	-
Carrying amount of the investment	591 667	228 556	499 538	250 000

Reconciliation of carrying amount of investment in Associate:

	GROUP 2011 US$	GROUP 2010 US$	COMPANY 2011 US$	COMPANY 2010 US$
Balance at 1 January	228 556	-	250 000	-
Increase in investment	249 538	250 000	249 538	250 000
Share of profit/(loss) in associate	113 573	(21 444)	-	-
Balance at 31 December	591 667	228 556	499 538	250 000

20. INVESTMENTS IN GROUP COMPANIES

20.1 Subsidiaries

	COMPANY	
	2011	2010
	US$	US$
Investments in subsidiaries:		
- NMB Bank Limited	13 707 432	13 707 432
- Stewart Holdings Limited	14 680	14 680
	-------------	-------------
	13 722 112	13 722 112
	=========	=========

20.2 Shareholding

The subsidiaries and associates, 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:-

	2011	2010
NMB Bank Limited	100% (Banking)	100% (Banking)
Brixtun (Private) Limited	100% (Dormant)	100% (Dormant)
NMB Fund Management (Private) Limited	100% (Dormant)	100% (Dormant)
Stewart Holdings (Private) Limited	100% (Equity holdings)	100% (Equity Holdings)
Invariant (Private) Limited	100% (Dormant)	100% (Dormant)
Darksan (Private) Limited	100% (Dormant)	100% (Dormant)
African Century Limited	25% (Leasing)	25% (Leasing)

The consolidated financial statements include the financial statements and results of the subsidiaries and associates listed above.

21. QUOTED AND OTHER INVESTMENTS

	GROUP		COMPANY	
	2011	2010	2011	2010
	US$	US$	US$	US$
Quoted investments	118 048	134 461	31 147	27 854
	----------	----------	----------	---------
	118 048	134 461	31 147	27 854
	======	======	======	======

The quoted investments comprise shares stated for year end purposes at the last trading date of 31 December 2011.

22. INVESTMENT PROPERTIES

	GROUP	
	2011	2010
	US$	US$
At 1 January	2 615 000	3 219 600
Improvements	-	180 000
Fair value adjustments	(40 000)	(784 600)
Net transfer to Property and Equipment	(65 000)	-
	------------	-------------
At 31 December	2 510 000	2 615 000
	========	========

Rental income amounting to US$6 600 (2010 – US$3 855) was received and no operating expenses were incurred on the investment properties in the current year.

Included in the investment properties is a property which is encumbered by the Reserve Bank of Zimbabwe. All liabilities in relation to this encumbrance have already been discharged and the Group is in the process of cancelling this mortgage bond and it is the Group's firm belief that the bond will be cancelled.

The Group has no restrictions on the realisability of all other investment properties and no contractual obligations to either purchase, construct or develop the investment properties or for repairs, maintenance and enhancements.

Investment properties are stated at fair value, which has been determined based on valuations performed by professional valuers as at 31 December 2011. The professional valuers considered comparable market evidence of recent sale transactions and those transactions where firm offers had been made but awaiting acceptance.

23. PROPERTY AND EQUIPMENT

	GROUP				
	Computers US$	Motor Vehicles US$	Furniture & Equipment US$	Freehold Land & Buildings US$	Total US$
Cost					
At 1 January 2010	503 325	148 515	982 502	2 711 709	4 346 051
Additions	214 274	108 804	407 003	2 102	732 183
Impairment loss	-	-	-	(298 811)	(298 811)
Disposals	-	(37 200)	-	-	(37 200)
At 31 December 2010	717 599	220 119	1 389 505	2 415 000	4 742 223
Additions	818 939	1 564 286	1 176 536	8 252	3 568 013
Revaluation gain	-	-	-	250 000	250 000
Reclassifications	15 663	-	(15 663)	-	-
Transfer in from investment property	-	-	-	65 000	65 000
Disposals	(27 930)	(17 890)	(71 677)	-	(117 497)
At 31 December 2011	1 524 271	1 766 515	2 478 701	2 738 252	8 507 739
Accumulated depreciation					
At 1 January 2010	204 192	49 905	509 556	11	763 664
Charge for the year	113 114	43 985	140 375	58	297 532
Disposals	-	(16 866)	-	-	(16 866)
At 31 December 2010	317 306	77 024	649 931	69	1 044 330
Charge for the year	178 694	256 817	320 456	224	756 191
Disposals	(29 157)	(10 640)	(54 967)	-	(94 764)
Reclassifications	3 133	-	(3 133)	-	-
At 31 December 2011	469 976	323 201	912 287	293	1 705 757
Net book amount					
At 1 January 2010	299 133	98 610	472 946	2 711 698	3 582 387
Net book amount					
At 31 December 2010	400 293	143 095	739 574	2 414 931	3 697 893
Net book amount					
At 31 December 2011	1 054 295	1 443 314	1 566 414	2 737 959	6 801 982

The land and buildings were valued by professional valuers as at 31 December 2011 for year end purposes and the open market value was US$2 730 000. The Group has four properties which are encumbered by the Reserve Bank of Zimbabwe.

All liabilities in relation to the encumbrances have already been discharged and the Group is in the process of cancelling these mortgage bonds and it is the Group's firm belief that the bonds will be cancelled.

24. INTEREST RATE REPRICING AND GAP ANALYSIS

The table below analyses the Group's interest rate risk exposure on assets and liabilities. The financial assets and liabilities are categorised by the earlier of contractual repricing or maturity dates.

24.1 Total position

At 31 December 2011

GROUP

	Up to 1 month US$	1 month to 3 months US$	3 months to 1 year US$	1 year to 5 year US$	Non-interest bearing US$	Total US$
Assets						
Cash and cash equivalents	32 265 953	-	-	-	-	32 265 953
Financial assets at fair value through profit and loss	10 770 543	10 150 024	3 664 688	-	-	24 585 255
Loans, advances and other assets	61 611 338	10 195 322	3 590 479	17 338 815	7 066 111	99 802 065
Quoted and other investments	-	-	-	-	309 028	309 028
Investment properties	-	-	-	-	2 510 000	2 510 000
Property and equipment	-	-	-	-	6 801 982	6 801 982
Investment in associate	-	-	-	-	591 667	591 667
Deferred tax assets	-	-	-	-	421 383	421 383
	104 647 834	20 345 346	7 255 167	17 338 815	17 700 171	167 287 333
Liabilities and equity						
Financial liabilities at fair value through profit and loss	22 407 236	11 666 836	6 074 789	-	-	40 148 861
Deposits and other liabilities	83 016 399	6 060 884	10 000 000	-	3 531 634	102 608 917
Current tax liabilities	-	-	-	-	1 157 974	1 157 974
Equity	-	-	-	-	23 371 581	23 371 581
	105 423 635	17 727 720	16 074 789	-	28 061 189	167 287 333
Interest rate repricing gap	(775 801)	2 617 626	(8 819 622)	17 338 815	(10 361 018)	-
Cumulative gap	(775 801)	1 841 825	(6 977 797)	10 361 018	-	-

24. INTEREST RATE REPRICING AND GAP ANALYSIS

The table below analyses the Group's interest rate risk exposure on assets and liabilities. The financial assets and liabilities are categorised by the earlier of contractual repricing or maturity dates.

