NMBZ HOLDINGS LIMITED

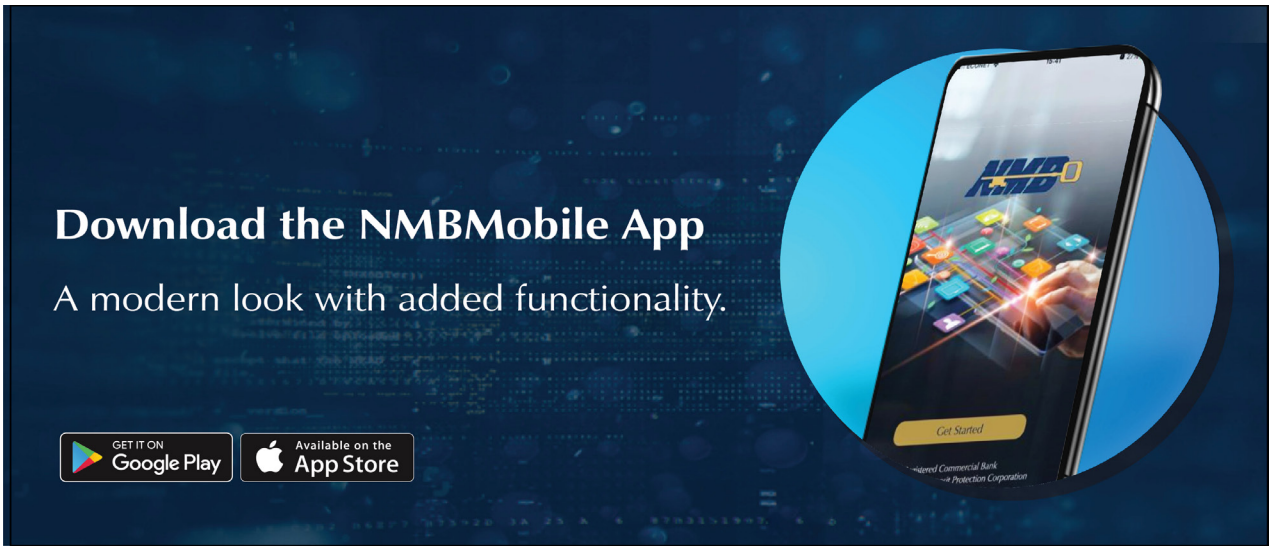
ANNUAL REPORT

2019



NMBZ HOLDINGS LIMITED

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FINANCIAL SUMMARY

	← Inflation adjusted →		← Historical Cost →	
	31 December 2019	**31 December 2018 Restated**	**31 December 2019**	**31 December 2018**
Total income (ZWL)	730 833 973	611 321 454	464 285 244	74 740 671
Operating profit before impairment charge and loss on net monetary position (ZWL)	438 598 399	249 655 920	341 453 654	31 155 227
Total comprehensive income (ZWL)	256 774 708	94 784 934	473 463 396	21 267 632
Basic earnings per share (ZWL cents)	21.05	24.24	71.56	5.43
Total deposits (ZWL)	1 191 079 845	2 701 740 776	1 191 079 845	434 957 949
Total gross loans and advances (ZWL)	533 110 289	1 629 493 700	533 110 289	262 335 026
Total shareholders' funds and shareholders' liabilities (ZWL)	707 853 329	514 858 707	579 169 046	79 962 313

Enquiries:

NMBZ HOLDINGS LIMITED

Benefit Peter Washaya, Chief Executive Officer, NMBZ Holdings Limited	**benefitw@nmbz.co.zw**
Gerald Gore, Deputy Chief Executive Officer, NMBZ Holdings Limited	**geraldg@nmbz.co.zw**
Benson Ndachena, Chief Finance Officer, NMBZ Holdings Limited	**bensonn@nmbz.co.zw**
Website:	**http://www.nmbz.co.zw**
Email:	**enquiries@nmbz.co.zw**
Telephone:	**Tel: +263-242-759 651/9**

GROUP PROFILE

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 Act (Chapter 24:03) 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 network in Harare, Bulawayo, Masvingo, Kwekwe, Mutare, Gweru, Bindura, Chitungwiza and Chinhoyi. The Bank's branch network is constantly growing to service customers and meet demands in suitable and convenient locations. Set out below are the Bank's branch locations:

Avondale	-	20 King George Road, Avondale, Harare
Bindura	-	Mwatuka Complex, Bindura
Borrowdale	-	Shops 37 & 38, Sam Levy's Village, Borrowdale, Harare
Borrowdale Excellence Centre	-	Block 3 Suite F, Sam Levy Village, Borrowdale, Harare
Bulawayo	-	NMB Centre, Corner George Silundika Street/Leopold Takawira Street, Bulawayo
Chinhoyi	-	469 Magamba Way, Chinhoyi
Chitungwiza	-	Chitungwiza Town Centre
Eastgate	-	Shop 24, Eastgate Mall, Corner Sam Nujoma Street/Robert Mugabe Road, Harare
Gweru	-	36 Robert Mugabe Road, Gweru
Head Office	-	Unity Court, Corner Kwame Nkrumah Avenue/First Street, Harare
Joina City	-	Shop 105A, First floor, Joina City Corner Jason Moyo / Innez Terrace, Harare
Kwekwe	-	57A Robert Mugabe Way, Kwekwe
Masvingo	-	Stand no. 377 Robert Mugabe Way, Masvingo
Msasa	-	77 Amby Drive, Harare
Mutare	-	Embassy Building, Corner Aerodrome Road/Second Street, Mutare
Southerton	-	7 - 9 Plymouth Road, Harare
Victoria Falls	-	Shop 18 Sawanga Mall, Victoria Falls

The Bank's Automated Teller Machine (ATM) network covers the following locations:

- Avondale - Harare
- Borrowdale - Harare
- Bulawayo
- Card Centre - Harare
- Chinhoyi
- Chitungwiza Town Centre
- Eastgate - Harare
- Fruit & Veg - Greendale, Harare
- Gweru
- Joina City - Harare
- Kwekwe
- Masvingo
- Msasa - Harare
- Mutare
- Southerton – Harare
- Victoria Falls

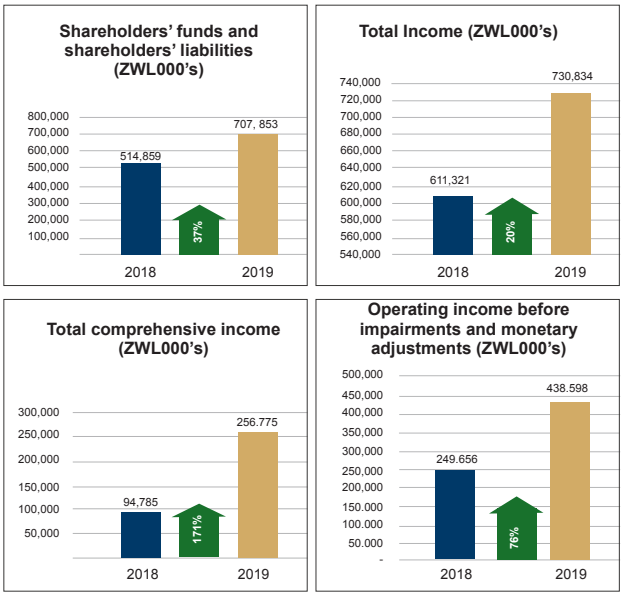
CHAIRMAN'S STATEMENT
for the year ended 31 December 2019



INTRODUCTION

The operating environment continues to be a challenging one; the Group however, continued in the pursuit of its short and medium term goals as evidenced by the accompanying results. The financial results continue to be largely driven by the Bank's continued diversification into the broader market segments, enhanced use of the bank's digital offerings, stricter credit underwriting standards, containment of non-performing loans and fair value gains on investment properties and property and equipment. The Group's financial performance was quite remarkable in spite of the multiplicity of challenges that characterized the operating environment.

The key inflation adjusted financial highlights of the Group as at 31 December 2019 are depicted below:



GROUP RESULTS

Hyperinflationary reporting

Following the liberalisation of the exchange rate in February of 2019, there has been a significant deterioration in the exchange rate of the local currency unit which in turn resulted in the economy plunging into hyper-inflation. In light of this background, the Directors assessed the impact of International Accounting Standard (IAS) 29 *"Financial Reporting in Hyperinflationary Economies"* and noted that the conditions required to apply IAS 29 had materialized in the Group's operating environment during the period under review. Furthermore, the Public Accountants and Auditors Board (PAAB) issued a pronouncement on 11 October 2019 indicating that the economy had become hyper-inflationary. The Directors have thus prepared the accompanying financial statements using the hyperinflationary accounting basis to achieve fair presentation at the reporting date of 31 December 2019. The results commentary below will be primarily on the Group's hyper-inflationary adjusted financial statements at the reporting date.

Financial performance

The profit before taxation was ZWL154 110 578 (2018 – ZWL145 890 961) during the period under review and this gave rise to total comprehensive income of ZWL256 774 708 (2018 – ZWL94 784 934) after total other comprehensive income of ZWL172 683 678. The Group achieved a basic earnings per share of 21.05 cents (2018 – 24.24 cents).

Operating expenses amounted to ZWL240 539 828 and these were down 17% from a prior year amount of ZWL289 533 595. The decrease in operating expenditure was due to cost containment measures as well as improved efficiencies arising out of digital innovations adopted by the Group.

Impairment losses on financial assets measured at amortised cost amounted to ZWL11 048 567 for the current period from a prior year amount of ZWL24 920 236 and the decrease was mainly due to a strict credit sanctioning regime which saw the underwriting of high creditworthy counterparties by the Banking subsidiary. The bank has continued with its drive to reduce non-performing loans (NPLs) and the ratio stood at 1.37% as at 31 December 2019. This was lower than the 31 December 2018 ratio of 7.43% and below the Bank's target of 5% by 31 December 2019. The decrease in the NPL ratio was largely due to aggressive collections and stricter credit underwriting standards.

Financial position

The Group's total assets decreased by 37% from ZWL3 294 291 270 as at 31 December 2018 to ZWL2 089 311 325 as at 31 December 2019 mainly due to an 85% decrease in investment securities, a decrease of 30% in cash and cash equivalents and a 46% decrease in loans, advances and other assets. These reductions were partly offset by a 77% increase in investment properties and a 207% increase in property and equipment.

Whilst the banking subsidiary continued with its intermediation role and support for the productive sectors as reflected, the reduction by 67% in gross loans and advances from ZWL1 629 493 700 as at 31 December 2018 to ZWL533 110 289 as at 31 December 2019 is reflective of the reduction in the value of monetary assets as a result of the hyperinflationary environment.

Investment securities (Treasury Bills and Bonds) decreased from ZWL728 294 724 as at 31 December 2018 to ZWL107 166 155 as at 31 December 2019 mainly due to some maturities of government stock as well as the effects of loss of value for monetary assets due to hyperinflationary pressures. The bank has set maximum limits for investment securities in order to ensure that most of the funds are channelled towards the productive sectors of the economy.

Total deposits decreased by 56% from ZWL2 701 740 776 restated as at 31 December 2018 to ZWL1 191 079 845 as at 31 December 2019 as a result of the aforementioned effects of the hyperinflationary operating environment.

The Bank's liquidity ratio closed the period at 60.72% (2018 – 41.62%) and this was above the statutory requirement of a minimum of 30%.

CHAIRMAN'S STATEMENT (Cont'd)
for the year ended 31 December 2019

Capital

The banking subsidiary's capital adequacy ratio stood at 44.52% (Historical – 39.49%) as at 31 December 2019 (31 December 2018 Historical - 23.25%). The ratio was above the statutory minimum of 12%. Our capitalisation level is adequate to cover all risks and supports the underwriting of new business.

The Group's shareholders' funds and shareholders' liabilities have increased by 37% from ZWL514 858 707 restated as at 31 December 2018 to ZWL707 853 329 as at 31 December 2019 largely as a result of the current year's total comprehensive income.

The Bank's regulatory capital as at 31 December 2019 was ZWL360 889 480 and is above the minimum required regulatory capital of ZWL25 million. The bank remains confident that its plan to meet the recently announced minimum capital of the ZWL equivalent of USD30 million for a Tier 1 bank by 31 December 2020 is achievable.

FUNCTIONAL CURRENCY

Further to my announcement in the Group's financial statements for the year ended 31 December 2018, we continued to closely monitor the developments in the economic and monetary landscape. 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 formalize the buying and selling of foreign currency through the Banks and Bureaux de Change. To operationalize this, the RBZ denominated the existing RTGS balances as RTGS dollars and initial trades between the RTGS dollar and the USD were pegged at USD/RTGS$1:2.5. On the same date, Statutory Instrument 33 (SI 33) of 2019 was also issued and it specified that all assets and liabilities that were in USD immediately before 22 February 2019 were deemed to have been valued in RTGS$ at a rate of USD/RTGS$1:1.

On 24 June 2019, through Statutory Instrument 142 (SI 142) of 2019, the Government of Zimbabwe discontinued the multicurrency regime which had been in place since February 2009 and introduced the Zimbabwe Dollar (ZWL), which was designated as the country's sole legal tender to be used for all local transactions and other purposes.

The Directors, having assessed all these developments, accounted for the change in the Group's functional currency from USD to RTGS dollars on 22 February 2019, which subsequently changed to Zimbabwe Dollars (ZWL) following the issuance of SI 142 of 2019 on 24 June 2019.

LEGACY DEBTS

The banking subsidiary owed USD13 840 412 to various providers of lines of credit at 31 December 2019. The Bank registered these foreign debts with the Reserve Bank of Zimbabwe (RBZ) as required by the regulatory directives. During the period under review, the Bank transferred to the RBZ the ZWL equivalent of the foreign debts at a rate of USD/ZWL1:1. The RBZ has indicated that they will be issuing a USD denominated instrument for these debts and consequently these debts and the RBZ deposits have been accounted for at the closing exchange rate of USD/ZWL 1:16.77 at 31 December 2019. This effectively values the original credit lines at a rate of 1:1 on a netted off basis. Subsequent to year end, the RBZ approved the line of credit balances amounting to USD13 840 412.

DIVIDEND

The Board has resolved not to declare a dividend as the Group is focusing on achieving the recently announced minimum regulatory capital requirement of the ZWL equivalent of USD30 million for a Tier 1 bank by 31 December 2020 for its banking subsidiary.

DIRECTORATE

Mr Erik Sanderson (non-executive director) resigned from both NMBZ Holdings Limited and NMB Bank Limited boards with effect from 24 January 2019. I wish to thank him for his invaluable contributions to the Group during his tenure as a Director and wish him well in his future endeavours. Mr Erik Sanderson was replaced by Ms Christine Glover, who was appointed to the NMBZ Holdings Limited and NMB Bank Limited boards on 26 June 2019 and she brings in a wealth of experience and diversity to the Group attained over an illustrious career spanning over 30 years in the South African financial services sector. I would like to welcome Ms Glover to the boards and wish her a fruitful tenure.

Mr. Givemore Taputaira was appointed as an Independent Non-Executive director of NMBZ Holdings Limited and NMB Bank Limited subsequent to year end on 02 January 2020. Mr. Taputaira has over 18 years' experience in ICT and business development in 7 different countries within Africa. I would like to welcome Mr. Taputaira to the boards and wish him a successful tenure on the boards.

The other directors of both NMBZ Holdings Limited and NMB Bank Limited boards remained as follows: Mr Benedict A. Chikwanha (Board Chairman), Mr Benefit P. Washaya (Chief Executive Officer), Mr Benson Ndachena (Chief Finance Officer), Mr Charles Chikaura (Independent Non-Executive Director and Deputy Board Chairman), Mr James de la Fargue (Non-Executive Director), Ms Jean Maguranyanga (Independent Non-Executive Director), Mr Julius Tichelaar (Non-Executive Director) and Ms Sabinah Chitehwe (Independent Non-Executive Director).

SUSTAINABILITY REPORTING

The Board is charged with the responsibility of ensuring that management executes its mandate in a sustainable manner to ensure the Group attains its short and long-term growth objectives. The Board has been buttressing a culture of responsible business practices by paying more attention to sustainability issues. The Group is fully aware of the important role played by the financial sector in the economy as well as the impact of its initiatives and actions on the communities in which the Group operates. We take this responsibility quite seriously as part of our commitment to the environment and societies in which we operate.

CHAIRMAN'S STATEMENT (Cont'd)
for the year ended 31 December 2019

The Group's banking subsidiary is compliant with all regulatory and statutory requirements and continues with its drive to forge partnerships and alliances with various stakeholders to ensure the attainment of Sustainable Development Goals (SDGs). To this end, the Bank has played a pivotal role in the financing of the education sector, health, property and construction sectors as well as supporting the SMEs, the youth, the disadvantaged, the vulnerable groups, the arts, sports and support environmental conservation initiatives.

Through advancing affordable loans, support was extended to both educational institutions and students in pursuit of supporting the education sector. The Bank also provided support in the construction of dams and roads across the nation. Furthermore, the Bank extended funding to local authorities in a bid to ensure the provision of potable water and sanitation to residents. In a bid to clear the national housing backlog, the Bank also continued to advance mortgage facilities for residential accommodation. In line with its initiatives to support business, the Bank advanced mortgage facilities to its Corporate clients and SMEs towards the acquisition of commercial properties.

To demonstrate the priority being given to sustainability issues, the Group has enhanced its disclosures to include a report on sustainability in line with best practices.

CORPORATE SOCIAL INVESTMENTS

During the period under review, the Group channelled its Corporate Social Investments towards education, environment conservation as well as the support of disadvantaged and vulnerable groups.

The Group donated food stuffs, blankets and clothes to the Manicaland and Masvingo Provinces following the Cyclone Idai disaster which occurred in March 2019. Donations were also made to KidzCan for treatment of children living with cancer, Emerald Hill School for the Deaf fish farming project and Emerald Hill Children's home.

The Group also invested in the promotion of sports and extra curriculum activities in schools through donations in support of career fairs, Inter Schools Derby and quizzes. We also partnered with Friends of Hwange Trust and Friend of the Environment (FOTE) in raising awareness of the need for environment and wildlife conservation.

CORPORATE DEVELOPMENTS

The bank continued to pursue its strategy of diversifying into the broader market segments, particularly embracing the currently unbanked bottom of the pyramid. Our financial inclusion strategy was anchored on low cost accounts and mPOS deployment. The bank has also continued to play a pivotal role in mortgage financing and supporting corporates through working capital support and retooling through the leasing arm.

During the period under review, the bank launched the TapCard in collaboration with a technical partner. The product has been well received in the market as it has brought convenience to clients conducting low value transactions.

The bank opened the Victoria Falls service centre during the period under review for the convenience of the Bank's Victoria Falls customers and tourists.

The construction of our Head Office along Borrowdale Road was successfully completed and we anticipate to occupy the building before the end of the first half of 2020.

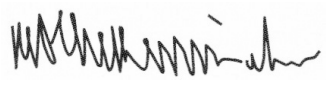
OUTLOOK AND STRATEGY

The operating environment continues to be challenging mainly due to the constantly weakening exchange rate, high month-on-month inflation, incessant power outages, fuel shortages, drought induced food shortages and general low investor confidence in the country. Value preservation will be the Group's key focus area in light of the likely negative impact of inflation and the deteriorating exchange rate.

The bank has embarked on a digitization trajectory marked by the introduction of paperless low-cost account opening. The bank will continue to focus on operational efficiencies and service excellence across all market segments.

APPRECIATION

I wish to express my heartfelt appreciation to all our clients, shareholders, regulatory authorities and all other valued stakeholders for their continued support in this difficult operating environment. To my fellow Board members, management and staff, I extend my sincere gratitude for their hard work, diligence, commitment and resilience which has underpinned the achievement of these commendable results.



MR. B. A. CHIKWANHA
CHAIRMAN
27 April 2020

REPORT OF THE DIRECTORS
for the year ended 31 December 2019

We have pleasure in presenting to shareholders our report and the audited financial statements of the Group for the year ended 31 December 2019.

1. SHARE CAPITAL

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

1.1 Authorised: 600 000 000 ordinary shares of ZWL0,00028 each.
1.2 Issued and fully paid: 404 171 689 ordinary shares ofZWL0,00028 each.

No share options were exercised during the year.

2. GROUP ACTIVITIES AND RESULTS

The Group's total comprehensive income was ZWL256 774 708 for the year ended 31 December 2019 (2018–ZWL94 784 934).

3. CAPITAL ADEQUACY

As at 31 December 2019, the Bank's regulatory capital adequacy ratio was 44.52% (Historical – 39.49%) 2018 - 23.25%.

4. DIRECTORATE

4.1 Board of Directors

During the year ended 31 December 2019, there was one resignation and one new appointment. Mr Erik Sandersen, the Arise BV representative, resigned as a Non-Executive Director effective 24th January 2019 and was replaced by Ms Christine Glover.

Mr. B. A. Chikwanha	Independent Non-Executive Director (Chairman)
Mr. B. P. Washaya	Chief Executive Officer
Mr. B. Ndachena	Chief Finance Officer
Mr. J. de la Fargue	Non-Executive Director (representing African Century)
Ms. C. Glover	Non-Executive Director (representing Arise BV)
Mr. J. Tichelaar	Non-Executive Director (representing AfricInvest)
Ms. J. Maguranyanga	Independent Non-Executive Director
Mr. C. Chikaura	Independent Non-Executive Director (Deputy Chairman)
Ms. S. Chitehwe	Independent Non-Executive Director

In accordance with the Articles of Association, one third of the Directors will retire by rotation at the forthcoming Annual General Meeting (AGM). Those retiring Directors, being eligible, offer themselves for re-election.

4.2 Directors' Interests

As at 31 December 2019, the Directors of the Group (NMBZ Holdings Limited and the Bank) held the following direct and indirect beneficial interests in the shares of the Company:-

	31 December 2019 Shares	31 December 2018 Shares	31 December 2019 Shares	31 December 2018 Shares
Mr. B. A. Chikwanha*	20 800	20 800	20 800	20 800
Ms. J. Maguranyanga	600	600	600	600
Mr. B. P. Washaya**	10 289	9 931	10 289	9 931
Mr. J. de la Fargue***		-		-
Ms. C. Glover****	-	-	-	-
Mr. J. Tichelaar *****		-		-
Mr. B. Ndachena******	83 521	80 448	83 521	80 448
Mr. C. Chikaura	-	-	-	-
Ms. S. Chitehwe	-	-	-	-
	15 210	111 779	115 210	111 779

*Mr. B. A. Chikwanha is the Chairman of the board of Directors of NMBZ Holdings Limited and NMB Bank Limited.
**Mr. B. P. Washaya is the CEO of NMBZ Holdings Limited and NMB Bank Limited.
***Mr. J. de la Fargue represents African Century Financial Investments Limited (76 426 874 shares) on the board of Directors of NMBZ Holdings Limited and NMB Bank Limited.
**** Ms. C. Glover represents Arise BV (71 632 001 shares) on the board of Directors of NMBZ Holdings Limited and NMB Bank Limited.

REPORT OF THE DIRECTORS (Cont'd)
for the year ended 31 December 2019

4. DIRECTORATE (cont'd)

*****Mr J. Tichelaar represents AfricInvest (36 702 487 shares) on the board of Directors of NMBZ Holdings Limited and NMB Bank Limited.
****** Mr. B. Ndachena is the Chief Finance Officer of NMBZ Holdings Limited and NMB Bank Limited.

4.3 Directors' attendance at meetings

4.3.1 Board of Directors

Name	Meetings Held	Meetings attended
Mr. B. A. Chikwanha	4	4
Mr B.P. Washaya	4	4
Mr. B. Ndachena	4	4
Ms. S. Chitehwe	4	4
Mr. J. de la Fargue	4	4
Ms. C. Glover*	4	3
Ms. J. Maguranyanga	4	4
Mr. C. Chikaura	4	4
Mr. J. Tichelaar	4	3

4.3.2 Audit Committee

Name	Meetings Held	Meetings attended
Ms. S. Chitehwe	5	4
Mr. C. Chikaura	5	5
Ms. J. Maguranyanga	5	5

4.3.3 Risk and Compliance Management Committee

Name	Meetings Held	Meetings attended
Mr. C. Chikaura	4	4
Mr. J. de la Fargue	4	4
Ms. C. Glover	4	3
Mr. B. A. Chikwanha	4	4
Mr. J. Tichelaar	4	3

4.3.4 Asset and Liability Management (ALCO) & Finance Committee

Name	Meetings Held	Meetings attended
Mr. C. Chikaura	4	4
Mr. J. de la Fargue	4	4
Mr. J. Tichelaar	4	3
Ms. C. Glover	4	3
Mr. B. P. Washaya	4	4
Mr. B. Ndachena	4	4
Ms. S. Chitehwe	4	3
Mr. G. Gore	4	4

4. DIRECTORATE (cont'd)

4.3.5 Loans Review Committee

Name	Meetings Held	Meetings attended
Ms. J. Maguranyanga	4	4
Ms. C. Glover	4	3
Ms. S. Chitehwe	4	4
Mr. J. Tichelaar	4	3

4.3.6 Human Resources, Remuneration and Nominations Committee

Name	Meetings Held	Meetings attended
Ms. J. Maguranyanga	4	4
Mr. B. A. Chikwanha	4	4
Mr. B.P. Washaya	4	4
Mr. J. Tichelaar	4	3
Mr. C. Chikaura	4	4
Mr. J. de la Fargue	4	4

4.3.7 Credit Committee

Name	Meetings Held	Meetings attended
Mr. B. A. Chikwanha	5	5
Mr. B. P. Washaya	5	5
Mr. J. de la Fargue	5	5
Mr. C. Chikaura	5	5

4.3.8 Head Office Project Sub-Committee

Name	Meetings Held	Meetings attended
Ms. S. Chitehwe	5	4
Mr. B. Ndachena	5	5
Mr. J. de la Fargue	5	5
Mr. C. Chikaura	5	5

5. CORPORATE GOVERNANCE

The Group adheres to international best practice with regards to corporate governance. In particular, the Group emulates corporate governance principles set out in the Combined Code of the United Kingdom, the King IV report of South Africa, the National Code on Corporate Governance Zimbabwe and the Reserve Bank of Zimbabwe (RBZ) Corporate Governance Guideline No. 01-2004/BSD. The Board has set up the Audit Committee; Human Resources, Remuneration and Nominations Committee; ALCO & Finance Committee, Credit Committee, Loans Review Committee; the Risk & Compliance Management Committee and the Head Office Project Sub-Committee to assist in the discharge of its duties and responsibilities. Board and Director evaluations are carried out an annual basis, wherein the effectiveness of the Board is reviewed, including its gender and skills mix. The Board also adheres to the Bank's Code of Ethics and Environmental and Social Risk Management Frame work.

5.1 The Board of Directors

The NMBZ Holdings Limited and NMB Bank Limited boards comprise of nine Directors each. The boards of the holding company and the Bank are identical. The Group obtained regulatory approval from the Reserve Bank of Zimbabwe to have one board for NMBZ Holdings Limited and the banking subsidiary. The boards comprise, of two executive and seven

REPORT OF THE DIRECTORS (Cont'd)
for the year ended 31 December 2019

5.1 The Board of Directors (cont'd)

non-executive Directors. Of the seven non-executive Directors, four are independent non-executive Directors. The Chairpersons of the board and all the board committees are independent non-executive Directors. Furthermore, the independence of the independent non-executive Directors is reviewed on an annual basis. The boards and the board committees meet at least four times a year.

5.2 Audit Committee

The committee oversees the Group's financial reporting process, monitoring the integrity and appropriateness of the Group's financial statements; evaluating the adequacy of the Group's financial and operational processes, compliance, internal controls and risk management processes and the selection, compensation, independence and performance of the Group's external and internal auditors. The committee also provides independent oversight of the effectiveness of the Group's assurance functions and services, with particular focus on combined assurance arrangements. The committee meets at least four times a year. The committee meets regularly with the internal and external auditors. Both the internal and external auditors have unrestricted access to the audit committee to ensure their independence and objectivity.

Membership:	Ms. S. Chitehwe	Chairperson-Independent Non-Executive Director
	Ms. J. Maguranyanga	Independent Non-Executive Director
	Mr. C. Chikaura	Independent Non-Executive Director

The external auditors, Chief Finance Officer and Internal Auditor 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.

5.3 Human Resources, Remuneration and Nominations Committee

The committee is responsible for setting the Group's remuneration philosophy and reviews the overall remuneration structures of the Group, including all material remuneration proposals and packages for Executive Directors and senior personnel. The committee is also responsible for the nomination, election and appointment of board members.

Membership:	Ms. J. Maguranyanga	Chairperson - Independent Non-Executive Director
	Mr. J. de la Fargue	Non-Executive Director
	Mr. J. Tichelaar	Non-Executive Director
	Mr. C. Chikaura	Independent Non-Executive Director
	Mr. B. A. Chikwanha	Independent Non-Executive Director

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.

