



NMBZ HOLDINGS LIMITED

Holding Company of **NMB BANK LIMITED**
(Registered Commercial Bank)
Dually listed on the London Stock Exchange (LSE) and Zimbabwe Stock Exchange (ZSE)

INTERIM MANAGEMENT RESULTS STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

GROUP PERFORMANCE HIGHLIGHTS

	Inflation adjusted			Historical		
	30 Sep 2019 Unaudited ZWL000's	30 Sep 2018 Unaudited ZWL000's Restated	31 Dec 2018 Audited ZWL000's Restated	30 Sep 2019 Unaudited ZWL000's	30 Sep 2018 Unaudited ZWL000's	31 Dec 2018 Audited ZWL000's
Statement of comprehensive income						
Total income	328 257	1 099 433	1 058 908	187 632	52 371	74 740
Net operating profit before impairments	214 904	457 926	454 046	129 783	20 601	31 155
Total comprehensive income	108 977	54 261	49 899	105 118	13 202	21 267
Headline (losses)/earnings	(23 927)	52 701	41 858	22 132	12 858	18 762
Statement of financial position						
Total deposits	604 039	1 830 634	1 422 276	604 039	403 829	434 958
Total gross loans and advances	259 553	1 161 013	857 814	259 553	256 114	262 335
Total shareholders' funds and shareholders' liabilities	347 431	327 435	271 037	214 220	71 852	79 962
Performance measures						
Basic earnings per share (ZWL cents)	27.21	13.88	12.76	25.26	3.39	5.43
Headline (losses)/earnings per share (ZWL cents)	(5.98)	13.48	10.71	5.53	3.29	4.80
Return on Average Equity (%)	53%	30%	30%	76%	26%	30%
Operating costs to Income ratio (%)*	69%	53%	51%	62%	55%	53%
Non performing loans ratio (%)	3.41%	9.13%	7.43%	3.41%	9.13%	7.43%
Capital Adequacy Ratio (%)	42.71%	26.31%	27.47%	31.67%	22.43%	23.25%

*Calculated on operating expenditure and operating income excluding investment properties fair value gains and translation gains on net foreign currency monetary assets.

Commenting on the inflation adjusted performance for the 9 months ended 30 September 2019, Mr Benefit Peter Washaya, the Group Chief Executive Officer, said:

"The year to date Group profits before tax increased by 103% to ZWL146.1 million from ZWL72.0 million for the 9 months ended 30 September 2018 largely driven by translation gains on foreign currency balances, investment properties fair value gains and fee and commission income and these were partly offset by the loss on net monetary position arising from the hyper-inflationary accounting basis adopted by the Group.

In order to fund the growth initiatives being pursued by the Group, the Board resolved not to declare an interim dividend.

I wish to extend my appreciation to the Board, my fellow management and staff for their relentless efforts, which have culminated in the achievement of these results recorded by the Group in the period under review. I also wish to express my heartfelt appreciation to our valued clients who have continued to support the Bank.

The Bank continued with its financial inclusion drive and this has seen the opening of a significant number of low cost accounts via our NMBLite product. We continued to invest in digital channels to support a cashless society and in this regard, the Bank has continued to rollout mPOS devices to SMEs and the informal sector and the take up has been quite positive, much to the convenience of the transacting public and our valued customers.

The Bank opened a branch in the resort town of Victoria Falls on 9 September 2019 for the convenience of the tourist town's residents and visitors. The construction of our new Head Office along Borrowdale Road is progressing well and the new building should be ready for occupation in the first half of 2020.

The Bank's focus remains that of increasing its customer base and transactional volumes anchored on the Bank's digital strategy".



Mr Benefit Peter Washaya
Group Chief Executive Officer, NMBZ Holdings Limited



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the nine months ended 30 September 2019