24.1 Total position

At 31 December 2010 (Cont'd)

GROUP

	Up to 1 month US$	1 month to 3 months US$	3 months to 1 year US$	1 year to 5 years US$	Non-interest bearing US$	Total US$
Assets						
Cash and cash equivalents	18 346 939	-	-	-	-	18 346 939
Financial assets at fair value through profit and loss	7 707 188	6 884 042	2 708 362	-	-	17 299 592
Loans, advances and other assets	44 658 392	3 450 723	7 396 422	722 100	4 087 760	60 315 397
Investment in associate	-	-	-	-	228 556	228 556
Quoted and other investments	-	-	-	-	336 127	336 127
Investment properties	-	-	-	-	2 615 000	2 615 000
Property and equipment	-	-	-	-	3 697 893	3 697 893
	70 712 519	10 334 765	10 104 784	722 100	10 965 336	102 839 504
Liabilities and equity						
Financial liabilities at fair value through profit and loss	8 747 376	8 335 233	94 500	-	-	17 177 109
Deposits and other liabilities	45 431 834	7 240 444	10 000 000	-	3 307 057	65 979 335
Current tax liabilities	-	-	-	-	641 969	641 969
Deferred tax liabilities	-	-	-	-	207 966	207 966
Equity	-	-	-	-	18 833 125	18 833 125
	54 179 210	15 575 677	10 094 500	-	22 990 117	102 839 504
Interest rate repricing gap	16 533 309	(5 240 912)	10 284	722 100	(12 024 781)	-
Cumulative gap	16 533 309	11 292 397	11 302 681	12 024 781	-	-

25. INTEREST RATE REPRICING AND GAP ANALYSIS

The table below analyses the Group's interest rate risk exposure on assets and liabilities denominated in United States Dollars only. The financial assets and liabilities are categorised by the earlier of contractual repricing or maturity dates.

25.1 United States dollar

At 31 December 2011

GROUP

	Up to 1 month US$	1 month to 3 months US$	3 months to 1 year US$	1 year to 5 years US$	Non-interest bearing US$	Total US$
Assets						
Cash and cash equivalents	28 035 809	-	-	-	-	28 035 809
Financial assets at fair value through profit and loss	10 770 543	10 150 024	3 664 688	-	-	24 585 255
Loans, advances and other assets	61 174 178	10 195 322	3 590 479	17 338 815	7 066 111	99 364 905
Investment in associate	-	-	-	-	591 667	591 667
Quoted and other investments	-	-	-	-	227 750	227 750
Investment properties	-	-	-	-	2 510 000	2 510 000
Property and equipment	-	-	-	-	6 801 982	6 801 982
Deferred tax assets	-	-	-	-	421 383	421 383
	99 980 530	20 345 346	7 255 167	17 388 815	17 618 893	162 538 751
Liabilities and equity						
Financial liabilities at fair value through profit and loss	22 407 236	11 521 574	6 074 789	-	-	40 003 599
Deposits and other liabilities	78 980 120	6 060 884	10 000 000	-	3 531 634	98 572 638
Current tax liabilities	-	-	-	-	1 157 974	1 157 974
Equity	-	-	-	-	23 371 581	23 371 581
	101 387 356	17 582 458	16 074 789	-	28 061 189	163 105 792
Interest rate repricing gap	(1 406 826)	2 762 888	(8 819 622)	17 338 815	(10 442 296)	(567 041)
Cumulative gap	(1 406 826)	1 356 062	(7 463 560)	9 875 255	(567 041)	-

25. INTEREST RATE REPRICING AND GAP ANALYSIS

The table below analyses the Group's interest rate risk exposure on assets and liabilities denominated in United States Dollars only. The financial assets and liabilities are categorised by the earlier of contractual repricing or maturity dates.

25.1 United States dollar (Cont'd)

At 31 December 2010

GROUP

	Up to 1 month US$	1 month to 3 months US$	3 months to 1 year US$	1 year to 5 years US$	Non-interest bearing US$	Total US$
Assets						
Cash and cash equivalents	14 435 521	-	-	-	-	14 435 521
Financial assets at fair value through profit and loss	7 707 188	6 884 042	2 708 362	-	-	17 299 592
Loans, advances and other assets	44 274 497	3 450 723	7 396 422	722 100	4 087 760	59 931 502
Investment in associate	-	-	-	-	228 556	228 556
Quoted and other investments	-	-	-	-	257 255	257 255
Investment properties	-	-	-	-	2 615 000	2 615 000
Property and equipment	-	-	-	-	3 697 893	3 697 893
	66 417 206	10 334 765	10 104 784	722 100	10 886 464	98 465 319
Liabilities and equity						
Financial liabilities at fair value through profit and loss	8 747 376	8 171 759	94 500	-	-	17 013 635
Deposits and other liabilities	43 121 883	7 240 444	10 000 000	-	3 307 057	63 669 384
Current tax liabilities	-	-	-	-	641 969	641 969
Deferred tax liabilities	-	-	-	-	207 966	207 966
Equity	-	-	-	-	18 833 125	18 833 125
	51 869 259	15 412 203	10 094 500	-	22 990 117	100 366 079
Interest rate repricing gap	14 547 947	(5 077 438)	10 284	722 100	(12 103 653)	(1 900 760)
Cumulative gap	14 547 947	9 470 509	9 480 793	10 202 893	(1 900 760)	-

26. INTEREST RATE REPRICING AND GAP ANALYSIS

The table below analyses the Group's interest rate risk exposure on assets and liabilities denominated in currencies other than United States Dollars. The amounts are shown at the equivalent values in United States Dollars, the presentation currency. The financial assets and liabilities are categorised by the earlier of contractual repricing or maturity dates.

