NMBZ HOLDINGS LIMITED

2023 Half Year Condensed Reviewed Results

ENQUIRIES:
NMBZ HOLDINGS LIMITED

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FINANCIAL SUMMARY

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	30 June 2022 ZWL '000	30 June 2023 ZWL '000	30 June 2022 ZWL '000
Operating profit before impairment charge and loss on net monetary position	227 013 391	28 288 773	263 188 345	9 193 500
Total comprehensive income	235 876 714	8 032 471	286 290 898	10 026 973

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
Deposits from customers	366 247 598	166 230 894	366 247 598	53 215 217
Loans and advances	363 276 512	144 583 450	363 276 512	46 285 257
Total shareholders' funds and shareholders' liabilities	379 478 035	136 161 554	332 856 879	39 155 091

CHAIRMAN'S STATEMENT

Operating Environment

During the period under review, the economy continued to show signs of resilience and recovery in spite of the economic challenges experienced towards the end of the period. As of June 2023, month-on-month inflation reached a peak of 74.5% and the exchange rate depreciated by 755% since the beginning of the year. However, timely intervention by the authorities resulted in the issuance of both fiscal and monetary policy measures resulting in inflation and exchange rate dissipating leading to general stability in prices. Following the implementation of various measures, premiums on the exchange market dropped by 50% and a total of ZWL 300 billion was mopped out through the wholesale interbank auction market. Below is a summary of some of the key measures announced by the authorities during the period under review:

a) Introduction of the Wholesale Foreign Currency Auction for the banks.
b) Collection of fees and charges by the Government and its Agencies in local currency.
c) Bank policy rate reviewed from 140 - 150%.
d) Payment of statutory obligations (duties, taxes) in local currency.
e) Issuance of gold-backed tokens.

In spite of the economic challenges experienced during the period, as of April 2023, the country's total export receipts closed at USD 2 billion with the mining sector accounting for 73% of the total value. In addition, the completion of the Hwange Power Station 7 and 8 units during the period under review, added an additional 600MW and this improved the power supply, which is critical to the growth and development of the economy.

Global Developments

The global economy is set to slow down in 2023 to 2.1% compared to 3.2% in 2022. Tight global financial conditions and subdued external demand will weigh on growth across emerging and developing economies.

Financial performance

In compliance with International Financial Reporting Standards, inflation adjusted financial statements have been presented. Inflation was measured using the indices published by ZimStat up to January 2023. Thereafter inflation figures which were not blended were obtained from the guidelines issued by the Institute of Chartered Accountants of Zimbabwe to enable preparers of financial statements using non-blended inflation indices derived using Total Consumption Poverty Line (TCPL) as the proxy to approximate the All-items index for the months from February to June 2023.

The Group achieved operating income of ZWL 283 billion, up from ZWL 51 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 145% to close the period at ZWL 1 trillion largely responding to inflation and movements in the exchange rate.
Loans and advances closed the period at ZWL 363 billion, up 151% from December 2022 levels. The Group continues to take a measured approach to risk, as evidenced by the strong asset quality with an NPL ratio of 0.57% compared to 1.09% as at 31 December 2022. The reversal in expected credit losses was ZWL 906 million for the period under review.

Deposits and other liabilities grew by 109% from December 2022 levels. This was largely reflecting the impact of the exchange rate depreciation on USD deposits. The spot inter- bank mid rate has been used to convert foreign currency denominated transactions and the closing inter-bank mid rate for all the closing balances. During the period under review, the closing exchange rate was 1 USD equivalent to ZWL 5 740. Other closing rates to note are on note 27 of these financial statements.

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 total capital adequacy ratio of 27.79%. Risk weighted assets stood at ZWL 1.2 trillion, up 675% from December 2022 levels.

The bank is in discussion with various providers of debt financing and the discussions are at various stages of completion. It is expected that draw-downs will commence in the third quarter of 2023.

Corporate Social Investment

The Group contributed to various causes mainly targeted at the education sector during the period under review. 3500 students have benefitted under the Group's Skills for Success program which aims to bridge the soft skills gap by partnering with local high schools and institutions to offer relevant career guidance. NMB conducted financial literacy programs for high school students as part of the 11th edition of Global Money Week (GMW) celebrations under the theme "Plan your money, plant your future".

In April 2023 the Group launched the "We Love to Serve" program, a staff-led CSR initiative aimed at building a true culture of service at NMB. Activities under this program are to include cleaning old people's homes, helping at SPCA, volunteering at prisons hospitals, children's homes, conservation and sustainability initiatives etc. This initiative will see every staff member participating in the Groups CSR initiatives.

Families and communities affected by children's cancer were supported by sponsoring KidsCan Zimbabwe.

Digitalization Strategy

The Group is continuing to forge ahead with digitalization initiatives which are expected to reduce costs while increasing efficiencies. The Group's main subsidiary, NMB Bank Limited, has strengthened its core product offering by introducing a virtual card application platform which eliminates paper from the card application process. An online query resolution platform was introduced which has made it easier for our clients to lodge any queries they may have with timely resolution assured.

Dividend

The directors have resolved to declare an interim dividend of ZWL 556 cents per share. A notice with all relevant details will be sent to shareholders in this regard.

Directorate

Mr. Pearson Gowero was appointed to the Board with effect from 26 April 2023. We look forward to his contribution to the Group. There were no other changes to the directorate during the period under review.

Outlook

The domestic economy in 2023 is projected to grow by 6% compared to the initial projection of 3.8%. Strong economic performance will be on the back of a recovery in the agricultural sector, improved power generation, mining, accommodation and services, ongoing infrastructure projects, and diaspora remittances. Going forward, attainment of the macroeconomic stability will be primarily hinged on the continued tight stance on money supply and accelerated liberalization of the foreign exchange market. The recently secured Afreximbank facility offers a lifeline, sustained economic recovery.

The Group will continue to explore opportunities for revenue growth and value preservation while forging ahead to achieve its strategic objectives.

Appreciation

I thank our valued clients, funding partners, shareholders, regulatory authorities and other key stakeholders for their continued support. To my fellow board members, management and staff, I extend my heartfelt gratitude.

MR. B. A. CHIKWANHA
CHAIRMAN
22 August 2023

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CHIEF EXECUTIVE OFFICER'S STATEMENT

Introduction

The first half of 2023 was characterized by volatility on the macroeconomic side as inflation soared and the ZWL deteriorated steeply against major currencies particularly in the second quarter of 2023. Despite these challenges, the Group successfully pursued its growth strategy as we setup new verticals and strengthened the core business. Post the reporting period, we have noted stability on the exchange rate and in-turn, inflation as the authorities intervened with a raft of measures to strengthen and drive demand for the local currency.

During the period under review, we realised our diversification strategy following the setup of two new standalone subsidiaries. In May 2023, we launched our Property Company, NMB Properties Limited. This subsidiary was a spin-off from our property division under the Bank and by the time we launched, we had established critical mass. The property company already has a number of development projects and properties on the market with a pipeline that should keep them busy for the next two years. The Group is set to contribute significantly to the housing market covering all the spectrums including affordable low income, medium density and luxurious residential properties as well as commercial real estate.

The Group also set up a technology company, XPlug Solutions Limited which was launched in July 2023. The subsidiary was setup on the backdrop of the successful in-house development of technology solutions for the banking subsidiary. These solutions range from mobile apps, USSD, Internet banking solutions, digital customer on-boarding, agency banking, workflow, Robotics Processes Automation (RPA) solutions and cybersecurity management tools. The capacity within the Group is immense and in line with the group expansion drive, we are now offering technology solutions to organisations outside the Group, both in the financial and non-financial space. The subsidiary will also serve customers in the region and we have current engagements with financial institutions in Tanzania, Zambia and Mozambique who have signed up for our digital transformation solutions. With the success registered to date, Xplug Solutions is targeting to provide technology solutions to all the 54 African countries and beyond, hence our mantra - "54 and more".