5.4 Loans Review Committee

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

Membership:	Ms. J. Maguranyanga	Chairperson-Independent Non-ExecutiveDirector
	Ms. S. Chitehwe	Independent Non-Executive Director
	Mr. J. Tichelaar	Non-Executive Director
	Ms. C. Glover	Non-Executive Director

The Deputy Chief Executive Officer and Head of Risk 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.

5.5 Credit Committee

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

Membership:	Mr. B. A. Chikwanha	Chairperson - Independent Non-Executive Director
	Mr. B. P. Washaya	Chief Executive Officer
	Mr. J. de la Fargue	Non-Executive Director
	Mr. C. Chikaura	Independent Non-Executive Director

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.

5.6 Asset and Liability Management & Finance Committee (ALCO & Finance Committee)

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. In addition, the Committee monitors the business and financial strategies of the Company and keeps track of financial performance vis a vis the budget.

Membership:	Mr. C. Chikaura	Chairperson-Independent Non-Executive Director
	Mr. J de la Fargue	Non-Executive Director
	Ms. C. Glover	Non-Executive Director
	Mr. J. Tichelaar	Non-Executive Director
	Ms. S. Chitehwe	Independent Non-Executive Director
	Mr. B. P. Washaya	Chief Executive Officer
	Mr. B. Ndachena	Chief Finance Officer
	Mr. G. Gore	Deputy Chief Executive Officer

The Heads of Treasury and Risk 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.

5.7 Risk and Compliance Management Committee

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

Membership:	Mr. C. Chikaura	Chairperson-Independent Non-Executive Director
	Ms. C. Glover	Non-Executive Director
	Mr. B. Chikwanha	Independent Non-Executive Director
	Mr. J. de la Fargue	Non-Executive Director
	Mr. J. Tichelaar	Non-Executive Director

The Chief Executive Officer, Deputy Chief Executive Officer and Heads of Risk Management and Compliance 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.

5.8 Head Office Project Sub-Committee

The Head Office Project Sub-Committee supports the ALCO and Finance Committee in achieving its objectives and responsibilities regarding the construction of the NMB Bank Head Office. The Sub-Committee shall subsist for the duration of the construction of NMB Bank Head Office.

Membership:	Ms. S. Chitehwe	Chairperson-Independent Non-Executive Director
	Mr. J. de la Fargue	Non-Executive Director
	Mr. C. Chikaura	Independent Non-Executive Director
	Mr. B. Ndachena	Chief Finance Officer

The Property Development Manager is an invitee and resource person at every meeting. The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

5.9 Professional Advice

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

6. AUDITORS

At the forthcoming Annual General Meeting, the shareholder will be asked to authorise the Directors to approve the auditors' remuneration for the year ended 31 December 2019 and to appoint auditors of the Group for the ensuing year.

By order of the Board



Miss S I Pashapa
Company Secretary
Harare

27 April 2020

STATEMENT OF DIRECTORS' RESPONSIBILITY
for the year ended 31 December 2019

1. RESPONSIBILITY

The Directors of the Group are mandated by the Companies Act (Chapter 24:03) 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 Act (Chapter 24:03) of Zimbabwe, the Banking Act (Chapter 24:20) of Zimbabwe and International Financial Reporting Standards (IFRSs).

2. CORPORATE GOVERNANCE

In its operations, the Group is guided by principles of corporate governance derived from the King III Report of South Africa, the National Code on Corporate Governance, the United Kingdom Combined Code and the Reserve Bank of Zimbabwe Corporate Governance Guideline No. 01-2004/BSD. The Directors of the Group are cognisant of their responsibility to exercise the duty of care and act in good faith in order to safeguard all stakeholders' interests.

3. BOARD OF DIRECTORS

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

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

4. INTERNAL FINANCIAL CONTROLS

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

5. STATEMENT OF COMPLIANCE

The 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 Act (Chapter 24:03) of Zimbabwe and the Banking Act (Chapter 24:20) of Zimbabwe. The financial statements show the impact of the first time adoption of IFRS 16 which was adopted by the Group effective 1 January 2019. The detailed impact of this adoption is disclosed in the section on significant accounting policies (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 2019 and the comparative period financial reporting 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 2.4.5, "Determination of the functional currency", 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 USD1: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".

STATEMENT OF DIRECTORS' RESPONSIBILITY
for the year ended 31 December 2019

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 27 April 2020.

The 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 Act (Chapter 24:03) of Zimbabwe and the Banking Act (Chapter 24:20) of Zimbabwe.

6. GOING CONCERN

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

7. INTERNAL AUDIT

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

8. REMUNERATION

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

9. EMPLOYEE PARTICIPATION AND DEVELOPMENT

The Group encourages active participation by its employees in its ownership. In line with this commitment, managerial employees have in the past participated in the Group's share option scheme. The Group is working on operationalising a new share option scheme for staff members approved in the 2012Annual General Meeting. The Group is also committed to enhancing the skills of staff and sponsors attendance of courses at reputable local and international institutions.

10. SOCIAL RESPONSIBILITY

The Group recognises its responsibility in the society within which it operates. The Group's social investments were channelled into the country's educational system, the disadvantaged, vulnerable groups, protection of the environment, wildlife conservation, the arts and various sporting disciplines. In light of the priority being given to the Group's social responsibility and sustainability issues, the Group has enhanced its disclosures to include a report on sustainability in line with best practices.

11. REGULATION

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

12. ETHICS

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

13. FINANCIAL STATEMENTS

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

Preparation of the Group financial statements

These Group financial statements have been prepared under the supervision of Mr Benson Ndachena, a Chartered Accountant (Zimbabwe), PAAB registration number 00327.

Approval of the Group financial statements

The consolidated financial statements of the Group appearing on pages 20 to 115 were approved by the Board of Directors on 27 April 2020 and are signed on their behalf by:



.....
Mr. B. A. Chikwanha
Chairman

Date: 27 April 2020



.....
Mr. B. P. Washaya
Group Chief Executive Officer

Date: 27 April 2020

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 4 750905-14 or 750979-83
Fax: +263 4 750707 or 773842
Email: admin@zw.ey.com
www.ey.com

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Independent Auditor's Report

To the Shareholders of NMBZ Holdings Limited

Report on the Audit of the consolidated and separate inflation adjusted financial statements

Adverse Opinion

We have audited the consolidated and separate inflation adjusted financial statements of NMBZ Holdings Limited and its subsidiaries (the Group), as set out on pages 20 to 115, which comprise the consolidated and separate inflation adjusted consolidated and separate statement of financial position as at 31 December 2019, and the consolidated and separate inflation adjusted statement of comprehensive income, consolidated and separate inflation adjusted statement of changes in equity and consolidated and separate inflation adjusted statement of cash flows for the year then ended, and notes to the consolidated and separate inflation adjusted financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated and separate inflation adjusted financial statements do not present fairly the financial position of the Group and company as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates in Prior Period and Inappropriate Application of IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors

Non compliance with IAS 8

As explained in note 2.4.5 to the consolidated and separate inflation adjusted financial statements, the Group applied the United States Dollar (US$) as its functional currency for the period 1 January 2018 to 22 February 2019 and the Zimbabwe Dollars (ZWL) for the period 23 February 2019 to 31 December 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The consolidated and separate inflation adjusted financial statements are presented in ZWL.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA RTGS Accounts from the FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTG$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group to assess whether there was a change in functional currency (from US$ to RTGS/ZWL) and to determine an appropriate spot rate as required by IAS 21.

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports that there was a change in functional currency from US$ to ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US$ exchange rate and this occurred effective 1 October 2018.

Accordingly, the consolidated and separate inflation adjusted financial statements of the Group included balances and transactions denominated in US$ that were not converted to ZWL at a ZWL: US$ exchange rate that reflects the economic substance of its value as required by IFRS. The directors have provided more information on their approach in Note 2.4.5 to the consolidated and separate inflation adjusted financial statements.

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the financial statements but could not be quantified owing to the nature of the matter.
Management's approach in the current year, for reasons explained on Note 2.4.5, was to prospectively apply the change in functional currency from USD to ZWL from 23 February 2019 which is incorrect. The correct approach would have been a retrospective restatement as a prior period error in terms of *International Financial Reporting Standards – IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors.*

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
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Kwame Nkrumah Avenue
P O Box 62 or 702
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Zimbabwe

Tel: +263 4 750905-14 or 750979-83
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Therefore, management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period and therefore the matter is continuing. As a consequential impact, the application of IAS 29 is inappropriate.

Furthermore, notwithstanding that IAS 29 - Financial Reporting in Hyperinflationary Economies has been applied from 1 January 2019 to 31 December 2019, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers and start date been used, most elements of the consolidated and separate inflation adjusted financial statements would have been materially different.

As a result of the incorrect application of IAS 8, on the 23rd of February 2019, management translated foreign denominated balances to ZWL/RTGS$ at the interbank exchange rate of 1:2.5 and local balances at an exchange rate of USD1: ZWL1 which resulted in an imbalance which was recognised as a translation adjustment of ZWL$ 11 619 648 directly to equity which is contrary to the requirements of IAS 21.

As a result of these matters:

- All corresponding numbers remain misstated on the consolidated and separate inflation adjusted Statements of Financial Position, Cash Flows Profit or Loss and Changes in Equity.

- As opening balances enter into the determination of cash flows and performance, our current year opinion is modified in respect of the impact of this matter on the consolidated and separate inflation adjusted Statement of Cash Flows, Statement of Profit or Loss and Statement of Changes in Equity.

Our opinion on the current period's consolidated and separate inflation adjusted financial statements is also modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

In addition to the impacts on the corresponding numbers, current year performance and cash-flows the matter continues to impact the balances on the consolidated and separate inflation adjusted Statement of Financial Position as many of these still comprise of amounts from opening balances. Whilst this matter might not affect all accounts in the statement of financial position the specific accounts and the portions affected by this matter have not been identified / quantified here. This is due to the further matters requiring modification (which have been discussed below) and which result in virtually all amounts being incorrectly stated.

Non-compliance with IAS 21

Exchange rates used in the current year

As outlined in Note 34 to the consolidated and separate inflation adjusted financial statements, for the year ended 31 December 2019, the Group translated foreign denominated transactions and balances using interbank rates. Furthermore, at 31 December 2019 the Group's properties were valued in the United States Dollar currency and converted to local currency using the interbank rate per Note 24 and Note 26 to the consolidated and separate inflation adjusted financial statements. The exchange rates used for the translation do not meet the definition of a spot exchange rate as per IAS 21. We therefore believe that the exchange rates for transactions and balances between the US$ and the ZWL used by the Group did not meet the criteria for appropriate exchange rates in terms of IFRS. Had the correct rate been used a number of significant accounts would have been affected in a material manner.

Accounting for blocked funds

Included in Other receivables of ZWL253 717 875 on Note 20.5 to the consolidated and separate inflation adjusted financial statements for the year ended 31 December 2019 are local balances denominated in the Group's functional currency. Of this, local balances amounting to ZWL13 840 412 which are held with the central bank have been treated as foreign currency and translated at the interbank exchange rate of 31 December 2019 in contravention of IAS 21 which defines 'foreign currency' as a currency other than the functional currency of the entity resulting in an overstatement of the balance by ZWL$218 263 495. Had these funds been treated correctly as local funds, Net foreign exchange gains would have been ZWL36 547 950, Other receivables would have been ZWL35 454 380, Retained Earnings and Loss for the period would have been ZWL111 242 074 and ZWL134 172 465 respectively.

The effects of the above departures from IFRS are material and pervasive to the consolidated and separate inflation adjusted financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried in the Auditor's Responsibilities for the Audit of the Consolidated and separate Inflation Adjusted Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

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Registered Public Auditors
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Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, the Directors' Report and the Statement of Corporate Governance and Responsibility but does not include the consolidated and separate and Company inflation adjusted financial statements and our auditor's report thereon. Our opinion on the consolidated and separate and Company financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. The Chairman's Statement, The Directors' Report and the Statement of Corporate Governance and Responsibility is expected to be made available to us after the date of this auditor's report.

In connection with our audit of the consolidated and separate inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate inflation adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates and we could not obtain sufficient appropriate evidence regarding the valuation of properties. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Consolidated and separate Inflation Adjusted Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate inflation adjusted financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate inflation adjusted financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and separate inflation adjusted Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate inflation adjusted financial statements as a whole are free from material misstatement, whether due
to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate inflation adjusted financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate inflation adjusted financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

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significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate inflation adjusted financial statements, including the disclosures, and whether the consolidated and separate inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate inflation adjusted financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

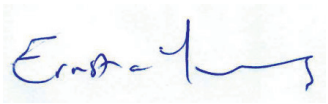
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate inflation adjusted financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated and separate inflation adjusted financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Mr David Marange (PAAB Number 0436).



Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

Date: 28 April 2020

STATEMENTS OF COMPREHENSIVE INCOME
as at 31 December 2019

		Inflation adjusted			
		GROUP		COMPANY	
	Note	31 Dec 2019 ZWL	31 Dec 2018 ZWL Restated	31 Dec 2019 ZWL	31 Dec 2018 ZWL Restated
Interest income	4	180 212 444	323 330 808	-	-
Interest expense	5	(51 695 746)	(72 131 939)	-	-
Net interest income		**128 516 698**	**251 198 869**	**-**	**-**
Fee and commission income	6.1	183 203 638	233 280 093	-	-
Net foreign exchange gains		254 811 445	15 660 953	-	-
Revenue		566 531 781	500 139 915	-	-
Other income	6.2	112 606 446	39 049 600	19 936 015	6 515 645
Operating income		**679 138 227**	**539 189 515**	**19 936 015**	**6 515 645**
Operating expenditure	7	(240 539 828)	(289 533 595)	(65 661)	(67 964)
Operating income before impairment charge and loss on net monetary position		**438 598 399**	**249 655 920**	**19 870 354**	**6 447 681**
Impairment losses on financial assets measured at amortised cost	20.3	(11 048 567)	(24 920 236)	-	-
(Loss)/gain on net monetary position		(273 439 254)	(78 844 723)	67 872 228	35 261 068
Profit before taxation		154 110 578	145 890 961	87 742 582	41 708 749
Taxation (charge)/credit	8.1	(70 019 548)	(51 106 027)	(13 518)	8 141
Profit for the period		**84 091 030**	**94 784 934**	**87 729 064**	**41 716 890**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation of land and buildings, net of tax	6.3	108 586 781	-	-	-
Items that may be reclassified to profit or loss					
Translation gain on change in financial currency, net of tax	6.3	64 096 897	-	-	-
Total comprehensive income for the year		**256 774 708**	**94 784 934**	**87 729 064**	**41 716 890**
Earnings/(losses) per share (ZWL cents)					
- Basic	9.3	21.05	24.24	-	-
- Diluted	9.3	19.86	22.85	-	-
- Headline	9.3	(18.66)	18.76	-	-

STATEMENTS OF COMPREHENSIVE INCOME
as at 31 December 2019

		Historical Cost*			
		GROUP		COMPANY	
	Note	31 Dec 2019 ZWL	31 Dec 2018 ZWL	31 Dec 2019 ZWL	31 Dec 2018 ZWL
Interest income	4	70 557 190	39 333 178	-	-
Interest expense	5	(16 894 088)	(8 865 016)	-	-
Net interest income		**53 663 102**	**30 468 162**	**-**	**-**
Fee and commission income	6.1	87 242 303	28 539 376	-	-
Net foreign exchange gains		99 863 112	1 899 670	-	-
Revenue		240 768 517	60 907 208	-	-
Other income	6.2	206 622 639	4 968 447	3 772 370	739 175
Operating income		**447 391 156**	**65 875 655**	**3 772 370**	**739 175**
Operating expenditure	7	(105 937 502)	(34 720 428)	(12 425)	(7 717)
Operating income before impairment charge		**341 453 654**	**31 155 227**	**3759 945**	**731 458**
Impairment losses on financial assets measured at amortised cost		(11 048 567)	(4 011 952)	-	-
Profit before taxation		330 405 087	27 143 275	3 759 945	731 458
Taxation (charge)/credit	8.1	(44 504 548)	(5 922 074)	9 152	1 311
Profit for the period		**285 900 539**	**21 221 201**	**3 769 097**	**732 769**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation of land and buildings, net of tax	6.3	175 943 209	46 431	-	-
Items that may be reclassified to profit or loss					
Translation gain on change in functional currency, net of tax	6.3	11 619 648	-	-	-
Total comprehensive income for the year		**473 463 396**	**21 267 632**	**3 769 097**	**732 769**
Earnings per share (ZWL cents)					
- Basic	9.3	71.56	5.43	-	-
- Diluted	9.3	67.52	5.11	-	-
- Headlines	9.3	7.78	4.70	-	-

*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.

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2019

		Inflation adjusted			
		GROUP		COMPANY	
	Note	31 Dec 2019 ZWL	31 Dec 2018 ZWL Restated	31 Dec 2019 ZWL	31 Dec 2018 ZWL Restated
SHAREHOLDERS' FUNDS					
Share capital	10.2.1	796 878	769 225	796 878	769 225
Capital reserves	11	168 646 241	156 817 823	168 646 241	156 817 823
Functional currency translation reserve	11	64 096 897	-	-	-
Revaluation reserves		108 586 781	-	-	-
Retained earnings	12	323 030 939	258 875 925	105 643 907	37 850 858
Total equity		**665 157 736**	**416 462 973**	**275 087 026**	**195 437 906**
Redeemable ordinary shares	13	14 335 253	89 043 407	14 335 253	89 043 407
Subordinated term loan	14	28 360 340	9 352 327	-	-
Total shareholders' funds and shareholders' liabilities	15	**707 853 329**	**514 858 707**	**289 422 279**	**284 481 313**
LIABILITIES					
Deposits and other liabilities	16.1	1 268 146 016	2 779 432 563	414 134	3 307 484
Deferred tax liabilities	18	112 687 043	-	-	-
Current tax liabilities	8.4	624 937	-	-	-
Total shareholders' funds and liabilities		**2 089 311 325**	**3 294 291 270**	**289 836 413**	**287 788 797**
ASSETS					
Cash and cash equivalents	19	492 304 267	698 426 589	13 635	84 694
Current tax assets	8.4	-	1 775 387	75 518	469 089
Investment securities	17.1	107 166 155	728 294 724	-	-
Loans, advances and other assets	20	852 557 453	1 581 873 937	2 531 106	5 342
Non-current assets held for sale	21	-	223 614	-	-
Trade and other investments	22	1 612 131	698 799	-	-
Group companies	23	-	-	287 202 652	287 202 652
Investment properties	24	229 867 982	130 134 664	-	-
Intangible assets	25	11 613 782	17 333 130	-	-
Property and equipment	26	394 189 555	128 300 867	-	-
Deferred tax assets	18	-	7 229 559	13 502	27 020
Total assets		**2 089 311 325**	**3 294 291 270**	**289 836 413**	**287 788 797**

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MR. B. A. CHIKWANHA

.....
MR. B. P. WASHAYA

Directors

27 April 2020

.....
MISS. S. PASHAPA
Company Secretary

27 April 2020

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2019

		Historical Cost*			
		GROUP		COMPANY	
	Note	31 Dec 2019 ZWL	31 Dec 2018 ZWL	31 Dec 2019 ZWL	31 Dec 2018 ZWL
SHAREHOLDERS' FUNDS					
Share capital	10.2.1	84 116	80 975	84 116	80 975
Capital reserves	11	19 184 170	16 526 297	19 184 170	16 526 297
Functional currency translation reserve	11	11 619 648	-	-	-
Revaluation reserves		176 079 950	136 741	-	-
Retained earnings	12	329 505 569	47 377 400	107 098	110 370
Total equity		**536 473 453**	**64 121 413**	**19 375 384**	**16 717 642**
Redeemable ordinary shares	13	14 335 253	14 335 253	14 335 253	14 335 253
Subordinated term loan	14	28 360 340	1 505 647	-	-
Total shareholders' funds and shareholders' liabilities	**15**	**579 169 046**	**79 962 313**	**33 710 637**	**31 052 895**
LIABILITIES					
Deposits and other liabilities	16.1	1 268 146 016	447 105 283	414 135	532 479
Deferred tax liabilities	18	97 653 191	-	-	-
Current tax liabilities	8.4	624 937	-	-	-
Total shareholders' funds and liabilities		**1 945 593 190**	**527 067 596**	**34 124 772**	**31 585 374**
ASSETS					
Cash and cash equivalents	19	492 304 267	112 440 912	13 635	13 635
Current tax assets	8.4	-	285 822	75 518	75 518
Investment securities	17.1	107 166 155	117 249 434	-	-
Loans, advances and other assets	20	817 960 242	254 202 945	2 531 106	860
Non-current assets held for sale	21	-	36 000	-	-
Trade and other investments	22	1 612 131	112 501	-	-
Group companies	23	-	-	31 491 009	31 491 009
Investment properties	24	229 867 982	20 950 606	-	-
Intangible assets	25	1 397 186	2 036 775	-	-
Property and equipment	26	295 285 227	17 844 069	-	-
Deferred tax assets	18	-	1 908 532	13 504	4 352
Total assets		**1 945 593 190**	**527 067 596**	**34 124 772**	**31 585 374**

*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.

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MR. B. A. CHIKWANHA

.....
MR. B. P. WASHAYA

Directors

27 April 2020

MISS. S. PASHAPA
Company Secretary

27 April 2020

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

GROUP

	Inflation adjusted						
	Share Capital ZWL	Share Premium ZWL	Functional Currency Translation Reserve ZWL	Share Option Reserve ZWL	Revaluation Reserve ZWL	Retained Earnings ZWL	Total ZWL
Balances at 1 January 2018 - Restated	749 637	150 017 691	-	595 723	-	172 699 568	324 062 619
Profit for the year	-	-	-	-	-	94 784 934	94 784 934
Share based payments – share options exercised	19 588	6 204 409	-	-	-	-	6 223 997
Dividend paid	-	-	-	-	-	(8 608 577)	(8 608 577)
Balances at 31 December 2018 - Restated	769 225	156 222 100	-	595 723	-	258 875 925	416 462 973
Translation gain on change in functional currency, net of tax	-	-	64 096 897	-	-	-	64 096 897
Share issue – scrip dividend	27 653	11 828 418	-	-	-	-	11 856 071
Profit for the year	-	-	-	-	-	84 091 030	84 091 030
Revaluation of land and buildings, net of tax	-	-	-	-	108 586 781	-	108 586 781
Dividend paid	-	-	-	-	-	(19 936 016)	(19 936 016)
Balances at 31 December 2019	**796 878**	**168 050 518**	**64 096 897**	**595 723**	**108 586 781**	**323 030 939**	**665 157 736**

GROUP

	Historical Cost*						
	Share Capital ZWL	Share Premium ZWL	Functional Currency Translation Reserve ZWL	Share Option Reserve ZWL	Revaluation Reserve ZWL	Retained Earnings ZWL	Total ZWL
Balances at 1 January 2018	78 751	15 759 282	62 563	-	90 310	27 542 109	43 533 015
Profit for the year	-	-	-	-	-	21 221 201	21 221 201
Revaluation of land and buildings, net of tax	-	-	-	-	46 431	-	46 431
Share based payments – share options exercised	2 224	704 452	-	-	-	-	706 676
Dividend paid	-	-	-	-	-	(1 385 910)	(1 385 910)
Balances at 31 December 2018	**80 975**	**16 463 734**	**62 563**	**-**	**136 741**	**47 377 400**	**64 121 413**
Share issue – scrip dividend	3 141	2 657 873	-	-	-	-	2 661 014
Profit for the year	-	-	-	-	-	285 900 539	285 900 539
Revaluation of land and buildings, net of tax	-	-	-	-	175 943 209	-	175 943 209
Translation gain on change in functional currency, net of tax	-	-	-	11 619 648	-	-	11 619 648
Dividend paid	-	-	-	-	-	(3 772 370)	(3 772 370)
Balances at 31 December 2019	**84 116**	**19 121 607**	**62 563**	**11 619 648**	**176 079 950**	**329 505 569**	**536 473 453**

*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.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

COMPANY

	Inflation adjusted						
	Share Capital ZWL	Share Premium ZWL	Functional Currency Translation Reserve ZWL	Share Option Reserve ZWL	Revaluation Reserve ZWL	Retained Earnings ZWL	Total ZWL
Balances at 1 January 2018 - Restated	749 637	150 017 691	595 723	-	-	4 742 546	156 105 597
Profit for the year	-	-	-	-	-	41 716 890	41 716 890
Revaluation of land and buildings, net of tax	-	-	-	-	-	-	-
Share based payments – share options exercised	19 588	6 204 409	-	-	-	-	6 223 997
Dividend paid	-	-	-	-	-	(8 608 578)	(8 608 578)
Balances at 31 December 2018 - Restated	769 225	156 222 100	595 723	-	-	37 850 858	195 437 906
Share issue – scrip dividend	27 653	11 828 418	-	-	-	-	11 856 071
Profit for the year	-	-	-	-	-	87 729 064	87 729 064
Revaluation of land and buildings, net of tax	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(19 936 016)	(19 936 016)
Balances at 31 December 2019	**796 878**	**168 050 518**	**595 723**	**-**	**-**	**105 643 906**	**275 087 026**

COMPANY

	Historical Cost*						
	Share Capital ZWL	Share Premium ZWL	Functional Currency Translation Reserve ZWL	Share Option Reserve ZWL	Revaluation Reserve ZWL	Retained Earnings ZWL	Total ZWL
Balances at 1 January 2018	78 751	15 759 282	62 563	-	-	763 511	16 664 107
Profit for the year	-	-	-	-	-	732 769	732 769
Revaluation of land and buildings, net of tax	-	-	-	-	-	-	-
Share based payments – share options exercised	2 224	704 452	-	-	-	-	706 676
Dividend paid	-	-	-	-	-	(1 385 910)	(1 385 910)
Balances at 31 December 2018	80 975	16 463 734	62 563	-	-	110 370	16 717 642
Share issue – scrip dividend	3 141	2 657 873	-	-	-	-	2 661 014
Profit for the year	-	-	-	-	-	3 769 097	3 769 097
Revaluation of land and buildings, net of tax	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(3 772 369)	(3 772 369)
Balances at 31 December 2019	**84 116**	**19 121 607**	**62 563**	**-**	**-**	**107 098**	**19 375 384**

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2019

Inflation Adjusted

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	154 110 578	145 890 961	87 742 082	41 708 749
Non-cash items:				
- Depreciation(excluding right of use assets)	15 427 213	11 991 839	-	-
- Depreciation –Right of use assets	3 088 496	-	-	-
- Amortisation of intangible assets	6 356 249	7 882 765	-	-
- Impairment losses on financial assets measured at amortised costs	11 048 567	24 920 236	-	-
- Investment properties fair value gains	(93 624 006)	(19 523 429)	-	-
- Trade and other investments fair value (gains)/losses	(913 332)	316 323	-	-
- (Profit)/loss on disposal of property and equipment	-	(139 122)	-	-
- Profit on disposal of investment properties	(584 149)	(4 395 908)	-	-
- Loss on disposal of quoted investments	-	132 802	-	132 802
- Interest capitalised on subordinated loan	3 779 812	1 065 166	-	-
- Impairment reversal on land and building	-	-	-	-
- Unrealised foreign exchange(gain)/loss	(92 386 267)	128 510	-	-
- Dividends received	-	-	(19 936 015)	(6 382 843)
Operating cash flows before changes in operating assets and liabilities	6 303 161	168 270 142	67 806 567	35 458 708
Changes in operating assets and liabilities				
(Decrease)/increase in deposits and other liabilities	(1 875 561 738)	582 831 246	(2 893 352)	(1 025 214)
Decrease/(increase)in loans, advances and other assets	982 637 308	(348 675 547)	(79 141 377)	(35 699 217)
Net cash (used)/ generated from operations	(886 621 269)	402 425 842	(14 228 162)	(1 265 723)
TAXATION				
Tax on dividends paid	(1 240 750)	(604 341)	(1 240 750)	(604 342)
Corporate tax paid	(14 520 794)	(27 881 907)	-	-
Net cash (outflow)/inflow from operations	**(902 382 813)**	**373 939 594**	**(15 468 912)**	**(1 870 065)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of intangible assets	(636 901)	(4 501 240) 347)	-	-
Disposal/(Acquisition) of investment securities	621 128 569	(155 312 399)	-	-
Proceeds on disposal of property and equipment	-	139 122	-	-
Acquisition of property and equipment	(35 323 914)	(58 952 339)	-	-
Proceeds on disposal of investment properties	5 888 719	29 826 660	-	-
Acquisition of investment properties	(1 939 045)	(37 784 075)	-	-
Proceeds on disposal of quoted investments	-	4 035	-	4 035
Dividends received	-	-	19 936 015	6 382 843
Net cash generated/(used) in investing activities	589 117 428	(226 580 236)	19 936 015	6 386 878
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of interest on subordinated term loan	(803 062)	(507 728)	-	-
Repayment of lease liabilities	(4 186 976)	-	-	-
Cash dividend paid	(4 400 391)	(5 048 727)	(4 400 391)	(5 048 727)
Share issue costs – scrip dividend	(137 773)	(72 427)	(137 773)	(72 427)
Net cash used in financing activities	(9 528 202)	(5 628 882)	(4 538 164)	(5 121 154)
Net (decrease)/increase in cash and cash equivalents	(322 793 586)	141 730 476	(71 059)	(604 341)
Net foreign exchange and monetary adjustments on cash and cash equivalents	116 671 264	436 508	-	-
Cash and cash equivalents at beginning of the year	698 426 589	556 259 605	84 694	689 035
Cash and cash equivalents at the end of the year	492 304 267	698 426 589	13 635	84 694
ADDITIONAL INFORMATION ON OPERATIONAL CASH FLOWS FROM INTEREST				
Interest received	168 852 277	199 550 036	-	-
Interest paid (including interest on lease liability)	(48 055 909)	(63 651 654)	-	-

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2019

	Historical Cost*			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	330 405 087	27 143 275	3 759 945	731 458
Non-cash items:				
- Depreciation(excluding right of use assets)	2 307 360	1 370 312	-	-
- Depreciation –Right of use assets	1 310 867	-	-	-
- Amortisation of intangible assets	733 909	879 376	-	-
- Impairment losses on financial assets measured at amortised costs	11 048 567	4 011 952	-	-
- Investment properties fair value adjustment	(194 387 322)	(2 551 436)	-	-
- Trade and other investments fair value adjustment	(1 499 630)	(10 154)	-	-
- Profit on disposal of property and equipment	-	(22 396)	-	-
- Profit on disposal of investment properties	(584 149)	(567 032)	-	-
- Loss on disposal of quoted investments	-	15 074	-	15 074
- Interest capitalised on subordinated loan	1 151 954	171 483	-	-
- Impairment reversal on land and building	(40 600)	(76 661)	-	-
- Unrealised foreign exchange (gain)/loss	(92 386 267)	20 689	-	-
- Dividends received	-	-	(3 772 370)	(747 724)
Operating cash flows before changes in operating assets and liabilities	58 059 776	30 384 482	(12 425)	(1 192)
Changes in operating assets and liabilities				
(Decrease)/increase in deposits and other liabilities	552 444 546	90 105 608	(118 344)	(165 051)
Decrease/(increase)in loans, advances and other assets	(326 882 932)	(56 133 883)	(2 530 245)	-
Net cash generated/(used) in investing activities	283 621 390	64 356 207	(2 661 014)	(166 243)
TAXATION				
Tax on dividends paid	(247 740)	(97 294)	(247 740)	(97 294)
Corporate tax paid	(9 079 118)	(4 488 757)	-	-
Net cash(outflow)/inflow from operations	274 294 532	59 770 156	(2 908 754)	(263 537)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of intangible assets	(94 320)	(535 971)	-	-
Disposal/(acquisition) of investment securities	10 083 280	(25 004 005)	-	-
Proceeds on disposal of property and equipment	-	22 396	-	-
Acquisition of property and equipment	(24 308 497)	(9 490 840)	-	-
Proceeds on disposal of investment properties	5 888 719	4 801 846	-	-
Acquisition of investment properties	(351 515)	(6 082 924)	-	-
Proceeds on disposal of quoted investments	-	458	-	458
Dividends received	-	-	3 772 370	747 724
Net cash (used)/generated in investing activities	(8 782 333)	(36 289 040)	3 772 370	748 182
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of interest on subordinated term loan	(180 450)	(81 740)	-	-
Repayment of lease liabilities	(1 276 043)	-	-	-
Cash dividend paid	(832 659)	(573 719)	(832 659)	(573 719)
Share issue costs – scrip dividend	(30 958)	(8 221)	(30 958)	(8 221)
Net cash used in financing activities	(2 320 110)	(663 680)	(863 617)	(581 940)
Net increase in cash and cash equivalents	263 192 089	22 817 436	-	(97 294)
Net foreign exchange differences on cash and cash equivalents	116 671 266	70 274	-	-
Cash and cash equivalents at beginning of the year	112 440 912	89 553 202	13 635	110 929
Cash and cash equivalents at the end of the year	492 304 267	112 440 912	13 635	13 635
ADDITIONAL INFORMATION ON OPERATIONAL CASH FLOWS FROM INTEREST				
Interest received	65 548 752	38 318 561	-	-
Interest paid (Including interest on lease liability)	(15 089 895)	(7 548 415)	-	-

*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.

