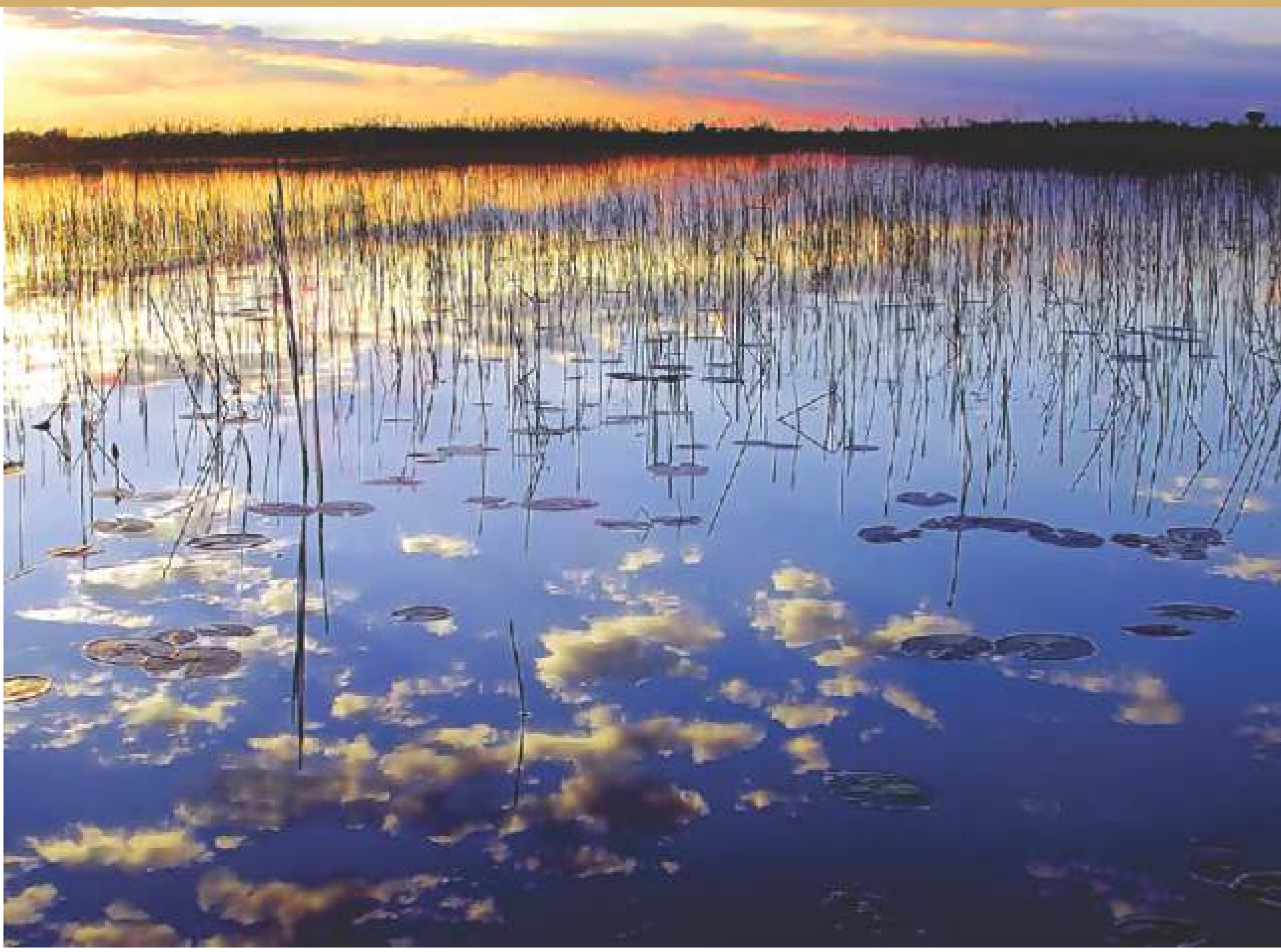
NMBZ HOLDINGS LIMITED



ANNUAL REPORT 2014

NMBZ HOLDINGS LIMITED

Holding company of NMB BANK LIMITED

(Registered Commercial Bank)

Dually listed on the London Stock Exchange (LSE) and Zimbabwe Stock Exchange (ZSE)

CONTENTS

FINANCIAL SUMMARY

	31 Dec 2014	31 Dec 2013
Total income (US$)	48 078 454	50 135 302
Operating profit before impairment charge (US$)	7 442 884	12 693 945
Attributable profit/(loss) (US$)	1 667 247	(3 321 823)
Basic earnings/(loss) per share (US cents)	0.43	(1.00)
Total deposits (US$)	235 362 677	211 215 066
Total gross loans and advances (US$)	217 463 319	194 777 798
Total shareholders' funds (US$)	45 047 616	43 441 403

ENQUIRIES

NMBZ HOLDINGS LIMITED

Benefit Peter Washaya, Acting Group Chief Executive Officer, NMBZ Holdings Limited	benefitw@nmbz.co.zw
Benson Ndachena, Chief Finance Officer, NMBZ Holdings Limited	bensonn@nmbz.co.zw
Website:	http://www.nmbz.co.zw
Email:	enquiries@nmbz.co.zw
Telephone:	+263-4-759 651/9

GROUP PROFILE
for the year ended 31 December 2014

The NMBZ Holdings Group (the Group) comprises the company (NMBZ Holdings Limited) and the operating subsidiaries, NMB Bank Limited (the Bank) and Stewart Holdings Limited (equity holdings).

The Bank was established in 1993 as a merchant bank incorporated under the Companies Act (Chapter 24:03) and is now 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 demands in suitable and convenient locations. Set out below are the Bank's branch locations:

<u>Harare:</u>

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

Angwa City - Mezzanine Floor, Angwa City, Corner Kwame Nkrumah Avenue / Angwa Street

Avondale - 20 King George Road, Avondale

Borrowdale - Shops 37 & 38, Sam Levy's Village

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

Joina City - Shop 15, Upper Ground Floor, Joina City, Corner Jason Moyo / Innez Terrace

Msasa - 77 Amby Drive

Southerton - 7 – 9 Plymouth Road

Bulawayo - NMB Centre, Corner George Silundika Street / Leopold Takawira Street

Gweru - 36 Robert Mugabe Road

Mutare - Embassy Building, Corner Aerodrome Road / Second Street

The Bank's Automated Teller Machine (ATM) network, which accepts VISA cards, covers the following locations:-

Harare:
Angwa City
Avondale
Borrowdale
Card Centre
Eastgate
Joina City
Msasa
Southerton

Bulawayo

Gweru

Mutare

CHAIRMAN'S STATEMENT

INTRODUCTION

The Group recorded an attributable profit of US$1 667 247 which was an improvement from an attributable loss of US$3 321 823 recorded in 2013. The improvement in the operating results was underpinned by the current efforts being made by the Group to contain non-performing loans, implementation of a new credit system and the repositioning of the Bank in the financial services sector.

GROUP RESULTS

Compliance with International Financial Reporting Standards, the Companies Act and the Banking Act

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

Assessment of the economic environment

The economic slowdown which started in the last two quarters of 2013 persisted into 2014 and the economy has continued to be characterised by company closures, deflation, lack of liquidity and increasing default risk. The slowdown in the economy has further worsened the default risk within the Banking sector with non- performing loans having increased from an industry average of 15.92% as at 31 December 2013 to 20% as at 30 September 2014 before coming down to 16% as at 31 December 2014 largely due to bank closures.

Commentary on operating results

The profit before taxation was US$2 425 522 during the period under review and this gave rise to an attributable profit of US$1 667 247. Total income for the period decreased by 4% from a prior year of US$50 135 302 to US$48 078 454 which is comprised of interest income of US$31 072 461 (2013 -US$33 181 704), fee and commission income of US$15 121 536 (2013 - US$14 673 834), net foreign exchange gains of US$1 822 432 (2013 - US$1 502 044) and non - interest income of US$62 025 (2013-US$777 720).

Operating expenses amounted to US$27 984 051 and these were 11% up from prior year and these were largely driven by administration expenses, depreciation and staff related expenditure.

Impairment losses on loans and advances amounted to US$5 017 362 for the current period from a prior year of US$16 645 810 and the decrease was mainly due to reduced write-offs in the current year. The Board took a decision to write off loans and advances amounting to US$5 912 371 during the year under review after recovery efforts had not yielded the anticipated results.

Statement of financial position

The Group's total assets grew by 10% from US$259 483 112 as at 31 December 2013 to US$286 049 034 as at 31 December 2014. The assets comprised mainly of loans, advances and other assets (US$203 363 052) (2013 - US$181 316 271), investment securities held to maturity (US$3 874 525) (2013 - US$4 685 471), investment in debentures (US$4 614 047) (2013 - US$3 984 723), cash and short term funds (US$54 750 561) (2013 - US$48 871 983), investment properties (US$4 453 300) (2013- US $4 385 300), non-current assets held for sale (US$2 267 300) (2013 - US$2 303 300) and property and equipment (US$6 345 267) (US$2013 - US$7 372 943). Gross loans and advances increased by 12% from US$194 777 798 as at 31 December 2013 to US$217 463 319 as at 31 December 2014 mainly due to increase in loans advanced to civil servants. The deposits increased by 11% from US$211 215 066 as at 31 December 2013 to US$235 362 677 as at 31 December 2014 as a result of an increase in current and deposit accounts from customers. The Bank's liquidity ratio closed the period at 32.38% and this was above the statutory requirement of 30%.

CHAIRMAN'S STATEMENT *(continued)*

Capital

The banking subsidiary's capital adequacy ratio at 31 December 2014 calculated in accordance with the guidelines of the Reserve Bank of Zimbabwe (RBZ) was 19.32% (31 December 2013 - 17.28%). The minimum required by the RBZ is 12%.

The Group's shareholders' funds have increased by 4% from US$43 441 403 as at 31 December 2013 to US$45 047 616 as at 31 December 2014 mainly as a result of the current year attributable profit.

DIVIDEND

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

CORPORATE SOCIAL INVESTMENTS

The Group is committed to playing an active role in the communities it serves. Our social investments during the year were channelled into special education needs, the disadvantaged, vulnerable groups, protection of the environment, wild life conservation, the arts and various sporting disciplines. The activities and charities supported during the year included the Kidzcan Foundation, ZIMRA Charity Ball, Friends of Hwange, Birdlife Zimbabwe, Manicaland Tennis Tournament, Silverlinings School, HIFA and the Dance Trust of Zimbabwe.

CORPORATE DEVELOPMENTS

The Group introduced mortgage lending in May 2014 and this is in keeping with the aim of providing our clients with a full range of financial services. In response to technological changes and the evolving customer needs, the Group is continuously reviewing the electronic delivery channels inorder to harness opportunities presented for the convenience of our valued customers.

OUTLOOK AND STRATEGY

The Group has broadened the market catchment segment for the banking subsidiary by tapping into the mass market. The new focus will allow the Group to build a sustainable operation without compromising the service excellence which is synonymous with the Group.

A new branch will be opened in Kwekwe in the second quarter of 2015 and a further two branches will be opened in the third quarter of 2015.

DIRECTORATE

Mr. J. A. Mushore resigned as a director of NMBZ Holdings Limited and NMB Bank Limited due to ill health with effect from 31 October 2014. Dr. J. T. Makoni resigned as a director of NMBZ Holdings Limited with effect from 31 December 2014. Mr. D. Malik resigned as a director of NMBZ Holdings Limited and NMB Bank Limited with effect from 22 September 2014. Mr. J. de la Fargue, an alternate to Mr. J. Chenevix-Trench, resigned from the Board with effect from 31 December 2014. I would like to thank them all for the immense and valuable contributions they made to the Board over the years.

Mr. R. Keighley was appointed to the Board with effect from 17 June 2014. I would like to welcome Mr. R. Keighley to the Board and wish him a successful tenure on the Board. Subsequent to year end, the Board appointed Mr. Benedict Chikwanha as chairman of the Boards of NMB Bank Limited and NMBZ Holdings Limited with effect from 19 March 2015. I would like to congratulate Mr. Chikwanha on his appointment and to wish him a fruitful tenure.

CHAIRMAN'S STATEMENT *(continued)*

On a personal note, as I advised at the last Annual General Meeting, I will be retiring from the Chair and from the Boards of NMB Bank Limited and NMBZ Holdings Limited with effect from 18 March 2015. It has been an honour and a privilege to preside over this exceptional institution for the past six years and I would like to thank all of our staff, customers and other stakeholders for the tremendous support that they have always given me over the years. In particular, I would like to thank my colleagues on the Board and members of senior management; I have greatly enjoyed working with you since joining the Board in 2008. It is my fervent hope and expectation that you will support my successor in the same way that you have supported me. I wish each of you, and NMB, every success in the future.

APPRECIATION

I would like to express my sincere gratitude and appreciation to our valued clients, shareholders and the regulatory authorities for their continued support during the period under review. My appreciation also goes to my fellow Board members, management and staff for their continued dedication and commitment which has underpinned the achievement of these results in the face of an increasingly difficult operating environment.

T. N. MUNDAWARARA
CHAIRMAN

18 March 2015

REPORT OF THE DIRECTORS
for the year ended 31 December 2014

We have pleasure in presenting to shareholders our report and the audited financial statements of the Group for the year ended 31 December 2014.

1. SHARE CAPITAL

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

1.1 Authorised: 600 000 000 ordinary shares of US$0.00028 each.

1.2 Issued and fully paid: 384 427 351 ordinary shares of US$0.00028 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$1 667 247 for the year ended 31 December 2014 (2013 – loss of US$3 321 823).

3. CAPITAL ADEQUACY

As at 31 December 2014, the Bank's capital adequacy ratio computed under the Bank for International Settlements (BIS) rules was 19.32% (2013 – 17.28%).

4. DIRECTORATE

4.1 Board of Directors

Mr. T. N. Mundawarara	Independent Non-Executive Director (Chairman)
Mr. A. M. T. Mutsonziwa	Independent Non-Executive Director
Mr. J.A. Mushore*	Group Chief Executive Officer
Mr. B. P. Washaya	Acting Group Chief Executive Officer
Mr. B. W. Madzivire	Independent Non-Executive Director
Ms. M. Svova	Independent Non-Executive Director
Mr. J. Chigwedere	Independent Non-Executive Director
Mr. B. Chikwanha	Independent Non-Executive Director
Mr. J. Chenevix-Trench**	Non-Executive Director - (alternate Mr. J. de. la Fargue) (representing African Century)
Mr. B. A. M. Zwinkels	Non-Executive Director - (representing AfricInvest)
Mr. C. I. F. Ndiaye	Non-Executive Director - (representing FMO)
Mr D. Malik***	Non-Executive Director - (alternate Mr. R. Keighley) (representing Norfund)
Mr. R. Keighley	Non-Executive Director - (representing Norfund)
Dr. J. T. Makoni****	Non-Executive Director

* Resigned from the Board with effect from 31 October 2014.
** Mr. J. de La Fargue resigned as an alternate director to Mr. J. Chenevix-Trench with effect from 31 December 2014.
*** Resigned from the Board with effect from 22 September 2014.
****Resigned from the Board with effect from 31 December 2014.

In accordance with the Articles of Association, Mr. J. Chigwedere. Mr. B. W. Madzivire and Mr. A. M. T. Mutsonziwa will retire by rotation at the forthcoming Annual General Meeting (AGM). Mr. B.W. Madzivire, being eligible, offers himself for re-election. Mr. J. Chigwedere and Mr. A.M.T. Mutsonziwa are not offering themselves for re-election.

REPORT OF THE DIRECTORS *(continued)*

4. DIRECTORATE *(continued)*

4.2 Directors' Interests

As at 31 December 2014 the Directors of the Group (NMBZ Holdings Limited and the Bank) held the following direct and indirect beneficial interests in the shares of the Company:-

	31 Dec 2014 Shares	31 Dec 2013 Shares
Mr. T. N. Mundawarara	3 993	3 993
Mr. A. M. T. Mutsonziwa	5 571	5 571
Mr. B. W. Madzivire	-	-
Mr. J. Chigwedere	-	-
Mr. J. Chenevix-Trench**	71 207 639	70 324 370
Mr. B. P. Washaya*	2 070	2 070
Mr. B. A. M. Zwinkels***	-	-
Mr. R. Keighley***	-	-
Mr. C. I. F. Ndiaye***	-	-
Mr. B. Chikwanha	-	-
Ms. M. Svova	-	-
	71 219 273	70 336 004

* Mr. B. P. Washaya is the Acting CEO of NMBZ Holdings Limited and the Managing Director of NMB Bank Limited.

