NMBZ HOLDINGS LIMITED

Holding Company of NMB BANK LIMITED
(Registered Commercial Bank)
Listed on the Zimbabwe Stock Exchange (ZSE)

CONDENSED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ENQUIRIES:
NMBZ HOLDINGS LIMITED

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FINANCIAL SUMMARY

	Inflation Adjusted		Historical Cost	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Operating profit before impairment charge and loss on net monetary position	22 927 602	11 860 115	30 169 029	4 102 729
Total comprehensive income	12 539 883	7 729 056	31 302 191	3 790 756
Basic earnings per share (cents)	3 014	1 592	6 396	728
Diluted earnings per share (cents)	2 939	1 574	6 237	720
Deposits from customers	53 215 217	35 840 230	53 215 217	10 425 947
Total gross loans and advances	46 285 257	32 948 046	46 285 257	9 584 609
Total shareholders' funds and shareholders' liabilities	43 589 169	31 026 146	39 155 091	7 297 154

CHAIRMAN'S STATEMENT

INTRODUCTION

The year 2022 started with the relaxation of Covid 19 restrictions and the opening up of borders and air spaces, resulting in steady recovery of the local economy. Despite the drought experienced in 2021, the local economy was estimated to grow by 4% in 2022 on the back of improved performance in agriculture and mining sectors. The global economy experienced sharper than expected slowdown as inflation, tightening financial conditions in most developed regions, the Russia Ukraine Conflict and the lingering Covid-19 effects weighed heavily on the outlook.

Operating Environment

The economy continued to show signs of resilience and recovery in spite of the challenges experienced especially during the first half of the year which saw month-on-month inflation reach a peak of 30.7%. However, timely intervention by the authorities through the mid-term Monetary Policy Statement in July, resulted in an improved macroeconomic environment. The measures included the hiking of interest rates to curtail speculative borrowing and issuance of gold coins as an investment option which both resulted in inflation dissipating as well as general stability in prices and the exchange rate. Following the implementation of various measures, month-on-month inflation significantly dropped to 2.4% and exchange rate premiums averaged 20% as of December 2022

Notwithstanding the economic headwinds, foreign currency receipts reached a record high of USD 11.6 billion as of December 2022 compared to USD 9.8 billion recorded the previous year. Exports accounted for 64% of foreign currency receipts with international remittances contributing 25%, loans 9%, income receipts 1% and foreign direct investments (FDI) 1%.

Global Economic Developments

The global economy is projected to grow by 2.3% in 2023, compared to 3.3% in 2022, weighed down by elevated inflationary pressures, high cost of capital, ongoing geopolitical tensions in Europe coupled with the resurgence of the Covid 19 pandemic in Asia. The slowdown in economic activities in Asia and Europe will have profound implications for emerging and developing economies.

GROUP RESULTS

Financial Performance

The Group delivered strong operational and financial performance in 2022, driven by the implementation of our growth strategy.

Operating income increased from ZWL 23.9 billion to ZWL 41.9 billion for the year ended 31 December 2022, largely driven by continued growth in transaction volumes and values during the period under review. Comprehensive income for the period amounted to ZWL 12.5 billion (Dec 2021 ZWL 7.7 billion).

The Group achieved profit after tax amounting to ZWL 12 billion compared to ZWL 6.4 billion for the previous year representing a growth of 69%. Basic earnings per share amounted to 3014 cents (Dec 2021 –1592 cents).

Inflation pressures as well as the deteriorating exchange rate continued to pause a challenge on operating costs. This led to an increase in costs by 57% from ZWL 12.1 billion for the year ended 31 December 2021 to ZWL 19 billion for the current period. The Group continues to focus on revamping its process to increase efficiencies with the use of robotic process automation being key among other various initiatives.

Financial Position

The Group closed the year with total assets of ZWL 135.3 billion, up 34% from ZWL 100.9 billion as at 31 December 2021, funded by strong growth in customer deposits and new credit lines signed during the year. Customer deposits increased by 48% reflecting the banking subsidiary's efforts in deepening existing liability relationships while acquiring new relationships.

The Group's investment property portfolio was valued at ZWL 22.6 billion as at 31 December 2022 while property and equipment stood at ZWL 17.6 billion. The revaluation gains largely reflect the changes in the macro-economic environment and a deliberate strategy by the bank to preserve value for shareholders.

Loans and advances stood at ZWL 46.3 billion as at 31 December 2022. The banking subsidiary maintained a high-quality loan book, closing the year with an NPL ratio of 1.09%

The Bank maintained a sound liquidity position with a liquidity ratio of 50% and this was above the statutory minimum of 30%.

Capital

The capital adequacy ratio of the banking subsidiary remained strong at 25.29% compared to a regulatory minimum of 12%. The subsidiary maintained adequate capital levels to cover all risks and was compliant with the minimum capital of the equivalent of USD 30 million.

DIVIDEND AND SHARE BUYBACK

An interim dividend of 45 cents a share was declared as at 30 June 2022 and paid out subsequent to that. For the second half of 2022, the company is declaring a final dividend of 284 cents per share to bring the total dividend for the year 2022 to ZWL 1.33 billion.

During the year, the Bank successfully completed a ZWL 206 million off-market share buy-back following approval by shareholders in May 2022. Overall, we have returned above ZWL 1.5 billion to our shareholders over the past 12 months through buy-backs and dividends. A separate detailed notice to shareholders will be issued in this regard.

BLOCKED FUNDS

The banking subsidiary owed USD 13,840,412 to various line of credit providers as at 31 December 2022. In line with section 52 of the Finance Act no 7 of 2021, the Bank received Government-backed zero-coupon Treasury Bills amounting to USD 9,644,148 by 31 December 2022. The rest of Treasury Bills amounting to USD 4,196,264 were received subsequent to year end.

DIRECTORATE

Mr. Charles Chikaura and Ms. Sabinah Chitewe retired as directors of the Company effective 24 June 2022. I thank them for their sterling work during their tenure. The two outgoing directors were ably replaced by Mrs. Emilia Chisango who was appointed to the Board on 26 May 2022 and Mr. Dzingira Matenga who was appointed to the Board on 19 July 2022. We look forward to their contribution.

OUTLOOK

The Group will focus on disciplined execution of its strategy which is anchored on broadening the Group structure and diversifying sources of income. The Group will leverage on technology to deliver robust digital platforms and effectively deliver convenient financial solutions to its customers. Raising of credit lines remains a key focus area as we continue to fund export oriented productive sectors of the economy as part of our drive to support the growth of the Zimbabwean economy.

APPRECIATION

I thank our valued clients, depositors, shareholders, regulatory authorities and other key stakeholders for their continued support. To my fellow board members, management and staff, I extend my heartfelt gratitude for their continued diligence, dedication and relentless efforts which have culminated in the achievement of these commendable results.

MR. B. A. CHIKWANHA
CHAIRMAN
22 March 2023

CHIEF EXECUTIVE OFFICER'S STATEMENT

INTRODUCTION

In my first year in office, we rolled out a bold growth strategy with Group diversification taking centre stage. The Bank, which was the only functional subsidiary, is now complemented by other operations namely a Property Development Company and Microfinance Division. A broadened group structure, gives us a vantage position to participate in multiple sectors and maximize on pockets of opportunities that exist in the different spaces. The Bank continued to pursue a digital bank model with a number of innovation and enhancements on our platforms. We complimented our Digital thrust by launching an Agency Network after partnering with Zimpost. This means NMB Bank services can now be accessed in over 100 of Zimpost branches. The bank's growth trajectory was recognised in the market with NMB being awarded the Overall Best Performing Bank in the year 2022.

During the first half of the year, the macro-economic environment was characterized by increasing inflation and a deteriorating exchange rate. These were however reigned in after the authorities put in place a raft of measures to contain money supply and curb speculative behavior in the economy. Consequently, year-on-year inflation closed the year on 243.7%, while month-on-month inflation averaged 2.4%. The exchange rate ended the year at USD /ZWL 684.3339.

PERFORMANCE REVIEW

The year 2022 presented great opportunities which the Group took advantage of to deliver strong operational and financial performance. The Group achieved total comprehensive income of ZWL 12.5 billion, which was a 62% increase compared to ZWL 7.7 billion for the previous year. There continues to be pressure on operating costs which have increased by 57% from ZWL 12.1 billion for the year ended 31 December 2021 to ZWL 19 billion for the current year.

The banking subsidiary had two new off shore funding opportunities in which it signed two credit lines during the year, European Investment Bank EUR12.5 million and Trade and Development Bank line of USD 10 million. This saw the Bank's loan book increasing by 40% to end the year at ZWL 46.3 billion compared to ZWL 42.5 billion in 2021.

BUSINESS REVIEW

The banking subsidiary continued to make inroads into new markets and cement relationships with existing clients through the following main business units.

Digital Banking

NMB Bank Limited continues to focus on extending its leadership in technology and innovation, building trusted relationships, and developing differentiated products and services to create more value for customers. Our entire customer journey is fully digitized, from account opening, transacting and even cash operations.

Our digitized banking process have enabled us to offer unparalleled convenience to our customers. In 2022, we handled transactions worth over ZWL 400 billion, compared to ZWL 170 billion the previous year. Our mobile banking platform saw 216% growth in volumes from 4.6 million transactions in 2021 to 14.7 million transactions in 2022. The Digital banking division continues to be seized with developing solutions to address customer pain points. The division contributed gross income amounting to ZWL 7.3 billion in 2022.

Consumer Banking

Through the Consumer Banking and Value-Added Services (CBVAS) unit, the Bank continues to focus on delighting and serving our customers by providing simple, convenient and affordable banking, insurance and payments services. CBVAS also includes the digital banking services offered through the use of our USSD (*241#) and NMBConnect platform, to enable our personal and Excellence customers to help them manage their everyday banking needs. CBVAS contributed gross income amounting to ZWL 9.6 billion for the year ended 31 December 2022.

Geographical Representation

To complement our physical reach through our branches, the bank entered into an agency banking relationship with Zimpost. This has seen the bank increase its geographical reach to have one of the most expansive networks in the country, from 13 branches to 119 branches and agencies. We believe such partnerships are key for us to deliver services that require a physical touch point. The agency arrangement has also assisted in decongesting our branches, complemented by our efficient digital service delivery platforms.

Business Banking

Our Business Banking division continued to be strongly focused on supporting export growth, agricultural production, infrastructure development and productive sector operations. We delivered several highs as we saw impressive contributions on deposits and loans from new business underwritten. The exporters' book continues to grow through various partnerships created during the financial period in particular the foreign credit lines. We deployed part of our lines of credit funding to support the horticulture sector. We are also leveraging the strength in Food and Agriculture of one of our indirect shareholders, Rabobank (part of Arise B V) to support our farming and agriculture customers. Our lending growth was above set targets and our focus on responsible practices ensures that both the Bank and its customers achieve sustainable growth.

STRATEGIC PRIORITIES

In pursuit of our exponential growth aspiration, the Group's diversification thrust gathered momentum. The Group now has a new subsidiary to add to the bank, namely the Property Development Company. The banking division also diversified its operations as we setup a Microfinance division with the aim of providing more focused services to individuals and micro businesses. A Technology Services division was also set up and is in various discussions with a number of banks in the region where we will become their technology partner to drive their digital transformation agenda. This will be an additional source of foreign currency earnings for the Group. The new subsidiary and divisions have opened up new markets for the Group and have a clear vision on how to establish themselves as formidable players in their domains. Capital allocation was key and the new businesses were capitalised organically. All the Group's subsidiaries are adequately capitalised and capacitated to pursue their strategic goals.

Strengthening our core banking business, geographical representation were some the areas that received due attention. The banking business continued to leverage on technology to deliver service more efficiently as we on-boarded more billers, introduced payment services like airtime/data purchase and rolled out an agency banking system. The innovation on agency banking enabled us to seamlessly on-board the Zimpost agency partnership. The banking subsidiary also increased it digital workforce as we deployed more robots largely in the accounts reconciliation space via our Robotic process Automation section. The banking subsidiary is now focused on ensuring a comprehensive package of products is offered through the agency network for the convenience of customers.

The main drivers for setting up these particular subsidiaries are income diversification, maximum utilisation of skills and capacity within the Group, efficient use of capital and value preservation. All the subsidiaries will leverage the Group's digital capabilities and superior customer services.

CORPORATE SOCIAL INVESTMENTS AND SUSTAINABILITY

The Corporate Social Investment thrust of NMB Bank Limited during the period under review was directed towards the development of children, women in business and vulnerable members of society. In 2022, the Bank introduced the Skills for Success program that aims to bridge the soft skills gap and better prepare the country's future workforce. The program partners local high schools and institutions dealing with the betterment of children and youth to offer relevant career guidance.

The bank's support for KidsCan Zimbabwe continued this year. Further, a luncheon was held for vulnerable children in conjunction with Friends of Dzikwa Trust where various items were donated. Friends of Dzikwa Society (FODS) is a sister organization to Dzikwa Trust Fund and is responsible for fundraising for Dzikwa Trust activities. The Trust Fund supports gifted orphans and vulnerable children in Dzivarasekwa and also feeds the vulnerable with their kitchen serving up to 650 mouths on average per day.

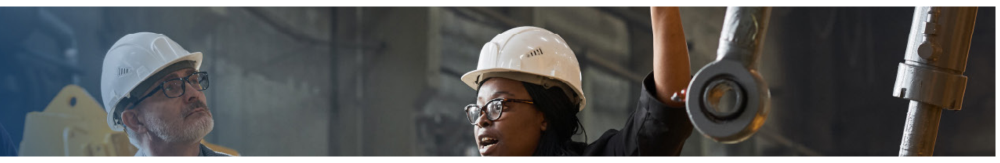
OUTLOOK AND STRATEGY

The operating environment is expected to remain challenging but also with some pockets of growth opportunities. Running an efficient and cost effective business will be key in this environment and agility to move and close in on the opportunities remains key. The Group has capabilities to take advantage of the opportunities presented by the environment and manage the attendant risks. The Bank was successful in raising lines of credit in the previous year and we are looking forward to draw on more lines. The Group diversification drive will gather momentum in the coming year as we fully operationalize the new subsidiaries.

APPRECIATION

I thank the NMB Bank team, Board and shareholders for their immense support during my first year in office. I am sincerely grateful to our valued clients, funding partners, shareholders, stakeholders and regulatory authorities for their various contributions in our pursuit of delivering on our vision.

MR. G. GORE
CEO
22 March 2023



DIRECTORS' REPORT EXTRACT

1. RESPONSIBILITY

The Directors of the Group are mandated by the Companies and Other Business Entities Act (Chapter 24:31) of Zimbabwe to maintain adequate accounting records and to prepare consolidated and separate financial statements that present a true and fair view of the state of affairs of the Group and Company at the end of each financial year. The information contained in these consolidated and separate financial statements has been prepared on a going concern basis and is in accordance with the provisions of the Companies and Other Business Entities Act (Chapter 24:31) of Zimbabwe, the Banking Act (Chapter 24:20) of Zimbabwe and International Financial Reporting Standards (IFRSs).

2. 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 and internal auditors of the Group reviews and assesses the internal control systems of the Group in key risk areas.

3. 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.

4. STATEMENT OF COMPLIANCE

The condensed consolidated financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs) and have been prepared in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) of Zimbabwe and the Banking Act (Chapter 24:20) of Zimbabwe. The detailed impact of this adoption is disclosed in note 3.12 (Changes in accounting policy).

The Directors have been able to achieve full compliance with IFRSs in previous reporting periods up to 31 December 2017. However, the 31 December 2022 and the comparative periods dating back to the year ending 31 December 2018 financial reporting period could only achieve partial compliance to the IFRS reporting framework due to developments detailed below.

The IFRS Conceptual Framework states that to achieve fair presentation to the financial statements, companies should consider the underlying economic substance of the transaction over and above the legal form. International Accounting Standard (IAS 21) "The Effects of Changes in Foreign Exchange Rates" requires the Directors to determine the functional currency of the reporting entity in preparing the entity's financial statements. In arriving at this conclusion, the entity is required to apply certain parameters which the Directors duly applied in their judgement. Furthermore, IAS 21 also requires the reporting entity to make certain judgements in determining the appropriate exchange rates to apply for certain transactions conducted in currencies other than the functional currency of the reporting entity.