SIGNIFICANT ACCOUNTING POLICIES
for the year ended 31 December 2019

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.

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 not at fair value through profit or loss 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.

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.

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.

SIGNIFICANT ACCOUNTING POLICIES (continued)
for the year ended 31 December 2019

TAXATION (cont'd)

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 combi nation 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.

CHANGES IN ACCOUNTING POLICY

On 1 January 2019, the Group adopted IFRS 16, "Leases" as issued by the International Accounting Standards Board (IASB) in January 2016 with a date of transition of 1 January 2019, which resulted in changes in accounting policy and adjustments to the amounts previously recognised in the financial statements.

As permitted by the transitional provisions of IFRS 16, the Group elected not to restate comparative figures. The Group changed its accounting policy for leases where the Group is the lessee.

Prior to the change in accounting policy leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard. Upon adoption of IFRS 16, Leases, on 1 January 2019, the Group did not restate comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, Leases. On date of adoption, these liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 12.35%.

The Group has also elected not to reassess whether other contracts not previously classified as leases are, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made by applying IAS 17,Leases, and Interpretation 4,Determining whether an Arrangement contains a Lease.

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a prospective basis. The right-of-use assets were measured at the amount equal to the lease liability at the date of initial application, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
for the year ended 31 December 2019

CHANGES IN ACCOUNTING POLICY (continued)

Adjustments recognised in the statement of financial position on 1 January 2019

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

- Right-of-Use assets – Increased by ZWL3 078 687.
- Lease liabilities – Increased by ZWL3 078 687.
- There was no impact on Retained earnings on 1 January 2019.

The impact of the first time adoption of IFRS 16 on 1 January 2019 is shown below:

Statement of financial position (extract)	IAS 17 ZWL	Change ZWL	IFRS 16 ZWL
Right-of-use assets	-	3 078 687	3 078 687
Total assets impact	-	3 078 687	3 078 687
Liabilities			
Lease liabilities	-	3 078 687	3 078 687
Total liabilities impact	**-**	**3 078 687**	**3 087 687**
Retained earnings	-	-	-

Reconciliation of IAS 17 Operating Lease commitments to IFRS 16 Lease liability

	ZWL
Lease commitments (up to 1 year at 31 December 2018)	1 343 715
Add extension period lease costs	2 769 694
Total IAS 17 undiscounted lease commitments	4 113 409
Discounting Group's incremental borrowing rate	(1 034 722)
IFRS 16 Lease liability at 1 January 2019	3 078 687

In determining the Group IFRS 16 impact, the value of lease commitments totalling ZWL6 718 577 under IAS 17 was found to be overstated in note 27.1 of the 2018 Group Annual Financial Statements. This resulted in a reduction of ZWL2 605 168 to the operating lease commitments at 31 December 2018 in the reconciliation above. Other than the disclosure in note 27.1, this correction had no impact on the 2019 Group Annual Financial Statements, nor on earnings per share or any other share measures.

The adoption of IFRS 16 has resulted in changes in the Group's accounting policies for recognition, classification and measurement of lease arrangements in which the Group is a party. 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.

Lessor accounting
The Group did not need to make any adjustments to the accounting for lease contracts in which the Group is the lessor under operating leases as a result of the adoption of IFRS 16.

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.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
for the year ended 31 December 2019

FINANCIAL INSTRUMENTS (continued)

Measurement Methods (continued)

Amortised cost and effective interest rates (continued)

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

The Group has applied IFRS 9 and classifies its financial assets in the following 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.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
for the year ended 31 December 2019

FINANCIAL INSTRUMENTS (continued)

Financial Assets (continued)

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 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 "Other 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 'Other 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 'Other Income'.

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 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.

Financial assets measurement categories

Financial asset	Measurement category
Cash and cash equivalents	Amortised cost
Loans and advances	Amortised cost
Investment securities	Amortised cost
Trade investments	Fair value through Profit or Loss (mandatorily)

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.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
for the year ended 31 December 2019

FINANCIAL INSTRUMENTS (continued)

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):

- cash and cash equivalents;
- loans and advances to customers;
- investment securities;
- lease receivables;
- facilities approved but not drawn down; and
- inancial 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. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

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 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.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
for the year ended 31 December 2019

FINANCIAL INSTRUMENTS (continued)

Purchased or originated credit-impaired (POCI) financial assets (continued)

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. 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 as a provision.

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.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
for the year ended 31 December 2019

FINANCIAL INSTRUMENTS (continued)

Significant increase in credit risk (continued)

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.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
for the year ended 31 December 2019

FINANCIAL INSTRUMENTS (continued)

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 as a provision. 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 as a provision.

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 2.4(Use of estimates and judgements) 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.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
for the year ended 31 December 2019

FINANCIAL INSTRUMENTS (continued)

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 receivables: 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.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
for the year ended 31 December 2019

FINANCIAL INSTRUMENTS (continued)

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. (See note 39.1.4 for further analysis of collateral).

Collateral repossessed

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

Offsetting financial instruments

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

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
for the year ended 31 December 2019

FINANCIAL INSTRUMENTS (continued)

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.

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.

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

PROPERTY AND EQUIPMENT

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is 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.

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.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
for the year ended 31 December 2019

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%

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.

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.

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

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

INVESTMENT PROPERTIES

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. 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.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue for the banking subsidiary is comprised of interest income, net foreign exchange gains and fee and commission income derived in the ordinary course of business. Additional information on the recognition criteria in respect of the revenue components is disclosed on the respective notes on the individual components.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
for the year ended 31 December 2019

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 expected credit losses 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.

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 which are recognised in 'impairment losses on financial assets measured at amortised cost' 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.

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 performance obligations are satisfied. 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 as the performance obligation from the contract would be deemed to have been satisfied over the term of the contract.

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

INTEREST INCOME

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

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

INTEREST EXPENSE

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

EMPLOYEE BENEFITS

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

Defined Contribution Plan

Obligations for contribution to the defined contribution pension plan are recognised as an expense in profit or loss as they are incurred.

National Social Security Authority Scheme

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

Short term employee benefits/and share based payments

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

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
for the year ended 31 December 2019

EMPLOYEE BENEFITS (continued)

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.

PROVISIONS

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

SHAREHOLDERS' FUNDS 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.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or disposal groups are held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Such assets are generally measured at the lower of the carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property and equipment are no longer amortised or depreciated.



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

1. REPORTING ENTITY

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. ACCOUNTING CONVENTION

2.1 Basis of preparation

The condensed 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 Con sumer Price Index at the statement of financial position date. The Public Accountants and Auditors Board (PAAB) issued a pronouncement on 11 October 2019 indicating the economy had become hyper-inflationary. The Directors have thus pre pared the accompanying financial statements using the hyperinflationary statements using the hyper-inflationary accounting basis. The indices are derived from the monthly inflation rates which are issued by the Zimbabwe National Statistics Agency (ZIMSTAT). As a result of the change in the Group's functional currency on 22 February 2019, the CPI indices for the prior periods are in respect of the USD functional currency which was prevailing at the time. 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 December 2017	61.13	9.0232
31 December 2018	88.81	6.2115
31 December 2019	551.63	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 2017, 31 December 2018 and 31 December 2019 have been restated from the date of last re-measurement to 31 December 2019;
- Income statement transactions for the current and comparative periods have been restated by applying the change in the index from the approximate date of the transactions to 31 December 2019;
- 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 2019;
- Property and equipment and accumulated depreciation have been restated by applying the change in the index from the earlier of February 2009 and the date of their purchase or re-assessment to 31 December 2019;
- Equity has been restated by applying the change in index from the date of issue to 31 December 2019;

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 included for the benefit of users.

2.2 Functional and presentation currency

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

2.2.1 Change in Functional currency

The effect of a change in functional currency is accounted for prospectively. The Group translated all items into the new currency using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items were treated as their historical costs.

The Group's functional currency changed from United States Dollars (USD) to RTGS Dollars on 22 February 2019 which was subsequently changed to the Zimbabwean dollars on 24 June 2019.

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 Foreign Currency Accounts (FCAs) for foreign currency holdings which were now being distinguished from the existing RTGS based accounts. On the back of these pronouncements, the Directors concluded that the Group's functional currency had changed on the same date. However, on 22 February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019 which specified that for accounting and other purposes, all assets and liabilities that were in USD immediately before 22 February 2019 were deemed to have been valued in RTGS Dollars at a rate of 1:1 with the USD.

2. ACCOUNTING CONVENTION (cont'd)

2.2.1 Change in Functional currency (cont'd)

Having considered all these aspects, the Directors accounted for the change in the Group's functional currency from USD to RTGS Dollars on 22 February 2019. The RTGS Dollars were subsequently converted to Zimbabwe dollars on 24 June 2019 through Statutory Instrument 142 of 2019.

The above treatment was in contravention of the provisions of International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" but in line with legal requirements and regulatory directives.

2.3 Comparative financial information

The Group 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 twelve months.

2.4 Use of estimates, judgements and assumptions

In preparation of the consolidated and separate financial statements, Directors have made judgments, estimates and a sumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expens es. 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 2019 is included in the following notes.

2.4.1 Deferred tax

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

2.4.2 Valuation of properties

Significant judgements and estimates have been applied as detailed below for the valuation of Investment Properties and of Land and Buildings held under Property, Plant and Equipment:

Statutory Instrument 142 of 2019 introduced the Zimbabwe Dollar (ZWL) as the sole legal tender effective 24 June 2019. This appears to have been a follow up measure to the Monetary Policy Statement (MPS) of 22nd February 2019 which added the RTGS$ to the then basket of currencies. The MPS established an Inter-Bank Foreign Exchange market which continued to function up to the reporting year end date. These events have created complex valuation challenges for the short term.

Valuations rely on historical market evidence for calculation inputs. This includes transaction prices for comparable properties, rents and capitalisation rates. Such market evidence does not exist at present to calculate ZWL values. Therefore, valuers have adopted the approach for the meanwhile of converting USD valuation inputs at the Inter-Bank Foreign Exchange Auction Rate of the day to calculate ZWL property values.

This approach, however, presents a multitude of risks to the users of the valuation reports. These are detailed below:

Overstating the property values

The key inputs for the valuation of non-residential investment property are the rent income and the capitalisation rate. No trends for ZWL rents have yet been established neither is there easily verifiable market evidence of ZWL transactions to enable analysis of the yields. It is unlikely that ZWL rent movements will mirror the activity on the Inter-Bank Foreign Exchange market. In addition, the property market will price the risk associated with the ZWL which is not a fully convertible currency, and this will be reflected through the capitalisation rates.

Therefore, a direct conversion of USD valuation inputs likely results in overstated ZWL property values.

Property sub-sectors will respond differently to the new currency

To use a single conversion rate for different property sub-sectors does not recognise the fact that each will respond differently to the reintroduced ZWL. Non-residential property is likely to lag behind the economic cycle quite considerably. Whereas residential property which is more sentiment driven, is likely to respond positively quicker.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

2. ACCOUNTING CONVENTION (cont'd)

2.4.2 Valuation of properties (cont'd)

Ignoring market dynamics (supply and demand)

Applying a conversion rate to USD valuation inputs to calculate ZWL property values is not an accurate reflection of market dynamics. Risks associated with currency trading do not reflect the risks associated with property trading. The two markets perceive and price their respective risks quite differently.

It is, therefore, unlikely that property values will strictly track the movement in the Inter-Bank Foreign Exchange Rate.

2.4.3 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.

2.4.4 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.

2.4.5 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 USD1: 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). In light of the developments summarised above, the Directors concluded that the Group's functional currency changed from US$ to ZWL with effect from 22 February 2019.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

2. ACCOUNTING CONVENTION (cont'd)

2.4.5 Determination of the functional currency (cont'd)

The opening balances at 1 January 2019 are carried at USD/RTGS$1:1 in compliance with Statutory Instrument 33 (SI 33) of 2019. The Group used this fixed exchange rate at 1 January 2019 and thus did not comply with the requirements of International Accounting Standard 21 (IAS21), "The Effects of Changes in Foreign Exchange Rates", as doing so would have been in contravention of SI 33 of 2019. The financial statements were restated using the first available interbank mid-rate on 22 February 2019 of USD/RTGS$1:2.5, giving rise to the Functional Currency Translation Reserve of ZWL11 619 648. The International Financial Reporting Standards (IFRS) do not prescribe clear guidance on the treatment of the movements arising on the translation of foreign currencies on the date of change in functional currency. As such, the Directors had to apply their judgement on the treatment of these translation gains and losses in a manner that most faithfully represents the substance of the event and related transactions.

The Directors had to apply judgement in determining the rates at which the comparative information for the twelve months ended 31 December 2018 would be restated. The currency conversion challenge emanates from the existence of a 3-tier pricing structure during the comparative period depending on mode of settlement and the challenge was compounded by the fact that the official exchange rate between USD and the bond note/electronic balances was pegged at 1:1 and there was no orderly, functional market where foreign currency transactions were being conducted in order to establish credible foreign currency conversion rates. On that basis, the Directors have restated the comparative information at the official rate of USD/RTGS$(ZWL)1:1.

2.5 New and amended Accounting Standards

2.5.1 Amendments to references to the Conceptual Framework in IFRS standards

These changes are applicable to annual periods beginning on or after 1 January 2020. In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments are not expected to have a significant impact on the Group's financial statements.

2.5.2 Definition of a Business (Amendments to IFRS 3)

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, removed the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs and introduce an optional fair value concentration test. The Group does not anticipate the changes to have a material impact on its financial statements.

2.5.3 Uncertainty over Income Tax Treatments (IFRIC 23)

The amendments must be applied to transactions conducted on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Retrospective application of this interpretation will be applied only if possible, without the use of insight. The IFRIC 23 Uncertainty over Income Tax Treatments interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments.

In such circumstances, the entity shall recognize and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this interpretation. The interpretation addresses the following: whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable periodic(tax loss), tax bases, unused tax losses, unused tax credits and tax rates; as well as how an entity considers change in facts and circumstances. The impact on the annual financial statement has been assessed to be insignificant.

3. SEGMENT INFORMATION

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

Retail banking	-	Individual customers deposits and consumer loans, overdrafts, credit card facilities and funds transfer facilities.
Corporate banking	-	Loans and other credit facilities and deposit and current accounts for corporate and institutional customers.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

3. SEGMENT INFORMATION (Cont'd

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 2019 or 2018.

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

Inflation adjusted	Retail Banking ZWL	Corporate Banking ZWL	Treasury Banking ZWL	International Banking ZWL	Digital Banking ZWL	Other ZWL	Total ZWL
For the year ended 31 December 2019							
Income							
Third party income	80 752 147	88 765 652	35 363 708	7 984 485	84 355 453	433 612 528	730 833 973
Interest and similar expense	(4 141 148)	(19 832 183)	(27 722 415)	-	-	-	(51 695 746)
Net operating income	**76 610 999**	**68 933 469**	**7 641 293**	**7 984 485**	**84 355 453**	**433 612 528**	**679 138 227**
Other material non-cash items							
Impairment losses on financial assets measured at amortised cost	2 505 772	8 129 454	413 341	-	-	-	11 048 567
Depreciation of property and equipment	7 432 905	335 771	103 329	57 662	6 792 659	704 887	15 427 213
Depreciation of right of use assets	-	-	-	-	-	3 088 496	3 088 496
Amortisation of intangible assets	-	-	-	-	-	6 356 249	6 356 249
Segment profit/(loss)	**37 500 667**	**22 896 211**	**25 219 750**	**(926 867)**	**34 135 698**	**35 285 119**	**154 110 578**
Income tax charge	-	-	-	-	-	(70 019 548)	(70 019 548)
Revaluation of land and buildings, net of tax	-	-	-	-	-	108 586 781	108 586 781
Translation gain on change in functional currency, net of tax	-	-	-	-	-	64 096 897	64 096 897
Total comprehensive income for the year	**37 500 667**	**22 896 211**	**25 219 750**	**(926 867)**	**34 135 698**	**137 949 249**	**256 774 708**
As at 31 December 2019							
Assets and liabilities							
Capital expenditure (property and equipment and intangible assets)	6 592 267	-	124 352	19 881	1 064 734	28 159 581	35 960 815
Total assets	**360 259 251**	**569 190 851**	**327 314 026**	**110 907 699**	**12 041 259**	**709 598 239**	**2 089 311 325**
Total liabilities	**575 250 093**	**407 188 006**	**261 424 308**	**38 506 939**	**-**	**99 088 650**	**1 381 457 996**

3. SEGMENT INFORMATION (Cont'd)

Inflation adjusted- Restated	Retail Banking ZWL	Corporate Banking ZWL	Treasury Banking ZWL	International Banking ZWL	Digital Banking ZWL	Other ZWL	Total ZWL
For the year ended 31 December 2018							
Income							
Third party income	107 042 023	79 066 196	50 020 957	3 509 546	49 960 329	321 722 403	611 321 454
Interest and similar expense	(6 694 646)	(5 855 508)	(37 225 265)	(22 356 520)	-	-	(72 131 939)
Net operating income	**100 347 377**	**73 210 688**	**12 795 692**	**(18 846 974)**	**49 960 329**	**321 722 403**	**539 189 515**
Other material non-cash items:							
Impairment losses on financial assets measured at amortised cost	5 651 813	18 336 125	932 298	-	-	-	24 920 236
Depreciation of property and equipment	2 961 021	292 320	94 689	26 157	5 416 693	3 200 958	11 991 839
Depreciation of right of use assets	-	-	-	-	-	-	-
Amortisation of intangible assets	-	-	-	-	-	7 882 765	7 882 765
Segment profit/(loss)	**6 450 806**	**9 783 584**	**4 176 244**	**(1 875 083)**	**5 652 381**	**121 703 027**	**145 890 961**
Income tax charge	-	-	-	-	-	(51 106 027)	(51 106 027)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income							
31 December 2018	**6 450 806**	**9 783 584**	**4 176 244**	**(1 875 083)**	**5 652 381**	**70 597 000**	**94 784 934**
Assets and Liabilities							
Capital expenditure (property and equipment and intangible assets)	10 501 839	25 637	-	74 729	1 120 059	47 766 046	59 488 310
Total assets	**561 604 751**	**809 433 458**	**919 179 760**	**19 837 695**	**33 384 462**	**950 851 144**	**3 294 291 270**
Total liabilities	**919 829 080**	**824 719 196**	**797 512 901**	**69 367 300**	**-**	**168 004 086**	**2 779 432 563**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

4. INTEREST INCOME

Inflation adjusted

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
Loans and advances to banks	4 277 927	6 893 435	-	-
Loans and advances to customers	143 515 089	234 835 190	-	-
Investment securities	32 419 428	81 602 183	-	-
	180 212 444	323 330 808	-	-

Historical Cost

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Loans and advances to banks	2 368 733	793 220	-	-
Loans and advances to customers	58 942 089	28 570 221	-	-
Investment securities	9 246 368	9 969 737	-	-
	70 557 190	39 333 178	-	-

5. INTEREST EXPENSE

Inflation adjusted

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
Due to banks	23 549 449	15 835 406	-	-
Due to customers	24 302 183	50 834 969	-	-
Other borrowed funds	3 824 114	5 461 564	-	-
	51 695 746	72 131 939	-	-

Historical Cost

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Due to banks	6 159 767	2 036 353	-	-
Due to customers	8 923 660	6 171 065	-	-
Other borrowed funds	1 810 661	657 598	-	-
	16 894 088	8 865 016	-	-

6. NON INTEREST INCOME AND OTHER COMPREHENSIVE INCOME

6.1 Fee and commission income

	Inflation adjusted			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
Retail banking customer fees	56 804 021	89 572 472	-	-
Corporate banking credit relate fees	15 823 020	22 757 379	-	-
Financial guarantee fees	498 673	1 880 927	-	-
International banking commissions	6 544 147	4 037 381	-	-
Digital banking fees	103 533 777	115 031 934	-	-
	183 203 638	233 280 093	-	-

	Historical Cost			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Retail banking customer fees	24 101 648	11 107 290	-	-
Corporate banking credit relate fees	10 259 457	2 621 449	-	-
Financial guarantee fees	212 188	148 518	-	-
International banking commissions	3 070 999	491 279	-	-
Digital banking fees	49 598 011	14 170 840	-	-
	87 242 303	28 539 376	-	-

6.2 Other income

	Inflation adjusted			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
Trade investments fair value gains	913 332	(316 323)	-	-
Profit on disposal of property and equipment	-	139 122	-	-
Fair value gains on investment properties	93 624 006	19 523 429	-	-
Profit on disposal on investment properties	584 149	4 395 908	-	-
Loss on disposal of quoted investments	-	(132 802)	-	(132 802)
Rental income	1 280 872	3 012 142	-	-
Recoveries	14 744 269	10 622 718	-	-
Dividend income	-	-	19 936 016	6 648 447
Other operating income	1 459 818	1 805 406	-	-
	112 606 446	39 049 600	19 936 016	6 515 645

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

6. NON INTEREST INCOME AND OTHER COMPREHENSIVE INCOME (continued)

6.2 Other income (Cont'd)

	Historical Cost			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Trade investments fair value gains	1 499 630	10 154	-	
Profit on disposal of property and equipment	-	22 396	-	
Fair value gains on investment properties	194 387 322	2 551 436	-	
Profit on disposal on investment properties	584 149	567 032	-	
Loss on disposal of quoted investments	-	(15 074)	-	(15 074)
Rental income	391 885	365 269	-	-
Recoveries	9 519 359	1 295 428	-	-
Other operating income	240 294	171 806	3 772 370	754 249
	206 622 639	4 968 447	3 772 370	739 175

6.3 Other comprehensive income

	Inflation adjusted			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
Translation gain on change in functional currency	86 325 787	-	-	-
Tax effect	(22 228 890)	-	-	-
	64 096 897	-	-	
Revaluations of land and buildings	146 244 823	-	-	-
Tax effect	(37 658 042)	-	-	-
	108 586 781	-	-	-
	172 683 678	-	-	-

	Historical Cost			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Translation gain on change in functional currency	15 649 358	-	-	-
Tax effect	(4 029 710)	-	-	-
	11 619 648	-	-	-
Revaluations of land and buildings	236 960 551	62 533	-	-
Tax effect	(61 017 342)	(16 102)	-	-
	175 943 209	46 431	-	-
	187 562 857	46 431	-	-

7. OPERATING EXPENDITURE

	Inflation adjusted			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
The net operating income is after charging the following:				
Administration costs**	116 149 272	131 455 785	65 661	67 964
Audit fees:				
- Current year	1 580 232	755 184	-	-
- Prior year	318 198	849 895	-	-
Impairment reversal on land and buildings*	-	(476 180)	-	-
Amortisation of intangible assets	6 356 249	7 882 765	-	-
Depreciation (excluding right of use assets)	15 427 213	11 991 839	-	-
Depreciation – right of use assets	3 088 496	-	-	-
Directors' remuneration	6 154 50	8 147 609	-	-
- Fees for services as directors	1 585 033	1 838 595	-	-
- Services rendered	4 442 318	6 159 604	-	-
- Expenses	127 149	149 410	-	-
Staff costs – salaries, allowances and related costs	91 465 668	128 926 698	-	-
	240 539 828	289 533 595	65 661	67 964

*The impairment reversal on land and building arose due to fair value changes on the Group's land and buildings measured using the revaluation model.

**Included in administration costs are lease finance costs amounting to ZWL2 577 313 in respect of property leases which the Group uses for the purposes of carrying out its trade.

