NMBZ HOLDINGS LIMITED

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

CONDENSED REVIEWED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

ENQUIRIES:
NMBZ HOLDINGS LIMITED

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FINANCIAL SUMMARY

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Operating profit before impairment charge and loss on net monetary position	5 767 176 414	1 990 364 977	9 193 499 795	768 663 683
Total comprehensive income	1 637 563 912	715 454 322	10 026 972 764	584 874 737
Basic earnings per share (cents)	423	177	1 823	133
Deposits from customers	28 709 941 428	35 772 271 780	28 709 941 428	16 340 531 967
Total gross loans and advances	22 833 584 387	21 884 775 386	22 833 584 388	9 996 817 479
Total shareholders' funds and shareholders' liabilities	21 703 769 064	19 758 449 969	17 914 251 489	7 297 154 066

CHAIRMAN'S STATEMENT

Introduction

The year 2022 started off with a new Chief Executive Officer in place geared up to deliver on our strategy, anchored by our strong digital footprint. The Group has embarked on a new strategic thrust opening up new avenues for growth while strengthening the core business.

Global Developments

The ongoing geopolitical tension in Europe (Russia/Ukraine crisis) and the resurgence of the Covid 19 pandemic especially in Asia has seen the International Monetary Fund (IMF) revising global projections to 3.6%, down from an initial projection of 4.9%. In Sub-Saharan Africa, economic activity is projected at 3.8%, largely underpinned by higher commodity prices and the gradual opening of economies. However, the slowdown in economic activities in Asia and Europe will have a wide implication for emerging and developing economies.

Domestic Economy:

While the negative effects of Covid 19 have been receding locally, the domestic economy showed signs of economic vulnerabilities as evidenced by price instability and exchange rate depreciation. Annual inflation as of June 2022 increased to 191.6% compared to 60.7% recorded in January while the local currency on the auction market depreciated by 217% to close the half year at ZWL366.2687/US$. The situation during the period under review was largely impacted by the geopolitical tension in Europe (Russia, Ukraine Crisis) and the spillovers were felt through oil, food, and energy price increases.

In response to the macroeconomic instability in the domestic economy, both monetary and fiscal authorities announced a raft of measures aimed at fostering price stability and promoting growth and these include

- Continuation of partial dollarization (multi-currency).
- Upward review of the policy rate to discourage speculative borrowing (80%-200%).
- Introduction of gold coins as an alternative store of value.

The impact of the above measures will be seen more fully in the second half of the year. Initial indications are that the gold coin has been well received in the market.

Notwithstanding the economic challenges experienced during the period under review, the economy recorded a 40.5% increase in foreign currency receipts to US$4.01 billion as of May 2022. Of the total foreign currency receipts received, mining accounted for 48% and diaspora remittances 16%.

Financial performance

The country has continued to witness hyperinflation and as such, in line with International Financial Reporting Standards, inflation adjusted financial statements have been presented.

The Group achieved operating income of ZWL10.4 billion, up from ZWL5.7 billion achieved in the comparative period. This was driven by a significant increase in interest income and continued growth in fees and commission income.

Total assets increased by 8.01% to close the period at ZWL69.41 billion largely responding to inflation and movements in the exchange rate. Loans and advances closed the period at ZWL22.83 billion, up 4.34% from December 2021 levels. The Group continues to take a measured approach to risk, as evidenced by the strong asset quality with an NPL ratio of 1.22% compared to 1.39% as at 31 December 2021. The net charge for expected credit losses was ZWL259 million for the period under review.

Deposits and other liabilities grew by 4.47% from December 2021 levels. This was largely reflecting the impact of the exchange rate depreciation on USD deposits.

Cost discipline remains a core focus for the Group in the wake of increased inflationary pressures.

Capital and leverage

The main subsidiary, NMB Bank limited remains well capitalized with a Tier 1 capital adequacy ratio of 22.28%. Risk weighted assets stood at ZW$58.26 billion, up 10.15% from December 2021 levels.

Drawdowns have started on the recently signed EIB EUR12.5 million line of credit. Armed with a strong deal pipeline, the Group will continue to engage with providers of funding to raise more lines of the credit.

Dividend

The banking subsidiary, NMB Bank, has fully met the minimum regulatory capital requirement of an equivalent of USD30 million. Consequently, the Board has resolved to resume payment of dividends starting with an interim dividend of 45 cents per share payable in scrip or cash. A separate notice for dividend payment will be issued.

Directorate

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

Outlook

Despite the economic challenges currently bedeviling the economy, the mining and construction industry continues to show signs of resilience and recovery. Mining and construction are projected to grow by 9.5% and 10.5% respectively on account of higher commodity prices and government infrastructure projects.

The Group is expecting to continue delivering strong performance in the second half of the year driven by utilization under the various USD credit line facilities.

MR. B. A. CHIKWANHA
CHAIRMAN
26 August 2022

CHIEF EXCEUTIVE OFFICERS'S STATEMENT

Introduction

It has been an exciting six months since I took over as the Chief Executive in January 2022. The year started off on a positive note with the Group focused on implementing a growth strategy, aimed at delivering value to our shareholders and stakeholders.

The Group delivered a strong H1 performance, achieving inflation adjusted profit after tax amounting to ZWL1.7 billion, up from ZWL715 million for the previous period. The bank continues to ensure that it preserves shareholder value while maintaining adequate liquidity levels. The liquidity ratio was healthy at 46% compared to the regulatory requirement of 30%.

Strengthening the Current Platform

The first quarter of 2022 was focused on identifying and addressing key customer and staff friction points. This culminated in the automation of some manual processes including the launching of an automated card application process, an electronic query handling platform on NMB Connect, enhancements to the NMBConnect platform as well as various other technology-based solutions to make our customer journeys shorter. We feel the key issues have been addressed and we will continue to stay close to our customers to ensure they continue to experience hassle free banking.

Support to Corporates and SMEs

In the wake of current market developments, the Group is seized with arranging appropriate funding to meet the needs of our Corporate and SME entities. Disbursements on the EUR12.5 million credit line from the European Investment Bank are currently underway. We are in discussions with potential funders for additional funding to support our exporting customers.

Digitization Strategy

The Group is continuing to forge ahead with digitalization initiatives which are expected to reduce costs while increasing efficiencies. We are building a Digital Bank which should be able to serve anyone within our borders. Leveraging on technology, we are creating capacity and platforms to bank the unbanked and underbanked without the need to setup physical branches. Over the last two & half years, we have managed build the technological capabilities to support the digital bank. We have already digitized most of the customer journeys such as the customer on-boarding process, card issuance, cash handling processes to name a few. Our digital transformation is not only customer focused but also touches on our own internal processes in order to match the experience we are giving to our customers. We have adopted Robotic Process Automation to support backend processes and the bank has gone paperless. We have also invested heavily in our cyber-security to ensure our platforms are secure.

Geographical Representation

To complement our physical reach through our branches, we are in the process of signing up new agents under our agency banking model and we will be announcing the key partners soon. We have identified suitable partners with brick and mortar setups in some areas we do not have branches. These partnerships are key for us to deliver services that require a physical touch point in particular on the lower end of the market. We have also started the process of decongesting our branches as we adopt full customer segmentation and dedicated channels for specific market segments.

Value Preservation

To manage impact of the volatility within the market, Value preservation remains key in terms of preserving capital. Our intention is to meet current and future capital requirements from internal sources. Our capital adequacy is already at 22.28% v. a regulatory requirement of 12%. The focus for the Bank has been on growing foreign currency denominated income both on interest and non-interest income. We are focusing on key export sectors such as horticulture, agriculture, mining and manufacturing. On the 1st of June 2022, we signed a EUR12.5mln line from EIB which we are channelling to exporters. Our MTA business is growing and we have set up a dedicated centre for the ease of our customers. An agency network is being set up to broaden the distribution network. We currently partner the major MTA remittance partners in the market. We recently launched multiple agents on our Bancassurance side and we now have 5 partners, Old Mutual, Zimnat Insurance, Alliance Insurance, Cell Insurance and NICOZ Diamond to underwrite our bancassurance business thereby giving our customers more options and value for money.

Broadening the Group Structure

We are in the process of broadening our group structure and this will include in due time, setting up new subsidiaries to complement our traditional banking activities. All the areas we intend to diversify into are currently either units or sections within the banking operations. The strategy is aimed at building resilience on our current model and allow us to take advantage of opportunities in other related sectors. The diversification strategy will be funded through organic capacity without going back to shareholders for a capital raise.

Corporate Social Investment

The Group contributed to various causes during the period under review. Initiatives during the first half of the year included sponsorship of conference costs for an educational institution. In line with its financial inclusion strategy, the Group also contributed to an organization that promotes linkages for women in business. Families and communities affected by children with cancer were supported by sponsoring Kidscan Zimbabwe.

Outlook

The group has positioned itself to be able to support its customers given the changes in the macro-economic environment. We will continue to listen to our clients in order to come up with appropriate solutions for their business requirements. We are set to launch a number of exciting products in the second half of 2022 as we continue to innovate and bring convenience and unmatched value to our customers.

MR. G. GORE
CHIEF EXECUTIVE OFFICER
26 August 2022

REVIEWER'S STATEMENT

These condensed consolidated interim financial statements have been reviewed by Ernst & Young Chartered Accountants (Zimbabwe) and a qualified review conclusion issued thereon due to non-compliance within International Accounting Standard 21, "The Effects of Changes in Foreign Exchange Rates". The reviewer's report is available for inspection at the Holding Company's registered office. The Reviewer did not issue a review report for the subsidiary. The engagement partner for this review is Mr Walter Mupanguri (PAAB Practicing Number 0367).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Inflation Adjusted		Historical Cost*	
	Note	30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Interest income	4	4 618 157 490	2 600 942 905	3 033 435 203	839 174 765
Interest expense		(1 561 949 259)	(512 772 877)	(1 038 645 205)	(167 527 694)
Net interest income		**3 056 208 231**	**2 088 170 028**	**1 994 789 998**	**671 647 071**
Fee and commission income	5.1	4 483 654 137	3 315 120 258	2 944 822 528	1 067 162 015
Net foreign exchange gains		1 477 262 637	208 842 249	1 458 922 152	66 488 985
Revenue	**5.2**	**9 017 125 005**	**5 612 132 535**	**6 398 534 678**	**1 805 298 071**
Other income		1 379 543 645	121 108 186	5 864 618 786	115 924 497
Operating income		**10 396 668 650**	**5 733 240 721**	**12 263 153 464**	**1 921 222 568**
Operating expenditure	6	(4 629 492 236)	(3 742 875 744)	(3 069 653 669)	(1 152 558 885)
Operating income before impairment charge and loss on monetary position		**5 767 176 414**	**1 990 364 977**	**9 193 499 795**	**768 663 683**
Impairment losses on financial assets measured at amortised cost	17.3	(259 035 581)	(239 047 943)	(259 035 581)	(81 988 552)
Loss on net monetary position		(2 154 183 926)	(98 937 216)	-	-
Profit before taxation		**3 353 956 906**	**1 652 379 818**	**8 934 464 214**	**686 675 131**
Taxation charge	7	(1 642 618 114)	(936 925 496)	(1 563 755 315)	(150 762 910)
Profit for the period		**1 711 338 793**	**715 454 322**	**7 370 708 899**	**535 912 221**
Other comprehensive income					
Revaluation gain on land and buildings, net of tax	5.3	(73 774 880)	-	2 656 263 865	48 962 516
Total comprehensive income for the period		**1 637 563 912**	**715 454 322**	**10 026 972 764**	**584 874 737**
Earnings per share (ZWL cents)					
- Basic		423	177	1 823	133
- Diluted		417	177	1 795	133

** 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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STATEMENT OF FINANCIAL POSITION