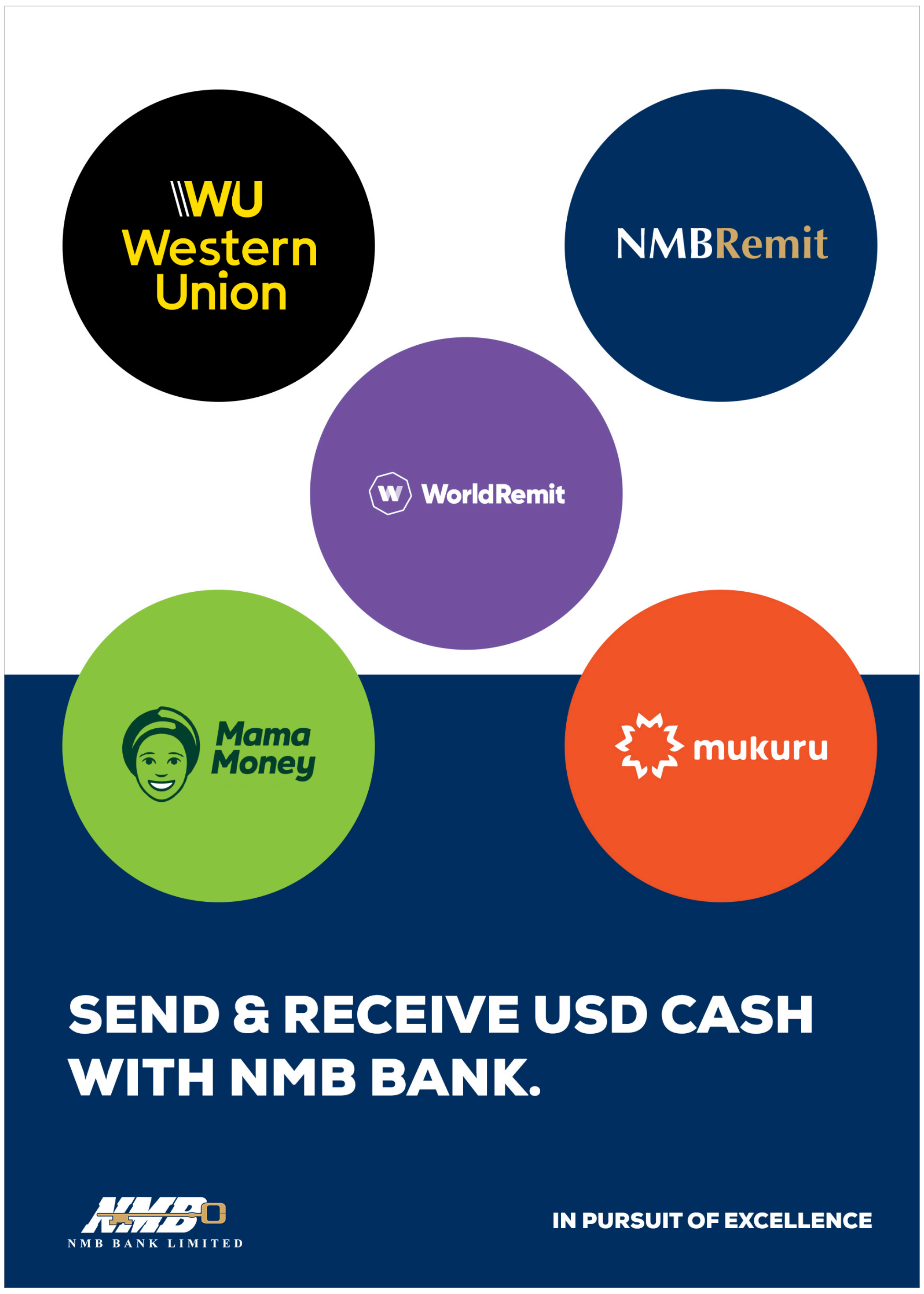
As explained in Note 2.21, "Use of estimates, judgements and assumptions", it is our opinion that following the Monetary Policy pronouncements of 1 October 2018 and 20 February 2019, as well as the issuance of Exchange Control Directive RU 28 of 2019 on 22 February 2019, the country's functional currency appeared to have changed from the United States Dollar in terms of the IAS 21 considerations. However, the Government of Zimbabwe issued Statutory Instrument (SI 33) of 2019 on 22 February 2019, which prescribes the rate of USD 1:RTGS$1 in accounting for all transactions and events before the effective date of the statutory instrument.

Furthermore, it is our interpretation that the SI 33 of 2019 issued in terms of the Presidential Powers Temporary Measures Act [Chapter 10:20], ranks supreme to any contrary legislation including quasi-legislations, which therefore implies that in preparing the financial statements, we sought to comply with the provisions of SI 33 of 2019 ahead of the IAS 21 requirements; consequently, the Group could not fully apply the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

This, in our opinion resulted in non-compliance with IAS 21 and IAS 8 and that non-compliance had a significant impact on the true and fair presentation of the Group's financial position and would therefore urge users of the financial statements to exercise due caution.

The consolidated and separate financial statements were approved by the Board of Directors on 22 March 2023.

MR. V. T. Mutandwa
COMPANY SECRETARY
22 March 2023



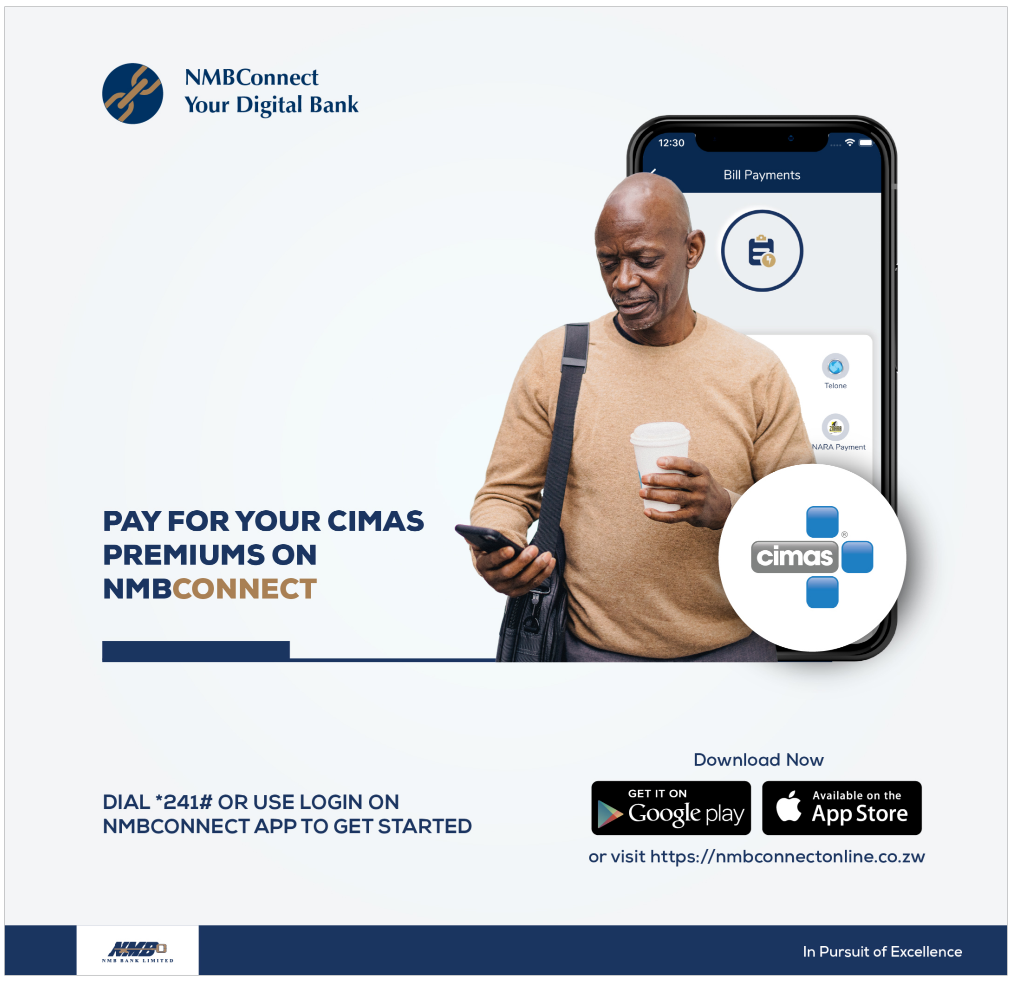
AUDITOR'S STATEMENT

The Group's consolidated inflation adjusted financial statements from which these abridged financial statements have been extracted, have been audited by the Group's external auditors Ernst & Young Chartered Accountants (Zimbabwe) ,who have issued a qualified audit opinion as a result of the following matters: non-compliance with International Accounting Standard (IAS) 21, "The Effects of Changes in Foreign Exchange Rates", International Accounting Standard (IAS) 8, "Accounting Policies, Changes in Accounting Estimates and Errors", IFRS 13, "Fair value measurement" ,IFRS 9, "Financial instruments" and the consequential impact of applying IAS29 "Financial Reporting in Hyperinflationary Economies" on the use of an incorrect base due to inappropriate valuation of investment property, freehold buildings and land in prior year and the inappropriate accounting of blocked funds and treasury bills. The audit report also includes key audit matters in respect of impairment of loans and advances, suspense accounts and presumed risk on revenue recognition. The auditor's opinion on the Group's consolidated inflation adjusted financial results is available for inspection at the Holding Company's registered office. The Audit Partner for this engagement is Mr Walter Mupanguri (PAAB Practicing Number 0367).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		GROUP			
		Inflation Adjusted		Historical Cost*	
	Note	31-Dec 2022 ZWL '000	31-Dec 2021 ZWL '000	31-Dec 2022 ZWL '000	31-Dec 2021 ZWL '000
Interest income	4	21 070 430	10 798 064	15 800 168	2 568 881
Interest expense	5	(6 377 309)	(3 058 604)	(4 591 382)	(751 921)
Net interest income		**14 693 121**	**7 739 460**	**11 208 786**	**1 816 960**
Fee and commissions income	6.1	15 343 491	12 449 215	10 705 516	2 927 160
Net foreign exchange gains		3 819 011	538 676	4 048 384	76 799
Revenue		**33 855 623**	**20 727 351**	**25 962 686**	**4 820 919**
Other income	6.2	8 075 039	3 206 818	17 940 335	2 107 419
Operating income		**41 930 662**	**23 934 169**	**43 903 021**	**6 928 338**
Operating expenditure	7	(19 003 060)	(12 074 054)	(13 733 992)	(2 825 609)
Operating income before impairment charge and loss on net monetary position		22 927 602	11 860 115	30 169 029	4 102 729
Impairment losses on financial assets measured at amortised cost	16.3.3	(332 198)	(852 892)	(1 191 393)	(248 107)
Loss on net monetary position		(6 524 513)	(1 500 092)	-	-
Profit before tax		**16 070 891**	**9 507 131**	**28 977 636**	**3 854 622**
Taxation	8	(4 068 542)	(3 074 588)	(3 509 130)	(912 597)
Profit for the period		**12 002 349**	**6 432 543**	**25 468 506**	**2 942 025**
Other comprehensive income					
Revaluation gains on land and buildings, net of tax**	6.3	537 534	1 296 513	5 833 685	848 731
Total comprehensive income for the period		**12 539 883**	**7 729 056**	**31 302 191**	**3 790 756**
Earnings per share (ZWL cents)					
- Basic	9.3	3 014	1 592	6 396	728
- Diluted	9.3	2 939	1 574	6 237	720
- Headline	9.3	1 456	1 035	2 952	343

** The Historical Cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies". The Auditors have not expressed an opinion on the Historical Cost information.*
*** The revaluation gains on land and buildings will not be recycled into profit or loss in the subsequent reporting period. It will however be recycled through equity.*



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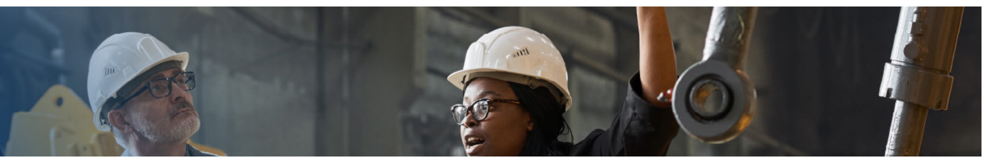

STATEMENT OF FINANCIAL POSITION

		GROUP			
		Inflation Adjusted		Historical Cost*	
SHAREHOLDER'S FUNDS	NOTE	31-Dec 2022 ZWL '000	31-Dec 2021 ZWL '000	31-Dec 2022 ZWL '000	31-Dec 2021 ZWL '000
Share capital	10	19 800	19 752	115	84
Share Premium		4 350 648	4 180 167	172 496	19 122
Treasury shares reserve		(426)	(29)	(394)	(7)
Functional currency translation reserve		1 588 744	1 588 744	11 620	11 620
Revaluation reserve		5 525 808	4 988 274	7 749 682	1 915 997
Share Option Reserve		257 242	113 606	129 569	27 768
Retained earnings		30 921 029	19 319 374	30 165 681	5 085 120
Total equity		**42 662 846**	**30 209 888**	**38 228 768**	**7 059 704**
Redeemable ordinary shares	10.2.2	-	49 279	-	14 335
Subordinated term loan	12	926 323	766 979	926 323	223 115
Total shareholders' funds and shareholders' liabilities		**43 589 169**	**31 026 146**	**39 155 091**	**7 297 154**
LIABILITIES					
Deposits	13	53 215 217	35 840 230	53 215 217	10 425 947
Other liabilities		11 792 185	9 456 551	11 792 185	2 750 917
Borrowings	14	21 276 250	20 331 975	21 276 250	5 914 585
Current tax liabilities		-	811 441	-	236 049
Deferred tax liabilities		5 420 831	3 440 135	3 964 776	741 544
Total liabilities		**91 704 483**	**69 880 332**	**90 248 428**	**20 069 042**
Total shareholder's funds and liabilities		**135 293 652**	**100 906 478**	**129 403 519**	**27 366 196**
ASSETS					
Cash and cash equivalents	15	21 538 825	16 748 886	21 538 825	4 872 262
Investment securities	16.1	16 754 167	13 786 267	16 754 166	4 010 434
Loans and advances	16.3	46 285 257	32 948 046	46 285 257	9 584 609
Other assets	17	8 842 631	9 567 644	8 504 329	2 265 354
Assets held for sale	21	380 629	-	380 629	-
Trade and other investments		255 056	125 471	255 056	36 500
Current tax assets		44 047	-	44 048	-
Investment properties	20	22 618 160	12 093 934	22 618 160	3 518 134
Intangible assets	18	990 757	1 264 733	23 147	13 409
Property and equipment	19	17 584 123	14 371 497	12 999 902	3 065 495
Total assets		**135 293 652**	**100 906 478**	**129 403 519**	**27 366 196**

** The Historical Cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting" Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies.*

MR. B. A. CHIKWANHA
CHAIRMAN
22 March 2023

MR. G. GORE
CEO
22 March 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	INFLATION ADJUSTED							
	Share Capital	Share Premium	Treasury Shares	Functional Currency Translation Reserve	Share Option Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as at 1 January 2021	19 752	4 180 167	-	1 588 744	-	3 691 761	12 886 831	22 367 255
Profit for the year	-	-	-	-	-	-	6 432 543	6 432 543
Revaluation of land and buildings, net of tax	-	-	-	-	-	1 296 513	-	1 296 513
Acquisition of treasury shares	-	-	(29)	-	-	-	-	(29)
Employee share schemes – value of employee services	-	-	-	-	113 606	-	-	113 606
Balance at 31 December 2021	**19 752**	**4 180 167**	**(29)**	**1 588 744**	**113 606**	**4 988 274**	**19 319 374**	**30 209 888**
Profit for the year	-	-	-	-	-	-	12 002 349	12 002 349
Revaluation of land and buildings, net of tax	-	-	-	-	-	537 534	-	537 534
Share options exercised	0	8 992	-	-	(2 349)	-	-	6 644
Share buy back	-	-	(397)	-	-	-	(210 923)	(211 320)
Scrip dividends paid	2	139 024	-	-	-	-	(139 027)	-
Dividend paid	-	-	-	-	-	-	(50 744)	(50 744)
Redeemable ordinary shares	46	22 465	-	-	-	-	-	22 511
Employee share schemes – value of employee services	-	-	-	-	145 985	-	-	145 985
Balance at 31 December 2022	**19 800**	**4 350 648**	**(426)**	**1 588 744**	**257 242**	**5 525 808**	**30 921 029**	**42 662 846**