	Historical Cost			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
The net operating income is after charging the following:				
Administration costs	55 318 360	15 963 308	12 425	7 717
Audit fees:				
- Current year	993 686	98 991	-	-
- Prior year	200 090	111 406	-	-
Impairment reversal on land and buildings*	(40 600)	(76 661)	-	-
Amortisation of intangible assets	733 909	879 376	-	-
Depreciation (excluding right of use assets)	2 307 360	1 370 312	-	-
Depreciation – right of use assets	1 310 867	-	-	-
Directors' remuneration	2 531 536	971 121	-	-
- Fees for services as directors	644 487	219 246	-	-
- Services rendered	1 806 282	734 511	-	-
- Expenses	80 767	17 364	-	-
Staff costs – salaries, allowances and related costs	42 582 294	15 402 575	-	-
	105 937 502	34 720 428	12 425	7 717

*The impairment reversal on land and building arose due to fair value changes on the Group's land and buildings measured using the revaluation model.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

8. TAXATION

8.1 Income tax charge/ (credit)

	Inflation adjusted			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
Current tax	9 989 877	27 541 426	-	-
Deferred tax (note 18)	60 029 671	23 564 602	13 518	(8 141)
	70 019 548	51 106 028	13 518	(8 141)

	Historical Cost			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Current tax	9 989 877	4 433 942	-	-
Deferred tax (note 18)	34 514 671	1 488 132	(9 152)	(1 311)
	44 504 548	5 922 074	(9 152)	(1 311)

8.2 Reconciliation of income tax charge/ (credit)

	Inflation adjusted			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
Based on results for the period at a rate of 25.75%	110 094 082	57 869 438	22 593 715	1 159 500
Tax effect of:				
- Income not subject to tax*	(58 047 591)	(29 697 923)	(22 580 197)	(1 167 641)
- Non-deductible expenses**	9 654 608	13 338 746	-	-
- Tax rate differential on capital gains	-	-	-	-
- Capital gains tax	-	-	-	-
	61 701 099	41 510 261	13 518	(8 141)

*Income not subject to tax includes coupon interest from Treasury Bills and unrealised revaluation gains.
**Non-deductible expenses include provisions, disallowable pension deductions and depreciation.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

8. TAXATION (cont'd)

8.2 Reconciliation of income tax charge/ (credit) (cont'd)

Historical Cost

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Based on results for the period at a rate of 25.75%	85 079 310	6 989 393	968 186	186 670
Tax effect of:				
- Income not subject to tax	(50 229 371)	(3 214 747)	(977 338)	(187 981)
- Non-deductible expenses	9 654 609	2 147 428	-	-
- Tax rate differential on capital gains	-	-	-	-
- Capital gains tax	-	-	-	-
	44 504 548	5 922 074	(9 152)	(1 311)

8.3 Total taxation charge/ (credit) analysed by company

Inflation adjusted

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
NMB Bank Limited	70 006 030	51 114 168	-	-
NMBZ Holdings Limited	13 518	(8 141)	13 518	(8 141)
	70 019 548	51 106 027	13 518	(8 141)

Historical Cost

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
NMB Bank Limited	44 513 700	5 923 385	-	-
NMBZ Holdings Limited	(9 152)	(1 311)	(9 152)	(1 311)
	44 504 548	5 922 074	(9 152)	(1 311)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

8.4 Current tax liabilities / (assets)

Inflation adjusted

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
At 1 January	(1 775 387)	(2 084 429)	(469 089)	(75 518)
Monetary adjustment	6 931 241	649 526	393 571	(393 571)
Charge for the year	9 989 877	27 541 425	-	-
Payments during the year	(14 520 794)	(27 881 909)	-	-
	624 937	(1 775 387)	(75 518)	(469 089)

Historical Cost

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
At 1 January	(285 822)	(231 007)	(75 518)	(75 518)
Charge for the year	9 989 877	4 433 942	-	-
Payments during the year	(9 079 118)	(4 488 757)	-	-
	624 937	(285 822)	(75 518)	(75 518)

9. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of NMBZ Holdings Limited adjusted for the after tax effect of:

(a) any dividends or other items related to dilutive potential ordinary shares deducted in arriving at profit or loss attributable to ordinary equity holders of the parent entity;
(b) any interest recognised in the period related to 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

9.1. Earnings

	← Inflation adjusted →		← Historical Cost →	
	31 December 2019 ZWL	31 December 2018 ZWL Restated	31 December 2019 ZWL	31 December 2018 ZWL
Profit for the year	84 091 030	94 784 934	285 900 539	21 221 201
Headline earnings for the period	(74 560 459)	73 333 507	31 088 574	18 382 583

9.2 Number of shares

	← Inflation adjusted →		← Historical Cost →	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
9.2.1 Basic earnings per share				
Weighted average number of ordinary shares for basic and headline earnings per share	399 498 150	390 959 988	399 498 150	390 959 988
9.2.2 Diluted earnings per share				
Number of shares at beginning of period	392 955 196	384 974 542	392 955 196	384 974 542
Effect of dilution:				
Weighted average number of shares … issued – scrip dividend	6 542 954	5 985 446	6 542 954	5 985 446
	399 498 150	390 959 988	399 498 150	390 959 988
Share options approved but not granted	23 942 639	23 942 639	23 942 639	23 942 639
	423 440 789	**414 902 627**	**423 440 789**	**414 902 627**

	ZWL	ZWL Restated	ZWL	ZWL
9.2.3 Headline (losses)/earnings				
Profit for the period	84 091 030	94 784 934	285 900 539	21 221 201
Add/(deduct) non-recurring items				
Loss on disposal of quoted investments	-	132 802	-	15 074
Trade investments fair value gains	(913 332)	316 323	(1 499 630)	(10 154)
Profit on disposal of property and equipment	-	(139 122)	-	(22 396)
Profit on disposal of investment properties	(584 149)	(4 395 908)	(584 149)	(567 032)
Unrealised foreign exchange revaluation gains	(92 386 267)	128 510	(92 386 267)	20 689
Fair value gains on investment properties	(93 624 006)	(19 523 429)	(194 387 322)	(2 551 436)
Tax thereon	28 856 265	2 029 397	34 045 403	276 637
Headline (losses)/earnings	(74 560 459)	73 333 507	31 088 574	18 382 583

This is calculated in accordance with the Statement of Investment Practice No. 1 issued by the former Institute of Investment Management and Research (now the Chartered Financial Analysts (CFA) Society of the UK).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

9. EARNINGS PER SHARE (cont'd)

9.3 Earnings per share (ZWL cents)

	Inflation adjusted		Historical Cost	
	31 December 2019 ZWL	31 December 2018 ZWL Restated	31 December 2019 ZWL	31 December 2018 ZWL
Basic	21.05	24.24	71.56	5.43
Diluted	19.86	22.85	67.52	5.11
Headline	(18.66)	18.76	7.78	4.70

10. SHARE CAPITAL

10.1

	31 December 2019 Shares million	31 December 2018 Shares million	31 December 2019 ZWL	31 December 2018 ZWL
Authorised				
Ordinary shares of ZWL0.00028 each	600	600	168 000	168 000

10.2 Issued and fully paid

	Inflation adjusted			
	31 December 2019 Shares million	31 December 2018 Shares million	31 December 2019 ZWL	31 December 2018 ZWL Restated
10.2.1 Ordinary shares				
Ordinary shares	404	393	796 878	769 225

10.2.1 Ordinary shares

	Historical Cost			
	31 December 2019 Shares million	31 December 2018 Shares million	31 December 2019 ZWL	31 December 2018 ZWL
Ordinary shares				
Ordinary shares	404	393	84 116	80 975

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

10. SHARE CAPITAL (cont'd)

		Inflation adjusted			
		31 December 2019 Shares million	31 December 2018 Shares million	31 December 2019 ZWL	31 December 2018 ZWL Restated
10.2.2	**Redeemable ordinary shares**				
	Redeemable ordinary shares	104	104	29 040	180 382

		Historical Cost			
		31 December 2019 Shares million	31 December 2018 Shares million	31 December 2019 ZWL	31 December 2018 ZWL
10.2.2	**Redeemable ordinary shares**				
	Redeemable ordinary shares	104	104	29 040	29 040

A total of 11 216 493 ordinary shares were issued to existing shareholders in June 2019 as a scrip dividend.

Of the unissued ordinary shares of 196 million shares (2018 - 207 million), options which may be granted in terms of the 2012 ESOS amount to 23 942 639 (2018 – 23 942 639). No share options were exercised from the Scheme as at 31 December 2019. The share option scheme expires in 2022.

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

11. CAPITAL RESERVES

	Inflation adjusted			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
Share premium	168 050 518	156 222 100	168 050 518	156 222 100
Share option reserve	595 723	595 723	595 723	595 723
	168 646 241	156 817 823	168 646 241	156 817 823
Functional currency translation reserve	64 096 897	-	-	-
Total capital reserve	232 743 138	156 817 823	168 646 241	156 817 823

	Historical Cost			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Share premium	19 121 607	16 463 734	19 121 607	16 463 734
Share option reserve	62 563	62 563	62 563	62 563
	19 184 170	16 526 297	19 184 170	16 526 297
Functional currency translation reserve	11 619 648	-	-	-
Total capital reserve	30 803 818	16 526 297	19 184 170	16 526 297

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

11. CAPITAL RESERVES (continued)

11.1 Nature and purpose of reserves

11.1.1 Share premium

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

11.1.2 Share option reserve

The share option reserve is used to recognise the value of equity settled share based payment transactions provided to employees, including key management personnel, as part of their remuneration. Refer to note 37.3 for further details of these plans.

11.1.3 Functional currency translation reserve

The reserve arose out of translation gains on the Group's land and buildings recorded on the change in the Group's functional currency during the period under review.

11.1.4 Revaluation reserve

The Reserve represent gains on the revaluation of land and buildings.

12. RETAINED EARNINGS

Analysis of retained profit by company

	Inflation adjusted			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
NMBZ Holdings Limited	105 643 907	37 850 858	105 643 907	37 850 858
NMB Bank Limited	217 387 032	221 025 067	-	-
Total retained earnings	323 030 939	258 875 925	105 643 907	37 850 858
Dividend per share (ZWL cents)	4.93	2.19	4.93	2.19

	Historical Cost			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
NMBZ Holdings Limited	107 098	110 370	107 098	110 370
NMB Bank Limited	329 398 471	47 267 030	-	-
Total retained earnings	329 505 569	47 377 400	107 098	110 370
Dividend per share (ZWL cents)	0.93	0.35	0.93	0.35

13. REDEEMABLE ORDINARY SHARES
GROUP AND COMPANY

	← Inflation adjusted →		← Historical Cost →	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL
Nominal value (note 10.2.2)	29 040	180 382	29 040	29 040
Share premium	14 306 213	88 863 025	14 306 213	14 306 213
	14 335 253	89 043 407	14 335 253	14 335 253

On 30 June 2013, the Group received USD14 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 USD4 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 ZWL200 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.

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

14. SUBORDINATED LOAN

	GROUP			
	← Inflation adjusted →		← Historical Cost →	
	31 December 2019 ZWL	31 December 2018 ZWL Restated	31 December 2019 ZWL	31 December 2018 ZWL
At 1 January	9 352 328	12 776 031	1 505 647	1 415 904
Monetary adjustment	(9 851 926)	(3 981 143)	-	-
Exchange revaluation	25 883 189	-	25 883 189	-
Interest capitalised	3 779 812	1 065 167	1 151 954	171 483
Interest paid	(803 062)	(507 728)	(180 450)	(81 740)
	28 360 340	9 352 327	28 360 340	1 505 647

In 2013, the Bank received a subordinated term loan amounting to USD1.4 million from a Development Financial Institution which attracts an interest rate of LIBOR plus 10% and has a seven year maturity date (13 June 2020) from the first dis bursement date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

14. SUBORDINATED LOAN (cont'd)

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 a 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. However, there were no defaults on interest payments. There were no breaches to the financial covenants between the Group and the Development Financial Institution at the reporting date of 31 December 2019.

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 US$/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 US$/ZWL1:1 to the RBZ in terms of the RBZ directive. These legacy debts and the related amounts transferred to the RBZ in terms of the RBZ directive on the legacy debts, have been translated using the interbank rate at reporting date. Subsequent to year end, the RBZ approved the legacy debt in respect of the subordinated term loan.

15. TOTAL SHAREHOLDERS' FUNDS AND SHAREHOLDERS' LIABILITIES

Inflation adjusted

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
Shareholders' funds and shareholders liabilities	707 853 329	514 858 707	289 422 279	289 422 279
	707 853 329	514 858 707	289 422 279	284 481 313

Historical Cost

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Shareholders' funds and shareholders liabilities	579 169 046	79 962 313	33 710 637	31 052 895
	579 169 046	79 962 313	33 710 637	31 052 895

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

16. DEPOSITS AND OTHER LIABILITIES

16.1 Deposits and other liabilities by type

Inflation adjusted

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
Deposits from banks and other financial institutions**	309 012 254	460 337 446	-	-
Current and deposit accounts from customers*	882 067 591	2 241 403 330	-	-
Total deposits	1 191 079 845	2 701 740 776	-	-
Trade and other payables*	77 066 171	77 691 787	414 135	3 307 484
	1 268 146 016	2 779 432 563	414 135	3 307 484

Historical Cost

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Deposits from banks and other financial institutions**	309 012 254	74 110 527	-	-
Current and deposit accounts from customers*	882 067 591	360 847 422	-	-
Total deposits	1 191 079 845	434 957 949	-	-
Trade and other payables*	77 066 171	12 147 334	414 135	532 478
	1 268 146 016	447 105 283	414 135	532 478

* The carrying amounts of current and deposit accounts and trade and other payables approximate the related fair values due to their short term nature.

Included in trade and other payables are lease liabilities ranging from 1 to 5 years in respect of leased properties in which the Group is a lessee.

Also included in trade and other liabilities are ECL provisions in respect of guarantees and facilities approved but not drawn down.

** Included in deposits from banks and other financial institutions are loan balances of ZWL145 815 913, ZWL73 709 541 and ZWL20 128 080 due to Nederlandse Financierings-Maatschappij Voor Ontiwikkelingslanden (FMO), Swedfund and Afreximbank. 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 legacy debts which were registered with the Reserve Bank of Zimbabwe (RBZ) for an orderly expunging of the debts. During the period under review, the Group trans ferred 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. There were no breaches to the financial covenants. However, the Group defaulted on the principal repayments on the FMO and Swedfund facilities during the period under review due to the nostro-funding challenges that were prevailing in the economy and subsequent to period end, the above mentioned lines of credit balances have since been transferred to the RBZ for an orderly expunging of the debts. The Bank has been communicating with the lenders regarding these developments.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

16. DEPOSITS AND OTHER LIABILITIES(Cont'd)

16.1 Deposits and other liabilities by type (continued)

The line of credit balances have been translated at 31 December 2019 at the closing rate of USD/ZWL1:16.77. Con sequently, the amount transferred to the RBZ for the settlement of these debts has been translated at the same closing rate as it represents the Bank's right to the settlement of the related lines of credit. Subsequent to year end, the RBZ approved the legacy debt in respect of the FMO and Swedfund lines of credit.

16.2 Maturity analysis

	← Inflation adjusted →		← Historical Cost →	
	31 December 2019 ZWL	31 December 2018 ZWL Restated	31 December 2019 ZWL	31 December 2018 ZWL
Less than 1 month	1 044 719 581	2 323 856 969	1 044 719 581	374 121 777
1 to 3 months	50 530 229	160 474 300	50 530 229	25 835 037
3 to 6 months	33 694 415	46 681 277	33 694 415	7 515 300
6 months to 1 year	43 929 895	73 178 050	43 929 895	11 781 062
1 to 5 years	18 013 895	96 358 627	18 013 895	15 512 943
Over 5 years	191 830	1 191 553	191 830	191 830
	1 191 079 845	2 701 740 776	1 191 079 845	434 957 949

16.3 Sectoral analysis of deposits

	← Inflation adjusted →			
	31 December 2019 ZWL	%	31 December 2018 ZWL Restated	%
Agriculture	25 380 717	2	68 358 319	2
Banks and other financial institutions	309 012 254	26	460 337 446	17
Distribution	119 294 305	10	261 075 456	10
Individuals	103 037 176	9	172 324 302	6
Manufacturing	164 249 753	14	433 554 818	16
Mining companies	20 256 979	2	56 385 095	2
Municipalities and parastatals	57 993 887	4	179 797 201	7
Other deposits	115 811 950	10	371 331 382	14
Services	216 039 339	18	608 900 962	23
Transport and telecommunications	60 003 485	5	89 675 795	3
	1 191 079 845	100	2 701 740 776	100

16. DEPOSITS AND OTHER LIABILITIES(Cont'd)

16.3 Sectoral analysis of deposits (cont'd)

	Historical Cost			
	31 December 2019 ZWL	%	31 December 2018 ZWL	%
Agriculture	25 380 717	2	11 005 126	2
Banks and other financial institutions	309 012 254	26	74 110 527	17
Distribution	119 294 305	10	42 030 992	10
Individuals	103 037 176	9	27 742 789	6
Manufacturing	164 249 753	14	69 798 745	16
Mining companies	20 256 979	2	9 077 534	2
Municipalities and parastatals	57 993 887	5	28 945 864	7
Other deposits	115 811 950	10	59 781 285	14
Services	216 039 339	18	98 028 025	23
Transport and telecommunications	60 003 485	5	14 437 062	3
	1 191 079 845	100	434 957 949	100

17. FINANCIAL INSTRUMENTS

17.1 Investment securities

		GROUP			
		Inflation adjusted		Historical Cost	
	Note	31 December 2019 ZWL	31 December 2018 ZWL Restated	31 December 2019	31 December 2018
Amortised cost – Gross		107 568 657	731 055 055	107 568 657	117 693 824
Impairment allowance	20.3.1	(402 502)	(2 760 331)	(402 502)	(444 390)
- ECL at 1 January		(2 760 331)	(3 375 428)	(444 390)	(374 082)
- Monetary adjustment		2 399 717	615 097	-	-
- ECL charged through profit and loss		41 888	(436 718)	41 888	(70 308)
		107 166 155	**728 294 724**	**107 166 155**	**117 249 434**

The Group holds treasury bills and government bonds amounting to ZWL107 568 657 with interest rates ranging from 2% to 15%. 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 the total Treasury Bills balance of ZWL107 568 657, a total of ZWL83 102 011 had been pledged as security against interbank borrowings.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

17. FINANCIAL INSTRUMENTS(cont'd)

17.2 Maturity analysis of investment securities – amortised cost

	← Inflation adjusted →		← Historical Cost →	
	31 December 2019 ZWL	31 December 2018 ZWL Restated	31 December 2019 ZWL	31 December 2018 ZWL
Less than 1 month	2 500 000	-	2 500 000	-
1 to 3 months	6 390 075	883 566	6 390 075	142 245
3 to 6 months	19 000 000	38 101 190	19 000 000	6 133 977
6 months to 1 year	54 787 417	267 119 415	54 787 417	43 004 020
1 to 5 years	13 508 934	354 250 171	13 508 934	57 031 351
Over 5 years	11 382 231	70 700 713	11 382 231	11 382 231
	107 568 657	731 055 055	107 568 657	117 693 824
Expected Credit loss allowance	(402 502)	(2 760 331)	(402 502)	(444 390)
	107 166 155	728 294 724	107 166 155	117 249 434

17.3 Fair values of financial instruments

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

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

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

17. FINANCIAL INSTRUMENTS(cont'd)

17.3 Fair values of financial instruments(cont'd)

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 ended31 December 2019 and 31 December 2018, 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			
	31 Dec 2019 ZWL	**Level 1 ZWL**	**Level 2 ZWL**	**Level 3 ZWL**
Trade and other investments	1 612 131	-	-	1 612 131
	1 612 131	-	-	1 612 131
	31 Dec 2018 ZWL Restated	**Level 1 ZWL Restated**	**Level 2 ZWL Restated**	**Level 3 ZWL Restated**
Trade and other investments	698 799	-	-	698 799
	698 799	-	-	698 799

During the year ended 31 December 2019, 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

17. FINANCIAL INSTRUMENTS(cont'd)

17.3 Fair values of financial instruments(cont'd)

Historical Cost

	31 Dec 2019 ZWL	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL
Trade and other investments	1 612 131	-	-	1 612 131
	1 612 131	-	-	1 612 131

	31 Dec 2018 ZWL	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL
Trade and other investments	112 501	-	-	112 501
	112 501	-	-	112 501

17.3 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 →	
	31 December 2019 ZWL	31 December 2018 ZWL Restated	31 December 2019 ZWL	31 December 2018 ZWL
Assets				
Cash and cash equivalents	492 304 267	698 426 589	492 304 267	112 440 912
Loans, advances and other accounts	852 557 453	1 581 873 937	817 960 242	254 202 945
Investment securities	107 166 155	728 294 724	107 166 155	117 249 434
Total	1 452 027 875	3 008 595 250	1 417 430 664	483 893 291
Liabilities				
Deposits and other liabilities	1 268 146 016	2 779 432 563	1 268 146 016	447 105 283
	1 268 146 016	2 779 432 563	1 268 146 016	447 105 283

17. FINANCIAL INSTRUMENTS(cont'd)

17.3 Financial instruments measured at fair value - fair value hierarchy (continued)

Level 3 fair value measurements

Reconciliation – Trade and other investments

	← Inflation adjusted →		← Historical →	
	31 December 2019 ZWL	31 December 2018 ZWL Restated	31 December 2019 ZWL	31 December 2018 ZWL
Balance at 1 January	698 799	1 015 122	112 501	102 347
Gain recognised in profit or loss	913 332	(316 323)	1 499 630	10 154
	1 612 131	698 799	1 612 131	112 501

17.4 Financial instruments not measured at fair value

Cash and cash equivalents

Cash and cash equivalents consists of balances with the Central Bank, other banks and cash with original maturities of three months or less. These balances are subject to insignificant risk of change in their fair value. It is the Directors' assessment that the carrying amount of these balances approximates their fair value at any given time.

Loans, advances and other assets

The estimated fair value of loans, advances and other assets is estimated to approximate the carrying amount. The Directors believe that current interest rates are market related and would re-issue the loans at the same interest rate if needed. It is from this assessment that Directors believe that the carrying amount of these balances reasonably approximate fair value as discounting the future cash flow using the current interest rates would not result in significant differences from the carrying amount.

Investment securities

These financial assets consist of open market treasury bills and government bonds. There is currently no observable active market for these instruments; or a reliable proxy to discount the expected future cash flows. Directors believe that the carrying amount approximates fair value on these instruments. In performing this assessment, Directors have determined that interest rates are consistent with the latest transactions that the Group entered into and the average tenor of the portfolio was short-term in nature.

Deposits and other liabilities

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits approximates the carrying amount as interest rates quoted are market related. It is the view of Directors that the carrying amounts of these assets and liabilities reasonably approximate fair values.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

18. DEFERRED TAX

The following table shows deferred tax (assets)/liabilities recorded in the statement of financial position and changes recorded in the statement of financial position and changes recorded in the income tax expense:

	Inflation adjusted			
	GROUP		COMPANY	
	31 Dec 2019 ZWL	31 Dec 2018 ZWL Restated	31 Dec 2019 ZWL	31 Dec 2018 ZWL Restated
Allowance for impairment losses on financial assets	(6 113 370)	(22 091 764)	-	-
Bad debts	-	(3 117 163)	-	-
Trade and other investments	322 428	34 928	-	-
Non-current assets held for sale	-	11 181	-	-
Investment properties	14 009 320	20 947 677	-	-
Property and equipment	85 603 118	1 810 394	-	-
Unrealised foreign exchange gains	25 685 677	2 532 388	-	-
Suspended interest	(88 770)	(1 728 457)	-	-
Deferred income	(564 196)	(246 870)	-	-
Assessed losses	(25 075)	(98 899)	(9 152)	-
Provision for share based payments	(4 350)	(27 020)	(4 350)	(27 020)
Provision for leave pay	(165 871)	(5 255 953)	-	-
Other	(5 971 868)	-	-	-
Closing deferred tax asset	112 687 043	(7 229 559)	(13 502)	(27 020)
Restated opening balance at 1 January 2019	(7 229 559)	(30 794 160)	(27 020)	(18 879)
Deferred tax asset at the beginning of the year - restated	(7 229 559)	(10 868 020)	(27 020)	(18 879)
Deferred tax adjustment on adoption of IFRS 9 on 1 January 2019	-	(19 926 140)	-	-
Current year charge/(credit)	119 916 603	23 564 601	13 518	(8 141)
Relating to profit or loss (note 8.1)	60 029 671	23 564 601	13 518	(8 141)
Relating to other comprehensive income (note 6.3)	59 886 932	-	-	-

18. DEFERRED TAX (continued)

The following table shows deferred tax (assets)/liabilities recorded in the statement of financial position and changes recorded in the statement of financial position and changes recorded in the income tax expense:

	Historical Cost			
	GROUP		COMPANY	
	31 Dec 2019 ZWL	31 Dec 2018 ZWL	31 Dec 2019 ZWL	31 Dec 2018 ZWL
Allowance for impairment losses on financial assets	(6 113 370)	(3 556 592)	-	-
Bad debts	-	(501 837)	-	-
Trade and other investments	322 428	5 623	-	-
Non-current assets held for sale	-	1 800	-	-
Investment properties	14 009 320	2 627 773	-	-
Property and equipment	70 569 270	291 459	-	-
Unrealised foreign exchange gains	25 685 677	407 694	-	-
Suspended interest	(88 770)	(278 267)	-	-
Deferred income	(564 196)	(39 744)	-	-
Assessed losses	(25 081)	(15 926)	(9 152)	-
Provision for share based payments	(4 352)	(4 352)	(4 352)	(4 352)
Provision for leave pay	(165 871)	(846 163)		
Other provisions	(5 971 864)	-	-	-
Closing deferred tax asset	97 653 191	(1 908 532)	(13 504)	(4 352)
Restated opening balance at 1 January 2019	(1 908 532)	(3 412 766)	(4 352)	(3 041)
Deferred tax asset at the beginning of the year	(1 908 532)	(1 204 449)	(4 352)	(3 041)
Deferred tax adjustment on adoption of IFRS 9 on 1 January 2019	-	(2 208 317)	-	-
Current year charge/(credit)	99 561 723	(1 504 234)	(9 152)	(1 311)
Relating to profit or loss (note 8.1)	34 514 671	1 488 132	(9 152)	(1 311)
Relating to other comprehensive income (note 6.3)	65 047 052	16 102	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

19. CASH AND CASH EQUIVALENTS

Inflation adjusted

	Note	GROUP 31 December 2019 ZWL	GROUP 31 December 2018 ZWL Restated	COMPANY 31 December 2019 ZWL	COMPANY 31 December 2018 ZWL Restated
Balances with Reserve Bank of Zimbabwe					
Balances with the Central Bank		267 032 753	553 329 510	-	-
Current, nostro accounts* and cash		160 209 897	83 397 817	13 635	84 694
Interbank placements (see below)		65 500 000	62 114 988	-	-
Expected Credit loss allowance (see below)		(438 383)	(415 726)	-	-
		492 304 267	698 426 589	13 635	84 694

		31 December 2019 ZWL	31 December 2018 ZWL Restated	31 December 2019 ZWL	31 December 2018 ZWL Restated
Interbank placement					
Interbank placements		65 500 000	62 114 988	-	-
Expected Credit Loss allowance – Stage 1	20.3.1	(438 383)	(415 726)	-	-
- ECL charged at 1 January		(415 726)	(241 552)	-	-
- Monetary adjustment		348 798	75 267	-	-
- ECL charged through profit and loss		(371 455)	(249 441)	-	-
		65 061 617	61 669 262	-	-

19. CASH AND CASH EQUIVALENTS (Cont'd)

Historical Cost

	Note	GROUP 31 December 2019 ZWL	GROUP 31 December 2018 ZWL	COMPANY 31 December 2019 ZWL	COMPANY 31 December 2018 ZWL
Balances with the Central Bank		267 032 753	89 081 480	-	-
Current, nostro accounts* and cash		160 209 897	13 426 360	13 635	13 635
Interbank placements (see below)		65 500 000	10 000 000	-	-
Expected Credit loss allowance (see below)		(438 383)	(66 928)	-	-
		492 304 267	112 440 912	13 635	13 635

	Note	31 December 2019 ZWL	31 December 2018 ZWL		
Interbank placements		65 500 000	10 000 000	-	-
Expected Credit Loss allowance – Stage 1	20.3.1	(438 383)	(66 928)	-	-
- ECL charged at 1 January		(66 928)	(26 770)	-	-
- Monetary adjustment		-	-	-	-
- ECL charged through profit and loss		(371 455)	(40 158)	-	-
		65 061 617	9 933 072	-	-

*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.

20. TOTAL LOANS, ADVANCES AND OTHER ASSETS

Inflation adjusted

	GROUP 31 December 2019 ZWL	GROUP 31 December 2018 ZWL Restated	COMPANY 31 December 2019 ZWL	COMPANY 31 December 2018 ZWL Restated
Fixed term loans – Corporate	264 688 911	360 494 147	-	-
Fixed term loans – Retail	94 772 446	481 889 884	-	-
Mortgages	58 587 891	381 324 576	-	-
Overdrafts	97 600 959	316 455 428	-	-
	515 650 207	1 540 164 035		
Other assets	336 907 246	41 709 902	2 531 106	5 342
	852 557 453	1 581 873 937	2 531 106	5 342

Historical Cost

	GROUP 31 December 2019 ZWL	GROUP 31 December 2018 ZWL	COMPANY 31 December 2019 ZWL	COMPANY 31 December 2018 ZWL
Fixed term loans – Corporate	264 688 911	58 036 580	-	-
Fixed term loans – Retail	94 772 446	77 580 291	-	-
Mortgages	58 587 891	61 390 107	-	-
Overdrafts	97 600 959	50 946 710	-	-
	515 650 207	247 953 688		
Other assets	302 310 035	6 249 257	2 531 106	860
	817 960 242	254 202 945	2 531 106	860

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

20.1.1 Maturity analysis

Inflation adjusted

	GROUP		COMPANY	
	31 Dec 2019 ZWL	31 Dec 2018 ZWL Restated	31 Dec 2019 ZWL	31 Dec 2018 ZWL Restated
Less than 1 month	138 436 142	418 736 981	-	-
1 to 3 months	64 154 025	119 655 513	-	-
3 to 6 months	21 639 536	42 415 802	-	-
6 months to 1 year	105 500 893	154 585 667	-	-
1 to 5 years	153 679 923	585 389 675	-	-
Over 5 years	49 699 770	308 710 062	-	-
Total advances	533 110 289	1 629 493 700	-	-
Allowances for impairment losses on loans and advance	(17 115 341)	(82 617 211)	-	-
Impairment loss allowance at 1 January	(82 617 211)	(49 140 224)	-	-
ECL recognized through retained earnings	-	(73 766 120)	-	-
Monetary adjustment	69 316 523	38 298 875	-	-
ECL charged through profit or loss	(4 929 615)	(24 234 082)	-	-
Bad debts written off	1 114 962	26 224 339	-	-
Suspended interest on credit impaired financial assets	(344 741)	(6 712 454)	-	-
	515 650 207	1 540 164 035	-	-
Other assets	336 907 246	41 709 902	2 531 106	5 342
	852 557 453	1 581 873 937	2 531 106	5 342

The Bank is continuing recovery efforts in respect of loans written off amounting to ZWL1 114 962.