** Mr. J. Chenevix-Trench holds interests in African Century Financial Investments Limited, a shareholder in NMBZ.

*** Mr. B. A. M. Zwinkels, Mr. C. I. F. Ndiaye and Mr. R. Keighley represent AfricInvest (34 571 429 shares in NMBZ), FMO (34 571 429 shares in NMBZ) and Norfund (34 571 429 shares in NMBZ) respectively on the board of directors of NMBZ Holdings Limited and NMB Bank Limited.

4.3 Total share options granted to executive directors

	31 Dec 2014 Share options	31 Dec 2013 Share options
Mr. J. A. Mushore****	344 842	-
Mr. B. P. Washaya	275 873	-
	620 715	-

****Mr. J. A. Mushore resigned as a director of NMBZ Holdings Limited and NMB Bank Limited with effect from 31 October 2014.

REPORT OF THE DIRECTORS *(continued)*

4. DIRECTORATE *(continued)*

4.4 Directors' attendance at meetings

4.4.1 Board of Directors

Name	Meetings held	Meetings attended
Mr. T. N. Mundawarara	9	9
Mr. A. M. T. Mutsonziwa	9	6
Mr. B. W. Madzivire	9	9
Mr. J. Chigwedere	9	8
Mr. J. Chenevix-Trench	9	9
Ms. M. Svova	9	9
Mr. B. Chikwanha	9	9
Mr. R. Keighley	9	9
Mr. B. A. M. Zwinkels	9	9
Mr. C. I. F. Ndiaye	9	9
Dr. J. T. Makoni**	9	8
Mr. J. A. Mushore*	3	2

* Resigned from the Board of NMBZ Holdings Limited with effect from 31 October 2014.
** Resigned from the Board of NMBZ Holdings Limited with effect from 31 December 2014.

4.4.2 Audit Committee

Name	Meetings held	Meetings attended
Ms. M. Svova	4	4
Mr. B. W. Madzivire	4	4
Mr. A. M. T. Mutsonziwa	4	2

4.4.3 Risk Management Committee

Name	Meetings held	Meetings attended
Mr. B. W. Madzivire	4	4
Mr. C. I. F. Ndiaye	4	3
Mr. R. Keighley	4	4
Mr. J. A. Mushore*	3	2
Mr. B. P. Washaya	4	4
Mr. B. Chikwanha**	3	3

* Resigned from the Board of NMBZ Holdings Limited with effect from 31 October 2014.
** Appointed to the committee with effect from 18 March 2014.

REPORT OF THE DIRECTORS *(continued)*

4. DIRECTORATE *(continued)*

4.4.4 Asset and Liability Management Committee (ALCO), Finance & Strategy Committee

Name	Meetings held	Meetings attended
Mr. J. Chigwedere	4	4
Mr. T. N. Mundawarara	4	4
Mr. J. Chenevix-Trench	4	4
Mr. R. Keighley	4	4
Mr. B. A. M. Zwinkels	4	4
Mr. J. A. Mushore*	3	2
Mr. B. P. Washaya	4	4

* Resigned from the Board of NMBZ Holdings Limited with effect from 31 October 2014.

4.4.5 Loans Review Committee

Name	Meetings held	Meetings attended
Mr. B. Chikwanha	4	4
Mr. J. Chigwedere	4	4
Mr. C. I. F. Ndiaye	4	3
Mr. B. A. M. Zwinkels*	4	0

* Appointed to the committee with effect from 18 March 2014.

4.4.6 Human Resources, Remuneration and Nominations Committee

Name	Meetings held	Meetings attended
Mr. A. M. T. Mutsonziwa	4	3
Mr. T. N. Mundawarara	4	4
Mr. J. Chenevix-Trench	4	3
Mr. B. A. M. Zwinkels	4	4
Dr. J. T. Makoni	4	4
Mr. C. I. F. Ndiaye**	3	3
Mr. J. A. Mushore*	4	2
Mr. B. P. Washaya	4	4

* Resigned from the Board of NMBZ Holdings Limited with effect from 31 October 2014.
** Appointed to the committee with effect from 18 March 2014.

4.4.7 Credit Committee

Name	Meetings held	Meetings attended
Mr. T. N. Mundawarara	10	10
Mr. J. A. Mushore*	8	7
Ms. M. Svova**	9	9
Mr. J. Chenevix-Trench	10	10
Mr. B. P. Washaya	10	9

* Resigned from the Board of NMBZ Holdings Limited with effect from 31 October 2014.
** Appointed to the committee with effect from 6 March 2014.

REPORT OF THE DIRECTORS *(continued)*

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, Remuneration and Nominations 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

Following the re-organisation of the Board, the NMBZ Holdings Limited and NMB Bank Limited boards comprise of eleven directors each. The boards of the holding company and the Bank are 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. NMBZ Holdings and the Bank boards comprises, of one executive and ten non-executive directors each. 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:	Ms. M. Svova	Chairperson - Independent Non-Executive Director
	Mr. A. M. T. Mutsonziwa	Independent Non-Executive Director
	Mr. B. W. Madzivire	Independent 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. A. M. T. Mutsonziwa	Chairman - Independent Non-Executive Director
	Mr. T. N. Mundawarara	Independent Non-Executive Director
	Mr. J. Chenevix-Trench	Non-Executive Director
	Mr. B. A. M. Zwinkels	Non-Executive Director
	Dr. J. T. Makoni**	Non-Executive Director
	Mr.C. I. F. Ndiaye	Non-Executive Director
	Mr. B. W. Madzivire	Independent Non-Executive Director
	Mr. J. A. Mushore*	Group Chief Executive Officer
	Mr. B. P. Washaya	Acting Group Chief Executive Officer

* Resigned from the committee with effect from 31 October 2014.
** Resigned from the committee with effect from 31 December 2014.

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. B. Chikwanha	Chairman - Independent Non-Executive Director
	Mr. J. Chigwedere	Independent Non-Executive Director
	Mr. C. I. F. Ndiaye	Non - Executive Director
	Mr. B. A. M. Zwinkels	Non - Executive Director

REPORT OF THE DIRECTORS *(continued)*

5. CORPORATE GOVERNANCE *(continued)*

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
	Ms. M. Svova	Independent Non-Executive Director
	Mr. J. Chenevix-Trench	Non-Executive Director
	Mr. B. P. Washaya	Acting Group Chief Executive Officer

* Resigned from the committee with effect from 31 October 2014.

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. J. Chigwedere	Chairman-Independent Non-Executive Director
	Mr. T. N. Mundawarara	Independent Non-Executive Director
	Mr. J. Chenevix-Trench	Non-Executive Director
	Mr. R. Keighley	Non-Executive Director
	Mr. B. A. M. Zwinkels	Non-Executive Director
	Mr. J. A. Mushore*	Chief Executive Officer
	Mr. B. P. Washaya	Acting Group Chief Executive Officer

* Resigned from the committee with effect from 31 October 2014.

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. B. W. Madzivire	Chairman-Independent Non-Executive Director
	Mr. C. I. F. Ndiaye	Non-Executive Director
	Mr. R. Keighley	Non-Executive Director
	Mr. J. A. Mushore*	Chief Executive Officer
	Mr. B. P. Washaya	Acting Group Chief Executive Officer
	Mr. B. Chikwanha	Independent Non-Executive Director

* Resigned from the committee with effect from 31 October 2014.

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 auditors' remuneration for the year ended 31 December 2014 and to appoint auditors of the Company for the ensuing year.

By order of the Board

V. Mutandwa
Company Secretary
Harare

18 March 2015

STATEMENT OF DIRECTOR'S RESPONSIBILITY
for the year ended 31 December 2014

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 Group and its subsidiaries to continue operating as a going concern and believe that the preparation of these financial statements on a going concern is still appropriate.

6. INTERNAL AUDIT

The internal audit function has formally defined objectives, authority, and responsibilities enshrined in the Internal Audit Charter, which principles are consistent with those of the Institute of Internal Auditors. The function is guided by the Internal Audit Manual and the Reserve Bank of Zimbabwe's Guideline on Minimum Internal Audit Standards in Banking Institutions, in conducting its activities. The internal audit function is independent of business lines and has unrestricted access to the Audit Committee. The internal audit functions include evaluating the effectiveness of the risk management systems, reviewing the systems of internal control including internal financial controls and the conduct of the Group's operations.

7. REMUNERATION

The Human Resources, Remuneration and Nominations 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 operationalising a new share option scheme for staff members approved in the 2012 Annual General Meeting. The Group is also committed to enhancing the skills of staff and sponsors attendance of courses at reputable local and international institutions.

STATEMENT OF DIRECTOR'S RESPONSIBILITY *(continued)*

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. The activities and charities supported during the year ended31 December 2014 included special education needs, health and social services, the environment and the arts.

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 that regard, the Group's values include integrity and excellence. 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 does not conduct business with entities whose activities are unethical.

12.FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position, statement of comprehensive income, statement of changes in equity and the statement of cash flows as at 31 December 2014, 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 and 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.

Approval of the financial statements

The financial statements of the Company and Group appearing on pages 17 to 80 were approved by the board of directors on 18 March 2015 and are signed on their behalf by:

....	....
T. N. Mundawarara	**B. P. Washaya**
Chairman	**Acting Group Chief Executive Officer**
Date: 18 March 2015	**Date:** 18 March 2015

KPMG
Mutual Gardens
100 The Chase (West)
Emerald Hill
P.O. Box 6 Harare
Zimbabwe

Telephone: (+263-4) 303700
(+263-4) 302600
Fax: :(+263-4) 303699

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

Report on the financial statements

We have audited the consolidated and separate financial statements of NMBZ Holdings Limited, which comprise the statements of financial position as at 31 December 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 17 to 80.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03), the Banking Act (Chapter 24:20) and relevant regulations made thereunder; 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, these financial statements present fairly, in all material respects, the consolidated and separate financial position of NMBZ Holdings Limited as at 31 December 2014, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act (Chapter 24:03) and the Banking Act (Chapter 24:20) and relevant regulations made thereunder.

KPMG

KPMG CHARTERED ACCOUNTANTS (Zimbabwe)
Harare

18 March 2015

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 December 2014

	Note	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Interest income	4	31 072 461	33 181 704	1	1
Interest expense	5	(12 651 519)	(13 006 505)	-	-
Net interest income		**18 420 942**	**20 175 199**	**1**	**1**
Net foreign exchange gains	6.3	1 822 432	1 502 044	-	-
Fee and commission income	6.1	15 121 536	14 673 834	-	-
Revenue		**35 364 910**	**36 351 077**	**1**	**1**
Non-interest income	6.2	62 025	777 720	430 690	719 837
Share of profit of associate	24	-	217 768	-	-
Profit on disposal of associate		-	580 136	-	1 324 286
Operating expenditure	7	(27 984 051)	(25 232 756)	(433 080)	(691 502)
Impairment losses on loans and advances	21.3	(5 017 362)	(16 645 810)	-	-
Profit/(loss) before taxation		**2 425 522**	**(3 951 865)**	**(2 389)**	**1 352 622**
Taxation (charge)/credit	8	(768 455)	630 042	(2 345)	(371 010)
Profit/(loss) for the year		**1 657 067**	**(3 321 823)**	**(4 734)**	**981 612**
Other comprehensive income for the year, net of tax	6.4	10 180	-	-	-
Total comprehensive income/(loss) for the year		**1 667 247**	**(3 321 823)**	**(4 734)**	**981 612**
Attributable to:					
Owners of the parent		1 667 247	(3 321 823)	(4 734)	981 612
		1 667 247	(3 321 823)	(4 734)	981 612
Earnings/(loss) per share (US cents)					
- Basic	9.3	0.43	(1.00)		
- Diluted basic	9.3	0.40	(0.86)		

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2014

	Note	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
SHAREHOLDERS' FUNDS					
Share capital	10	78 598	78 598	78 598	78 598
Capital reserves	11	19 093 810	17 937 471	15 800 111	15 783 219
Retained earnings	12	10 131 991	9 604 191	748 260	752 994
Total equity		**29 304 399**	**27 620 260**	**16 626 969**	**16 614 811**
Redeemable ordinary shares	13	14 335 253	14 335 253	14 335 253	14 335 253
Subordinated loan	14	1 407 964	1 485 890	-	-
Total shareholders' funds	15	**45 047 616**	**43 441 403**	**30 962 222**	**30 950 064**
LIABILITIES					
Deposits and other liabilities	16	241 001 418	216 041 709	656 572	784 819
Deferred tax liabilities	19	-	-	-	6 846
Total liabilities		**241 001 418**	**216 041 709**	**656 572**	**791 665**
Total shareholders' funds and liabilities		**286 049 034**	**259 483 112**	**31 618 794**	**31 741 729**
ASSETS					
Cash and cash equivalents	20	54 750 561	48 871 983	53	52
Current tax assets	8.4	1 436 974	1 739 210	85 752	91 722
Investment securities held to maturity	17.1	3 874 525	4 685 471	-	-
Loans, advances and other assets	21	203 363 052	181 316 271	7 389	7 385
Investment in debentures	18	4 614 047	3 984 723	-	-
Non-current assets held for sale	22	2 267 300	2 303 300	-	-
Investments:-					
Trade investments	23	81 390	190 148	-	113 946
Associates	24	-	-	-	-
Group companies	25	-	-	31 505 686	31 505 686
Quoted and other investments	26	127 291	145 850	16 385	22 938
Investment properties	27	4 453 300	4 385 300	-	-
Intangible assets	28	1 950 733	1 664 369	-	-
Property and equipment	29	6 345 267	7 372 943	-	-
Deferred tax assets	19	2 784 594	2 823 544	3 529	-
Total assets		**286 049 034**	**259 483 112**	**31 618 794**	**31 741 729**

Directors:

T. N. MUNDAWARARA

B. P. WASHAYA

V. MUTANDWA
Company Secretary

18 March 2015

STATEMENTS OF CHANGES TO EQUITY
for the year ended 31 December 2014

GROUP

	Share Capital US$	Share Premium US$	Share Option Reserve US$	Regulatory Reserve US$	Retained Earnings US$	Total US$
Balances at 1 January 2013	78 598	15 737 548	45 671	2 301 683	12 778 583	30 942 083
Total loss for the year	-	-	-	-	(3 321 823)	(3 321 823)
Transfer to regulatory reserve	-	-	-	(147 431)	147 431	-
Balances at 31 December 2013	78 598	15 737 548	45 671	2 154 252	9 604 191	27 620 260
Total comprehensive income for the year	-	-	-	-	1 667 247	1 667 247
Transfer to regulatory reserve	-	-	-	1 139 447	(1 139 447)	-
Share options issued	-	-	16 892	-	-	16 892
Balances at 31 December 2014	78 598	15 737 548	62 563	3 293 699	10 131 991	29 304 399

COMPANY

	Share Capital US$	Share Premium US$	Share option Reserve US$	Retained (loss)/ Earnings US$	Total US$
Balances at 1 January 2013	78 598	15 737 548	45 671	(228 618)	15 633 199
Total comprehensive income for the year	-	-	-	981 612	981 612
Balances at 31 December 2013	78 598	15 737 548	45 671	752 994	16 614 811
Total loss for the year	-	-	-	(4 734)	(4 734)
Share options issued	-	-	16 892	-	16 892
Balances at 31 December 2014	78 598	15 737 548	62 563	748 260	16 626 969