SHAREHOLDER'S FUNDS	Note	Inflation Adjusted		Historical Cost*	
		30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
		Reviewed	Restated Audited		
Share capital	10.2.1	12 578 730	12 578 645	84 201	84 116
Share Premium		2 667 791 535	2 662 064 892	24 848 250	19 121 607
Treasury shares reserve		(18 675)	(18 675)	(7 168)	(7 168)
Functional currency translation reserve		1 011 763 431	1 011 763 431	11 619 648	11 619 648
Revaluation reserve		3 102 918 885	3 176 693 765	4 572 261 231	1 915 997 366
Share Option Reserve		143 259 833	72 348 206	98 680 035	27 768 409
Retained earnings		14 014 538 978	12 303 200 185	12 455 828 944	5 085 120 045
Total equity		**20 952 832 717**	**19 238 630 449**	**17 163 315 142**	**7 059 704 023**
Redeemable ordinary shares	12	14 335 253	31 382 367	14 335 253	14 335 253
Subordinated term loan	13	736 601 094	488 437 153	736 601 094	223 114 790
Total shareholders' funds and shareholders' liabilities		**21 703 769 064**	**19 758 449 969**	**17 914 251 489**	**7 297 154 066**
LIABILITIES					
Deposits and other liabilities	14	43 661 886 312	41 794 508 465	43 661 886 312	19 091 448 981
Current tax liabilities		133 103 142	516 751 615	133 103 142	236 048 645
Deferred tax liabilities		3 908 125 457	2 190 788 727	2 784 838 487	741 543 501
Total liabilities		**47 703 114 911**	**44 502 048 807**	**46 579 827 941**	**20 069 041 127**
Total shareholder's funds and liabilities		**69 406 883 975**	**64 260 498 776**	**64 494 079 430**	**27 366 195 193**
ASSETS					
Cash and cash equivalents	16	11 201 627 042	10 666 230 717	11 201 627 042	4 872 262 099
Investment securities	15.1	6 723 607 253	8 779 539 388	6 723 607 253	4 010 434 252
Loans, advances and other assets	17	30 348 447 228	27 075 362 395	29 263 634 259	11 849 962 849
Trade and other investments	15.3.2	136 032 055	79 904 269	136 032 055	36 499 730
Investment properties	18	10 061 515 369	7 701 807 180	10 061 515 369	3 518 133 464
Intangible assets	19	802 858 842	805 422 876	11 827 462	13 407 688
Property and equipment	20	10 132 796 186	9 152 231 951	7 095 835 990	3 065 495 111
Total assets		**69 406 883 975**	**64 260 498 776**	**64 494 079 430**	**27 366 195 193**

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

MR. B. A. CHIKWANHA
CHAIRMAN
26 August 2022

MR. G. GORE
CEO
26 August 2022

STATEMENT OF CHANGES IN EQUITY

	Inflation Adjusted							
	Share Capital	Share Premium	Treasury Shares	Functional Currency Translation Reserve	Share Option Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as at 1 January 2021	12 578 645	2 662 064 892	-	1 011 763 431	-	2 351 032 467	8 206 749 790	14 244 189 225
Total comprehensive income for the period	-	-	-	-	-	-	715 454 322	715 454 322
								-
Balance at 30 June 2021	12 578 645	2 662 064 892	-	1 011 763 431	-	2 351 032 467	8 922 204 112	14 959 643 547
Total comprehensive income for the period	-	-	-	-	-	-	3 380 996 073	3 380 996 073
Revaluation of land and buildings, net of tax	-	-	-	-	-	825 661 298	-	825 661 298
Acquisition of treasury shares	-	-	(18 675)	-	-	-	-	(18 675)
Employee share schemes – value of employee services	-	-	-	-	72 348 206	-	-	72 348 206
Balance at 1 January 2022	12 578 645	2 662 064 892	(18 675)	1 011 763 431	72 348 206	3 176 693 765	12 303 200 185	19 238 630 449
Total comprehensive income for the period	-	-	-	-	-	-	1 711 338 793	1 711 338 793
Revaluation of land and buildings, net of tax	-	-	-	-	-	(73 774 880)	-	(73 774 880)
Share issue	85	5 726 643	-	-	(1 495 816)	-	-	4 230 912
Employee share schemes – value of employee services	-	-	-	-	72 407 443	-	-	72 407 443
Balance at 30 June 2022	**12 578 730**	**2 667 791 535**	**(18 675)**	**1 011 763 431**	**143 259 833**	**3 102 918 885**	**14 014 538 978**	**20 952 832 717**

STATEMENT OF CHANGES IN EQUITY

	Historical Cost*							
	Share Capital	Share Premium	Treasury Shares	Functional Currency Translation Reserve	Share Option Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as at 1 January 2021	84 116	19 121 607	-	11 619 648	-	1 067 266 442	2 143 095 638	3 241 187 451
Total comprehensive income for the period	-	-	-	-	-	-	535 912 221	535 912 221
Revaluation of land and buildings, net of tax	-	-	-	-	-	48 962 516	-	48 962 516
Balance at 30 June 2021	84 116	19 121 607	-	11 619 648	-	1 116 228 958	2 679 007 859	3 826 062 188
Total comprehensive income for the period	-	-	-	-	-	-	2 406 112 186	2 406 112 186
Revaluation of land and buildings, net of tax	-	-	-	-	-	799 768 408	-	799 768 408
Acquisition of treasury shares	-	-	(7 168)	-	-	-	-	(7 168)
Employee share schemes – value of employee services	-	-	-	-	27 768 409	-	-	27 768 409
Balance at 1 January 2022	84 116	19 121 607	(7 168)	11 619 648	27 768 409	1 915 997 366	5 085 120 045	7 059 704 023
Total comprehensive income for the period	-	-	-	-	-	-	7 370 708 899	7 370 708 899
Revaluation of land and buildings, net of tax	-	-	-	-	-	2 656 263 865	-	2 656 263 865
Share issue	85	5 726 643	-	-	(1 495 816)	-	-	4 230 912
Employee share schemes – value of employee services	-	-	-	-	72 407 443	-	-	72 407 443
Balance at 30 June 2022	**84 201**	**24 848 250**	**(7 168)**	**11 619 648**	**98 680 035**	**4 572 261 231**	**12 455 828 944**	**17 163 315 142**

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STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES	Note	Inflation Adjusted		Historical Cost*	
		30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
		Reviewed	Restated Reviewed		
Profit before taxation		3 353 956 906	1 652 379 818	8 934 464 214	686 675 131
Non-cash items:					
- Net monetary Gain		2 154 183 926	98 937 216	-	-
- Depreciation(excluding right of use assets)	6	51 822 487	205 979 658	32 876 664	30 129 390
- Depreciation –Right of use assets	6	103 476 638	45 592 773	84 404 717	14 629 746
- Amortisation of intangible assets	6	30 973 466	69 868 542	20 053 993	1 245 900
- Impairment losses on financial assets measured at amortised costs	17.3	259 035 581	239 047 943	259 035 581	81 988 552
- Investment properties fair value gains	18	(1 322 327 930)	-	(5 828 903 704)	(74 578 159)
- Trade and other investments fair value gains adjustment	15.3.2	(161 498 630)	5 313 649	(99 532 325)	(427 924)
- Unrealised foreign exchange gain		(727 966 409)	(158 767 774)	(727 966 409)	(54 454 097)
- Interest capitalised on subordinated term loan		-	38 268 540	-	11 888 882
- Non-cash employee benefits expense – share-based payments		72 407 443	-	72 407 443	-
Operating cash flows before changes in operating assets and liabilities		3 814 063 479	2 196 620 365	2 746 840 173	697 097 421
Changes in operating assets and liabilities					
Increase/(decrease) in deposits and other liabilities		1 867 377 847	4 741 233 815	24 570 437 331	2 953 076 959
(Increase)/decrease in loans, advances and other assets		(3 273 084 833)	(4 966 870 999)	(17 413 671 410)	(2 601 285 150)
Net cash generated from operations		2 408 356 495	1 970 983 181	9 903 606 094	1 048 889 230
Taxation					
Corporate tax paid		(537 182 671)	(932 367 037)	(434 519 915)	(259 542 903)
Net cash inflow from operations		1 871 173 824	1 038 616 144	9 469 086 179	789 346 327
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of intangible assets		-	(19 219 774)	-	(5 989 142)
Acquisition of property and equipment	20	(535 923 861)	(186 227 206)	(423 075 311)	(60 912 585)
Investment securities held to maturity	15.1	(3 576 245 215)	(118 714 434)	(2 181 182 637)	(35 405 757)
Acquisition of investment properties	18	(1 037 380 259)	(120 898 258)	(714 478 201)	(39 205 646)
Net cash used in investing activities		**(5 149 549 335)**	**(445 059 672)**	**(3 318 736 149)**	**(141 513 130)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of lease liabilities		(115 217 343)	(73 793 106)	(71 008 962)	(19 647 624)
Proceeds from issues of shares		4 230 912	-	4 230 912	-
Net cash outflow from financing activities		(110 986 431)	(73 793 106)	(66 778 050)	(19 647 624)
Net (decrease)/increase in cash and cash equivalents		(3 389 361 942)	519 763 366	6 083 571 980	628 185 573
Net foreign exchange and monetary adjustments on cash and cash equivalents		3 924 758 267	526 820 771	245 792 963	103 286 425
Cash and cash equivalents at beginning of the period		10 666 230 717	6 913 198 910	4 872 262 099	1 964 637 240
Cash and cash equivalents at the end of the year		11 201 627 042	7 959 783 047	11 201 627 042	2 696 109 238

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Bank was established in 1993 as a merchant bank incorporated under the Companies and Other Business Entities Act (Chapter 24:31) of Zimbabwe and is now registered as a commercial bank in terms of the Banking Act (Chapter 24:20) of Zimbabwe. It operates through a branch and agency network in Harare, Bulawayo, Masvingo, Kwekwe, Mutare, Gweru, Bindura, Chitungwiza and Chinhoyi.

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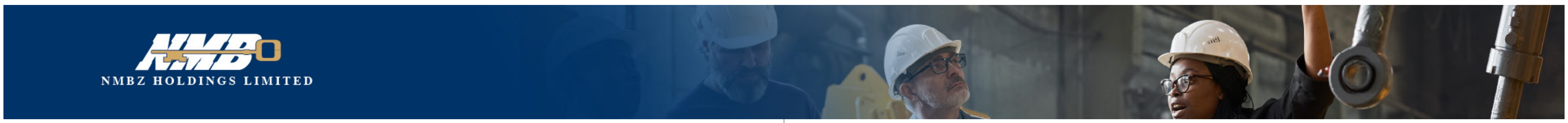

The Holding Company is incorporated and domiciled in Zimbabwe and is an investment holding company. Its registered office address is 64 Kwame Nkrumah Avenue, Harare. Its principal operating subsidiary is engaged in commercial and retail banking. NMB Bank Limited is a registered commercial bank and was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

2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

2.1. ACCOUNT CONVENTION

Statement Of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2021. These condensed consolidated interim financial statements do not include all the information required for the full annual financial statements prepared in accordance with International Financial Reporting Standards.

These condensed consolidated interim financial statements were approved by the Board of Directors on 26 August 2022.

2.1.1. 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 Consumer Price Index at the statement of financial position date. The indices are derived from the monthly inflation rates which are issued by the Zimbabwe National Statistics Agency (ZIMSTAT). The indices used are shown below. These condensed consolidated financial statements are reported in Zimbabwean dollars and rounded to the nearest dollar.

Dates	Indices	Conversion factor
31 December, 2018	88.81	98.04
31 December, 2019	551.63	15.78
31 December, 2020	2474.52	3.52
30 June, 2021	2986.44	2.92
31 December, 2021	3977.46	2.19
30 June, 2022	8707.35	1.00

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 2020, 30 June 2021 and 31 December 2021 have been restated by applying the change in the index to 30 June 2022;
- Income statement transactions have been restated by applying the change in the index from the approximate date of the transactions to 30 June 2022;
- Gains and losses arising from the monetary assets or liability positions have been included in the income statement;
- Non-monetary assets and liabilities have been restated by applying the change in the index from the date of the transaction to 30 June 2022;
- Property and equipment and accumulated depreciation have been restated by applying the change in the index from the date of their purchase or re-assessment to 30 June 2022;
- re-assessment to 30 June 2022;

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

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

Functional and presentation currency

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

Comparative financial information

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

2.2. Basis Of Consolidation

The Group financial results incorporate the financial results of the Company and its subsidiaries. Subsidiaries are 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases. The financial results of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses; profits and losses resulting from intra-group transactions that are recognised in assets and liabilities are eliminated in full. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest 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.

2.3. Use of estimates and judgements

In preparation of the Group financial statements, Directors have made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the six months ended 30 June 2022 is included in the following notes:

2.3.1. Deferred tax

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

2.3.2. 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:

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, management have adopted the approach for the meanwhile of converting USD valuation inputs at the RBZ 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 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.

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.

2.3.3. Intangible assets

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

2.3.4. Impairment losses on financial instruments

The Group and Bank recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are not measured at Fair Value through Profit or Loss (FVTPL):
- loans and advances to banks;
- loans and advances to customers;
- debt investment securities;
- lease receivables;
- loan commitments issued; and
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments. With the exception of purchased or originated credit-impaired (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.

2.3.5. Lease arrangements

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

3. ACCOUNTING POLICIES

The selected principal accounting policies applied in the preparation of these condensed financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1. Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the reporting date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the reporting date.

3.2. Investment properties

Investment properties are stated at fair value. Gains and losses arising from a change in fair value of investment properties are recognised in the profit or loss statement. The fair value is determined at the end of each reporting period by a professional valuer.

3.3. Share based payments

The Group issues share options to certain employees in terms of the Employee Share Option Scheme. Share options are measured at fair value at the date of grant. The fair value determined at the date of grant of the options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is considerations. measured using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and other behavioural.

3.4. Property and equipment

The residual value and the useful life of property and equipment are reviewed at least each financial period-end. The revaluation model is used for the Group's land and buildings with the fair values determined by an independent professional valuer using significant unobservable market inputs. If the residual value of an asset increases by an amount equal to or greater than the asset's 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.