Historical Cost

	GROUP		COMPANY	
	31 Dec 2019 ZWL	31 Dec 2018 ZWL	31 Dec 2019 ZWL	31 Dec 2018 ZWL
Less than 1 month	138 436 142	67 413 196	-	-
1 to 3 months	64 154 025	19 263 549	-	-
3 to 6 months	21 639 536	6 828 594	-	-
6 months to 1 year	105 500 893	24 887 015	-	-
1 to 5 years	153 679 923	94 242 902	-	-
Over 5 years	49 699 770	49 699 770	-	-
Total advances	533 110 289	262 335 026	-	-
Allowances for impairment losses on loans and advance	(17 115 341)	(13 300 688)	-	-
Impairment loss allowance at 1 January	(13 300 688)	(5 445 968)	-	-
ECL recognized through retained earnings	-	(8 175 135)	-	-
ECL charge through profit or loss	(4 929 615)	(3 901 487)	-	-
Bad debts written off	1 114 962	4 221 902	-	-
Suspended interest on credit impaired financial assets	(344 741)	(1 080 650)	-	-
	515 650 207	247 953 688	-	-
Other assets	302 310 035	6 249 257	2 531 106	860
	817 960 242	254 202 945	2 531 106	860

The Bank is continuing recovery efforts in respect of loans written off amounting to ZWL1 114 962.

20. TOTAL LOANS, ADVANCES AND OTHER ASSETS (cont'd)

20.2 Sectoral analysis of utilisations

	Inflation adjusted GROUP			
	31 Dec 2019 ZWL	%	31 Dec 2018 ZWL Restated	%
Agriculture and horticulture	96 767 992	18	232 228 415	14
Conglomerates	2 397 398	-	66 415 845	4
Distribution	87 785 991	16	179 525 412	11
Food & beverages	29 457 868	6	39 162 651	3
Individuals	126 212 109	24	624 331 973	38
Manufacturing	60 715 905	11	54 233 187	3
Mining	1 157 120	-	4 368 507	-
Services	128 615 906	24	429 227 710	27
	533 110 289	100	1 629 493 700	100

The material concentration of loans and advances are with individuals 24% (2018- 38%) and services sector at 24% (2018-27%).

	Historical Cost GROUP			
	31 Dec 2019 ZWL	%	31 Dec 2018 ZWL	%
Agriculture and horticulture	96 767 992	18	37 386 857	14
Conglomerates	2 397 398	-	10 692 402	4
Distribution	87 785 991	16	28 902 108	11
Food & beverages	29 457 868	6	6 304 863	3
Individuals	126 212 109	24	100 512 291	38
Manufacturing	60 715 905	11	8 731 095	3
Mining	1 157 120	-	703 294	-
Services	128 615 906	24	69 102 116	27
	533 110 289	100	262 335 026	100

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20. TOTAL LOANS, ADVANCES AND OTHER ASSETS (cont'd)

20.3 Impairment analysis of financial instruments measured at amortised cost

	Inflation adjusted			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2019	2 312 305 213	156 020 016	120 997 202	2 589 322 431
Monetary adjustment	(1 930 043 173)	(140 902 082)	(101 517 652)	(2 172 462 907)
Transfers	(9 851 828)	11 175 756	(1 323 928)	-
- to 12 months to ECL	1 342 842	(1 232 110)	(110 732)	-
- to lifetime ECL not credit impaired	(10 333 912)	12 836 932	(2 503 020)	-
- to lifetime ECL credit impaired	(860 758)	(429 066)	1 289 824	-
Net movement in financial assets	518 917 352	14 563 834	10 873 808	493 479 711
Balance as at 31 December 2019	**891 327 564**	**11 729 856**	**7 281 814**	**910 339 235**
Loss allowance analysis				
At 1 January 2019	7 749 444	853 372	5 209 190	13 812 006
- ECL – Loans, advances and guarantees	7 238 126	853 372	5 209 190	13 300 688
- ECL – Investment securities	444 390	-	-	444 390
- ECL – Interbank placements	66 928	-	-	66 928
Transfers	(856 306)	876 277	(10 971)	-
- to 12 month ECL	35 131	(32 748)	(2 383)	-
- to lifetime ECL not credit impaired	(677 699)	1 024 067	(346 368)	-
- to lifetime ECL credit impaired	(222 738)	(115 042)	337 780	-
Net increase/(decrease) in ECL	13 174 795	(909 955)	(1 216 273)	11 048 567
Loans and advances	5 940 881	(909 955)	(101 311)	4 929 615
Guarantees and facilities approved but not drawn down	6 904 347	-	-	6 904 347
Investment securities	(41 888)	-	-	(41 888)
Interbank placements	371 455	-	-	371 455
Bad debts written off	-	-	(1 114 962)	(1 114 962)
Balance as at 31 December 2019	**20 058 931**	**819 694**	**3 981 948**	**24 860 573**
Loans and advances	12 313 699	819 694	3 981 948	17 115 341
Guarantees and facilities approved but not drawn down	6 904 347	-	-	6 904 347
Investment securities	402 502	-	-	402 502
Interbank placements	438 383	-	-	438 383
	20 058 931	**819 694**	**3 981 948**	**24 860 573**

20. LOANS, ADVANCES AND OTHER ASSETS (cont'd)

20.3 Impairment analysis of financial assets measured at armotised cost (continued)

	Inflation adjusted			
	Stage 1 Restated	Stage 2 Restated	Stage 3 Restated	Total Restated
Gross carrying amount at 1 January 2018	1 908 250 869	120 058 774	104 655 972	2 132 965 616
Transfers	**(56 348 947)**	**(17 357 164)**	**73 706 111**	**-**
- to 12 months to ECL	8 833 534	(6 811 219)	(2 022 315)	-
- to lifetime ECL not credit impaired	(59 389 538)	64 335 897	(4 946 359)	-
- to lifetime ECL credit impaired	(5 792 943)	(74 881 842)	80 674 785	-
Net movement in financial assets	460 403 291	53 318 406	(57 364 881)	456 356 816
Balance as at 31 December 2018	**2 312 305 213**	**156 020 016**	**120 997 202**	**2 589 322 432**
Loss allowance analysis				
At 1 January 2018 (IAS 39 Provisions)	-	-	-	33 827 627
Adjustment on initial application of IFRS 9	-	-	-	53 269 744
ECL on 1 January 2018	56 371 366	8 293 922	22 432 083	87 097 371
- ECL – Loans, advances & guarantees	53 881 468	8 293 922	22 432 083	84 607 473
- ECL – Investment securities	2 323 613	-	-	2 323 613
- ECL – Interbank placements	166 285	-	-	166 285
Transfers	**(2 770 223)**	**(20 208 639)**	**22 978 862**	**-**
- to 12 month ECL	186 494	(117 714)	(68 780)	-
- to lifetime ECL not credit impaired	(1 363 101)	2 212 294	(849 193)	-
- to lifetime ECL credit impaired	(1 593 616)	(22 303 219)	23 896 835	-
Net increase/(decrease) in ECL	(5 465 471)	17 215 436	13 170 271	24 920 236
Loans, advances and guarantees	(6 151 630)	17 215 436	13 170 271	24 234 077
Investment securities	436 718	-	-	436 718
Interbank placements	249 441	-	-	249 441
Bad debts written off	-	-	(26 224 339)	(26 224 339)
Balance as at 31 December 2018	**48 135 672**	**5 300 719**	**32 356 877**	**85 793 268**
Loans, advances and guarantees	44 959 615	5 300 719	32 356 877	82 617 211
Investment securities	2 760 331	-	-	2 760 331
Interbank placements	415 726	-	-	415 726
	48 135 672	**5 300 719**	**32 356 877**	**85 793 268**

20.4 Credit-impaired financial assets

	GROUP			
	Inflation adjusted		Historical Cost	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL
Total credit impaired financial assets	7 281 814	120 997 202	7 281 814	19 479 550
Expected credit losses on credit impaired financial assets	(3 981 948)	(32 356 877)	(3 981 948)	(5 209 190)
Retail loans insurance	(499 057)	(3 099 890)	(499 057)	(499 057)
Suspended interest on credit-impaired financial assets	(344 739)	(6 712 456)	(344 739)	(1 080 650)
Net credit impaired financial assets	2 456 070	78 827 979	2 456 070	12 690 653

The net credit impaired financial assets represents recoverable portions covered by realisable security, which includes guarantees, cessation of debtors, mortgages over properties, equities and promissory notes all fair valued at ZWL9 395 900 (2018 – ZWL57 221 103).

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20. LOANS, ADVANCES AND OTHER ASSETS (cont'd)

20.5 Other assets

	Inflation adjusted			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
Services deposits*	35 840 526	20 551 179	-	-
Prepayments and stocks**	47 348 845	6 437 467	-	-
Other receivables***	253 717 875	14 721 256	2 531 105	5 342
	336 907 246	41 709 902	2 531 105	5 342

*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.
*** Included in other receivables is ZWL232 409 791 placed with the RBZ for the facilitation of legacy debts settlement in terms of Regulatory directives.

	Historical Cost			
	GROUP		COMPANY	
	2019 ZWL	2018 ZWL	2019 ZWL	2018 ZWL
Services deposits*	35 840 526	3 308 570	-	-
Prepayments and stocks	12 751 634	1 036 379	-	-
Other receivables	253 717 875	1 904 308	2 531 105	860
	302 310 035	6 249 257	2 531 105	860

20.6 Loans to officers and executive directors

	GROUP			
	Inflation adjusted		Historical Cost	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL
Included in advances and other accounts (note 20) are loans to officers:-				
At 1 January	74 819 151	65 861 799	11 955 832	7 299 138
Monetary adjustment	(62 863 319)	(20 523 211)	-	-
Net additions during the year	15 737 208	30 477 689	15 737 208	4 816 350
	27 693 040	75 816 277	27 693 040	12 115 488
Expected credit loss allowance on loans to officers	(48 750)	(997 126)	(48 750)	(159 656)
Balance at 31 December	27 644 290	74 819 151	27 644 290	11 955 832

Loans to officers amounting to ZWL1 306 190 were granted at a rate of 8% per annum as part of their overall remuneration agreements, ZWL1 558 584 was granted at a commercial rate of 8.5% and 20% per annum and the balance amounting to ZWL9 250 714 being mortgage loans which were granted at a commercial rate of 12% per annum.

20. LOANS, ADVANCES AND OTHER ASSETS (cont'd)

20.7 The terms and conditions applicable to loans and advances are as follows:

Product	Tenure	Interest rate
Overdraft	Payable on demand	Penalty interest rate of ten percentage points above loan rate up to a maximum penalty rate of 40% per annum.
Loan	Loan payable over a maximum period of 120 months (includes mortgage loans).	From 30% per annum up to a maximum of 35% per annum. Loans to employees and executive Directors are at a discounted interest rate.
Bankers Acceptances	Loan payable over a minimum period of 30 days up to 90 days.	Average of 33% per annum.

21. NON-CURRENT ASSETS HELD FOR SALE

Inflation adjusted

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL Restated
At 1 January	223 614	324 836	-	-
Monetary adjustment	(187 614)	(101 222)	-	-
Fair value gain	144 000	-	-	-
Reclassifications	(180 000)	-	-	-
	-	223 614	-	-

Historical Cost

	GROUP		COMPANY	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL
At 1 January	36 000	36 000	-	-
Fair value gain	144 000	-	-	-
Reclassifications	(180 000)	-	-	-
	-	36 000	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

22. TRADE INVESTMENTS

	← Inflation adjusted →		← Historical Cost →	
	31 December 2019 ZWL	31 December 2018 ZWL Restated	31 December 2019 ZWL	31 December 2018 ZWL
Balance at 1 January	698 799	1 015 122	112 501	102 347
Gain recognised in profit or loss	913 332	(316 323)	1 499 630	10 154
	1 612 131	698 799	1 612 131	112 501

The trade investments are measured at fair value through profit or loss.

23. INVESTMENTS IN GROUP COMPANIES

23.1 Subsidiaries

	COMPANY			
	← Inflation adjusted →		← Historical Cost →	
	2019 ZWL	2018 ZWL Restated	2019 ZWL	2018 ZWL
Investment in subsidiaries: NMB Bank Limited	287 202 652	287 202 652	31 491 0019	31 491 009
	287 202 652	287 202 652	31 491 009	31 491 009

23.2 Shareholding

The subsidiary is registered in Zimbabwe, and the extent of the Group's beneficial interest therein and its principal business activities are listed below:-

	2019	2018
NMB Bank Limited	100 %(Banking)	100% (Banking)

The consolidated financial statements include the financial information of the subsidiary listed above.

24. INVESTMENT PROPERTIES

	GROUP			
	← Inflation adjusted →		← Historical Cost →	
	31 December 2019 ZWL	31 December 2018 ZWL Restated	31 December 2019 ZWL	31 December 2018 ZWL
At 1 January	130 134 664	112 544 359	20 950 606	18 977 000
Additions	1 939 045	37 784 075	351 515	6 082 924
Disposals	(5 304 570)	(25 430 752)	(5 304 570)	(4 360 754)
Fair value gains	93 624 006	19 523 429	194 387 322	2 551 436
Reclassification from non-current assets held for sale	180 000	-	180 000	-
Reclassification to property and equipment	-	(14 286 447)	-	(2 300 000)
Translation gains on change in functional currency	9 294 837	-	19 303 109	-
At 31 December 2019	229 867 982	130 134 664	229 867 982	20 950 606

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 ZWL1 280 872 (2018–ZWL3 012 142) 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.

Included in investment properties are properties which were acquired as part of the foreclosure process with marketability restrictions measured at ZWL4 668 863 as at 31 December 2019. The Bank has no restrictions on the realisability of all the remaining 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 2019 has been arrived at on the basis of valuations carried out by independent professional valuers, PMA Real Estate (Private) Limited. The valuation which conforms to International Valuation Standards, was in terms of the policy as set out in the accounting policies section and was derived with reference to market information close to the date of the valuation.

Level 3

The fair value for investment properties of ZWL229 867 982 (2018 – restated ZWL130 134 664) has been categorised under level 3 in the fair value hierarchy based on the inputs used for the valuation technique described below.

24. INVESTMENT PROPERTIES (cont'd)

The following shows reconciliation between the opening and closing balances for level 3 fair value items :

	Inflation adjusted		Historical Cost	
	31 December 2019 ZWL	31 December 2018 ZWL Restated	31 December 2019 ZWL	31 December 2018 ZWL
At 1 January	130 134 664	112 544 359	20 950 606	18 977 000
Additions	1 939 045	37 784 075	351 515	6 082 924
Disposals	(5 304 570)	(25 430 752)	(5 304 570)	(4 360 754)
Fair value gains	93 624 006	19 523 429	194 387 322	2 551 436
Reclassification from non-current assets held for sale	180 000	-	180 000	-
Reclassification to property and equipment	-	(14 286 447)	-	(2 300 000)
Translation gains on change in functional currency	9 294 837	-	19 303 109	-
At 31 December 2019	229 867 982	130 134 664	229 867 982	20 950 606

The values were arrived at by applying yield rates of 5% on rental values of between ZWL64 – ZWL112 per square metre. The properties are leased out under operating lease to various tenants.

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

Valuation technique	Significant unobservable inputs	inter-relationship between key unobservable inputs and fair value measurement
The investment method Discounted cash flows was used to value all income producing properties. The direct comparison method was applied on all residential properties.	• Weighted average expected market rental growth (5%); • Void period (average 3 months after the end of each lease); • Occupancy rate (55%); and • Average market yield of 10%. • Marketability restrictions for level 3 items due to underlying contractual agreements with third parties.	The estimated fair value would increase / (decrease) if: • expected market rental growth were higher/ (lower); • void periods were shorter/ (longer); • the occupancy rates were higher /(lower); and • the risk adjusted discount rates were lower/ (higher).

Below is an indication of the sensitivity analysis at different discount rates:-

	Change in fair value	
	Inflation adjusted	
	December 2019 ZWL	December 2018 ZWL Restated
+5%	18 654 576	7 241 473
+3%	11 192 736	4 344 880
+1%	3 730 912	1 448 293
-1%	-3 730 912	- 1 448 293
-3%	-11 192 736	- 4 344 880
-5%	-18 654 576	- 7 241 473

25. INTANGIBLE ASSETS

	Inflation adjusted		
	Work in Progress ZWL	Computer Software ZWL	Total ZWL
Cost			
Balance at 1 January 2018 - Restated	2 011 554	40 573 725	42 585 279
Acquisitions	-	4 501 240	4 501 240
Capitalisation	(2 011 554)	2 011 554	-
Balance at 31 December 2018 - Restated	-	47 086 519	47 086 519
Acquisitions	-	636 901	636 901
Balance at 31 December 2019	-	47 723 420	47 723 420
Accumulated amortisation			
Balance at 1 January 2018 - Restated	-	21 870 624	21 870 624
Amortisation for the year	-	7 882 765	7 882 765
Balance at 31 December 2018 - Restated	-	29 753 389	29 753 389
Amortisation for the year	-	6 356 249	6 356 249
Balance at 31 December 2019	-	36 109 638	36 109 638
Carrying amount			
At 31 December 2019	-	11 613 782	11 613 782
Restated at 31 December 2019	-	17 333 130	17 333 130
At 1 January 2018 - Restated	2 011 554	18 703 102	18 703 102

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

	Historical Cost		
	Work in Progress ZWL	Computer Software ZWL	Total ZWL
Cost			
Balance at 1 January 2018	228 595	4 610 839	4 839 434
Acquisitions	-	535 971	535 971
Capitalisation	(228 595)	228 595	-
Balance at 1 January 2019	-	5 375 405	5 375 405
Acquisitions	-	94 320	94 320
Balance at 31 December 2019	-	5 469 725	5 496 725
Accumulated amortisation			
Balance at 1 January 2018	-	2 459 254	2 459 254
Amortisation for the year	-	879 376	879 376
Balance at 1 January 2019	-	3 338 630	3 338 630
Amortisation for the year	-	733 909	733 909
Balance at 31 December 2019	-	4 072 539	4 072 539
Carrying amount			
At 31 December 2019	-	1 397 186	1 397 186
At 1 January 2019	-	2 036 775	2 036 775
At 1 January 2018	228 595	2 151 585	2 380 180

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26. PROPERTY AND EQUIPMENT

Inflation adjusted

	Capital work in progress ZWL	Computers ZWL	Motor Vehicles ZWL	Furniture &Equipment ZWL	Right of Use Assets** ZWL	Freehold Land &Buildings* ZWL	Total ZWL
Cost/Revaluation amount							
At 1 January 2018 - Restated	7 543 367	51 159 818	11 316 290	37 574 947	-	26 446 800	134 041 217
Additions	44 595 731	12 286 506	765 673	1 304 428	-	-	58 952 339
Capitalisations	(1 921 005)	-	-	1 600 244	-	-	(320 762)
Disposals	-	-	(679 532)	(115 636)	-	-	(795 168)
Reclassification from Investment properties	14 286 447	-	-	-	-	-	14 286 447
At 31 December 2018 - Restated	64 504 540	3 446 324	11 402 431	40 363 978	-	26 446 800	206 164 073
Additions	18 335 381	11 478 659	1 160 355	4 349 518	-	-	35 323 914
Initial recognition – Right of Use Asset	-	-	-	-	14 609 335	-	14 609 335
Capitalisations	(14 413 772)	1 226 643	293 684	1 017 871	-	11 875 574	-
Translation gains on change in functional	-	-	-	-	-	86 325 787	86 325 787
Revaluation gain	-	-	-	-	-	146 244 823	146 244 823
At 31 December 2019	**68 426 150**	**76 151 627**	**12 856 470**	**45 731 367**	**14 609 335**	**270 892 984**	**488 667 932**
Accumulated depreciation							
At 1 January 2018 - Restated	-	25 307 664	8 168 624	31 115 124	-	2 075 120	66 666 532
Charge for the year	-	7 479 598	1 609 623	2 504 435	-	398 182	11 991 839
Disposals	-	-	(679 532)	(115 633)	-	-	(795 165)
At 31 December 2018 - Restated	-	32 787 262	9 098 715	33 503 926	-	2 473 302	77 863 206
Charge for the year – Property and equipment	-	10 608 493	1 724 758	3 053 363	-	604 282	15 427 214
Charge for period – Right of Use Asset	-	-	-	-	3 088 496	-	3 088 496
At 31 December 2019	**-**	**41 495 216**	**10 823 473**	**36 557 289**	**3 088 496**	**3 077 584**	**94 478 377**
Carrying amount							
At 31 December 2019	68 426 150	34 656 411	2 032 997	9 174 077	11 520 838	267 815 400	394 189 555
At 1 December 2018 – Restated	64 504 540	30 659 062	2 303 716	6 860 052	-	23 973 498	128 300 867
At 1 January 2018 - Restated	7 543 367	25 852 154	3 147 666	6 459 818	-	24 371 680	67 374 688

*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.

26. PROPERTY AND EQUIPMENT(cont'd)

	← Historical Cost →						
Cost/Revaluation amount	Capital work in progress ZWL	Computers ZWL	Motor Vehicles ZWL	Furniture &Equipment ZWL	Right of Use Assets** ZWL	Freehold Land &Buildings* ZWL	Total ZWL
At 1 January 2018	293 716	5 435 325	1 255 902	4 029 210	-	3 713 804	14 727 957
Additions	7 179 544	1 978 026	126 267	210 003	-	-	9 490 840
Capitalisations	(309 266)	-	-	257 626	-	-	(51 640)
Revaluation gain	-	-	-	-	-	139 194	139 194
Disposals	-	-	(109 399)	(18 616)	-	-	(128 015)
Reclassification from Investment properties	2 300 000	-	-	-	-	-	2 300 000
At 31 December 2018	**9 463 994**	**7 413 351**	**1 269 770**	**4 478 223**	**-**	**3 852 998**	**26 478 336**
Additions	19 774 151	2 975 151	206 348	1 352 847	-	-	24 308 497
Right of Use Assets	-	-	-	-	4 096 580	-	4 096 580
Translation gain on change in functional currency	-	-	-	-	-	15 653 157	15 653 157
Capitalisations	(14 413 772)	1 226 643	293 684	1 017 871	-	11 875 574	-
Revaluation gain	-	-	-	-	-	236 960 551	236 960 551
Reversal of impairment	-	-	-	-	-	40 600	40 600
At 31 December 2019	**14 824 373**	**11 615 145**	**1 769 802**	**6 848 941**	**4 096 580**	**268 382 880**	**307 537 722**
Accumulated depreciation							
At 1 January 2018	-	2 764 564	938 774	3 361 092	-	327 540	7 391 970
Charge for the year	-	843 339	178 887	283 982	-	64 104	1 370 312
Disposals	-	-	(109 399)	(18 616)	-	-	(128 015)
At 31 December 2018	**-**	**3 607 903**	**1 008 262**	**3 626 458**	**-**	**391 644**	**8 634 267**
Charge for the year	-	1 427 692	222 449	481 383	-	175 836	2 307 360
Charge for period – Right of Use Asset	-	-	-	-	1 310 867	-	1 310 867
At 31 December 2019	**-**	**5 035 595**	**1 230 711**	**4 107 841**	**1 310 867**	**567 480**	**12 252 495**
Carrying amount							
At 31 December 2019	14 824 373	6 579 550	539 091	2 741 100	2 785 713	267 815 400	295 285 227
At 1 December 2018	9 463 994	3 805 448	261 508	851 764	-	3 461 354	17 844 069
At 1 January 2017	293 715	2 670 761	317 128	668 118	-	3 386 264	7 335 986

26. PROPERTY AND EQUIPMENT (cont'd)

Fair value hierarchy

Immovable properties were revalued as at 31 December 2019 on the basis of valuations carried out by independent professional valuers, PMA Real Estate (Private) Limited. The valuation which conforms to International Valuation Standards, was in terms of the policy as set out in the accounting policies section. All movable assets are measured at their carrying amounts which are arrived at by the application of a depreciation charge on their cost values over the useful lives of the assets.

The valuation of land and buildings was arrived by applying yield rates of 10% on rental levels of between ZWL48– ZWL112 per square metre.

Level 3

The fair value of immovable properties of ZWL267 815 400 (2018 - ZWL3 461 354) has been categorised under level 3 in the fair value hierarchy based on the inputs used for the valuation technique described below.

The following shows reconciliation between the opening and closing balances for level 3 fair values:

	← Inflation adjusted →		← Historical Cost →	
	31 December 2019 ZWL	31 December 2018 ZWL Restated	31 December 2019 ZWL	31 December 2018 ZWL
At 1 January	23 973 498	26 446 800	3 461 354	3 386 264
Translation gains on change in functional currency	86 325 787	-	15 649 358	-
Transfers from work in progress	11 875 574	-	11 875 574	-
Revaluation gain	146 244 823	-	236 960 551	62 533
Impairment reversal	-	-	40 600	76 661
Depreciation	(604 282)	(2 473 302)	(172 037)	(64 104)
Balance at 31 December	267 815 400	23 973 498	267 815 400	3 461 354

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

Valuation Technique	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
The Direct Comparison Method was applied on all residential properties	• Weighted average expected market rental growth (5%); and • Average market yield of 10%.	The estimated fair value would increase / (decrease) if: • expected market rental growth were higher/ (lower); and • the risk adjusted discount rates were lower/ (higher).