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2014

	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
CASH FLOWS FROM OPERATING				
Profit/(loss) before taxation	2 425 522	(3 951 865)	(2 389)	1 352 622
Non-cash items				
- Impairment losses on loans and advances	5 017 362	16 645 810	-	-
- Investment properties fair value adjustment	(37 800)	(595 450)	-	-
- Profit on disposal of property and equipment	(6 274)	(30 022)	-	-
- Loss on disposal of property and equipment (included in staff costs)	177 413	-	-	-
- Quoted and other investments fair value adjustment	13 372	(9 892)	6 559	10 801
- Impairment reversal on land and buildings	(46 900)	(4 803)	-	-
- Depreciation	1 899 047	1 695 856	-	-
- Non-current assets held for sale fair value adjustment	(3 000)	(21 000)	-	-
- Profit on disposal of non-current asset held for sale	-	(1 500)	-	-
- Amortisation of intangible asset	337 118	130 716	-	-
- Share of associate's profit	-	(217 768)	-	-
- Profit on disposal of associate	-	(580 136)	-	(1 324 286)
Operating cash flows before changes in operating assets and liabilities	9 775 860	13 059 946	4 170	39 137
Changes in operating assets and liabilities				
Deposits and other liabilities	24 959 709	21 039 076	(128 250)	(209 142)
Loans, advances and other assets	(27 064 142)	(51 362 087)	(4)	170 101
Investment in debentures	(629 324)	(3 984 723)	-	-
Net cash inflow/(outflow) generated from operations	7 042 103	(21 247 788)	(124 084)	96
Taxation				
Corporate tax paid	(422 299)	(2 876 507)	-	(262 599)
Capital gains tax paid	(8 500)	(264 574)	(6 750)	-
Net cash inflow/(outflow) from operating activities	6 611 304	(24 388 869)	(130 834)	(262 503)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds on disposal of property and equipment	10 177	35 634	-	-
Purchase of property and equipment	(992 076)	(1 506 369)	-	-
Acquisition of investment property	(30 200)	(769 550)	-	-
Proceeds on disposal of associate	-	1 850 000	-	1 850 000
Expenses on disposal of associate	-	(26 175)	-	(26 175)
Proceeds on disposal of non-current assets held for sale	39 000	39 500	-	-
Acquisition of intangible asset	(623 482)	(1 170 868)	-	-
Increase in investment in subsidiary	-	-	-	(15 896 574)
Investment securities held to maturity	810 946	816 492	-	-
Net cash outflow from investing activities	(785 635)	(731 336)	(130 834)	(14 072 749)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from redeemable ordinary shares	-	14 831 145	-	14 831 145
Share issue expenses	-	(495 892)	-	(495 892)
Proceeds from subordinated loan	-	1 400 000	-	-
Interest capitalised on subordinated loan	140 487	85 890	-	-
Proceeds on disposal of unquoted investment	130 835	-	130 835	-
Repayment of interest on subordinated loan	(218 413)	-	-	-
Net increase/(decrease) in cash and cash equivalents	5 878 578	(9 299 062)	1	1
Cash and cash equivalents at the beginning of the year	48 871 983	58 171 045	52	51
Cash and cash equivalents at the end of the year (note 20)	54 750 561	48 871 983	53	52

SIGNIFICANT ACCOUNTING POLICIES
for the year ended 31 December 2014

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.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Subsidiaries

Subsidiaries are those investees controlled by the Group. The Group controls an investee if it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the subsidiary. 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.

In the holding company's separate financial statements investment in subsidiaries are accounted for at cost.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contigent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Associates

An associate is an entity over which the Group has significant influence, as evidenced by the Group holding directly or indirectly 20% or more of the voting power of the investee representation on the Board and direct involvement with the policy making processes of the investee. The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in the associate is measured in the statement of financial position at cost plus post acquisition changes in the Group's share of the profit or loss and other comprehensive income of the associate until the date on which significant influences ceases. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Unrealised gains resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is evidence of impairment. 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.

Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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

Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BUSINESS COMBINATIONS *(continued)*

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into United States Dollars (US$), which is the respective functional currency of Group entities at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss.

TAXATION

Income tax
Income tax expenses comprise current, capital gains, deferred tax and AIDS levy. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax
Current tax comprises expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using rates enacted or substantively 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
Deferred tax is recognised 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 is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

TAXATION *(continued)*

Additional taxes that arise from the distribution of dividends by the Bank are recognised at the same time as the liability to pay the related dividend is recognised. These amounts are generally recognised in profit or loss because they generally relate to income arising from transactions that were originally recognised in profit or loss.

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.

FINANCIAL INSTRUMENTS

Financial instruments – initial recognition and subsequent measurement

(i) *Date of recognition*

All financial assets and financial liabilities are initially recognised on the trade date, i.e., the date that the Group 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 management's intention in acquiring them. All financial instruments are measured initially at fair value plus transaction costs, except in the case of financial assets and financial liabilities recognised at fair value through profit or loss.

(iii) *Financial assets or financial liabilities held for trading*

Financial assets or financial liabilities held for trading are recognised 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, 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 recognised in the statement of financial position at fair value. Changes in fair value are recognised 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 profit or loss statement when the inputs become observable, or when the instrument is derecognised.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

(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 Group, upon initial recognition, designates as at fair value through profit or loss.
- Those that the Group, upon initial recognition, designates as available for sale.
- 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 profit or loss. The losses arising from impairment are recognised in the profit or loss 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 method.

(viii) *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.

(ix) *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 recognised 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 recognised in equity is recycled to the profit and loss.

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.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

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 Group 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.

FAIR VALUE MEASUREMENT

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FAIR VALUE MEASUREMENT *(continued)*

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

'Fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. Where the Group has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or ask price adjustment is applied only to the net open position as appropriate.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 17.

Identification and measurement of impairment

At each reporting date, the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:
- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Group on terms that the Bank would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Group, or economic conditions that correlate with defaults in the Group.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. However, in specific circumstances a smaller decline or a shorter period may be appropriate.

The Group considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and a collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FAIR VALUE MEASUREMENT *(continued)*

In assessing collective impairment, the Group uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised. If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and the new financial asset is recognised at fair value. The impairment loss before an expected restructuring is measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances or held-to-maturity investment securities. Interest on the impaired assets continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment attributable to application of the effective interest method are reflected as a component of interest income.

The Group writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when the Bank Credit Committee and the Board of Directors determines that there is no realistic prospect of recovery.

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 allowance 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 allowance 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 recognised in profit or loss.

Non-performing loans

Interest on loans and advances is accrued as 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.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FAIR VALUE MEASUREMENT *(continued)*

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.

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 40.1.4 for further analysis of collateral).

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 value at the repossession date in line with the Group's policy.

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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

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 recognised in the profit or loss as incurred.

Land and buildings are measured at revalued amount less accumulated depreciation on buildings and impairment losses recognised 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 recognised in other comprehensive income and accumulated in the 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 recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised 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.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

PROPERTY AND EQUIPMENT *(continued)*

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 derecognised 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 derecognised.

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.

Amortisation of intangible assets:

The depreciable amount of an intangible asset with a finite useful life is allocated on a straight line basis over its useful life. The amortisation rate is as follows:

Computer software	20%

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 qualifying 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.

As a lessee

Leases which do not transfer to the Group substantially all the risks and rewards 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.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

PROPERTY AND EQUIPMENT *(continued)*

As lessor

Leases where the Group does not transfer substantially all the risks and rewards 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.

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.

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 banking subsidiary 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.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 at amortised cost and financial instruments designated at fair value through profit or 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.

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.

Short term employee benefits/and share based payments

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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.

INVENTORY

Inventory is accounted for at weighted average cost.

SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

SHAREHOLDERS' FUNDS

Shareholders' funds refers to the total investment made by the shareholders to the Group and it consists of share capital, share premium, share options reserve, retained earnings, redeemable ordinary shares and subordinated loans.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or disposal groups are held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. These are measured at the lower of the carrying amount and fair value less costs to sell and they are not depreciated. If the non-current asset or disposal group is scoped out of IFRS 5: *Non-current assets held for sale and discontinued operations* then the measurement principles of the relevant standard apply,. Non-current assets are valued by independent professional valuers.

GOVERNMENT BONDS

The Bank currently holds Treasury Bills and Reserve Bank of Zimbabwe Bonds which are valued at cost as there is currently no market information to facilitate application of the fair value principles.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

1. REPORTING ENTITY

The holding company is incorporated and domiciled in Zimbabwe and is an investment holding company. Its registered office is 64 Kwame Nkrumah Avenue, Harare. Its principal operating subsidiary is engaged in banking and other companies hold investments.

2. ACCOUNTING CONVENTION

Statement of compliance

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

The financial statements were approved by the Board of Directors.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention except for quoted and other investments, investment properties, non-current assets held for sale and financial instruments which are carried at fair value and land and buildings which are stated at revalued amount. These consolidated financial statements are reported in United States of America dollars and rounded to the nearest dollar.

2.2 Comparative financial information

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

2.3 Use of estimates, judgements 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:

2.3.1 Deferred tax

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences arising out of the initial recognition of assets or liabilities and temporary differences on initial recognition of business combinations that affect neither accounting nor taxable profit are not recognised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Differed 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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. ACCOUNTING CONVENTION *(continued)*

2.3.2 Land and buildings

The properties were valued by an independent professional valuer. 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.

2.3.3 Intangible assets

Intangible assets are initially recognised at cost. Subsequently the assets are measured at cost less accumulated amortisation and any accumulated impairment loss.

2.3.4 Investment properties

Investment property were 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.

2.3.5 Non-current assets held for sale

Non-current assets or disposal group are held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. These are measured at the lower of carrying amount and fair value less costs to sell and they are not depreciated.

Non-current assets were valued by professional valuers who considered comparable market evidence of recent sale transaction and those transactions where firm offers had been made but waiting acceptance.

2.3.6 RBZ Forex Bond

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

2.3.7 Impairment losses on loans and advances

The Group 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 Group 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 – identification measurement of impairment.

2.3.8 Fair value adjustments on unquoted investments

Fair value adjustment of unquoted investments is established with reference to the net asset value and the earnings capacity of the business. Valuations on the earnings basis is calculated as the sustainable earnings for the entity multiplied by discounted Price Earnings Ratio of a quoted Company with similar operations in a similar environment.

The valuation of investment in unlisted companies has been carried in the statement of financial position of the Group based on the audited net asset values of the investee companies.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. ACCOUNTING CONVENTION *(continued)*

2.3.9 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.

2.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

2.4.1 STANDARDS, AMENDMENTS AND INTERPRETATIONS, EFFECTIVE ON OR AFTER 1 JANUARY 2015

The following standards, amendments and interpretations are effective for accounting periods beginning on or after 1 January 2015 and are relevant to the Group.

Standard/Interpretation		Effective date periods beginning on or after
IAS 27	Equity Method in Separate Financial Statements	1 January 2016
IAS 1	Disclosure Initiative	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2017
IFRS 9	Financial Instruments	1 January 2018

(i) IAS 27 Equity Method in Separate Financial Statements

The amendments in IAS 27 will allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associates and joint ventures.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 and the Group has decided not to early adopt the amendments.

(ii) IAS 1 Disclosure Initiative

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.

The amendments apply for annual periods beginning on or after 1 January 2016.

(iii)IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11; Construction Contracts, IAS 18; Revenue, IFRIC 13; Customer Loyalty Programmes, IFRIC 15; Agreements for the Construction of Real Estate, IFRIC 18; Transfer of Assets from Customers and SIC-31; Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

(iv) IFRS 9 Financial Instruments

The IASB issued the final IFRS 9 Financial Instruments Standard which replaces earlier version of IFRS 9. This standard will have a significant impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an “incurred loss” model from IAS 39 to an “expected credit loss” model, which is expected to increase the provision for bad debts rec in the Group.

The standard is effective for annual periods beginning on or after 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. SEGMENT INFORMATION

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

Retail banking - Individual customers 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 2014 or 2013.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. SEGMENT INFORMATION *(continued)*

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 2014

	Retail Banking US$	Corporate Banking US$	Treasury US$	International Banking US$	Corporate Finance US$	Unallocated US$	Total US$
Income							
Third party	21 813 485	19 173 640	3 940 624	1 755 909	986 037	408 758	48 078 453
Impairment losses on loans and advances	(1 062 257)	(3 955 105)	-	-	-	-	(5 017 362)
Net operating income	**20 751 228**	**15 218 535**	**3 940 624**	**1 755 909**	**986 037**	**408 758**	**43 061 091**
Results							
Interest income	9 645 130	18 806 056	2 118 193	-	156 389	346 693	31 072 461
Interest expense	(2 766 971)	(8 817 799)	(1 066 749)	-	-	-	(12 651 519)
Net interest income	**6 878 159**	**9 988 257**	**1 051 444**	**-**	**156 389**	**346 693**	**18 420 942**
Fee and commission income	12 168 355	367 584	-	1 755 909	829 688	-	15 121 536
Depreciation of property and equipment	874 507	150 236	51 713	49 100	28 152	745 339	1 899 047
Amortisation of intangible assets	-	-	-	-	-	337 118	337 118
Segment profit/ (loss) before tax	**2 265 727**	**(2 944 200)**	**2 030 053**	**167 485**	**514 387**	**3 92 070**	**2 425 522**
Income tax expense	-	-	-	-	-	(768 455)	(768 455)
Other comprehensive income for the year net of tax	-	-	-	-	-	10 180	10 180
Profit/(loss) for the year	**2 265 727**	**(2 944 200)**	**2 030 053**	**167 485**	**514 387**	**(366 205)**	**1 667 247**
Assets and liabilities							
Capital expenditure	536 358	2 636	4 957	13 306	-	1 058 301	1 615 558
Total assets	**73 534 753**	**148 614 532**	**46 786 313**	**95 275**	**1 526 165**	**15 491 996**	**286 049 034**
Total liabilities	**71 428 790**	**71 735 622**	**90 995 763**	**-**	**-**	**6 841 243**	**241 001 418**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. SEGMENT INFORMATION *(continued)*

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 2013

	Retail Banking US$	Corporate Banking US$	Treasury US$	International Banking US$	Corporate Finance US$	Unallocated US$	Total US$
Income							
Third party	21 444 523	21 749 625	4 006 239	1 756 443	8 567	1 169 905	50 135 302
Impairment losses on loans and advances	(658 002)	(15 987 808)	-	-	-	-	(16 645 810)
Net operating income	**20 786 521**	**5 761 817**	**4 006 239**	**1 756 443**	**8 567**	**1 169 905**	**33 489 492**
Results							
Interest income	7 363 929	22 925 394	2 504 195	-	-	388 186	33 181 704
Interest expense	(2 368 543)	(9 120 151)	(1 517 811)	-	-	-	(13 006 505)
Net interest income	**4 995 386**	**13 805 243**	**986 384**	**-**	**-**	**388 186**	**20 175 199**
Fee and commission income	12 342 153	566 915	-	1 756 199	8 567	-	14 673 834
Depreciation of property and equipment	744 735	135 675	41 694	46 718	28 082	698 952	1 695 856
Segment profit/ (loss) before tax	**4 557 210**	**(11 415 432)**	**1 544 477**	**(111 864)**	**(533 329)**	**2 007 073**	**(3 951 865)**
Income tax credit	-	-	-	-	-	630 042	630 042
Profit/(loss) for the year	**4 557 210**	**(11 415 432)**	**1 544 477**	**(111 864)**	**(533 329)**	**2 637 115**	**(3 321 823)**
Assets and liabilities							
Capital expenditure	1 058 456	133 532	132 113	12 027	2 763	1 338 346	2 677 237
Total assets	**54 124 890**	**144 209 819**	**41 326 313**	**121 897**	**68 854**	**19 631 339**	**259 483 112**
Total liabilities	**72 525 463**	**77 182 723**	**61 092 072**	**-**	**-**	**5 241 451**	**216 041 709**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

4. INTEREST INCOME

	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Loans and advances to banks	1 908 075	2 252 247	-	-
Loans and advances to customers	28 879 078	30 615 147	-	-
Investment securities	210 321	251 949	-	-
Other	74 987	62 361	1	1
	31 072 461	33 181 704	1	1

5. INTEREST EXPENSE

	GROUP 2014 US$	GROUP 2013 US$
Due to banks	4 144 427	4 637 619
Due to customers	8 029 421	7 960 563
Other borrowed funds	477 671	408 323
	12 651 519	13 006 505

6. FEE AND COMMISSION INCOME, NON-INTEREST INCOME, NET FOREIGN EXCHANGE GAINS AND OTHER COMPREHENSIVE INCOME

6.1 Fee and Commission income

	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Retail banking customer fees	12 168 355	12 342 153	-	-
Corporate banking credit related fees	227 064	358 712	-	-
Financial guarantee income	140 520	208 203	-	-
International banking commissions	1 755 909	1 756 199	-	-
Corporate finance fees	829 688	8 567	-	-
	15 121 536	14 673 834	-	-