PERFORMANCE REVIEW

The Group traded profitably for the period under review while the Balance sheet remained robust, anchored by USD denominated assets. Total comprehensive income amounted to ZWL 236 billion, which was a 2 837 % increase compared to ZWL 8 billion for the previous period. This was largely driven by growth in non-funded income, revaluation gains on investment and foreign exchange gains on USD denominated net monetary assets. Operating costs increased by 147% compared to the previous period. The Group continues to put in place measures to contain costs anchored on the digitalisation strategy.

Total assets closed the period at ZWL 1 trillion dollars again driven by revaluation gains and foreign exchange gains. The Group's value preservation strategies paid off as the balance sheet and capital position remained solid notwithstanding the significant deterioration in the exchange rate.

BUSINESS REVIEW

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

Digital Banking

NMB Bank's broader digital banking strategy has been to maximize value creation from the digital channels. To further enhance the channels proposition, the bank is creating an ecosystem of value added services around the existing innovations. The first half of the year saw the launch of NMB Remit in May 2023, a local money transfer platform which is riding on our existing Connect digital platform/. To bring convenience to our customers, we added more billers on our connect platforms from a number of sectors including insurance, telecommunication and e-commerce. The digital channels have exhibited resilience and remained profitable despite the challenging macro-economic environment. Generally volume growth has been experienced across all the digital platforms with digital banking contributing ZWL 17.1 billion in revenue for the period under review.

Consumer Banking

The Retail bank continues to focus on increasing channels through which customers can access banking services. Our partnership with ZimPost and other agencies continues to provide convenience to our customers while assist us in meeting our financial inclusion goals. Our customers can access NMB Services in over 120 ZimPost branches and all this is done digitally via our Agency banking Portal. All our agencies are riding on the same technology platforms as our branches and offering fast and convenient ways of banking. We reopened the Kwekwe branch in February 2023 with a brand new digital feel to augment our presence in the Midlands province. The Bancassurance unit launched the Gadziriro funeral cover on the 1st of April 2023 under our multiple agency license as we provide more insurance options for our customers. Under the same thrust, the Bank is working on various new products and product enhancements which will be launched in the second half of the year.

Business Banking

The exporters' book continues to grow through various partnerships created during the previous financial period in particular the foreign credit lines. In the current year, we are in negotiations with various providers of funding and we expect to conclude these discussions in the last quarter of the year. The bank has been working with international and local institutions to meet the technical and funding requirements of our business banking customers. We have signed up a number of partnerships in the Agriculture space which will be rolled out in the second half of the year.

HUMAN CAPITAL

The diversification of the Group also underscores the need for the Group to recruit and retain the best skills in the various businesses. This speaks to one of the key strategic pillars of People and Culture. Training and up-skilling of staff is a key priority within the Group. A number of key staff have completed leadership courses through partnerships with ODDO BHF Bank (of Germany) as well as Rabo Bank (of the Netherlands) during the period under review. We also run various staff exchange programs riding on the regional presence of some of our major shareholders. Staff engagement continues to be one of my key priorities as this ensures that we move together with all staff members as we implement our growth strategy.

STRATEGIC PRIORITIES

The Group is now focused on ensuring that the newly formed subsidiaries grow their market share and contribute meaningfully to the bottom line. Value preservation remains one of our key priorities given the prevailing macroeconomic environment. We will continue to exploit opportunities while managing the attendant risks.

OUTLOOK

We will continue to closely watch the environment, in order to take advantage of opportunities while managing the downside. Running an efficient and cost effective business will be key across the Group subsidiaries.

APPRECIATION

I am sincerely grateful to our valued clients, funding partners, shareholders, stakeholders and regulatory authorities for their various contributions in our pursuit of delivering on our vision. I thank the NMBZ Holdings team, Board and Shareholders for their unwavering support.

MR. G. GORE
CHIEF EXECUTIVE OFFICER
22 August 2023

REVIEWER'S STATEMENT

These interim condensed consolidated financial statements have been reviewed by Ernst & Young Chartered Accountants (Zimbabwe) and a qualified review conclusion issued thereon due to non-compliance with International Financial Reporting Standards IAS 21 "The Effects of Changes in Foreign Exchange Rates"; International Accounting Standards 8 "Accounting Polices, Changes in Accounting Estimates and Errors", International Financial Reporting Standards 9 "Financial instruments", International Financial Reporting Standards 13 "Fair Valuation Measurement" and International Accounting Standards 29 "Financial Reporting in Hyper-inflationary Economies". 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 subsidiaries. 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 2023

		Inflation Adjusted		Historical Cost*	
	Note	30 June 2023 ZWL '000 Reviewed	30 June 2022 ZWL '000 Restated Reviewed	30 June 2023 ZWL '000	30 June 2022 ZWL '000
Interest income	3	42 046 879	22 652 680	20 170 882	3 033 435
Interest expense		(10 794 382)	(7 661 570)	(5 764 682)	(1 038 645)
Net interest income		31 252 497	14 991 110	14 406 200	1 994 790
Fee and commission income	4.1	53 608 260	21 992 923	29 069 038	2 944 823
Net foreign exchange gains		97 700 137	7 246 171	100 018 213	1 458 922
Revenue		182 560 894	44 230 206	143 493 451	6 398 535
Other income	4.2	100 504 563	6 766 846	148 336 715	5 864 619
Operating income		283 065 458	50 997 052	291 830 166	12 263 153
Operating expenditure	5	(56 052 067)	(22 708 279)	(28 641 820)	(3 069 654)
Operating income before impairment charge and loss on net monetary position		227 013 391	28 288 773	263 188 346	9 193 500
Impairment losses on financial assets measured at amortised cost	18.3	906 714	(1 270 604)	906 714	(259 036)
Loss on net monetary position		(3 330 828)	(10 566 560)	-	-
Profit before tax		**224 589 278**	**16 451 608**	**264 095 060**	**8 934 464**
Taxation	6	(29 645 012)	(8 057 262)	(32 082 376)	(1 563 755)
Profit for the period		**194 944 266**	**8 394 347**	**232 012 684**	**7 370 709**
Other comprehensive income					
Revaluation (Losses)/gains on land and buildings, net of tax	4.3	40 932 448	(361 876)	54 278 214	2 656 264
Total comprehensive income for the period		**235 876 714**	**8 032 471**	**286 290 898**	**10 026 973**
Earnings per share (ZWL cents)					
- Basic	8.3	47 435	2 077	56 455	1 823
- Diluted	8.3	46 293	2 054	55 095	1 803
-Headline	8.3	28 542	1 093	28 744	777