Below is an indication of the sensitivity analysis at different discount rates:

	Change in fair value	
	← Inflation adjusted →	
	December 2019	December 2018
	ZWL	ZWL Restated
+ 5%	2 224 000	863 329
+ 3%	1 334 400	517 997
+ 1%	444 800	172 666
- 1%	- 444 800	- 172 666
- 3%	- 1 334 400	- 517 997
- 5%	-2 224 400	- 868 329

27. INTEREST RATE REPRICING AND GAP ANALYSIS

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

27.1 Total position

	← Inflation adjusted →					
As at 31 December 2019	**Up to 1 month ZWL**	**1 month to 3 months ZWL**	**3 months to 1 year ZWL**	**1 year to 5 years ZWL**	**Non-interest bearing ZWL**	**Total ZWL**
Assets						
Cash and cash equivalents	492 304 267	-	-	-	-	492 304 267
Current tax assets	-	-	-	-	-	-
Investment securities	2 500 000	6 390 075	73 384 915	24 891 165	-	107 166 155
Quoted and other investments	-	-	-	-	1 612 131	1 612 131
Loans, advances and other assets	120 976 060	64 154 025	127 140 428	203 379 693	336 907 247	852 557 453
Deferred tax	-	-	-	-	-	-
Intangible assets	-	-	-	-	11 613 782	11 613 782
Property and equipment	-	-	-	-	394 189 555	394 189 555
Investment properties	-	-	-	-	229 867 982	229 867 982
	615 780 327	70 544 100	200 525 343	228 270 858	974 190 697	2 089 311 325
Liabilities and equity						
Deposits and other liabilities	1 044 719 581	50 530 229	77 624 310	18 205 725	77 066 170	1 268 146 016
Deferred tax liabilities	-	-	-	-	112 687 043	112 687 043
Current tax liabilities	-	-	-	-	624 937	624 937
Redeemable ordinary shares	-	-	-	-	14 335 253	14 335 253
Equity	-	-	-	-	665 157 736	665 157 736
Subordinated loan	-	-	-	28 360 340	-	28 360 340
	1 044 719 581	50 530 229	77 624 310	46 566 065	869 871 139	2 089 311 325
Interest rate repricing gap	(428 939 254)	20 013 870	122 901 033	181 704 793	104 319 558	-
Cumulative gap	**(428 939 254)**	**(408 925 384)**	**(286 024 351)**	**104 319 558**	**-**	**-**

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27. INTEREST RATE REPRICING AND GAP ANALYSIS

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

27.1 Total position (cont'd)

	← Inflation adjusted →					
As at 31 December 2018	**Up to 1 month ZWL Restated**	**1 month to 3 months ZWL Restated**	**3 months to 1 year ZWL Restated**	**1 year to 5 years ZWL Restated**	**Non-interest bearing ZWL Restated**	**Total ZWL Restated**
Assets						
Cash and cash equivalents	698 426 589	-	-	-	-	698 426 589
Current tax assets	-	-	-	-	1 775 387	1 775 387
Investment securities	-	883 560	302 460 274	424 950 889	-	728 294 724
Quoted and other investments	-	-	-	-	698 799	698 799
Loans, advances and other assets	366 798 391	119 655 513	197 001 469	856 708 662	41 709 902	1 581 873 937
Deferred tax	-	-	-	-	7 229 559	7 229 559
Non-current assets held for Sale	-	-	-	-	223 614	223 614
Intangible assets	-	-	-	-	17 333 130	17 333 130
Property and equipment	-	-	-	-	128 300 867	128 300 867
Investment properties	-	-	-	-	130 134 664	130 134 664
	1 065 224 980	120 539 073	499 461 743	1 281 659 551	327 405 923	3 294 291 270
Liabilities and equity						
Deposits and other liabilities	2 323 856 968	160 474 300	119 859 327	97 550 180	77 691 788	2 779 432 563
Current tax liabilities						
Redeemable ordinary shares	-	-	-	-	89 043 407	89 043 407
Equity	-	-	-	-	416 462 973	416 462 973
Subordinated loan	-	-	-	9 352 327	-	9 352 327
	2 323 856 968	160 474 300	119 859 327	106 902 507	583 198 168	3 294 291 270
Interest rate repricing gap	(1 258 631 988)	(39 935 227)	379 602 415	1 174 757 044	(255 792 245)	-
Cumulative gap	**(1 258 631 988)**	**(1 298 567 214)**	**(918 964 799)**	**255 792 245**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

27. INTEREST RATE REPRICING AND GAP ANALYSIS

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

27.1 Total position (cont'd)

As at 31 December 2019	Up to 1 month ZWL	1 month to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Non-interest bearing ZWL	Total ZWL
	← Historical Cost →					
Assets						
Cash and cash equivalents	492 304 267	-	-	-	-	492 304 267
Investment securities	2 500 000	6 390 075	73 384 915	24 891 165	-	107 166 155
Quoted and other investments	-	-	-	-	1 612 131	1 612 131
Loans, advances and other assets	120 976 061	64 154 025	127 140 428	203 379 693	302 310 035	817 960 242
Deferred tax	-	-	-	-	-	-
Intangible assets	-	-	-	-	1 397 186	1 397 186
Property and equipment	-	-	-	-	295 285 227	295 285 227
Investment properties	-	-	-	-	229 867 982	229 867 982
	615 780 328	70 544 100	200 525 343	228 270 858	830 472 561	1 945 593 190
Liabilities and equity						
Deposits and other liabilities	1 044 719 581	50 530 229	77 624 310	18 205 725	77 066 171	1 268 146 016
Deferred tax liabilities	-	-	-	-	97 653 191	97 653 191
Current tax liabilities	-	-	-	-	624 937	624 937
Redeemable ordinary shares	-	-	-	-	14 335 253	14 335 253
Equity	-	-	-	-	536 473 453	536 473 453
Subordinated loan	-	-	-	28 360 340	-	28 360 340
	1 044 719 581	50 530 229	77 624 310	46 566 065	726 153 007	1 945 593 190
Interest rate repricing gap	(428 939 253)	20 013 870	122 901 033	181 704 792	104 319 558	-
Cumulative gap	**(428 939 253)**	**(408 925 383)**	**(286 024 350)**	**104 319 558**	**-**	**-**

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

As at 31 December 2018	Up to 1 month ZWL	1 month to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Non-interest bearing ZWL	Total ZWL
	← Historical Cost →					
Cash and cash equivalents	112 440 912	-	-	-	-	112 440 912
Current tax assets	-	-	-	-	285 822	285 822
Investment securities	-	142 245	48 693 606	68 413 583	-	117 249 434
Quoted and other investments	-	-	-	-	112 501	112 501
Loans, advances and other assets	53 031 858	19 263 549	31 715 609	143 942 672	6 249 257	254 202 945
Deferred tax	-	-	-	-	1 908 532	1 908 532
Non-current assets held for sale	-	-	-	-	36 000	36 000
Intangible assets	-	-	-	-	2 036 775	2 036 775
Property and equipment	-	-	-	-	17 844 069	17 844 069
Investment properties	-	-	-	-	20 950 606	20 950 606
	165 472 770	19 405 794	80 409 215	212 356 255	49 423 562	527 067 596
Liabilities and equity						
Deposits and other liabilities	374 121 777	25 835 037	19 296 362	15 704 773	12 147 334	447 105 283
Redeemable ordinary shares	-	-	-	-	14 335 253	14 335 253
Equity	-	-	-	-	64 121 413	64 121 413
Subordinated loan	-	-	-	1 505 647	-	1 505 647
	374 121 777	25 835 037	19 296 362	17 210 420	90 604 000	527 067 596
Interest rate repricing gap	(208 649 007)	(6 429 243)	61 112 853	195 145 835	(41 180 438)	-
Cumulative gap	**(208 649 007)**	**(215 078 250)**	**(153 965 397)**	**41 180 438**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
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27. INTEREST RATE REPRICING AND GAP ANALYSIS (cont'd)

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

27.1. Zimbabwe dollars

	← Inflation adjusted →					
As at 31 December 2019	**Up to 1 month ZWL**	**1 month to 3 months ZWL**	**3 months to 1 year ZWL**	**1 year to 5 years ZWL**	**Non-interest bearing ZWL**	**Total ZWL**
Assets						
Cash and cash equivalents	340 224 614	-	-	-	-	340 224 614
Current tax assets	-	-	-	-	-	-
Investment securities	2 500 000	6 390 075	73 384 914	24 891 165	-	107 166 155
Quoted and other investments	-	-	-	-	-	-
Loans, advances and other assets	118 376 786	31 749 042	127 140 428	203 379 693	336 907 246	817 553 194
Deferred tax	-	-	-	-	-	-
Non-current assets held for Sale	-	-	-	-	-	-
Intangible assets	-	-	-	-	11 613 782	11 613 782
Property and equipment	-	-	-	-	394 189 555	394 189 555
Investment properties	-	-	-	-	229 867 982	229 867 982
	461 101 400	38 139 117	200 525 342	228 270 858	972 578 565	1 900 615 282
Liabilities and equity						
Deposits and other liabilities	840 161 296	50 530 229	77 624 310	18 205 725	77 066 170	1 063 587 730
Current tax liabilities	-	-	-	-	624 937	624 937
Deferred tax liabilities	-	-	-	-	112 687 042	112 687 042
Redeemable ordinary shares	-	-	-	-	14 335 253	14 335 253
Equity	-	-	-	-	665 157 737	665 157 737
Subordinated loan	-	-	-	28 360 340	-	28 360 340
	840 161 296	50 530 229	77 624 310	46 566 065	869 871 140	1 884 753 039
Interest rate repricing gap	(379 059 896)	12 391 112	122 901 033	181 704 793	102 707 425	15 862 243
Cumulative gap	**(379 059 896)**	**(391 451 009)**	**(268 549 976)**	**(86 845 183)**	**15 862 243**	**-**

27. INTEREST RATE REPRICING AND GAP ANALYSIS (cont'd)

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

27.1. Zimbabwe dollars - Restated

	Inflation adjusted					
As at 31 December 2018	**Up to 1 month ZWL Restated**	**1 month to 3 months ZWL Restated**	**3 months to 1 year ZWL Restated**	**1 year to 5 years ZWL Restated**	**Non-interest bearing ZWL Restated**	**Total ZWL Restated**
Assets						
Cash and cash equivalents	692 731 341	-	-	-	-	692 731 341
Current tax assets	-	-	-	-	1 775 387	1 775 387
Investment securities	-	883 560	302 460 274	424 950 890	-	728 294 724
Loans, advances and other assets	366 434 329	119 655 513	197 001 469	856 708 662	41 709 902	1 581 509 875
Deferred tax	-	-	-	-	7 229 559	7 229 559
Non-current assets held for Sale	-	-	-	-	223 614	223 614
Intangible assets	-	-	-	-	17 333 130	17 333 130
Property and equipment	-	-	-	-	128 300 867	128 300 867
Investment properties	-	-	-	-	130 134 664	130 134 664
	1 059 165 670	120 539 073	499 461 743	1 281 659 552	326 707 123	3 287 533 161
Liabilities and equity						
Deposits and other liabilities	2 320 166 465	160 474 300	119 859 327	97 550 180	77 691 788	2 775 742 061
Redeemable ordinary shares	-	-	-	-	89 043 407	89 043 407
Equity	-	-	-	-	416 462 973	416 462 973
Subordinated loan	-	-	-	9 352 328	-	9 352 328
	2 320 166 465	160 474 300	119 859 327	106 902 508	583 198 168	3 290 600 768
Interest rate repricing gap	(1 261 000 795)	(39 935 227)	379 602 415	1 174 757 044	(256 491 045)	(3 067 607)
Cumulative gap	**(1 261 000 795)**	**(1 300 936 021)**	**(921 333 606)**	**253 423 438**	**(3 067 607)**	**-**

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27. INTEREST RATE REPRICING AND GAP ANALYSIS

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

27.1 Zimbabwe dollars(cont'd)

	← Historical Cost →					
As at 31 December 2019	**Up to 1 month ZWL**	**1 month to 3 months ZWL**	**3 months to 1 year ZWL**	**1 year to 5 years ZWL**	**Non-interest bearing ZWL**	**Total ZWL**
Assets						
Cash and cash equivalents	340 224 615	-	-	-	-	340 224 615
Investment securities	2 500 000	6 390 075	73 384 914	24 891 165	-	107 166 155
Loans, advances and other assets	118 376 786	31 749 042	127 140 429	203 379 693	302 310 038	782 955 988
Deferred tax	-	-	-	-	-	-
Intangible assets	-	-	-	-	1 397 184	1 397 184
Property and equipment	-	-	-	-	295 285 227	295 285 227
Investment properties	-	-	-	-	229 867 982	229 867 982
	461 101 401	38 139 117	200 525 343	228 270 858	828 860 433	1 756 897 150
Liabilities and equity						
Deposits and other liabilities	840 161 297	50 530 229	77 624 310	18 205 725	77 066 171	1 063 587 733
Deferred tax liabilities	-	-	-	-	97 653 191	97 653 191
Current tax liabilities	-	-	-	-	624 937	624 937
Redeemable ordinary shares	-	-	-	-	14 335 253	14 335 253
Equity	-	-	-	-	536 473 454	536 473 454
Subordinated loan	-	-	-	28 360 340	-	28 360 340
	840 161 297	50 530 229	77 624 310	46 566 065	726 153 007	1 741 034 907
Interest rate repricing gap	(379 059 897)	(12 391 112)	122 901 033	181 704 793	109 611 772	15 862 243
Cumulative gap	**(379 059 897)**	**(391 451 009)**	**(268 549 976)**	**(86 845 183)**	**15 862 243**	**-**

27. INTEREST RATE REPRICING AND GAP ANALYSIS (cont'd)

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

27.1. Zimbabwe dollars

	← Historical Cost →					
As at 31 December 2018	**Up to 1 month**	**1 month to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**Non-interest bearing**	**Total**
Assets	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Cash and cash equivalents	111 524 024	-	-	-	-	111 524 024
Current tax assets	-	-	-	-	285 822	285 822
Investment securities	-	142 246	48 693 606	68 413 582	-	117 249 434
Quoted and other investments	-	-	-	-	-	-
Loans, advances and other assets	52 973 247	19 263 549	31 715 609	143 942 672	6 249 257	254 144 334
Deferred tax	-	-	-	-	1 908 532	1 908 532
Investment properties	-	-	-	-	20 950 606	20 950 606
Intangible assets	-	-	-	-	2 036 775	2 036 775
Property and equipment	-	-	-	-	17 844 069	17 844 069
Non-current assets held for sale	-	-	-	-	36 000	36 000
	164 497 271	19 405 795	80 409 215	212 356 254	49 311 061	525 979 596
Liabilities and equity						
Deposits and other liabilities	373 527 637	25 835 037	19 296 362	15 704 773	12 147 333	446 511 142
Redeemable ordinary shares	-	-	-	-	14 335 253	14 335 253
Equity	-	-	-	-	64 121 413	64 121 413
Subordinated loan	-	-	-	1 505 647	-	1 505 647
	373 527 637	25 835 037	19 296 362	17 210 420	90 603 999	526 473 455
Interest rate repricing gap	(209 030 366)	(6 429 242)	61 112 853	195 145 834	(41 292 938)	(493 859)
Cumulative gap	**(209 030 366)**	**(215 459 608)**	**(154 346 755)**	**40 799 079**	**(493 859)**	**-**

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27. INTEREST RATE REPRICING AND GAP ANALYSIS (cont'd)

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

27.1. Other foreign currencies

	← Inflation adjusted →					
As at 31 December 2019	**Up to 1 month ZWL**	**1 month to 3 months ZWL**	**3 months to 1 year ZWL**	**1 year to 5 years ZWL**	**Non-interest bearing ZWL**	**Total ZWL**
Assets						
Cash and cash equivalents	152 079 653	-	-	-	-	152 079 653
Current tax assets	-	-	-	-	-	-
Investment securities	-	-	-	-	-	-
Quoted and other investments	-	-	-	-	1 612 131	1 612 131
Loans, advances and other assets	2 599 274	32 404 983	-	-	-	35 004 257
Deferred tax						
Non-current assets held for Sale	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
	154 678 927	32 404 983	-	-	1 612 131	188 696 040
Liabilities and equity						
Deposits and other liabilities	204 558 284	-	-	-	-	204 558 283
Deferred tax liabilities	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	-	-
Redeemable ordinary shares	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Subordinated loan	-	-	-	-	-	-
	204 558 284	-	-	-	-	204 558 283
Interest rate repricing gap	(49 879 357)	32 404 983	-	-	1 612 131	(15 862 243)
Cumulative gap	**(49 879 657)**	**(17 474 374)**	**(17 474 374)**	**(17 474 374)**	**(15 862 243)**	**-**

27. INTEREST RATE REPRICING AND GAP ANALYSIS (cont'd)

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

27.1. Other foreign currencies

	← Inflation adjusted →					
As at 31 December 2018	**Up to 1 month ZWL Restated**	**1 month to 3 months ZWL Restated**	**3 months to 1 year ZWL Restated**	**1 year to 5 years ZWL Restated**	**Non-interest bearing ZWL Restated**	**Total ZWL Restated**
Assets						
Cash and cash equivalents	5 695 248	-	-	-	-	5 695 248
Current tax assets	-	-	-	-	-	-
Investment securities	-	-	-	-	-	-
Quoted and other investments	-	-	-	-	698 799	698 799
Loans, advances and other assets	364 061	-	-	-	-	364 061
Deferred tax	-	-	-	-	-	-
Non-current assets held for Sale	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
	6 059 309	-	-	-	698 799	6 758 108
Liabilities and equity						
Deposits and other liabilities	3 690 502	-	-	-	-	3 690 502
Deferred tax liabilities	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	-	-
Redeemable ordinary shares	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Subordinated loan	-	-	-	-	-	-
	3 690 502	-	-	-	-	3 690 502
Interest rate repricing gap	2 368 807	-	-	-	698 799	3 067 606
Cumulative gap	**2 368 807**	**2 368 807**	**2 368 807**	**2 368 807**	**3 067 606**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
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27. INTEREST RATE REPRICING AND GAP ANALYSIS

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

27.1 Other foreign currencies (cont'd)

	← Historical Cost →					
As at 31 December 2019	**Up to 1 month ZWL**	**1 month to 3 months ZWL**	**3 months to 1 year ZWL**	**1 year to 5 years ZWL**	**Non-interest bearing ZWL**	**Total ZWL**
Assets						
Cash and cash equivalents	152 079 653	-	-	-	-	152 079 653
Current tax assets	-	-	-	-	-	-
Investment securities	-	-	-	-	-	-
Quoted and other investments	-	-	-	-	1 612 131	1 612 131
Loans, advances and other assets	2 599 274	32 404 982	-	-	-	35 004 256
Deferred tax	-	-	-	-	-	-
Non-current assets held for Sale	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-
	154 678 927	32 404 982	-	-	1 612 131	188 696 040
Liabilities and equity						
Deposits and other liabilities	204 558 283	-	-	-	-	204 558 283
Deferred tax liabilities	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	-	-
Redeemable ordinary shares	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Subordinated loan	-	-	-	-	-	-
	204 558 283	-	-	-	-	204 558 283
Interest rate repricing gap	(49 879 357)	32 404 982	-	-	1 612 131	(15 862 243)
Cumulative gap	**(49 879 357)**	**(17 474 374)**	**(17 474 374)**	**(17 474 374)**	**(15 862 243)**	**-**

27. INTEREST RATE REPRICING AND GAP ANALYSIS (cont'd)

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

27.1. Other foreign currencies

	Historical Cost					
As at 31 December 2018	**Up to 1 month**	**1 month to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**Non-interest bearing**	**Total**
Assets	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Cash and cash equivalents	916 888	-	-	-	-	916 888
Quoted and other investments	-	-	-	-	112 501	112 501
Loans, advances and other assets	58 611	-	-	-	-	58 611
	975 499	-	-	-	112 501	1 088 000
Liabilities and equity						
Deposits and other liabilities	594 141	-	-	-	-	594 141
	591 141	-	-	-	112 501	594 141
Interest rate repricing gap	381 358	-	-	-	112 501	493 859
Cumulative gap	**381 358**	**-**	**-**	**-**	**112 501**	**493 859**

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28. FOREIGN EXCHANGE POSITIONS

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

As at 31 December 2019

	Inflation adjusted						
	ZWL ZWL	USD ZWL	RAND ZWL	GBP ZWL	EUR ZWL	BWP ZWL	Total ZWL
Assets							
Cash and cash equivalents	340 224 615	125 272 410	24 818 968	719 607	754 568	514 099	492 304 267
Current tax assets	-	-	-	-	-	-	-
Investment securities	107 166 155	-	-	-	-	-	107 166 155
Quoted and other investments	-	-	-	-	1 612 131	-	1 612 131
Loans, advances and other assets	817 553 194	34 960 633	37 259	-	3 738	2 628	852 557 453
Non-current assets held for sale	-	-	-	-	-	-	-
Intangible assets	11 613 782	-	-	-	-	-	11 613 782
Property and equipment	394 189 555	-	-	-	-	-	394 189 555
Investment properties	229 867 982	-	-	-	-	-	229 867 982
Deferred tax	-	-	-	-	-	-	-
	1 900 615 282	160 233 043	24 856 227	719 607	2 370 437	516 727	2 089 311 325
Liabilities and equity							
Deposits and other liabilities	1 063 587 730	194 895 675	8 610 494	595 759	388 664	67 693	1 268 146 016
Current tax liabilities	624 937	-	-	-	-	-	624 937
Deferred tax liabilities	112 687 043	-	-	-	-	-	112 687 042
Subordinated term loan	28 360 340	-	-	-	-	-	28 360 340
Redeemable ordinary shares	14 335 253	-	-	-	-	-	14 335 253
Equity	665 157 736	-	-	-	-	-	665 157 736
Total	1 884 753 039	194 895 675	8 610 494	595 759	388 664	67 693	2 089 311 325
Net foreign exchange position	15 862 243	(34 662 632)	16 245 733	123 849	1 981 772	449 033	-

28. FOREIGN EXCHANGE POSITIONS

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

As at 31 December 2018

		Inflation adjusted					
	ZWL	USD	RAND	GBP	EUR	BWP	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Assets	**Restated**	**Restated**	**Restated**	**Restated**	**Restated**	**Restated**	**Restated**
Cash and cash equivalents	-	692 731 340	3 551 247	205 056	1 771 821	167 125	698 426 589
Current tax assets	-	1 775 384	-	-	-	-	1 775 384
Investment securities	-	728 294 724	-	-	-	-	728 294 724
Quoted and other investments	-	-	-	-	698 799	-	698 799
Loans, advances and other assets	-	1 581 509 876	122 011	106	241 944	-	1 581 873 937
Non-current assets held for sale	-	223 614	-	-	-	-	223 614
Intangible assets	-	17 333 130	-	-	-	-	17 333 130
Property and equipment	-	128 300 867	-	-	-	-	128 300 867
Investment properties	-	130 134 664	-	-	-	-	130 134 664
Deferred tax	-	7 229 559	-	-	-	-	7 229 559
	-	3 287 533 159	3 673 258	205 162	2 712 564	167 125	3 294 291 270
Liabilities and equity							
Deposits and other liabilities	-	2 775 742 072	3 019 882	269 830	287 907	112 872	2 779 432 563
Current tax liabilities	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-
Subordinated term loan	-	9 352 327	-	-	-	-	9 352 327
Redeemable ordinary shares	-	89 043 407	-	-	-	-	89 043 407
Equity	-	416 462 973	-	-	-	-	416 462 973
Total	-	3 290 600 779	3 019 882	269 830	287 907	112 872	3 294 291 270
Net foreign exchange position	**-**	**(3 067 617)**	**653 376**	**(64 668)**	**2 424 657**	**54 253**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

28. FOREIGN EXCHANGE POSITIONS (cont'd)

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

As at December 2019

	Historical Cost						
	ZWL ZWL	USD ZWL	RAND ZWL	GBP ZWL	EUR ZWL	BWP ZWL	Total ZWL
Assets							
Cash and cash equivalents	340 224 614	125 272 410	24 818 968	719 607	754 568	514 100	492 304 267
Investment securities	107 166 155	-	-	-	-	-	107 166 155
Quoted and other investments	-	-	-	-	1 612 131	-	1 612 131
Loans, advances and other assets	782 955 985	34 960 633	37 259	-	3 738	2 627	817 960 242
Non-current assets held for sale	-	-	-	-	-	-	-
Intangible assets	1 397 186	-	-	-	-	-	1 397 186
Property and equipment	295 285 227	-	-	-	-	-	295 285 227
Investment properties	229 867 982	-	-	-	-	-	229 867 982
Deferred tax	-	-	-	-	-	-	-
	1 756 897 149	160 233 043	24 856 227	719 607	2 370 437	516 727	1 945 593 190
Liabilities and equity							
Deposits and other liabilities	1 063 587 732	194 895 675	8 610 494	595 759	388 664	67 691	1 268 146 016
Current tax liabilities	624 937	-	-	-	-	-	624 937
Deferred tax liabilities	97 653 191	-	-	-	-	-	97 653 191
Subordinated term loan	28 360 340	-	-	-	-	-	28 360 340
Redeemable ordinary shares	14 335 253	-	-	-	-	-	14 335 253
Equity	536 473 453	-	-	-	-	-	536 473 453
	1 741 034 906	194 895 675	8 610 494	595 759	388 664	67 691	1 945 593 190
Net foreign exchange position	**15 682 243**	**(34 662 632)**	**16 245 733**	**123 849**	**1 981 772**	**449 033**	**-**

28. FOREIGN EXCHANGE POSITIONS (cont'd)

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

As at December 2018

	← Historical Cost →						
	ZWL ZWL	USD ZWL	RAND ZWL	GBP ZWL	EUR ZWL	BWP ZWL	Total ZWL
Assets							
Cash and cash equivalents	-	111 524 024	571 721	33 012	285 249	26 906	112 440 912
Current tax assets	-	285 822	-	-	-	-	285 822
Investment securities	-	117 249 434	-	-	-	-	117 249 434
Quoted and other investments	-	-	-	-	112 501	-	112 501
Loans, advances and other assets	-	254 144 334	19 643	17	38 951	-	254 202 945
Non-current assets held for sale	-	36 000	-	-	-	-	36 000
Intangible assets	-	2 036 775	-	-	-	-	2 036 775
Property and equipment	-	17 844 069	-	-	-	-	17 844 069
Investment properties	-	20 950 606	-	-	-	-	20 950 606
Deferred tax	-	1 908 532	-	-	-	-	1 908 532
	-	525 979 596	591 364	33 029	436 701	26 906	527 067 596
Liabilities and equity							
Deposits and other liabilities	-	446 511 142	486 176	43 440	46 351	18 174	447 105 283
Subordinated term loan	-	1 505 647	-	-	-	-	1 505 647
Redeemable ordinary shares	-	14 335 253	-	-	-	-	14 335 253
Equity	-	64 121 413	-	-	-	-	64 121 413
	-	526 473 455	486 176	43 440	46 351	18 174	527 067 596
Net foreign exchange position	**-**	**(493 859)**	**105 188**	**(10 411)**	**390 350**	**8 732**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

29. CONTINGENT LIABILITIES

	GROUP			
	← Inflation adjusted →		← Historical Cost →	
	31 Dec 2019 ZWL	31 Dec 2018 ZWL Restated	31 Dec 2019 ZWL	31 Dec 2018 ZWL
Guarantees	126 952 189	38 260 135	126 952 189	6 159 566
Facilities approved but not drawn down	20 067 960	128 398 555	20 067 960	20 671 107
Expected credit losses on facilities approved but not drawdown – Stage 1	(1 477 002)	(9 447 346)	(1 477 002)	(1 520 945)
Expected credit losses on guarantees – Stage 1	(5 427 344)	(3 438 303)	(5 427 344)	(553 538)
Balance at 31 December	140 115 803	153 773 041	140 115 803	24 756 190

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.

30. CAPITAL COMMITMENTS

	GROUP			
	← Inflation adjusted →		← Historical Cost →	
	31 Dec 2019 ZWL	31 Dec 2018 ZWL Restated	31 Dec 2019 ZWL	31 Dec 2018 ZWL
Capital expenditure contracted for	5 828 388	18 208 295	5 828 388	2 931 385
Capital expenditure authorised but not yet contracted for	117 569 873	56 481 152	117 569 873	9 092 999
At 31 December	123 398 261	74 689 447	123 398 261	12 024 384

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

31. ASSETS UNDER CUSTODY

In 2014, the Group received Treasury Bills from the Reserve Bank of Zimbabwe amounting to ZWL343 058 on behalf of its Tobacco Retention Scheme customers. Half of the Treasury Bills matured in April 2018 and the other half matured in April 2019. These Treasury Bills are currently held off balance sheet.

32. RELATED PARTIES

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

32. RELATED PARTIES (Cont'd)

32.1 Compensation of key management personnel of the Group

	GROUP			
	← Inflation adjusted →		← Historical Cost →	
	31 Dec 2019 ZWL	31 Dec 2018 ZWL Restated	31 Dec 2019 ZWL	31 Dec 2018 ZWL
Short term employee benefits	7 875 095	8 660 494	2 863 816	1 136 941
Post employment benefits	251 460	350 018	80 480	45 950
Termination benefits	2 859 901	990 257	544 946	130 000
	10 986 456	10 000 769	3 489 242	1 312 891

32.2 Balances of loans to Directors, officers and others

Loans to Directors and officers or their companies are included in advances and other accounts (note 20).

	GROUP			
	← Inflation adjusted →		← Historical Cost →	
	31 Dec 2019 ZWL	31 Dec 2018 ZWL Restated	31 Dec 2019 ZWL	31 Dec 2018 ZWL
Non-executive directors	-	-	-	-
Executive directors	746 174	559 259	746 174	90 036
Officers	26 946 866	75 255 339	26 946 866	12 115 488
Directors' companies	-	-		-
Officers companies	-	-	-	-
	27 693 040	75 814 598	27 693 040	12 205 524
Expected credit loss allowance – Stage 1	(48 750)	(997 126)	(48 750)	(160 529)
	27 644 290	74 817 472	27 644 290	12 044 995

32.3 Borrowing powers

Holding Company

In terms of the existing Articles of Association, Article 102, the Directors may from time to time, at their discretion, borrow or secure the payment of any sum or sums of money for the purposes of the Company without any limitation

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

33. EMPLOYEE BENEFITS

33.1 Pension Fund

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

The assets of the Pension Fund are held separately from those of the Group in funds under the control of Trustees. The pension fund assets included914 518 shares in NMBZ Holdings Limited as at 31 December 2019.

33.2 Expense recognised in profit or loss

	GROUP			
	← Inflation adjusted →		← Historical Cost →	
	31 Dec 2019 ZWL	31 Dec 2018 ZWL Restated	31 Dec 2019 ZWL	31 Dec 2018 ZWL
Defined Contribution Plan – NSSA	845 155	1 597 049	259 727	209 659
Defined Contribution Plan – NMB Bank Limited Pension Fund	2 221 494	3 495 433	678 733	458 877
	3 066 649	5 092 482	938 460	668 536

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

33.3 Employee Share Option Scheme

In terms of the Employee Share Option Scheme, up to a maximum of 10% of the issued share capital may be granted by the Directors to senior employees by way of options. Each set of options is exercisable at any time within a period of five years from the date the options are granted and the issue price is based on the higher of nominal value of the shares and the middle market price derived from the Zimbabwe Stock Exchange prices for the trading day immediately preceding the date of offer. The options vest immediately from date of issue and the fair value of the options is estimated at the grant date using the Black – Scholes option pricing model, taking into account the terms and conditions upon which the instruments were granted. There were 23 942 639 outstanding shares in terms of the scheme at 31 December 2019.