6.2 Non - interest income

	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Quoted and other investments fair value adjustments	(13 372)	9 892	(6 559)	(10 801)
Profit on disposal of property and equipment	6 274	30 022	-	-
Fair value adjustment on investment properties	37 800	595 450	-	-
Profit on disposal on non-current assets held for sale	-	1 500	-	-
Fair value adjustment on non-current assets held for sale	3 000	21 000	-	-
Other operating income	28 323	119 856	437 249	730 638
	62 025	777 720	430 690	719 837

6.3 Net foreign exchange gains

	GROUP 2014 US$	GROUP 2013 US$
Net foreign exchange gains	1 822 432	1 502 044

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. FEE AND COMMISSION INCOME, NON-INTEREST INCOME, NET FOREIGN EXCHANGE GAINS AND OTHER COMPREHENSIVE INCOME *(continued)*

6.4 Other comprehensive income

	2014 US$	2013 US$
Gross revaluation adjustment on land and buildings	13 710	-
Tax effect	(3 530)	-
	----------------	----------------
Net revaluation adjustment	10 180	-
	=========	=========

7. OPERATING EXPENDITURE

	GROUP		COMPANY	
	2014 US$	2013 US$	2014 US$	2013 US$
The operating profit is after charging the following:-				
Administration costs	11 798 556	11 496 337	-	16 285
Audit fees:				
Current year	74 014	77 337	-	-
Prior year	140 433	128 938	-	-
Impairment reversal on land and buildings	(46 900)	(4 803)	-	-
Amortisation of intangible assets	337 118	130 716	-	-
Depreciation	1 899 047	1 695 856	-	-
Directors' remuneration	996 571	1 892 296	-	-
- Fees for services as directors	316 255	105 190	-	-
- Other emoluments	680 316	1 787 106	-	-
Staff costs - salaries, allowances and related costs	11 699 514	9 816 079	433 080	675 217
- termination benefits	1 085 698	-	-	-
	----------------	----------------	----------------	----------------
	27 984 051	25 232 756	433 080	691 502
	=========	=========	=========	=========

8. TAXATION

8.1 Income tax expense/(credit)

	GROUP		COMPANY	
	2014 US$	2013 US$	2014 US$	2013 US$
Current tax	703 432	533 722	5 796	84 865
Aids levy	21 103	14 610	174	2 546
Capital gains tax	8 500	264 574	6 750	262 599
Deferred tax	35 420	(1 442 948)	(10 375)	21 000
	----------------	----------------	----------------	----------------
	768 455	(630 042)	2 345	371 010
	=========	=========	=========	=========

8.2 Reconciliation of income tax charge/(credit)

	GROUP		COMPANY	
	2014 US$	2013 US$	2014 US$	2013 US$
Based on results for the period at a rate of 25.75%	624 572	(1 017 605)	(615)	348 300
Arising due to:				
Income not subject to tax	(28 871)	(240 965)	(3 734)	(146 604)
Non-deductible expenses	213 715	542 108	3 678	8 962
Tax rate differential on capital gains	(49 461)	(178 154)	(3 734)	(102 247)
Capital gains tax	8 500	264 574	6 750	262 599
	----------------	----------------	----------------	----------------
	768 455	(630 042)	2 345	371 010
	=========	=========	=========	=========

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

8. TAXATION *(continued)*

8.3 Total taxation charge/(credit) analysed by company

	GROUP		COMPANY	
	2014 US$	2013 US$	2014 US$	2013 US$
Stewart Holdings (Private) Limited	(1 112)	1 365	-	-
NMB Bank Limited	767 222	(973 175)	-	-
NMBZ Holdings Limited	2 345	341 768	2 345	371 010
	768 455	(630 042)	2 345	371 010

8.4 Current tax assets (income tax and aids levy)

	GROUP		COMPANY	
	2014 US$	2013 US$	2014 US$	2013 US$
At 1 January	(1 739 210)	588 965	(91 722)	(179 133)
Charge for the year	733 035	812 906	12 720	350 010
Payments during the year	(430 799)	(3 141 081)	(6 750)	(262 599)
	(1 436 974)	(1 739 210)	(85 752)	(91 722)

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.

9.1 Earnings/(loss)

	2014 US$	2013 US$
Attributable earnings/(loss)	1 667 247	(3 321 823)

9.2 Number of shares

	2014	2013
Weighted average shares in issue	384 427 351	332 569 065
Diluted weighted average number of shares	384 427 351	385 501 688
Number of shares at beginning of period	384 427 351	280 710 729
Shares issued	-	103 716 622
Redeemable ordinary shares issued – private placement	-	103 714 287
Shares issued on consolidation	-	2 335
Effect of dilution:		
Share options granted but not issued	4 128 434	907 200
Share options approved but not granted	23 942 639	167 087
	412 498 424	385 501 638

9.3 Earnings/(loss) per share (US cents)

	2014	2013
Basic earnings/(loss) per share	0.43	(1.00)
Diluted earnings/(loss) per share	0.40	(0.86)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10. SHARE CAPITAL

10.1 Authorised

	GROUP AND COMPANY			
	2014 Shares million	2013 Shares million	2014 US$	2013 US$
Ordinary shares of US$0.00028 each	600	600	168 000	168 000
	=========	=========	=========	=========

10.2 Issued and fully paid

	GROUP AND COMPANY			
	31 Dec 2014 Shares million	31 Dec 2013 Shares million	31 Dec 2014 US$	31 Dec 2013 US$
10.2.1 Ordinary shares	281	281	78 598	78 598
	----------------	----------------	----------------	----------------
	281	281	78 598	78 598
	=========	=========	=========	=========

10.2.2 Redeemable ordinary shares

	GROUP AND COMPANY			
	31 Dec 2014 Shares million	31 Dec 2013 Shares million	31 Dec 2014 US$	31 Dec 2013 US$
At 1 January	104	-	29 040	-
Shares issued (note 13)	-	104	-	29 040
	----------------	----------------	----------------	----------------
	104	104	29 040	29 040
	=========	=========	=========	=========

Of the unissued ordinary shares of 215 million shares (2013– 215 million), options which may be granted in terms of the NMBZ 2005 Employee Share Option Scheme (ESOS) amounted to nil (2013 – nil) and the opening balance of 907 200 share options which had been issued but had not been exercised expired on 7 January 2014.

Share options which may be granted in terms of the 2012 ESOS amount to 28 071 073 and as at 31 December 2014; 4 128 434 share options had been allocated from the Scheme.

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

11. CAPITAL RESERVES

	GROUP		COMPANY	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Share premium	15 737 548	15 737 548	15 737 548	15 737 548
Share option reserve	62 563	45 671	62 563	45 671
Regulatory	3 293 699	2 154 252	-	-
	----------------	----------------	----------------	----------------
Total capital reserve	19 093 810	17 937 471	15 800 111	15 783 219
	=========	=========	=========	=========

11.1 Nature and purpose of reserves

11.1.1 Share premium

This reserve represents the excess amount paid for the shares over and above the nominal value of the shares.

11.1.2 Share option reserve

The share option reserve is used to recognise the value of equity settled share based payment ransactions provided to employees, including key management personnel, as part of their remuneration. Refer to note 38.3 for further details of these plans.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

11. CAPITAL RESERVES *(continued)*

11.1.3 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.

12. RETAINED EARNINGS

Analysis of retained profit by company	GROUP		COMPANY	
	31 Dec 2014	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
NMBZ Holdings Limited	748 260	752 994	748 260	752 994
NMB Bank Limited	9 346 447	8 802 981	-	-
Stewart Holdings (Private) Limited	37 284	48 216	-	-
Total	10 131 991	9 604 191	748 260	752 994

13. REDEEMABLE ORDINARY SHARES

	31 Dec 2014 US$	**31 Dec 2013 US$**
Balance at 1 January	14 335 253	-
Redeemable ordinary share capital (note 10.2.2)	-	29 040
Share premium	-	14 306 213
	14 335 253	14 335 253

On 30 June 2013 the Company received US$14 831 145 capital from Nederlandse Financierings-Maatschappij Voor Ontiwikkelingslanden N.V. (FMO), Norwegian Investment Fund for Developing Countries (Norfund) and AfricInvest Financial Sector Holdings (AfricInvest) who were allocated 34 571 429 shares each (total 103 714 287) for individually investing US$4 943 715. This amount, net of share issue expenses, was used to recapitalise the Bank in order to contribute towards the minimum capital requirements set by the Reserve Bank of Zimbabwe of US$100 million by 31 December 2020.

NMBZ Holdings Limited (NMBZ) entered into a share buy-back agreement with Norfund, FMO and AfricInvest, where these three strategic investors have a right on their own discretion at any time after the 5th anniversary but before the 9th anniversary of its first subscription date, to request NMBZ to buy back all or part of its NMBZ shares at a price to be determined using the agreed terms as entailed in the share buy-back agreement. It is a condition precedent that at any point when the share buy-back is being considered, the proceeds used to finance the buy-back should come from the distributable reserves which are over and above the minimum regulatory capital requirements. Further, no buy-back option can be exercised by any investor after the 9th anniversary of the effective date.

The share buy-back agreement creates a potential obligation for NMBZ Holdings Limited to purchase its own instruments. The shares issued gave rise to a potential financial liability and are classified as redeemable ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

14. SUBORDINATED LOAN

	GROUP	
	2014	**2013**
	US$	**US$**
Balance at 1 January	1 485 890	-
Subordinated loan issued	-	1 400 000
Interest capitalised	140 487	85 890
Interest paid	(218 413)	-
	1 407 964	1 485 890

In 2013, the Bank received a subordinated loan amounting to US$1.4 million from Norfund which attracts an interest rate of LIBOR plus 10% and has a seven year maturity date from the first disbursement date.

The above liability would, in the event of the winding up of the issuer, be subordinated to the claims of depositors and all other creditors of the issuer. The Group has not had any defaults on the principal and interest with respect to this subordinated loan during the year ended 31 December 2014. However, there was a breach regarding the cost to income ratio which stood at 78.9% instead of the 70% limit as at 31 December 2014.

15. TOTAL SHAREHOLDERS' FUNDS

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	US$	**US$**	**US$**	**US$**
Shareholders' funds	45 047 616	43 441 403	30 962 222	30 950 064
	45 047 616	43 441 403	30 962 222	30 950 064

Shareholders' funds refer to the total investments made by the shareholders into the Group and it consists of share capital (refer to Note 10), capital and reserves (refer to Note 11), retained earnings (refer to Note12), redeemable ordinary shares (refer to Note 13) and the subordinated loan (refer to Note 14).

16. DEPOSITS AND OTHER LIABILITIES

16.1 Deposits and other liabilities by type

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	US$	**US$**	**US$**	**US$**
Deposits from banks and other financial institutions**	59 739 033	52 338 708	-	-
Current and deposit accounts from customers*	175 623 644	158 876 358	-	-
Total deposits	235 362 677	211 215 066	-	-
Trade and other payables*	5 638 741	4 826 643	656 572	784 819
	241 001 418	216 041 709	656 572	784 819

* The carrying amounts of Trade and other payables approximate the related fair value due to their short term nature.

** Included in deposits from banks and other financial institutions is a loan of US$3 915 269 due to Nederlandse Financierings-Maatschappij Voor Ontiwikkelingslanden N.V. (FMO). The Group has not had any defaults on the principal and interest with respect to this loan during the year ended 31 December 2014. There was a breach on the cost to income ratio that stood at 78.9% instead of the 70% limit as at 31 December 2014. The Bank requested for a waiver on the non-compliance ratio as at 31 December 2014 and the waiver was granted and received on 6 March 2015.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. DEPOSITS AND OTHER LIABILITIES *(continued)*

16.2 Maturity analysis

	GROUP 2014 US$	GROUP 2013 US$
Less than 1 month	172 324 494	160 919 521
1 to 3 months	32 017 300	28 819 465
3 to 6 months	4 887 371	2 163 310
6 months to 1 year	8 890 799	1 697 507
1 to 5 years	17 242 713	17 615 263
Over 5 years	-	-
	235 362 677	211 215 066

16.3 Sectoral analysis of deposits

	GROUP 2014 US$	%	2013 US$	%
Agriculture	4 706 661	2	9 731 279	4
Banks and other financial institutions	59 739 033	25	52 338 708	25
Distribution	21 893 891	9	21 091 778	10
Individuals	31 127 616	13	28 425 938	13
Manufacturing	28 354 313	12	26 723 790	13
Mining companies	4 125 974	2	3 035 997	1
Municipalities and parastatals	10 367 121	5	10 509 776	5
Other deposits	30 124 932	13	20 727 019	10
Services	38 488 209	16	32 933 385	16
Transport and telecommunications companies	6 434 927	3	5 697 396	3
	235 362 677	100	211 215 066	100

17. FINANCIAL INSTRUMENTS

17.1 Investment securities held to maturity

	Cost 2014 US$	Cost 2013 US$
Government and public sector		
Securities – RBZ Bonds	3 874 525	4 685 471

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

17.2 Maturity analysis of investment securities held to maturity

	2014 US$	2013 US$
Less than 1 month	-	-
1 to 3 months	-	-
3 to 6 months	2 582 519	2 424 461
6 months to 1 year	1 292 006	969 004
1 year to 5 years	-	1 292 006
Over 5 years	-	-
	3 874 525	4 685 471

17.3 Fair values of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

17. FINANCIAL INSTRUMENTS *(continued)*

Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- **Level 1:** inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- **Level 3:** inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

17.3.1 Financial instruments measured at fair value – fair value hierarchy

	GROUP			
	31 Dec 2014 US$	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**
Trade investments	81 390	-	-	81 390
Quoted investments	127 291	127 291	-	-
	208 681	127 291	-	81 390

During the reporting period ended 31 December 2014, 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. The trade investments were valued using the net asset value method.

	GROUP			
	31 Dec 2013 US$	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**
Trade investments	190 148	-	-	190 148
Quoted investments	145 850	145 850	-	-
	335 998	145 850	-	190 148

During the reporting period ended 31 December 2013, 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.

Level 3 fair value measurements

Reconciliation

31 December 2014	**GROUP**
Trade investments	**US$**
Balance at 1 January	190 148
Total loss in profit or loss	5 188
Disposal of investment	(113 946)
Balance at 31 December	81 390

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

17. FINANCIAL INSTRUMENTS *(continued)*

31 December 2013

Trade investments	**US$**
Balance at 1 January	195 790
Total loss in profit or loss	(5 642)
Balance at 31 December	190 148

17.3.2 Financial instruments not measured at fair value

The below table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

31 December 2014 — **GROUP**

Assets	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**	**Total carrying amount US$**
Cash and cash equivalents	-	54 750 561	-	54 750 561
Advances and other assets	-	203 363 054	-	203 363 054
Investment in debentures	-	4 614 047	-	4 614 047
Investment securities held to maturity	-	-	3 874 525	3 874 525
Total	-	262 727 662	3 874 525	266 602 187
Liabilities				
Deposits and other liabilities	-	241 001 418	-	241 001 418
	-	241 001 418	-	241 001 418

31 December 2013 — **GROUP**

Assets	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**	**Total carrying amount US$**
Cash and cash equivalents	-	48 871 983	-	48 871 983
Advances and other assets	-	181 316 271	-	181 316 271
Investment in debentures	-	3 984 723	-	3 984 723
Investment securities held to maturity	-	-	4 685 781	4 685 781
Total	-	234 172 977	4 685 781	238 858 758
Liabilities				
Deposits and other liabilities	-	216 041 709	-	216 041 709
	-	216 041 709	-	216 041 709

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:

- The fair values of cash and cash equivalents, advances and other assets and deposits and other liabilities carrying amounts approximate their fair values largely due to the short – term maturities of these instruments.
- Fair value of financial assets and liabilities at fair value through profit or 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

18.INVESTMENT IN DEBENTURES

	GROUP	
	2014 US$	2013 US$
Debentures	4 787 074	4 787 074
Provision for impairment	(173 027)	(802 351)
	4 614 047	3 984 723

During the period under review, the Group held debentures with a carrying amount of US$4 614 047 with a maturity period of 5 years. The debentures are at an interest rate of 10% per annum. The Bank has an option to convert the debentures to equity or redeem the debentures at par on or before the maturity date of 9 March 2018.