* 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 Hyper-inflationary Economies". The Auditors have not expressed an opinion on the Historical Cost information.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Inflation Adjusted		Historical Cost*	
		30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
SHAREHOLDERS' FUNDS		Reviewed	Restated Reviewed		
Share capital	9.2.1	61 864	61 850	121	115
Share Premium	10	15 811 258	13 590 328	1 145 123	172 496
Treasury shares reserve	10	(1 331)	(1 331)	(394)	(394)
Functional currency translation reserve	10	4 962 835	4 962 835	11 620	11 620
Revaluation reserve	10	58 193 676	17 261 228	62 027 897	7 749 682
Share Option Reserve	10	4 462 145	803 559	1 566 306	129 569
Retained earnings		307 896 728	96 589 483	261 029 875	30 165 681
Total equity		**372 401 701**	**133 267 954**	**325 780 545**	**38 228 768**
Subordinated term loan	11	7 076 334	2 893 599	7 076 334	926 323
Total shareholders' funds and shareholders' liabilities		**379 478 035**	**136 161 553**	**332 856 879**	**39 155 091**
LIABILITIES					
Deposits	12	366 247 598	166 230 894	366 247 598	53 215 217
Other liabilities	13	58 919 077	36 835 807	57 938 192	11 792 185
Borrowings	14	178 713 850	66 461 630	178 713 850	21 276 250
Current tax liabilities		2 963 983	-	2 963 983	-
Deferred tax liabilities		48 293 388	16 933 307	44 253 426	3 964 776
Total liabilities		**655 137 896**	**286 461 638**	**650 117 050**	**90 248 428**
Total shareholders' funds and liabilities		**1 034 615 932**	**422 623 191**	**982 973 929**	**129 403 519**
ASSETS					
Cash and cash equivalents	17	229 201 836	67 281 847	229 201 836	21 538 825
Investment securities	15	96 249 484	52 335 782	96 249 484	16 754 166
Other short term investments	16	17 490 353	-	17 490 353	
Loans and advances	18	363 276 512	144 583 450	363 276 512	46 285 257
Other assets	19	39 570 081	27 622 145	17 540 063	8 504 329
Assets held for sale		380 629	1 188 987	380 629	380 629
Trade and other investments		2 383 082	796 731	2 383 082	255 056
Current tax assets		-	137 592	-	44 048
Investment properties	20	169 290 624	70 653 418	169 290 624	22 618 160
Intangible assets	21	3 041 337	3 094 879	20 095	23 147
Property and equipment	22	113 731 993	54 928 358	87 141 252	12 999 902
Total assets		**1 034 615 932**	**422 623 191**	**982 973 929**	**129 403 519**

* 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 Hyper-inflationary Economies".

MR. B. A. CHIKWANHA
CHAIRMAN
22 August 2023

MR. G. GORE
CEO
22 August 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023

Inflation Adjusted

	Share Capital	Share Premium	Treasury Shares	Functional Currency Translation Reserve	Share Option Reserve	Revaluation Reserve	Retained Earnings	Total
	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000
Balance as at 1 January 2022	61 700	13 057 786	(91)	4 962 835	354 876	15 582 108	60 348 844	94 368 060
Total comprehensive income for the period	-	-	-	-	-	-	8 394 347	8 394 347
Revaluation of land and buildings, net of tax	-	-	-	-	-	(361 876)	-	(361 876)
Share issue	-	28 089			(7 338)			20 751
Employee share schemes – value of employee services	-	-	-	-	226 183	-	-	226 183
Balance at 30 June 2022	61 700	13 085 874	(91)	4 962 835	573 721	15 220 232	68 743 191	102 647 463
Total comprehensive income for the period	-	-	-	-	-	-	29 097 960	29 097 960
Revaluation of land and buildings, net of tax	-	-	-	-	-	2 040 996	-	2 040 996
Share buyback			(1 240)				(658 870)	(660 110)
Scrip dividend paid	6	434 279					(434 285)	-
Dividend paid	-	-	-	-	-	-	(158 511)	(158 511)
Redeemable ordinary shares	144	70 175						70 319
Employee share schemes – value of employee services	-	-	-	-	229 838	-	-	229 838
Balance at 1 January 2023	61 850	13 590 328	(1 331)	4 962 835	803 559	17 261 228	96 589 483	133 267 954
Total comprehensive income for the period	-	-	-	-	-	-	194 944 266	194 944 266
Revaluation of land and buildings, net of tax	-	-	-	-	-	40 932 438	-	40 932 438
Scrip dividend paid	13	2 220 930	-	-	-	-	(2 220 943)	-
Dividend paid	-	-	-	-	-	-	(401 552)	(401 552)
Employee share schemes – value of employee services	-	-	-	-	3 658 585	-	-	3 658 585
Balance at 30 June 2023	**61 864**	**15 811 258**	**(1 331)**	**4 962 835**	**4 462 145**	**58 193 676**	**288 911 254**	**372 401 701**

Historical Cost*

	Share Capital	Share Premium	Treasury Shares	Functional Currency Translation Reserve	Share Option Reserve	Revaluation Reserve	Retained Earnings	Total
	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000
Balance as at 1 January 2022	84	19 122	(7)	11 620	27 768	1 915 997	5 085 120	7 059 704
Total comprehensive income for the period	-	-	-	-	-	-	7 370 709	7 370 709
Revaluation of land and buildings, net of tax	-	-	-	-	-	2 656 264	-	2 656 264
Share issue	0	5 727			(1 496)			4 231
Employee share schemes – value of employee services	-	-	-	-	72 407	-	-	72 407
Balance at 30 June 2022	84	24 848	(7)	11 620	98 680	4 572 261	12 455 829	17 163 315
Total comprehensive income for the period	-	-	-	-	-	-	18 097 797	18 097 797
Revaluation of land and buildings, net of tax	-	-	-	-	-	3 177 421	-	3 177 421
Share buy back	-	-	(387)	-	-	-	(205 933)	(206 320)
Scrip dividend paid	2	133 341					(133 343)	-
Dividend paid							(48 670)	(48 670)
Redeemable ordinary shares	29	14 306						14 335
Employee share schemes – value of employee services	-	-	-	-	30 890	-	-	30 890
Balance at 1 January 2023	115	172 495	(394)	11 620	129 570	7 749 682	30 165 680	38 228 767
Total comprehensive income for the period	-	-	-	-	-	-	232 012 684	232 012 684
Revaluation of land and buildings, net of tax	-	-	-	-	-	54 278 214	-	54 278 214
Scrip dividends	6	972 628	-	-	-	-	(972 634)	(0)
Dividend paid	-	-	-	-	-	-	(175 855)	(175 855)
Employee share schemes – value of employee services					1 436 735		-	1 436 735
Balance at 30 June 2023	**121**	**1 145 123**	**(394)**	**11 620**	**1 566 306**	**62 027 897**	**261 029 875**	**325 780 544**

* 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 Hyper-inflationary Economies".