33.4 National Social Security Authority Scheme

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

Inflation adjusted contributions by the employer are recognised in profit or loss account and during the period amounted to ZWL845 155 (2018–restated ZWL1 302 297).

34. EXCHANGE RATES

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

		31 December 2019 Mid - rate ZWL	31 December 2018 Mid - rate ZWL
United States Dollar	USD	16.7734	1.0000
British Sterling	GBP	22.1677	1.2785
South African Rand	ZAR	0.8350	14.2254
European Euro	EUR	18.8164	1.1490
Botswana Pula	BWP	0.6302	10.7296

35. RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Board Asset and Liability Management Committee (ALCO) and the Board Risk and Compliance Committee, which are responsible for defining the Group's risk universe, developing policies and monitoring implementation. The Board also has the Board Credit Committee (BCC) which is responsible for sanctioning credits and the Board Loans Review Committee (LRC), which is responsible for monitoring asset quality and adherence to the credit risk management policy.

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

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

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

c) Micro Level: This involves "On-the-line" risk management where risks are actually created. These are the risk management activities performed by individuals who assume risk on behalf of the organisation 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.

35.1 Credit Risk

Credit risk is the risk that a financial contract will not be honoured according to the original set of terms. The risk arises when borrowers or counterparties to a financial instrument fail to meet their contractual obligations. The Group's general credit strategies centre on sound credit granting process, diligent credit monitoring and strong loan collection and recovery. There is a separation between loan collection and recovery. There is a separation between loan granting and credit monitoring to ensure independency and effective management of the loan portfolio. The Board has put in place sanctioning committees with specific credit approval limits. The Credit Management department does the initial review of all applications before recommending them to the Executive Credit Committee and finally the Board Credit Committee depending on the loan amount. The Group has in place a Board Loans Review Committee responsible for reviewing the quality of the loan book and adequacy of loan loss provisions.

The Group has an 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 group's move into the mass market, retail credit has become a key area of focus. The group has put in place robust personal loan monitoring systems and structures to mitigate retail loan delinquencies. This includes a rigorous scheme assessment and a dedicated pre-delinquency team and a separate recoveries team.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

35. RISK MANAGEMENT (cont'd)

Credit Monitoring and Financial Modelling (Cont'd)

- 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.

The table below shows the maximum exposure to credit for the components of the statement of financial position. The maximum exposure is shown as gross.

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

		GROUP			
		← Inflation adjusted →		← Historical Cost →	
	Note	31 Dec 2019 ZWL	31 Dec 2018 ZWL Restated	31 Dec 2019 ZWL	31 Dec 2018 ZWL
Cash and Cash equivalents (excluding cash on hand)		413 202 530	669 853 030	413 202 530	107 840 805
Investment securities	17	107 166 155	728 294 724	107 166 155	117 249 434
Loans and advances	20	508 745 860	1 540 164 035	508 745 860	247 953 688
Total		1 029 114 545	2 938 311 789	1 029 114 545	473 043 927
Guarantees	29	126 952 189	38 260 135	126 952 189	6 159 566
Facilities approved but not drawn down	29	20 067 960	128 398 555	20 067 960	20 671 107
		147 020 149	166 658 690	147 020 149	26 830 673
		1 176 134 694	3 104 970 479	1 176 134 694	499 874 600

The effect of collateral and other risk mitigation techniques is shown in the Net Maximum Exposure column below.

35. RISK MANAGEMENT (cont'd)

35.1.3 Risk concentrations of maximum exposure to credit risk

	Historical Cost			
	31 December 2019 Gross Maximum Exposure ZWL	31 December 2019 Net Maximum Exposure ZWL	31 December 2018 Gross Maximum Exposure ZWL	31 December 2018 Net* Maximum Exposure ZWL
Agriculture and horticulture	96 767 993	31 726 901	37 386 857	16 803 048
Conglomerates	2 397 398	2 397 398	10 692 402	10 692 402
Distribution	87 785 991	26 259 570	28 902 108	3 354 895
Food and beverages	29 457 868	119 001	6 304 863	144 087
Individuals	126 212 109	103 688 624	100 512 291	83 361 199
Manufacturing	60 715 905	17 750 052	8 731 095	1 216 383
Mining	1 157 120	181 456	703 294	565 260
Services	128 615 906	52 474 563	69 102 116	20 852 957
	533 110 289	234 597 566	262 335 026	136 990 231
Expected credit loss on loans and advances	(24 019 688)	(24 019 688)	(13 300 688)	(13 300 688)
Net exposure	509 090 601	210 577 878	249 034 338	123 689 543

35.1.4 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of credit risk of the counterparty. There are guidelines regarding the acceptability of types of collateral. The main types of collateral obtained are guarantees, cession of debtors, mortgages over properties, equities, subordination of shareholder loans and promissory notes. The fair value of all collateral held by the Group at the reporting date is ZWL168 243 694(2018- ZWL158 339 808).

35.1.5 Credit quality per sector

At 31 December 2019	Grade A Pass ZWL	Grade B Special Mention ZWL	Grade C Substandard ZWL	Grade D Doubtful ZWL	Grade E Loss ZWL	Total ZWL
Agriculture and horticulture	96 736 045	-	31 948	-	-	96 767 993
Conglomerates	-	2 397 398	-	-	-	2 397 398
Distribution	86 796 019	510 928	321 453	100 904	56 688	87 785 991
Food and beverages	25 776 366	3 681 501	-	-	-	29 457 868
Individuals	116 216 130	7 214 419	2 773 283	8 276	-	126 212 109
Manufacturing	60 447 282	268 623	-	-	-	60 715 905
Mining	996 626	160 494	-	-	-	1 157 120
Services	121 210 663	3 372 882	1 702 978	2 177 412	151 972	128 615 906
Net exposure	508 179 131	17 606 244	4 829 662	2 286 592	208 660	533 110 289

At 31 December 2018	Grade A Grade B Pass ZWL	Special Mention ZWL	Grade C Substandard ZWL	Grade D Doubtful ZWL	Grade E Loss ZWL	Total ZWL
Agriculture and horticulture	28 763 761	8 478 994	108 575	-	35 527	37 386 857
Conglomerates	-	-	10 692 402	-	-	10 692 402
Distribution	26 246 884	1 442 867	316 760	624 958	270 639	28 902 108
Food and beverages	5 957 250	347 613	-	-	-	6 304 863
Individuals	94 544 138	3 457 816	2 372 861	137 476	-	100 512 291
Manufacturing	8 324 392	347 740	4 482	11 562	42 919	8 731 095
Mining	693 496	-	-	-	9 798	703 294
Services	63 421 046	829 479	1 809 390	2 723 459	318 742	69 102 116
Net exposure	227 950 967	14 904 509	15 304 470	3 497 455	677 625	262 335 026

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

35. RISK MANAGEMENT (cont'd)

35.1.5 Credit quality per sector(cont'd)

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

35.1.6 Rating Scale mapping to IFRS 9 Stages

Below is a mapping table showing the link between IFRS stages and the Bank's Rating scale:

NMB Bank Rating Scale	Supervisory Rating Scale	IFRS 9
NMBR1 NMBR2 NMBR3 NMBR4 NMBR5	1 2 3 4 5	Stage 1
NMBR6 NMBR7	6 7	Stage 2
NMBR6 NMBR7	8 9	Stage 3

35.2 Market risk

This is the exposure of the Group's on and off balance sheet positions to adverse movement in market prices resulting in a loss in earnings and capital. The market prices will range from money market (interest rate risk), foreign exchange and equity markets in which the bank operates. The Group has in place a Management Asset and Liability Committee (ALCO) which monitors market risk and recommends the appropriate levels to which the Group should be exposed at any time. Net Interest Margin is the primary measure of interest rate risk, supported by periodic stress tests to assess the Group's ability to withstand stressed market conditions. On foreign exchange risk, the bank monitors currency mismatches and make adjustments depending on exchange rate movement forecast. The mismatches 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 2018.

At 31 December 2019

Sensitivity of net interest income

		Historical Cost				
	% change in interest rates %	0 to 1 month ZWL	1 to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Total ZWL
ZWL	5%	33 164 948	(649 091)	(5 342 449)	(12 033 593)	15 139 815
ZWL	3%	(19 898 969)	389 455	3 205 470	7 220 156	(9 083 889)
ZWL	1%	(6 632 990)	129 818	1 068 490	2 406 719	(3 027 963)
ZWL	-1%	6 632 990	(129 818)	(1 068 490)	(2 406 719)	3 027 963
ZWL	-3%	19 898 969	(389 455)	(3 205 470)	(7 220 156)	9 083 889
ZWL	-5%	33 164 948	(649 091)	(5 342 449)	(12 033 593)	15 139 815

35. RISK MANAGEMENT (cont'd)

35.2 Market risk (cont'd)

At 31 December 2018

Sensitivity of net interest income

		Historical Cost				
	% change in interest rates %	0 to 1 month ZWL	1 to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Total ZWL
ZWL	5	(10 451 518)	(321 462)	3 055 643	9 757 292	2 039 955
ZWL	3	(6 270 911)	(192 877)	1 833 386	5 854 375	1 223 973
ZWL	1	(2 090 304)	(64 292)	611 129	1 951 458	407 991
ZWL	-1	2 090 304	64 292	(611 129)	(1 951 458)	(407 991)
ZWL	-3	6 270 911	192 877	(1 833 386)	(5 854 375)	(1 223 973)
ZWL	-5	10 451 518	321 462	(3 055 643)	(9 757 292)	(2 039 955)

35.3 Foreign currency exchange rate risk

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

31 December 2019	Historical Cost		
	% Change in currency rate	Effect on profit before tax	Effect on equity
	%	ZWL	ZWL
USD	5%	(3 213 476)	(2 386 006)
USD	3%	(1 928 085)	(1 431 603)
USD	1%	(642 695)	(477 201)
USD	-1%	642 695	477 201
USD	-3%	1 928 085	1 431 603
USD	-5%	3 213 476	2 386 006

31 December 2018	Historical Cost		
	% Change in currency rate	Effect on profit before tax	Effect on equity
ZAR	5	(5 259)	(3 905)
ZAR	3	(3 156)	(2 343)
ZAR	1	(1 052)	(781)
ZAR	-1	1 052	781
ZAR	-3	3 156	2 343
ZAR	-5	5 259	3 905

35.4 Liquidity risk

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

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Board ALCO.

The key measure used by the 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 present value of the contractual cash flows of financial assets and liabilities are disclosed in note 27.1.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

35. RISK MANAGEMENT (cont'd)

35.4 Liquidity risk (cont'd)

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. The Group monitors its liquidity ratio in compliance with Banking Regulations to ensure that it is not less than 30% of the liabilities to the public. Liquid assets consist of cash and cash equivalents, short term bank deposits and liquid investment securities available for immediate sale.

Maturity profile for contingent liabilities

At 31 December 2019 ← Historical Cost →

	On Demand	0 to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Guarantees	-	221 500	368 183	126 362 506	-	126 952 189
Commitments to lend	-	267 946	2 040 880	17 759 134	-	20 067 960
Irrevocable letters of credit	-	-	-	-	-	-
	-	489 446	2 409 063	144 121 640	-	147 020 149

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and facilities approved but not drawn down.

At 31 December 2018 ← Historical Cost →

	On Demand	0 to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Guarantees	-	315 250	1 250 594	4 051 889	541 832	6 159 565
Commitments to lend	-	493 836	875 579	19 301 692	-	20 671 107
Irrevocable letters of credit	-	-	-	-	-	-
	-	809 086	2 126 173	23 353 581	541 832	26 830 672

The Group expects that not all of the contingent liabilities or facilities approved but not drawn down will be drawn before expiry.

35.5 Operational risk

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

35.6 Legal and compliance risk

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

35.7 Reputational risk

Reputation risk is the risk of loss of business as a result of negative publicity or negative perceptions by the market with regards to the way the Group conducts its business. To manage this risk, the Group strictly monitors customers' complaints, continuously train staff at all levels, conducts market surveys and periodic reviews of business practices through its Internal Audit department.

35. RISK MANAGEMENT (cont'd)

35.8 Strategic risk

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

35.9 Environmental, Social & Governance (ESG) Risk

Environment, Social and Governance (ESG) or sustainability risk is the consideration of non-financial risks arising from the environment (flora and fauna) as well as societal issues. The Group is not only concerned about making profits, but is also keen on assessing the impact it has on the planet and the people it interacts with. There is a growing number of frameworks and standards aimed at addressing global concerns on sustainability. Global risk reports show that environmental and societal risks have overtaken economic and geopolitical risks in terms of both likelihood and impact

35.9.1 Reserve Bank of Zimbabwe Ratings

The Reserve Bank of Zimbabwe conducted an onsite inspection on the Group's banking subsidiary on 24 November 2016. Below are the final ratings from the onsite examination.

35.9.1 CAMELS* Ratings

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

35.9.1.2 Summary RAS ratings

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

*** RAS stands for Risk Assessment System.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

35. RISK MANAGEMENT (continued)

35.9.1.3 Summary risk matrix –24 November 2016 on - site examination

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

KEY

High	Moderate	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.

35. RISK MANAGEMENT (cont'd)

Overall Composite Risk (cont'd)

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.

35.9.2 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	2019	2018
Long term	BB-	BB+

The current rating expires in August 2020.

35.10 Regulatory Compliance

There was no regulatory breach resulting in penalties during the period under review. The Bank is committed to comply with and adhere to all regulatory requirements.

35.11 Capital management

35.11.1 Holding company

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

35.11.2 Banking subsidiary

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

35. RISK MANAGEMENT (cont'd)

35.11 Capital management (cont'd)

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

Various limits are applied to elements of the capital base. The core capital (Tier 1) shall comprise not less than 50% of the capital base and 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 →	
	2019 ZWL	**2018 ZWL Restated**	**2019 ZWL**	**2018 ZWL**
Share capital	161 906	161 906	16 506	16 506
Share premium	287 040 745	287 040 745	31 474 502	31 474 502
Retained earnings	217 387 032	221 025 066	329 398 472	47 267 030
Fair value gains on investment properties	-	(20 234 771)	-	(3 257 631)
	504 589 683	487 992 947	360 889 480	75 500 407
Less: capital allocated for market and operational risk	(13 706 269)	(24 142 847)	(13 706 269)	(3 886 799)
Tier 1 capital	490 883 414	463 850 096	347 183 211	71 613 608
Tier 2 capital (subject to limit as per Banking Regulations)	193 856 644	50 068 140	205 935 382	8 197 298
Fair value gains on investment properties	-	20 234 771	-	3 257 631
Functional currency reserve	64 096 897	-	11 619 648	-
Fair valuation gains on land and buildings	108 586 781	-	176 079 950	136 741
Subordinated debt	294 339	1 876 817	294 339	302 152
Stage 1 & 2 ECL provisions – (limited to 1,25% of risk weighted assets)	20 878 627	27 956 552	17 941 445	4 500 774
Tier 1 & 2 capital	684 740 058	513 918 239	553 118 593	79 810 906
Tier 3 capital (sum of market and operational risk capital)	13 706 269	24 142 847	13 706 269	3 886 799
Total capital base	698 446 327	538 061 086	566 824 862	83 697 705
Total risk weighted assets	1 568 817 144	2 236 524 251	1 435 315 609	360 061 931
Tier 1 ratio	31.29%	20.74%	24.19%	19.89%
Tier 2 ratio	12.36%	2.24%	14.35%	2.28%
Tier 3 ratio	0.87%	1.08%	0.95%	1.08%
Total capital adequacy ratio	44.52%	24.06%	39.49%	23.25%
RBZ minimum required	12%	12%	12%	12%

36. EVENTS AFTER REPORTING PERIOD

Subsequent to the Group's reporting period ended 31 December 2019, the World Health Organisation (WHO) declared COVID-19 a world pandemic and the Government of Zimbabwe declared COVID-19 a national disaster. The Directors have concluded that the COVID-19 pandemic is a non-adjusting event, as it does not reflect conditions that existed at the reporting date.

The current health emergency caused by the global spread of COVID-19 has significant implications for the Zimbabwean economy and the Group is following the advice and directives of the World Health Organization (WHO) as well as the Government of Zimbabwe in order to provide a safe environment for all of the Group's stakeholders including shareholders, customers and employees. The Government of Zimbabwe implemented a number of measures to mitigate the widespread transmission of the virus, which include the declaration of a 21-day national lockdown effective 30 March 2020 subsequently extended by a further 14 days to 3 May 2020. The national lockdown coupled with the other devastating effects of the novel virus are expected to result in a decline in transactional volumes due to the restrictions in movement, thereby negatively affecting the Bank's fee and commission income. These measures would also have an impact on the cashflows of the Bank's customers who do not fall within the essential services category, albeit to varying extents depending on the underlying business models. This might result in a deterioration of the Bank's credit risk and liquidity risk profile. The Group's foreign exchange risk is also expected to deteriorate on account of the negative economic performance outlook in view of the economic restrictions necessitated by the COVID-19 pandemic.

Credit risk

The Bank's significant credit exposures are in the following sectors: services (24%), individuals (24%), agriculture (18%) and distribution (16%), the majority of which are secured by tangible collateral. The Bank has observed that the majority of businesses within the services, agricultural and distribution sectors have been predominately classified as essential services in terms of the national lockdown pronounced by the Government of Zimbabwe in response to the COVID-19 pandemic. This would imply that the deterioration of credit risk in terms of the Bank's borrowing clients falling into these categories is not expected to be severe. However, the Bank is closely monitoring the developments and the Group has strengthened its credit risk management practices in response to the operating environment. The majority of the Bank's individual customers are employed by the Government which has continued to pay full salaries to date. Furthermore, the Bank takes comfort in that the majority of its borrowing individual customers are in the mortgages category, which would not be expected to result in significant increases in Expected Credit Loss ("ECL") allowances due to their low Loss Given Default (LGD) factor. The Reserve Bank also issued a directive providing guidance on how Banks are to approach credit provisioning in respect of the COVID-19 crisis. The guidance indicated that Banks will not have to adjust ECL stages for previously performing clients whose credit risk would have increased due to COVID-19. This will also minimize the increase in Bank's ECL due to COVID-19.

Liquidity risk

The Bank manages its liquidity risk through the Asset and Liability Management Committee ("ALCO"), which monitors the Bank's liquidity gap on a daily basis. In response to the COVID-19 pandemic, the Bank strengthened its liquidity risk management practices to ensure that the increased liquidity risk is well managed and does not deteriorate below internal benchmarks, which surpass the regulatory thresholds. As at the end of Q1 of 2020, the Bank had a stable liquidity position and is well positioned to meet its foreign and long-term obligations as they fall due. Through the Reserve Bank of Zimbabwe ("RBZ"), the Government also announced a raft of measures including the relaxation of exchange control regulations to allow the use of foreign currency, classified as free funds in the economy, for improved flexibility and convenience on the part of the transacting public in response to the measures adopted to fight the novel virus. Resultantly, this has increased the flow of foreign currency into the formal channels of the economy and the Bank is set to benefit from this development.

Foreign exchange risk

The Bank's ALCO management committee also monitors the Group's exposure to foreign exchange risk on a daily basis. In response to the increase in foreign exchange rate risk, the Bank has also buttressed its risk management practices in that regard to ensure the Bank is well positioned to handle foreign exchange fluctuations arising from market volatility due to the raging global pandemic.

COVID-19 Impact assessment and mitigation

Whilst the Group is cognizant of the negative impacts of the COVID-19 pandemic on its revenues and asset quality, the severity and operational impact of the restrictions for the remainder of the year cannot be reasonably estimated at this point in time. The Group, however, continues to monitor the situation closely and will provide further updates when visibility improves and there is greater clarity over the expected financial performance on the Group in 2020; as every listed entity on the ZSE will continue to trade under cautionary for the duration of the lockdown period, including any subsequent extensions, until the lockdown has been formally dispensed with in terms of the enabling legal instrument.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the year ended 31 December 2019

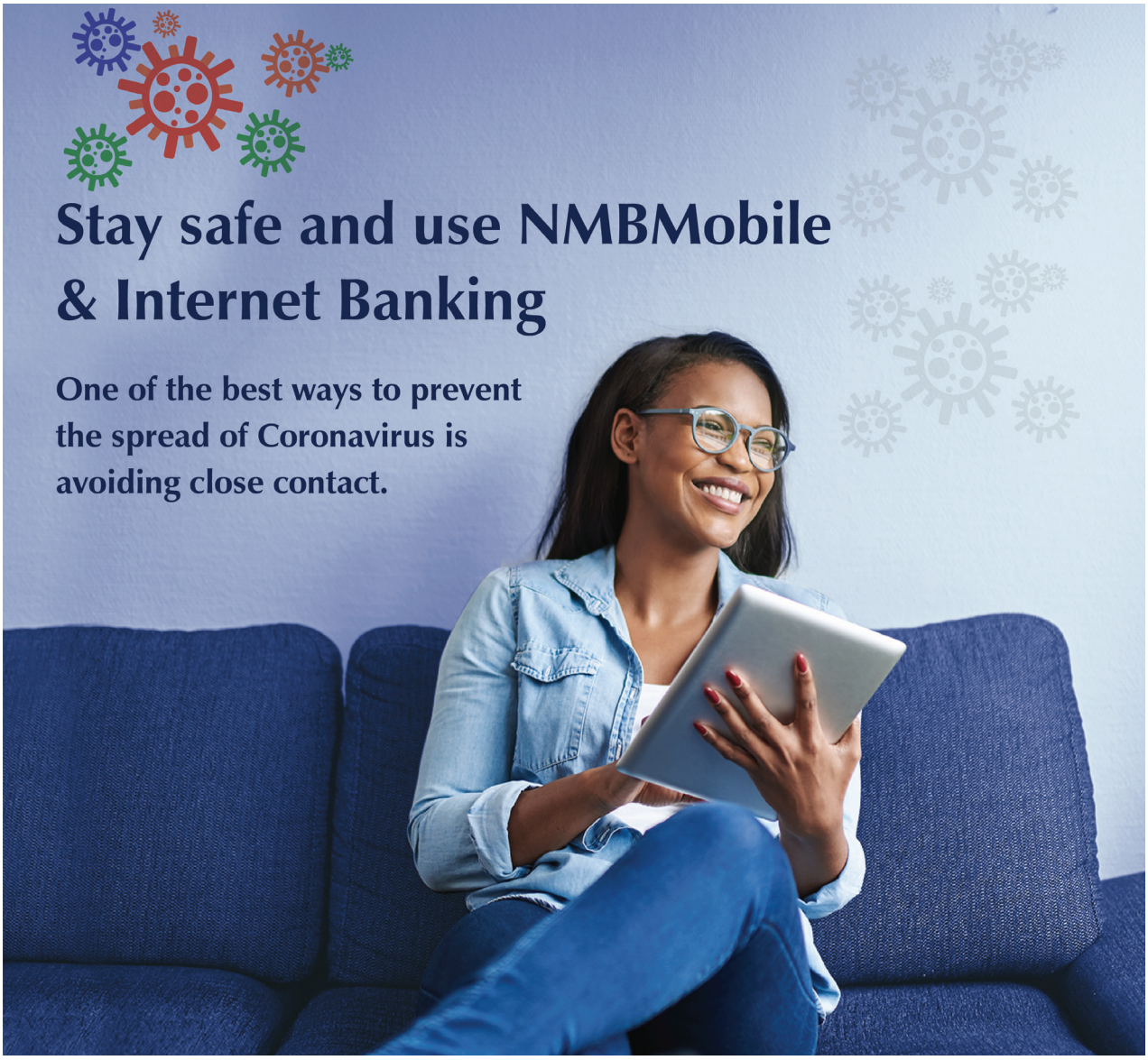
COVID-19 Impact assessment and mitigation (Cont'd)

In view of this unprecedented economic and business uncertainty, the Group is firmly focused on protecting its business; mitigating any potential adverse financial impact and ensuring that the Group is well positioned for a recovery trajectory post the pandemic. An extensive range of business continuity measures are in place in order to ensure business continuity. These measures include enhanced safety and sanitation protocols at all our operating Units, as well as making significant adjustments to work practices to ensure social distancing. The measures are summarised below:

- Encouraging customers to make use of the Bank's digital channels for transacting purposes.
- Enabling offsite working for all critical staff.
- Reviewing all discretionary and non-essential expenditures
- Suspension of all capital expenditure and limiting it to expenditures that promote the new operating order.
- Buttressing the credit, market and liquidity risk management practices.
- Continue to broaden the Bank's market segments.

The above mentioned measures have been quite effective in managing the Group's key performance indicators and benchmarks in response to the adverse effects of the COVID-19 virus. Prior to the advent of COVID-19, the Bank had embarked on a digitalisation drive to improve the customer experience, enhancement of service delivery and broadening the customer digital touch points. This strategy has proven to be quite pivotal in the current operating environment and will continue underpin the Bank's business model in order to neutralize the reduced transactional activities due to the closure of most businesses except those which were classified as essential.

Having considered all the factors and the mitigation in place, the Directors have made a going concern assessment and believe the Group will continue operating in the foreseeable future.



HISTORICAL FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2019 ZWL	2018 ZWL	2017 ZWL	2016 ZWL	2015 ZWL
Interest income	70 557 190	39 333 178	32 061 931	33 860 139	35 761 355
Interest expense	(16 894 088)	(8 865 016)	(9 157 095)	(11 075 067)	(15 118 231)
Net interest income	53 663 102	30 468 162	22 904 836	22 785 072	20 643 124
Net foreign exchange gains	99 863 112	1 899 670	1 583 164	743 255	1 416 445
Fee and commission income	87 242 303	28 539 376	18 832 185	15 179 149	20 984 694
Revenue	240 768 517	60 907 208	43 320 185	38 707 476	43 044 263
Other income	206 622 639	4 968 447	1 129 001	1 737 860	1 234 125
Operating income	447 391 156	65 875 655	44 449 186	40 445 336	44 278 388
Operating expenditure	(105 937 502)	(34 720 428)	(27 578 347)	(26 176 706)	(26 872 649)
Impairment losses on financial assets measured at amortised cost	(11 048 567)	(4 011 952)	-	-	-
Impairment losses on loans and advances	-	-	(3 853 149)	(8 059 726)	(9 496 601)
Profit before taxation	330 405 087	27 143 275	13 017 690	6 208 904	7 909 138
Taxation charge	(44 504 548)	(5 922 074)	(3 078 864)	(1 150 738)	(2 422 040)
Profit after taxation	285 900 539	21 221 201	9 938 826	5 058 166	5 487 098
Other comprehensive income					
Revaluation of land and buildings, net of tax	175 943 209	46 431	90 310	(2 970)	2 970
Translation gain on change in functional currency, net of tax	11 619 648	-	-	-	-
Total comprehensive income for the year	473 463 396	21 267 632	10 029 136	5 055 196	5 490 068

HISTORICAL FIVE YEAR FINANCIAL SUMMARY (Cont'd)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	2019 ZWL	2018 ZWL	2017 ZWL	2016 ZWL	2015 ZWL
SHAREHOLDERS' FUNDS					
Share capital	84 116	80 975	78 751	78 598	78 598
Reserves	19 184 170	64 040 438	49 821 935	37 771 065	34 715 869
Functional currency translation reserve	11 619 648	-	-	-	-
Revaluation reserves	176 079 950	-	-	-	-
Retained earnings	329 505 569	-	-	-	-
Total equity	536 473 453	64 121 143	49 900 686	39 849 663	34 794 467
Subordinated loan	28 360 340	1 505 647	1 415 904	1 415 490	1 414 144
Redeemable ordinary shares	14 335 253	14 335 253	14 335 253	14 335 253	14 335 253
Total shareholers' funds and shareholders liabilities	579 169 046	79 962 313	65 651 843	55 600 406	50 543 253
LIABILITIES					
Deposits and other liabilities	1 268 146 016	447 105 283	356 912 509	265 384 520	283 287 243
Deferred tax liabilities	97 653 191	-	-	-	-
Current tax liabilities	624 937	-	-	-	-
Capital employed	1 945 593 190	527 067 596	422 564 352	320 984 926	333 831 107
ASSETS					
Cash and cash equivalent	492 304 267	112 440 912	89 553 202	69 421 257	63 439 347
Investments securities	107 166 155	117 249 434	92 245 425	24 744 752	14 547 992
Deferred tax assets	-	1 908 532	1 204 449	2 264 907	1 905 116
Current tax assets	-	285 822	231 007	368 445	23 075
Loan, advances and other assets	817 960 242	254 202 945	210 483 221	199 617 095	235 088 9891
Non-current assets held for sale	-	36 000	36 000	2 261 300	2 264 300
Quoted and other investments	-	-	88 650	68 220	127 291
Trade investments	1 612 131	112 501	102 347	88 930	77 805
Investment properties	229 867 982	20 950 606	18 977 000	14 202 270	8 125 000
Property and equipment	295 285 227	17 844 069	7 335 988	6 280 286	6 601 086
Intangible assets	1 397 186	2 036 775	2 380 180	1 647 034	1 689 385
Employment of capital	1 945 593 190	527 067 596	422 564 352	320 984 926	333 831 107

HISTORICAL FIVE YEAR FINANCIAL SUMMARY (Cont'd)

	2019 ZWL	2018 ZWL	2017 ZWL	2016 ZWL	2015 ZWL
CLOSING NUMBER OF SHARES	404 171 689	392 955 196	384 974 542	384 427 351	384 427 351
Share performances					
Net asset value per share (ZWL cents)	136.28	19.98	16.69	14.46	12.78
Basic earnings per share (ZWL cents)	71.56	5.43	2.58	1.32	1.43
Dividend per share (ZWL cents)	0.93	0.35	-	-	-
Dividend cover (times)	76.95	15.51	-	-	-
Price/earnings ratio	0.57	4.44	3.49	2.97	2.5
Closing price per share (ZWL cents)	41	24	9	3.9	3.5
Market capitalisation (ZWL)	165 710 392	94 309 247	34 647 709	14 992 667	13 454 952
Financial performance					
Return on shareholders' funds (%)	81.75%	27.03	15.28	9.1	10.9
Return on assets (%)	24.42%	4.03	2.37	1.6	1.7
Total cost/net income total income (%)	26.15%	58.8	70.7	84.6	82.1
Non-interest income/total income (%)	44.50%	47.37	40.1	43.7	53.8
Effective tax rate (%)	18.79%	21.85	23.7	18	30

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

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

* The number of shares in issue increased by 11 216 493 shares from the ordinary shares issued to existing shareholders in June 2019 as scrip dividend.