3.5. Intangible assets

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

3.6. Shareholders' funds and shareholders' liabilities

Shareholders' funds and shareholders' liabilities refer to the total investment made by the shareholders to the Group and it consists of share capital, share premium, Functional Currency Translation Reserve, share options reserve, retained earnings, redeemable ordinary shares and subordinated term loans.

3.7. Taxation

Income tax

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

Current tax

Current tax comprises expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using rates enacted or substantively enacted at the reporting date in the country where the Bank operates and generates taxable income and any adjustment to tax payable in respect of previous years.

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

Deferred taxation

- Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank 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 presumption. sale, and the Bank has not rebutted this.

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.

3.8. Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, and short term highly liquid investments with maturities of three months or less when purchased. Cash and cash equivalents are measured at amortised cost in the statement of financial position.

3.9. Revenue from contracts with customers

Revenue is recognised to the extent that it is probable that the Group has satisfactorily performed the performance obligations set out in the underlying contract with its customers and that economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

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3.10. Interest income

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

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

3.11. Interest expense

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

3.12. Leases

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

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

Measurement of right-of-use assets

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straightline 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.

Short-term leases

The Group does not recognise lease liabilities or Right-of-Use Assets in respect of short-term leases which are accounted for on a straight-line basis.

3.13. Financial Instruments

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

3.13.1. Financial Assets

(i) Classification and subsequent measurement

The Group has applies 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.

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

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

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

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

Equity instruments

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

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

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

(ii) Impairment

The Bank recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are not measured at Fair Value through Profit or Loss (FVTPL):
- loans and advances to banks;
- loans and advances to customers;
- debt investment securities;
- lease receivables;
- loan commitments issued; and
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments.
With the exception of POCI financial assets (which are considered separately below), ECLs are measured through a loss allowance at an amount equal to:
- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal

Expected Credit Losses

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

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

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

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:
a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties; or
f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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

Purchased or originated credit-impaired (POCI) financial assets

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

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:
- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

Definition of default and cure

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.

It is the Bank's policy to consider a financial instrument as 'cured' and subsequently reclassified out of Stage 3 when none of the above mentioned default criteria have been present for at least six consecutive months. The decision whether to classify a financial asset as Stage 1 or Stage 2 once cured depends on the updated credit grade at the time of the cure and whether this indicates that there has been a significant increase in credit risk compared to initial recognition.

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.

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.

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- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty. Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

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

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

(iv) Derecognition other than on a modification

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

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

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

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

Financial Liabilities

(i) 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.

(ii) 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.

3.13.2. Financial guarantee contracts and loan commitments

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

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:
- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

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

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

3.13.3. Critical accounting estimates and judgements

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

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

3.13.4. Measurement of the expected credit loss allowance

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

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

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

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

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

Probability of Default (PD)

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

Exposure at Default (EAD)

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

Loss Given Default (LGD)

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

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

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

Forward looking information

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

Inflation Rate

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

Unemployment Rates

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

Market Non-Performing Loans Rate

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

Producer Price Index (PPI)

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

Renegotiated loans and advances

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

Collateral valuation

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

Collateral repossessed

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

Offsetting financial instruments

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

Non-performing loans

Interest on loans and advances is accrued as income until such time as reasonable doubt exists about its recoverability, thereafter and until all or part of the loan is written off, interest continues to accrue on customer's accounts but is not included in income. The suspended interest is recognised as a provision in the statement of financial position. Such suspended interest is deducted from loans and advances in the statement of financial position. This policy meets the requirements of the Banking Regulations, Statutory Instrument, 205 of 2000.

3.13.5. Valuation of Land and buildings

The properties were valued by management. The determined fair value of land and buildings is most sensitive to significant unobservable inputs.

3.13.6. Valuation of Investment properties

Investment properties were valued by management. The properties market is currently not stable due to liquidity constraints.

3.13.7.COVID-19

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

There is a growing sense of cautious optimism that finally the worst of the COVID-19 pandemic is behind us. The Government of Zimbabwe still has limited restrictions to curb the spread of the pandemic especially given the various variants observed in the recent past. The global and local economy is emerging out of the negative effects of the pandemic. The Group's digital transformation and innovation is accelerating from forces in dynamic customer behaviour and Covid-19 disruptions. Innovation and digitalisation therefore remains the Group's strategic imperative to broaden and deepen organizational capabilities and unlock stakeholder potential.

Credit risk management processes have been aligned to include considerations around effects of possible escalation of the pandemic on customer's resilence.

3.13.8. 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.

3.13.9. Determination of the functional currency

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).

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

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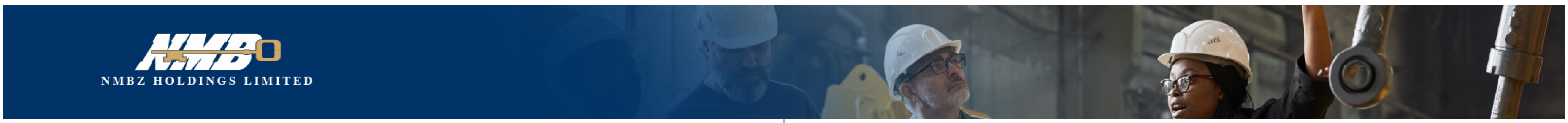

On 23 June 2020, the Reserve Bank of Zimbabwe introduced the Foreign Exchange Auction System, effectively abandoning the fixed foreign currency exchange rate regime which had been prevailing for the greater part of 2020. Significant trades have been recorded on the platform and significant movements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

On 4 April 2022, the RBZ resolved to further liberalise the foreign exchange market by allowing banks to conduct foreign exchange transactions of up US$1 000 under an arrangement agreed upon between banks and the Bank and in terms of which individuals with free funds and entities/corporates holding foreign exchange in their foreign currency accounts (after meeting the statutory surrender requirements) shall be free to sell foreign currency to banks on a willing-buyer willing-seller basis.

With effect from 9 May 2022 a review of the willing buyer-willing seller mechanism was pronounced by the RBZ. Individuals were permitted to purchase up to US$5 000 per day with a limit of US$10 000 per week.

Pricing of Goods and Services in the Market - Following the implementation of the willing buyer - willing seller arrangement, and in line with the dual pricing framework as per Exchange Control (Exclusive Use of Zimbabwe Dollar for Domestic Transactions) (Amendment) Regulations, 2020 (No.3), Statutory Instrument 185 of 2020, the RBZ pronounced that Authorised Dealers and the market that the pricing of goods and services shall be based on the prevailing interbank market rate plus a margin of up to 10%. Business and all other economic agents shall obtain the daily interbank market rate on the RBZ website.

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

3.14. STANDARDS ISSUED AND EFFECTIVE

a) New standards and amendments – applicable 1 January 2022

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2022:

Standard	Effective Date	Executive Summary
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	Annual periods beginning on or after 1 January 2022	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. No significant impact has resulted from this amendment.
Reference to the Conceptual Framework – Amendments to IFRS 3	Annual periods beginning on or after 1 January 2022	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. No significant impact has resulted from this amendment.
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	Annual periods beginning on or after 1 January 2022	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. No significant impact has resulted from this amendment.
Annual Improvements to IFRS Standards 2018–2020	Annual periods beginning on or after 1 January 2022	The following improvements were finalised in May 2020: - IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities - IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the "lessor relating to leasehold improvements, to remove any confusion about the treatment of lease" incentives. No significant impact has resulted from these amendments.

b) Forthcoming requirements

The following standards and interpretations had been issued but were not mandatory for reporting periods ending on 30 June 2022

Standard	Effective Date	Executive Summary
IFRS 17, 'Insurance contracts'	1 January 2023 (deferred from 1 January 2021)	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of: - discounted probability-weighted cash flows - an explicit risk adjustment, and "- a contractual service margin (CSM) representing the unearned profit of the contract which is" recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023. Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis. No significant impact is expected from these amendments.
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023 (deferred from 1 January 2022)	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Since issuing these amendments, the IASB issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024. No significant impact has resulted from these amendments.
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice " Statement 2"	1 January 2023	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. No significant impact has resulted from these amendments.
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. No significant impact has resulted from these amendments.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable te porary differences associated with: - right-of-use assets and lease liabilities, and - decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments. No significant impact has resulted from these amendments.
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	N/A	The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method. No significant impact has resulted from these amendments.

4. INTEREST INCOME

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Loans and advances to banks	32 463 151	35 082 018	21 962 418	11 225 702
Loans and advances to customers	3 759 613 748	2 347 811 223	2 479 482 422	757 614 463
Investment securities	826 080 591	218 049 664	531 990 363	70 334 600
	4 618 157 490	2 600 942 905	3 033 435 203	839 174 765

5. NON INTEREST INCOME AND OTHER COMPREHENSIVE INCOME

5.1. Fee and Commission Income

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Retail banking customer fees	900 733 856	693 706 560	619 775 770	223 283 079
Corporate banking credit related fees	232 086 758	274 194 361	146 764 205	87 855 326
Financial guarantee fees	154 976 834	21 807 068	101 402 646	6 993 631
International banking commissions	696 632 082	108 216 314	482 097 212	35 234 260
Digital banking fees	2 499 224 607	2 217 195 955	1 594 782 695	713 795 719
	4 483 654 137	3 315 120 258	2 944 822 528	1 067 162 015
Timing of revenue recognition:				
- At a point in time	4 251 567 379	3 040 925 897	2 798 058 323	979 306 689
- Over time	232 086 758	274 194 361	146 764 205	87 855 326
	4 483 654 137	3 315 120 258	2 944 822 528	1 067 162 015

5.2. Other Income

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Fair value gains on investment properties	1 322 327 930	-	5 828 903 704	74 578 159
Rental income	54 506 737	15 544 925	34 124 887	5 043 436
Other net operating income	2 708 978	105 563 260	1 590 195	36 302 902
	1 379 543 645	**121 108 186**	**5 864 618 786**	**115 924 497**

5.3. Other comprehensive (loss)/income

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Revaluations of land and buildings	(98 000 637)	-	3 470 878 894	65 040 536
Tax effect	24 225 757	-	(814 615 029)	(16 078 020)
	(73 774 880)	-	2 656 263 865	48 962 516

6. OPERATING EXPENDITURE

The operating profit is after recognising the following:

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Administration costs	2 107 841 440	1 902 442 817	1 418 132 693	612 972 442
Depreciation (excluding right of use assets)	51 822 487	205 979 658	32 876 664	30 129 390
Amortisation of intangible assets	30 973 466	69 868 542	20 053 993	1 245 900
Depreciation – right of use assets	103 476 638	45 592 773	84 404 717	14 629 746
Staff costs – salaries, allowances and related costs	2 335 378 205	1 518 991 954	1 514 185 602	493 581 407
	4 629 492 236	3 742 875 744	3 069 653 669	1 152 558 885

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7. **Taxation**

Income Tax Expense/(Credit)	Inflation Adjusted 30 June 2022 ZWL	Inflation Adjusted 30 June 2021 ZWL	Historical Cost 30 June 2022 ZWL	Historical Cost 30 June 2021 ZWL
Current tax	362 108 739	653 588 738	362 108 739	224 167 560
Deferred tax	1 280 509 375	283 336 758	1 201 646 576	(73 404 650)
	1 642 618 114	936 925 496	1 563 755 315	150 762 910

8. **IMPAIRMENT LOSSES ON FINANCIAL ASSETS MEASURED AT AMORTISED COST**

Impairment losses are calculated by estimating the expected credit losses for all financial assets (including loan commitments and guarantees) measured at amortised cost or fair value through OCI (FVOCI). ECLs arising from financial assets measured at armotised cost and at FVOCI are recognized in profit or loss. However, the loss allowance in respect of assets measured at FVOCI shall not reduce the carrying amount of the financial asset in the Statement of Financial Position but will be accumulated in a reserve through OCI. The aggregate impairment losses which are made during the year are dealt with as per paragraph 8.3.

The Group has considered the increased uncertainties arising out of the COVID-19 developments in the computation of ECLs, resulting in significant increases being noted in the Groups ECLs during the period under review.

8.1. Lifetime expected credit losses

Lifetime ECLs are recognized where the Bank's counterparty to a financial asset has been classified as default as defined in the Bank's accounting and credit policies. Financial assets are written off against lifetime ECL provisions once the probability of recovering any significant amounts becomes remote.

8.2. Twelve month expected credit losses

The 12-Month ECL relates to the day 1 impairment provisions on financial assets as well as financial assets which are considered not to have had a significant increase in credit risk as defined in the Bank's accounting and credit policies.

8.3. Regulatory guidelines and International Financial Reporting Standards requirements

The Banking Regulations 2000 gives guidance on provisioning for doubtful debts and stipulates certain minimum percentages to be applied to the respective categories of the loan book.

IFRS 9, Financial Instruments IFRS 9, prescribes the provisioning for impairment losses based on the expected credit losses from the expected cash flows from financial assets held by the bank, including guarantees and loan commitments.