19.DEFERRED TAX

	GROUP		COMPANY	
	2014 US$	2013 US$	2014 US$	2013 US$
Allowance for impairment losses on loans and advances	(3 058 971)	(3 008 939)	821	-
Quoted and other investments	10 434	11 106	-	1 149
Trade investments	-	5 697	-	5 697
Non-current assets held for sale	113 365	115 165	-	-
Investment properties	222 699	257 081	-	-
Property and equipment	534 901	432 934	-	-
Marking to market adjustments - IAS 39	(46 451)	(51 225)	-	-
Unrealised foreign exchange gains	215 616	65 951	-	-
Suspended interest	(610 275)	(243 061)	-	-
Deferred income	(156 499)	(405 463)	-	-
Assessed losses	(5 063)	(2 790)	-	-
Provision for share based payments	(4 350)	-	(4 350)	-
Closing deferred tax (asset)/liability	(2 784 594)	(2 823 544)	(3 529)	6 846
Deferred tax (asset)/liability at the beginning of the year	(2 823 544)	1 380 596	6 846	14 154
Current year charge/(credit)	38 950	(1 442 948)	10 375	21 000
Income tax (note 8.1)	35 420	(1 442 948)	10 375	21 000
Relating to other comprehensive income (note 6.4)	3 530	-	-	-

20.CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2014 US$	2013 US$	2014 US$	2013 US$
20.1 Balances with Reserve Bank of Zimbabwe				
Balances with the Central Bank	11 408 222	13 480 628	-	-
20.2 Balances with other banks and cash				
Current, nostro accounts and cash	15 842 339	31 391 355	53	52
Interbank placements	27 500 000	4 000 000	-	-
Interbank placements	54 750 561	48 871 983	53	52

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

21. LOANS, ADVANCES AND OTHER ASSETS

21.1 Total loans, advances and other assets

21.1.1 Advances

	GROUP		COMPANY	
	2014 US$	2013 US$	2014 US$	2013 US$
Fixed term loans	21 889 534	21 711 476	-	-
Local loans and overdrafts	182 413 594	159 806 508	-	-
	204 303 128	181 517 984	-	-
Reclassification to debentures	(4 614 047)	(3 984 723)	-	-
Other assets	3 673 971	3 783 010	7 389	7 385
	203 363 052	181 316 271	7 389	7 385

21.1.2. Maturity analysis

	GROUP		COMPANY	
	2014 US$	2013 US$	2014 US$	2013 US$
Less than 1 month	131 810 553	118 711 869	-	-
1 to 3 months	24 022 035	18 082 940	-	-
3 to 6 months	1 747 453	3 826 276	-	-
6 months to 1 year	3 881 236	2 869 815	-	-
1 to 5 years	56 002 042	51 286 898	-	-
Over 5 years	-	-	-	-
Total advances	217 463 319	194 777 798	-	-
Allowance for impairment losses on loans and advances (note 21.3)	(10 790 192)	(11 685 201)	-	-
Provision for suspended interest	(2 369 999)	(1 574 613)	-	-
	204 303 128	181 517 984	-	-
Reclassification to debentures	(4 614 047)	(3 984 723)	-	-
Other assets (note 21.5)	3 673 971	3 783 010	7 389	7 385
	203 363 052	181 316 271	7 389	7 385

21.2 Sectoral analysis of utilisations

	GROUP			
	2014 US$	%	2013 US$	%
Agriculture and horticulture	17 523 451	8	11 208 448	6
Conglomerates	10 030 909	5	9 190 491	4
Distribution	55 359 765	26	46 458 831	24
Food & beverages	442 295	-	480 502	-
Individuals	58 353 526	27	46 499 825	24
Manufacturing	29 100 980	13	36 880 202	19
Mining	5 044 850	2	1 584 085	1
Services	41 607 543	19	42 475 414	22
	217 463 319	100	194 777 798	100

The material concentration of loans and advances are with individuals 27% (2013- 24%) and distribution sector at 26% (2013 – 24%).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

21. LOANS, ADVANCES AND OTHER ASSETS *(continued)*

21.3 Allowances for impairment losses on loans, advances and debentures

	GROUP					
	2014			2013		
	Specific US$	Portfolio US$	Total US$	Specific US$	Portfolio US$	Total US$
At 1 January	11 427 356	257 845	11 685 201	7 164 064	105 735	7 269 799
Recognised in profit or loss	5 112 012	(94 650)	5 017 362	16 493 700	152 110	16 645 810
Bad debts written off	(5 912 371)	-	(5 912 371)	(12 230 408)	-	(12 230 408)
At 31 December	10 626 997	163 195	10 790 192	11 427 356	257 845	11 685 201

21.4 Non-performing loans and advances

	GROUP	
	2014 US$	2013 US$
Total non-performing loans and advances	38 581 699	38 730 878
Allowance for impairment losses on loans and advances	(10 626 997)	(11 427 356)
Allowance for impairment losses on debentures (note 18)	173 027	802 351
Interest in suspense	(2 369 999)	(1 574 613)
Residue	25 757 730	26 531 260

The residue on these accounts represents recoverable portions covered by realisable security, which includes guarantees, cessation of debtors, mortgages over residential properties, equities and promissory notes all fair valued at US$23 465 162 (2013-US$27 308 066).

21.5 Other assets

	GROUP		COMPANY	
	2014 US$	2013 US$	2014 US$	2013 US$
Service deposits	761 226	698 460	-	-
Prepayments and stocks	1 601 003	1 668 244	-	-
Other receivables	1 311 742	1 416 306	7 389	7 385
	3 673 971	3 783 010	7 389	7 385

21.6 Loans to officers

	GROUP	
	2014 US$	2013 US$
Included in advances and other accounts (note 21.1) are loans to officers:-		
At 1 January	2 513 143	1 879 479
Net additions during the year	802 917	832 595
	3 316 060	2 712 074
Fair value adjustment	(180 394)	(198 931)
Balance at 31 December	3 135 666	2 513 143

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

21. LOANS, ADVANCES AND OTHER ASSETS *(continued)*

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

	Tenure	Interest rate
Overdraft	Payable on demand	Penalty interest rate of ten percentage points above loan rate up to a maximum penalty rate of 32% per annum.
Loan	Loan payable over a maximum period of 120 months (includes mortgage loans).	From 8% per annum up to a maximum of 22% per annum. Loans to employees and executive directors are at a discounted interest rate.
Bankers Acceptances	Loan payable over a minimum period of 30 days up to 90 days.	Average of 13% per annum.

22. NON-CURRENT ASSETS HELD FOR SALE

	GROUP		COMPANY	
	2014 US$	2013 US$	2014 US$	2013 US$
At 1 January 2013	2 303 300	2 225 300	-	-
Transfer from investment property	-	95 000	-	-
Disposals	(39 000)	(38 000)	-	-
Fair value adjustment	3 000	21 000	-	-
	2 267 300	2 303 300	-	-

The Group is in possession of land with a fair value of US$2 225 300 at year end. The Group entered into a sale agreement for this piece of land in 2012. However, the execution and finalisation of the sale under this contract has been pending since 2012 due to unexpected delays in obtaining certain regulatory approvals. The prospective buyer has reaffirmed their interest in finalising the sale transaction and the Bank is positive the disposal will be finalised within the next twelve months after the reporting date. The disposal will improve the Group's cashflows. The fair value adjustment on recognition as non-current asset held for sale is included under non-interest income (note 6.2).

Measurement of fair value

Fair value hierarchy

The fair value of non-current assets held for sale was determined by independent professional valuers, PMA Real Estate (Private) Limited. The valuation which conforms to International Valuation Standards, was in terms of the policy as set out in the accounting policies section and was derived with reference to market information close to the date of the valuation. All non-current assets held for sale are measured at their fair values.

The values were arrived at by applying weighted average rate of US$90 per square metre.

Level 2

The fair value of non-current assets held for sale of U$2 267 300 has been categorised under level 2 in the fair value hierarchy based on the inputs used for the valuation technique highlighted above. (see note 2.4.5 use of judgement and estimates).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

23. TRADE INVESTMENTS

	GROUP		COMPANY	
	2014 US$	**2013 US$**	**2014 US$**	**2013 US$**
Other	81 390	190 148	-	113 946
	81 390	190 148	-	113 946
Directors' valuation	81 390	190 148	-	113 946

Other investments represent equity investment in SWIFT. During the year the Group disposed its equity investment in Medical Investments (Private) Limited for US$130 835 in order to concentrate on its core business. The trade investments were valued using the net asset value method at 31 December 2014 (see note 17.3 on fair value measurement).

24. INVESTMENTS IN ASSOCIATE

Investment in Altiwave Investments (Private) Limited

The Bank has a 25.5 % interest in Altiwave Investments (Private) Limited which is the holding company of Lobels (Private) Limited. The investment arose from a Scheme of Arrangement agreed to by Lobels Holdings (Private) Limited shareholders and creditors (banks, suppliers and employees). Lobels Holdings (Private) Limited is in the bread and confectionery business.

Altiwave Investments (Private) Limited is a company that is not listed on any public exchange. The following table illustrates the summarised unaudited financial information of Altiwave (Private) Limited.

Summary of associate's statement of financial position

	GROUP	
	31 Dec 2014	**31 Dec 2013**
Current assets	15 974 685	7 867 222
Non-current assets	14 361 606	15 487 433
Current liabilities	(12 993 517)	(10 717 574)
Non-current liabilities	(32 385 340)	(30 857 571)
Equity	**(15 042 566)**	**(18 220 490)**
Share of associate's equity (25.5%)	**(3 835 854)**	**4 646 225**
Associate's revenue and profit		
Revenue	87 153 020	64 753 584
Profit	5 348 411	1 759 363
Share of associate's profit (25.5%)	**1 363 845**	**448 638**
Reconcilliation of carrying amount		
1 January	-	-
Increase in investment	-	510
Share of profit in associate	1 363 845	448 638
Allowance for impairment	(1 363 845)	(449 148)
	-	-

The investment in Altiwave Investments (Private) Limited has been fully impaired as the company had negative equity as at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

25. INVESTMENTS IN GROUP ENTITIES

25.1 Subsidiaries

	COMPANY 2014 US$	COMPANY 2013 US$
Investments in subsidiaries:		
- NMB Bank Limited	31 491 006	31 491 006
- Stewart Holdings Limited	14 680	14 680
	31 505 686	31 505 686

25.2 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:-

	2014	2013
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 holding)	100% (Equity Holdings)
Invariant (Private) Limited	100% (Dormant)	100% (Dormant)
Darksan (Private) Limited	100% (Dormant)	100% (Dormant)
Altiwave Investments (Private) Limited	25.5% (Baking)	25.5% (Baking)

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

26. QUOTED AND OTHER INVESTMENTS

	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Quoted investments	127 291	145 850	16 385	22 938

The quoted investments comprise shares stated for year end purposes at the last trading date of 31 December 2014. As these investments are trading on an active market they have been classified as level 1 in the fair value hierarchy.

27. INVESTMENT PROPERTIES

	GROUP 2014 US$	GROUP 2013 US$
At 1 January	4 385 300	3 115 300
Improvements	30 200	769 550
Fair value adjustments	37 800	595 450
Transfer to non-current assets held for sale	-	(95 000)
At 31 December	4 453 300	4 385 300

Investment properties comprise a commercial property and residential properties that are leased out to third parties and land held for future development. All investment properties of the Group were not encumbered.

Measurement of fair value

Fair value hierarchy

The fair value of the Group's investment properties as at 31 December 2014 has been arrived at on the basis of valuations carried out by independent professional valuers, PMA Real Estate (Private) Limited. The valuation which conforms to International Valuation Standards, was in terms of the policy as set out in the accounting policies section and was derived with reference to market information close to the date of the valuation.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

27. INVESTMENT PROPERTIES *(continued)*

The values were arrived at by applying a weighted average market rate of US$34 per square metre. The commercial and residential properties are leased out under operating lease to various tenants.

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

Rental income amounting to US$36 160 (2013 – US$47 618) was received and no operating expenses were incurred on the investment properties in the current year due to the net leasing arrangement on the properties.

Level 2

The fair value for investment properties of US$2 659 300 has been categorised under level 2 in the fair value hierarchy based on the inputs used for the valuation technique described below.

The following shows reconciliation between the opening and closing balances for level fair values:

	US$
At 1 January 2014	2 575 300
Improvements	10 200
Fair value adjustments	73 800
Balance at 31 December 2014	2 659 300

Level 3

The fair value for investment properties of US$1 794 000 has been categorised under level 3 in the fair value hierarchy based on the inputs used for the valuation technique described below.

The following shows reconciliation between the opening and closing balances for level fair values:

	US$
At 1 January 2014	1 810 000
Improvements	20 000
Fair value adjustments	(36 000)
Balance at 31 December 2014	1 794 000

The values were arrived at by applying yield rates of 9.5% on rental values of between US$5 – US$7 per square metre. The properties are leased out under operating lease to various tenants.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

27. INVESTMENT PROPERTIES *(continued)*

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
• The Investment Method was applied on all income producing properties. Market capitalisation rates were derived from market sales evidence and were determined in consultation with other investors and property brokers in the market . • The Direct Comparison Method was applied on all residential properties, after PMA Real Estate (Private) Limited identified various properties that have been sold or which were on sale and situated in comparable areas using the Main Space Equivalent (MSE) principle. The total (MSE) of comparable areas was then used to determine the value per square metre of (MSE).	• Expected market rental growth (weighted average -1%) • Void period (average 5 months after the end of each lease) • Occupancy rate (60-100%), weighted average 95%) • Risk adjusted discount rates (9.5% - 11.5%, weighted average 9.5%	The estimated fair value would increase/ (decrease) if: • expected market rental growth were higher/ (lower); • void periods were shorter/(longer); • the occupancy rates were higher /(lower); • the risk adjusted discount rates were lower / (higher).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

28. INTANGIBLE ASSETS

	Work in Progress US$	Computer Software US$	Total US$
Cost			
Balance at 1 January 2013	-	-	-
Reclassification from property, plant and equipment	-	740 615	740 615
Acquisitions	-	1 170 868	1 170 868
Balance at 1 January 2014	-	1 911 483	1 911 483
Acquisitions	208 673	414 809	623 482
Balance at 31 December 2014	208 673	2 326 292	2 534 965
Accumulated amortisation and impairment			
Balance at 1 January 2013	-	-	-
Reclassification from property, plant and equipment	-	116 398	116 398
Amortisation for the year	-	130 716	130 716
Balance at 1 January 2014	-	247 114	247 114
Amortisation for the year	-	337 118	337 118
Balance at 31 December 2014	-	584 232	584 232
Carrying amount			
At 31 December 2014	208 673	1 742 060	1 950 733
At 1 January 2014	-	1 664 369	1 664 369
At 1 January 2013	-	-	-

The amortisation expense of intangible assets is included under operating expenditure (note 7).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

29. PROPERTY AND EQUIPMENT

	Capital work in progress	Computers US$	Motor vehicles US$	Furniture & equipment US$	Freehold Land & buildings US$	Total US$
Cost						
At 1 January 2013	-	2 696 533	3 322 357	2 484 201	2 815 724	11 318 815
Additions	-	340 606	682 969	459 413	23 381	1 506 369
Revaluation gain	-	-	-	-	4 803	4 803
Disposals	-	(9 862)	(2 198)	(29 250)	-	(41 310)
Reclassification	-	(740 615)	-	-	-	(740 615)
At 1 January 2014	-	2 286 662	4 003 128	2 914 364	2 843 908	12 048 062
Additions	101 375	319 048	392 366	179 287	-	992 076
Revaluation gain	-	-	-	-	60 610	60 610
Disposals	-	(4)	(234 069)	(3)	-	(234 076)
At 31 December 2014	**101 375**	**2 605 706**	**4 161 425**	**3 093 648**	**2 904 518**	**12 866 672**
Accumulated depreciation						
At 1 January 2013	-	846 183	985 396	1 254 054	45 723	3 131 356
Charge for the year	-	308 164	910 994	435 589	41 109	1 695 856
Disposals	-	(8 637)	(1 966)	(25 092)	-	(35 695)
Transfer to intangible assets	-	(116 398)	-	-	-	(116 398)
At 1 January 2014	-	1 029 312	1 894 424	1 664 551	86 832	4 675 119
Charge for the year	-	356 749	1 030 894	456 604	54 800	1 899 047
Disposals	-	(6)	(52 754)	(1)	-	(52 761)
At 31 December 2014	**-**	**1 386 055**	**2 872 564**	**2 121 154**	**141 632**	**6 521 405**
Carrying amount						
At 31 December 2014	**101 375**	**1 219 651**	**1 288 861**	**972 494**	**2 762 886**	**6 345 267**
At 1 January 2014	**-**	**1 257 350**	**2 108 704**	**1 249 813**	**2 757 076**	**7 372 943**
At 1 January 2013	**-**	**1 850 350**	**2 336 961**	**1 230 147**	**2 770 001**	**8 187 459**

Measurement of fair value

Fair value hierarchy

Immovable properties were revalued as at 31 December 2014 on the basis of valuations carried out by independent professional valuers, PMA Real Estate (Private) Limited. The valuation which conforms to International Valuation Standards, was in terms of the policy as set out in the accounting policies section. All movable assets are measured at their carrying amounts which are arrived at by the application of a depreciation charge on their cost values over the useful lives of the assets.