	Inflation Adjusted					
	30 Sep 2019 ZWL000's Unaudited	Group 30 Sep 2018 ZWL000's Unaudited	31 Dec 2018 ZWL000's Audited Restated	30 Sep 2019 ZWL000's Unaudited	NMB Bank 30 Sep 2018 ZWL000's Unaudited	31 Dec 2018 ZWL000's Audited Restated
Interest income	75 947	595 811	556 572	75 947	595 811	556 572
Interest expense	(24 354)	(128 669)	(124 166)	(24 354)	(128 669)	(124 166)
Net interest income	51 593	467 142	432 406	51 593	467 142	432 406
Fee and commission income	66 586	423 713	401 561	66 586	423 713	401 561
Net foreign exchange gains	124 486	29 650	27 067	124 486	29 650	27 067
Revenue	242 665	920 505	861 034	242 665	920 505	861 034
Other income	61 238	50 259	73 708	61 238	50 286	73 750
Operating income	303 903	970 764	934 742	303 903	970 791	934 784
Operating expenditure	(88 999)	(512 838)	(480 696)	(88 965)	(512 802)	(480 660)
Net operating income before impairment reversal/(losses)	214 904	457 926	454 046	214 938	457 989	454 124
Impairment reversal/(losses) on financial assets measured at amortised cost	583	(73 722)	(59 036)	583	(73 722)	(59 036)
Loss on net monetary position	(69 339)	(312 173)	(323 259)	(112 410)	(312 859)	(341 823)
Profit before taxation	146 148	72 031	71 751	103 111	71 408	53 265
Taxation	(37 171)	(17 770)	(21 852)	(37 181)	(17 776)	(21 857)
Profit for the period	108 977	54 261	49 899	65 930	53 632	31 408
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Revaluation gains on land & buildings, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	108 977	54 261	49 899	65 930	53 632	31 408
Earnings/(losses) per share (ZWL cents)						
- Basic	27.21	13.88	12.76	399.43	324.92	190.28
- Diluted	25.46	13.02	11.97	399.43	324.92	190.28
- Headline	(5.98)	13.48	10.71	(405.76)	315.18	141.35
Headline (losses)/earnings						
Profit for the period	108 977	54 261	49 899	65 930	53 632	31 408
Add/(deduct) non-recurring items;						
Loss on disposal of quoted investments	-	68	49	-	-	-
Trade investment fair value adjustments	-	-	(33)	-	-	(33)
Profit on disposal of investment properties	-	(2 094)	(1 854)	-	(2 094)	(1 854)
Fair value adjustment on investment properties	(47 092)	-	(8 342)	(47 092)	-	(8 342)
Unrealised translation (gains)/losses on net monetary assets	(128 256)	(73)	69	(128 256)	(73)	69
Profit on disposal of property & equipment	-	-	(72)	-	-	(72)
Tax thereon	42 444	539	2 142	42 444	558	2 155
	(23 927)	52 701	41 858	(66 974)	52 023	23 331
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	Historical					
	30 Sep 2019 ZWL000's Unaudited	Group 30 Sep 2018 ZWL000's Unaudited	31 Dec 2018 ZWL000's Audited	30 Sep 2019 ZWL000's Unaudited	NMB Bank 30 Sep 2018 ZWL000's Unaudited	31 Dec 2018 ZWL000's Audited
Interest income	39 271	28 503	39 333	39 271	28 503	39 333
Interest expense	(13 028)	(6 156)	(8 865)	(13 028)	(6 156)	(8 865)
Net interest income	26 243	22 347	30 468	26 243	22 347	30 468
Fee and commission income	37 768	20 738	28 539	37 768	20 738	28 539
Net foreign exchange gains	79 444	1 414	1 900	79 444	1 414	1 900
Revenue	143 455	44 499	60 907	143 455	44 499	60 907
Other income	31 149	1 716	4 968	31 149	1 731	4 983
Operating income	174 604	46 215	65 875	174 604	46 230	65 890
Operating expenditure	(44 821)	(25 614)	(34 720)	(44 808)	(25 605)	(34 712)
Net operating income before impairment reversal/(losses)	129 783	20 601	31 155	129 796	20 625	31 178
Impairment reversal/ (losses) on financial assets measured at amortised cost	583	(3 543)	(4 012)	583	(3 543)	(4 012)
Profit before taxation	130 366	17 058	27 143	130 379	17 082	27 166
Taxation	(29 234)	(3 856)	(5 922)	(29 244)	(3 858)	(5 923)
Profit for the period	101 132	13 202	21 221	101 135	13 224	21 243
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Revaluation gains on land & buildings, net of tax	3 986	-	46	3 986	-	46
Total comprehensive income for the period	105 118	13 202	21 267	105 121	13 224	21 289
Earnings per share (ZWL cents)						
- Basic	25.26	3.39	5.43	612.71	80.11	128.70
- Diluted	23.62	3.17	5.09	612.71	80.11	128.70
- Headline	5.53	3.29	4.80	134.10	77.96	113.73
Headline earnings						
Profit for the period	101 132	13 202	21 221	101 135	13 224	21 243
Add/(deduct) non-recurring items;						
Loss on disposal of quoted investments	-	15	15	-	-	-
Trade investment fair value adjustments	-	-	(10)	-	-	(10)
Profit on disposal of investment properties	-	(462)	(567)	-	(462)	(567)
Fair value adjustment on investment properties	(27 992)	-	(2 551)	(27 992)	-	(2 551)
Unrealised translation (gains)/losses on net monetary assets	(76 237)	(16)	21	(76 237)	(16)	21
Profit on disposal of property & equipment	-	-	(22)	-	-	(22)
Tax thereon	25 229	119	655	25 229	123	659
	22 132	12 858	18 762	22 135	12 869	18 773
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the nine months ended 30 September 2019