The two prescriptions are likely to give different results. The Group has taken the view that where the IFRS 9 charge is less than the amount provided for in the Banking Regulations, the difference is recognised directly in equity as a transfer from retained earnings to a regulatory reserve and where it is more, the full amount will be charged to the profit or loss.

8.4. Suspended interest

Interest on loans and advances is accrued to income until such time as reasonable doubt exists about its collectability, thereafter and until all or part of the loan is written off, interest continues to accrue on customers' accounts, but is not included in income. Such suspended interest is deducted from loans and advances in the statement of financial position. This policy meets the requirements of the Banking Regulations 2000 issued by the RBZ.

9. **EARNINGS PER SHARE**

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

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

a) any dividends or other items related to dilutive potential ordinary shares deducted in arriving at profit or loss attributable to ordinary equity holders of the parent entity;
b) any interest recognised in the period related to dilutive potential ordinary shares; and
c) any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares; by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

9.1. Earnings

	Inflation Adjusted 30 June 2022 ZWL	Inflation Adjusted 30 June 2021 ZWL	Historical Cost 30 June 2022 ZWL	Historical Cost 30 June 2021 ZWL
Profit for the period	1 711 338 793	715 454 322	7 370 708 899	535 912 221

9.2. Number of shares

9.2.1. Basic earnings per share

	Inflation Adjusted 30 June 2022 ZWL	Inflation Adjusted 30 June 2021 ZWL	Historical Cost 30 June 2022 ZWL	Historical Cost 30 June 2021 ZWL
Weighted average number of ordinary shares for basic earnings per share	404 171 689	404 171 689	404 171 689	404 171 689
Share options exercised	50 404	-	50 404	-
Treasury share issue	(14 000)	-	(14 000)	-
	404 208 093	404 171 689	404 208 093	404 171 689

The Company 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 Company'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. During the year, 302 424 shares on this scheme were issued with a cash portion being received.

9.2.2. Diluted earnings per share

	Inflation Adjusted 30 June 2022 ZWL	Inflation Adjusted 30 June 2021 ZWL	Historical Cost 30 June 2022 ZWL	Historical Cost 30 June 2021 ZWL
Number of shares at beginning of period	404 171 689	404 171 689	404 171 689	404 171 689
Effect of dilution:				
Share options exercised	50 404	-	50 404	-
Treasury share issue	(14 000)	-	(14 000)	-
Shares issued – scrip dividend*	1 783 271	-	1 783 271	-
	405 991 364	404 171 689	405 991 364	404 171 689
Share options approved but not granted	4 565 840	-	4 565 840	-
	410 557 204	404 171 689	410 557 204	404 171 689

* The Group's dividend is optional between scrip and cash. For the purposes of Diluted Earnings Per Share computation, it is assumed that a scrip issue will be fully subscribed.

9.3. Earnings per share (ZWL cents)

	Inflation Adjusted 30 June 2022 ZWL	Inflation Adjusted 31 Dec 2021 ZWL	Historical Cost 30 June 2022 ZWL	Historical Cost 31 Dec 2021 ZWL
Basic	423	177	1823	133
Diluted	417	177	1795	133

10. **SHARE CAPITAL**

10.1. Authorised

	Inflation Adjusted 30 June 2022 Shares million	Inflation Adjusted 31 Dec 2021 Shares million	Historical Cost 30 June 2022 ZWL	Historical Cost 31 Dec 2021 ZWL
Ordinary shares of ZWL0.00028 each	600	600	168 000	168 000

10.2. Issues and fully paid

10.2.1. Ordinary shares

Inflation Adjusted	30 June 2022 Shares million	31 Dec 2021 Shares million	30 June 2022 ZWL	31 Dec 2021 ZWL
Ordinary Shares	404	404	12 578 730	12 578 645

Historical Cost	30 June 2022 Shares million	30 Dec 2021 Shares million	30 June 2022 ZWL	30 Dec 2021 ZWL
Ordinary Shares	404	404	84 201	84 116

10.2.2. Redeemable ordinary shares

Inflation Adjusted	30 June 2022 Shares million	31 Dec 2021 Shares million	30 June 2022 ZWL	31 Dec 2021 ZWL
Ordinary Shares	104	104	14 335 253	31 382 367

Historical Cost	30 June 2022 Shares million	31 Dec 2021 Shares million	30 June 2022 ZWL	31 Dec 2021 ZWL
Ordinary Shares	104	104	14 335 253	14 335 253

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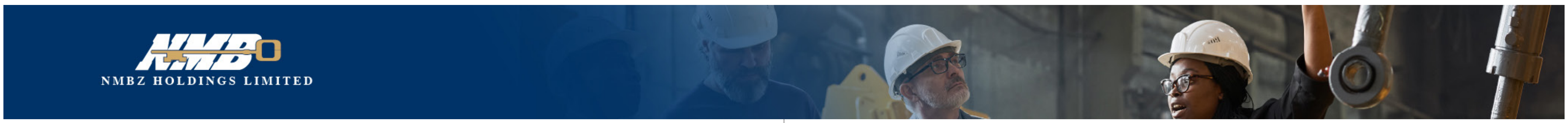

11. Capital Reserves

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
GROUP				
Share premium	2 666 295 719	2 662 064 892	23 352 434	19 121 607
Treasury shares	(18 675)	(18 675)	(7 168)	(7 168)
Share option reserve	144 755 649	72 348 206	100 175 852	27 768 409
Revaluation reserve	3 102 918 885	3 176 693 765	4 572 261 231	1 915 997 366
	5 913 951 578	5 911 088 188	4 695 782 349	1 962 880 214
Functional currency translation reserve	1 011 763 431	1 011 763 431	11 619 648	11 619 648
Total capital reserve	6 925 715 009	6 922 851 619	4 707 401 997	1 974 499 862

12. REDEEMABLE ORDINARY SHARES

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
Nominal value	29 040	63 574	29 040	29 040
Share premium	14 306 213	31 318 793	14 306 213	14 306 213
	14 335 253	31 382 367	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 created 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. No buy back was excercised as at 30 June 2022.

13. SUBORDINATED TERM LOAN

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
GROUP				
At 1 January	488 437 153	466 709 991	223 114 790	132 632 641
Monetary adjustment	(585 005 933)	(233 878 548)	-	-
Exchange revaluation	833 169 874	255 605 710	513 486 304	90 482 149
	736 601 094	488 437 153	736 601 094	223 114 790

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 disbursement date.
The above liability would, in the event of the winding up of the issuer, be subordinated to the claims of depositors and all other creditors of the issuer. The Group defaulted on principal repayments with respect to this subordinated loan during the year ended 31 December 2019 as a result of the prevailing nostro funding challenges affecting the economy. 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 30 June 2022.

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. The RBZ approved the legacy debt in respect of the subordinated term loan.

14. DEPOSITS AND OTHER LIABILITIES

14.1. Deposits and other liabilities by type

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
GROUP				
Deposits from banks and other financial institutions**	3 096 737 817	3 285 950 546	3 096 737 817	1 501 000 000
Current and deposit accounts from customers*	25 613 203 611	32 486 321 234	25 613 203 611	14 839 531 967
Total deposits	28 709 941 428	35 772 271 780	28 709 941 428	16 340 531 967
Trade and other payables*	14 951 944 884	6 022 236 685	14 951 944 884	2 750 917 014
	43 661 886 312	41 794 508 465	43 661 886 312	19 091 448 981

* The carrying amounts of current and deposit accounts and trade and other payables approximate the related fair values due to their short term nature. These relate to the Group's operational liabilities to suppliers, employees and regulators. Expense provisions and deferred income are also included.

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 ZWL3 421 069 438.85 (2021 ZWL1 310 287 160), ZWL1 712 409 449.29 (2021 ZWL677 596 574) and ZWL5 671 339 056.97 (2021 ZWL898 231 833) due to Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden (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 Blocked Funds which were registered with the Reserve Bank of Zimbabwe (RBZ) for an orderly expunging of the debts. In 2021, the Government of Zimbabwe assumed the obligation to settle these Blocked Funds in terms of Part XIII of the Finance Act no 7 of 2021 under section 52. The Blocked funds are listed under Annex 1 of the Finance Act no 7 of 2021. In 2019, the Group transferred the ZWL equivalent of the legacy debts at a rate of US$/ZWL1:1 to the RBZ as per requirement of the Exchange Control directive RU 28 of 2019 (included as other assets to these financial statements). In terms of section 52 of the Finance Act no 7 of 2021, outstanding blocked funds may be liquidated through the issuance of Government-backed zero coupon or non-interest bearing foreign exchange savings bonds or such other debt instruments denominated in foreign currency. The timing of issuance of the Government-backed instruments is yet to be advised.

The line of credit balances have been translated at 30 June 2022 at the closing rate of USD/ZWL366.2687. Consequently, 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. During the period under review, the RBZ approved the legacy debt in respect of the FMO and Swedfund lines of credit.

14.2. Maturity analysis

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
Less than 1 month	26 544 638 803	31 098 959 275	26 544 638 803	14 205 794 401
1 to 3 months	640 831 467	4 639 588 401	640 831 467	2 119 332 623
3 to 6 months	650 098 693	7 339 851	650 098 693	3 352 794
6 months to 1 year	868 785 507	17 813 308	868 785 507	8 136 999
1 to 5 years	5 586 958	8 570 945	5 586 958	3 915 150
Over 5 years	-	-	-	-
	28 709 941 428	35 772 271 780	28 709 941 428	16 340 531 967

15. FINANCIAL INSTRUMENTS

15.1. Investment securities

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
GROUP				
Amortised cost – Gross	8 779 539 388	3 806 728 210	4 010 434 252	1 081 820 457
Additions	3 576 245 215	8 055 078 404	2 181 182 637	2 858 279 195
Interest earned	826 080 591	218 049 664	531 990 363	70 334 600
Monetary adjustment	(6 458 257 940)	(3 300 316 891)	-	-
	6 723 607 253	8 779 539 388	6 723 607 253	4 010 434 252

The Group holds Treasury Bills and Government Bonds amounting to ZWL6 723 607 253 with interest rates ranging from 5% to 40%. 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 ZWL6 723 295 710, a total of ZWL173 295 710 had been pledged as security against interbank borrowings excercisable on maturity of the investment securities.

15.2. Trade and other investments

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

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

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

Valuation models

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

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

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

15.2.1. Financial instruments measured at fair value – fair value hierarchy

	Inflation Adjusted			
	2022 ZWL	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL
Trade and other investments	136 032 055	-	-	136 032 055

	Inflation Adjusted			
	2021 ZWL	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL
Trade and other investments	79 904 269	-	-	79 904 269

	Historical Cost			
	2022 ZWL	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL
Trade and other investments	136 032 055	-	-	136 032 055

	Historical Cost			
	2021 ZWL	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL
Trade and other investments	36 499 730	-	-	36 499 730

During the reporting period ended 30 June 2022 and 31 December 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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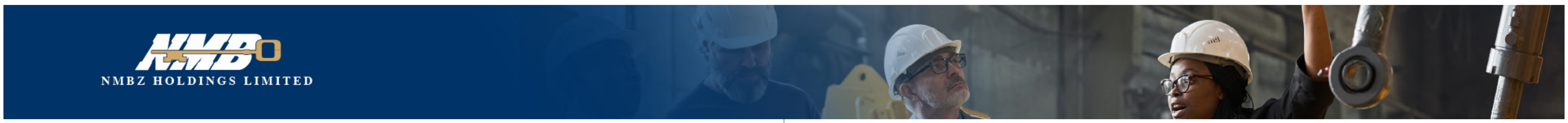

15.2.2. Financial instruments measured at fair value – fair value hierarchy

Level 3 fair value measurements

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
Reconciliation – Trade and other investments				
Balance at 1 January	79 904 269	38 276 537	36 499 730	10 877 672
Additions	-	55 418 685	-	17 177 307
Monetary adjustment	(105 370 844)	(37 646 782)	-	-
(Loss)/Gain recognised in profit or loss	161 498 630	23 855 829	99 532 325	8 444 751
	136 032 055	**79 904 269**	**136 032 055**	**36 499 730**

15.2.3. 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	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
Assets				
Cash and cash equivalents	11 201 627 042	10 666 230 717	11 201 627 042	4 872 262 099
Loans, advances and other accounts	30 348 447 228	27 075 362 395	29 263 634 259	11 849 962 849
Investment securities	6 723 607 253	8 779 539 388	6 723 607 253	4 010 434 252
Total	**48 273 681 524**	**46 521 132 500**	**47 188 868 554**	**20 732 659 200**
Liabilities				
Deposits and other liabilities	43 661 886 312	41 794 508 465	43 661 886 312	19 091 448 981
	43 661 886 312	**41 794 508 465**	**43 661 886 312**	**19 091 448 981**

16. CASH AND CASH EQUIVALENTS

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
GROUP				
Balances with the Central Bank**	861 521 212	2 039 217 987	861 521 212	931 500 994
Current, nostro accounts* and cash	9 850 105 830	7 269 724 694	9 850 105 830	3 320 761 105
Interbank placements	490 000 000	1 357 288 036	490 000 000	620 000 000
	11 201 627 042	10 666 230 717	11 201 627 042	4 872 262 099

* 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.