The valuation of land and buildings was arrived by applying yield rates of 9.5% on rental levels of between US$5 - US$7 per square metre.

The carrying cost less accumulated depreciation of the land and buildings had revaluations not been performed would be US$3 343 677 as at 31 December 2014 (2013 –US$3 419 586).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

29. PROPERTY AND EQUIPMENT *(continued)*

Level 3

The fair value of immovable properties of US$2 762 886 has been categorised under level 3 in the fair value hierarchy based on the inputs used for the valuation technique described below.

The following shows reconciliation between the opening and closing balances for level fair values:

	US$
At 1 January 2014	2 757 076
Additions	-
Revaluation gain	60 610
Depreciation	(54 800)

Balance at 31 December 2014	2 762 886
	=========

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of freehold land and buildings, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
• The Direct Comparison Method was applied on all properties, after PMA Real Estate (Private) Limited identified various properties that have been sold or which were on sale and situated in comparable areas using the Main Space Equivalent (MSE) principle. The total (MSE) of comparable areas was then used to determine the value per square metre of (MSE).	• Expected market rental growth (weighted average -1%). • Average market yield was 9%.	• The estimated fair value would increase/(decrease) if the expected market rental growth were higher/ (lower).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

30.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 financial liabilities are categorised by the earlier of contractual repricing or maturity dates.

30.1 Total position

At 31 December 2014			GROUP			
	Up to 1 month US$	1 month to 3 months US$	3 months to 1 year US$	year to 5 years US$	Non-interest bearing US$	Total US$
Assets						
Cash and cash equivalents	54 750 561	-	-	-	-	54 750 561
Current tax assets	-	-	-	-	1 436 974	1 436 974
Investment securities held to maturity	-	-	3 874 525	-	-	3 874 525
Investment in debentures	-	-	-	4 614 047	-	4 614 047
Investments						
Quoted and other investments	-	-	-	-	208 681	208 681
Loans, advances and other assets	118 823 390	19 234 961	5 628 688	56 002 042	3 673 971	203 363 052
Deferred tax	-	-	-	-	2 784 594	2 784 594
Non-current assets held for sale	-	-	-	-	2 267 300	2 267 300
Intangible assets	-	-	-	-	1 950 733	1 950 733
Property, plant and equipment	-	-	-	-	6 345 267	6 345 267
Investment properties	-	-	-	-	4 453 300	4 453 300
	173 573 951	19 234 961	9 503 213	60 616 089	23 120 820	286 049 034
Liabilities and equity						
Deposits and other liabilities	172 324 494	32 017 300	13 778 170	17 242 712	5 638 742	241 001 418
Redeemable ordinary shares	-	-	-	-	14 335 253	14 335 253
Equity	-	-	-	-	29 304 399	29 304 399
Subordinated loan	-	-	-	1 407 964	-	1 407 964
	172 324 494	32 017 300	13 778 170	18 650 676	49 278 394	286 049 034
Interest rate repricing gap	1 249 457	(12 782 339)	(4 274 957)	41 965 413	(26 157 574)	-
Cumulative gap	1 249 457	(11 532 882)	(15 807 839)	26 157 574	-	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

30. INTEREST RATE REPRICING AND GAP ANALYSIS *(continued)*

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

At 31 December 2013	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	48 871 983	-	-	-	-	48 871 983
Current tax assets	-	-	-	-	1 739 210	1 739 210
Investment securities held to maturity	-	-	3 393 465	1 292 006	-	4 685 471
Investment in debentures	-	-	-	3 984 723	-	3 984 723
Quoted and other investments	-	-	-	-	335 998	335 998
Loans, advances and other assets	106 254 406	18 082 940	6 696 091	46 499 824	3 783 010	181 316 271
Deferred tax	-	-	-	-	2 823 544	2 823 544
Non-current assets held for sale	-	-	-	-	2 303 300	2 303 300
Intangible assets	-	-	-	-	1 664 369	1 664 369
Property, plant and equipment	-	-	-	-	7 372 943	7 372 943
Investment properties	-	-	-	-	4 385 300	4 385 300
	155 126 389	18 082 940	10 089 556	51 776 553	24 407 674	259 483 112
Liabilities and equity						
Deposits and other liabilities	160 919 521	28 819 465	3 860 817	17 615 263	4 826 643	216 041 709
Redeemable ordinary shares	-	-	-	-	14 335 253	14 335 253
Equity	-	-	-	-	27 620 260	27 620 260
Subordinated loan	-	-	-	1 485 890	-	1 485 890
	160 919 521	28 819 465	3 860 817	19 101 153	46 782 156	259 483 112
Interest rate repricing gap	(5 793 132)	(10 736 525)	6 228 739	32 675 400	(22 374 482)	-
Cumulative gap	(5 793 132)	(16 529 657)	(10 300 918)	22 374 482	-	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31. 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.

31.1 United States dollar

At 31 December 2014			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	53 208 157	-	-	-	-	53 208 157
Investment securities held to maturity	-	-	3 874 525	-	-	3 874 525
Investment in debentures	-	-	-	4 614 047	-	4 614 047
Quoted and other investments	-	-	-	-	127 291	127 291
Loans, advances and other assets	118 542 586	19 234 961	5 628 688	56 002 042	3 673 971	203 082 248
Non-current assets held for sale	-	-	-	-	2 267 300	2 267 300
Property, plant and equipment	-	-	-	-	6 345 267	6 345 267
Investment properties	-	-	-	-	4 453 300	4 453 300
Current tax assets	-	-	-	-	1 436 974	1 436 974
Deferred tax	-	-	-	-	2 784 594	2 784 594
Intangible assets	-	-	-	-	1 950 733	1 950 733
	171 750 743	19 234 961	9 503 213	60 616 089	23 039 430	284 144 436
Liabilities and equity						
Deposits and other liabilities	170 924 080	32 017 300	13 778 170	17 242 712	5 638 742	239 601 004
Subordinated term loan	-	-	-	1 407 964	-	1 407 964
Redeemable Ordinary shares	-	-	-	-	14 335 253	14 335 253
Equity	-	-	-	-	29 304 399	29 304 399
	170 924 080	32 017 300	13 778 170	18 650 676	49 278 394	284 648 620
Interest rate repricing gap	826 663	(12 782 339)	(4 274 957)	41 965 413	(26 238 964)	(504 184)
Cumulative gap	826 663	(11 955 676)	(16 230 633)	25 734 780	(504 184)	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

31. INTEREST RATE REPRICING AND GAP ANALYSIS *(continued)*

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.

At 31 December 2013	GROUP					
	Up to 1 month US$	1 month to 3 months US$	3 months to 1 year US$	year to 5 years US$	Non-interest bearing US$	Total US$
Assets						
Cash and cash equivalents	45 502 565	-	-	-	-	45 502 565
Investment securities held to maturity	-	-	3 393 465	1 292 006	-	4 685 471
Investment in debentures	-	-	-	3 984 723	-	3 984 723
Quoted and other investments	-	-	-	-	259 796	259 796
Loans, advances and other assets	105 979 379	18 082 940	6 696 091	46 499 824	3 783 010	181 041 244
Non-current assets held for sale	-	-	-	-	2 303 300	2 303 300
Property, plant and equipment	-	-	-	-	7 372 943	7 372 943
Investment properties	-	-	-	-	4 385 300	4 385 300
Current tax assets	-	-	-	-	1 739 210	1 739 210
Deferred tax	-	-	-	-	2 823 544	2 823 544
Intangible assets	-	-	-	-	1 664 369	1 664 369
	151 481 944	18 082 940	10 089 556	51 776 553	24 331 472	255 762 465
Liabilities and equity						
Deposits and other liabilities	156 542 459	28 819 465	3 860 817	17 615 263	4 826 643	211 664 647
Subordinated term loan	-	-	-	1 485 890	-	1 485 890
Redeemable Ordinary shares	-	-	-	-	14 335 253	14 335 253
Equity	-	-	-	-	27 620 260	27 620 260
	156 542 459	28 819 465	3 860 817	19 101 153	46 782 156	255 106 050
Interest rate repricing gap	(5 060 515)	(10 736 525)	6 228 739	32 675 400	(22 450 684)	656 415
Cumulative gap	(5 060 515)	(15 797 040)	(9 568 301)	23 107 099	656 415	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

32.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.

32.1 Other foreign currencies

At 31 December 2014

	GROUP					
	Up to 1 month US$	1 month to 3 months US$	3 months to 1 year US$	year to 5 years US$	Non-interest bearing US$	Total US$
Assets						
Cash and cash equivalents	1 542 404	-	-	-	-	1 542 404
Investment securities held to maturity	-	-	-	-	81 390	81 390
Loans, advances and other assets	280 804	-	-	-	-	280 804
	1 823 208	-	-	-	81 390	1 904 598
Liabilities and equity						
Deposits and other liabilities	1 400 414	-	-	-	-	1 400 414
	1 400 414	-	-	-	-	1 400 414
Interest rate repricing gap	422 794	-	-	-	81 390	504 184
Cumulative gap	422 794	422 794	422 794	422 794	504 184	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

32. INTEREST RATE REPRICING AND GAP ANALYSIS *(continued)*

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.

At 31 December 2013	GROUP					
	Up to 1 month US$	1 month to 3 months US$	3 months to 1 year US$	year to 5 years US$	Non-interest bearing US$	Total US$
Assets						
Cash and cash equivalents	3 369 418	-	-	-	-	3 369 418
Quoted and other investments	-	-	-	-	76 202	76 202
Loans, advances and other assets	275 027	-	-	-	-	257 027
	3 644 445	-	-	-	76 202	3 720 647
Liabilities and equity						
Deposits and other liabilities	4 377 062	-	-	-	-	4 377 062
	4 377 062	-	-	-	-	4 377 062
Interest rate repricing gap	(732 617)	-	-	-	76 202	(656 415)
Cumulative gap	(732 617)	(732 617)	(732 617)	(732 617)	(656 415)	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

33.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.

33.1 At 31 December 2014

	GROUP					
	US$ US$	RAND US$	GBP US$	EUR US$	BWP US$	TOTAL US$
Assets						
Cash and cash equivalents	53 208 157	679 043	73 501	769 628	20 232	54 750 561
Investment securities held to maturity	3 874 525	-	-	-	-	3 874 525
Investment in debentures	4 614 047	-	-	-	-	4 614 047
Quoted and other investments	127 291	-	-	81 390	-	208 681
Loans, advances and other assets	203 082 248	133 874	1 913	143 493	1 524	203 363 052
Non-current assets held for sale	2 267 300	-	-	-	-	2 267 300
Property, plant and equipment	6 345 267	-	-	-	-	6 345 267
Investment properties	4 453 300	-	-	-	-	4 453 300
Deferred tax	2 784 594	-	-	-	-	2 784 594
Current tax assets	1 436 974	-	-	-	-	1 436 974
Intangible assets	1 950 733	-	-	-	-	1 950 733
	284 144 436	812 917	75 414	994 511	21 756	286 049 034
Liabilities and equity						
Deposits and other liabilities	239 601 004	1 137 328	77 755	179 999	5 332	241 001 418
Subordinated term loan	1 407 964	-	-	-	-	1 407 964
Deferred tax liabilities	-	-	-	-	-	-
Redeemable Ordinary Shares	14 335 253	-	-	-	-	14 335 253
Equity	29 304 399	-	-	-	-	29 304 399
	284 648 620	1 137 328	77 755	179 999	5 332	286 049 034
Net foreign exchange Position	(504 184)	(324 411)	(2 341)	814 512	16 424	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

33. FOREIGN EXCHANGE POSITIONS *(continued)*

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.

At 31 December 2013 — GROUP

	US$ US$	RAND US$	GBP US$	EUR US$	BWP US$	TOTAL US$
Assets						
Cash and cash equivalents	45 502 565	2 830 024	66 194	537 176	(63 976)	48 871 983
Investment securities held to maturity	4 685 471	-	-	-	-	4 685 471
Investment in debentures	3 984 723	-	-	-	-	3 984 723
Quoted and other investments	259 796	-	-	76 202	-	335 998
Loans, advances and other assets	181 041 244	152 361	1 783	118 458	2 425	181 316 271
Non-current assets held for sale	2 303 300	-	-	-	-	2 303 300
Property, plant and equipment	7 372 943	-	-	-	-	7 372 943
Investment properties	4 385 300	-	-	-	-	4 385 300
Deferred tax	2 823 544	-	-	-	-	2 823 544
Current tax assets	1 739 210	-	-	-	-	1 739 210
Intangible assets	1 664 369	-	-	-	-	1 664 369
	255 762 465	2 982 385	67 977	731 836	(61 551)	259 483 112
Liabilities and equity						
Deposits and other liabilities	211 664 647	3 960 848	40 174	371 645	4 395	216 041 709
Subordinated term loan	1 485 890	-	-	-	-	1 485 890
Deferred tax liabilities	-	-	-	-	-	-
Redeemable Ordinary Shares	14 335 253	-	-	-	-	14 335 253
Equity	27 620 260	-	-	-	-	27 620 260
	255 106 050	3 960 848	40 174	371 645	4 395	259 483 112
Net foreign exchange Position	656 415	(978 463)	27 803	360 191	(65 946)	-

34. CONTINGENT LIABILITIES

	GROUP 2014 US$	2013 US$
Guarantees	6 246 933	869 778
Commitments to lend	33 341 817	41 195 923
Irrevocable Letters of Credit	900 000	1 550 000
	40 488 750	43 615 701

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

35. CAPITAL COMMITMENTS

	GROUP 2014 US$	GROUP 2013 US$
Capital expenditure contracted for	190 000	1 157 882
Capital expenditure authorised but not yet contracted for	3 815 868	2 294 978
At 31 December	4 005 868	3 452 860

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

36. ASSETS UNDER CUSTODY

During the year, the Bank received Treasury Bills from the Reserve Bank of Zimbabwe amounting to US$2 706 327 on behalf of its Tobacco Retention Scheme customers. These Treasury Bills are currently held off balance sheet.

37. OPERATING LEASE COMMITMENTS

	GROUP 2014 US$	GROUP 2013 US$
Lease commitments	6 054 886	5 697 814
Up to 1 year	1 210 977	1 139 563
1 – 5 years	4 843 909	4 558 251

Lease commitments relate to future rental commitments up to the expiry of the lease agreements. The amount of operating lease expenses recognised in profit or loss is USD$1 198 902.

38. RELATED PARTIES

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

38.1 Compensation of key management personnel of the Group

	GROUP 2014 US$	GROUP 2013 US$
Short-term employee benefits	1 637 393	1 669 029
Post employment benefits	113 903	118 077
Termination benefits	1 085 698	-
	2 836 994	1 787 106

38.2 Key management interest in employee share options

At 31 December 2014, key management held options to purchase 1 379 366 ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

38. RELATED PARTIES *(continued)*

38.3 Balances of loans to directors, officers and others

Loans to directors and officers or their companies are included in advances and other accounts (note 20.1).

	GROUP	
	2014	**2013**
	US$	**US$**
Non-executive directors	-	7 000
Executive directors	51 610	723 140
Officers (Note 21.6)	3 316 060	2 712 934
Directors' companies	-	4 727 129
Officers' companies	10 169	26 320
	3 377 839	8 196 523
Fair value adjustment	(180 394)	(198 931)
	3 197 445	7 997 592

38.4 Other related party disclosures

Entities with significant influence over the Group	**Amounts owed by Related parties US$**
2014	-
2013	4 734 129

38.5 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.

39. EMPLOYEE BENEFITS

39.1 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 included 661 416 shares in NMBZ Holdings Limited as at 31 December 2014.

39.2 Expense recognised in profit or loss

	GROUP	
	2014	**2013**
	US$	**US$**
Defined Contribution Plan - NSSA	183 552	155 991
Defined Contribution Plan – NMB Bank Pension Fund	683 091	651 947
	866 643	807 938

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

39. EMPLOYEE BENEFITS *(continued)*

39.3 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.