	30 Sep 2019 000's	Group 30 Sep 2018 000's	31 Dec 2018 000's	30 Sep 2019 000's	NMB Bank 30 Sep 2018 000's	31 Dec 2018 000's
Number of shares						
Weighted average number of ordinary shares for basic and headline earnings per share	400 433	390 959	390 959	16 506	16 506	16 506
Diluted earnings per share						
Number of shares at the beginning	392 955	384 974	384 974	16 506	16 506	16 506
Shares issued-scrip dividend	11 216	7 981	7 981	-	-	-
Effects of dilution:						
Share options granted but not issued	-	-	-	-	-	-
Share options approved but not granted	23 943	23 943	23 943	-	-	-
Closing ordinary shares for diluted earning per share	428 114	416 898	416 898	16 506	16 506	16 506
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GROUP INFLATION ADJUSTED PERFORMANCE REVIEW

The profit before taxation was ZWL146.1 million for the period under review (30 September 2018 – ZWL72.0 million) and this gave rise to total comprehensive income of ZWL109.0 million (30 September 2018 – ZWL54.3 million). The Group achieved a basic earnings per share of 27.21 cents (30 September 2018 – 13.88 cents) and a headline losses per share of 5.98 cents (30 September 2018 – headline earnings of 13.48 cents). The significant differential between the basic earnings per share and headline losses per share for 30 September 2019 is largely due to investment properties restated fair value gains (ZWL47.1 million) and gains arising from the translation of foreign currency balances (ZWL128.3 million) due to the change in functional and reporting currency from the United States Dollar (USD) to the new local currency (ZWL) effective 22 February 2019.

Operating expenses amounted to ZWL89.0 million for the 9 months ended 30 September 2019 and these were down 83% from the restated ZWL512.8 million for the nine months ended 30 September 2018.

The loss on net monetary position of ZWL69.3 million occurred as a result of the restatement of amounts to current value. The adjustment is based on the inflation index provided by the Zimbabwe National Statistics Agency (ZIMSTAT) or inflation index derived from the monthly inflation rates published by ZIMSTAT. The loss has been charged to the income statement in accordance with the International Accounting Standard 29 (IAS 29), “Financial Reporting in Hyperinflationary Economies”.

The Group recorded an expected credit loss reversal on financial assets measured at amortised cost amounting to ZWL0.6 million for the 9 months ended 30 September 2019 compared to a restated impairment charge of ZWL73.7 million for the nine months ended 30 September 2018 due to increased collection efforts on the banking subsidiary’s non-performing loans.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2019

	Inflation Adjusted					
	30 Sep 2019 ZWL000's Unaudited	Group 30 Sep 2018 ZWL000's Unaudited	31 Dec 2018 ZWL000's Audited Restated	30 Sep 2019 ZWL000's Unaudited	NMB Bank 30 Sep 2018 ZWL000's Unaudited	31 Dec 2018 ZWL000's Audited Restated
SHAREHOLDERS' FUNDS						
Share capital	418	404	404	85	85	85
Capital reserves	88 780	82 554	82 554	151 107	151 107	151 107
Revaluation reserves	-	-	-	-	-	-
Functional currency translation reserve	87 630	-	-	87 630	-	-
Retained earnings	154 688	172 871	136 281	104 810	171 607	116 354
Total equity	331 516	255 829	219 239	343 632	322 799	267 546
Subordinated term loan	1 580	6 622	4 923	-	-	-
Redeemable ordinary shares	14 335	64 984	46 875	-	-	-
Total shareholders' funds and shareholders' liabilities	347 431	327 435	271 037	343 632	322 799	267 546
LIABILITIES						
Deposits and other liabilities	611 719	1 880 234	1 463 206	611 687	1 877 853	1 461 458
Lease liability	2 149	-	-	2 149	-	-
Amount owing to Holding company	-	-	-	2 143	-	-
Current tax liabilities	4 298	-	-	4 005	89	-
Deferred taxation	40 292	-	-	40 305	-	-
Subordinated term loan	-	-	-	1 580	6 622	4 923
Total shareholders' funds and liabilities	1 005 889	2 207 669	1 734 243	1 005 501	2 207 363	1 733 927
ASSETS						
Cash and cash equivalents	367 752	378 167	367 703	367 752	378 167	367 672
Current tax assets	-	254	935	-	-	688
Investment securities	72 001	553 246	383 398	72 001	553 246	383 398
Amount owing from Holding company	-	-	-	-	2 246	1 826
Loans, advances and other assets	330 405	1 115 631	832 743	330 017	1 113 351	830 893
Non - current assets held for sale	-	163	118	-	163	118
Trade investments	1 453	464	368	1 453	464	368
Investment properties	107 559	89 387	68 507	107 559	89 387	68 507
Intangible assets	6 849	8 874	29 541	6 849	8 874	29 541
Property & equipment	119 870	50 534	47 124	119 870	50 535	47 124
Deferred tax asset	-	10 949	3 806	-	10 930	3 792
Total assets	1 005 889	2 207 669	1 734 243	1 005 501	2 207 363	1 733 927
Capital						
Tier 1 capital ratio (%)				39.35%	23.85%	24.92%
Tier 2 capital ratio (%)				1.27%	1.20%	1.34%
Tier 3 capital ratio (%)				2.09%	1.26%	1.21%
Total capital adequacy ratio (%)				42.71%	26.31%	27.47%
RBZ minimum capital adequacy ratio (%)				12%	12%	12%
Total capital (ZWL000's)				354 152	338 251	281 239
Total risk-weighted assets (ZWL000's)				829 197	1 285 474	1 023 846