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Inflation Adjusted		Historical Cost*	
	Notes	30 June 2023 ZWL '000	30 June 2022 ZWL '000	30 June 2023 ZWL '000	30 June 2022 ZWL '000
CASH FLOWS FROM OPERATING ACTIVITIES		Reviewed	Restated Reviewed		
Profit before taxation		224 589 278	16 451 608	264 095 061	8 934 464
Non-cash items:					
- Net monetary loss		3 330 828	10 566 560	-	-
- Depreciation (excluding right of use assets)	5	1 321 998	254 196	602 948	32 877
- Depreciation –Right of use assets	5	419 074	507 567	164 571	84 405
- Amortisation of intangible assets	5	53 534	151 929	3 051	20 054
- Impairment losses on financial assets measured at amortised costs	18.3	(906 714)	1 270 604	(906 714)	259 036
- Investment properties fair value movement	20	(98 681 619)	(6 486 195)	(146 657 504)	(5 828 904)
- Trade and other investments fair value movements adjustment		-	(1 636 177)	-	(99 532)
- Profit on disposal of property and equipment		(288 773)	-	(158 794)	-
- Unrealised foreign exchange gain		(102 113 214)	(3 570 773)	(102 113 214)	(727 966)
- Interest capitalised on subordinated term loan		-	-	-	-
- Non-cash employee benefits expense – share-based payments		3 658 585	355 168	1 436 735	72 407
Operating cash flows before changes in operating assets and liabilities		31 382 976	17 864 488	16 466 138	2 746 840
Changes in operating assets and liabilities					
Increase/(decrease) in deposits		798 232 572	281 631 710	313 032 381	22 974 708
Increase/(decrease) in other liabilities		47 126 893	(102 451 394)	46 146 008	12 201 028
(Increase)/decrease in loans and advances		(830 369 812)	(154 767 573)	(325 635 220)	(12 460 893)
(Increase)/decrease in other assets		(11 947 935)	6 203 006	(9 035 734)	(4 952 778)
(Increase)/decrease in assets held for sale		-	-	(0)	-
Net cash generated from operations		34 424 692	48 480 237	40 973 572	20 508 905
Tax and dividends					
Corporate tax paid		(2 749 320)	(5 442 313)	(1 583 226)	(434 520)
Dividends paid		(401 552)		(175 855)	
Net cash inflow from operations		31 273 821	43 037 924	39 214 491	20 074 385
CASH FLOWS FROM INVESTING ACTIVITIES					
(Acquisition) of investment securities		(220 761 280)	-	(86 693 450)	-
Disposal of investment securities		18 788 341	-	7 707 610	-
Proceeds on disposal of property and equipment		288 773	-	158 794	-
Acquisition of property and equipment	22	(9 563 833)	(2 972 326)	(3 676 967)	(423 075)
Investment securities held to maturity		-	(17 541 961)	-	(2 181 183)
Acquisition of investment properties	20	(208 955)	(5 088 489)	(96 933)	(714 478)
Net cash used in investing activities		(211 456 953)	(25 602 777)	(82 600 946)	(3 318 736)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of lease liabilities		(11 410 734)	(565 156)	(4 481 021)	(71 009)
Borrowings raised	28	406 577 380	233 878 655	159 663 849	29 385 632
Borrowings repaid	28	(5 426 783)	(111 615 994)	(2 226 249)	(14 023 967)
Subordinated loans term repaid		(492 597)		(185 312)	
Proceeds from issues of shares		-	20 753	(0)	4 231
Net cash outflow from financing activities		389 247 266	121 718 258	152 771 267	15 294 887
Net increase in cash and cash equivalents		209 064 133	139 153 405	109 384 812	32 050 536
Net foreign exchange and monetary adjustments on cash and cash equivalents		(47 144 145)	19 251 464	98 278 200	245 793
Cash and cash equivalents at beginning of the period		67 281 847	138 966	21 538 825	4 872 262
Cash and cash equivalents at the end of the period		229 201 836	158 543 835	229 201 836	37 168 591
ADDITIONAL INFORMATION ON OPERATING CASH FLOWS FROM INTEREST					
Interest received**		36 462 136	22 240 060	14 586 139	2 620 815
Interest paid (excluding interest on leases) **		(4 791 940)	(7 412 683)	5 464	(796 162)
Lease finance costs paid**		(323 338)	(28 144)	(91 041)	(21 740)

* 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 Hyper-inflationary Economies".

** The prior year comparatives have been retrospectively restated to present interest received, interest paid and interest on leases separately. The line items were previously aggregated as a single line item in the prior period cash flow statement and have now been retrospectively disclosed separately.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The NMBZ Holdings Limited Group (the Group) comprises the company (NMBZ Holdings Limited) and wholly owned subsidiaries, NMB Bank Limited (the Bank), NMB Properties Limited and Xplug Solutions Limited.

NMB Bank Limited 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 branches and agency network in Harare, Bulawayo, Masvingo, Kwekwe, Mutare, Gweru, Bindura, Chitungwiza and Chinhoyi.

NMB Properties Limited is a property development and services company established in 2023. It was set up to broaden the NMBZ Holdings product offering suite and optimize a significant portfolio of properties and real estate opportunities within and beyond the Group. Xplug Solutions Limited services is a subsidiary of the NMBZ Holding Group whose main thrust is to use technology to transform any size of business into achieving business growth, agility and composability.

The Holding Company is incorporated and domiciled in Zimbabwe and is an investment holding company. Its registered office address is 19207 Liberation Legacy Way, Borrowdale, Harare. 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 OF SIGNIFICANT ACCOUNTING POLICIES

2.1. ACCOUNTING 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 31 December 2022 and for the half year ended 30 June 2023. 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 22 August 2023.

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. IAS 29 requires that financial statements prepared in the currency of a hyper-inflationary economy be "stated in terms of a measured unit current at the balance sheet date and that corresponding figures for previous periods be stated in the same terms as the " latest balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the Zimbabwean Statistical Office up to 31 January 2023.

On the 3rd of March, government issued SI 27 of 2023 which defined the term "rate of inflation" and introduced a new inflation measurement method. Consequently, Zimbabwe National Statistics Agency (ZimStat), stopped reporting ZWL inflation and CPI figures and only released blended CPI figures. This change created a challenge for the Group as it had been using the ZWL CPI for reporting inflation adjusted historical figures. The use of indices issued by ZimStat makes comparability possible for the banking sector as a whole and the same applies to other industries. The standard provides that each business may determine an index for the purpose of compliance with IFRS in the absence of official statistics.

The Group has considered different approaches for coming up with the appropriate indices also taking into account guidance from the Institute of Chartered Accountants of Zimbabwe (ICAZ). We consider the indices we have adopted reasonable for use in restating our historical numbers. It is still unclear as to when ZimStat will start publishing the CPI indices again. It is acknowledged that the determination of CPI is an area of significant judgement.

The indices used in the restatement of financial statements are shown below

Dates	Indices	Conversion factor
31-Dec-20	2474.52	17.26
30-Jun-21	2986.44	14.30
31-Dec-21	3977.46	10.74
30-Jun-22	8707.35	14.30
31-Dec-22	13672.91	3.12
30-Jun-23	42710.72	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 30 June 2022, 31 December 2022, have been restated by applying the change in the index to 30 June 2023;
- Income statement transactions have been restated by applying the change in the index from the approximate date of the transactions to 30 June 2023;
- 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 2023;
- Cost and accumulated depreciation for property and equipment have been restated by applying the change in the index from the date of their purchase or re-assessment to 30 June 2023;
- Equity has been restated by applying the change in index from the date of issue to 30 June 2023;

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 statement of financial position, comprehensive income, statement of changes in equity and cash flows. The comparative information covers a period of six months to 30 June 2022.

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 2023 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.

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2.3.2. Valuation of properties

Land and buildings are measured at revalued amount less accumulated depreciation on buildings and any impairment losses. Revaluation of property was performed, by a registered professional valuer.

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. 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 Bureau 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.

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

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

2.3.6. 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.

2.4. STANDARDS ISSUED AND EFFECTIVE DATE

a) New standards and amendments – applicable 1 January 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023:

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.
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 temporary 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 non-monetary 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.

b) Forthcoming requirements

The following standards and interpretations had been issued but were not mandatory for reporting periods ending on 30 June 2023

Standard	Effective Date	Executive Summary
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024 (deferred from 1 January 2023 having been deferred again from 01 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.
Non-current liabilities with covenants – Amendments to IAS 1	1 January 2024	Amendments made to IAS 1 Presentation of Financial Statements in 2020 clarified 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 waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the 'settlement' of a liability. The amendments were due to be applied from 1 January 2022. However, the effective date was subsequently deferred to 1 January 2023 and then further to 1 January 2024. In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes to the classification of liabilities as current or non-current. The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include: • the carrying amount of the liability • information about the covenants, and • facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants. The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current
Lease liability in sale and leaseback – amendments to IFRS 16	1 January 2024	In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

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Standard	Effective Date	Executive Summary
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 non-monetary 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.