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			
	2014 No. 000's	WAEP$	2013 No. 000's	WAEP$
Outstanding as at 1 January	907 200	0.047	907 200	0.005
Lapsed	(907 200)	0. 047	-	-
Issued	4 128 434	0.04	-	-
Exercised	-	-	-	-
Outstanding as at 31December	4 128 434	0.047	907 200	0.005

Terms of options outstanding at 31 December 2014

GROUP & COMPANY		
Expiry date	**Exercise price US$**	**2014 Shares**
18 June 2022	0.04	4 128 434
		4 128 434

39.4 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 recognised in profit or loss account and during the period amounted to US$183 552 (2013 – US$155 991).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

40. EXCHANGE RATES

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

		31 Dec 2014 Mid - rate US$	31 Dec 2013 Mid - rate US$
British Sterling	GBP	1.5564	1.6014
South African Rand	ZAR	11.5764	9.9487
European Euro	EUR	1.2159	1.3697
Botswana Pula	BWP	9.5057	8.5034

41. 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 Group's risk universe, developing policies and monitoring implementation. The Group strengthened its risk management function by appointing a Chief Risk Officer in September 2013 with overall responsibility over all risks in the Group. The Group has complied with Basel II implementation timelines set by the Reserve Bank of Zimbabwe.

Risk management is linked logically from the level of individual transactions to the Group 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 Group'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 etc. 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.

41.1 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 Group reviewed its credit risk management structures aimed at enhancing credit risk and asset quality. The Group's general credit strategies centre on sound credit granting process, diligent credit monitoring and strong loan collection and recovery. There is a separation between loan collection and recovery. There is a separation between loan granting and credit monitoring to ensure independency and effective management of the loan portfolio. The Board has put in place sanctioning committees with specific credit approval limits. The Credit Management department does the initial review of all applications before recommending them to the Executive Credit Committee and finally the Board Credit Committee depending on the loan amount. The Group has in place a Board Loans Review Committee responsible for reviewing the quality of the loan book and adequacy or loan loss provisions.

The Group has implemented an end to end credit risk management solution. The system automated the bank's credit process from loan origination, appraisal, monitoring and collections. In the last half of 2014, the Bank did a gradual roll-out of the credit risk system to allow for a smooth transition and rigorous assessment of the system's impact on the bank's processes and procedures. The project will be finalised in the first quarter of 2015.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

41. RISK MANAGEMENT *(continued)*

Credit Management

- Responsible for evaluating & approving credit proposals from the business units.
- Together with business units, has primary responsibility on the quality of the loan book.
- Reviewing credit policy for approval by the Board Credit Committee.
- Reviewing business unit level credit portfolios to ascertain changes in the credit quality of individual customers or other counterparties as well as the overall portfolio and detect unusual developments.
- Approve initial customer internal credit grades or recommend to the Credit Committees for approval.
- Setting the credit risk appetite parameters.
- Ensure the Group adheres to limits, mandates and its credit policy.
- Ensure adherence to facility covenants and conditions of sanction e.g. annual audits, gearing levels, management accounts.
- Manage trends in asset and portfolio composition, quality and growth and non-performing loans.
- Manage concentration risk both in terms of single borrowers or group as well as sector concentrations and the review of such limits.

Credit Monitoring and Financial Modelling

- Independent Credit Risk Management.
- Independent on-going monitoring of individual credit and portfolios.
- Triggers remedial actions to protect the interests of the Group, if appropriate (e.g. in relation to deteriorated credits).
- Monitors the on-going development and enhancement of credit risk management across the Group.
- Reviews the Internal Credit Rating System.
- On-going championing of the Basel II methodologies across the Group.
- Ensures consistency in the rating processes and performs independent review of credit grades to ensure they conform to the rating standards.
- Confirm the appropriateness of the credit risk strategy and policy or recommends necessary revisions in response to changes/trends identified.

Credit Administration

- Prepares and keeps custody of all facility letters.
- Security registration.
- Safe custody of security documents.
- Ensures all conditions of sanction are fulfilled before allowing drawdown or limit marking.
- Review of credit files for documentation compliance e.g. call reports, management accounts.

Recoveries

The recoveries unit is responsible for all collections and ensures that the Group maximizes recoveries from Non-Performing Loans (NPLs).

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

41. RISK MANAGEMENT *(continued)*

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

	Note	GROUP 2014 US$	GROUP 2013 US$
Cash and cash equivalents (excluding cash on hand)		42 784 235	37 478 596
Investment securities held to maturity	17	3 874 525	4 685 471
Investment in debentures		4 614 047	3 984 723
Loans, advances and other accounts	21	204 303 128	181 517 984
Total		255 575 935	227 666 774
Guarantees	34	6 246 933	869 778
Commitments to lend	34	33 341 817	41 195 923
Total		39 588 750	42 065 701
Total credit risk exposure		295 164 685	269 732 475

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.

41.1.2 Risk concentrations of maximum exposure to credit risk

	31 Dec 2014 Gross Maximum Exposure US$	31 Dec 2014 Net Maximum Exposure US$	31 Dec 2013 Gross Maximum Exposure US$	31 Dec 2013 Net Maximum Exposure US$
Agriculture and horticulture	17 523 451	3 354 701	11 208 448	2 700 448
Conglomerates	10 030 909	8 330 909	9 190 491	9 190 491
Distribution	55 359 765	30 326 615	46 458 831	18 027 082
Food and beverages	442 295	367 295	480 502	311 208
Individuals	58 353 526	58 353 525	46 499 825	41 849 843
Manufacturing	29 100 980	9 883 680	36 880 202	12 453 702
Mining	5 044 850	824 850	184 085	534 086
Services	41 607 543	8 546 848	42 475 414	6 845 411
	217 463 319	119 988 423	194 777 798	91 912 271
Provision for impairment losses on loans and advances	(10 790 192)	(10 790 192)	(11 685 201)	(11 685 201)
Allowance for impairment loss on debentures	173 027	173 027	802 351	802 351
Net exposure	206 846 154	109 371 258	183 894 948	81 029 421

41.1.3 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 Group at the reporting date is US$97 474 895 (2013 –US$102 865 527).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

41. RISK MANAGEMENT *(continued)*

41.1.4 Credit quality per sector

At 31 December 2014

	Pass US$	Special Mention US$	Substandard US$	Doubtful US$	Loss US$	Total US$
Agriculture and horticulture	8 386 990	7 378 259	182 714	1 214 425	361 063	17 523 451
Conglomerates	6 980 006	3 050 903	-	-	-	10 030 909
Distribution	16 499 037	28 731 792	1 708 984	3 272 537	5 147 415	55 359 765
Food and beverages	-	7 253	-	435 042	-	442 295
Individuals	42 770 892	9 988 130	4 534 247	886 466	173 791	58 353 526
Manufacturing	3 312 798	18 592 291	2 387 345	2 406 342	2 402 204	29 100 980
Mining	215 178	3 047 743	-	1 781 929	-	5 044 850
Services	16 221 472	13 698 876	2 246 246	8 505 001	935 948	41 607 543
Total	94 386 373	84 495 247	11 059 536	18 501 742	9 020 421	217 463 319

At 31 December 2013

	Pass US$	Special Mention US$	Substandard US$	Doubtful US$	Loss US$	Total US$
Agriculture and horticulture	5 309 230	2 901 992	63 905	71 912	2 861 409	11 208 448
Conglomerates	6 516 690	2 673 801	-	-	-	9 190 491
Distribution	11 524 681	23 018 401	1 820 472	4 991 584	5 103 693	46 458 831
Food and beverages	352 346	76 795	51 361	-	-	480 502
Individuals	41 156 506	2 029 363	2 972 153	341 803	-	46 499 825
Manufacturing	4 625 812	22 833 550	3 738 489	3 028 849	2 653 502	36 880 202
Mining	-	140 783	1 425 465	17 837	-	1 584 085
Services	18 073 321	14 813 649	3 639 346	4 597 298	1 351 800	42 475 414
Total	87 558 586	68 488 334	13 711 191	13 049 283	11 970 404	194 777 798

Pass: Refers to loans graded 1 to 3.
Special Mention: Refers to loans graded 4 to 7.
Substandard: Refers to loans graded 8.
Doubtful: Refers to loans graded 9.
Loss: Refers to loans graded 10.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

41. RISK MANAGEMENT *(continued)*

41.1.5 Credit quality analysis per grade

Loans and advances to customers	31 Dec 2014 US$	31 Dec 2013 US$
Carrying amount (note 21)	**204 303 128**	**181 517 984**
<u>Assets at amortised cost</u>		
Individually impaired		
Grade 8	11 059 536	13 711 191
Grade 9	18 501 742	13 049 283
Grade 10	9 020 421	11 970 404
Gross amount	**38 581 699**	**38 730 878**
Allowance for impairment		
Impairment	(10 453 970)	(10 625 005)
Suspended interest	(2 369 999)	(1 574 613)
Carrying amount	**25 757 730**	**26 531 260**
Collectively impaired		
1 to 5 low to fair risk	144 009 906	134 300 212
6 to 7 watch list	34 871 714	21 746 708
Gross amount	**178 881 620**	**156 046 920**
Allowance for impairment		
Impairment	(336 222)	(1 060 196)
Suspended interest	-	-
Carrying amount	**178 545 398**	**154 986 724**
Total carrying amount at amortised cost	**204 303 128**	**181 517 984**

41.2 Market risk

This is the exposure of the Group's on and off balance 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 Group has in place a Management Asset and Liability Committee (ALCO) which monitors market risk and recommends the appropriate levels to which the Group 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 Group'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 Group'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 Group'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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

41. RISK MANAGEMENT *(continued)*

Sensitivity of net interest income

At 31 December 2014

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	(1 201 696)	(1 029 873)	(68 021)	2 963 418	663 828
USD	3	(721 018)	(617 924)	(40 813)	1 778 051	398 297
USD	1	(240 339)	(205 975)	(13 604)	592 684	132 766
USD	-1	240 339	205 975	13 604	(592 684)	(132 766)
USD	-3	721 018	617 924	40 813	(1 778 051)	(398 297)
USD	-5	1 201 696	1 029 873	68 021	(2 963 418)	(663 828)

For interest rate repricing and gap analysis refer note 24.1.

At 31 December 2013

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	(289 657)	(536 826)	311 437	1 633 770	1 118 724
USD	3	(173 794)	(322 096)	186 862	980 262	671 234
USD	1	(57 931)	(107 365)	62 287	326 754	223 745
USD	(1)	57 931	107 365	(62 287)	(326 754)	(223 745)
USD	(3)	173 794	322 096	(186 862)	(80 262)	(671 234)
USD	(5)	289 657	536 826	(311 437)	(1 633 770)	(1 118 724)

41.3 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 2014

Currency	% Change in currency rate	Effect on profit before tax US$	Effect on equity US$
ZAR	5	(20 181)	(14 985)
ZAR	3	(12 109)	(8 991)
ZAR	1	(4 036)	(2 997)
ZAR	-1	4 036	2 997
ZAR	-3	12 109	8 991
ZAR	-5	20 181	14 985

At 31 December 2013

Currency	% Change in currency rate	Effect on profit before tax US$	Effect on equity US$
ZAR	5	(36 692)	(12 231)
ZAR	3	(22 015)	(7 338)
ZAR	1	(7 338)	(2 446)
ZAR	(1)	7 338	2 446
ZAR	(3)	22 015	7 338
ZAR	(5)	36 692	12 231

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

41. RISK MANAGEMENT *(continued)*

41.4 Liquidity risk

Liquidity risk is the risk of financial loss arising from the inability of the Group to fund asset increases or meet obligations as they fall due without incurring unacceptable costs or losses. The Group identifies this risk through maturity profiling of assets and liabilities and assessment of expected cash flows 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 Group for managing liquidity risk is the ratio of net liquid assets to deposits to customers. The Group 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 30.1.

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. The Group monitors its liquidity ratio in compliance with Banking Regulations to ensure that it is not less than 30% 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 2014

	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	-	3 716 420	275 000	2 255 513	-	6 246 933
Commitments to lend	-	944 901	5 605 940	23 291 114	3 499 862	33 341 817
	-	4 661 321	5 880 940	25 546 627	3 499 862	39 588 750

At 31 December 2013

	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	-	-	199 778	670 000	-	869 778
Commitments to lend	-	-	28 223 147	11 478 076	1 494 700	41 195 923
	-	-	28 422 925	12 148 076	1 494 700	42 065 701

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

41.5 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 Group utilises monthly Key Risk Indicators to monitor operational risk in all units. Further to this, the Group has an elaborate Operational Loss reporting system in which all incidents with a material impact on the well-being of the Group are reported to risk management. The risk department conducts periodic risk assessments on all the units within the Group 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

41. RISK MANAGEMENT *(continued)*

41.6 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 Group has an independent compliance function which is responsible for identifying and monitoring all compliance issues and ensures the Group complies with all regulatory and statutory requirements.

41.7 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 Group conducts its business. To manage this risk, the Group strictly monitors customers' complaints, continuously train staff at all levels, conducts market surveys and periodic reviews of business practices through its Internal Audit department. The directors are satisfied with the risk management processes in the Group as these have contributed to the minimisation of losses arising from risky exposures.

41.8 Strategic risk

This refers to current and prospective impact on a Group'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 Group 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 Group.

41.9 Risk ratings

41.9.1 Reserve Bank of Zimbabwe ratings

In 2013 the Reserve Bank of Zimbabwe conducted an onsite inspection on the Group's banking subsidiary and detailed below were the final ratings. Subsequent to this, a further review was done in 2014 during which the RBZ indicated that the bank had attended to their satisfaction all matters raised in the 2013 inspection.

41.9.1.1 CAMELS* ratings

CAMELS Component Ratings 30/06/2013	Latest RBS** Ratings 31/01/2008	Previous RBS Ratings 30/06/2007	Previous RBS
Capital Adequacy	2	4	4
Asset Quality	4	2	3
Management	3	3	3
Earnings	2	3	3
Liquidity	2	3	3
Sensitivity to Market Risk	2	3	3
Composite Rating	3	3	4

* CAMELS is an acronym for Capital Adequacy, Asset quality, Management, Earnings, Liquidity and Sensitivity to Market Risk. CAMELS rating system uses a rating scale of 1-5, where '1' is Strong, '2' is Satisfactory, '3' is Fair, '4' is Weak and '5' is Critical.

** RBS stands for Risk-Based Supervision.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

41. RISK MANAGEMENT *(continued)*

41.9.1.2 Summary RAS ratings

CAMELS Component Ratings 30/06/2013	Latest RAS** Ratings 31/01/2008	Previous RBS Ratings 30/06/2007	Previous RBS
Overall Inherent Risk	Moderate	Moderate	High
Overall Risk Management Systems	Acceptable	Acceptable	Weak
Overall Composite Risk	Moderate	Moderate	High
Direction of Overall Composite Risk	Stable	Stable	Increasing

*** RAS stands for Risk Assessment System.

41.9.1.3 Summary risk matrix -30 June 2013 on-site examination

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

KEY

Level of Inherent Risk

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

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

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

Adequacy of Risk Management Systems

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

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

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

41. RISK MANAGEMENT *(continued)*

Overall Composite Risk

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

Moderate – risk management systems appropriately mitigates inherent risk. For a given low risk area, significant weaknesses in the risk management systems may result in a moderate composite risk assessment.

On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organisation.

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

Direction of Overall Composite Risk

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

41.9.2 External credit rating

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

Security class	2014	2013
Long term	BB+	BBB-

The current rating expires in August 2015.

41.10 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.

41.11 Capital management

41.11.1 Holding company

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

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

41. RISK MANAGEMENT *(continued)*

41.11.2 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.