26.1 Other Foreign currencies

At 31 December 2011

GROUP

	Up to 1 month US$	1 month to 3 months US$	3 months to 1 year US$	1 year to 5 years US$	Non-interest bearing US$	Total US$
Assets						
Cash and cash equivalents	4 230 144	-	-	-	-	4 230 144
Financial assets at fair value through profit and loss	-	-	-	-	-	-
Quoted and other investments	-	-	-	-	81 278	81 278
Loans, advances and other assets	437 160	-	-	-	-	437 160
Investment properties	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-
	4 667 304	-	-	-	81 278	4 748 582
Liabilities and equity						
Financial liabilities at fair value through profit and loss	-	145 262	-	-	-	145 262
Deferred tax liabilities	-	-	-	-	-	-
Deposits and other liabilities	4 036 279	-	-	-	-	4 036 279
Current tax liabilities	-	-	-	-	-	-
Equity	-	-	-	-	-	-
	4 036 279	145 262	-	-	-	4 181 541
Interest rate repricing gap	631 025	(145 262)	-	-	81 278	567 041
Cumulative gap	631 025	485 763	485 763	485 763	567 041	-

26. INTEREST RATE REPRICING AND GAP ANALYSIS

The table below analyses the Group's interest rate risk exposure on assets and liabilities denominated in currencies other than United States Dollars. The amounts are shown at the equivalent values in United States Dollars, the presentation currency. The financial assets and liabilities are categorised by the earlier of contractual repricing or maturity dates.

26.1 Other Foreign currencies (Cont'd)

At 31 December 2010

GROUP

	Up to 1 month US$	1 month to 3 months US$	3 months to 1 year US$	1 year to 5 years US$	Non-interest bearing US$	Total US$
Assets						
Cash and cash equivalents	3 911 418	-	-	-	-	3 911 418
Financial assets at fair value through profit and loss	-	-	-	-	-	-
Quoted and other investments	-	-	-	-	78 872	78 872
Loans, advances and other assets	383 895	-	-	-	-	383 895
Investment properties	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-
	4 295 313	-	-	-	78 872	4 374 185
Liabilities and equity						
Financial liabilities at fair value through profit and loss	-	163 474	-	-	-	163 474
Deferred tax liabilities	-	-	-	-	-	-
Deposits and other liabilities	2 309 951	-	-	-	-	2 309 951
Current tax liabilities	-	-	-	-	-	-
Equity	-	-	-	-	-	-
	2 309 951	163 474	-	-	-	2 473 425
Interest rate repricing gap	1 985 362	(163 474)	-	-	78 872	1 900 760
Cumulative gap	1 985 362	1 821 888	1 821 888	1 821 888	1 900 760	-

27. FOREIGN EXCHANGE POSITIONS

The table below indicates the currencies to which the Group had significant exposure at 31 December on all its assets and liabilities. The analysis reflects the mismatch by currency. The amounts are shown at the equivalent values in United States Dollars, the presentation currency.

27.1 At 31 December 2011

	GROUP					
	US$ US$	RAND US$	GBP US$	EUR US$	BWP US$	TOTAL US$
Assets						
Cash and cash equivalents	28 035 808	2 708 277	(5 017)	1 504 542	22 343	32 265 953
Financial assets at fair value through profit and loss	24 585 255	-	-	-	-	24 585 255
Loans,advances and other assets	99 364 906	329 273	7 455	95 045	5 386	99 802 065
Investment in associate	591 667	-	-	-	-	591 667
Quoted and other investments	227 750	-	-	81 278	-	309 028
Investment properties	2 510 000	-	-	-	-	2 510 000
Property and equipment	6 801 982	-	-	-	-	6 801 982
Deferred tax assets	421 383	-	-	-	-	421 383
	162 538 751	3 037 550	2 438	1 680 865	27 729	167 287 333
Liabilities and equity						
Financial liabilities at fair value through profit and loss	40 003 598	145 262	-	-	-	40 148 860
Deferred tax liabilities	-	-	-	-	-	-
Deposits and other liabilities	98 572 639	2 226 732	17 830	1 774 705	17 013	102 608 918
Current tax liabilities	1 157 974	-	-	-	-	1 157 974
Equity	23 371 581	-	-	-	-	23 371 581
	163 105 792	2 371 994	17 830	1 774 705	17 013	167 287 333
Net foreign exchange position	(567 041)	665 556	(15 392)	(93 840)	10 716	

27. FOREIGN EXCHANGE POSITIONS

The table below indicates the currencies to which the Group had significant exposure at 31 December on all its assets and liabilities. The analysis reflects the mismatch by currency. The amounts are shown at the equivalent values in United States Dollars, the presentation currency.

27.1 At 31 December 2010

	GROUP					
	US$	RAND	GBP	EUR	BWP	TOTAL
	US$	US$	US$	US$	US$	US$
Assets						
Cash and cash equivalents	14 435 521	2 573 026	125 456	1 136 318	76 618	18 346 939
Financial assets at fair value through profit and loss	17 299 592	-	-	-	-	17 299 592
Loans,advances and other assets	59 931 502	381 402	697	525	1 271	60 315 397
Investment in associate	228 556	-	-	-	-	228 556
Quoted and other investments	257 255	-	-	78 872	-	336 127
Investment properties	2 615 000	-	-	-	-	2 615 000
Property and equipment	3 697 893	-	-	-	-	3 697 893
	98 465 319	2 954 428	126 153	1 215 715	77 889	102 839 504
Liabilities and equity						
Financial liabilities at fair value through profit and loss	17 013 635	163 474	-	-	-	17 177 109
Deferred tax liabilities	207 966	-	-	-	-	207 966
Deposits and other liabilities	63 669 384	1 281 077	41 453	924 087	63 334	65 979 335
Current tax liabilities	641 969	-	-	-	-	641 969
Equity	18 833 125	-	-	-	-	18 833 125
	100 366 079	1 444 551	41 453	924 087	63 334	102 839 504
Net foreign exchange position	(1 900 760)	1 509 877	84 700	291 628	14 555	

28. CONTINGENT LIABILITIES

	GROUP	
	2011 US$	2010 US$
Guarantees	6 374 815	5 002 123
Commitments to lend	20 385 351	13 417 179
At 31 December	26 760 166	18 419 302

The Group 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 statement of financial position, but contain credit risk and are therefore part of the overall risk of the Group.

Guarantees commit the Group 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.

29. CAPITAL COMMITMENTS

	GROUP	
	2011 US$	2010 US$
Capital expenditure contracted for	45 107	-
Capital expenditure authorised but not yet contracted for	6 908 068	2 411 250
At 31 December	6 953 175	2 411 250

Capital commitments will be financed from the Group's own resources.

30. OPERATING LEASE COMMITMENTS

	GROUP	
	2011 US$	2010 US$
Lease commitments	4 726 271	2 658 249
Up to 1 year	945 254	531 650
1 – 5 years	3 781 017	2 126 599

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

31. 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.

31.1 Compensation of key management personnel of the Bank

	GROUP	
	2011	2010
	US$	US$
Short – term employee benefits	1 437 437	569 162
Contribution to pension funds	69 193	18 443
	1 506 630	587 605

31.2 Key management interest in an employee share options

At 31 December 2011, key management held no options to purchase ordinary shares of the Company.

31.3 Balances of loans to directors, officers and others

Loans to directors and officers or their companies are included in advances and other accounts (note 17.1).