2.5. 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. INTEREST INCOME

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	30 June 2022 ZWL '000	30 June 2023 ZWL '000	30 June 2022 ZWL '000
Loans and advances to banks	642 893	159 236	446 204	21 962
Loans and advances to customers	38 694 111	18 441 408	18 486 383	2 479 482
Investment securities	2 709 876	4 052 036	1 238 295	531 990
	42 046 879	22 652 680	20 170 882	3 033 435

4. NON INTEREST INCOME AND OTHER COMPREHENSIVE INCOME

4.1. Fee and Commission Income

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	30 June 2022 ZWL '000	30 June 2023 ZWL '000	30 June 2022 ZWL '000
Retail banking customer fees	33 781 635	4 418 220	19 290 543	619 776
Corporate banking credit related fees	531 269	1 138 417	205 504	146 764
Financial guarantee fees	2 039 851	760 182	1 429 640	101 403
International banking commissions	359 188	3 417 074	194 786	482 097
Digital banking fees	16 896 316	12 259 031	7 948 564	1 594 783
	53 608 260	21 992 922	29 069 038	2 944 823
Timing of revenue recognition:				
- At a point in time	53 076 991	20 854 506	28 863 534	2 798 058
- Over time	531 269	1 138 417	205 504	146 764
	53 608 260	21 992 922	29 069 038	2 944 823

4.2. Other Income

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	30 June 2022 ZWL '000	30 June 2023 ZWL '000	30 June 2022 ZWL '000
Fair value gains on investment properties	98 681 619	6 486 195	146 657 504	5 828 904
Rental income	532 825	267 363	330 543	34 125
Other operating income	1 290 120	13 288	1 348 669	1 590
	100 504 563	6 766 846	148 336 717	5 864 619

4.3. Other comprehensive income/(loss)

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	30 June 2022 ZWL '000	30 June 2023 ZWL '000	30 June 2022 ZWL '000
Revaluations of land and buildings	47 027 921	(480 706)	69 679 569	3 470 879
Tax effect	(6 095 473)	118 831	(15 401 354)	(814 615)
	40 932 448	(361 876)	54 278 214	2 656 264

5. OPERATING EXPENDITURE

The operating profit is after recognising the following:

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	30 June 2022 ZWL '000	30 June 2023 ZWL '000	30 June 2022 ZWL '000
Administration costs	27 066 034	10 339 244	14 199 465	1 418 133
Depreciation (excluding right of use assets)	1 321 998	254 196	602 948	32 877
Amortisation of intangible assets	53 534	151 929	3 051	20 054
Depreciation – right of use assets	419 074	507 567	164 571	84 405
Staff costs – salaries, allowances and related costs*	27 191 426	11 455 343	13 671 784	1 514 186
	56 052 067	22 708 279	28 641 820	3 069 654

* Included in Staff costs - salaries, allowances and related costs are employee benefit costs relating share based payments which are as follows;

Employee benefit costs - share based payments	3 658 585	355 168	1 436 735	72 407

6. TAXATION

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	30 June 2022 ZWL '000	30 June 2023 ZWL '000	30 June 2022 ZWL '000
Income tax expense				
Current tax	4 380 403	1 776 192	4 380 403	362 109
Deferred tax	25 264 608	6 281 070	27 701 973	1 201 647
	29 645 012	8 057 262	32 082 376	1 563 755

7. 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 19.3.

7.1. Lifetime expected credit losses

Lifetime ECLs are recognized where the Bank's counter-party 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.

7.2. 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.

7.3. 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.

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.

7.4. 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.

8. 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.

Headline earnings per share are calculated by dividing the profit attributable for the period to the ordinary equity holders adjusted for the after tax effect of;

a) fair value gains/ (losses) on trade and other investments;
b) profit /(loss) on disposal of property and equipment during the period under review.

8.1. Earnings

	Inflation Adjusted		Historical Cost*	
	30 June 2023 ZWL '000	30 June 2022 ZWL '000	30 June 2023 ZWL '000	30 June 2022 ZWL '000
Profit for the period	194 944 266	8 394 347	232 012 684	7 370 709
Headline earnings	120 191 557	4 468 050	121 045 880	3 177 712

8.2. Number of shares

8.2.1. Basic earnings per share

	Inflation Adjusted		Historical Cost*	
	30 June 2023 ZWL '000	30 June 2022 ZWL '000	30 June 2023 ZWL '000	30 June 2022 ZWL '000
Weighted average number of ordinary shares for basic earnings per share	404 397 333	404 171 689	404 397 333	404 171 689
Scrip dividend	6 571 417	50 404	6 571 417	50 404
Treasury shares	-	(14 000)	-	(14 000)
	410 968 749	404 208 093	410 968 749	404 208 093

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8.2.2. Diluted earnings per share

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	30 June 2022 ZWL '000	30 June 2023 ZWL '000	30 June 2022 ZWL '000
Number of shares for basic earnings	410 968 749	404 208 093	410 968 749	404 208 093
Effect of dilution:				
Share options approved but not granted (ESOS)	10 141 568	4 565 840	10 141 568	4 565 840
	421 110 317	408 773 933	421 110 317	408 773 933

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.

8.2.3. Headline earnings

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	30 June 2022 ZWL '000	30 June 2023 ZWL '000	30 June 2022 ZWL '000
Profit for the period	194 944 266	8 394 347	232 012 684	7 370 709
Add/(deduct) non-recurring items				
Trade and other investments fair value gains	(906 714)	1 270 604	(906 714)	259 036
Profit on disposal of property and equipment	288 773	-	158 794	-
Fair value gains on investment properties	(98 681 619)	(6 486 195)	(146 657 504)	(5 828 904)
Tax effect thereon	24 546 851	1 289 294	36 438 621	1 376 871
	120 191 557	4 468 050	121 045 880	3 177 712

8.3. Earnings per share (ZWL cents)

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	30 June 2022 ZWL '000	30 June 2023 ZWL '000	30 June 2022 ZWL '000
Basic	47 435	2 077	56 455	1 823
Diluted	46 293	2 054	55 095	1 803
Headline	28 542	1 093	28 744	777

9. SHARE CAPITAL

9.1. Authorised

	Inflation Adjusted		Historical Cost	
	30 June 2023 Shares	31 Dec 2022 Shares	30 June 2023 ZWL	31 Dec 2022 ZWL
Ordinary shares of ZWL0.00028 each	600 000 000	600 000 000	168	168

9.2. Issues and fully paid

9.2.1. Ordinary shares

	Inflation Adjusted			
	30 June 2023 Shares	31 Dec 2022 Shares	30 June 2023 ZWL	31 Dec 2022 ZWL
Balance at 01 January	404 397 333	300 334 654	61 850	61 700
Share options exercised	-	302 428	-	-
Scrip dividends	19 714 250	7 998 500	13	6
Redeemable ordinary shares conversion	-	103 914 286	-	144
Treasury shares	-	(8 152 535)	-	-
	424 111 583	404 397 333	61 863	61 850

	Inflation Adjusted			
	30 June 2023 Shares	31 Dec 2022 Shares	30 June 2023 ZWL	31 Dec 2022 ZWL
Balance at 01 January	404 397 333	300 334 654	115	84
Share options exercised	-	302 428	-	-
Scrip dividends	19 714 250	7 998 500	6	2
Redeemable ordinary shares conversion	-	103 914 286		29
Treasury shares	-	(8 152 535)	-	-
	424 111 583	404 397 333	121	115

10. CAPITAL RESERVES

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
GROUP				
Share premium	15 811 258	13 590 328	1 145 123	172 496
Treasury shares	(1 331)	(1 331)	(394)	(394)
Share option reserve	4 462 145	803 559	1 566 306	129 569
Revaluation reserve	58 193 676	17 261 228	62 027 897	7 749 682
	78 465 749	31 653 786	64 738 931	8 051 352
Functional currency translation reserve	4 962 835	4 962 835	11 620	11 620
Total capital reserve	83 428 583	36 616 621	64 750 551	8 062 972

11. SUBORDINATED TERM LOAN

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
GROUP				
At 1 January	2 893 599	2 395 849	926 323	223 115
Monetary adjustment	(11 215 615)	(3 491 565)	-	-
Exchange revaluation	15 721 492	3 989 316	6 165 869	703 208
Interest accrued	169 454		169 454	
Loans repaid	(492 597)	-	(185 312)	-
	7 076 334	2 893 599	7 076 334	926 323

In 2013, the Bank received a subordinated term loan amounting to USD 1.4 million from a Development Financial Institution which attracts an interest rate of SOFR 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.