	HISTORICAL COST*							
	Share Capital	Share Premium	Treasury shares	Functional Currency Translation Reserve	Share Option Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as at 1 January 2021	84	19 122	-	11 620	-	1 067 266	2 143 096	3 241 188
Profit for the year	-	-	-	-	-	-	2 942 025	2 942 025
Revaluation of land and buildings, net of tax	-	-	-	-	-	848 731	-	848 731
Acquisition of treasury shares	-	-	(7)	-	-	-	-	(7)
Employee share schemes – value of employee services	-	-	-	-	27 768	-	-	27 768
Balance at 31 December 2021	**84**	**19 122**	**(7)**	**11 620**	**27 768**	**1 915 997**	**5 085 121**	**7 059 705**
Profit for the year	-	-	-	-	-	-	25 468 506	25 468 506
Revaluation of land and buildings, net of tax	-	-	-	-	-	5 833 685	-	5 833 685
Share options exercised	0	5 727	-	-	(1 496)	-	-	4 231
Share buy back	-	-	(387)	-	-	-	(205 933)	(206 320)
Scrip dividends paid	2	133 341	-	-	-	-	(133 343)	-
Dividend paid	-	-	-	-	-	-	(48 670)	(48 670)
Redeemable ordinary shares	29	14 306	-	-	-	-	-	14 335
Employee share schemes – value of employee services	-	-	-	-	103 297	-	-	103 297
Balance at 31 December 2022	**115**	**172 496**	**(394)**	**11 620**	**129 569**	**7 749 682**	**30 165 681**	**38 228 768**

** The Historical Cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting" Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies.*

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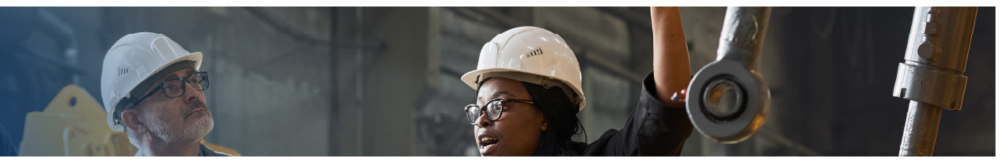

STATEMENT OF CASH FLOWS

		GROUP			
		Inflation Adjusted		Historical Cost*	
CASH FLOWS FROM OPERATING ACTIVITIES	**Note**	**31-Dec 2022 ZWL '000**	**31-Dec 2021 ZWL '000**	**31-Dec 2022 ZWL '000**	**31-Dec 2021 ZWL '000**
Profit before taxation		16 070 891	9 507 131	28 977 636	3 854 622
Non-cash items:					
- Net monetary Gain		6 524 513	1 500 092	-	-
- Depreciation(excluding right of use assets)	7	608 925	290 370	222 437	65 922
- Depreciation –Right of use assets	7	262 154	170 109	71 926	38 606
- Amortisation of intangible assets	7	289 691	12 711	4 395	2 865
- Impairment losses on financial assets measured at amortised costs	16.3.3	332 198	852 892	1 191 393	248 107
- Sundry income - non -cash		(1 189 691)	-	(1 189 691)	-
- Investment properties fair value gains	20	(6 830 600)	(2 864 068)	(16 380 731)	(1 843 565)
- Trade and other investments fair value gains adjustment		(118 074)	(37 460)	(218 556)	(8 445)
- Profit on disposal of property and equipment	6.2	(1 415)	(2 002)	(1 803)	(462)
- Loss/(profit) on disposal of investment properties	6.2	34 152	(23 384)	(26 722)	(5 788)
- Dividend income classified as investing activities		-	(87 022)	-	(17 177)
- Unrealised foreign exchange gain		(4 689 059)	(378 387)	(4 689 059)	(110 073)
- Non-cash employee benefits expense – share-based payments		145 985	113 606	103 297	27 768
Operating cash flows before changes in operating assets and liabilities		11 439 670	9 054 587	8 064 521	2 252 380
Changes in operating assets and liabilities					
Increase/(decrease) in customer deposits		17 374 987	11 124 816	42 789 270	5 952 974
Increase/(decrease) in other liabilities		2 335 634	7 488 591	9 041 268	2 394 757
(Increase)/decrease in loans and advances		(18 978 681)	(19 198 480)	(42 196 512)	(7 302 019)
(Increase)/decrease in other assets		(1 489 658)	(1 590 880)	(7 793 984)	(821 727)
Net cash generated/(used) from operations		10 681 952	6 878 634	9 904 563	2 476 365
Taxation					
Corporate tax paid		(2 965 639)	(1 847 201)	(2 472 504)	(505 915)
Net cash inflow/(outflow) from operations		7 716 313	5 031 433	7 432 059	1 970 450
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of intangible assets	18	(15 714)	(53 850)	(14 133)	(12 139)
Disposal/(Acquisition) of investment securities		(16 544 014)	(12 991 063)	(6 143 914)	(2 928 614)
Proceeds on disposal of property and equipment		2 016	35 038	1 515	582
Dividend income from trade and other investments		-	87 022	-	17 177
Acquisition of trade and other investments		-	(87 022)	-	(17 177)
Acquisition of property and equipment	19	(2 512 079)	(536 591)	(2 162 776)	(123 319)
Proceeds on disposal of investment properties		155 843	144 995	134 369	34 553
Acquisition of investment properties	20	(3 848 480)	(197 741)	(2 764 347)	(44 577)
Net cash (used)/generated in investing activities		(22 762 428)	(13 599 212)	(10 949 286)	(3 073 514)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of lease liabilities		(66 271)	(206 672)	(70 173)	(46 591)
Cash dividend paid		(50 744)	-	(48 670)	-
Issue of shares		6 644	-	4 231	-
Repayments of borrowings		(330 841)	-	(322 394)	-
Increase in borrowings		2 464 807	11 575 101	16 873 751	4 329 774
Share buyback		(211 349)	(29)	(206 320)	(7)
Net cash outflow from financing activities		1 812 246	11 368 400	16 230 425	4 283 176
Net (decrease)/increase in cash and cash equivalents		(13 233 869)	2 800 621	12 713 198	3 180 112
Net foreign exchange and monetary adjustments on cash and cash equivalents		18 023 808	3 092 661	3 953 365	(272 487)
Cash and cash equivalents at beginning of the year		16 748 886	10 855 604	4 872 262	1 964 637
Cash and cash equivalents at the end of the year	15	21 538 825	16 748 886	21 538 825	4 872 262
ADDITIONAL INFORMATION ON OPERATING CASH FLOWS FROM INTEREST					
Interest received		21 070 430	10 798 064	15 395 364	2 568 881
Interest paid (including interest on lease liabilities)		(6 377 309)	(3 058 604)	(4 591 382)	(751 921)

** The Historical Cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting" Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies.*

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The NMBZ Holdings Limited Group (the Group) comprises the company (NMBZ Holdings Limited) and the wholly owned banking subsidiary, NMB Bank Limited (the Bank).

The Bank was established in 1993 as a merchant bank incorporated under the Companies and Other Business Entities Act (Chapter 24:31) of Zimbabwe and is now registered as a commercial bank in terms of the Banking Act (Chapter 24:20) of Zimbabwe. It operates through a branch and agency v mainly in Harare, Bulawayo, Masvingo, Kwekwe, Mutare, Gweru, Bindura and Chinhoyi. Other agent locations are spread throughout the country for the convenience of users.

The Holding Company is incorporated and domiciled in Zimbabwe and is an investment holding company. Its registered office address is 64 Kwame Nkrumah Avenue, Harare. Its principal operating subsidiary is engaged in commercial and retail banking. NMB Bank Limited is a registered commercial bank and was incorporated in Zimbabwe on 16 October 1992 and commenced trading on 1 June 1993. The Bank operated as an Accepting House until 6 December 1999 when the licence was converted to that of a Commercial Bank. The Bank is exposed to the following risks in its operations: liquidity risk, credit risk, market risk, operational risk, foreign currency exchange rate risk and interest rate risk.

2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The consolidated financial statements including comparatives, have been prepared under the inflation adjusted accounting basis to account for changes in the general purchasing power of the ZWL . The restatement is based on the Consumer Price Index at the statement of financial position date. The indices are derived from the monthly inflation rates which are issued by the Zimbabwe National Statistics Agency (ZIMSTAT). The indices used are shown below. These condensed consolidated financial statements are reported in Zimbabwean dollars and rounded to the nearest dollar.

Dates	Indices	Conversion factor
31-Dec-18	88.81	153.9569
31-Dec-19	551.63	24.7864
31-Dec-20	2474.52	5.5255
31-Dec-21	3977.46	3.4376
31-Dec-22	13672.91	1.0000

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

- All comparative figures as of and for the periods ended 31 December 2018, 31 December 2019, 31 December 2020 and 31 December 2021 have been restated by applying the change in the index to 31 December 2022;
- Income statement transactions have been restated by applying the change in the index from the approximate date of the transactions to 31 December 2022;
- Gains and losses arising from the monetary assets or liability positions have been included in the income statement;
- Non-monetary assets and liabilities have been restated by applying the change in the index from the date of the transaction to 31 December 2022;
- Property and equipment and accumulated depreciation have been restated by applying the change in the index from the date of their purchase or re-assessment to 31 December 2022;
- Equity has been restated by applying the change in index from the date of issue to 31 December 2022;

The net impact of applying the procedures above is shown in the statement of comprehensive income as the gain or loss on net monetary position.

IAS 29 discourages the publication of historical results as a supplement to the inflation adjusted results. However, historical results have been published as additional information for the users of the Group's financial statements. The Auditors have not expressed an opinion on the historical results.

Functional and presentation currency

For the purposes of the condensed consolidated financial statements, the results and financial position of the Group are expressed in Zimbabwe dollars (ZWL) which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

Comparative financial information

The interim financial statements comprise the consolidated and separate statements of financial position, comprehensive income, changes in equity and cash flows. The comparative information covers a period of six months to 30 June 2021.

2.2. BASIS OF CONSOLIDATION

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

2.2.1. 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 to, 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.

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 contingent 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.

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.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses 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.

2.3. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into Zimbabwe Dollars (ZWL), 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.

2.4. TAXATION

Income tax

Income tax expenses comprise current, capital gains and deferred tax. Income tax 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.

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Deferred tax

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.

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.

2.5. FINANCIAL INSTRUMENTS

Measurement Methods

Amortised cost and effective interest rates

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, an adjustment for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition - the Bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Bank revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest Income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

a) Purchased or originated credit-impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e net of the expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Bank commits to purchase or sell the asset.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss; transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial asset or financial liability respectively, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Financial Assets

(i) Classification and subsequent measurement

From 1 January 2018, the Group has applied IFRS 9 and classifies its financial assets in the measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- the Bank's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in interest and similar income using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principle and interest and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Net Investment Income'. Interest income from these financial assets is included in 'Interest Income' using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net Trading Income" in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net Investment Income'. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

Business model: the business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows taking. These securities are classified in the 'other' business model and measured at FVPL. from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether financial instruments' cash flows represent solely payments of principal and interest (the "SPPI" test). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Bank's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the 'Other Income' line in the statement of profit or loss.

(ii) Impairment

The Bank recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are not measured at Fair Value through
Profit or Loss (FVTPL):

- loans and advances to banks;
- loans and advances to customers;
- debt investment securities;
- lease receivables;
- loan commitments issued; and
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments.
With the exception of POCI financial assets (which are considered separately below), ECLs are measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition.

Expected Credit Losses

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's Effective Interest Rate (EIR).

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down; and

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

The Bank measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties; or
f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired.

Purchased or originated credit-impaired (POCI) financial assets

For POCI the Bank only recognises the cumulative changes in lifetime expected credit losses since initial recognition. At each reporting date, the Bank recognises in profit or loss the amount of the change in lifetime expected credit losses as an impairment gain or loss. The Bank recognises favourable changes in lifetime expected credit losses as an impairment gain, even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For loan commitments and financial guarantee contracts, the loss allowance is recognised in other liabilities. The Bank keeps track of the changes in the loss allowance for financial assets separately from those for loan commitments and financial guarantee contracts. However, if a financial instrument includes both a loan (i.e. financial asset) and an undrawn commitment (i.e. loan commitment) component and the Bank does not separately identify the expected credit losses on the loan commitment component from those on the financial asset component, the expected credit losses on the loan commitment is recognised together with the loss allowance for the financial asset. To the extent that the combined expected credit losses exceed the gross carrying amount of the financial asset, the expected credit losses is recognised in other liabilities.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Bank considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Bank or;
- The borrower is unlikely to pay its credit obligations to the Bank in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

Significant increase in credit risk

The Bank monitors all financial assets, undrawn loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL. The Bank's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Bank monitors all financial assets, undrawn loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

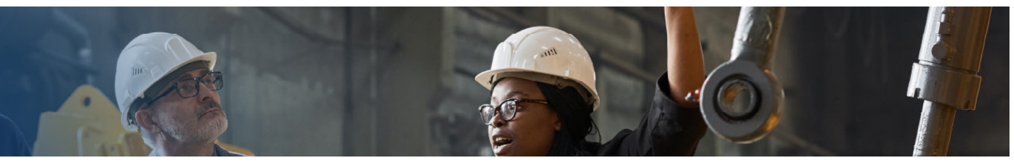
Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Bank's lenders operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For the retail portfolio, forward looking information includes the same economic forecasts as the corporate portfolio with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime PD at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward looking and the Bank uses the same methodologies and data used to measure the loss allowance for ECL.

Continued from Page 5



The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Bank still considers separately additional qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on the Bank's 'watch list' and for the retail portfolio the Bank considers the expectation of forbearance and payment holidays, credit scores and any other changes in the borrower's circumstances which are likely to adversely affect one's ability to meet contractual obligations.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

The Bank assumes that when an asset becomes 30 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

(iii) Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty. Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates the new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:
- the Bank transfers substantially all the risks and rewards of ownership, or
- the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

The Bank enters into transactions where it retains the contractual rights to receive cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Bank:

i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
ii) Is prohibited from selling or pledging the assets; and
iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Bank retains a subordinated residual interest.

Financial Liabilities

Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:
Financial liabilities at fair value through profit or loss: this classification is applied to financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Bank recognises any expense incurred on the financial liability.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Bank are measured as the amount of the loss allowance. The Bank has not provided any commitment to provide loans at below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised in other liabilities. However, for contracts that include both a loan and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised in other liabilities.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Bank's accounting policies.

Note 2.20 provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).
A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The Bank evaluates ECLs for 7 portfolios of audited corporates with overdraft limits, audited corporates without overdraft limits, unaudited corporates with overdraft limits, unaudited corporates without overdraft limits, SMEs with limits, SMEs without limits and Retail loans.

The guiding principle of the Expected Credit Loss evaluation is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments and allocate commensurate loss provisions. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1 ECLs) that is evaluated for all financial instruments with no significant deterioration in credit quality since initial recognition.
- Lifetime ECLs (Stages 2 and 3 ECLs) that is evaluated for financial instruments for which significant increase in credit risk or default has occurred on an individual or collective basis.

Probability of Default (PD)

The Bank defines Probability of Default as the likelihood that a borrower will fail to meet their contractual obligations in the future. The Bank's PD models have been built using historical credit default experience, present credit information as well as forward looking factors which affect the capacity of borrowers to meet their contractual obligations. The Bank used the logistic regression approach to construct PD models for Corporate, SME, Retail and Treasury Bills portfolios while the Merton model was adopted for Interbank Placements. The PD models are used at entity level to evaluate 12 - month PDs for Day 1 losses and for financial instruments with no significant deterioration in credit risk since initial recognition, whilst lifetime PD is used for financial instruments for which significant increase in credit risk or default has occurred. 12 - month PDs are derived using borrower present risk characteristics while lifetime PDs are derived using a combination of 12 - month PDs, present borrower behaviour and forward looking macroeconomic factors.

Exposure at Default (EAD)

The Bank defines Exposure at Default as an estimation of the extent to which the Bank will be exposed to a counterparty in the event of a default. The Bank's EAD models have been built using historical experience of debt instruments that defaulted. The Bank used the linear regression approach to construct EAD models for Corporate, SME and Retail portfolios. For TBs and Interbank Placements, the Bank took a conservative approach of considering the full outstanding balance as the EAD at any given point in the lifetime of an instrument. The Bank's EAD models that use Credit Conversion Factors (CCFs) are applied on fully drawn down instruments while models that use Loan Equivalents (LEQs) are applied on partly drawn instruments. The EAD models are used at entity level to evaluate the proportion of the exposure that will be outstanding at the point of default.

Loss Given Default (LGD)

The Bank defines Loss Given Default as an estimate of the ultimate credit loss in the event of a default. The Bank's LGD models were built using historical experience of defaulted debt instruments and observed recoveries. The Bank used the linear regression approach to construct LGD models for Corporate, SME and Retail portfolios. For Treasury Bills and Interbank Placements, the Bank took a conservative approach of taking a fixed 100% as the LGD at any given point in the lifetime of an instrument. The LGD models are used at portfolio level to evaluate 12 - month LGDs for financial instruments with no significant increase in credit risk since initial recognition and lifetime is applied LGDs for financial instruments for which significant increase in credit risk has occurred. 12-month LGDs were derived as historical loss rates while lifetime LGDs were derived using a combination of 12 - month LGDs and forward looking macroeconomic factors such as GDP and Inflation.