- ✓ Motor vehicle insurance.
- ✓ Motor vehicle and radio licence.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Historical			NMB Bank		
	30 Sep 2019 ZWL000's Unaudited	Group 30 Sep 2018 ZWL000's Unaudited	31 Dec 2018 ZWL000's Audited	30 Sep 2019 ZWL000's Unaudited	30 Sep 2018 ZWL000's Unaudited	31 Dec 2018 ZWL000's Audited
SHAREHOLDERS' FUNDS						
Share capital	84	81	81	17	17	17
Capital reserves	19 184	16 526	16 526	31 475	31 475	31 475
Revaluation reserves	4 123	90	137	4 123	90	137
Functional currency translation reserve	30 177	-	-	30 177	-	-
Retained earnings	144 737	39 359	47 377	144 630	39 248	47 267
Total equity	198 305	56 056	64 121	210 422	70 830	78 896
Subordinated term loan	1 580	1 461	1 506	-	-	-
Redeemable ordinary shares	14 335	14 335	14 335	-	-	-
Total shareholders' funds and shareholders' liabilities	214 220	71 852	79 962	210 422	70 830	78 896
LIABILITIES						
Deposits and other liabilities	611 719	413 621	447 105	611 687	414 245	447 138
Lease liability	2 149	-	-	2 149	-	-
Amount owing to Holding company	-	-	-	2 143	-	-
Current tax liabilities	4 298	-	-	4 005	19	-
Deferred taxation	33 739	-	-	33 751	-	-
Subordinated term loan	-	-	-	1 580	1 461	1 506
Total shareholders' funds and liabilities	866 125	485 473	527 067	865 737	486 555	527 540
ASSETS						
Cash and cash equivalents	367 752	83 258	112 441	367 752	83 258	112 441
Current tax assets	-	56	286	-	-	210
Investment securities	72 001	121 723	117 249	72 001	121 723	117 249
Amount owing from Holding company	-	-	-	-	58	558
Loans, advances and other assets	295 197	245 308	254 203	294 809	245 892	254 196
Non - current assets held for sale	-	36	36	-	36	36
Trade investments	1 453	102	113	1 453	102	113
Investment properties	68 530	19 718	20 951	68 530	19 718	20 951
Intangible assets	1 570	2 080	2 037	1 570	2 080	2 037
Property & equipment	59 622	10 713	17 844	59 622	10 713	17 844
Deferred tax asset	-	2 479	1 907	-	2 475	1 905
Total assets	866 125	485 473	527 067	865 737	486 555	527 540
Capital						
Tier 1 capital ratio (%)				23.60%	19.74%	19.89%
Tier 2 capital ratio (%)				5.57%	1.59%	2.28%
Tier 3 capital ratio (%)				2.50%	1.10%	1.08%
Total capital adequacy ratio (%)				31.67%	22.43%	23.25%
RBZ minimum capital adequacy ratio (%)				12%	12%	12%
Total capital (ZWL000's)				219 228	76 121	83 698
Total risk-weighted assets (ZWL000's)				692 311	339 365	360 062

Statement of Financial Position Review – Inflation adjusted

Assets

The Group's total assets decreased by 42% from the restated ZWL1.7 billion as at 31 December 2018 to ZWL1.0 billion as at 30 September 2019 mainly due to a 60% decrease in loans, advances and other assets, a 77% decrease in intangible assets and an 81% decrease in investment securities and these were partly offset by an increase of 154% in property and equipment and a 57% increase in investment properties.

Gross loans and advances decreased by 60% from the restated ZWL857.8 million as at 31 December 2018 to ZWL259.6 million as at 30 September 2019 due to loan repayments as well as a slowdown in advances during the period under review in view of the prevailing economic conditions. The Bank has continued with its drive to reduce non-performing loans (NPLs) and this saw the NPL ratio reduce from 7.43% as at 31 December 2018 to 3.41% as at 30 September 2019. The drop in the NPL ratio is largely due to aggressive collections and stricter credit underwriting standards.