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 Bureau 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.

The Group has since received Treasury Bills worth USD 1.4 million in terms of this deposit.

12. DEPOSITS

12.1. Deposits

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
GROUP				
Current and deposit accounts from customers	366 247 598	166 230 895	366 247 598	53 215 217

12.2. Maturity analysis

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
Less than 1 month	309 050 198	146 962 937	309 050 198	47 046 998
1 to 3 months	34 350 142	20 284 232	34 350 142	6 493 557
3 to 6 months	1 951 595	2 205	1 951 595	706
6 months to 1 year	2 413 426	2 895 986	2 413 426	927 087
1 to 5 years	111 112 373	74 295	111 112 373	23 784
Over 5 years	72 199 784		72 199 784	-
	531 077 518	170 219 655	531 077 518	54 492 132

12.3. Sectoral analysis of deposits

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
Agriculture	507 585	22 045 691	507 585	7 057 450
Banks and other financial institutions	19 879 172	17 185 062	19 879 172	5 501 425
Distribution	28 769 750	35 360 224	28 769 750	11 319 809
Individuals	68 986 821	13 541 732	68 986 821	4 335 092
Manufacturing	17 936 930	17 572 179	17 936 930	5 625 352
Mining companies	6 068 797	-	6 068 797	-
Municipalities and parastatals	28 588 830	18 922 265	28 588 830	6 057 553
Services	194 986 612	26 089 504	194 986 612	8 351 989
Transport and telecommunications	523 101	15 514 235	523 101	4 966 546
	366 247 598	166 230 892	366 247 598	53 215 215

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13. OTHER LIABILITIES

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
Trade and other payables	58 919 077	36 835 807	57 938 192	11 792 185

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

13.1. Lease Liabilities

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
At 1 January	1 144 903	302 763	366 516	96 923
Re-measurements	15 113 367	1 393 304	8 962 042	446 036
Finance costs accrual	101 166	22 366	101 166	7 160
Payment of lease liabilities	(11 410 734)	(573 529)	(4 481 021)	(183 603)
	4 948 702	1 144 903	4 948 703	366 516

14. BORROWINGS

	Inflation Adjusted		Historical Cost*	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
Banks and financial institutions	2 000 929	1 874 248	2 000 929	600 000
Offshore borrowings	176 670 011	59 589 448	176 670 011	19 076 270
Other institutions	42 910	4 997 933	42 910	1 599 980
	178 713 850	66 461 630	178 713 850	21 276 250
Opening balances of borrowings	66 461 630	18 475 670	21 276 250	5 914 585
Loans raised	406 577 380	181 465 327	159 663 849	29 385 632
Repayments made	(5 426 783)	86 602 315	(2 226 249)	(14 023 967)
Monetary effect of inflation	(288 898 377)	(220 081 682)		
Closing balance	178 713 850	66 461 630	178 713 850	21 276 250

* Included in Offshore borrowings are loan balances of ZWL 43 071 823 799 (2022 ZWL 5 641 749 953) and ZWL 23 224 272 692 (2022 ZWL 3 158 604 705) due to Nederlandse Financierings-Maatschappij Voor Ontiwikkelingslanden (FMO) and Swedfund respectively. The carrying amounts of borrowings, approximate the related fair values. The above listed loan balances 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. Consequently, in terms of section 52 of the Finance Act no 7 of 2021, the bank was issued with Treasury Bills amounting to USD 13 840 413 at a 0% coupon rate with varying maturity profiles of between three to twenty years in respect of the legacy debts for the three funders. Of these, a total of USD 1 342 863 was redeemed during the period under review.

The line of credit balances have been translated at 30 June 2023 at the closing rate of USD 1 / ZWL 5740.

15. INVESTMENT SECURITIES

	Inflation Adjusted		Historical Cost*	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
Amortised cost – Gross	64 592 883	43 064 815	16 754 166	4 010 434
Additions	220 761 280	94 555 536	86 693 450	12 743 732
Redeemed during the period	(18 788 341)	-	(7 707 610)	-
Interest receivable on bills	684 443	-	684 443	-
Monetary adjustment	(170 825 815)	(73 027 469)	-	-
	96 424 449	64 592 883	96 424 449	16 754 166
Less 12 month ECL	(174 966)	-	(174 966)	-
	96 249 483	64 592 883	96 249 483	16 754 166

The Group holds Treasury Bills and Government Bonds amounting to ZWL 79 172 752 985 (2022 - ZWL17 100 575 255) with interest rates ranging from 0% to 18%. The Treasury Bills are measured at amortised cost in line with the Bank's business model to collect contractual cash flows and the contractual terms are such that the financial assets give rise to cash flows that are solely payments of principal and interest. Of this amount ZWL 71 733 538 948 is with respect to blocked funds.

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

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
Interest income from investment securities	2 709 876	8 064 844	1 238 293	1 755 252

16. OTHER SHORT TERM INVESTMENTS

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
Digital Gold Tokens	17 490 353	-	17 490 353	-

During the period under review, the Central Bank introduced digital gold tokens in a way to control market liquidity and at the same time help individuals and institutions to store value. These tokens are linked the interbank market exchange rate. In liquidation the holder will receive value equivalent to the token's intrinsic value which amount is denominated in USD and converted at the ruling interbank market rate at the date of the transaction.

Holders were issued with digital gold tokens in exchange of their ZWL monetary balances. As mentioned the tokens move in line with exchange rate and no interest is paid on them. Upon maturity or liquidation the tokens are liquidated to ZWL balances at the spot exchange rate on the date of conversion.

16.1. Fair values of financial instruments

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

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

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

Valuation models

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

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

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

During the reporting periods ended 30 June 2023 and 31 December 2022, 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.

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

	Inflation Adjusted			
	2023 ZWL '000	Level 1 ZWL '000	Level 2 ZWL '000	Level 3 ZWL '000
Trade and other investments	2 383 082	-	-	2 383 082

	Inflation Adjusted			
	2022 ZWL '000	Level 1 ZWL '000	Level 2 ZWL '000	Level 3 ZWL '000
Trade and other investments	796 731	-	-	796 731

	Historical Cost			
	2023 ZWL '000	Level 1 ZWL '000	Level 2 ZWL '000	Level 3 ZWL '000
Trade and other investments	2 383 082	-	-	2 383 082

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

16.1.2. 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 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
Assets				
Cash and cash equivalents	229 201 836	67 281 847	229 201 836	21 538 825
Loans, advances and other accounts	363 276 512	144 583 450	363 276 512	46 285 257
Other short term investments	17 490 353	-	17 490 353	
Investment securities	96 249 484	52 335 782	96 249 484	16 754 166
Total	706 218 185	264 201 081	706 218 185	84 578 248

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17. CASH AND CASH EQUIVALENTS

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
GROUP				
Balances with the Central Bank**	36 897 537	21 623 763	36 897 537	6 922 379
Current, nostro accounts* and cash	188 604 299	38 944 043	188 604 299	12 467 091
Interbank placements	3 700 000	6 714 039	3 700 000	2 149 354
	229 201 837	67 281 845	229 201 837	21 538 825

* 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.