The Bank's ECL model combines the output of the PD, EAD and LGD and computes an Expected Credit Loss that takes into account the time value of money using the Effective Interest Rates (EIR) and time to maturity of the debt instruments.

The final ECL is a probability-weighted amount that is determined by evaluating three (3) possible outcomes of Best Case ECL, Baseline Case ECL and Worst Case ECL. The Bank has modelled these three cases in such a way that the Best Case represents a scenario of lower than market average default rates, the Base Case represents scenarios of comparable market average default rates and the Worst Case represents scenarios of higher than market average default rates.

Forward looking information

In its ECL models, NMB Bank relies on a broad range of forward looking information as macroeconomic inputs, such as:

Inflation Rate

This is the inflation of the country of Zimbabwe. The Bank approximates the impact of inflation on the future quality of the credit portfolio by measuring the variation between the inflation rate at reporting date and the highest forecasted inflation rate for the period 2020-2023. Current inflation data is collected from the Reserve Bank of Zimbabwe (RBZ) and Zimbabwe National Statistics Agency (ZIMSTAT) websites while inflation forecast data is collected from the World Bank websites.

Unemployment Rates

The Bank defines this as the unemployed proportion of the country's population. The Bank approximates the impact of unemployment on the future quality of the credit portfolio by assessing the direction of the rate. Increasing unemployment rate tends to indicate economic downsizing in the future while an improving unemployment rate ordinarily indicates economic growth.

Market Non-Performing Loans Rate

The Bank assesses the variance between its non-performing loans rate and the market average NPL rate as at reporting date. The variance approximates the performance of the Bank against the market with respect to the ability of the Bank to underwrite low credit loans.

Producer Price Index (PPI)

The Bank assesses this as the cost of production for companies. The Bank approximates the impact of PPI on the future quality of the credit portfolio by assessing the direction of the index. Increasing PPI tend to indicate economic downsizing in the future while decreasing PPI ordinarily promotes economic growth in the future. PPI data is collected from the RBZ and ZIMSTAT websites.

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 credit risk 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.

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.

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. The suspended interest is recognised as a provision in the statement of financial position. Such suspended interest is deducted from loans and advances in the statement of financial position. This policy meets the requirements of the Banking Regulations, Statutory Instrument, 205 of 2000.

2.6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central bank 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.

2.7. 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 recognised 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 performed 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.

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 and 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.

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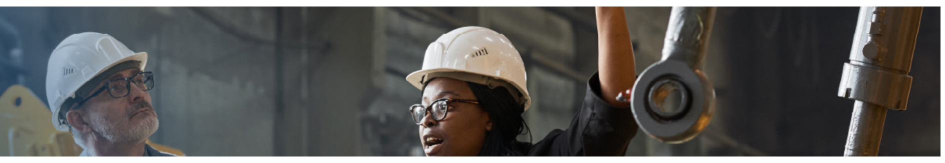


Owned assets

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.

2.8. NON-CURRENT ASSETS HELD FOR SALE

The bank receives collateral from counter-parties in form of immovable property and other approved qualifying collateral as security against loan advances in the normal course of the business. It is not the intention of the bank to recover loans advanced through collateral disposal, as the bank will always consider all the options available to recover loans advanced to customers, by considering the borrowers' changed circumstances and cash flows and to find out whether restructuring options will result in the customers settling their outstanding obligations to the bank.

However, in the unlikely event that the bank is left with no option, except to dispose the loan collateral security, and all the formalities have been completed by the borrower to have the collateral transferred to the bank, such collateral will not become part of the bank's asset portfolio. The Bank will initiate the process of disposal of the recovered collateral in order to clear the customer's outstanding obligations with the bank.

Such immovable properties and the other approved qualifying collateral will be accounted for under Non-current assets held for sale, given the timing differences between the dates the immovable asset is recovered by the bank and the time it will be finally disposed off.

Initial measurement is the fair value less cost to sell of which the fair values are through a professional valuer. Subsequently the bank will measure the carrying amount subject to changes in fair value less cost to sale of these assets.

2.9. INTANGIBLE ASSETS

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

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%

2.10. LEASES

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 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.

As lessee

In terms of IFRS 16, the Group recognises lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, Leases. These liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate.

The Group has neither enjoyed nor extended any lease payment holidays in its capacity as either lessee or lessor respectively due to COVID-19. As such, there are no COVID-19 induced lease modifications applicable during the period under review.

Measurement of right-of-use assets

The associated right-of-use assets for property leases are measured on a prospective basis. The right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In circumstances where the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group revalues its land and buildings that are presented within property and equipment and it has elected not to do so for the right-of-use buildings held by the Group.

2.11. IMPAIRMENT OF NON FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets other than consumables 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 amount.

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.

2.12. 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. Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. 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 at the end of each year by a registered independent 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.

2.13. 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.

2.14. WRITE-OFFS

Financial assets are written off where the recovery efforts have been pursued actively over one year without success or when it is uneconomical and inefficient to keep carrying the debt in the books as the chances of recovery become slim. Such accounts become subjects of write-backs in the event of recovery.

Partial write-offs may be possible in cases where collateral security held is inadequate to expunge the debt in full.

2.15. FEES AND COMMISSION INCOME

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the EIR.

Other fees and commission – including retail banking customer fees, corporate banking and credit related fees, fees from financial guarantee contracts, commission from international banking activities and fees from corporate finance – are recognised as the related services are performed. If a loan commitment is not expected to be drawn down of a loan, then the related commitment fees are recognised on a straight line basis over the commitment period.

Other fees and commitment expense relate mainly to transaction and service fees, which are expensed as the services are received.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract.

2.16. 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.

2.17. INTEREST EXPENSE

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

2.18. 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.

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.

2.19. 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.

2.20. SHAREHOLDERS' FUNDS AND SHAREHOLDERS' LIABILITIES

Shareholders' funds and shareholders' liabilities refers to the total investment made by the shareholders in the Group and it consists of share capital, share premium, share options reserve, functional currency translation reserve, retained earnings, redeemable ordinary shares and subordinated loans. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

2.21. USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

In preparation of the consolidated and separate financial statements, Directors have made 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 estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2021 is included in the following notes.

Land and buildings

The properties were valued by an independent professional valuer. The determined fair value of land and buildings is most sensitive to significant unobservable inputs. The property market is currently not stable due to liquidity constraints.

Investment properties

Investment properties were valued by an independent professional valuer. The properties market is currently not stable due to liquidity constraints.

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.

COVID-19

The Directors fully acknowledge the unprecedented challenges and uncertainties posed by the COVID-19 pandemic. In that regard, significant judgments have generally been applied in light of the likely impacts of COVID-19 on the Group's activities.

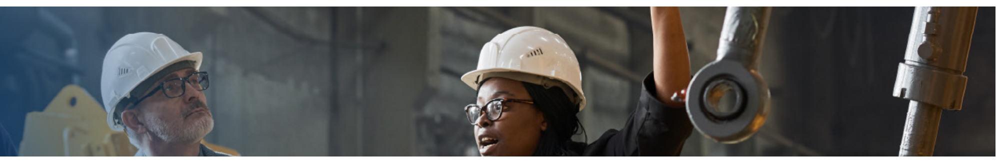
Going concern

The Directors have assessed the ability of the Group and Company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

Determination of the functional currency

The Government of Zimbabwe adopted a multi-currency regime in 2009. The British Pound, Euro, United States Dollar (USD), South African Rand (ZAR) and Botswana Pula were adopted as the multi-currency basket in February 2009. In January 2014, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which added the Chinese Yuan, Australian Dollar, Indian Rupee, Japanese Yen into the basket of multi-currencies. At the onset, the USD and the ZAR were the commonly used currencies, with the USD eventually gaining prominence resulting in it being designated as the functional and presentation currency by the transacting public and the Monetary Authorities, including the Group.

Between 2014 and 2016, the Zimbabwean economy experienced a massive liquidity crisis which eventually prompted the Monetary Authorities to introduce the bond notes in November 2016 whilst encouraging the public to continue using the other currencies in the multi-currency basket. The bond notes were introduced at an official fixed exchange rate of 1:1 with the USD and the Monetary Authorities specifically directed financial institutions not to open separate vault and cash accounts for the USD and the bond notes. The introduction of the bond notes gave rise to a three (3) tier pricing system wherein sellers and service providers would quote three (3) separate prices (USD , bond notes and RTGS/electronic



transfers) for their merchandise and services respectively. Significant discounts were being offered for USD payments whilst a premium would be added for prices quoted in bond notes or electronic settlement via the Real Time Gross Settlement System (RTGS). These developments triggered a debate around the functional currency of Zimbabwe. It should be noted that the Group never participated in the three tier pricing and none of its products had multiple prices during the same period.

In October 2018, the Monetary Authorities instructed financial institutions to separate bond notes and USD accounts and indicated that corporates and individuals could proceed to open Nostro Foreign Currency Accounts (FCA), for foreign currency holdings, which were now being exclusively distinguished from the existing RTGS based accounts. However, it should be noted that at the time of this policy pronouncement, the Monetary Authorities did not state that they had introduced a new currency for Zimbabwe, which actually meant that the USD remained as the currency of reference. By 31 December 2018, there had been no pronouncement by the Monetary Authorities to the effect that there had been a new currency introduced, which could be considered as the country's functional currency.

On 22 February 2019, the Reserve Bank of Zimbabwe (RBZ) issued an Exchange Control Directive, RU 28 of 2019 which established an interbank foreign exchange market to formalise the buying and selling of foreign currency through the Banks and Bureaux de change. In order to establish an exchange rate between the current monetary balances and foreign currency, the Monetary Authorities denominated the existing RTGS balances in circulation as RTGS Dollars.
Initial trades on 22 February 2019 were at USD 1: RTGS$2.5. On the same date, Statutory Instrument 33 of 2019 was also issued and it specified that for accounting and other purposes, all assets and liabilities that were in USD immediately before the 22nd of February 2019 were deemed to have been valued in RTGS Dollars at a rate of 1:1 with the USD .

On 24 June 2019, the Monetary Authorities announced that the multi-currency regime, which the country was operating in since February 2009 had been discontinued and the country had adopted a mono-currency regime meaning that the sole legal tender would be the Zimbabwe Dollar (ZWL).

On 26 March 2020, the Reserve Bank of Zimbabwe in a press statement announced various interventions in response to the financial vulnerabilities caused by the COVID-19 pandemic. One of the measures announced therein was the authorization of the use of free-funds in paying for goods and services, in terms of Statutory Instrument (SI) 85 of 2020. On 24 July 2020, the Government of Zimbabwe issued Statutory Instrument (SI) 185 of 2020, which granted permission to display, quote or offer prices for all goods and services in both Zimbabwe dollars and foreign currency at the interbank exchange rate.

On 23 June 2020, the Reserve Bank of Zimbabwe introduced the Foreign Exchange Auction System, effectively abandoning the fixed foreign currency exchange rate regime which had been prevailing for the greater part of 2020. Significant trades have been recorded on the platform and significant movements in the exchange rate have been resultantly recorded.

In February 2022, the authorities announced multi-currency regime where other basket of currency were acceptable for transaction purposes.

In light of the developments summarised above, the Directors concluded that the Group's functional currency remains the Zimbabwe dollar (ZWL) following its change from USD with effect from 22 February 2019.

Lease arrangements

The Directors have exercised significant judgement on determining whether the various contractual relationships which the Group is party to, contain lease arrangements which fall into the scope of IFRS 16. Significant judgement was also exercised in determining whether the Group is reasonably certain that it will exercise extension options present in lease contracts as well.

2.22. STANDARDS ISSUED AND EFFECTIVE

a) International Financial Reporting Standards and amendments effective for the first time for December 2022 year-end

Standard	Effective Date	Executive Summary
IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment	Annual periods beginning on or after 1 April 2021 (early adoption is permitted) (Published March 2021)	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The March 2021 amendment will only be available if an entity chose to apply the May 2020 optional practical expedient.
Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity	Annual periods beginning on or after 1 January 2022	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022	These amendments include minor changes to: - IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. - IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. - IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. - IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2022	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

b) International Financial Reporting Standards, interpretations and amendments issued but not effective

Standard	Effective Date	Executive Summary
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2023 Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17.	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract. Given the Bancassurance arm of the Group systems are being set up to ensure implemtation is successful on the effective date.
IFRS 17, Insurance contracts Amendments	Annual periods beginning on or after 1 January 2023	In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023 (Published Jan 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published May 2021)	The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published February 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

3. SEGMENT INFORMATION

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.
Digital Banking	Handles the Bank's Digital Banking products including Card and POS services.

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 Group's total revenue in 2021 or 2022.

4. INTEREST INCOME

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Loans and advances to banks	1 032 566	101 620	959 558	23 027
Loans and advances to customers	17 456 080	8 926 654	13 085 358	2 124 634
Investment securities	2 581 785	1 769 790	1 755 252	421 220
	21 070 430	**10 798 064**	**15 800 168**	**2 568 881**

5. INTEREST EXPENSE

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Due to banks	4 736 698	2 511 764	3 578 448	615 311
Due to customers	1 324 489	382 573	742 178	39 112
Other borrowed funds	123 193	115 686	157 325	84 648
	6 184 380	3 010 023	4 477 951	739 071
Lease liability finance costs*	192 929	48 580	113 430	12 850
	6 377 309	**3 058 602**	**4 591 381**	**751 920**

* Finance costs related to the lease liability do not represent the cost of funding asset creation that is the Loan book. The prior year amounts were previously included in administration costs as part of operating expenditure of the group.

6. NON-INTEREST INCOME AND OTHER COMPREHENSIVE INCOME

6.1. Fees and commission income

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Retail banking customer fees	5 339 810	2 664 586	4 053 093	634 061
Corporate banking credit related fees	606 606	590 317	420 603	136 990
Financial guarantee fees	1 101 117	497 453	828 010	114 700
International banking commissions	676 912	742 423	370 983	171 405
Digital banking fees	7 619 047	7 954 437	5 032 826	1 870 004
	15 343 491	**12 449 215**	**10 705 516**	**2 927 160**

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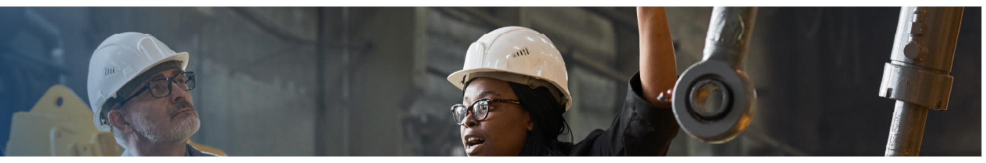

6.2. Other Income

	Inflation Adjusted		Historical Cost	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Trade and other investments fair value gains	59 037	37 460	218 556	8 445
Fair value gains on investment properties	6 830 600	2 864 068	16 380 730	2 029 063
Profit on disposal of property and equipment	1 415	2 002	1 803	462
(Loss)/ profit on disposal of investment properties	(34 152)	23 384	26 722	5 788
Rental income	92 529	59 062	95 645	13 972
Recoveries	8 482	43 474	5 894	10 812
Other operating income	1 117 128	177 368	1 210 985	38 877
	8 075 039	**3 206 818**	**17 940 335**	**2 107 419**

6.3. Other comprehensive income

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Revaluations of land and buildings	714 046	1 722 254	7 749 051	1 408 660
Tax effect	(176 512)	(425 741)	(1 915 366)	(559 929)
	537 534	**1 296 513**	**5 833 685**	**848 731**

7. OPERATING EXPENDITURE

The net operating income is after charging the following:

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Administration costs	6 761 843	5 672 706	4 826 405	1 310 682
Audit fees:				
- Current year	159 128	83 006	114 704	20 774
- Prior year	-	-	-	-
Amortisation of intangible assets	289 691	12 711	4 395	2 865
Depreciation (excluding right of use assets)	608 925	290 370	222 437	65 922
Depreciation – right of use assets	262 154	170 109	71 926	38 606
Directors' remuneration	175 916	100 355	129 973	22 665
- Fees for services as directors	165 060	96 363	122 188	21 688
- Services rendered	-	-	-	-
- Expenses	10 856	3 992	7 785	977
Staff costs – salaries, allowances and related costs*	10 745 403	5 744 797	8 364 152	1 364 095
	19 003 060	**12 074 054**	**13 733 992**	**2 825 609**

**Included in Staff costs - salaries, allowances and related costs are employee benefit costs relating share based payments amounting to ZWL 254 354 000 (2021: ZWL nil).