17. TOTAL LOANS, ADVANCES AND OTHER ASSETS

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
Fixed term loans – Corporate	14 096 843 695	12 579 261 828	14 096 843 695	5 746 121 781
Fixed term loans – Retail	6 647 619 114	4 420 500 245	6 647 619 114	2 019 254 634
Mortgages	402 881 958	604 061 517	402 881 958	275 931 218
Overdrafts	898 157 227	3 378 554 370	898 157 227	1 543 300 801
	22 045 501 994	20 982 377 960	22 045 501 994	9 584 608 434
Other assets	8 302 945 234	6 092 984 434	7 218 132 265	2 265 354 415
	30 348 447 228	27 075 362 394	29 263 634 259	11 849 962 849

17.1. Maturity analysis

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
Less than 1 month	4 867 069 082	5 257 062 278	4 867 069 082	2 401 390 517
1 to 3 months	2 420 360 105	3 133 744 296	2 420 360 105	1 431 473 214
3 to 6 months	1 193 185 015	444 518 678	1 193 185 015	203 053 128
6 months to 1 year	6 163 881 558	5 228 378 568	6 163 881 558	2 388 287 992
1 to 5 years	6 243 714 902	5 579 738 857	6 243 714 902	2 548 786 997
Over 5 years	1 945 373 725	2 241 332 708	1 945 373 725	1 023 825 631
	22 833 584 387	21 884 775 386	22 833 584 388	9 996 817 479
Allowances for impairment losses on loans and advance	(788 082 393)	(902 397 426)	(788 082 393)	(412 209 045)
ECL at 1 January	(902 397 426)	(537 620 248)	(412 209 045)	(152 784 373)
Monetary adjustment	724 197 608	203 148 634	-	-
ECL charged through profit or loss	(609 885 590)	(578 149 691)	(375 875 205)	(264 094 871)
Bad debts written off	3 015	10 223 879	1 857	4 670 199
	22 045 501 994	20 982 377 960	22 045 501 994	9 584 608 434
Other assets*	8 302 945 234	6 092 984 434	7 218 132 265	2 265 354 415
	30 348 447 228	27 075 362 394	29 263 634 259	11 849 962 849

** Included in other assets is an amount of ZWL1 185 329 908 pledged with the RBZ for the facilitation of legacy debts settlement in terms of Regulatory directives. Refer to note 14.1 for information related to the corresponding blocked funds for which the balances were transferred.*

17.2. Sectoral analysis of utilisations

	Inflation Adjusted			
	30 June 2022 ZWL	%	31 Dec 2021 ZWL	%
Agriculture	5 053 383 253	22%	5 075 799 716	23%
Distribution	5 960 940 039	26%	4 216 657 256	19%
Individuals	4 126 653 681	18%	6 371 132 555	29%
Manufacturing	2 229 743 363	10%	2 649 955 568	12%
Mining	589 699 098	3%	431 425 384	2%
Services	4 873 164 953	21%	3 139 804 908	14%
	22 833 584 387	100%	21 884 775 386	100%

	Historical Cost			
	30 June 2022 ZWL	%	31 Dec 2021 ZWL	%
Agriculture	5 053 383 253	22%	2 318 591 003	23%
Distribution	5 960 940 039	26%	1 926 140 534	19%
Individuals	4 126 653 681	18%	2 910 290 289	29%
Manufacturing	2 229 743 364	10%	1 210 481 793	12%
Mining	589 699 098	3%	197 072 200	2%
Services	4 873 164 953	21%	1 434 241 660	14%
	22 833 584 388	100%	9 996 817 479	100%

The material concentration of loans and advances is with the distribution sector at 26% (2021 - 19%) and agriculture sector at 22 % (2021 - 23%).

17.3. Impairment analysis of financial assets measured at amortised cost

	Inflation Adjusted			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2022	26 367 117 812	40 733 154	10 716 810	26 418 567 776
Monetary adjustment	(17 848 104 025)	(27 559 014)	(7 250 721)	(17 882 913 760)
Transfers	(1 207 968 090)	1 198 936 473	9 031 617	-
- to 12 months to ECL	55 447 930	(39 562 801)	(15 885 129)	-
- to lifetime ECL not credit impaired	(1 258 923 287)	1 258 923 926	(639)	-
- to lifetime ECL credit impaired	(4 492 733)	(20 424 653)	24 917 386	-
Net movement in financial assets	22 207 256 689	171 703 929	221 914 987	22 600 875 605
Balance as at 30 June 2022	**29 518 302 387**	**1 383 814 541**	**234 412 694**	**31 136 529 621**
Loss allowance analysis				
At 1 January 2022	744 059 641	39 829 830	118 507 955	902 397 426
Monetary adjustment	(702 295 330)	(60 594 745)	(57 387 697)	(820 277 772)
Transfers	(61 945 641)	37 087 218	24 858 424	-
- to 12 month ECL	188 703	(129 745)	(58 958)	-
- to lifetime ECL not credit impaired	(57 641 612)	57 641 616	(4)	-
- to lifetime ECL credit impaired	(4 492 733)	(20 424 653)	24 917 386	-
Net increase/(decrease) in ECL	247 718 450	45 078 690	(33 761 558)	259 035 581
Revaluation (exchange rate) on loans and advances ECL	439 379 056	1 953 822	5 594 279	446 927 157
Balance as at 30 June 2022	**666 916 175**	**63 354 814**	**57 811 403**	**788 082 392**

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17.3 Impairment analysis of financial assets measured at amortised cost (cont'd)

	Inflation Adjusted			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2021	13 868 356 753	89 171 972	23 460 964	13 980 989 689
Monetary adjustment	(9 311 387 533)	(56 128 232)	(14 767 224)	(9 382 282 989)
Transfers	(469 340 352)	284 855 082	184 485 270	-
- to 12 months to ECL	114 843 481	(105 520 737)	(9 322 744)	-
- to lifetime ECL not credit impaired	(401 474 690)	401 907 059	(432 369)	-
- to lifetime ECL credit impaired	(182 709 143)	(11 531 240)	194 240 384	-
Net movement in financial assets	22 279 488 944	98 213 488	98 953 261	22 476 655 694
Balance as at 31 December 2021	**26 367 117 812**	**416 112 310**	**292 132 272**	**27 075 362 394**
Loss allowance analysis				
At 1 January 2021	480 851 276	32 389 954	24 379 019	537 620 248
Monetary adjustment	126 889 511	629 629	(11 514 244)	116 004 896
Transfers	(89 112 944)	21 845 274	67 267 670	-
- to 12 month ECL	1 530 767	(1 498 981)	(31 786)	-
- to lifetime ECL not credit impaired	(33 538 808)	33 573 788	(34 981)	-
- to lifetime ECL credit impaired	(57 104 904)	(10 229 533)	67 334 437	-
Net increase/(decrease) in ECL	215 707 460	(15 035 027)	38 375 511	239 047 943
Revaluation (exchange rate) on loans and advances ECL	8 018 073	429 211	1 277 055	9 724 339
Balance as at 31 December 2021	**742 353 374**	**40 259 041**	**119 785 011**	**902 397 426**

17.4. Loans to officers and executive directors

	Inflation Adjusted			
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
Included in advances and other accounts are loans to officers:-				
At 1 January	170 198 264	227 908 228	77 745 417	64 768 423
Monetary adjustment	(131 031 770)	(94 369 058)	-	-
Net additions during the year	87 361 890	36 659 095	48 782 967	12 976 994
	126 528 384	**170 198 264**	**126 528 384**	**77 745 417**

18. INVESTMENT PROPERTIES

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
GROUP				
At 1 January	7 701 807 180	5 818 351 502	3 518 133 464	1 653 496 476
Additions	1 037 380 259	125 927 746	714 478 201	44 577 303
Disposals	-	(66 401 975)	-	(23 505 709)
Fair value gains	1 322 327 930	1 823 929 907	5 828 903 704	1 843 565 394
At 31 December	**10 061 515 369**	**7 701 807 180**	**10 061 515 369**	**3 518 133 464**

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.

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

Measurement of fair value

Fair value hierarchy

The fair value of the Group's investment properties as at 30 June 2022 has been arrived at on the basis of valuations carried out by management The valuation 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 has been categorised under level 3 in the fair value hierarchy based on the inputs used for the valuation technique described below.

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%.	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).

19. INTANGIBLE ASSETS

	Inflation Adjusted		Historical Cost	
	ZWL	Total ZWL	ZWL	Total ZWL
Cost				
Balance 1 January 2021	780 857 361	780 857 361	9 121 828	9 121 828
Inflation adjustment	654 272 653	654 272 653	-	-
Acquisitions	34 293 130	34 293 130	12 139 463	12 139 463
Balance at 31 December 2021	1 469 423 145	1 469 423 145	21 261 291	21 261 291
Balance at 30 June 2022	1 469 423 145	1 469 423 145	21 261 291	21 261 291
Accumulated amortisation				
Balance 1 January 2021	655 905 482	655 905 482	4 988 121	4 988 121
Amortisation for the year	8 094 786	8 094 786	2 865 483	2 865 483
Balance at 31 December 2021	664 000 269	664 000 269	7 853 604	7 853 604
Amortisation for the period	2 564 034	2 564 034	1 580 225	1 580 225
Balance at 30 June 2022	666 564 303	666 564 303	9 433 829	9 433 829
Carrying amount				
At 30 June 2022	802 858 842	802 858 842	11 827 462	11 827 462
At 31 December 2021	805 422 876	805 422 876	13 407 688	13 407 688

20. 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 2021	**1 515 281 504**	**1 524 932 356**	**159 522 539**	**810 173 006**	**380 545 128**	**5 127 704 331**	**9 518 158 863**
Additions	128 634 277	160 166 873	-	52 917 381	-	-	341 718 531
Remeasurement – Right of use assets	-	-	-	-	90 997 300	-	90 997 300
Capitalisations	(59 026 930)	-	-	-	-	59 026 930	-
Revaluations	-	-	-	-	-	1 096 787 059	1 096 787 059
Disposals	-	(1 674 878)	(8 976 135)	-	-	-	(10 651 013)
At 31 December 2021	**1 584 888 851**	**1 683 424 351**	**150 546 404**	**863 090 387**	**471 542 428**	**6 283 518 320**	**11 037 010 740**
Additions	65 737 106	317 222 086	131 813 537	21 151 132	-	-	535 923 861
Remeasurement – Right of use assets	-	-	-	-	795 271 093	-	795 271 093
Revaluations	-	-	-	-	-	(98 000 637)	(98 000 637)
At 30 June 2022	**1 650 625 957**	**2 000 646 437**	**282 359 941**	**884 241 519**	**1 266 813 521**	**6 185 517 683**	**12 270 205 057**
Accumulated depreciation							
At 1 January 2021	**-**	**859 577 837**	**131 518 776**	**580 263 384**	**87 868 355**	**53 590 809**	**1 712 819 160**
Charge for the year – Property and equipment	-	49 720 085	1 448 979	22 925 314	-	185 646	74 280 024
Charge for period – Right of use assets	-	-	-	-	108 330 618	-	108 330 618
Disposals	-	(1 674 878)	(8 976 135)	-	-	-	(10 651 013)
At 31 December 2021	**-**	**907 623 044**	**123 991 620**	**603 188 698**	**196 198 973**	**53 776 455**	**1 884 778 789**
Charge for the year – Property and equipment	-	30 973 466	5 506 577	10 624 345	-	35 691 565	82 795 953
Charge for period – Right of use assets	-	-	-	-	103 476 638	-	103 476 638
Remeasurement – Right of use assets	-	-	-	-	66 357 491	-	66 357 491
At 30 June 2022	**-**	**938 596 510**	**129 498 197**	**613 813 043**	**366 033 102**	**89 468 020**	**2 137 408 871**
Carrying amount							
At 30 June 2022	**1 650 625 957**	**1 062 049 926**	**152 861 744**	**270 428 476**	**900 780 419**	**6 096 049 663**	**10 132 796 186**
At 31 December 2021	**1 584 888 851**	**775 801 307**	**26 554 784**	**259 901 689**	**275 343 456**	**6 229 741 865**	**9 152 231 951**

* Assets measured using the revaluation model
** Right-of-Use Assets recognised in respect of leased properties in 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.