	GROUP	
	2011	2010
	US$	US$
Non - executive directors	26 848	-
Executive directors	176 832	140 683
Officers (Note 17.6)	1 141 375	847 844
Directors' companies	892 862	115 772
Officers' companies	-	-
Intra group loans	-	-
	2 237 917	1 104 299
Fair value adjustment	(86 152)	(61 623)
	2 151 765	1 042 676

31.4 Other related party disclosures

Entities with significant influence over the Group	Amounts owed by related parties US$
2011	2 151 765
2010	1 042 676

31.5 BORROWING POWERS

Holding Company
In terms of the existing Articles of Association, Article 102, 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 55, 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.

32. EMPLOYEE BENEFITS

32.1 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 661 416 shares in NMBZ Holdings Limited as at 31 December 2011.

32.2 Expense recognised in profit or loss

	GROUP	
	2011	**2010**
	US$	**US$**
Defined Contribution Plan - NSSA	74 255	101 441
Defined Contribution Plan – NMB Bank Pension Fund	376 174	54 241
	----------	---------
	450 429	155 682
	=======	======

The expense is recognised in profit or loss as part of staff costs under operating expenses (note 7).

32.3 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.

32.3 Employee Share Option Scheme (Cont'd)

Movements in the year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in share options during the year.

	GROUP and COMPANY			
		2011		2010
	No.	WAEP$	No.	WAEP$
	000's		000's	
Outstanding as at 1 January	9 072	0.005	12 159	0.005
Lapsed	-	-	-	-
Issued	-	-	-	-
Exercised	-	-	(3 087)*	0.005
Outstanding as at 31 December	9 072	-	9 072	0.005

*No share options were exercised during the year. The weighted average share price at the date of exercise for the options exercised was US$0.01 in 2010.

Terms of options outstanding at 31 December 2011

	GROUP & COMPANY	
		2011
Expiry date	Exercise price	Shares
	US$	000's
5 September 2012	nil	9 072
7 January 2013	nil	-
12 March 2013	nil	-
		9 072

32.4 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 US$74 255 (2010 – US$101 441).

32.5 Number of employees

The total number of employees of the Group at 31 December 2011 was 301 (2010– 258).

33. EXCHANGE RATES

The following exchange rates have been used to translate the foreign currency balances to United States dollars at year end:

		31 December 2011	31 December 2010
		Mid - rate	Mid - rate
		US$	US$
British Sterling	GBP	1.5416	1.5442
South African Rand	ZAR	8.1852	6.6249
European Euro	EUR	1.2944	1.3305
Botswana Pula	BWP	7.5301	6.4570

34. RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Board Asset and Liability Management Committee (ALCO) and Board Risk Committee, which are responsible for defining the Bank's risk universe, developing policies and monitoring implementation. The Bank has a Risk Management department, which reports to the Managing Director and is responsible for the management of the bank's overall risk universe. The Bank is working towards full implementation of Basel II requirements as set by the Reserve Bank of Zimbabwe.

Risk management is linked logically from the level of individual transactions to the Bank level. Risk management activities broadly take place simultaneously at the following different hierarchy levels:

a) Strategic Level: This involves risk management functions performed by senior management and the board of directors. It includes the definition of risk, ascertaining the Bank's risk appetite, formulating strategy and policy for managing risk and establishes adequate systems and controls to ensure overall risk remains within acceptable levels and is adequately compensated.

b) Macro Level: It encompasses risk management within a business area or across business lines. These risk management functions are performed by middle management.

c) Micro Level: This involves "On-the-line" risk management where risks are actually created. These are the risk management activities performed by individuals who assume risk on behalf of the organization such as Treasury Front Office, Corporate Banking, Retail banking e.t.c. The risk management in these areas is confined to operational procedures set by management.

Risk management is premised on four (4) mutually reinforcing pillars, namely:

a) adequate board and senior management oversight;
b) adequate strategy, policies, procedures and limits;
c) adequate risk identification, measurement, monitoring and information systems; and
d) comprehensive internal controls and independent reviews.

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 with specific credit approval limits. The Credit Risk Management department does the initial review of all applications before passing them on to the Executive Credit Committee and finally Board Credit Committee depending on the loan amount. The bank has in place a Board Loans Review Committee responsible for reviewing the quality of the loan book.

34.1 Credit risk (Cont'd)

The Credit Risk Management department is responsible for implementing the group's credit risk policies and standards and this includes:

- 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 the Risk Management Committee, Executive Committee or the Board Credit Committee depending on amount as per set limits;
- The Credit Risk Management 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 grading as per the RBZ requirement in order to categorize exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries; and
- 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 statement of financial position. The maximum exposure is shown as gross.

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

		GROUP	
	Note	2011 US$	2010 US$
Cash and cash equivalents (excluding cash on hand)		28 669 484	13 042 536
Financial assets at fair value through profit and loss	14	24 585 255	17 299 592
Loans, advances and other accounts	17	92 735 953	56 227 637
Total		145 990 692	86 569 765
Guarantees	28	6 374 815	5 002 123
Commitments to lend	28	20 385 351	13 417 179
Total		26 760 166	18 419 302
Total credit risk exposure		172 750 858	104 989 067

34.1.2 Maximum exposure to credit risk without taking account of any collateral (Cont'd)

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.

34.1.3 Risk concentrations of maximum exposure to credit risk

	31 December 2011 Gross Maximum Exposure US$	31 December 2010 Gross Maximum Exposure US$
Industrials	50 988 641	30 158 132
Agriculture and horticulture	6 526 499	5 079 399
Conglomerates	222 088	3 151 309
Services	12 800 879	8 876 982
Mining	2 449 213	1 120 858
Food and beverages	5 747 287	2 153 130
Individuals	18 403 441	7 373 779
	97 138 048	57 913 589
Provision for impairment losses on loans and advances	(3 354 088)	(1 057 977)
Net exposure	93 783 960	56 855 612

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 fair value of all collateral held by the Bank at the reporting date is US$ 67 919 958 (2010 –US$38 647 557).