18. LOANS AND ADVANCES

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
Fixed term loans – Corporate	311 972 736	113 938 492	311 972 736	36 474 938
Fixed term loans – Retail	22 796 050	28 949 376	22 796 050	9 267 515
Mortgages	2 597 617	1 660 690	2 597 617	531 634
Overdrafts	25 910 109	34 892	25 910 109	11 170
Other assets	363 276 512	144 583 450	363 276 512	46 285 257

18.1. Maturity analysis

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
Less than 1 month	228 169 293	23 935 639	228 169 293	7 662 476
1 to 3 months	93 224 178	54 558 825	93 224 178	17 465 825
3 to 6 months	34 080 706	5 434 752	34 080 706	1 739 818
6 months to 1 year	34 673 426	40 651 702	34 673 426	13 013 761
1 to 5 years	225 057 673	136 279 799	225 057 673	43 627 023
Over 5 years	54 956 483	-	54 956 483	-
	670 161 758	260 860 716	670 161 758	83 508 904
Allowances for impairment losses on loans and advance	(10 247 568)	(5 464 080)	(10 247 568)	(1 603 602)
ECL at 1 January	(5 464 080)	(1 287 637)	(9 340 854)	(412 209)
Monetary adjustment	(3 876 774)	(454 831)	-	-
ECL charged through profit or loss	(931 504)	(4 759 313)	(931 504)	(1 523 591)
Bad debts written off	24 789	1 037 703	24 789	332 198
Suspended interest on credit impaired financial assets	(44 084)	-	(44 084)	-
	659 870 106	255 396 636	659 870 106	81 905 302
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

18.2. Sectoral analysis of utilisations

	Inflation Adjusted			
	30 June 2023 ZWL '000	%	31 Dec 2022 ZWL '000	%
Agriculture	99 046 599	27%	38 250 427	26%
Distribution	76 981 885	21%	29 886 391	21%
Individuals	28 754 956	8%	25 396 372	18%
Manufacturing	73 867 519	20%	5 308 343	4%
Mining	11 234 906	3%	3 102 175	2%
Services	73 390 647	20%	42 639 742	29%
	363 276 512	100%	144 583 451	100%

	Historical Cost			
	30 June 2023 ZWL '000	%	31 Dec 2022 ZWL '000	%
Agriculture	99 046 599	27%	12 245 045	26%
Distribution	76 981 885	21%	9 567 480	21%
Individuals	28 754 956	8%	8 130 098	18%
Manufacturing	73 867 519	20%	1 699 351	4%
Mining	11 234 906	3%	993 094	2%
Services	73 390 647	20%	13 650 189	29%
	363 276 512	100%	46 285 257	100%

The material concentration of loans and advances is with the agriculture sector at 27% (2022 - 21%) and distribution sector at 21 % (2022 - 21%).

18.3. Impairment analysis of financial assets measured at amortised cost

	Inflation Adjusted			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2023	167 235 826	3 808 888	1 630 365	172 675 079
Monetary adjustment	(225 025 452)	(7 842 502)	(168 059)	(233 036 013)
Transfers	(121 521)	27 083	94 439	-
- to 12 months to ECL	59 520	(37 343)	(22 176)	-
- to lifetime ECL not credit impaired	(75 390)	76 236	(846)	-
- to lifetime ECL credit impaired	(105 650)	(11 811)	117 461	-
Net movement in financial assets	332 597 793	8 005 876	1 441 859	342 045 528
Balance as at 30 June 2023	**274 686 647**	**3 999 345**	**2 998 604**	**281 684 594**
Loss allowance analysis				
At 1 January 2023	2 908 439	1 455 922	1 099 718	5 464 080
Monetary adjustment	(1 528 755)	(1 306 523)	(879 594)	(3 714 872)
Transfers	9 559	(2 052)	(7 507)	-
- to 12 month ECL	11 940	(2 506)	(9 434)	-
- to lifetime ECL not credit impaired	(495)	671	(176)	-
- to lifetime ECL credit impaired	(1 886)	(217)	2 103	-
Net increase/(decrease) in ECL	731 025	96 158	79 532	906 714
Revaluation (exchange rate) on loans and advances ECL	5 583 004	1 355 845	652 798	7 591 647
Balance as at 30 June 2023	**7 703 272**	**1 599 350**	**944 948**	**10 247 568**

Impairment analysis of financial assets measured at amortised cost (continued)

	Inflation Adjusted			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2022	133 760 622	2 041 085	1 432 947	137 234 653
Monetary adjustment	(90 816 817)	(2 430)	(995 029)	(91 814 276)
Transfers	(1 697 426)	1 437 583	259 843	-
- to 12 months to ECL	437 540	(414 684)	(22 856)	-
- to lifetime ECL not credit impaired	(1 938 769)	1 944 292	(5 523)	-
- to lifetime ECL credit impaired	(196 196)	(92 026)	288 222	-
Net movement in financial assets	125 989 447	332 651	932 604	127 254 703
Balance as at 31 December 2022	**167 235 826**	**3 808 888**	**1 630 365**	**172 675 079**
Loss allowance analysis				
At 1 January 2022	3 649 708	195 372	581 298	4 426 378
Monetary adjustment	1 672 126	898 421	-	2 570 547
Transfers	(50 349)	55 768	(5 420)	(0)
- to 12 month ECL	48 521	(39 206)	(9 315)	-
- to lifetime ECL not credit impaired	(96 405)	99 785	(3 380)	(0)
- to lifetime ECL credit impaired	(2 465)	(4 811)	7 275	-
Net increase/(decrease) in ECL	207 501	306 362	523 840	1 037 703
Revaluation (exchange rate) on loans and advances ECL	(2 570 547)	-	-	(2 570 547)
Balance as at 31 December 2022	**2 908 439**	**1 455 922**	**1 099 718**	**5 464 080**

19. OTHER ASSETS

	Inflation Adjusted			
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
Trade and other receivables	3 642 848	6 334 029	2 163 847	2 366 004
Prepayments and stocks	1 146 539	234 312	656 279	100 682
Collateral repossessions	3 923 843	12 257 094	3 923 843	3 923 843
Other receivables	30 856 850	7 739 940	10 796 095	2 113 799
	39 570 081	26 565 375	17 540 063	8 504 329

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20. INVESTMENT PROPERTIES

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
GROUP				
At 1 January	70 653 418	10 989 759	22 618 161	3 518 133
Additions	208 955	8 635 122	96 933	2 764 347
Disposals	(253 368)	(140 725)	(81 974)	(45 050)
Fair value gains	98 681 619	51 169 262	146 657 504	16 380 731
Monetary adjustment	-	-	-	-
	169 290 625	70 653 418	169 290 624	22 618 161

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 sale of its investment properties and no contractual obligations to purchase, construct or develop the investment properties or for repairs, maintenance and enhancements.