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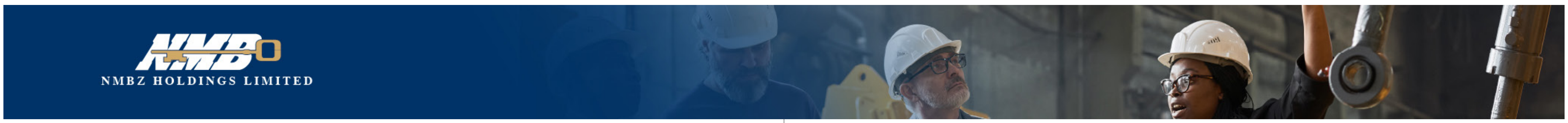

20. PROPERTY AND EQUIPMENT (cont'd)

	Historical Cost						
	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 2021	**8 615 429**	**83 147 758**	**3 392 129**	**44 827 238**	**33 329 832**	**1 457 223 931**	**1 630 536 317**
Additions	49 831 811	55 339 763	-	18 147 561	-	-	123 319 135
Remeasurement – Right of use assets	-	-	-	-	61 810 635	-	61 810 635
Capitalisations	(24 265 270)	-	-	-	-	24 265 270	-
Disposals	-	(694 870)	(62 694)	-	-	-	(757 564)
Revaluations	-	-	-	-	-	1 408 660 239	1 408 660 239
At 31 December 2021	**34 181 970**	**137 792 651**	**3 329 435**	**62 974 799**	**95 140 467**	**2 890 149 441**	**3 223 568 762**
Additions	40 514 071	268 313 780	101 922 050	12 325 409	-	-	423 075 311
Remeasurement – Right of use assets	-	-	-	-	490 129 117	-	490 129 117
Revaluations	-	-	-	-	-	3 295 368 242	3 295 368 242
At 30 June 2022	**74 696 041**	**406 106 431**	**105 251 485**	**75 300 208**	**585 269 584**	**6 185 517 683**	**7 432 141 432**
Accumulated depreciation							
At 1 January 2021	**-**	**10 043 928**	**1 200 086**	**5 992 556**	**9 890 582**	**15 229 780**	**42 356 932**
Charge for the year – Property and equipment	-	22 698 711	661 884	10 872 074	-	29 215 683	63 448 352
Charge for period – Right of use assets	-	-	-	-	37 881 248	-	37 881 248
Remeasurement – Right of use assets	-	-	-	-	15 144 683	-	15 144 683
Disposals	-	(694 870)	(62 694)	-	-	-	(757 564)
At 31 December 2021	**-**	**32 047 769**	**1 799 276**	**16 864 630**	**62 916 513**	**44 445 463**	**158 073 651**
Charge for the year – Property and equipment	-	20 053 993	3 732 335	6 691 996	84 404 717	-	114 883 042
Charge for period – Right of use assets	-	-	-	-	-	22 452 332	22 452 332
Remeasurement – Right of use assets	-	-	-	-	40 896 417	-	40 896 417
At 30 June 2022	**-**	**52 101 762**	**5 531 611**	**23 556 626**	**188 217 648**	**66 897 795**	**336 305 442**
Carrying amount							
At 30 June 2022	**74 696 041**	**354 004 669**	**99 719 874**	**51 743 582**	**397 051 936**	**6 118 619 887**	**7 095 835 990**
At 31 December 2021	**34 181 970**	**105 744 882**	**1 530 159**	**46 110 169**	**32 223 954**	**2 845 703 978**	**3 065 495 110**

21. LEASES

The Group leases various buildings for the furtherance of its trade. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.
Leased assets may not be used as security for borrowing purposes.

The Group's leases are recognised as a right-of-use asset and a corresponding liability is also recognised in the Statement of Financial Position from the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a leasing arrangement are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and;
- payments of penalties for terminating the lease, if it is provided in the leasing agreement.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The Right-of-Use Assets represent the Group's rights to occupy land and buildings in various lease arrangements 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.

The lease payments are discounted using the Group's incremental borrowing rate. The Group does not recognise Right of Use Assets or lease liabilities or short term leases which are expensed on a straight line basis.

22. CONTINGENT LIABILITIES

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
GROUP				
Guarantees	279 941 484	172 661 549	279 941 484	107 418 549
Facilities approved but not drawn down	64 924 022	76 567 295	64 924 022	47 635 086
Expected credit losses on facilities approved but not drawndown	(1 975 959)	(2 396 371)	(1 975 959)	(1 490 863)
Expected credit losses on guarantees	(1 741 141)	(786 855)	(1 741 141)	(489 529)
	341 148 406	246 045 618	341 148 406	153 073 243

The Group enters into various irrevocable commitments and contingent liabilities in its normal course of business in order to meet financial needs of customers. These obligations are not recognised on the statement of financial position, but contain credit risk and are therefore part of the overall risk of the Group.

Guarantees commit the Group to make payments on behalf of clients in the event of specified acts. Guarantees carry the same credit risk as loans and advances to customers.

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

23. CAPITAL COMMITMENTS

	Inflation Adjusted		Historical Cost	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
Capital expenditure contracted for	-	-	-	-
Capital expenditure authorised but not yet contracted for	-	290 414 317	-	290 414 317
	-	290 414 317	-	290 414 317

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

24. EXCHANGE RATES

The following exchange rates have been used to translate the foreign currency balances to Zimbabwean dollars (ZWL) at period end:-

		30 June 2022 Mid - rate ZWL	31 Dec 2021 Mid - rate ZWL
United States Dollar	USD	366.27	108.67
British Sterling	GBP	444.36	146.70
South African Rand	ZAR	0.04	0.15
European Euro	EUR	382.86	123.02
Botswana Pula	BWP	29.76	9.23

25. SEGMENT INFORMATION

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

Retail banking	Individual customers deposits and consumer loans, overdrafts, credit card facilities and funds transfer facilities.
Corporate banking	Loans and other credit facilities and deposit and current accounts for corporate and institutional customers.
Treasury	Money market investment, securities trading, accepting and discounting of instruments and foreign currency trading.
International banking	Handles the Group's foreign currency denominated banking business and manages relationships with correspondent banks.
Digital Banking	Handles the Bank's Digital Banking products including Card and POS services.
Other	Includes other items like real estate, head office related transactions and developing business lines for the Group

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

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

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

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2022 or 2021.

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

	Inflation Adjusted						
	Consumer Banking & Value Added Services ZWL	Business Banking ZWL	Treasury Banking ZWL	International Banking ZWL	Digital Banking ZWL	Other ZWL	Total ZWL
Inflation adjusted							
For the six months ended 30 June 2022							
Income							
Third party income	2 516 182 865	3 443 531 529	565 686 065	143 648 197	2 497 351 562	307 757 598	9 474 157 816
Interest and similar expense	(986 903 482)	(237 226 136)	(1 540 924 573)	(195 098 732)	(458 653 635)	(3 826 792 882)	(7 245 599 440)
	1 529 279 383	3 206 305 393	(975 238 507)	(51 450 535)	2 038 697 927	(3 519 035 284)	22 285 558 376
Net operating income							
Other material non-cash items							
Impairment losses on financial assets measured at amortised cost	(50 528 987)	(354 133 554)	(59 331)	-	-	-	(404 721 872)
Depreciation of property and equipment	(22 153 130)	(751 397)	(18 937)	(152 446)	(3 958 460)	(55 761 582)	(82 795 952)
Depreciation of right of use assets	-	-	-	-	-	(103 476 638)	(103 476 638)
Segment profit/(loss)	**1 456 597 265**	**2 851 420 442**	**(975 316 776)**	**(51 602 981)**	**2 034 739 467**	**(3 678 273 505)**	**1 637 563 912**
Total comprehensive income for the year	1 456 597 265	2 851 420 442	(975 316 776)	(51 602 981)	2 034 739 467	(3 678 273 505)	1 637 563 912
As at 30 June 2022							
Assets and liabilities							
Total assets	**12 443 257 487**	**20 347 126 480**	**10 415 906 611**	**6 414 884 428**	**455 722 141**	**19 329 986 829**	**69 406 883 975**
Total liabilities	**12 879 138 101**	**10 652 414 945**	**8 334 921 840**	**6 702 075 021**	**-**	**9 134 565 004**	**47 703 114 911**

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

	Inflation Adjusted						
	Consumer Banking & Value Added Services ZWL	Business Banking ZWL	Treasury Banking ZWL	International Banking ZWL	Digital Banking ZWL	Other ZWL	Total ZWL
For the six months ended 30 June 2021							
Income							
Third party income	1 327 565 339	2 140 057 401	272 762 669	84 486 254	2 033 082 026	388 059 908	6 246 013 597
Interest and similar expense	(29 675 161)	(16 900 411)	(466 197 305)	-	-	-	(512 772 877)
	1 297 890 177	2 123 156 990	(193 434 636)	84 486 254	2 033 082 026	388 059 908	5 733 240 720
Net operating income							
Other material non-cash items							
Impairment losses on financial assets measured at amortised cost	(74 058 924)	(125 497 503)	(39 491 517)	-	-	-	(239 047 943)
Depreciation of property and equipment	21 569 931	108 788	79 471	10 120	5 286 073	178 925 274	205 979 658
Depreciation of right of use assets	-	-	-	-	-	45 592 773	45 592 773
Amortisation of intangible assets	-	-	-	-	-	69 868 542	69 868 542
Segment profit/(loss)	**160 016 580**	**430 729 772**	**66 008 370**	**-**	**581 695 561**	**413 929 533**	**1 652 379 817**
Income tax charge	-	-	-	-	-	(936 925 495)	(936 925 495)
Total comprehensive income for the period	160 016 580	430 729 772	66 008 370	-	581 695 561	(522 995 962)	715 454 322
As at 31 December 2021							
Assets and liabilities							
Capital expenditure (property and equipment and intangible assets)	298 037 822	19 934 510	-	2 665 944	43 248 718	240 492 550	604 379 544
Total assets	**13 634 630 471**	**21 542 005 924**	**12 387 761 820**	**4 197 492 473**	**455 722 141**	**12 042 885 947**	**64 260 498 776**
Total liabilities	**21 904 581 570**	**15 505 052 482**	**3 807 931 291**	**1 635 361 968**	**-**	**1 649 121 499**	**44 502 048 808**

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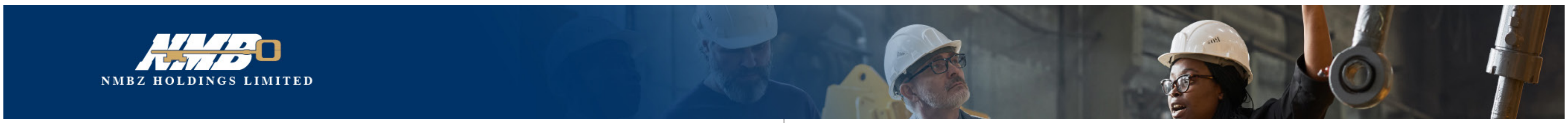

26. EVENTS AFTER THE REPORTING PERIOD

The Directors have assessed and concluded observed the following significant events after the reporting period which require separate disclosure for the Group:

26.1. Introduction of Gold Coins

The MPC resolved to introduce gold coins into the market as an instrument that will enable investors to store value. The gold coins are minted by Fidelity Gold Refineries (Private) Limited and are sold to the public through normal banking channels. On 25 July 2022 the Reserve Bank of Zimbabwe released the first batch of 2,000 Mosi-oa-Tunga Gold Coins to the Zimbabwean market.

Local agents commenced selling the gold coins on an agency basis, at the initial price of US$1,823.8 per gold coin or ZWL805,745.35. In addition to the Zimbabwean Dollar, Gold coins can also be purchased in denominated currencies such as the South African Rand, Botswana Pula, Australian Dollar, British Pound and Euro. The Reserve Bank of Zimbabwe publish the Mosi-oa-Tunya gold coin price by 0800 hours daily, which price is based on the previous day's London Bullion Market Association (LBMA) PM Fix plus 5% to cover the cost of production and distribution of the gold coins.

NMB Bank Limited is an agent and participates in the selling of gold coins.