34.1.5 Credit quality per sector

At 31 December 2011	Grade A Pass US$	Grade B Special Mention US$	Grade C Substandard US$	Grade D Doubtful US$	Grade E Loss US$	Total US$
Industrials	38 141 089	6 244 589	1 109 211	2 833 817	2 659 935	50 988 641
Agriculture and horticulture	3 558 504	-	-	2 967 995	-	6 526 499
Conglomerates	222 088	-	-	-	-	222 088
Services	10 269 476	2 097 675	143 821	282 572	7 335	12 800 879
Mining	2 430 446	-	-	18 767	-	2 449 213
Food and beverages	1 395 821	4 332 908	-	18 558	-	5 747 287
Individuals	17 925 638	225 376	51 495	191 721	9 211	18 403 441
Total	73 943 062	12 900 548	1 304 527	6 313 430	2 676 481	97 138 048

At 31 December 2010	Grade A Pass US$	Grade B Special Mention US$	Grade C Substandard US$	Grade D Doubtful US$	Grade E Loss US$	Total US$
Industrials	10 571 086	18 388 454	931 200	267 392	-	30 158 132
Agriculture and horticulture	2 278 313	2 801 086	-	-	-	5 079 399
Conglomerates	3 151 309	-	-	-	-	3 151 309
Services	1 442 980	2 928 403	903 470	3 444 849	157 280	8 876 982
Mining	-	1 102 811	-	18 047	-	1 120 858
Food and beverages	-	2 153 130	-	-	-	2 153 130
Individuals	1 947 645	5 209 112	87 189	122 729	7 104	7 373 779
Total	19 391 333	32 582 996	1 921 859	3 853 017	164 384	57 913 589

34.2 Market risk

This is the exposure of the Bank's on and off balace sheet positions to adverse movement in market prices resulting in a loss in earnings and capital. The market prices will range from money market (interest rate risk), foreign exchange and equity markets in which the bank operates. The Bank has in place a Management Asset and Liability Committee (ALCO) which monitors market risk and recommends the appropriate levels to which the bank should be exposed at any time. Net Interest Margin is the primary measure of interest rate risk, supported by periodic stress tests to assess the bank's ability to withstand stressed market conditions. On foreign exchange risk, the bank monitors currency mismatches and make adjustments depending on exchange rate movement forecast. The mismatches are also contained within 10% of the Bank's capital position

ALCO meets on a monthly basis and operates within the prudential guidelines and policies established by the Board ALCO. The board ALCO is responsible for setting exposure thresholds and limits, and meets on a quarterly basis.

The following table demonstrates the sensitivity to a reasonable change in interest rates, with all other variables held constant, of the Bank's statement of comprehensive income.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the profit or loss for the year, based on the variable and fixed interest rate financial assets and liabilities held at 31 December.

Sensitivity of net interest income

At 31 December 2011

Currency	Increase in interest rates %	0 to 1 months US$	1 to 3 months US$	3months to 1 year US$	1 year to 5 years US$	Total US$
USD	5	1 164 136	155 079	(432 006)	908 094	1 795 303
USD	3	(698 481)	93 048	(259 203)	544 857	(319 779)
USD	1	(232 827)	31 016	(86 401)	181 619	(106 593)
USD	-1	232 827	(31 016)	86 401	(181 619)	106 593
USD	-3	698 481	(93 048)	259 203	(544 857)	319 779
USD	-5	(1 164 136)	(155 079)	432 006	(908 094)	(1 795 303)

Sensitivity of net interest income

At 31 December 2010

Currency	Increase in interest rates %	0 to 1 months US$	1 to 3 months US$	3months to 1 year US$	1 year to 5 years US$	Total US$
USD	+5	1 025 954	(265 046)	(4 758)	37 188	793 338
USD	+3	615 573	(159 028)	(2 855)	22 313	476 003
USD	+1	205 191	(53 009)	(952)	7 438	158 668
USD	-1	(205 191)	53 009	952	(7 438)	(158 668)
USD	-3	(615 573)	159 028	2 855	(22 313)	(476 003)
USD	-5	(1 025 954)	265 046	4 758	(37 188)	(793 338)

34.3 Foreign currency exchange rate risk

The table below calculates the effect of a reasonable possible movement of the significant 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 the statement of comprehensive income or equity while a positive amount reflects a net potential increase.

At 31 December 2011

Currency	% Change in currency rate	Effect on profit before tax US$	Effect on equity US$
ZAR	+5	(33 278)	(24 709)
ZAR	+3	(19 967)	(14 825)
ZAR	+1	(6 656)	(4 942)
ZAR	-1	6 656	4 942
ZAR	-3	19 967	14 825
ZAR	-5	33 278	24 709

At 31 December 2010

Currency	% Change in currency rate	Effect on profit before tax US$	Effect on equity US$
ZAR	+5	91 094	67 638
ZAR	+3	54 657	40 583
ZAR	+1	18 219	13 528
ZAR	-1	(18 219)	(13 528)
ZAR	-3	(54 657)	(40 583)
ZAR	-5	(91 094)	(67 638)

34.4 Liquidity risk

Liquidity risk is the risk of financial loss arising from the inability of the Bank to fund asset increases or meet obligations as they fall due without incurring unacceptable costs or losses. The bank identifies this risk through maturity profiling of assets and liabilities and assessment of expected cashflows and the availability of collateral which could be used if additional funding is required.

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 the Board ALCO.

The key measure used by the bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. The bank also actively monitors its loans to deposit ratio against a set threshold in a bid to monitor and limit funding risk. Liquidity risk is monitored through a daily treasury strategy meeting. This is augmented by a monthly management ALCO and a quarterly board ALCO.

The contractual maturities of undiscounted cash flows of financial assets and liabilities are disclosed in note 24.1.

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. The Bank monitors its liquidity ratio in compliance with Banking Regulations to ensure that it is not less than 25% of the liabilities to the public. 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 Group's contingent liabilities and commitments to lend:

At 31 December 2011

	On Demand US$	0 to 1 months US$	1 to 3 months US$	3 months to 1 year US$	1 year to to 5 years US$	Total US$
Guarantees	804 213	222 811	443 734	4 904 057	-	6 374 815
Commitments to lend	-	17 489 137	2 141 902	754 312	-	20 385 351
	804 213	17 711 948	2 585 636	5 658 369	-	26 760 166

At 31 December 2010

	On Demand US$	0 to 1 months US$	1 to 3 months US$	3 months to 1 year US$	1 year to to 5 years US$	Total US$
Guarantees	321 236	592 918	943 907	3 144 062	-	5 002 123
Commitments to lend	3 957 730	1 641 889	7 817 560	-	-	13 417 179
	4 278 966	2 234 807	8 761 467	3 144 062	-	18 419 302

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

34.5 Operational risk

This risk is inherent in all business activities and is the risk of loss arising from inadequate or failed internal processes, people, systems or from external events. The Bank utilises monthly Key Risk Indicators to monitor operational risk in all units. Further to this, the Bank has an elaborate Operational Loss reporting system in which all incidents with a material impact on the well-being of the Bank are reported to risk management. The risk department conducts periodic risk assessments on all the units within the Bank aimed at identifying the top risks and ways to minimise their impact. There is a Board Risk Committee whose function is to ensure that this risk is minimized. The Risk Committee with the assistance of the internal audit function and the Risk Management department assesses the adequacy of the internal controls and makes the necessary recommendations to the Board.

34.6 Legal and Compliance 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. Compliance risk is the risk arising from non – compliance with laws and regulations. To manage this risk permanent relationships are maintained with firms of legal practitioners and access to legal advice is readily available to all departments. The Bank has an independent compliance function which is responsible for identifying and monitoring all compliance issues and ensures the Bank complies with all regulatory and statutory requirements.