8. TAXATION

Income Tax Charge	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Current tax	2 225 576	2 353 927	2 225 576	684 759
Deferred tax	1 842 965	720 661	1 283 553	227 838
	4 068 542	**3 074 588**	**3 509 130**	**912 597**

8.1. Reconciliation of income tax charge/(credit)

Income Tax Expense/(Credit)	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Based on results for the period at a rate of 24.72% (2021:24.72%)	3 972 724	2 350 163	7 163 272	952 863
Tax effect of:				
- Income not subject to tax*	(2 147 150)	(1 722 391)	(979 237)	(388 284)
- Non-deductible expenses**	8 627 351	2 446 816	3 709 480	348 018
- Change in tax bases***	(6 384 384)	-	(6 384 384)	-
	4 068 541	**3 074 588**	**3 509 130**	**912 597**

*Income not subject to tax includes coupon interest from Treasury Bills and income from mortgages for the Group as well as non-deductible income attributable to the unwinding of share based payments for the company.

** Non-deductible expenses include provisions, disallowable pension deductions and depreciation.

***The change in tax bases arose from the legislative pronouncement in the Finance (No.2) Act of 2020 which resulted in the rebasing of unredeemed foreign currency capital balances on assets ranking for capital allowances using the USD /ZWL official exchange rate prevailing on 1 January 2020.

8.2. Current tax liabilities / (assets)

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
At 1 January	811 441	316 087	236 049	57 205
Monetary adjustment	(289 447)	(11 372)	-	-
Effect of exchange rate movement	262 116	-	54 928	-
Charge for the year	2 225 576	2 353 927	2 225 576	684 759
Payments during the year	(2 965 639)	(1 847 201)	(2 472 504)	(505 915)
	44 047	811 441	44 049	236 049

9. EARNINGS PER SHARE

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

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 dilutive potential ordinary shares; and
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

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Profit for the period	12 002 351	6 432 543	25 468 506	2 942 025
Headline earnings for the period	5 944 875	4 229 162	12 055 490	1 403 484

9.2. Number of shares

9.2.1. Basic earnings per share

	Inflation Adjusted		Historical Cost*	
	2022	2021	2022	2021
Weighted average number of ordinary shares for basic earnings per share				
Number of shares at beginning of period	404 157 689	404 171 689	404 157 689	404 171 689
Share options exercised	176 402	-	176 402	-
Shares issued - scrip dividend	1 999 625	-	1 999 625	-
Share buy back	(8 138 535)	(14 000)	(8 138 535)	(14 000)
	398 195 181	**404 157 689**	**398 195 181**	**404 157 689**

9.2.2. Diluted earnings per share

	Inflation Adjusted		Historical Cost*	
	2022	2021	2022	2021
Number of shares for basic earnings	398 195 181	404 157 689	398 195 181	404 157 689
Effect of dilution:				
Share options approved but not granted (ESOS)	10 141 568	4 614 841	10 141 568	4 614 841
	408 336 749	**408 772 530**	**408 336 749**	**408 772 530**

9.2.3. Headline earnings

	Inflation Adjusted		Historical Cost*	
	2022	2021	2022	2021
Profit for the period	12 002 349	6 432 543	25 468 506	2 942 025
Add/(deduct) non-recurring items				
Trade and other investments fair value gains	(59 037)	(37 460)	(218 556)	(8 445)
Fair value gains on investment property	(6 830 600)	(2 864 068)	(16 380 730)	(2 029 063)
Profit on disposal of property and equipment	(1 415)	(2 002)	(1 803)	(462)
Non - recurring sundry income	(1 189 691)	-	(1 189 691)	-
Loss/(profit) on disposal of investment properties	34 152	(23 384)	(26 722)	(5 788)
Tax effect thereon	1 989 118	723 533	4 404 487	505 217
	5 944 875	**4 229 162**	**12 055 490**	**1 403 484**

9.3. Earnings per share (ZWL cents)

	Inflation Adjusted		Historical Cost*	
	2022 (ZWL cents)	2021 (ZWL cents)	2022 (ZWL cents)	2021 (ZWL cents)
Basic	3014	1592	6396	728
Diluted	2939	1574	6237	720
Headline	1456	1035	2952	343

10. SHARE CAPITAL

10.1. Authorised

	Inflation Adjusted		Historical Cost*	
	31-Dec 2022 Shares million	31-Dec 2021 Shares million	31-Dec 2022 ZWL '000	31-Dec 2021 ZWL '000
Ordinary shares of ZWL 0.00028 each	600	600	168	168

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10.2. Issues and fully paid

10.2.1. Ordinary shares

	Inflation Adjusted			
	31-Dec 2022 Shares million	31-Dec 2021 Shares million	31-Dec 2022 ZWL '000	31-Dec 2021 ZWL '000
Balance at 01 January	300	300	19 752	19 752
Share options exercised	0	-	0	-
Share buy back	(8)	(0)	-	-
Redeemable ordinary shares	104	-	46	-
Shares issued - scrip dividend	8	-	2	-
Balance at 31 December	**404**	**300**	**19 800**	**19 752**

	Historical Cost*			
	31-Dec 2022 Shares million	31-Dec 2021 Shares million	31-Dec 2022 ZWL '000	31-Dec 2021 ZWL '000
Balance at 01 January	300	300	84	84
Share options exercised	0	-	0	-
Share buy back	(8)	(0)	-	-
Redeemable ordinary shares	104	-	29	-
Shares issued – scrip dividend	8	-	2	-
Balance at 31 December	**404**	**300**	**115**	**84**

10.2.2. Redeemable ordinary shares

	Inflation Adjusted			
	31-Dec 2022 Shares million	31-Dec 2021 Shares million	31-Dec 2022 ZWL '000	31-Dec 2021 ZWL '000
Balance at 01 January	104	104	100	100
Conversion to ordinary shares	(104)	-	(100)	-
Balance at 31 December	**-**	**104**	**-**	**100**

	Historical Cost*			
	31-Dec 2022 Shares million	31-Dec 2021 Shares million	31-Dec 2022 ZWL '000	31-Dec 2021 ZWL '000
Balance at 01 January	104	104	29	29
Conversion to ordinary shares	(104)	-	(29)	-
Balance at 31 December	**-**	**104**	**-**	**29**

Of the unissued ordinary shares of 92 million shares (2021 - 196 million), options which may be granted in terms of the 2023 and 2024 ESOS amount to 10 141 568 (2021 – 4 614 8419). During the year 302 424 options were exercised at a price of $13.99.

Subject to the provisions of section 214 of the Companies and Other Business Entities Act (Chapter 24:31) of Zimbabwe, the unissued shares are under the control of the directors.

11. REDEEMABLE ORDINARY SHARES

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Nominal value (note 10.2.2)	29	100	29	29
Share premium	14 306	49 179	14 306	14 306
Conversion to ordinary shares	(14 335)	-	(14 335)	-
	-	**49 279**	**-**	**14 335**

On 30 June 2013, the Group received USD 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 USD 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 previously set by the Reserve Bank of Zimbabwe of ZWL 200 million by 31 December 2020. FMO and Norfund came together with Rabobank to form ARISE which is a development finance institution primarily focusing on investing in African financial institutions to support and enhance financial service delivery in Africa.

NMBZ Holdings Limited (NMBZ) entered into a share buy-back agreement with Norfund, FMO and AfricInvest, where these three strategic investors have a right at their own discretion at any time after the 5th anniversary (30 June 2018) but before the 9th anniversary (30 June 2022) 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 (30 June 2022) of the effective date. As at 30 June 2022, none of the parties had given notice to the company for the redemption of these shares. The shares have therefore reverted to ordinary share status.

12. SUBORDINATED TERM LOAN

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
GROUP				
At 1 January	766 979	732 862	223 115	132 633
Monetary adjustment	(1 117 749)	(367 253)	-	-
Exchange revaluation	1 277 093	401 371	703 208	90 482
	926 323	**766 979**	**926 323**	**223 115**

In 2013, the Bank received a subordinated term loan amounting to USD 1.4 million from a Development Financial Institution which attracts an interest rate of 3 months USD LIBOR plus 10% and has a seven year maturity date (13 June 2020) from the first disbursement date. The average 3 months USD LIBOR Rate stood at 2.405% (2021 - 0.161%).

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 defaulted on principal repayments with respect to this subordinated loan during the year ended 31 December 2019 as a result of the prevailing nostro funding challenges affecting the economy. There was a breach on the Aggregate Unhedged Open Foreign Currency Positions Ratio covenant which stood at 19.05% (instead of a maximum 10%) between the Group and the Development Financial Institution at the reporting date of 31 December 2022. However, there were no defaults on interest payments.

On 22 February 2019, the Reserve Bank of Zimbabwe (RBZ) issued an Exchange Control directive, RU 28 of 2019 which established an interbank foreign exchange market to formalise the buying and selling of foreign currency through the Banks and Bureaux de change. In order to establish an exchange rate between the current monetary balances and foreign currency, the Monetary Authorities denominated the existing RTGS balances in circulation, as RTGS dollars. The RBZ pegged the initial trades at USD /RTGS$1:2.5. In order to manage the transition, the RBZ also advised on the same date that all foreign liabilities or legacy debts due to suppliers and service providers, declared dividends e.t.c would be treated separately after registering such debts with the RBZ Exchange Control Department for an orderly expunging of these debts.

Consequently, the Group registered its legacy debts, which included the subordinated term loan and offshore lines of credit and transferred the ZWL equivalent of these debts at a rate of USD /ZWL 1:1 to the RBZ in terms of the RBZ directive. During the year USD 1 400 000 Treasury Bills were received by the Bank at 0% coupon rate with a three year maturity profile.

As at 31 December 2022, there was communication to the effect that the USD Libor will cease to be a reference rate for the offshore borrowings with effect from 30 June 2023. As such, the Group's creditors have chosen to move to the Secured Overnight Accommodation Rate (SOFR) as the reference rate on borrowings by the Group effective 01 July 2023. Accordingly all agreements between the Group and the creditors shall be amended to accommodate the new reference rate terms, which date shall be on or before 30 June 2023.

13. DEPOSITS

13.1. Deposits and current accounts from customers

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
GROUP				
Current and deposit accounts from customers	53 215 217	35 840 230	53 215 217	10 425 947

13.2. Maturity analysis

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Less than 1 month	47 046 998	28 500 384	47 046 998	8 290 781
1 to 3 months	6 493 557	7 285 417	6 493 557	2 119 333
3 to 6 months	706	11 526	706	3 353
6 months to 1 year	927 087	27 972	927 087	8 137
1 to 5 years	23 784	13 458	23 784	3 914
Over 5 years	-	1 474	-	429
	54 492 132	**35 840 230**	**54 492 132**	**10 425 947**

13.3. Sectoral analysis of deposits

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Agriculture	7 057 450	4 768 876	7 057 450	1 387 269
Banks and other financial institutions	5 501 425	-	5 501 425	-
Distribution	11 319 809	5 116 054	11 319 809	1 488 264
Individuals	4 335 092	4 861 083	4 335 092	1 414 092
Manufacturing	5 625 352	4 411 777	5 625 352	1 283 389
Mining companies	-	917 603	-	266 931
Municipalities and parastatals	6 057 553	11 032 104	6 057 553	3 209 246
Services	8 351 989	2 330 271	8 351 989	677 878
Transport and telecommunications	4 966 547	2 402 462	4 966 547	698 878
	53 215 217	**35 840 230**	**53 215 217**	**10 425 947**

14. BORROWINGS

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Banks and financial institutions	600 000	5 159 837	600 000	1 501 000
Offshore borrowings	19 076 270	9 921 310	19 076 270	2 886 116
Other institutions	1 599 980	5 250 828	1 599 980	1 527 469
	21 276 250	**20 331 975**	**21 276 250**	**5 914 585**

*Included in Offshore borrowings are loan balances of ZWL5 641 749 953 (2021 ZWL1 310 2876 160), ZWL958 067 460 (2021 ZWL677 596 574) and ZWL3 158 604 705 (2021 ZWL898 231 833) due to Nederlandse Financierings-Maatschappij Voor Ontiwikkelingslanden (FMO), Norfund and Swedfund respectively. The carrying amounts of deposits from other banks and other financial institutions approximate the related fair values. All the loan balances except for Afreximbank are part of the Group's Blocked Funds which were registered with the Reserve Bank of Zimbabwe (RBZ) for an orderly expunging of the debts. In 2021, the Government of Zimbabwe assumed the obligation to settle these Blocked Funds in terms of Part XIII of the Finance Act No. 7 of 2021 under section 52. The Blocked funds are listed under Annex 1 of the Finance Act no 7 of 2021. In 2019, the Group transferred the ZWL equivalent of the legacy debts at a rate of US$/ZWL1:1 to the RBZ as per requirement of the Exchange Control directive RU 28 of 2019. In terms of section 52 of the Finance Act no 7 of 2021, outstanding blocked funds were to be liquidated through the issuance of Government-backed zero coupon or non-interest bearing foreign exchange savings bonds or such other debt instruments denominated in foreign currency. During the year US$8 244 148 Treasury Bills were received by the Bank at 0% coupon rate with maturity varying maturity profiles of between three to twenty years in respect of the legacy debts in favour of Nederlandse Financierings-Maatschappij Voor Ontiwikkelingslanden N.V. (FMO)'s principal portion of the liability.

Subsequent to year end Treasury bills have been issued in respect of the amount owing to Swedfund.

The line of credit balances have been translated at 31 December 2022 at the closing rate of USD / ZWL 684.3339.

15. CASH AND CASH EQUIVALENTS

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Balances with the Central Bank**	6 922 379	3 202 127	6 922 379	931 501
Current, nostro accounts* and cash	12 467 091	11 415 447	12 467 091	3 320 761
Interbank placements	2 149 354	2 131 312	2 149 354	620 000
Expected Credit loss allowance	-	-	-	-
	21 538 825	**16 748 886**	**21 538 825**	**4 872 262**

*Nostro accounts are foreign domiciled bank accounts operated by the Bank for the facilitation of offshore transactions on behalf of clients.

**Balances with the Central Bank, other banks and cash are used to facilitate customer and the Bank's transactions which include payments and cash withdrawals.

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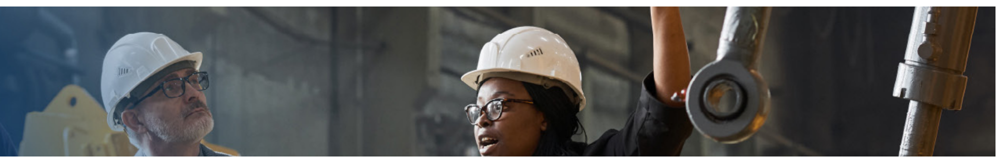

16. FINANCIAL INSTRUMENTS

16.1. Investment Securities

	Inflation Adjusted		Historical Cost	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Amortised cost – Gross	13 786 267	5 977 600	4 010 434	1 081 820
Additions	23 143 832	12 991 063	12 743 732	2 928 614
Monetary adjustment	(20 175 931)	(5 182 397)	-	-
Impairment allowance – Stage 1 (20.3)	-	-	-	-
	16 754 167	**13 786 267**	**16 754 166**	**4 010 434**

The Group holds Treasury Bills and Government Bonds amounting to ZWL 16 754 167 000 (2021 - ZWL 13 786 267 000) with interest rates ranging from 0% to 18%. The Treasury Bills are measured at amortised cost in line with the Bank's business model to collect contractual cashflows and the contractual terms are such that the financial assets give rise to cashflows that are solely payments of principal and interest. Of this amount a total of ZWL 6 599 817 413 are with respect to blocked funds.

Included in interest income is interest from Investment securities held by the Bank

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Interest income from investment securities	2 581 785	1 769 790	1 755 252	421 220

16.2. 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.

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.

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; and
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.

During the reporting periods ended 31 December 2022 and 31 December 2021, 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.

Financial instruments measured at fair value – fair value hierarchy

	Inflation Adjusted			
	2022 ZWL '000	Level 1 ZWL '000	Level 2 ZWL '000	Level 3 ZWL '000
Trade and other investments	255 056	-	-	255 056
Trade and other investments	125 471	-	-	125 471

	Historical Cost*			
	2022 ZWL '000	Level 1 ZWL '000	Level 2 ZWL '000	Level 3 ZWL '000
Trade and other investments	255 056	-	-	255 056
Trade and other investments	36 500	-	-	36 500

Financial instruments not measured at fair value

Below is a list of the Group's financial investments not measured at fair value, but whose carrying amounts approximate fair value.