26.2. Interest Rates and Statutory Reserves

The Monetary Policy Ccommittee (MPC) of the Reserve Bank of Zimbabwe reviewed interest rates and statutory reserves with effect from 1st July 2022 as follows:
Increasing the Bank policy rate from 80% to 200% per annum;

i. Increasing the Medium Term Accommodation interest rate from 50% to 100% per annum;
ii. Increasing the minimum deposit rate for ZWL savings from the current 12,5% to 40% per annum and increasing the minimum rate for ZWL time deposits
iii. from 25% to 80% per annum; and
iv. Maintaining the Statutory Reserve Requirements at the current levels of 10% for demand and call deposits and 2.5% for savings and time deposits

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STATEMENT OF COMPREHENSIVE INCOME

	Note	Inflation Adjusted		Historical Cost*	
		30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Interest income		4 618 157 490	2 600 942 905	3 033 435 203	839 174 765
Interest expense		(1 561 949 259)	(512 772 877)	(1 038 645 205)	(167 527 694)
Net interest income		3 056 208 231	2 088 170 028	1 994 789 998	671 647 071
Fee and commissions income		4 483 654 137	3 315 120 258	2 944 822 528	1 067 162 015
Net foreign exchange gains		1 477 262 637	208 842 249	1 458 922 152	66 488 985
Revenue		9 017 125 005	5 612 132 535	6 398 534 678	1 805 298 071
Other income	a	1 379 543 645	121 108 186	5 864 618 788	115 924 497
Operating income		10 396 668 649	5 733 240 721	12 263 153 466	1 921 222 568
Operating expenditure	b	(4 557 084 793)	(3 742 875 744)	(2 997 246 226)	(1 152 558 885)
Operating income before impairment charge and loss on net monetary position		5 839 583 856	1 990 364 977	9 265 907 239	768 663 683
Impairment losses on financial assets measured at amortised cost		(259 035 581)	(239 047 943)	(259 035 581)	(81 988 552)
Loss on net monetary position		(6 012 834 696)	(106 410 941)	-	-
Profit before tax		**(432 286 421)**	**1 644 906 093**	**9 006 871 659**	**686 675 131**
Taxation		(1 642 618 114)	(936 925 496)	(1 563 755 315)	(150 762 910)
Profit for the period		**(2 074 904 535)**	**707 980 597**	**7 443 116 343**	**535 912 221**
Other comprehensive income					
Revaluation gains on land and buildings, net of tax		(73 774 880)	-	2 656 263 865	48 962 517
Total comprehensive income for the period		**(2 148 679 415)**	**707 980 597**	**10 099 380 208**	**584 874 738**
Earnings per share (ZWL cents)					
- Basic	c.3	(12 571)	4 289	45 093	3 247

* 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 FINANCIAL POSITION

SHAREHOLDER'S FUNDS	Note	Inflation Adjusted		Historical Cost*	
		30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
Share capital	d	2 555 671	2 555 671	16 506	16 506
Share Premium		4 530 910 896	4 530 910 896	31 474 502	31 474 502
Functional currency translation reserve		1 011 763 431	1 011 763 431	11 619 648	11 619 648
Revaluation reserve		3 102 699 527	3 176 474 408	4 572 261 231	1 915 997 366
Retained earnings		8 468 619 824	10 543 524 361	12 555 835 136	5 112 718 794
Total shareholders' funds		**17 116 549 349**	**19 265 228 767**	**17 171 207 023**	**7 071 826 816**
LIABILITIES					
Deposits and other liabilities		43 671 475 587	41 789 173 831	43 671 475 587	19 089 012 156
Current tax liabilities		132 855 404	516 916 935	132 855 404	236 124 162
Deferred tax liabilities		3 908 125 457	2 190 788 727	2 781 932 752	741 557 003
Subordinated term loan		736 601 094	488 437 153	736 601 094	223 114 790
Amount owing to Holding company		6 644 652	4 691 664	6 644 652	2 143 122
Total liabilities		**48 455 702 194**	**44 990 008 310**	**47 329 509 489**	**20 291 951 233**
Total shareholder's funds and liabilities		**65 572 251 543**	**64 255 237 077**	**64 500 716 512**	**27 363 778 049**
ASSETS					
Cash and cash equivalents	e	11 201 627 042	10 666 230 717	11 201 627 042	4 872 262 099
Investment securities		6 723 607 252	8 779 539 388	6 723 607 252	4 010 434 252
Loans, advances and other assets		30 341 802 576	27 070 100 696	29 270 267 544	11 847 545 705
Trade and other investments		136 032 055	79 904 269	136 032 055	36 499 730
Investment properties		10 061 515 369	7 701 807 180	10 061 515 369	3 518 133 464
Intangible assets		11 827 462	805 422 876	11 827 462	13 407 688
Property and equipment		7 095 839 787	9 152 231 951	7 095 839 787	3 065 495 111
Total assets		**65 572 251 543**	**64 255 237 077**	**64 500 716 512**	**27 363 778 049**

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

STATEMENT OF CHANGES IN EQUITY

COMPANY	Inflation Adjusted					
	Share Capital	Share Premium	Functional Currency Translation Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as at 1 January 2021	2 555 671	4 530 910 896	1 011 763 431	2 351 032 467	6 390 725 024	14 286 987 489
Total comprehensive income for the period	-	-	-	-	707 980 597	707 980 597
Balance at 30 June 2021	2 555 671	4 530 910 896	1 011 763 431	2 351 032 467	7 098 705 621	14 994 968 086
Total comprehensive income for the period	-	-	-	-	3 444 818 738	3 444 818 738
Revaluation gains on land and buildings, net of tax	-	-	-	825 441 940	-	825 441 940
Balance at 1 January 2022	2 555 671	4 530 910 896	1 011 763 431	3 176 474 407	10 543 524 359	19 265 228 764
Total comprehensive income for the period	-	-	-	-	(2 074 904 535)	(2 074 904 535)
Revaluation gains on land and buildings, net of tax	-	-	-	(73 774 880)	-	(73 774 880)
Balance at 30 June 2022	**2 555 671**	**4 530 910 896**	**1 011 763 431**	**3 102 699 527**	**8 468 619 824**	**17 116 549 349**

COMPANY	Historical Cost*					
	Share Capital	Share Premium	Functional Currency Translation Reserve	Revaluation Reserve	Retained Earnings	Total
Balance as at 1 January 2021	16 506	31 474 502	11 619 648	1 067 266 442	2 142 925 978	3 253 303 076
Total comprehensive income for the period	-	-	-	-	535 912 221	535 912 221
Revaluation gains on land and buildings, net of tax	-	-	-	48 962 517	-	48 962 517
Balance at 30 June 2021	16 506	31 474 502	11 619 648	1 116 228 959	2 678 838 199	3 838 177 814
Total comprehensive income for the period	-	-	-	-	2 433 880 594	2 433 880 594
Revaluation gains on land and buildings, net of tax	-	-	-	799 768 407	-	799 768 407
Balance at 1 January 2022	16 506	31 474 502	11 619 648	1 915 997 366	5 112 718 793	7 071 826 817
Total comprehensive income for the period	-	-	-	-	7 443 116 343	7 443 116 343
Revaluation gains on land and buildings, net of tax	-	-	-	2 656 263 865	-	2 656 263 865
Balance at 30 June 2022	**16 506**	**31 474 502**	**11 619 648**	**4 572 261 231**	**12 555 835 136**	**17 171 207 025**

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

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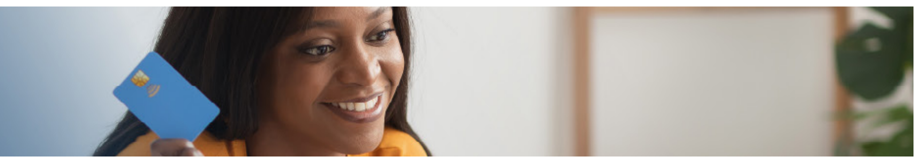

STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES	Inflation Adjusted		Historical Cost*	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
Profit before taxation	(432 286 421)	1 644 906 093	9 006 871 659	686 675 131
Non-cash items:				
- Net monetary (Loss)/Gain	6 012 834 696	106 410 941	-	-
- Depreciation (excluding right of use assets)	51 822 487	205 979 658	32 876 664	30 129 390
- Depreciation – Right of use assets	103 476 638	45 592 773	84 404 717	14 629 746
- Amortisation of intangible assets	30 973 466	69 868 542	20 053 993	1 245 900
- Impairment losses on financial assets measured at amortised costs	259 035 581	239 047 943	259 035 581	81 988 552
- Investment properties fair value gains	(1 322 327 930)	-	(5 828 903 704)	(74 578 159)
- Trade and other investments fair value movements adjustment	(161 498 630)	5 313 649	(99 532 325)	(427 924)
- Interest capitalised on subordinated term loan	-	38 268 540	-	11 888 882
- Unrealised foreign exchange gain	(727 966 409)	(158 767 774)	(727 966 409)	(54 454 097)
Operating cash flows before changes in operating assets and liabilities	3 814 063 478	2 196 620 365	2 746 840 176	697 097 421
Changes in operating assets and liabilities				
Increase/(decrease) in deposits and other liabilities	1 882 301 755	4 742 768 105	24 582 463 431	2 953 076 959
(Increase)/decrease in loans, advances and other assets	(3 271 701 880)	(4 968 232 054)	(17 422 721 839)	(2 601 285 150)
Net cash generated/(used) from operations	2 424 663 355	1 971 156 416	9 906 581 768	1 048 889 230
Taxation				
Corporate tax paid	(537 182 671)	(932 367 037)	(434 519 915)	(259 542 903)
Net cash inflow/(outflow) from operations	1 887 480 684	1 038 789 379	9 472 061 853	789 346 327
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of intangible assets	-	(19 219 774)	-	(5 989 142)
Disposal/(Acquisition) of investment securities	(3 576 245 215)	(118 714 434)	(2 181 182 637)	(35 405 757)
Acquisition of property and equipment	(535 923 861)	(186 227 206)	(423 075 311)	(60 912 585)
Acquisition of investment properties	(1 037 380 259)	(120 898 258)	(714 478 201)	(39 205 646)
Net cash (used)/generated in investing activities	(5 149 549 335)	(445 059 672)	(3 318 736 149)	(141 513 130)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of lease liabilities	(115 217 343)	(73 793 106)	(71 008 962)	(19 647 627)
Net cash outflow from financing activities	(115 217 343)	(73 793 106)	(71 008 962)	(19 647 627)
Net (decrease)/increase in cash and cash equivalents	(3 377 285 995)	519 936 601	6 082 316 742	628 185 570
Net foreign exchange and monetary adjustments on cash and cash equivalents	3 912 682 320	427 710 326	247 048 201	103 286 425
Cash and cash equivalents at beginning of the year	10 666 230 717	6 913 198 910	4 872 262 099	1 964 637 240
Cash and cash equivalents at the end of the year	11 201 627 042	7 860 845 837	11 201 627 042	2 696 109 235

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

a) Other income

	Inflation Adjusted		Historical Cost*	
	30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Fair value gains on investment properties	1 322 327 930	-	5 828 903 704	74 578 159
Rental income	54 506 737	15 544 925	34 124 887	5 043 436
Other operating income	2 708 978	105 563 261	1 590 197	36 302 902
	1 379 543 645	121 108 186	5 864 618 788	115 924 497

b) OPERATING EXPENDITURE

The net operating income is after charging the following:

	Inflation Adjusted		Historical Cost*	
	30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Administration costs	2 035 433 997	1 902 442 817	1 345 725 250	612 972 442
Depreciation (excluding right of use assets)	51 822 487	205 979 658	32 876 664	30 129 390
Amortisation of intangible assets	30 973 466	69 868 542	20 053 993	1 245 900
Depreciation – right of use assets	103 476 638	45 592 773	84 404 717	14 629 746
Staff costs – salaries, allowances and related costs	2 335 378 205	1 518 991 954	1 514 185 602	493 581 407
	4 557 084 793	3 742 875 744	2 997 246 226	1 152 558 885

c) EARNINGS PER SHARE

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

	Inflation Adjusted		Historical Cost*	
	30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
c.1. Earnings				
Profit for the year	(2 074 904 535)	707 980 597	7 443 116 343	535 912 221
c.2. Number of shares				
Weighted average shares in issue	16 506 050	16 506 050	16 506 050	16 506 050
c.3. Earnings per share (ZWL cents)				
Basic and diluted	(12 571)	4 289	45 093	3 247

d. SHARE CAPITAL

d.1. Authorised

The authorised ordinary share capital at 30 June 2022 is at the historical cost figure of ZWL25 000 (2021 - ZWL25 000) comprising 25 million ordinary shares of ZWL0.001 each.

d.2. Issued and fully paid

The issued share capital at 30 June 2022 is at the inflation adjusted figure of ZWL1 167 413 (2021 restated – ZWL1 167 413) and historical cost of ZWL16 506 (2021 – 16 506) comprising 16 506 050 (2021 – 16 506 050) ordinary shares of ZWL0.001 each in historical cost terms.

e) CASH AND CASH EQUIVALENTS

	Inflation Adjusted		Historical Cost*	
	30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Balances with the Central Bank**	861 521 212	2 039 217 987	861 521 212	931 500 994
Current, nostro accounts* and cash	9 850 105 830	7 269 724 694	9 850 105 830	3 320 761 105
Interbank placements	490 000 000	1 357 288 036	490 000 000	620 000 000
	11 201 627 042	10 666 230 717	11 201 627 042	4 872 262 099

* 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.

f) CORPORATE GOVERNANCE AND RISK MANAGEMENT

1. RESPONSIBILITY

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

2. CORPORATE GOVERNANCE

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

3. BOARD OF DIRECTORS

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

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

3.1. Directors' attendance at NMB Bank Limited Board meetings

NAME OF DIRECTOR	MAIN BOARD	AUDIT	CREDIT	ALCO & FINANCE
Number of meetings held	3	3	2	2
B. A. Chikwanha	3	-	2	-
C. Chikaura	2	3	2	1
J. Maguranyanga	3	2	-	-
C. Glover	3	-	-	2
S. Chitehwe	3	3	-	2
J. de la Fargue	3	-	2	2
J. Tichelaar	3	-	-	2
G Taputaira	3	3	-	-
G Gore	3	-	2	2
M Chipunza	3	-	-	2

NAME OF DIRECTOR	LOANS REVIEW	HUMAN CAPITAL, REMUNERATION & NOMINATIONS	RISK & COMPLIANCE	ICT & DIGITAL
Number of meetings held	2	2	2	2
B A Chikwanha	-	2	-	2
C Chikaura	-	2	2	-
J Maguranyanga	2	2	2	-
C. Glover	2	-	2	2
S. Chitehwe	2	-	-	2
J de la Fargue	-	2	1	-
J Tichelaar	1	2	-	2
G Taputaira	2	-	2	2
G Gore	-	2	2	2
M Chipunza	-	-	-	-

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3.2. BOARD COMMITTEES

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

Audit Committee:

The Committee oversees the Group's financial reporting process, monitoring the integrity and appropriateness of the Group's financial statements; evaluating the adequacy of the Group's financial and operational processes, compliance, internal controls and risk management processes. Both the internal and external auditors have unrestricted access to the audit committee to ensure their independence and objectivity.