34.7 Reputational risk

Reputation 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 Bank 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 bank as these have contributed to the minimization of losses arising from risky exposures.

34.8 Strategic risk

This refers to current and prospective impact on a Bank's earnings and capital arising from adverse business decisions or implementing strategies that are not consistent with the internal and external environment. To manage this risk, the Bank always has a strategic plan that is adopted by the board of directors. Further, attainment of strategic objectives by the various departments is monitored periodically at management level. Further, there is an ALCO, Finance and Strategy Committee at board level responsible for monitoring overall progress towards attaining strategic objectives for the Bank.

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

34.9 Regulatory Compliance

There were no instances of regulatory non – compliance in the period under review. The Bank remains committed to complying with and adhering to all regulatory requirements.

34.10 Capital Management

34.10.1 Holding 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 Bank's capital management is to ensure that the Bank 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.

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.

34.10.2 Banking Subsidiary (Cont'd)

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 comprise not less than 50% of the capital base and portfolio provisions are limited to 1.25% of total risk weighted assets.

During the year, the Bank complied in full with the regulatory capital requirements of a minimum capital level of US$12.5 million.

The Bank's regulatory capital position at 31 December 2011 was as follows:	**31 December 2011 US$**	**31 December 2010 US$**
Share capital	16 501	16 501
Share premium	13 690 931	13 690 931
Retained earnings	6 116 397	1 976 437
	19 823 829	15 683 869
Less: capital allocated for market and operational risk	(571 954)	(1 580 551)
Credit to insiders	(892 862)	(115 772)
Tier 1 capital	18 359 013	13 987 546
Tier 2 capital (subject to limit as per Banking Regulations)	1 023 431	883 414
Subordinated debt	-	-
Regulatory reserve (limited to 1.25% of risk weighted assets)	1 023 431	883 414
Portfolio provisions (limited to 1.25% of risk weighted assets)	-	-
Total Tier 1 & 2 capital	19 382 444	14 870 960
Tier 3 capital (sum of market and operational risk capital)	571 954	1 580 551
Total capital base	19 954 398	16 451 511
Total risk weighted assets	138 868 906	94 154 367
Tier 1 ratio	13.22%	14.9%
Tier 2 ratio	0.74%	0.9%
Tier 3 ratio	0.41%	1.7%
Total capital adequacy ratio	14.37%	17.5%
RBZ minimum required	10.00%	10.0%

35. EVENTS AFTER REPORTING DATE

The Reserve Bank of Zimbabwe issued a statement on 16 February 2012 in which it stated that the Government of Zimbabwe would be issuing tradable and interest bearing instruments through the Reserve Bank of Zimbabwe, in lieu of the statutory reserve balances owed to financial institutions. The instruments, which will carry liquid asset status, will be issued effective 1 January 2012 as follows:

% of Total	Tenor	Interest Rate
30%	2 years	2.5% p.a
30%	3 years	3.0% p.a
40%	4 years	3.5% p.a

Financial institutions that are not willing to partake in the above would be accorded an option to take up a 15 year bond at an interest rate of 3% per annum.

The Bank awaits the receipt of the instruments at which point the maturity profile of the amount included on note 17 would be re-profiled.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2011 US$	2010 US$	2009 US$ Restated	2008 US$	2007 US$
Interest from lending activities	14 222 680	7 024 287	652 267	-	-
Interest from investing activities	5 936 086	2 990 349	874 455	-	-
	20 158 766	10 014 636	1 526 722	-	-
Interest expense	(8 257 254)	(3 143 168)	(723 626)	-	-
Net interest income	11 901 512	6 871 468	803 096	-	-
Net foreign exchange gains	1 289 729	1 055 307	379 236	-	-
Share of profit/(loss) associate	113 573	(21 444)	-	-	-
Non-interest income	12 164 691	9 374 796	7 236 949	-	-
Net operating income	25 469 505	17 280 127	8 419 281	-	-
Operating expenditure	(16 979 741)	(15 365 768)	(7 385 212)	-	-
Impairment losses on loans and advances	(2 296 111)	(971 803)	(92 887)	-	-
Profit before taxation	6 193 653	942 556	941 182	-	-
Financial institutions levy	-	-	(44 661)	-	-
Taxation	(1 655 197)	(250 322)	1 381 766	-	-
Profit after taxation	4 538 456	692 234	2 278 287	-	-
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	4 538 456	692 234	2 278 287	-	-

HISTORICAL FIVE YEAR FINANCIAL SUMMARY (Cont'd)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	2011 US$	2010 US$	2009 US$ Restated	2008 US$	2007 US$
EQUITY					
Share capital	78 598	78 598	-	-	-
Reserves	23 292 983	18 754 527	8 568 005	-	-
Equity	23 371 581	18 833 125	8 568 005	-	-
LIABILITIES					
Deposits and other liabilities	102 608 918	65 979 335	23 649 725	-	-
Financial liabilities at fair value through profit and loss	40 148 860	17 177 109	6 444 932	-	-
Current tax liabilities	1 157 974	641 969	299 162	-	-
Deferred tax liabilities	-	207 966	746 107	-	-
Capital employed	167 287 333	102 839 504	39 707 931	-	-
ASSETS					
Cash and cash equivalents	32 265 953	18 346 939	12 203 181	-	-
Loans, advances and other assets	99 802 065	60 315 397	13 004 099	-	-
Financial assets at fair value through profit and loss	24 585 255	17 299 592	7 135 023	-	-
Quoted and other investments	118 048	134 461	455 638	-	-
Trade investments	190 980	201 666	108 003	-	-
Investment in associate	591 667	228 556	-	-	-
Investment properties	2 510 000	2 615 000	3 219 600	-	-
Property and equipment	6 801 982	3 697 893	3 582 387	-	-
Deferred tax assets	421 383	-	-	-	-
Employment of capital	167 287 333	102 839 504	39 707 931	-	-

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	2011	2010	2009	2008	2007
CLOSING NUMBER OF SHARES	2 807 107 289	2 807 107 289	1 641 225 424*	1 608 159 059	1 569 339 001
Share Performance					
Net asset value per share (US cents)	0.83	0.67	0.52	-	-
Basic earnings per share (US cents)	0.16	0.03	0.14	-	-
Dividend per share (US cents)	-	-	-	-	-
Dividend cover (times)	-	-	-	-	-
Price/earnings ratio	7.19	37	5.71	-	-
Closing price per share (US cents)	1.15	1.1	0.80	-	-
Market capitalisation (US$)	32 281 734	30 878 180	13 185 402	-	-
Financial Performance					
Return on shareholders' funds (%)[1]	19	3.7	26	-	-
Return on assets (%)	3	0.70	6	-	-
Cost/net income ratio (%)[2]	76	95	89	-	-
Non-interest income/total income (%)	48	46	79	-	-
Effective tax rate (%)	27.1	26.6	(142)	-	-

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 1 028 172 shares.