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Assets				
Cash and cash equivalents	21 538 825	16 748 886	21 538 825	4 872 262
Loans, advances and other accounts	46 285 257	32 948 046	46 285 257	9 584 609
Investment securities	16 754 167	13 786 267	16 754 166	4 010 434
Total	**84 578 249**	**63 483 199**	**84 578 249**	**18 467 305**
Liabilities				
Deposits and other liabilities	53 215 217	35 840 230	53 215 217	10 425 947
	53 215 217	35 840 230	53 215 217	10 425 947

16.3. TOTAL LOANS AND ADVANCES

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Fixed term loans – Corporate	36 474 938	19 752 866	36 474 938	5 746 122
Fixed term loans – Retail	9 267 515	6 941 389	9 267 515	2 019 255
Mortgages	531 634	948 541	531 634	275 931
Overdrafts	11 170	5 305 250	11 170	1 543 301
	46 285 257	32 948 046	46 285 257	9 584 609
	46 285 257	32 948 046	46 285 257	9 584 609

16.3.1. Maturity analysis

	Inflation Adjusted		Historical Cost	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Less than 1 month	7 662 476	8 255 019	7 662 476	2 401 391
1 to 3 months	17 465 825	4 920 832	17 465 825	1 431 473
3 to 6 months	1 739 818	698 015	1 739 818	203 053
6 months to 1 year	13 013 761	8 209 978	13 013 761	2 388 288
1 to 5 years	43 627 023	8 761 709	43 627 023	2 548 787
Over 5 years	-	3 519 503	-	1 023 826
	83 508 903	34 365 056	83 508 903	9 996 818
Allowances for impairment losses on loans and advance	(1 603 602)	(1 417 010)	(1 603 602)	(412 209)
ECL at 1 January	(1 417 010)	(844 210)	(412 209)	(152 784)
Monetary adjustment	1 004 801	318 999	-	-
ECL charged through profit or loss	(1 523 591)	(907 853)	(1 523 591)	(264 095)
Bad debts written off	332 198	16 054	332 198	4 670
Suspended interest on credit impaired financial assets	-	-	-	-
	81 905 301	32 948 046	81 905 301	9 584 609
Other assets	8 842 631	9 567 644	8 504 329	2 265 354
	90 747 933	**42 515 690**	**90 409 630**	**11 849 963**

16.3.2. Sectoral analysis of utilisations

	Inflated Adjusted			
	2022 ZWL '000	%	2021 ZWL '000	%
Agriculture	12 245 045	26%	7 970 387	23%
Distribution	9 567 480	21%	6 621 300	19%
Individuals	8 130 098	18%	10 004 413	29%
Manufacturing	1 699 351	4%	4 161 153	12%
Mining	993 094	2%	677 455	2%
Services and other	13 650 189	29%	4 930 348	14%
	46 285 257	**100%**	**34 365 056**	**100%**

	Historical Cost*			
	2022 ZWL '000	%	2021 ZWL '000	%
Agriculture	12 245 045	26%	2 318 591	23%
Distribution	9 567 480	21%	1 926 141	19%
Individuals	8 130 098	18%	2 910 290	29%
Manufacturing	1 699 351	4%	1 210 482	12%
Mining	993 094	2%	197 072	2%
Services and other	13 650 189	29%	1 434 242	14%
	46 285 257	**100%**	**9 996 818**	**100%**

The material concentration of loans and advances is with Services and other at 29% (2021 - 14%) and agriculture sector at 26% (2021 - 23%).

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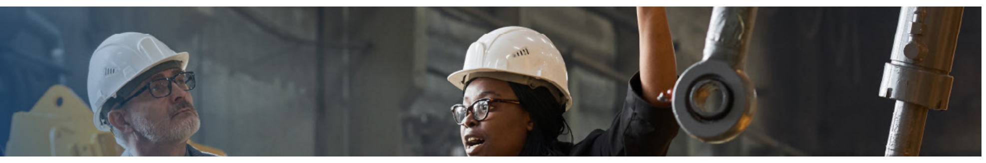

16.3.3. Impairment analysis of financial assets measured at amortised cost

	Inflation Adjusted			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2022	42 820 563	653 409	458 727	43 932 699
Monetary adjustment	(29 073 035)	(778)	(318 537)	(29 392 350)
Transfers	(543 394)	460 211	83 183	-
- to 12 months to ECL	140 069	(132 752)	(7 317)	-
- to lifetime ECL not credit impaired	(620 655)	622 423	(1 768)	-
- to lifetime ECL credit impaired	(62 808)	(29 460)	92 268	-
Net movement in financial assets	40 332 790	106 491	298 553	40 737 834
Balance as at 31 December 2022	**53 536 924**	**1 219 333**	**521 926**	**55 278 183**
	-	-	-	
Loss allowance analysis				
At 1 January 2022	1 168 375	62 544	186 090	1 417 009
- ECL – Loans, advances & guarantees	1 117 060	62 544	186 090	1 365 694
- Guarantees and facilities approved not drawn down	(25 960)	-	-	(25 960)
- ECL – Investment securities	51 408	-	-	51 408
- ECL – Interbank placements	25 867	-	-	25 867
Monetary adjustment	535 295	287 610	-	822 905
Transfers	(16 118)	17 853	(1 735)	-
- to 12 month ECL	15 533	(12 551)	(2 982)	-
- to lifetime ECL not credit impaired	(30 862)	31 944	(1 082)	-
- to lifetime ECL credit impaired	(789)	(1 540)	2 329	-
Net increase/(decrease) in ECL	66 427	98 075	167 696	332 198
Loans and advances	67 464	101 372	162 786	331 623
Guarantees and facilities approved not drawn down	15 223	-	-	15 223
Investment securities	46 218	693	15 672	62 583
Interbank placements	(62 478)	(3 990)	(10 763)	(77 231)
Bad debts written off	-	-	-	-
Revaluation exchange on loans and advances ECL	(822 905)	-	-	(822 905)
Balance as at 31 December 2022	**931 074**	**466 083**	**352 051**	**1 749 207**
Loans and advances	880 796	469 379	347 141	1 697 317
Guarantees and facilities approved not drawn down	(10 737)	-	-	(10 737)
Investment securities	97 626	693	15 672	113 991
Interbank placements	(36 611)	(3 990)	(10 763)	(51 364)
	931 074	**466 083**	**352 051**	**1 749 207**

	Inflation Adjusted			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2021	21 777 096	140 024	36 840	21 953 960
Monetary adjustment	(13 204 404)	(88 137)	(23 189)	(13 315 730)
Transfers	(736 992)	447 300	289 692	-
- to 12 months to ECL	180 336	(165 696)	(14 639)	1
- to lifetime ECL not credit impaired	(630 425)	631 103	(679)	(1)
- to lifetime ECL credit impaired	(286 903)	(18 107)	305 010	-
Net movement in financial assets	34 984 863	154 222	155 384	35 294 469
Balance as at 31 December 2021	**42 820 563**	**653 409**	**458 727**	**43 932 699**
Loss allowance analysis				
At 1 January 2021	755 067	50 861	38 282	844 210
- ECL – Loans, advances & guarantees	715 295	50 861	38 282	804 438
- Guarantees and facilities approved not drawn down	10 943	-	-	10 943
- ECL – Investment securities	23 097	-	-	23 097
- ECL – Interbank placements	5 732	-	-	5 732
Monetary adjustment	(296 429)	989	(18 080)	(313 520)
Transfers	(139 931)	34 303	105 628	-
- to 12 month ECL	2 404	(2 354)	(50)	-
- to lifetime ECL not credit impaired	(52 665)	52 720	(55)	-
- to lifetime ECL credit impaired	(89 670)	(16 063)	105 733	-
Net increase/(decrease) in ECL	816 240	(23 609)	60 260	852 891
Loans and advances	804 697	(23 609)	60 260	841 348
Guarantees and facilities approved not drawn down	(36 903)	-	-	(36 903)
Investment securities	28 311	-	-	28 311
Interbank placements	20 135	-	-	20 135
Bad debts written off	-	-	-	-
Revaluation exchange on loans and advances ECL	33 428	-	-	33 428
Balance as at 31 December 2021	**1 168 375**	**62 544**	**186 090**	**1 417 009**
Loans and advances	1 117 060	62 544	186 090	1 365 694
Guarantees and facilities approved not drawn down	(25 960)	-	-	(25 960)
Investment securities	51 408	-	-	51 408
Interbank placements	25 867	-	-	25 867
	1 168 375	**62 544**	**186 090**	**1 417 009**

16.3.4. Loans to officers and executive directors

	Inflation Adjusted		Historical Cost	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Included in advances and other accounts (note 20) are loans to officers:-				
At 1 January	267 258	357 878	77 745	64 768
Monetary adjustment	(269 574)	(148 185)	-	-
Net additions during the year	178 164	57 565	98 103	12 977
	175 848	267 258	175 848	77 745
Expected credit loss allowance on loans to officers	-	-	-	-
	175 848	**267 258**	**175 848**	**77 745**

17. OTHER ASSETS

	Inflation Adjusted		Historical Cost	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Services deposits*	2 366 005	1 912 339	2 366 005	556 301
Prepayments and stocks**	75 010	825 176	100 682	204 784
Collateral repossessions***	3 923 843	-	3 923 843	-
Other receivables****	2 477 774	6 830 129	2 113 799	1 504 269
	8 842 631	**9 567 644**	**8 504 329**	**2 265 354**

* Service deposits relate to amounts pledged as collateral for VISA and the RTGS accounts.
** Prepayments and stocks are in respect of services, utilities and consumables for the Group.
*** Collateral repossession assets are in relation to a commodity which the Group holds for sale as part of collateral exercise
**** Included in other receivables is ZWL 2 996 645 017 (2021: ZWL1 507 838 292) placed with the RBZ for the facilitation of legacy debts settlement in terms of regulatory directives. Nil impairment has been recognised. During the month of March 2023 an equivalent US$ Treasury Bills have been issued to the Bank by Government in lieu of the deposit.

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18. INTANGIBLE ASSETS

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL '000	31 Dec 2021 ZWL '000	31 Dec 2022 ZWL '000	31 Dec 2021 ZWL '000
Cost				
Balance 1 January 2021	1 226 159	1 226 159	9 122	9 122
Inflation adjustment	1 027 386	1 027 386		
Acquisitions	53 850	53 850	12 139	12 139
Balance at 31 December 2021	**2 307 395**	**2 307 395**	**21 261**	**21 261**
Acquisitions	15 714	15 714	14 133	14 133
Balance at 31 December 2022	**2 323 109**	**2 323 109**	**35 394**	**35 394**
Accumulated amortisation				
Balance 1 January 2021	1 029 950	1 029 950	4 988	4 988
Amortisation for the year	12 712	12 712	2 865	2 865
Balance at 31 December 2021	**1 042 662**	**1 042 662**	**7 853**	**7 853**
Amortisation for the year	289 691	289 691	4 395	4 395
Balance at 31 December 2022	**1 332 353**	**1 332 353**	**12 248**	**12 248**
Carrying amount				
At 31 December 2022	990 757	990 757	23 147	23 147
At 31 December 2021	**1 264 733**	**1 264 733**	**13 409**	**13 409**

19. PROPERTY AND EQUIPMENT

	Inflation Adjusted						
	Capital work in progress	Computers	Motor Vehicles	Furniture & Equipment	Right of Use Assets**	Freehold Land & Buildings*	Total
	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000
Cost/Revaluation amount							
At 1 January 2021	2 379 404	2 394 559	250 494	1 272 192	597 559	8 051 892	14 946 100
Additions	201 991	251 506	-	83 095	-	-	536 592
Remeasurement – Right of use assets	-	-	-	-	142 891	-	142 891
Capitalisations	(92 688)	-	-	-	-	92 688	-
Revaluations	-	-	-	-	-	1 722 254	1 722 254
Disposals	-	(2 630)	(14 095)	-	-	-	(16 725)
At 31 December 2021	**2 488 707**	**2 643 435**	**236 399**	**1 355 287**	**740 450**	**9 866 834**	**17 331 112**
Additions	1 056 283	978 623	350 713	126 460	-	-	2 512 079
Remeasurement – Right of use assets	-	-	-	-	844 868	-	844 868
Capitalisations	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	714 046	714 046
Disposals	-	(952)	(17 122)	-	-	-	(18 074)
At 31 December 2022	**3 544 990**	**3 621 106**	**569 990**	**1 481 747**	**1 585 318**	**10 580 880**	**21 384 031**
Accumulated depreciation							
At 1 January 2021	**-**	**1 349 771**	**206 520**	**911 171**	**137 977**	**84 152**	**2 689 591**
Charge for the year – Property and equipment	-	78 074	2 275	35 999	-	292	116 640
Charge for period – Right of use assets	-	-	-	-	170 109	-	170 109
Disposals	-	(2 630)	(14 095)	-	-	-	(16 725)
At 31 December 2021	**-**	**1 425 215**	**194 700**	**947 170**	**308 086**	**84 444**	**2 959 615**
Charge for the year – Property and equipment	-	418 649	57 326	115 527	-	4 712	596 213
Charge for period – Right of use assets	-	-	-	-	262 154	-	262 154
Remeasurement – Right of use assets	-	-	-	-	-	-	-
Disposals	-	(952)	(17 122)	-	-	-	(18 074)
At 31 December 2022	**-**	**1 842 913**	**234 903**	**1 062 697**	**570 240**	**89 156**	**3 799 908**
Carrying amount							
At 31 December 2022	3 544 990	1 778 194	335 087	419 051	1 015 078	10 491 724	17 584 123
						(0)	
At 31 December 2021	2 488 707	1 218 220	41 699	408 117	432 364	9 782 390	14 371 497

*Assets measured using the revaluation model
** Right-of-Use Assets recognised in respect of leased properties in which the Group is a lessee. The Right-of-Use Assets are depreciated over the shorter of the lease term including extension options where the Group is certain to exercise such and the useful life of the underlying asset.

	Historical Cost*						
	Capital work in progress	Computers	Motor Vehicles	Furniture & Equipment	Right of Use Assets**	Freehold Land & Buildings*	Total
	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000
Cost/Revaluation amount							
At 1 January 2021	8 615	83 148	3 392	44 827	33 330	1 457 224	1 630 536
Additions	49 832	55 340	-	18 148	-	-	123 320
Remeasurement – Right of use assets	-	-	-	-	61 811	-	61 811
Capitalisations	(24 265)	-	-	-	-	24 265	-
Disposals	-	(695)	(63)	-	-	-	(758)
Revaluations	-	-	-	-	-	1 408 660	1 408 660
At 31 December 2021	**34 182**	**137 793**	**3 329**	**62 975**	**95 141**	**2 890 149**	**3 223 569**
Additions	1 056 283	740 557	263 968	101 967	-	-	2 162 776
Remeasurement – Right of use assets	-	-	-	-	277 945	-	277 945
Capitalisations	-	-	-	-	-	-	-
Disposals	-	(331)	(76)	-	-	-	(407)
Revaluations	-	-	-	-	-	7 749 051	7 749 051
At 31 December 2022	**1 090 465**	**878 019**	**267 221**	**164 942**	**373 086**	**10 639 200**	**13 412 932**
Accumulated depreciation							
At 1 January 2021	-	10 044	1 200	5 993	9 891	15 230	42 358
Charge for the year – Property and equipment	-	22 699	662	10 872	-	29 216	63 449
Charge for period – Right of use assets	-	-	-	-	37 881	-	37 881
Disposals	-	-	-	-	15 145	-	15 145
	-	(695)	(63)	-	-	-	(758)
At 31 December 2021	-	32 048	1 799	16 865	62 917	44 446	158 075
Charge for the year – Property and equipment	-	77 470	20 885	16 965	-	103 029	218 350
Charge for period – Right of use assets	-	-	-	-	71 926	-	71 926
Remeasurement – Right of use assets	-	-	-	-	(35 200)	-	(35 200)
Disposals	-	(44)	(76)	-	-	-	(120)
At 31 December 2022	**-**	**109 475**	**22 608**	**33 830**	**99 643**	**147 475**	**413 030**
Carrying amount							
At 31 December 2022	1 090 465	768 545	244 612	131 113	273 443	10 491 724	12 999 902
At 31 December 2021	34 182	105 745	1 530	46 110	32 224	2 845 703	3 065 493

20. INVESTMENT PROPERTIES

	Inflation Adjusted		Historical Cost	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
GROUP				
At 1 January	12 093 934	9 136 396	3 518 133	1 653 496
Additions	3 848 480	197 741	2 764 347	44 577
Disposals	(154 855)	(104 271)	(45 050)	(23 505)
Fair value gains	6 830 600	2 864 068	16 380 731	1 843 565
At 31 December	**22 618 160**	**12 093 934**	**22 618 161**	**3 518 133**

Investment properties comprise commercial properties and residential properties that are leased out to third parties and land held for future development. No properties were encumbered.

Rental income amounting to ZWL 151 565 630 (2021: ZWL 47 699 896) was received and no operating expenses were incurred on the leased investment properties in the current year due to the net leasing arrangement on the properties.

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

Measurement of fair value

Fair value hierarchy

The fair value of the Bank's investment properties as at 31 December 2022 has been arrived at on the basis of valuations carried out by independent professional valuers, Integrated Properties 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.