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

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

The Bank's regulatory capital position at 31 December 2014 was as follows:

	2014 US$	2013 US$
Share capital	16 506	16 502
Share premium	31 474 502	31 474 502
Retained earnings	9 346 446	8 802 979
Fair value gain on investment properties	(2 964 628)	(2 925 868)
	37 872 826	37 368 119
Less: capital allocated for market and operational risk	(467 320)	(1 240 678)
Credit to insiders	(10 169)	(4 734 129)
Tier 1 capital	37 395 337	31 393 312
Tier 2 capital (subject to limit as per Banking Regulations)	7 294 677	6 823 855
Fair value gain on investment properties	2 964 628	2 925 868
Subordinated debt	1 407 964	1 485 890
Regulatory reserve (limited to 1.25% of risk weighted assets)	2 636 938	2 154 252
Portfolio provisions (limited to 1.25% of risk weighted assets)	285 147	257 845
Total Tier 1 & 2 capital	44 690 014	38 217 167
Tier 3 capital (sum of market and operational risk capital)	467 320	1 240 678
Total capital base	45 157 334	39 457 845
Total risk weighted assets	233 766 816	228 275 322
Tier 1 ratio	16.00%	13.75%
Tier 2 ratio	3.12%	2.99%
Tier 3 ratio	0.20%	0.54%
Total capital adequacy ratio	19.32%	17.28%
RBZ minimum required	12.00%	12.00%

42. EVENTS AFTER REPORTING DATE

42.1 Disposal of Lobels Debentures

Subsequent to year end, the Group entered into an agreement to dispose the debentures it holds in Lobels Private Limited as well as its shares in Altiwave Investments (Private) Limited. The sale is expected to be complete by the end of the first quarter of 2015.

HISTORICAL FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2014 US$	2013 US$	2012 US$	2011 US$ Restated	2010 US$
Interest income	31 072 461	33 181 704	27 543 784	20 158 766	10 014 636
Interest expense	(12 651 519)	(13 006 505)	(10 050 003)	(8 257 254)	(3 143 168)
Net interest income	18 420 942	20 175 199	17 493 781	11 901 512	6 871 468
Net foreign exchange gains	1 822 432	1 502 044	1 902 337	1 289 729	1 055 307
Fee and commission income	15 121 536	14 673 834	13 016 115	11 958 029	9 691 069
Revenue	35 364 910	36 351 077	32 412 233	25 149 270	17 617 844
Share of profit/(loss) of associate	-	217 768	434 252	113 573	(21 444)
Non-interest income	62 025	777 720	2 593 515	206 662	(316 273)
Profit on disposal of associate	-	580 136	-	-	-
Operating expenditure	(27 984 051)	(25 232 756)	(21 452 714)	(16 979 741)	(15 365 768)
Impairment losses on loans and advances	(5 017 362)	(16 645 810)	(3 985 062)	(2 296 111)	(971 803)
Profit /(loss) before taxation	2 425 522	(3 951 865)	10 002 224	6 193 653	942 556
Financial institutions levy	-	-	-	-	-
Taxation (charge)/credit	(768 455)	630 042	(2 431 722)	(1 655 197)	(250 322)
Profit/(loss) after taxation	1 657 067	(3 321 823)	7 570 502	4 538 456	692 234
Other comprehensive income for the year, net of tax	10 180	-	-	-	-
Total comprehensive income/(loss) for the year	1 667 247	(3 321 823)	7 570 502	4 538 456	692 234

HISTORICAL FIVE YEAR FINANCIAL SUMMARY *(continued)*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	2014 US$	2013 US$	2012 US$	2011 US$ Restated	2010 US$
SHAREHOLDERS' FUNDS					
Share capital	78 598	78 598	78 598	78 598	78 598
Reserves	29 225 801	27 541 622	30 863 485	23 292 983	18 754 527
Equity	29 304 399	27 620 260	30 942 083	23 371 581	18 833 125
Subordinated loan	1 407 964	1 485 890	-	-	-
Redeemable ordinary shares	14 335 253	14 335 253	-	-	-
Total shareholders' funds	45 047 616	43 441 403	30 942 083	23 371 581	18 833 125
LIABILITIES					
Deposits and other liabilities	241 001 418	216 041 709	195 002 633	142 757 778	83 156 444
Current tax liabilities	-	-	588 966	1 157 974	641 969
Deferred tax liabilities	-	-	-	-	207 966
Capital employed	286 049 034	259 483 112	226 533 682	167 287 333	102 839 504
ASSETS					
Cash and cash equivalents	54 750 561	48 871 983	58 171 045	32 265 953	18 346 939
Investments securities held to maturity	3 874 525	4 685 471	5 501 963	2 126 657	1 994 585
Investments in debentures	4 614 047	3 984 723	-	-	-
Deferred tax assets	2 784 594	2 823 544	1 380 596	421 383	-
Current tax assets	1 436 974	1 739 210	-	-	-
Loans, advances and other assets	203 363 052	181 316 271	146 599 994	122 260 663	75 620 404
Non-current assets held for sale	2 267 300	2 303 300	2 225 300	-	-
Quoted and other investments	127 291	145 850	130 316	118 048	134 461
Trade investments	81 390	190 148	195 790	190 980	201 666
Investment in associate	-	-	1 025 919	591 667	228 556
Investment properties	4 453 300	4 385 300	3 115 300	2 510 000	2 615 000
Property and equipment	6 345 267	7 372 943	8 187 459	6 801 982	3 697 893
Intangible assets	1 950 733	1 664 369	-	-	-
Employment of capital	286 049 034	259 483 112	226 533 682	167 287 333	102 839 504

HISTORICAL FIVE YEAR FINANCIAL SUMMARY *(continued)*

	2014	2013	2012	2011	2010
CLOSING NUMBER OF SHARES	384 427 351	384 427 351*	2 807 107 289	2 807 107 289	2 807 107 289
Share performance					
Net asset value per share (US cents)	11.72	11.30	1.12	0.83	0.67
Basic earnings per share (US cents)	0.43	(1.00)	0.29	0.16	0.03
Dividend per share (US cents)	-	-	-	-	-
Dividend cover (times)	-	-	-	-	-
Price/earnings ratio	10.47	(6.50)	2.24	7.19	37
Closing price per share (US cents)	4.5	6.50	0.65	1.15	1.1
Market capitalisation (US$)	17 299 224	24 987 781	18 246 197	32 281 734	30 878 180
Financial performance					
Return on shareholders' funds (%)[1]	3.7	(8)	26	19	3.7
Return on assets (%)	0.6	(1)	4	3	3
Cost/net income ratio (%)[2]	92.8	110	70	76	95
Non-interest income/total income (%)	35.4	47	34	36	46
Effective tax rate (%)	31.68	(16)	23	27.1	26.6

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.

* At an Extraordinary General Meeting held on 19 February 2013, the Company approved a share consolidation exercise at a ratio of 10:1 and consolidated 3 500 000 000 (3.5 billion) shares with a nominal value of US$0.000028 per share to 350 000 000 (350 million) shares with a nominal value of US$0.00028 per share. The Company also approved an increase in the authorized share capital from 350 000 000 shares with a nominal value of US$0.00028 per share to 600 000 000 shares with a nominal value US$0.00028 per share.

NOTICE TO MEMBERS

Notice is hereby given that the 20th 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 Thursday 21 May 2015 at 1000 hours for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Financial Statements for the year ended 31 December 2014, together with the reports of the Directors and Auditors thereon.
2. To appoint/re-appoint Directors.

   In accordance with the Articles of Association, Mr. J. Chigwedere, Mr. B. W. Madzivire and Mr. A. M. T. Mutsonziwa retire by rotation. Mr. B. W. Madzivire, being eligible, offers himself for re-election. Mr. J. Chigwedere and Mr. A. M. T. Mutsonziwa are not offering themselves for re-election.
3. To approve directors' fees for the year ended 31 December 2014.
4. To appoint KPMG as the Company's Auditors for the year ending 31 December 2015.
5. To approve Messrs KPMG's remuneration for the year ended 31 December 2014.

SPECIAL BUSINESS

SPECIAL RESOLUTION

1. 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:

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

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

   That the Articles of Association of the Company be amended by the deletion of Articles 81 and 82 in their entirety and that Article 81 be substituted by the following Article:

   "At each Annual General Meeting all directors of the Company, including those directors appointed by the directors since the last Annual General Meeting, shall retire from office and may, if eligible, offer themselves for re-election by the members of the Company."

Notes:

1. ***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.***
2. ***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.***
3. ***In terms of special resolution, 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.***

By Order of the Board

V. Mutandwa
Company Secretary

18 March 2015

EXPLANATIONS REGARDING THE NOTICE OF THE ANNUAL GENERAL MEETING

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 J. Chigwedere, B. W. Madzivire and A. M. T. Mutsonziwa. Mr. Madzivire being eligible, offers himself for re-election. Information about Mr Madzivire is shown below:-

Betserai Willie Madzivire - BSC (Acounting) Ohio State University, USA; Diploma in Accountancy, School of Accountancy, Socuth Africa.

Betserai Willie Madzivire (77) is an Accountant by profession, who joined the bank as a Non-Executive Director in January 2008. Previosuly Betserai was the Finance Director for Aberfoyle Group of Companies, the Director of Audit in the Auditor General's Office, the Chief Internal Auditor for City of Harare and Financial Controller of Pan African Institute for Development in Cameroon. He has extensive experience in auditing, accounting and consultancy. Betserai is also a farmer and business consultant. He has previously held directorships in Olivine Holdings, Zisco Steel, Sea Diamonds (Namibia), Lancashire Steel, Dimon and Air Zimbabwe.

Resolution 3

Shareholders are requested to approve director's fees. The directors fees for 2014 amounted to $316 255.

Resolution 4

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 5

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, KPMG Chartered Accountants (Zimbabwe) for the year ended 31 December 2014, which audit fee has been disclosed in the Annual Report.

Resolution 6 – Special Resolution

This resolution seeks to empower the Company to buy back its shares. The Company is authorised in terms of Article 10 of its Articles of Association to buy back its shares. The Zimbabwe Stock Exchange has limited such buy backs to 10% of the Company's issued share capital. 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. This resolution is required to be passed by a majority of seventy five percent 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.

Resolution 7 – Special Resolution

It is proposed that the Articles of Association of the Company be amended by the deletion of Articles 81 and 82 and the substitution of Article 81 therefore in order to align the provisions of the Articles to international standards and practices in corporate governance. In this respect, it is proposed that instead of a third of directors retiring every year, all directors including those appointed by the directors in between Annual General Meetings retire at each Annual General Meeting and if eligible offer themselves for re-election. This will give shareholders an opportunity to consider the board composition of the Company at each Annual General Meeting.

SHAREHOLDERS' ANALYSIS

2014

Size of shareholding	Number of shareholders	% Size of shareholding	Issued Shares	% Shareholding
0 - 5000	3538	91.30	2, 143, 687	0.55
5,001 - 10,000	104	2.68	759,384	0.20
10,001 - 50,000	149	3.84	3,376,416	0.88
50,001 - 100,000	26	0.67	1,921,650	0.50
100,001 - 500,000	25	0.64	5,067,52	1.32
500,001 - 1,000,000	6	0.15	4,637,569	1.21
1,000,001 - 10,000,000	17	0.44	53,118,630	13.82
10,000,001 and above	11	0.28	313,402,489	81.52
Total	**3,876**	**100.00**	**384,427,351**	**100.00**

2013

Size of shareholding	Number of shareholders	% Size of shareholding	Issued Shares	% Shareholding
0 - 5000	3 559	91.21	2,182,415	0.57
5,001 - 10,000	104	2.67	755,014	0.20
10,001 - 50,000	155	3.97	3,381,855	0.88
50,001 - 100,000	26	0.67	1,958,965	0.51
100,001 - 500,000	25	0.64	5,142,480	1.34
500,001 - 1,000,000	4	0.10	2,812,588	0.73
1,000,001 - 10,000,000	18	0.46	55,674,814	14.48
10,000,001 and above	11	0.28	312,519,220	81.29
Total	**3,902**	**100.00**	**384,427,351**	**100.00**

SHAREHOLDERS' ANALYSIS *(continued)*

2014

Industry	Shareholders	% of shareholders	Shares	% of Shares
Banks	2	0.05	19,190	0.00
Local Companies	350	9.03	46,122,695	12.00
Employees	247	6.37	966,863	0.25
Deceased Estates	3	0.08	2,221	0.00
External Companies	7	0.18	99,114,867	25.79
Fund Managers	4	0.10	2,700	0.00
Insurance Companies	10	0.26	58,693,244	15.27
Investment Trusts and Property	34	0.88	50,751,589	13.20
Local Residents	3107	80.15	11,737,545	3.05
Nominees Local	58	1.50	549,868	0.14
Non Residents	8	0.21	108,660,745	28.27
Non Resident Individuals	28	0.72	2,134,883	0.56
Other Corporate Holdings	3	0.08	3,369	0.00
Pension Funds	15	0.39	5,667,572	1.47
Total	**3,876**	**100.00**	**84,427,351**	**100.00**

2013

Industry	Shareholders	% of shareholders	Shares	% of Shares
Banks	1	0.03	4,290	0.00
Local Companies	354	9.07	45,430,001	11.82
Employees	247	6.33	966,863	0.25
Deceased Estates	3	0.08	2,221	0.00
External Companies	7	0.18	98,231,598	25.55
Fund Managers	4	0.10	2,700	0.00
Insurance Companies	12	0.31	58,693,340	15.27
Investment Trusts and Property	34	0.87	52,375,430	13.62
Local Residents	3123	80.04	9,829,341	2.56
Nominees Local	60	1.54	672,643	0.17
Non Residents	9	0.23	110,257,664	28.68
Non Resident Individuals	29	0.74	2,119,600	0.55
Other Corporate Holdings	3	0.08	3,369	0.00
Pension Funds	16	0.41	5,838,291	1.52
Total	**3,902**	**100.00**	**384,427,351**	**100.00**

SHAREHOLDERS' ANALYSIS *(continued)*

TOP TEN SHAREHOLDERS

2014

Rank	Shareholder	Number of Shares	% Shareholding
1	African Century Financial Investments Limited	71,207,639	18.52
2	Africinvest Financial Sector Holding	34,571,429	8.99
3	Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N V	34,571,429	8.99
4	Norwegian Investment Fund For Developing Countries (Norfund)	34,571,429	8.99
5	Old Mutual Life Assurance Company of Zimbabwe Limited	32,128,043	8.36
6	Old Mutual Zimbabwe Limited	26,557,498	6.91
7	Lalibela Limited	21,526,695	5.60
8	Alsace Trust	16,885,381	4.39
9	Cornerstone Trust	16,875,582	4.39
10	Wamambo Investments Trust	13,545,247	3.52

2013

Rank	Shareholder	Number of Shares	% Shareholding
1	African Century Financial Investments Limited	70,324,370	18.29
2	Africinvest Financial Sector Holding (Africinvest)	34,571,429	8.99
3	Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N V (FMO)	34,571,429	8.99
4	Norwegian Investment Fund For Developing Countries (Norfund)	34,571,429	8.99
5	Old Mutual Life Assurance Company of Zimbabwe Limited	32,128,043	8.36
6	Old Mutual Zimbabwe Limited	26,557,498	6.91
7	Lalibela Limited	21,526,695	5.60
8	Alsace Trust	16,885,381	4.39
9	Cornerstone Trust	16,875,582	4.39
10	Wamambo Investments Trust	13,545,247	3.52

MEMBERS' DIARY

Financial year end	31 December 2014
Reports:-	
- Announcement of annual results	26 March 2015
- Annual financial statements posted to shareholders	April 2015
- Annual General Meeting	21 May 2015
- Announcement of the 2015 half-year results	August 2015
Dividend payments:	
- Interim	n/a
- Final	n/a

SECRETARY AND REGISTERED OFFICE

Company Secretary V. Mutandwa

Registered Offices

4th Floor
Unity Court
Corner 1st/ Kwame Nkrumah Avenue
Harare
Zimbabwe

Telephone: +263 4 759651-9 / 759601-6
Facsimile: +263 4 759648
Website: http://www.nmbz.co.zw
Email: enquiries@nmbz.co.zw

NMB Centre
Corner George Silundika Avenue/
Leopold Takawira Street
Bulawayo
Zimbabwe

+263 9 70169
+263 9 68535

Auditors

KPMG Chartered Accountants (Zimbabwe)
Mutual Gardens
100 The Chase (West)
Emerald Hill
Harare
Zimbabwe

Transfer Secretaries

In Zimbabwe

First Transfer Secretaries
1 Armagh Avenue
Eastlea
Harare
Zimbabwe

In UK

Computershare Investor Services PLC
The Pavilion
Bridgewater Road
Bristol
BS599 6ZZ
United Kingdom

Legal Advisors

In Zimbabwe

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

In UK

Dechert
160 Queen Victoria Street
London
EC4 V4 QQ
UK