NOTICE TO MEMBERS

Notice is hereby given that the 17th Annual General Meeting of Members of NMBZ Holdings Limited will be held at the Registered Office of the Company at 4th Floor, Unity Court, Corner 1st Street/ Kwame Nkrumah Avenue, Harare on **Tuesday 19 June 2012** at **10:00** hours for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Financial Statements for the year ended 31 December 2011, together with the reports of the Directors and Auditors thereon.
2. To appoint Directors. In accordance with the Articles of Association, Mr F. Zimuto, who was appointed subsequentto the last Annual General Meeting (AGM) will retire at the forthcoming AGM and Mr. T. N. Mundawarara, Mr. J. Chigwedere and Mr. A. M. T. Mutsonziwa retire by rotation. Being eligible, all the retiring directors offer themselves for re-election.
3. To appoint Auditors for 2012.
4. To approve Messrs Ernst & Young's remuneration for the year ended 31 December 2011.

SPECIAL BUSINESS

SPECIAL RESOLUTIONS

5. To consider and if deemed appropriate, to approve with or without amendment:

   "That the 2012 Executive Share Option Scheme ("the Scheme"), setting aside for the Scheme ordinary shares not exceeding 10% of the issued ordinary share capital of the Company at the time of implementing the scheme, be and is hereby approved and adopted by the Members of the Company, subject to the Zimbabwe Stock Exchange Listing Rules."

6. To consider, and if deemed fit, to pass, with or without modification, the resolution set out below:

   "That the Company, being duly authorised thereto by Article 10 of its Articles of Association, may undertake general repurchases by way of open market transactions on the Zimbabwe Stock Exchange ("ZSE") of any of its own ordinary shares in such manner or on such terms as the directors may from time to time determine provided that:

   i. the maximum number of shares authorized to be acquired is no more than 10% of the Company's ordinary issued share capital.

   ii. for each share, the minimum price shall not be lower than the nominal value of the Company's shares and the maximum price that may be paid is 5% above the weighted average market price for the ordinary shares in the Company as derived from the Zimbabwe Stock Exchange (ZSE) Daily Price Sheet for the five business days immediately preceding the date on which such ordinary shares are contracted to be purchased.

   iii. the authority in terms of this special resolution shall unless renewed prior to such time, expire on the first anniversary of this resolution or at the conclusion of the next Annual General Meeting of the Company, whichever is later, save that the Company, may before such expiry, enter into a contract or contracts to purchase its ordinary shares which would or might be completed wholly or partly after the expiry and may purchase its ordinary shares in pursuance of such contract or contracts.''

Notes:

1. **A Special Resolution is required to be passed by a majority of seventy five per cent of those present and voting (including proxy votes), representing not less than twenty five per cent of the total number of votes in the Company.**
2. **In terms of resolution 6, the directors are seeking authority to allow the use of the Company's available cash resources to purchase its own shares in the market in terms of the Companies Act and the regulations of the ZSE. The directors will only exercise the authority if they believe that to do so would be in the best interests of shareholders generally. In exercising this authority, the directors will duly take into account following such repurchase for the next 12 months, the ability of the Company to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and for the Company and Group, the adequacy of ordinary capital and reserves as well as working capital.**
3. **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 the Registered Office of the company at least 48 hours before the commencement of the meeting.**

By Order of the Board

Mutandwa

V. Mutandwa
Company Secretary

24 May 2012

Resolution 1
The Directors of the Company are obliged to present their Report and Accounts to shareholders of the Company at an Annual General Meeting. This is a standard form of resolution common to all Annual General Meetings.

Resolution 2
The Company's Articles of Association require a third of the Directors to stand down at each Annual General Meeting and if they are eligible, they may offer themselves for re-election. The Directors standing down are Messrs F. Zimuto, T. N. Mundawarara, J. Chigwedere and A. M. T. Mutsonziwa. All the retiring directors being eligible offer themselves for re-election. Information about these directors is shown below:

Francis Zimuto - Certified Associate of the Institute of Bankers in South Africa, Associate of the Institute of Bankers in Zimbabwe
Francis Zimuto (49) is a founding executive director of NMB Bank Limited with a wide range of experience at all levels of retail and merchant banking. Francis was instrumental in the listing of NMBZ Holdings Limited on both the Zimbabwe and the London Stock Exchanges. Francis resigned from the NMBZ Holdings board in 2004. He rejoined the NMBZ Holdings Limited board in 2011.

Tendayi Nelson Mundawarara - MBF (Banking and Finance), (Milan, Italy), MPIA (Public and International Affairs), (University of Pittsburgh), BA (Political Science), (George Washington University)
Tendayi Nelson Mundawarara (53) is a banker by profession. He joined the NMBZ Holdings Limited Group as a Non-Executive Director in February 2008 and was appointed Chairman in August 2010. Previously, he headed the Corporate Banking Divisions of ZB Bank and Leasing Company of Zimbabwe, before heading UKI Limited, an unquoted public investment company with interests in financial services, insurance, communications and manufacturing. Tendayi was instrumental in the establishment of a stock broking company, UKI Securities (now Genesis Securities), which he chaired; he also chaired the Boards of Fidelity Life Asset Management Company (FLAM), Firstel Cellular and Schweppes Zimbabwe Limited, and was a Director of Nicoz Diamond Insurance, Fidelity Life Assurance, Zimbabwe Insurance Brokers, First Banking Corporation, CFI Holdings, ZIMRE Limited and CFX Bank. Tendayi is currently Chairman of Willdale Limited.

James Chigwedere - LLB (Leeds), Diploma in Public Administration (Glasgow)
James Chigwedere (79) is a lawyer by profession who has over 50 years' experience in administration. In 1981 he joined the Ministry of Home Affairs as the Deputy Registrar General and was subsequently promoted to the position of Registrar General. He was promoted to become the Deputy Secretary in the Ministry of Home Affairs in 1983. He left the Ministry of Home Affairs and joined International Trade Meridian (ITM) as the Managing Director and later became the Executive Chairman. He currently manages his business ventures which include cattle ranching and construction. James was appointed as a non-executive director of the Group in February 2008.

Arthur Morris Tendayi Mutsonziwa - BL (Hons), LLB (UZ)
Arthur Mutsonziwa (57) is a lawyer by profession, who joined the Group as a Non-Executive Director in 1998. He is a senior partner at Atherstone & Cook, a firm of legal practitioners, where he specialises in insurance and commercial law. Arthur is a non-executive director of Associated Newspapers of Zimbabwe (Private) Limited, Ruzawi Schools (Private) Limited, Tunatemore (Private) Limited, Chairman of the Board of Governors of Ruzawi School and a member of the Board of Governors and of the Executive Committee of the Peterhouse Group of Schools.