Level 3

The fair value for investment properties of ZWL 22 618 160 000 (2021: ZWL 12 093 934 000) has been categorised under level 3 in the fair value hierarchy based on the inputs used for the valuation technique described below.

21. NON-CURRENT ASSETS HELD FOR SALE

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL '000	31 Dec 2021 ZWL '000	31 Dec 2022 ZWL '000	31 Dec 2021 ZWL '000
Balance at 1 January	-	-	-	-
Additions during the year	380 629	-	380 629	-
Monetary adjustment	-	-	-	-
Reclassification from/(to) investment property	-	-	-	-
Balance at 31 December	**380 629**	**-**	**380 629**	**-**

The non-current assets held for sale comprise of immovable property, and other qualifying assets which the bank used to hold as part of collateral for loans and advances and have now been recovered from customers for borrowings from the bank. The Bank is in the process of realising these assets. During the year there no transfers from non-current assets held for sale to the Bank's fixed assets portfolio.

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22. CONTINGENT LIABILITIES

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
GROUP				
Guarantees	742 746	962 327	742 746	279 941
Facilities approved but not drawn down	-	223 183	-	64 924
Expected credit losses on facilities approved but not drawdown	-	(6 793)	-	(1 976)
Expected credit losses on guarantees	(15 223)	(5 985)	(15 223)	1 741
Balance at 31 December	**727 523**	**1 172 732**	**727 523**	**344 630**

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 specified acts. Guarantees carry the same credit risk as loans and advances to customers.

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

23. EXCHANGE RATES

The Group continues to access its various credit lines including the receipt of USD3.5 Million and ZWL2 Billion from some of its lenders. There were no other material events after the reporting date which could significantly affect the consolidated financial statements of the Group.

During the month of March 2023, US$4 196 264.00 Treasury Bills at 0% coupon were received by the Bank in lie of the RBZ deposit in relation to Swedfund(One of the Group's off shore creditors). This is part of the Government's legacy debt framework.

		31-Dec-22 Mid - rate ZWL	31-Dec-21 Mid - rate ZWL
United States Dollar	USD	684.3339	108.6660
British Sterling	GBP	824.7971	146.6994
South African Rand	ZAR	15.9250	15.9250
European Euro	EUR	123.0211	123.0211
Botswana Pula	BWP	9.2264	9.2264

24. EVENTS AFTER THE REPORTING PERIOD

The Group continues to access its various credit lines including the receipt of USD3.5 Million and ZWL2 Billion from some of its lenders. There were no other material events after the reporting date which could significantly affect the consolidated financial statements of the Group.

During the month of March 2023, US$4 196 264.00 Treasury Bills at 0% coupon were received by the Bank in lie of the RBZ deposit in relation to Swedfund (One of the Group's off shore creditors). This is part of the Government's legacy debt framework.

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Inflation Adjusted		Historical Cost*	
		31-Dec 2022 ZWL '000	31-Dec 2021 ZWL '000	31-Dec 2022 ZWL '000	31-Dec 2021 ZWL '000
Interest income		21 070 430	10 798 064	15 800 168	2 568 881
Interest expense		(6 184 379)	(3 010 024)	(4 477 951)	(739 071)
Net interest income		14 886 051	7 788 040	11 322 216	1 829 810
Fee and commissions income		15 343 491	12 449 215	10 705 516	2 927 160
Net foreign exchange gains		3 819 011	538 676	4 048 386	76 799
Revenue		34 048 554	20 775 932	26 076 118	4 833 769
Other income	a	8 072 530	3 206 817	17 937 925	2 107 419
Operating income		42 121 083	23 982 749	44 014 044	6 941 188
Operating expenditure	b	(19 304 354)	(12 009 028)	(13 872 200)	(2 810 691)
Operating income before impairment charge and loss on net monetary position		22 816 729	11 973 721	30 141 844	4 130 497
Impairment losses on financial assets measured at amortised cost		(1 191 393)	(852 892)	(1 191 393)	(248 107)
Loss on net monetary position		(6 029 492)	(1 525 215)	-	-
Profit before tax		**15 595 844**	**9 595 614**	**28 950 450**	**3 882 390**
Taxation		(4 068 542)	(3 074 588)	(3 509 130)	(912 597)
Profit for the period		11 527 302	6 521 026	25 441 320	2 969 793
Other comprehensive income					
Revaluation gains on land and buildings, net of tax**	c	537 391	1 296 169	5 833 685	848 731
Total comprehensive income for the period		**12 064 693**	**7 817 196**	**31 275 005**	**3 818 524**
Earnings per share (ZWL cents) - Basic	d	69 837	39 507	154 133	17 992

* The Historical Cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies". The Auditors have not expressed an opinion on the Historical Cost information.
** The revaluation gains on land and buildings will not recycled into profit or loss in the subsequent reporting period. It will however be recycled through equity.

STATEMENT OF FINANCIAL POSITION

	Note	Inflation Adjusted		Historical Cost*	
		31-Dec 2022 ZWL '000	31-Dec 2021 ZWL '000	31-Dec 2022 ZWL '000	31 Dec 2021 ZWL
SHAREHOLDER'S FUNDS					
Share capital	e	4 013	4 013	17	17
Share Premium		7 114 764	7 114 764	31 475	31 475
Functional currency translation reserve		1 588 744	1 588 744	11 620	11 620
Revaluation reserve		5 525 321	4 987 930	7 749 682	1 915 997
Employee share option reserve		254 350	-	128 073	-
Retained earnings		27 783 506	16 556 204	30 254 039	5 112 719
Total shareholders' funds		**42 270 698**	**30 251 655**	**38 174 906**	**7 071 828**
LIABILITIES					
Deposits		53 426 931	35 831 854	53 426 931	10 423 510
Other liabilities		12 092 185	9 456 551	12 092 185	2 750 917
Borrowings		21 276 250	20 331 975	21 276 250	5 914 585
Current tax liabilities		(43 972)	811 700	(43 972)	236 124
Deferred tax liabilities		5 420 831	3 440 135	3 964 790	741 557
Subordinated term loan		926 323	766 979	926 323	223 115
Amount owing to Holding company		(212 009)	7 367	(212 009)	2 143
Total liabilities		**92 886 540**	**70 646 562**	**91 430 499**	**20 291 951**
Total shareholder's funds and liabilities		**135 157 238**	**100 898 216**	**129 605 405**	**27 363 779**
ASSETS					
Cash and cash equivalents	f	21 538 825	16 748 886	21 538 825	4 872 262
Investment securities		16 754 167	13 786 267	16 754 167	4 010 435
Loans and advances		46 531 191	32 939 785	46 531 190	9 582 192
Other assets		8 504 329	9 567 644	8 504 329	2 265 354
Assets held for sale		380 629	-	380 629	-
Trade and other investments		255 056	125 470	255 056	36 500
Investment properties		22 618 160	12 093 934	22 618 160	3 518 133
Intangible assets	g	990 757	1 264 733	23 147	13 408
Property and equipment		17 584 123	14 371 496	12 999 902	3 065 494
Total Assets		**135 157 238**	**100 898 216**	**129 605 405**	**27 363 779**

* The Historical Cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies".

STATEMENT OF CHANGES IN EQUITY

Inflation Adjusted	Share Capital	Share Premium	Functional Currency Translation Reserve	Revaluation Reserve	Share Option Reserve	Retained Earnings	Total
Balance as at 1 January 2021	4 013	7 114 764	1 588 744	3 691 761	-	10 035 178	22 434 460
Profit for the period	-	-	-	-	-	6 521 026	6 521 026
Revaluation gains on land and buildings, net of tax**	-	-	-	1 296 169	-	-	1 296 169
Balance at 31 December 2021	**4 013**	**7 114 764**	**1 588 744**	**4 987 930**	**-**	**16 556 204**	**30 251 655**
Profit for the period	-	-	-	-	-	11 527 302	11 527 302
Dividends declared	-	-	-	-	-	(300 000)	(300 000)
Employee scheme - value of employee services	-	-	-	-	254 350	-	254 350
Revaluation gains on land and buildings, net of tax**	-	-	-	537 391	-	-	537 391
Balance at 31 December 2022	**4 013**	**7 114 764**	**1 588 744**	**5 525 321**	**254 350**	**27 783 506**	**42 270 698**

Historical Cost	Share Capital	Share Premium	Functional Currency Translation Reserve	Revaluation Reserve	Share Option Reserve	Retained Earnings	Total
Balance as at 1 January 2021	17	31 475	11 620	1 067 266	-	2 142 926	3 253 304
Profit for the period	-	-	-	-	-	2 969 793	2 969 793
Revaluation gains on land and buildings, net of tax**	-	-	-	848 731	-	-	848 731
Balance at 31 December 2021	**17**	**31 475**	**11 620**	**1 915 997**	**-**	**5 112 719**	**7 071 828**
Profit for the period	-	-	-	-	-	25 441 320	25 441 320
Dividends declared	-	-	-	-	-	(300 000)	(300 000)
Employee scheme - value of employee services	-	-	-	-	128 073	-	128 073
Revaluation gains on land and buildings, net of tax**	-	-	-	5 833 685	-	-	5 833 685
Balance at 31 December 2022	**17**	**31 475**	**11 620**	**7 749 682**	**128 073**	**30 254 039**	**38 174 906**

* The Historical Cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies".

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STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES	Inflation Adjusted		Historical Cost*	
	31-Dec 2022 ZWL '000	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Profit before taxation	15 595 844	9 595 614	28 950 450	3 882 390
Non-cash items:				
- Net monetary (Loss)/Gain	6 029 492	1 525 215	-	-
- Depreciation(excluding right of use assets)	608 925	290 370	222 437	65 922
- Depreciation –Right of use assets	262 154	170 109	71 926	38 606
- Amortisation of intangible assets	289 691	12 711	4 395	2 865
- Impairment losses on financial assets measured at amortised costs	332 198	852 892	1 191 393	248 107
- Sundry income - non -cash	(1 189 691)	-	(1 189 691)	-
- Investment properties fair value gains	(6 830 600)	(2 864 068)	(16 380 731)	(1 843 565)
- Trade and other investments fair value gains adjustment	(118 074)	(37 460)	(218 556)	(8 445)
- Profit on disposal of property and equipment	(1 415)	(2 002)	(1 803)	(462)
- Loss/(profit) on disposal of investment properties	34 152	(23 384)	(26 722)	(5 788)
- Dividend received	-	87 022	-	17 177
- Non-cash employee benefits expense – share-based payments	254 350	-	128 073	-
- Unrealised foreign exchange gain	(4 689 059)	(378 387)	(4 689 059)	(110 073)
Operating cash flows before changes in operating assets and liabilities	**10 577 966**	**9 228 632**	**8 062 111**	**2 286 735**
Changes in operating assets and liabilities				
Increase/(decrease) in deposits	17 374 987	11 130 494	42 789 270	5 953 080
Increase/(decrease) in other liabilities	2 335 634	7 488 591	9 041 268	2 394 757
(Increase)/decrease in loans and advances	(18 978 681)	(19 198 480)	(42 196 512)	(7 302 019)
(Increase)/decrease in other assets	(1 489 658)	(1 590 880)	(7 793 984)	(821 727)
Net cash generated/(used) from operations	9 820 247	7 058 357	9 902 152	2 510 826
Taxation				
Corporate tax paid	(2 965 639)	(1 847 201)	(2 472 504)	(505 915)
Net cash inflow/(outflow) from operations	6 854 608	5 211 156	7 429 648	2 004 911
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of intangible assets	(15 714)	(53 850)	(14 133)	(12 139)
Disposal/(Acquisition) of investment securities	(16 544 014)	(12 991 063)	(6 143 914)	(2 928 614)
Proceeds on disposal of property and equipment	37 563	35 452	1 515	462
Acquisition of trade and other investments	-	(87 022)	-	(17 177)
Acquisition of property and equipment	(2 512 079)	(536 591)	(2 162 776)	(123 319)
Proceeds on disposal of investment properties	155 843	144 995	134 369	34 553
Acquisition of investment properties	(3 848 480)	(197 741)	(2 764 347)	(44 577)
Net cash (used)/generated in investing activities	(22 726 881)	(13 685 820)	(10 949 286)	(3 090 811)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of lease liabilities	(66 271)	(206 672)	(70 173)	(46 591)
Repayments of borrowings	(330 841)	-	(322 394)	-
Increase in borrowings	2 464 807	11 575 101	16 873 751	4 329 774
Net cash outflow from financing activities	**2 067 696**	**11 368 429**	**16 481 184**	**4 283 183**
Net (decrease)/increase in cash and cash equivalents	(13 804 577)	2 893 765	12 961 545	3 197 284
Net foreign exchange and monetary adjustments on cash and cash equivalents	18 594 517	2 999 517	3 705 016	3 197 284
Cash and cash equivalents at beginning of the year	16 748 886	10 855 604	4 872 263	1 964 637
Cash and cash equivalents at the end of the year	**21 538 825**	**16 748 886**	**21 538 825**	**4 872 263**
ADDITIONAL INFORMATION ON OPERATING CASH FLOWS FROM INTEREST				
Interest received	21 070 430	10 798 064	15 800 168	2 568 881
Interest paid (including interest on lease liabilities)	(6 184 379)	(3 010 024)	(4 477 951)	(739 071)

There are no material differences between the Bank and the Holding company as the Bank is the principal operating subsidiary of the Group. The notes to the financial statements under NMBZ Holdings Limited are therefore the same as those of the Bank in every material respect where applicable.

A) Other income

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Trade and other investments fair value gains	59 037	37 460	218 556	8 445
Profit on disposal of property and equipment	(32 737)	2 002	28 525	462
Fair value gains on investment properties	6 830 600	2 864 066	16 380 730	2 029 063
Profit/(Loss) on disposal of investment properties	-	23 384	-	5 788
Rental income	92 529	59 062	95 645	13 972
Recoveries	8 482	43 474	5 894	10 812
Other operating income	1 114 618	177 368	1 208 575	38 877
	8 072 530	**3 206 816**	**17 937 926**	**2 107 419**

B) OPERATING EXPENDITURE

The net operating income is after charging the following:

	Inflation Adjusted		Historical Cost*	
	31-Dec 2022 ZWL '000	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Administration costs	7 063 138	5 721 286	4 964 614	1 323 532
Audit fees:				
- Current year	159 128	83 006	114 704	20 774
- Prior year	-	-	-	-
Amortisation of intangible assets	289 691	12 711	4 395	2 865
Depreciation (excluding right of use assets)	608 925	290 370	222 437	65 922
Depreciation – right of use assets	262 154	170 109	71 926	38 606
Directors' remuneration	175 916	100 355	129 973	22 665
- Fees for services as directors	165 060	96 363	122 188	21 688
- Services rendered	-	-	-	-
- Expenses	10 856	3 992	7 785	977
Staff costs – salaries, allowances and related costs*	10 745 403	5 631 191	8 364 151	1 336 328
	19 304 354	**12 009 028**	**13 872 200**	**2 810 692**

** Included in Staff costs - salaries, allowances and related costs are employee benefit costs relating share based payments amounting to ZWL 254 354 000 (2021: ZWL nil). The Scheme is administered at Group level for the benefit of the mainly Bank employees.

C) OTHER COMPREHENSIVE INCOME

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Revaluations of land and buildings	670 234	1 616 582	7 749 051	1 058 537
Tax effect	(132 843)	(320 413)	(1 915 366)	(209 806)
	537 391	**1 296 169**	**5 833 685**	**848 731**

D) EARNINGS PER SHARE

The calculation of earnings per share is based on the following figures:

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
d.1. Earnings				
Profit for the year	11 527 302	6 521 026	25 441 320	2 969 793
d.2. Number of shares				
Weighted average shares in issue	16 506 050	16 506 050	16 506 050	16 506 050
d.3. Earnings per share (ZWL cents)				
Basic and diluted	69 837	39 507	154 133	17 992

E. SHARE CAPITAL

E.1. Authorised

The authorised ordinary share capital at 31 December 2022 is at the historical cost figure of ZWL 25 000 (2021 - ZWL 25 000) comprising 25 million ordinary shares of ZWL 0.001 each.

E.2. Issued and fully paid

The issued share capital at 31 December 2022 is at the inflation adjusted figure of ZWL 1 167 413 (2021 restated – ZWL 1 167 413) and historical cost of ZWL 16 506 (2021 – 16 506) comprising 16 506 050 (2021 – 16 506 050) ordinary shares of ZWL 0.001 each in historical cost terms.

F. CASH AND CASH EQUIVALENTS

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Balances with the Central Bank**	6 922 379	3 202 127	6 922 379	931 501
Current, nostro accounts* and cash	14 616 446	11 415 447	14 616 446	3 320 761
Interbank placements	-	2 131 312	-	620 000
Expected Credit loss allowance	-	-	-	-
	21 538 825	**16 748 886**	**21 538 825**	**4 872 262**

* Nostro accounts are foreign domiciled bank accounts operated by the Bank for the facilitation of offshore transactions on behalf of clients.