Shareholders' funds and liabilities

The Group's shareholders' funds and shareholders' liabilities increased by 28% from the restated ZWL271.0 million as at 31 December 2018 to ZWL347.4 million as at 30 September 2019 as a result of the current period's total comprehensive income as well as the Functional Currency Translation Reserve (FCTR) which arose due to the change in the Group's functional currency on 22 February 2019.

The Bank's regulatory capital (Tier 1 and Tier 3) calculated in terms of the regulatory guidelines was ZWL180.6 million as at 30 September 2019 and this was above the minimum regulatory capital of ZWL25 million. The Bank is in line to achieving the revised regulatory capital level required by 31 December 2020 of ZWL200 million. The banking subsidiary maintained adequate capital levels to cover all risks as reflected by a historical cost capital adequacy ratio of 31.67% as at 30 September 2019 (31 December 2018 – 23.25%). The ratio was well above the regulatory minimum of 12%.

Total deposits decreased by 58% from the restated ZWL1.4 billion at 31 December 2018 to ZWL604.0 million as at 30 September 2019 as a result of the low historical growth of 39% in an environment characterised by hyperinflation.

The Bank maintained a sound liquidity position with a liquidity ratio of 61.02% at 30 September 2019 (31 December 2018 – 41.62%) and this was significantly above the statutory minimum of 30%. The liquidity ratio has been calculated in terms of the regulatory guidelines.

ADDITIONAL INFORMATION

Hyperinflation accounting

The Directors assessed the impact of International Accounting Standard (IAS) 29, “*Financial Reporting in Hyperinflationary Economies*”, given the increasing inflation in the economy and noted that the conditions required to apply IAS 29 had materialised in the Group’s operating environment. The key underlying factor under IAS 29 is that it requires economy-wide consensus as well as the application of similar indices for all entities operating in the same environment. The Public Accountants and Auditors Board (PAAB) issued a pronouncement on 11 October 2019 indicating that the economy had become hyperinflationary and as such directed that reporting entities apply hyperinflation accounting for financial periods ended on or after 1 July 2019. The Directors have prepared the financial statements using the hyperinflationary accounting basis at the reporting date of 30 September 2019.

Accordingly, the accompanying financial statements, including the comparatives, have been restated to account for changes in the general purchasing power of the ZWL. The restatement is based on the consumer price index at the Statement of financial position date. The indices are derived from the monthly inflation rates which are issued by the Zimbabwe National Statistics Agency (ZIMSTAT). The indices used were as follows:

Dates	Indices	Conversion factor
31 December 2017	62.51	4.64555
30 September 2018	64.1	4.53033
31 December 2018	88.88	3.26722
30 September 2019	290.39	1.00000

ADDITIONAL INFORMATION (continued)

Hyperinflation accounting (continued)

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, 30 September 2018 and 31 December 2018 have been restated by applying the change in the index to 30 September 2019;
- Income statement transactions have been restated by applying the change in the index from the approximate date of the transactions to 30 September 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 30 September 2019;
- Property and equipment and accumulated depreciation have been restated by applying the change in the index from the date of their purchase or re-assessment to 30 September 2019;
- Equity has been restated by applying the change in index from the date of issue ;

IAS 29 discourages the publication of historical results as a supplement to the inflation adjusted results. However, historical results have been published to allow comparability of the results during the transitional phase in applying the Standard.

Legacy debts

Following the issuance of the Reserve Bank of Zimbabwe (RBZ) Exchange Control directive RU 28 of 2019 wherein the RBZ requested entities with legacy debts that were due and payable on 22 February 2019 to register these with the Central Bank for an orderly expunging of the debts, the Directors made an assessment of the Group's foreign liabilities which fell under that category and subsequently registered these with the RBZ in terms of the directive.

The market is currently waiting for guidance from the Public Accountants and Auditors Board (PAAB) regarding the treatment of these legacy debts. These legacy debts were translated at a rate of USD/ZWL 1:1 on the date of change of the functional currency on 22 February 2019 with no subsequent remeasurement.

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 contain 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*”.