Resolution 3
All public companies are required to appoint Auditors at each Annual General Meeting at which financial statements are presented, to hold office until the next such meeting in terms of section 150 (2) of the Companies Act [Chapter 24:03]. This resolution therefore proposes the appointment of auditors in accordance with usual practice and the Banking Act [Chapter 24:20].

Resolution 4
The remuneration of the auditors is required to be fixed by the Company in a General Meeting in terms of section 150 (6) of the Companies Act [Chapter 24:20]. Accordingly, Members will be requested to approve the remuneration paid to the external auditors of the Group, Ernst & Young for the year ended 31 December 2011.

Resolution 5 – Special Resolution
The Company proposes the setting up of an Executive Share Option Scheme, not exceeding 10% of the issued share capital of the company. The Articles of Association of the Company, require that such a scheme be sanctioned by the Members of the Company through a Special Resolution. The Executive Share Option Scheme document, detailing the scheme and initialled by the Chairman, will be available for inspection, at the registered office of the Company, during normal business hours from the date of publication of the notice of the Annual General Meeting.

Resolution 6 – Special Resolution
In terms of this resolution, the Directors are seeking authority to allow the purchase of the Company's own shares in the market in terms of the Companies Act and the regulations of the ZSE. The Director's will only exercise the authority if they believe that to do so would be in the best interest of shareholders generally. In exercising this authority, the Directors will duly take into account , following such repurchase for the next 12 months, the ability of the Company to pay its debts in the ordinary course of business, the maintanace of an excess of assets over liabilities and, for the Company and Group, the adequacy of ordinary capital and reserves as well as working capital. The Director's have no present intention of acquiring the Company's own shares.

SHAREHOLDERS' ANALYSIS

Size of Shareholding			2011 Number of Shareholders	%	2011 Issued Shares	%
1	-	5 000	2 328	58.31	3 865 246	0.14
5 001	-	10 000	606	15.18	4 470 512	0.16
10 001	-	50 000	708	17.74	14 930 904	0.53
50 001	-	100 000	117	2.93	8 413 516	0.30
100 001	-	500 000	155	3.88	33 874 789	1.21
500 001	-	1 000 000	29	0.73	21 143 052	0.75
1 000 001	-	10 000 000	24	0.60	83 774 024	2.98
10 000 001	-	And over	25	0.63	2 636 635 246	93.93
Total			3 992	100	2 807 107 289	100

Size of Shareholding			2010 Number of Shareholders	%	2010 Issued Shares	%
1	-	5 000	2 485	56.97	4 165 305	0.15
5 001	-	10 000	671	15.38	4 949 637	0.18
10 001	-	50 000	792	18.16	16 915 928	0.60
50 001	-	100 000	124	2.84	8 932 710	0.32
100 001	-	500 000	191	4.38	41 453 298	1.48
500 001	-	1 000 000	40	0.92	28 090 750	1.00
1 000 001	-	10 000 000	35	0.80	107 274 399	3.82
10 000 001	-	And over	24	0.55	2 595 325 262	92.45
Total			4 362	100	2 807 107 289	100

Industry	2011 Shareholders	%	2011 Shares	%
Banks and nominees	62	1.55	438 706 305	15.63
Employees	518	12.98	41 247 975	1.47
Deceased estates	3	0.08	10 506 424	0.37
External companies	5	0.13	559 772 582	19.94
Insurance companies	10	0.25	589 581 677	21.00
Investment, trusts and property companies	404	10.12	962 456 805	34.29
Other corporate holdings	2	0.05	8 082	-
Non-resident individuals	28	0.70	96 684 281	3.44
Pension funds	12	0.30	50 435 295	1.80
Resident individual/trusts	2 948	73.84	57 707 863	2.06
	3 992	100	2 807 107 289	100

Industry	2010 Shareholders	%	2010 Shares	%
Banks and nominees	16	0.37	382 837	0.01
Employees	378	8.67	41 569 622	1.48
Deceased estates	5	0.11	11 173 353	0.40
External companies	5	0.11	1 070 977 401	38.15
Insurance companies	15	0.34	591 197 852	21.06
Investment, trusts and property companies	127	2.91	765 447 275	27.27
Non-resident individuals	29	0.66	4 539 116	0.16
Other corporate holdings	397	9.10	199 636 360	7.11
Pension funds	20	0.46	50 051 105	1.78
Resident individual/trusts	3 370	77.27	72 132 368	2.58
	4 362	100	2 807 107 289	100

TOP TEN SHAREHOLDERS

		2011 Shares	% of Total
1	Old Mutual Life Assurance Company of Zimbabwe	589 521 823	20.93
2	LES Nominees (Pvt) Ltd	414 601 550	14.72
3	African Century Financial Services Investments LLP*	280 710 729	9.97
4	Lalibela Limited	215 266 942	7.65
5	Alsace Trust	168 853 795	6.00
6	Cornerstone Trust	168 755 799	5.99
7	Wamambo Investments Trust	142 260 092	5.05
8	Drakmore Investments (Private) Limited	109 627 112	3.89
9	Stanbic Nominees(Private) Limited	84 710 850	3.01
10	Martcap Investments (Private) Limited	77 282 178	2.74

*African Century Financial Services Investments LLP also holds its shareholding through LES Nominees (Pvt) Ltd.

		2010 Shares	% of Total
1	African Century Financial Services Investment LLP	791 915 548	28.21
2	Old Mutual Life Assurance Co Zim Ltd	589 521 823	21.00
3	Lalibela Limited	215 266 942	7.67
4	Alsace Trust	168 853 795	6.01
5	Cornerstone Trust	168 755 799	6.01
6	Wamambo Investments Trust	142 260 092	5.06
7	Drakmore Investments (Pvt) Ltd	109 627 112	3.90
8	Martcap Investments (Pvt) Ltd	77 282 178	2.75
9	Elsha Investments (Pvt) Ltd	53 435 939	1.90
10	Local Authorities Pension Fund	43 686 048	1.55

SHAREHOLDERS' INFORMATION

MEMBERS' DIARY

Financial year end	31 December 2011

Reports:-

- Announcement of annual results	29 March 2012
- Annual financial statements	posted May 2012
- Annual General Meeting	19 June 2012
- Announcement of the 2012 half-year results	August 2012

Dividend payments:

- Interim	n/a
- Final	n/a

Secretary

V Mutandwa

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Auditors

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

Transfer Secretaries

In Zimbabwe
First Transfer Secretaries
1 Armagh Avenue
(Off Enterprise Road)
Eastlea
P O Box 11
Harare
Zimbabwe

In UK
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36 St Andrew Square
Edinburgh
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UK

Legal Practitioners to the Company

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7th Floor
Beverly Court
100 Nelson Mandela Avenue
Harare
Zimbabwe

In UK
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2011 ANNUAL REPORT

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