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

Credit Committee

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

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

ALCO & Finance

The ALCO & Finance Committee is responsible for deriving the most appropriate strategy for the Group in terms of the mix of assets and liabilities given its expectations of the future and the potential consequences of interest-rate movements, liquidity constraints, foreign exchange exposure and capital adequacy.

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

Loans Review

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

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

Human Capital, Remuneration & Nominations Committee

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

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

Risk & Compliance Committee

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

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

ICT & Digital Banking Committee

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

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

4. RISK MANAGEMENT

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

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

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

Risk management is premised on four (4) mutually reinforcing pillars, namely:
a) adequate board and senior management oversight;
b) adequate strategy, policies, procedures and limits;
c) adequate risk identification, measurement, monitoring and information systems; and
d) comprehensive internal controls and independent reviews.

4.1. Credit risk

Credit risk is the risk that a financial contract will not be honoured according to the original set of terms. The risk arises when borrowers or counterparties to a financial instrument fail to meet their contractual obligations. The Bank's general credit strategies centre on sound credit granting process, diligent credit monitoring and strong loan collection and recovery. There is a separation between loan collection and recovery. There is a separation between loan granting and credit monitoring to ensure independence and effective management of 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 Bank has in place a Board Loans Review Committee responsible for reviewing the quality of the loan book and adequacy or loan loss provisions.

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

Credit Management

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

Credit Monitoring and Financial Modelling

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

Credit Administration

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

Recoveries

The recoveries unit is responsible for all collections and ensures that the Group maximises recoveries from Non-Performing Loans (NPLs) and loans and advances written off.

4.2. Market risk

This is the exposure of the Group's on and off balance sheet positions to adverse movement in market prices resulting in a loss in earnings and capital. The market prices will range from money market (interest rate risk), foreign exchange and equity markets in which the bank operates. The Group has in place a Management Asset and Liability Committee (ALCO) which monitors market risk and recommends the appropriate levels to which the Group should be exposed at any time. Net Interest Margin is the primary measure of interest rate risk, supported by periodic stress tests to assess the Group's ability to withstand stressed market conditions. On foreign exchange risk, the bank monitors currency mismatches and make adjustments depending on exchange rate movement forecast. The mismatches per currency are contained within 5% of the Group's capital position.

Management ALCO meets on a monthly basis and operates within the prudential guidelines and policies established by the Board ALCO. The Board ALCO is responsible for setting exposure thresholds and limits, and meets on a quarterly basis. The following table demonstrates the sensitivity to a reasonable change in interest rates, with all other variables held constant, of the Group's statement of comprehensive income.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the profit or loss for the year, based on the variable and fixed interest rate financial assets and liabilities held at 31 December 2021.

4.3. Liquidity risk

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

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

The key measure used by the bank for managing liquidity risk is the ratio of net liquid assets to deposits to customers. The Group also actively monitors its loans to deposit ratio against a set threshold in a bid to monitor and limit funding risk. The group monitors funding concentration risk by reviewing the ratio of top 20 depositors to the total funding. Funding mix is also monitored by monitoring the contribution of wholesale and demand deposits to the total funding for the bank. Liquidity risk is monitored through a daily liquidity reports produced by the Risk Management department. This is augmented by a monthly management ALCO and a quarterly board ALCO meetings.

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

4.4. Operational risk

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

4.5. Legal and compliance risk

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

4.6. Reputational risk

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

4.7. Strategic risk

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

4.8. Risk Ratings

4.8.1. Reserve Bank of Zimbabwe Ratings

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

4.8.1.1. CAMELS* Ratings

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

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

** RBS stands for Risk-Based Supervision.

4.8.1.2. Summary RAS ratings

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

*** RAS stands for Risk Assessment System.

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

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

KEY

High	Moderate/Acceptable	Low

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Level of Inherent Risk

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

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

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

Adequacy of Risk Management Systems

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

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

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

Overall Composite Risk

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

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

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

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

Direction of Overall Composite Risk

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

4.8.2. External Credit Ratings

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

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

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

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

4.9. Regulatory Compliance

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

5. CAPITAL MANAGEMENT

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

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

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

The Bank's regulatory capital position at 30 June 2022 was as follows:

	Inflation Adjusted		Historical Cost*	
	30 June 2022 ZWL	31 Dec 2021 ZWL	30 June 2022 ZWL	31 Dec 2021 ZWL
	Reviewed	Restated Audited		
Share capital	2 555 671	2 555 671	16 506	16 506
Share Premium	4 530 910 896	4 530 910 896	31 474 502	31 474 502
Functional currency translation reserve	1 011 763 431	1 011 763 431	11 619 648	11 619 648
Revaluation reserve	3 102 699 527	3 176 474 408	4 572 261 231	1 915 997 366
Retained earnings	8 468 619 824	10 543 524 361	12 555 835 136	5 112 718 794
	17 116 549 349	19 265 228 767	17 171 207 023	7 071 826 816
Less: capital allocated for market and operational risk	(4 136 912 336)	(659 440 730)	(4 136 912 336)	(192 509 961)
Tier 1 capital	12 979 637 013	18 605 788 037	13 034 294 687	6 879 316 855
Tier 2 capital (subject to limit as per Banking Regulations)	1 368 871 447	2 348 865 811	4 762 240 326	1 980 601 351
Fair valuation gains on land and buildings	(98 000 637)	1 096 787 059	3 295 368 242	1 408 660 239
Subordinated debt	736 601 094	488 437 153	736 601 094	223 114 790
Stage 1 & 2 ECL provisions – (limited to 1,25% of risk weighted assets)	730 270 990	763 641 599	730 270 990	348 826 321
Tier 1 & 2 capital	14 348 508 460	20 954 653 848	17 796 535 013	8 859 918 206
Tier 3 capital (sum of market and operational risk capital)	4 136 912 336	659 440 730	4 136 912 336	301 228 069
Total capital base	18 485 420 796	21 614 094 578	21 933 447 349	9 161 146 275
Total risk weighted assets	58 261 745 571	52 891 829 616	58 261 745 571	24 160 630 276
Tier 1 ratio	22.28%	35.18%	22.37%	28.47%
Tier 2 ratio	2.35%	4.44%	8.17%	8.20%
Tier 3 ratio	7.10%	1.25%	7.10%	1.25%
Total capital adequacy ratio	31.73%	40.86%	37.65%	37.92%
RBZ minimum required	12.00%	12.00%	12.00%	12.00%

6. GEOGRAPHICAL INFORMATION

The Bank operates in one geographical market, Zimbabwe.

SECRETARY AND REGISTERED OFFICE

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To the Shareholders of NMBZ Holdings Limited

Report on the Review of the Inflation adjusted Consolidated Financial Statements

Introductions

We have reviewed the accompanying interim condensed inflation adjusted consolidated financial statements of NMBZ Holdings Limited and its subsidiaries ("the Group") , as set out on pages 1 to 12, which comprise the interim condensed inflation adjusted consolidated statement of financial position as at 30 June 2022 and the related interim condensed inflation adjusted consolidated statement of profit or loss and other comprehensive income, the interim condensed inflation adjusted statement of changes in equity and the interim condensed inflation adjusted consolidated statement of cash flows for the six-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the Internal Financial Reporting Standards. Our responsibility is to express a review conclusion on this interim condensed inflation adjusted consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified review conclusion

Non-compliance with International Financial Reporting Standards IAS 21 - The Effects of Changes in Foreign Exchange Rates; IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors and IAS 29 -Financial Reporting in Hyperinflationary Economies

Impact of prior year modification on current period
As stated, in note 3.13.9 to the interim condensed consolidated inflation adjusted financial statements, NMBZ Holdings' functional and reporting currency is the Zimbabwean Dollars (ZWL).

In the prior years, the Group translated foreign denominated transactions and balances to ZWL using the fixed interbank exchange rates of USD1: ZWL25 for the period 1 April 2020 to 23 June 2020. We concluded that the interbank exchange rates used during the period 1 April 2020 to 23 June 2020 did not meet the definition of a spot exchange rate as per IAS 21.

NMBZ Holdings Limited

This matter relates to the prior year comparatives and has not been corrected through a restatement in terms of IAS 8 as an appropriate exchange rate could not be identified for the period. Consequently, the corresponding amounts for Depreciation expense and taxation on the inflation adjusted statement of profit or loss are misstated.

The valuation of investment properties, freehold land and buildings as at 31 December 2021 was not appropriate given the use of USD inputs and resultant translation to ZWL. We were however not able to quantify the impact as the appropriate inputs could not be determined.

Lastly, we disagreed with the treatment of prepayment to the Reserve Bank of Zimbabwe towards the settlement of legacy debts as a USD denominated amount monetary asset to be translated using the prevailing exchange rate at period end. This was incorrect as this payment did not meet the definition of foreign currency as per IAS 21

Management has not made retrospective adjustments in terms of *IAS 8 – Accounting Polices, Changes in Accounting Estimates and* Errors to correct the above matters. Consequently, many corresponding amounts on the interim condensed consolidated inflation adjusted financial statements are misstated, impacting comparability of the current period numbers.

Impact of current period matters

Valuation of investment properties, freehold land and buildings

The Group's investment properties and freehold land and buildings are carried at ZWL 10 061 515 369 (December 2021: ZWL 7 701 807 180) and ZWL 6 118 619 887 (December 2021: ZWL 6 229 741 865) respectively as at 30 June 2022. At the interim reporting date of 30 June 2022, the Group restated the balances as at 31 December 2021 using the Consumer Price Index (CPI) and no evaluations of the fair values at this date were carried out. Due to the changes observed in the economic environment during the period, as is required by IAS 16 "Property, plant and equipment" and IAS 40 "Investment Properties", a revaluation exercise was necessary for all entities that are on the revaluation and fair value model. The Group made restatements per IAS 29 "Financial Reporting in Hyperinflationary Economies" on the balances whose outcome was inappropriate at 31 December 2021 and had the fair values been determined at the reporting date, the amounts reported in the interim condensed consolidated inflation adjusted financial statements may have been materially different. We are unable to determine what adjustments may be necessary to correctly account for these amounts.

Consequently, property values may be materially misstated, and we are unable to determine what adjustments may be necessary to correctly account for these amounts.

Accounting for blocked funds

Included in Loans, advances and other assets of ZWL 30 357 231 020 (December 2021: ZWL 27 075 362 395 on Note 17 to the interim condensed consolidated inflation adjusted interim financial statements for the year ended 30 June 2022 are local balances denominated in the Group's functional currency.

Of this, local balances amounting to ZWL1 185 329 908 (December 2021: ZWL 1 507 838 292) which are held with the central bank have been treated as foreign currency and translated at the foreign auction exchange rate of 30 June 2022 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.

The misstatement also impacts the net foreign exchange gains in the inflation adjusted statement of comprehensive income of ZWL 1 477 262 637 (June 2021: ZWL 208 842 249). Our prior year audit report was also modified due to this matter.

Our conclusion on the current period's interim condensed consolidated 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 closing balances

Consequential impact on IAS29 - Financial Reporting in Hyperinflationary Economies

Furthermore, notwithstanding that IAS 29 has been applied correctly, 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. With the exception of loans and advances, had the correct base numbers been used, the above stated accounts would have been materially different. Consequently, the monetary gains or losses of ZWL 601 229 718 on the interim condensed consolidated inflation adjusted Statement of profit or loss and other comprehensive income are impacted.

Consequently, Monetary loss of ZWL 2 154 183 926 (2021: ZWL98 937 216) would be impacted as a result of misstatements above.

The effects of the above departures from IFRS are material but not pervasive to the interim condensed consolidated

Qualified review conclusion

Based on our review, with the exception of matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated inflation-adjusted financial information, do not present fairly, in all material respects, in accordance with International Financial Reporting Standards.

The engagement partner on the review engagement resulting in this review conclusion report on the interim condensed inflation adjusted consolidated financial information is Mr Walter Mupanguri (PAAB Practicing Certificate Number 367).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

7 September 2022