At an Extraordinary General Meeting held on 19 February 2014, the Company approved a share consolidation exercise at a ratio of 10:1 and consolidated 3 500 000 000 (3.5 billion) shares with a nominal value of ZWL0.000028 per share to 350 000 000 (350 million) shares with a nominal value of ZWL0.00028 per share. The Company also approved an increase in the authorized share capital from 350 000 000 shares with a nominal value of ZWL0.00028 per share to 600 000 000 shares with a nominal value ZWL0.00028 per share.

SUSTAINABILTY REPORT

NMB Bank Sustainability Key Performance Indicators for the year ended 31 December 2019.
Below is a list of the Group's Key Performance Indicators (KPIs) based of GRI standards against the Sustainable Development Goals (SDGs). The reporting was mainly qualitative and the group is working on a framework to adopt quantitative impact analysis.

GRI Disclosures	Focus Area	Measure	Progress
Environmental	Sustainable projects and production.	Promote waste management efforts and reduce carbon emissions.	The Banking subsidiary replaced paper with technology driven solutions. Through product innovation and technological investments, the Bank went paperless by digitalizing and automating its processes and transactions. The Bank invested into various applications and systems that included NMBConnect for mobile account opening, Credit Quest for loan application and assessment as well as Point of sale machines for withdrawals and deposits. Resultantly, the use of paper and ink (printers) reduced significantly. NMB Bank conducts a thorough screening for those that apply for credit facilities and other related products in fulfilment of its commitment to sustainable financing. Regarding waste management, the Bank's old paper records are being recycled as opposed to burning. The Bank also intends to use solar energy during power outages instead of diesel generators at its newly built headquarters.
Environmental	Electricity costs reduction and access to renewable energy.	Reduce power consumption and invest in green solar energy.	The Banking subsidiary has been aggressive in implementing measures that reduce energy consumption in its operations through various initiatives that include switching off lights at night and acquisition of sensor light bulbs. The Board has approved to invest in a solar energy power source at the newly built Head Office in Borrowdale. Invitation for tenders have since been issued to kick start the project. The Banking subsidiary has also come up with a renewable energy product for its customers. In this new product, the Bank will finance the purchase and installation of solar equipment for corporate entities, SMEs and households. The product is expected to be launched in Q1 2020.
Environmental	Promote sustainable projects and production.	Not to fund projects with high E&S risk impact.	The group recognizes that the management of environmental impacts is integral to good business practice as is outlined within the Environmental & Social Risk Management Policy (ESRM). The Bank adopted its ESRM policy in 2013. The policy provides NMB Bank's Statement of Commitment to Responsible Financing as well as the Exclusion List. The Bank does not finance projects or business operations that have negative impact to the environment and life. As a result, the Bank requires an Environmental and Social Due Diligence before any financial support to both Corporates and SMEs. The Group also considers suppliers who are implementing similar environmental efforts by implementing Environmental Management Systems (EMS) as appropriate to their businesses and align with best practice activities including the following: Setting environmental targets, Reduce environmental impacts and Report progress.
Environmental	To be among the leaders in promoting life on land and below water.	Promote initiatives that seek to protect life below water as well as flora & fauna.	The Group ensures that environmental issues form part of credit risk assessment processes and that environmental risk standards are clearly referenced in our credit sanctioning policies. Our property and land valuers together with our credit processes assist in assessing the history of a piece of land and the operational implications of a site's current or intended commercial use. Through Environmental & Social (E&S) risk due diligence and related covenants, our customers are compelled to identify E&S risks within their organizations, take measures that reduce the risks as well as disclose them to all stakeholders.
Social	Human Rights advocacy and promotion.	Promote Human Rights initiatives through support and embedding in our systems and policies relevant measures.	The Group operates in accordance with the Zimbabwe Human Rights Commission Act and recognize other internationally accepted human rights standards, including the UN Guiding Principles on Business and Human Rights. We respect and promote human rights through our employment policies and practices, through our supply chain screening and engagement and through the responsible provision of our products and services. Human Resources (HR) Manual, Code of Conduct, Consumer Protection Policy, Service Standards and Prevention of Bullying & Sexual Harassment at Work Policy are all drawn and summarizes our objectives and commitments in this aspect and are reviewed periodically. Human rights issues are incorporated into our client and customer due diligence processes. Our Code of Conduct outlines how we expect our staff to behave and the required standards of working. It makes specific reference to human rights and covers a number of issues relevant to client review.
Social	promote affordable and quality education to all citizens.	Offer products that support education for all and staff training.	As a Group, we will continue to make substantial investment in our people through training and development to enable them to execute their duties and to support them to fulfil their ambitions for the future. The Banking subsidiary invested in an online Staff leaning system or platform that seeks to promote communication, training and development. Through innovation, the Group offers a wide range of education loan facilities to its customers. The credit facilities are meant to assist primary, secondary and tertiary level students.
Social	Diversity and equal opportunity.	Diversity and equal opportunity for employment, access to financial services by all customers.	The Group respects and promote diversity and equal opportunities to all staff and customers regardless of gender. Employment and staff promotions are based on merit. Our staff promotions are based on performance, qualification and experience. Our Human Resources policies such as Gender Policy, Recruitment & Selection, and Promotions & Transfer Policies outline the Group's commitment to diversity and equal opportunities for all. The Banking subsidiary offers its products to both new and old customers regardless of gender.

SUSTAINABILTY REPORT (Cont'd)

NMB Bank Sustainability Key Performance Indicators for the year ended 31 December 2019. (Cont'd)

GRI Disclosures	Focus Area	Measure	Progress
Social	Equal remuneration for women and men.	Equal remuneration for women and men.	Clear and transparent remuneration policies are in place. Employee salaries are based on merit and not one's gender. Performance Management Policy, Benefit Policies & Procedures and Performance Based Reward & Remuneration Policies are all in place in support of the noble cause.
Social	Provisioning of clean water and sanitation.	Products that directly and indirectly promote provisioning of clean water and hygiene.	The Banking subsidiary has been financing various projects both in the public and private sectors in water and health infrastructure building. These include financing of dam construction by corporates, financing of local council operations and borehole drilling for schools as well as donations to various communities.
Social	Employee rights and freedom of association.	Employee rights and freedom of association.	The Group respects employee rights and their freedom of association. In support of this, the Banking subsidiary has in place the Worker's Committee & Works Council, Disciplinary & Grievance Procedure as well as the guidelines for managing disciplinary hearings.
Social	Compliance with Environmental, Social & Governance (ESG) laws and regulations.	Comply with internal, local and international laws, regulations and best standards	The group complies with government of Zimbabwe's laws and regulations as well as by-laws as efforts to protect the environment, the skies and people. The Group works hand in hand with institutions such as the government's Environmental Management Agency (EMA) as well as local authorities. The Group had no record of monetary or non-monetary sanctions for non-compliance with laws and regulations. We are committed to continue complying with all applicable local, national and international regulations on environmental and social issues. Beyond compliance, the Group works towards integrating environmental and social considerations into its operations and business decisions in all units and facets of the Bank.
Social	Occupational Health & working Conditions.	Best practices regarding Staff Welfare, Heath & working Conditions.	The Group respects and considers the safety and welfare of its workforce. The Group has in place Staff Medical Aid, HIV Policy, Pension Fund and Funeral assisted Scheme for its employees. The Group also supplies condoms to its staff. It also provides dust coats, masks and fresh milk for tellers amongst other interventions aimed at promoting good health.
Economic	Whistle blowing, Bribery and Corruption free organization.	Anti-bribery and corruption awareness campaigns, workshops and policies and procedures.	We aspire to run our business in an open and transparent manner and therefore take a zero tolerance approach to bribery and corruption. Staff Manual, Ethics Charter, Code of Conduct and our Tip-Offs Anonymous reporting policy summarizes our commitment in conducting our activities free from any form of bribery and corruption. The Group conducts anti-bribery and corruption trainings and workshops as well as comprehensive risk assessments. This covers all units along business, functional and geographical lines. The Group also uses its Audit Hotline and Tip-off Anonymous facilities in order to cab all types of malpractices by its employees and its customers.
Economic	Grievances, Customer Complaints & Privacy.	Customer Complaints & Privacy Breaches Policies and Procedures.	We are committed to continue offering excellent services to our customers. The Code of Conduct, Service Standards, Confidentiality and Interests Declaration, Consumer Protection Policy are all in place to give guidance to the staff on how to conduct themselves and to protect the customers. The Group provides platforms for customers to convey their grievances and complaints. These include customer query boxes across all our networks, Online Enquiries desk and various social media platforms.
Economic	Economic performance.	Profitable and growing business, which creates jobs and contributes to the economic success of the communities in which we live and work.	We report the direct economic value generated and distributed in our financials including revenues, operating costs, economic value retained and dividends paid. We also publish our turnover, profits and taxes paid.
Economic	Economic growth.	Indirect economic impacts.	Economic growth.
Economic	Community support.	Corporate Social Responsibility (CSR).	As a Group, we play a broader role in the communities in which we live and work beyond what we deliver through our core business activities. We support communities by: Investing money, time and skills in partnerships with respected and relevant non-governmental organizations, charities and social enterprises. This enables colleagues to use their professional skills and expertise in a range of activities, including volunteering and fundraising.

SUSTAINABILTY REPORT (Cont'd)

NMB Bank Sustainability Key Performance Indicators for the year ended 31 December 2019. (Cont'd)

GRI Disclosures	Focus Area	Measure	Progress
Economic	Best Procurement practices.	Best Procurement practices.	All suppliers are treated equally and fairly in accordance with relevant laws, regulations and standards. We select suppliers based upon best value and seek ways to maximize competition from all segments of society. The Group considers environmental management, human rights, diversity and inclusion, societal responsibility and product responsibility. Supplier's T&Cs applies to prospective and existing suppliers and compel them to comply with all applicable customs and the local laws of their specific geography. A Procurement committee is also in place.
Economic	Attainment of SDGs.	Collaborate with other stakeholders.	The Group will continue working together with NGOs, Churches, corporates, local authorities, the Government and other international organizations in ensuring that the Sustainable Development Goals (SDGs) are achieved. The Group will enhance and introduce new sustainable products and programs and widen its influence in the areas of ESG issues.
Economic	Job creation & Poverty eradication.	Job creation & Poverty eradication.	Through innovation initiatives, the Group offers a range of exciting and low cost products that have seen the rural, old age, the disadvantaged and the youth being able to have bank accounts, bank cards and employment. These include our NMBLite account targeted for the unbanked populace, and the Tapcard, which is mainly aimed at easing the cash challenges for the commuting public.

NOTICE TO MEMBERS

Notice is hereby given that the 25th Annual General Meeting of Members of NMBZ Holdings Limited will be held by way of remote attendance on Tuesday, 28 July 2020 at 1000 hours for the following purposes:

ORDINARY BUSINESS

1. To approve the holding of the Annual General Meetings and other Shareholder Meetings by virtual/electronic means and/or by way of remote attendance.
2. To receive and adopt the Financial Statements for the year ended 31 December 2019, together with the reports of the Directors and Auditors thereon.
3. To appoint / re-appoint Directors.
   a) To appoint Ms. C. Glover as a Director, in accordance with the Articles of Association.

   b) To appoint Mr. G. Taputaira as a Director, in accordance with the Articles of Association.

   c) In accordance with the Articles of Association, Mr. J. Tichelaar retires by rotation. Being eligible, the Director offers himself for re-election.

   d) In accordance with the Articles of Association, Ms. S. Chitehwe retires by rotation. Being eligible, the Director offers herself for re-election.

4. To approve Directors' fees for the year ended 31 December 2019.

5. To approve Messrs Ernst & Young's remuneration for the year ended 31 December 2019.

6. To appoint Ernst & Young as the Company's Auditors for the year ending 31 December 2020.

SPECIAL BUSINESS

SPECIAL RESOLUTION

1. **Re-denomination of the authorized ordinary share capital**
   "That, the authorized share capital of the Company be and is hereby re-denominated from 600,000,000 (six hundred million) ordinary shares of US$0.00028 (zero comma zero zero zero two eight United States dollars) nominal value each, to 600,000,000 (six hundred million) ordinary shares of ZWL$0.00028 (zero comma zero zero zero two eight Zimbabwean dollars) nominal value each."

2. **Re-registration of the Company**
   "That, the Company re-registers with the Registrar of Companies on or before 12th February 2021 in accordance with the new Companies and Business Entities Act promulgated on 13th February 2020."

3. **To consider, and if deemed fit, to pass, with or without modification, the resolution set out below:**
   "That the Company, being duly authorised thereto by Article 10 of its Articles of Association, may undertake general re purchases by way of open market transactions on the Zimbabwe Stock Exchange ("ZSE") of any of its own ordinary shares in such manner or on such terms as the directors may from time to time determine provided that:

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

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

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

Notes:

1. ***Details of the Virtual AGM will be sent by our transfer secretaries, First Transfer Secretaries (Pvt) Ltd through email to shareholders. Shareholders are advised to update their contact details with the transfer secretaries on the following contacts:***

   First Transfer Secretaries (Private) Limited
   1 Armagh Avenue
   Eastlea, Harare
   Telephone: +263 242 782869/7
   Email : info@fts-net.com

2. ***Shareholders are encouraged to pre-register on the online portal that will be provided by the transfer secretaries***

NOTICE TO MEMBERS (Cont'd)

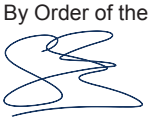
and submit their proxy forms at least 48 hours before the meeting. In order to ensure full consultations and shareholders participation, all queries/questions must be submitted to the Company and/or transfer secretaries at least 48 hours before the meeting. All the submitted questions will be read out and answered during the meeting by the Chairman and the Directors.

3. ***A member of the company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, speak and on a poll, vote in his/her stead. A proxy need not be a member of the company. Proxy forms should be submitted at least 48 hours before the commencement of the meeting.***

4. ***A Special Resolution is required to be passed by a majority of seventy five per cent of those present and voting (including proxy votes), representing not less than twenty five per cent of the total number of votes in the Company.***

5. ***Please be advised that the 2019 Annual Report can be accessed on the company's website: www.nmbz.co.zw. Electronic copies of the 2019 Annual Report (which includes the financial statements, Directors' and Auditors' Report) shall be emailed to those shareholders whose email addresses are on record.***

By Order of the Board



MISS. S. I. PASHAPA
COMPANY SECRETARY

6 July 2020

EXPLANATIONS REGARDING THE NOTICE OF THE ANNUAL GENERAL MEETING

Resolution 1

The Articles of Association of the Company do not provide for the holding of a virtual meeting. Shareholders' approval is required for the meeting to take place in virtual / electronic form before the rest of the business may be discussed.

Resolution 2

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

Resolution 3

The Company's Articles of Association require one third of the Directors to stand down at each Annual General Meeting and if they are eligible, they may offer themselves for re-election. The Directors standing down are Mr. Julius Tichelaar and Ms. Sabinah Chitehwe. Both retiring Directors, being eligible, offer themselves for re-election. Ms. Christine Glover and Mr. Givemore Taputaira are new Directors being appointed to the Board. Information about these Directors is shown below:

Julius Tim Tichelaar – Non Executive Director

Julius Tichelaar is a Partner at AfricInvest. Julius is working on the Financial Inclusion Vehicle (FIVE), a perpetual fund and one of the latest initiatives of AfricInvest. He is based in Nairobi, Kenya. Julius leads investments across Africa in disruptors and traditional financial institutions, with a focus on strategic expansion and digital transformation. Julius has 12 years' experience in private equity with sourcing, structuring and execution of transactions in Africa. Previously, he worked on a predecessor fund for financial services at AfricInvest and on a wide range of transactions in other industries. Julius serves as board member for institutions across East and Southern Africa. Julius holds a Master's in Science of Management (Msc) with a specialization in Finance from the Erasmus University in Rotterdam, the Netherlands, and graduated with honors.

Sabinah N. Chitehwe – Independent Non-Executive Director

Sabinah Chitehwe is the current Chief Financial Officer of the Veritran Group which includes Zimbabwe Shared Services (ZSS), a digital banking technology provider, MyCash Financial Services, PayGo and other group companies. She is a qualified Chartered Accountant having completed her articles of clerkship with Deloitte & Touché. She has over 15 years working experience in professional services and commerce and industry where she has held executive roles in finance and operations in different sectors as well as advisory roles. Companies worked for include Deloitte Zimbabwe and USA (San Francisco and Salt Lake City), Essar Africa Holdings Limited, Curechem Group and Astra Holdings Limited. She is a member of the Institute of Chartered Accountants (ICAZ) where she has served on several committees (past Chairperson of Mashonaland District Society) and the Public Accountants and Auditors board (PAAB). She sits on several boards in Zimbabwe and on Digital Shared Services (DSSL) in Zambia. She is a trustee of the Legal Resources Foundation (LRF) and sits on the Board of Trustees where she is the Chairperson of the Finance, Risk and Audit Committee. She also served on the Athol Evans Board of Trustees, Combined Services Organisations Trust (CSOT).

Christine Glover – Non-Executive Director

Christine Glover represents Arise B.V. on the Board. She has over thirty years of strategic and operational experience in financial services, with a strong focus on low-cost housing and development finance. She recently retired from Old Mutual Investment Group (South Africa), where she was employed as Head of Development Impact Funds for ten years. She has also held several international consulting and executive management roles throughout her career, where she has made an immense contribution to the development of financial services for low-income households. Christine is a qualified town planner and holds a Master's degree in City and Regional Planning as well as an Honours degree in Architectural History.

Givemore Taputaira – Independent Non-Executive Director

Givemore Taputaira is an independent non-executive director who was appointed to the NMBZ Holdings Limited and NMB Bank Limited boards on 2 January 2020. Givemore holds a Bachelor of Science General degree and a Master's in Business Administration degree from the University of Zimbabwe. He is both a Certified International Professional Leader (CIPL) and Certified International Professional Strategist (CIPS). Certification is obtained from Cambridge Global Learning in the United Kingdom. Givemore has over 18 years' experience in ICT and Business Development in 7 different countries within Africa. He previously was a board member of CBZ Holdings Limited, wherein he had the opportunity to chair the Risk and Compliance Committee, as well as the Strategy and Innovation Committee at different times during his tenure on that Board. Givemore is currently the Managing Director at Digital Edge Solutions.

R**esolution 4**

Shareholders are requested to approve Directors' fees. The Directors' fees for 2019 amounted to ZWL$644,487.

Resolution 5

The Remuneration of the auditors is required to be fixed by the Company in a General meeting in terms of section 191 (6) of the Companies and Business Entities Act [Chapter 24:31]. Accordingly, Members will be requested to approve the remuneration paid to the external auditors of Messrs Ernst & Young for the year ended 31 December 2019, which audit fee has been disclosed in the Annual Report.

EXPLANATIONS REGARDING THE NOTICE OF THE ANNUAL GENERAL MEETING (Cont'd)

Resolution 6

All public companies are required to appoint Auditors at each Annual General Meeting at which Financial Statements are presented, to hold office until the next such meeting in terms of section 191 (2) of the Companies and Business Entities Act [Chapter 24:31]. This resolution therefore proposes the appointment of auditors in accordance with usual practice and the Banking Act [Chapter 24:20].

Special Resolution 1

The Zimbabwean Dollar was re-introduced through Statutory Instrument 142/2019 gazetted on the 24th of June, 2019. Given that the Company prepares its accounts in Zimbabwean Dollars, the Company is required to redenominate its nominal capital.

Special Resolution 2

The new Companies Act requires all pre-existing companies to re-register with the Registrar of Com¬panies within a period of 12 months from the date on which the new Companies Act became effective (13th February 2020). The re-registration by companies will not create a new legal entity or ex¬punge the company's existing rights and obligations in any way. The re-registration exercise is an adminis¬trative process aimed at establishing a new and updated register of com¬panies as well as to remove inactive companies from the same.

Special Resolution 3

The directors are seeking authority to allow the use of the Company's available cash resources to purchase its own shares in the market in terms of the Companies Act and the regulations of the ZSE. The directors will only exercise the authority if they believe that to do so would be in the best interests of shareholders generally. In exercising this authority, the directors will duly take into account following such repurchase for the next 12 months, the ability of the Company to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and for the Company and Group, the adequacy of ordinary capital and reserves as well as working capital.

SHAREHOLDERS' ANALYSIS

Size of shareholding	2019 Number of shareholders	% of Holders	2019 Issued Shares	% Shareholding
0 - 5000	3,562	90.96%	2,199,689	0.54 %
5,001 - 10,000	94	2.40%	774,627	0.19%
10,001 - 50,000	127	3.24%	3,257,517	0.81%
50,001 - 100,000	42	1.07%	3,093,500	0.77%
100,001 - 500,000	45	1.15%	11,248,580	2.78%
500,001 - 1,000,000	13	0.33%	10,155,675	2.51%
1,000,001 - 10,000,000	25	0.64%	87,936,100	21.76%
10,000,001 and above	8	0.20%	285,506,001	70.64%
Total	**3,916**	**100%**	**404,171,689**	**100%**

Size of shareholding	2018 Number of shareholders	% of Holders	2018 Issued Shares	% Shareholding
0 - 5000	3,548	90.72%	2,080,774	0.53 %
5,001 - 10,000	96	2.45%	688,250	0.18 %
10,001 - 50,000	135	3.45%	3,016,655	0.77 %
50,001 - 100,000	37	0.95%	2,656,213	0.68 %
100,001 - 500,000	51	1.30%	12,397,260	3.15 %
500,001 - 1,000,000	14	0.36%	9,519,354	2.42 %
1,000,001 - 10,000,000	20	0.51%	59,391,130	15.11 %
10,000,001 and above	10	0.26%	303,205,560	77.16%
Total	**3,911**	**100%**	**392,955,196**	**100%**

SHAREHOLDERS ANALYSIS (Cont'd)

2019

Industry	Shareholders	% of Shareholders	Shares	% of Shares
Banks	2	0.05%	19,190	0.00%
CO	313	7.99%	50,249,241	12.43%
Employee	239	6.10%	738,310	0.18%
Estate Late	3	0.08%	2,229	0.00%
External Companies	7	0.18%	106,866,466	26.44%
Fund Managers	4	0.10%	18,951	0.00%
Insurance Companies	20	0.51%	64,665,221	16.00%
Investment Trusts And Property	34	0.87%	34,393,534	8.51%
Local Resident	3,129	79.90%	9,061,883	2.24%
Nominees Local	43	1.10%	276,689	0.07%
Non Residents	5	0.13%	112,097,762	27.74%
Non Resident Individual	42	1.07%	1,795,226	0.44%
Other Corporate Holdings	4	0.10%	5,069	0.00%
Pension Fund	71	1.81%	23,981,918	5.93%
Total	**3,916**	**100%**	**404,171,689**	**100%**

2018

Industry	Shareholders	% of Shareholders	Shares	% of Shares
Bank	2	0.05%	19,190	0.00%
Local Companies	317	8.11%	45,257,473	11.52%
Employee	241	6.16%	763,073	0.19%
Deceased Estates	3	0.08%	2,229	0.00%
External Companies	7	0.18%	102,731,670	26.14 %
Fund Managers	3	0.08%	2,510	0.00%
Insurance Companies	10	0.26%	57,862,905	14.73%
Investment Trusts And Property	36	0.92%	38,947,458	9.91%
Local Residents	3,105	79.39%	8,108,774	2.06%
Nominees Local	52	1.33%	2,885,497	0.73%
Non Residents	6	0.15%	108,333,243	27.57%
Non Resident Individuals	52	1.33%	1,749,643	0.45%
Other Corporate Holdings	3	0.08%	3,369	0.00%
Pension Fund	74	1.89%	26,288,162	6.69%
Total	**3,911**	**100%**	**392,955,196**	**100%**

SHAREHOLDERS ANALYSIS (Cont'd)

Top 10 Shareholders

Rank	Shareholder	2019 Number of Shares	% Shareholding
1	African Century Financial Investments Ltd NNR,	76,426,874	18.91%
2	Arise B V	71,632,001	17.72%
3	Old Mutual Life Assurance Company Of Zimbabwe Limited	36,731,115	9.09%
4	Africinvest Financial Sector Holding,	36,702,487	9.08%
5	Lalibela Limited-NNR,	23,104,516	5.72%
6	Alsace Trust	16,885,381	4.18%
7	Cornerstone Trust	16,875,582	4.18%
8	Old Mutual Zimbabwe Limited Strategic Shareholding Trapped fund	13,104,565	3.24%
9	Drakmore Investments (Private) Limited	10,962,712	2.71%
10	Martcap Investments (Private) Limited	7,728,231	1.91%
	TOTAL	**310,153,464**	**76.74%**

Top 10 Shareholders

Rank	Shareholder	2018 Number of Shares	% Shareholding
1	African Century Financial Investments Ltd	73,771,114	18.77%
2	ARISE BV	69,142,858	17.60%
3	Africinvest Financial Sector Holding	35,427,111	9.02%
4	Old Mutual Life Assurance Company of Zimbabwe Limited	30,219,348	7.69%
5	Old Mutual Zimbabwe Limited	27,619,798	7.03%
6	Lalibela Limited	22,301,656	5.68%
7	Alsace Trust	16,885,381	4.30%
8	Cornerstone Trust	16,875,582	4.29%
9	Drakmore Investments (Private) Limited	10,962,712	2.79%
10	Martcap Investments (Private) Limited	7,728,231	1.97 %
	TOTAL	**310,933,791**	**79.13%**

SHAREHOLDERS' INFORMATION

MEMBERS' DIARY

Financial year end	**31 December 2019**
Reports:-	
- Announcement of annual results	April 2020
- Annual financial statements posted to shareholders	July 2020
- Annual General Meeting	28 July 2020
- Announcement of the 2020 half-year results	August 2020

SECRETARY AND REGISTERED OFFICE

Company Secretary S. I. PASHAPA

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

Telephone: +(263) (242) 759651-9 / 759601-6
Facsimile +(263)(242) 759648
Website: http://www.nmbz.co.zw
Email: enquiries@nmbz.co.zw

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

+(263)(2922) 70169
+(263)(2922) 68535

Auditors
Ernst & Young Chartered Accountants (Zimbabwe)
1st floor, Angwa City
Corner Angwa Street / Kwame Nkrumah Avenue
Harare
Zimbabwe

Transfer Secretaries
In Zimbabwe
First Transfer Secretaries
1 Armagh Avenue
Eastlea
Harare
Zimbabwe

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

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

In UK
Dechert LLP
160 Queen Victoria Street
London
EC4V 4QQ
United Kingdom

ANNUAL GENERAL MEETING
FORM OF PROXY

I/We, ……
of ……
being a member of the above company and entitled to vote, hereby appoint
……
of ……
or failing him ……
of ……
or failing him, the Chairman of the meeting as my/our proxy to vote
for me/us on my/our behalf at the ANNUAL GENERAL MEETING of
the Company to be held on 28 July 2020.

Signed this …….. day of ……..2020

Signature of member ……

Note (i) In terms of Section 171 of the Companies and other Business Entities Act (Chapter 24.31) a member of the company is entitled to appoint one or more proxies to act in the alternative to attend, vote and speak in his stead. A proxy need not be a member of the Company.

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



NMBZ HOLDINGS LIMITED