LOANS, ADVANCES AND OTHER ASSETS

Total loans, advances and other assets	Inflation Adjusted			Historical		
	30 Sep 2019 ZWL000's	30 Sep 2018 ZWL000's	31 Dec 2018 ZWL000's	30 Sep 2019 ZWL000's	30 Sep 2018 ZWL000's	31 Dec 2018 ZWL000's
Advances						
Fixed term loans – Corporate	84 016	284 050	189 776	84 016	62 787	58 037
Fixed term loans – Retail	59 113	327 583	253 681	59 113	72 410	77 580
Mortgages	59 477	290 650	200 740	59 477	64 246	61 390
Overdrafts	44 416	181 060	166 593	44 416	40 022	50 947
	247 022	1 083 343	810 790	247 022	239 465	247 954
Other assets	83 383	32 288	21 953	48 175	5 843	6 249
	330 405	1 115 631	832 743	295 197	245 308	254 203
Maturity analysis						
Less than one month	95 259	298 346	220 437	95 259	65 814	67 413
1 to three months	16 364	85 256	62 990	16 364	18 807	19 264
3 to 6 months	3 296	30 223	22 329	3 296	6 667	6 829
6 months to 1 year	9 793	110 143	81 378	9 793	24 297	24 887
1 to 5 years	93 084	417 090	308 166	93 084	92 008	94 242
Over 5 years	41 757	219 955	162 514	41 757	48 521	49 700
Total advances	259 553	1 161 013	857 814	259 553	256 114	262 335
Allowance for impairment losses on financial assets measured at amortised cost	(12 196)	(75 672)	(43 490)	(12 196)	(16 099)	(13 301)
- IAS 39 impairment loss allowance at 1 January 2018	-	(26 488)	(17 808)	-	(5 446)	(5 446)
-ECL at 1 January 2019	(43 490)	-	-	(13 301)	-	-
Monetary adjustment	30 189	-	-	-	-	-
-ECL recognized through retained earnings	-	(39 761)	(26 732)	-	(8 175)	(8 175)
-ECL reversal/(losses) through profit or loss	707	(14 053)	(12 756)	707	(3 430)	(3 902)
Bad debts written off	398	4 630	13 806	398	952	4 222
Suspended interest on credit-impaired financial assets	(335)	(1 998)	(3 534)	(335)	(550)	(1 081)
	247 022	1 083 343	810 790	247 022	239 465	247 954
Other assets	83 383	32 288	21 953	48 175	5 843	6 249
	330 405	1 115 631	832 743	295 197	245 308	254 203
Other assets						
	30 Sep 2019 ZWL000's	30 Sep 2018 ZWL000's	31 Dec 2018 ZWL000's	30 Sep 2019 ZWL000's	30 Sep 2018 ZWL000's	31 Dec 2018 ZWL000's
Service deposits*	52 050	11 299	5 970	28 168	3 309	3 309
Prepayments and stocks	28 807	15 327	11 055	18 720	1 087	1 036
Other receivables	2 526	5 662	4 928	1 287	1 447	1 904
	83 383	32 288	21 953	48 175	5 843	6 249

*Service deposits relate largely to amounts pledged as collateral for VISA and Zimswitch accounts

ADDITIONAL INFORMATION (continued)

LOANS, ADVANCES AND OTHER ASSETS (continued)

Sectoral analysis of utilisations

	Group & Bank Inflation Adjusted					
	30 Sep 2019 ZWL000's	%	30 Sep 2018 ZWL000's Restated	%	31 Dec 2018 ZWL000's Restated	%
Agriculture and horticulture	30 725	12	162 053	14	122 253	14
Conglomerates	4 871	2	46 302	4	34 963	4
Distribution	30 531	12	138 906	12	94 507	11
Food and beverages	9 696	4	46 302	4	20 616	2
Individuals	89 894	35	428 291	37	328 667	38
Manufacturing	21 653	8	69 453	6	28 550	3
Mining	1 196	-	3 472	-	2 300	-
Services	70 987	27	266 234	23	225 958	26
	259 553	100	1 161 013	100	857 814	100

The material concentration of loans and advances are to individuals at 35% (31 December 2018 – 38%) and the services sector at 27% (31 December 2018 - 26%).

Sectoral analysis of utilisations

	Group & Bank Historical					
	30 Sep 2019 ZWL000's	%	30 Sep 2018 ZWL000's	%	31 Dec 2018 ZWL000's	%
Agriculture and horticulture	30 725	12	35 748	14	37 387	14
Conglomerates	4 871	2	10 214	4	10 693	4
Distribution	30 531	12	30 642	12	28 902	11
Food and beverages	9 696	4	10 214	4	6 305	2
Individuals	89 89	35	94 479	37	100 512	38
Manufacturing	21 653	8	15 321	6	8 731	4
Mining	1 196	-	766	-	703	-
Services	70 987	27	58 730	23	69 102	27
	259 553	100	256 114	100	262 335	100

Credit-impaired financial assets

	Group & Bank					
	Inflation Adjusted			Historical		
	30 Sep 2019 ZWL000's	30 Sep 2018 ZWL000's Restated	31 Dec 2018 ZWL000's Restated	30 Sep 2019 ZWL000's	30 Sep 2018 ZWL000's	31 Dec 2018 ZWL000's
Total credit-impaired financial assets	8 840	106 027	63 695	8 840	23 389	19 480
Expected credit losses on credit-impaired financial assets	(3 190)	(27 584)	(17 033)	(3 190)	(6 085)	(5 209)
Retail loans insurance	(499)	(6 795)	(1 632)	(499)	(1 499)	(499)
Suspended interest on credit-impaired financial assets	(335)	(2 493)	(3 535)	(335)	(550)	(1 081)
Net credit-impaired financial assets	4 816	69 155	41 495	4 816	15 255	12 691

The net credit-impaired financial assets of these accounts represent recoverable portions covered by realisable security, which includes guarantees, cession of debtors, mortgages over properties, equities and promissory notes all fair valued at ZWL8.3 million (31 December 2018 – restated ZWL30.1 million).