** Balances with the Central Bank, other banks and cash are used to facilitate customer and the Bank's transactions which include payments and cash withdrawals.

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G) INVESTMENT PROPERTIES

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
At 1 January	12 093 934	9 136 396	3 518 133	1 653 496
Additions	3 848 480	197 741	2 764 347	44 577
Disposals	(154 855)	(104 271)	(45 050)	(23 506)
Fair value gains	6 830 600	2 864 068	16 380 731	1 843 565
At 31 December	**22 618 160**	**12 093 934**	**22 618 161**	**3 518 132**

Investment properties comprise commercial properties and residential properties that are leased out to third parties and land held for future development. No properties were encumbered.

Rental income amounting to ZWL 14 617 316 (2020: ZWL 7 610 897) was received and no operating expenses were incurred on the leased investment properties in the current year due to the net leasing arrangement on the properties.

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

H) CORPORATE GOVERNANCE AND RISK MANAGEMENT

1. RESPONSIBILITY

These condensed financial statements are the responsibility of the directors. This responsibility includes the setting up of internal control and risk management processes, which are monitored independently. The information contained in these condensed financial statements has been prepared on the going concern basis and is in accordance with the provisions of the Companies and Other Business Entities Act (Chapter 24:31), the Banking Act (Chapter 24:20) and International Financial Reporting Standards.

2. CORPORATE GOVERNANCE

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

3. BOARD OF DIRECTORS

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

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

3.1. Directors Attendance Register

NAME OF DIRECTOR		MAIN BOARD	AUDIT	CREDIT	ALCO & FINANCE
No. of Meetings Held		6	6	4	4
B A Chikwanha	I	6	N	4	N
C Chikaura*	I	2	4	2	1
S Chitehwe*	I	3	4	N	2
D Matenga**	I	2	N	N	2
E Chisango***	I	3	2	2	2
G Taputaira	I	6	6	N	N
J Maguranyanga	I	6	5	N	N
C Glover****	NE	6	N	N	4
J Tichelaar	NE	5	N	N	4
J de la Fargue	NE	6	N	4	4
G Gore	E	6	N	4	4
M Chipunza	E	6	N	N	4

NAME OF DIRECTOR		LOANS REVIEW	HUMAN CAPITAL, REMUNERATION & NOMINATIONS	RISK & COMPLIANCE	ICT & DIGITAL
No. of Meetings Held		4	4	4	4
B A Chikwanha	I	N	4	N	4
C Chikaura*	I	N	2	2	N
S Chitehwe*	I	2	N	N	2
D Matenga**	I	2	N	2	2
E Chisango***	I	N	2	N	N
G Taputaira	I	4	N	4	4
J Maguranyanga	I	4	4	4	N
C Glover****	NE	2	2	4	4
J Tichelaar	NE	3	3	N	2
J de la Fargue	NE	N	4	3	N
G Gore	E	4	4	4	4
M Chipunza	E	N	N	N	N

KEY

- N = Not a Member
- I = Independent Non-Executive Director
- NE = Non-Executive Director
- E = Executive Director

* C. Chikaura and S. Chitehwe retired from the Company with effect from 24 June 2022

** D Matenga joined the board with effect from 19 July 2022.

*** E. Chisango joined the board with effect from 26 May 2022.

**** C. Glover stepped down from the Loans Review Committee and became a member of the Human Capital, Remuneration & Nominations Committee in July 2022.

3.2. BOARD COMMITTEES

In order to make the decision-making process more efficient and to support the vision relating to corporate governance, the Board set up the following Committees:

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. Both the internal and external auditors have unrestricted access to the audit committee to ensure their independence and objectivity.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Credit Committee

The Credit Committee's main responsibilities are to consider loan applications beyond the discretionary limits of the Executive Credit Committee and to direct the formulation of, review and monitor the credit principles and policies of the Group. The Chief Banking Officer and Head of Credit Management are invitees and resource persons at every meeting.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

ALCO & Finance

The ALCO & Finance 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 is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Loans Review

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.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Human Capital, Remuneration & 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. The committee is also responsible for the nomination, election and appointment of board members. The group's remuneration policy is to provide remuneration packages that attract and retain high performing individuals. The group's remuneration package is primarily made up of basic salaries, share options and performance related bonuses. The Chief Executive Officer and Head of Human Capital are invitees and resource persons at every meeting.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Risk & Compliance Committee

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

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

ICT & Digital Banking Committee

The IT & Digital Banking Committee provides governance and oversight on the technology-related investments, operations and strategies and their alignment with the Group's overall strategy. It also oversees the Group's technology risk management and security framework and its effectiveness (in conjunction with the Risk & Compliance Committee).

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

4. RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Board Asset and Liability Management Committee (ALCO) and Board Risk and Compliance Committee, which are responsible for defining the Group's risk universe, developing policies and monitoring implementation.

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

a) Strategic Level: This involves risk management functions performed by senior management and the board of directors. It includes the definition of risk, ascertaining the Bank's risk appetite, formulating strategy and policy for managing risk and establishes adequate systems and controls to ensure overall risk remains within acceptable levels and is adequately compensated.
b) Macro Level: It encompasses risk management within a business area or across business lines. These risk management functions are performed by middle management.
c) Micro Level: This involves "On-the-line" risk management where risks are actually created. These are the risk management activities performed by individuals who assume risk on behalf of the organization such as Treasury Front Office, Corporate Banking, Retail banking 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.

4.1. 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 Bank'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 independence and effective management of credit risk. 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 Bank has in place a Board Loans Review Committee responsible for reviewing the quality of the loan book and adequacy or loan loss provisions.

The Bank has automated credit processes from loan origination, appraisal, monitoring and collections. The system has a robust loan monitoring and reporting module which is critical in managing credit risk. In view of the Bank's move into the mass market, retail credit has become a key area of focus. The Bank has put in place robust personal loan monitoring systems and structures to mitigate retail loan delinquencies.

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 maximises recoveries from Non-Performing Loans (NPLs) and loans and advances written off.

4.2. 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

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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 per currency are contained within 5% of the Group's capital position.

Management 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 2021.

4.3. 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 bank 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. The group monitors funding concentration risk by reviewing the ratio of top 20 depositors to the total funding. Funding mix is also monitored by monitoring the contribution of wholesale and demand deposits to the total funding for the bank. Liquidity risk is monitored through a daily liquidity reports produced by the Risk Management department. This is augmented by a monthly management ALCO and a quarterly board ALCO meetings.

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.

4.4. Operational risk

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

4.5. Legal and compliance risk

Legal risk is risk from uncertainty due to legal actions or uncertainty in the applicability or interpretation of contracts, laws or regulations. Legal risk may entail such issues as contract formation, capacity and contract frustration. Compliance risk is the risk arising from non - compliance with laws and regulations. To manage this risk, permanent relationships are maintained with firms of legal practitioners and access to legal advice is readily available to all departments. The Bank has an independent compliance function which is responsible for identifying and monitoring all compliance issues and ensures the Bank complies with all regulatory and statutory requirements.

During the period under review, the bank complied with all regulations including the Banking Regulations 2000 as well as the Banking Act Chapter 24:03. However, it was penalized for the late publication of financial results (ZWL 420 000), violation of exchange control rules and regulations (ZWL 106 652) and (USD 25 204.22). The Bank has put in place measures to avoid non-compliance in future.

4.6. Reputational risk

Reputation risk is the risk of loss of business as a result of negative publicity or negative perceptions by the market with regards to the way the Bank conducts its business. To manage this risk, the Bank strictly monitors customers' complaints, continuously train staff at all levels, conducts market surveys and periodic reviews of business practices through its Internal Audit department. The directors are satisfied with the risk management processes in the Bank as these have contributed to the minimisation of losses arising from risky exposures.

4.7. Strategic risk

This refers to current and prospective impact on a Bank's earnings and capital arising from adverse business decisions or implementing strategies that are not consistent with the internal and external environment. To manage this risk, the Bank always has a strategic plan that is adopted by the Board of Directors. Further, attainment of strategic objectives by the various departments is monitored periodically at management level.

4.8. Risk Ratings

4.8.1. Reserve Bank of Zimbabwe Ratings

The Reserve Bank of Zimbabwe conducted an onsite inspection on the Group's banking subsidiary on 24 June 2021. Below are the final ratings from the onsite examination.

4.8.1.1. CAMELS* Ratings

CAMELS Component	Latest RBS** Ratings 30/06/21	Previous RBS Ratings 24/11/2016	Previous RBS Ratings 30/06/2013	Previous RBS Ratings 31/01/2008
Capital Adequacy	2	2	2	4
Asset Quality	2	3	4	2
Management	2	3	3	3
Earnings	2	2	2	3
Liquidity	2	3	2	3
Sensitivity to Market Risk	2	2	2	3
Composite Rating	2	3	3	3

* 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.

4.8.1.2. Summary RAS ratings

RAS Component	Latest RBS** Ratings 30/06/21	Previous RBS Ratings 24/11/2016	Previous RBS Ratings 30/06/2013	Previous RBS Ratings 31/01/2008
Overall Inherent Risk	Moderate	High	High	High
Overall Risk Management Systems	Acceptable	Acceptable	Acceptable	Acceptable
Overall Composite Risk	Moderate	Moderate	Moderate	Moderate
Direction of Overall Composite Risk	**Stable**	**Stable**	**Stable**	**Stable**

*** RAS stands for Risk Assessment System.

4.8.1.3. Summary risk matrix – 30 June 2021 on - site examination

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

KEY

High	Moderate/Acceptable	Low

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.

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.

4.8.2. External Credit Ratings

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

Security Class	2022	2021	2020
Long Term	BB+	BB+	-

The 2020 rating which was due to expire in August 2020 was withdrawn by GCR on 23 June 2020 following the Bank's waiver of external ratings. The Bank waived the 2020/2021 external ratings in line with a general dispensation extended by the Reserve Bank of Zimbabwe due to the COVID-19 pandemic.

The 2021/2022 external ratings were obtained during the month of February 2022 with a long term rating of BB+.

4.9. Regulatory Compliance

The Group has generally complied with all regulatory requirements that govern its operations. In line with its capital preservation strategy, the Bank is holding a portfolio of investment property under authorization from the Reserve Bank of Zimbabwe.

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5. CAPITAL MANAGEMENT

5.1. Holding company

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

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

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

	Inflation Adjusted		Historical Cost*	
	2022 ZWL '000	2021 ZWL '000	2022 ZWL '000	2021 ZWL '000
Share capital	4 013	4 013	17	17
Share premium	7 114 764	7 114 764	31 475	31 475
Retained earnings	27 783 506	16 556 204	30 254 039	5 112 719
Functional currency translation reserve	1 588 744	1 588 744	11 620	11 620
	36 491 027	25 263 725	30 297 151	5 155 831
Less: capital allocated for market and operational risk	(5 135 505)	(1 035 501)	(5 135 505)	(187 404)
Tier 1 capital	31 355 522	24 228 224	25 161 647	4 968 427
Tier 2 capital (subject to limit as per Banking Regulations)	3 391 719	3 262 273	8 688 013	1 420 672
Fair valuation gains on land and buildings	537 391	1 296 169	5 833 685	848 731
Subordinated debt	926 323	766 979	926 323	223 115
Stage 1 & 2 ECL provisions – (limited to 1,25% of risk weighted asset	1 928 005	1 199 125	1 928 005	348 826
Tier 1 & 2 capital	34 747 241	27 490 497	33 849 660	6 389 099
Tier 3 capital (sum of market and operational risk capital)	5 135 505	1 035 501	5 135 505	187 404
Total capital base	**39 882 746**	**28 525 998**	**38 985 164**	**6 576 503**
Total risk weighted assets	**154 240 369**	**83 054 572**	**154 240 369**	**24 160 630**
Tier 1 ratio	20.33%	29.17%	16.31%	20.56%
Tier 2 ratio	2.20%	3.93%	5.63%	5.88%
Tier 3 ratio	3.33%	1.25%	3.33%	0.78%
Total capital adequacy ratio	25.86%	34.35%	25.28%	27.22%
RBZ minimum required	12.00%	12.00%	12.00%	12.00%

6. SEGMENT INFORMATION

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

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.
Digital Banking	Handles the Bank's Digital Banking products including Card and POS services.
Other	Includes other items like real estate, head office related transactions and developing business lines for the Group

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 Group's total revenue in 2022 or 2021.

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

	Inflation Adjusted						
	Consumer Banking & Value Added Services ZWL '000	Business Banking ZWL '000	Treasury Banking ZWL '000	International Banking ZWL '000	Digital Banking ZWL '000	Other ZWL '000	Total ZWL '000
Inflation adjusted							
For the year ended 31 December 2022							
Income							
Third party income	9 584 292	15 354 372	3 198 911	633 582	7 279 726	12 257 091	48 307 974
Interest and similar expense	(1 265 257)	(2 026 986)	(422 300)	(83 641)	-	(2 578 260)	(6 376 444)
	8 319 035	13 327 386	2 776 612	549 940	7 279 726	9 678 831	41 931 531
Net operating income							
Other material non-cash items							
Impairment losses on financial assets measured at amortised cost	(203 536)	(128 422)	(239)	-	-	1 697 892	1 365 694
Depreciation of property and equipment	(78 542)	(1 722)	(42)	(351)	(43 013)	(94 680)	(218 350)
Depreciation of right of use assets	-	-	-	-	-	(71 925)	(71 925)
Amortisation of intangible assets	-	-	-	-	-	(289 691)	(289 691)
Segment profit/(loss)	**3 188 396**	**5 107 922**	**1 064 178**	**228 563**	**2 790 065**	**3 690 556**	**16 069 679**
Income tax charge	-	-	-	-	-	(4 068 542)	(4 068 542)
Revaluation of land and buildings, net of tax	-	-	-	-	-	-	537 534
Total comprehensive income for the year	3 188 396	5 107 922	1 064 178	228 563	2 790 065	(377 986)	12 538 671
As at 31 December 2022							
Assets and liabilities							
Capital expenditure (property and equipment and intangible assets)	-	-	-	-	-	-	-
Total assets	**21 553 869**	**34 053 990**	**19 582 797**	**6 635 472**	**720 413**	**52 747 112**	**135 293 652**
Total liabilities	**37 799 907**	**26 756 481**	**17 178 293**	**2 530 306**	**-**	**7 439 496**	**91 704 483**

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

	Inflation Adjusted						
	Consumer Banking & Value Added Services ZWL '000	Business Banking ZWL '000	Treasury Banking ZWL '000	International Banking ZWL '000	Digital Banking ZWL '000	Other ZWL '000	Total ZWL '000
Inflation adjusted							
For the year ended 31 December 2021							
Income							
Third party income	4 256 817	6 355 799	1 239 094	470 664	3 683 905	(3 440 546)	12 565 733
Interest and similar expense	(675 672)	(1 009 865)	(153 427)	(287 074)	-	(932 566)	(3 058 604)
	3 581 145	5 345 934	1 085 667	183 590	3 683 905	(4 373 112)	9 507 129
Net operating income							
Other material non-cash items							
Impairment losses on financial assets measured at amortised cost	(471 586)	(360 101)	(21 205)	-	-	-	(852 892)
Depreciation of property and equipment	(22 869)	(141)	(103)	(65)	-684	(92 778)	(116 640)
Depreciation of right of use assets	-	-	-	-	-	(9 891)	(9 891)
Amortisation of intangible assets	-	-	-	-	-	(12 712)	(12 712)
Segment profit/(loss)	**3 220 673**	**4 808 746**	**1 085 667**	**183 525**	**1 501 987**	**(1 293 467)**	**9 507 131**
Income tax charge	-	-	-	-	-	(3 074 588)	(3 074 588)
Revaluation of land and buildings, net of tax	-	-	-	-	-	1 296 513	1 296 513
Total comprehensive income for the year	3 220 673	4 808 746	1 085 667	183 525	1 501 987	(3 071 542)	7 729 056
As at 31 December 2021							
Assets and liabilities							
Capital expenditure (property and equipment and intangible assets)	351 394	23 503	-	3 143	50 991	283 547	712 578
Total assets	**16 075 588**	**25 398 591**	**14 605 497**	**4 948 954**	**537 308**	**39 340 539**	**100 906 477**
Total liabilities	**28 804 154**	**20 388 881**	**13 090 143**	**1 928 135**	**-**	**5 669 019**	**69 880 332**

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7. GEOGRAPHICAL INFORMATION

The Bank operates in one geographical market, Zimbabwe.

SECRETARY AND REGISTERED OFFICE

Company Secretary: V. T. MUTANDWA

Registered Offices

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