IMPAIRMENT ANALYSIS OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

	Group & Bank Inflation Adjusted & Historical 30 September 2019			
	12 Month ECL ZWL000's	Not Credit Impaired ZWL000's	Lifetime ECL Credit Impaired ZWL000's	Total ZWL000's
Gross carrying amount on 1 Jan 2019	1 217 268	82 134	63 698	1 363 100
Monetary adjustment	(845 006)	(57 016)	(44 218)	(946 240)
Transfers	(2 989)	6 385	(3 396)	-
Transfers to 12 month ECL	1 015	(954)	(61)	-
Transfers to lifetime ECL not credit impaired	(2 862)	7 827	(4 965)	-
Transfers to lifetime ECL credit-impaired	(1 142)	(488)	1 630	-
Net movement in financial assets	57 512	(9 281)	(7 244)	40 987
Balance as at 30 September 2019	426 785	22 222	8 840	457 847
Gross carrying amounts analysis				
Loans and advances	228 491	22 222	8 840	259 553
Investments securities	72 268	-	-	72 268
Interbank placements	54 500	-	-	54 500
Guarantees	21 827	-	-	21 827
Facilities approved but not drawn down	49 699	-	-	49 699
Loss allowance analysis				
ECL on 1 Jan 2019	25 342	2 792	17 030	45 164
Monetary adjustment	(17 592)	(1 939)	(11 821)	(31 352)
Transfers	(1 305)	200	1 105	-
Transfers to 12 month ECL	37	(36)	(1)	-
Transfers to lifetime ECL not credit impaired	(200)	723	(523)	-
Transfers to lifetime ECL credit impaired	(1 142)	(487)	1 629	-
Net increase/(decrease) in loss allowance	2 488	(349)	(3 125)	(986)
Balance as at 30 September 2019	8 933	704	3 189	12 826
ECL on loans and advances	8 303	704	3 189	12 196
ECL on investment securities	267	-	-	267
ECL on interbank placements	363	-	-	363

ADDITIONAL INFORMATION (continued)

IMPAIRMENT ANALYSIS OF FINANCIAL ASSETS MEASURED AT AMORTISED COST (continued)

	Group Inflation Adjusted 31 December 2018			
	12 Month ECL ZWL000's	Lifetime ECL Not Credit Impaired ZWL000's	Lifetime ECL Credit Impaired ZWL000's	Total ZWL000's
Gross carrying amount on 1 Jan 2018	1 004 561	63 201	55 095	1 122 857
Transfers	(29 665)	(9 136)	38 801	-
Transfers to 12 month ECL	4 650	(3 584)	(1 066)	-
Transfers to lifetime ECL not credit impaired	(31 264)	33 867	(2 603)	-
Transfers to lifetime ECL credit impaired	(3 051)	(39 419)	42 470	-
Net movement in financial assets	242 372	28 069	(30 198)	240 243
Balance as at 31 December 2018	1 217 268	82 134	63 698	1 363 100
Gross carrying amount analysis				
Loans and advances	711 982	82 134	63 698	857 814
Investment securities	384 853	-	-	384 853
Interbank placements	32 699	-	-	32 699
Guarantees	20 143	-	-	20 143
Facilities approved but not drawn down	67 591	-	-	67 591
Loss allowance analysis				
ECL on 1 Jan 2018	29 678	4 365	11 808	45 851
ECL on loans and advances	28 367	4 365	11 808	44 540
ECL on Investment securities	1 223	-	-	1 223
ECL on Interbank placements	88	-	-	88
Transfers	(1 458)	(10 637)	12 095	-
Transfers to 12 month ECL	98	(62)	(36)	-
Transfers to lifetime ECL not credit impaired	(716)	1 164	(448)	-
Transfers to lifetime ECL credit impaired	(840)	(11 739)	12 579	-
Net (decrease)/increase in ECL	(2 878)	9 064	6 932	13 119
Bad debts written off	-	-	(13 806)	(13 806)
Balance as at 31 December 2018	25 342	2 792	17 030	45 164
Loans and advances	23 669	2 792	17 030	43 490
Investment securities	1 455	-	-	1 455
Interbank placements	219	-	-	219

DEPOSITS AND OTHER LIABILITIES

	Group					
	Inflation Adjusted			Historical		
	30 Sep 2019 ZWL000's	30 Sep 2018 ZWL000's Restated	31 Dec 2018 ZWL000's Restated	30 Sep 2019 ZWL000's	30 Sep 2018 ZWL000's	31 Dec 2018 ZWL000's
Deposits from other banks and other financial institutions	33 960	108 168	242 335	33 960	23 861	74 111
Current and deposit accounts	570 079	722 466	1 179 941	570 079	379 968	360 847
Total deposits	604 039	1 830 634	1 422 276	604 039	403 829	434 958
Trade and other payables	7 680	49 600	40 930	7 680	9 792	12 147
	611 719	1 880 234	1 463 206	611 719	413 621	447 105

Maturity analysis

	Group & Bank Inflation Adjusted					
	30 Sep 2019 ZWL000's	30 Sep 2018 ZWL000's Restated	31 Dec 2018 ZWL000's Restated	30 Sep 2019 ZWL000's	30 Sep 2018 ZWL000's	31 Dec 2018 ZWL000's
Less than 1 month	536 878	1 460 789	1 223 250	536 878	322 241	374 122
1 to 3 months	23 877	166 799	84 520	23 877	36 796	25 835
3 to 6 months	11 329	34 384	24 586	11 329	7 585	7 515
6 months to 1 year	10 564	46 487	38 542	10 564	10 255	11 781
1 to 5 years	21 199	121 305	50 751	21 199	26 760	15 513
Over 5 years	192	870	628	192	192	192
	604 039	1 830 634	1 422 276	604 039	403 829	434 958

Sectoral analysis of deposits

	Group & Bank Inflation Adjusted					
	30 Sep 2019 ZWL000's	%	30 Sep 2018 ZWL000's Restated	%	31 Dec 2018 ZWL000's Restated	%
Banks and other financial institutions	33 960	6	108 168	6	242 334	17
Transport & telecommunications	36 031	6	166 426	9	47 208	3
Agriculture	15 194	3	54 920	3	35 986	3
Mining companies	12 127	2	36 610	2	29 683	2
Manufacturing	99 824	17	292 903	16	228 236	16
Distribution	72 424	12	201 369	11	137 438	10
Services	132 325	22	421 047	23	320 543	23
Individuals	75 367	12	146 449	8	90 717	6
Other deposits	92 069	15	292 903	16	195 480	14
Municipalities and parastatals	34 718	6	109 839	6	94 651	7
	604 039	100	1 830 634	100	1 422 276	100

Sectoral analysis of deposits

	Group & Bank Historical					
	30 Sep 2019 ZWL000's	%	30 Sep 2018 ZWL000's	%	31 Dec 2018 ZWL000's	%
Banks and other financial institutions	33 960	5	23 861	6	74 111	17
Transport & telecommunications	36 031	6	36 713	9	14 437	3
Agriculture	15 194	2	12 115	3	11 005	3
Mining companies	12 127	2	8 076	2	9 077	2
Manufacturing	99 824	17	64 613	16	69 799	16
Distribution	72 424	12	44 421	11	42 031	10
Services	132 325	22	92 881	23	98 028	23
Individuals	75 367	12	32 306	8	27 743	6
Other deposits	92 069	15	64 613	16	59 781	14
Municipalities and parastatals	34 718	6	24 230	6	28 946	6
	604 039	100	403 829	100	434 958	100

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ADDITIONAL INFORMATION (continued)

OUTLOOK AND STRATEGY

The year 2019 has continued to be beset by galloping inflation, currency fluctuations and shortages of foreign currency and these have impacted negatively on revenue generation and operating costs.

The Bank will continue to accelerate the deployment of POS machines throughout the country and enhance all e-channels for the convenience of our transacting customers. The Group will continue to broaden its target market by widening its catchment profile to include segments of the mass market previously not catered for, thereby contributing to the financial inclusion agenda.

FORWARD-LOOKING STATEMENTS

This document may contain 'forward-looking statements' which are based on the Directors' current expectations and assumptions about future events. Forward-looking statements often use words such as 'may', 'could', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'plan', 'seek', 'continue', 'envisage' or other words bearing similar meaning. Such statements are prone to known and unknown risks and can be affected by other factors that could lead to the Group's plans and objectives varying significantly from those expressed or implied in the forward-looking statements. Readers are not expected to completely place reliance on any forward-looking statements. A multiplicity of factors could lead to the actual results to differ materially from those expressed or implied in forward-looking information. Some of these factors may include (but are not limited to) changes in macro and micro economic policy, political, economic, business, competitive, market and regulatory forces or conditions, future exchange and interest rates, changes in tax regime, future business combinations or disposals and other entity specific issues that may affect the Group. The Group relied on past or current trends and/or its activities to formulate any forward-looking statements and readers should not take these as a representation that such trends will continue in the future.

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