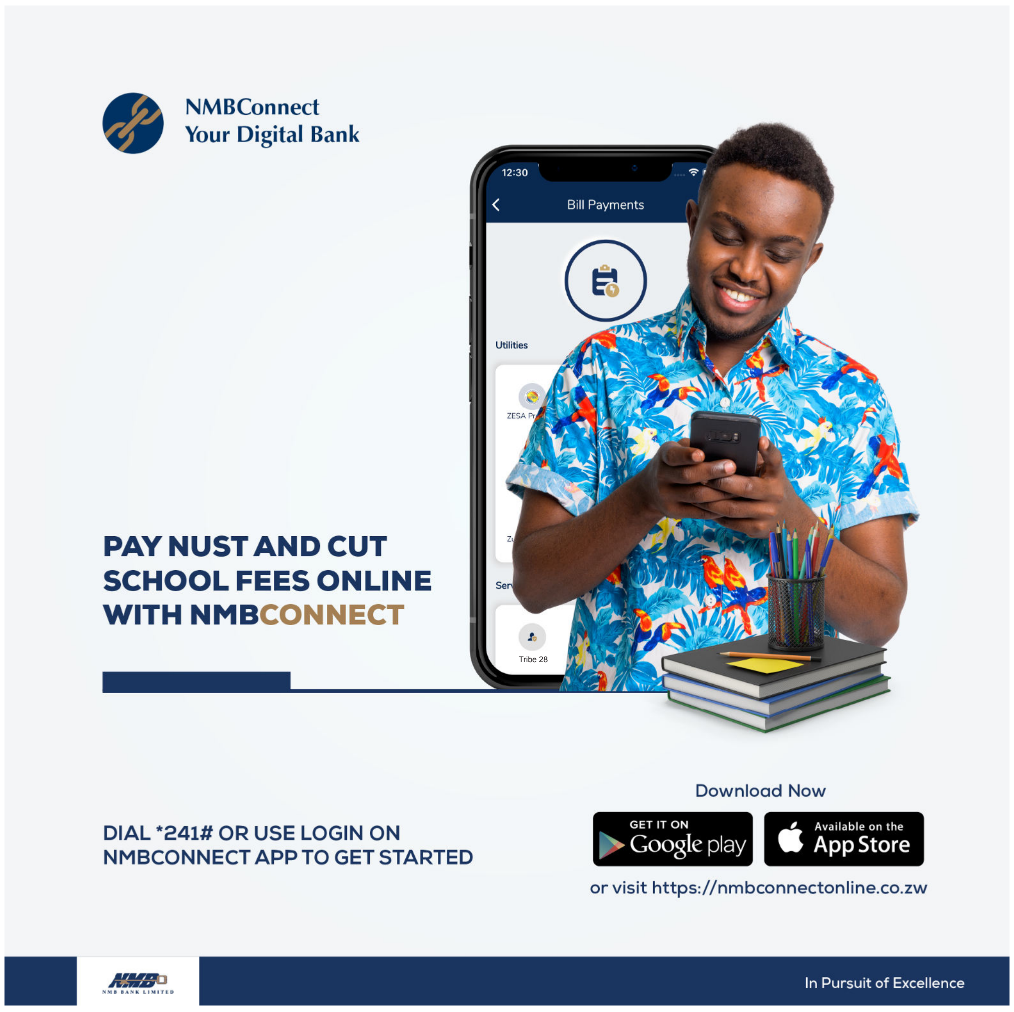
Measurement of fair value

Fair value hierarchy

The fair value of the Group's investment properties as at 30 June 2023 has been arrived at on the basis of valuations carried out by independent professional valuers, Integrated Properties Real Estate (Private) Limited. The valuation which conforms to International Valuation Standards, was derived with reference to market information close to the date of the valuation.

21. INTANGIBLE ASSETS

	Inflation Adjusted		Historical Cost	
	ZWL '000	Total ZWL '000	ZWL '000	Total ZWL '000
Cost				
Balance 1 January 2022	7 207 719	7 207 719	21 261	21 261
Acquisitions	49 087	49 087	14 133	14 133
Balance at 31 December 2022	7 256 806	7 256 806	35 394	35 394
Balance at 30 June 2023	7 256 806	7 256 806	35 394	35 394
Accumulated amortisation				
Balance 1 January 2022	3 257 013	3 257 013	7 853	7 853
Amortisation for the year	904 922	904 922	4 395	4 395
Balance at 31 December 2022	4 161 934	4 161 935	12 248	12 248
Amortisation for the period	53 534	53 534	3 051	3 051
Balance at 30 June 2023	4 215 468	4 215 469	15 299	15 299
Carrying amount				
At 30 June 2023	3 041 337	3 041 336	20 095	20 095
At 31 December 2022	3 094 871	3 094 870	23 147	23 147



22. PROPERTY AND EQUIPMENT

	Inflation Adjusted						
	Capital Work in Progress	Computers	Motor Vehicles	Furniture & Equipment	Right of Use Assets**	Freehold Land & Buildings*	Total
	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000
Cost/Revaluation amount							
At 1 January 2022	**7 774 092**	**8 257 423**	**738 451**	**4 233 574**	**2 312 979**	**30 821 497**	**54 138 016**
Additions	3 299 562	3 056 971	1 095 540	395 029	-	-	7 847 101
Remeasurement – Right of use assets	-	-	-	-	2 639 155	-	2 639 155
Revaluations	-	-	-	-	-	2 230 498	2 230 498
Disposals	-	(2 972)	(53 486)	-	-	-	(56 459)
At 31 December 2022	**11 073 654**	**11 311 421**	**1 780 505**	**4 628 603**	**4 952 135**	**33 051 995**	**66 798 312**
Additions	6 412 846	1 098 042	1 515 232	537 713	-	-	9 563 833
Remeasurement – Right of use assets	-	-	-	-	3 952 956	-	3 952 956
Capitalisations	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	47 027 921	47 027 921
Disposals	-	-	(148 226)	-	-	-	(148 226)
At 30 June 2023	**17 486 498**	**12 409 463**	**3 147 511**	**5 166 316**	**8 905 091**	**80 079 916**	**127 194 796**
Accumulated depreciation							
At 1 January 2022	**-**	**4 452 012**	**608 194**	**2 958 720**	**962 383**	**263 782**	**9 245 090**
Charge for the year – Property and equipment	-	1 307 754	179 072	360 877	-	14 719	1 862 422
Charge for period – Right of use assets	-	-	-	-	818 903	-	818 903
Disposals	-	(2 974)	(53 485)	-	-	-	(56 459)
At 31 December 2022	-	5 756 793	733 781	3 319 597	1 781 286	278 501	11 869 956
Charge for the year – Property and equipment	-	794 129	294 260	226 195	-	7 415	1 321 998
Charge for period – Right of use assets	-	-	-	-	419 074	-	419 074
Remeasurement – Right of use assets	-	-	-	-	-	-	-
Disposals	-	-	(148 226)	-	-	-	(148 226)
At 30 June 2023	-	6 550 922	879 814	3 545 792	2 200 360	285 916	13 462 802
Carrying amount							
At 30 June 2023	17 486 498	5 858 542	2 267 697	1 620 525	6 704 731	79 794 000	113 731 993
At 31 December 2022	11 073 654	5 554 629	1 046 724	1 309 006	3 170 849	- 32 773 494	54 928 356

* Assets measured using the revaluation model
** Right-of-Use Assets recognised in respect of leased properties if 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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PROPERTY AND EQUIPMENT (continued)

	Historical Cost						
	Capital Work in Progress	Computers	Motor Vehicles	Furniture & Equipment	Right of Use Assets**	Freehold Land & Buildings*	Total
	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000
Cost/Revaluation amount							
At 1 January 2022	**34 182**	**137 793**	**3 329**	**62 975**	**95 141**	**2 890 149**	**3 223 569**
Additions	1 056 283	740 557	263 968	101 967	-	-	2 162 776
Remeasurement – Right of use assets	-	-	-	-	277 945	-	277 945
Disposals	-	(331)	(76)	-	-	-	(407)
Revaluations	-	-	-	-	-	7 749 051	7 749 051
At 31 December 2022	**1 090 465**	**878 019**	**267 221**	**164 942**	**373 086**	**10 639 200**	**13 412 932**
Additions	2 518 339	430 204	522 814	205 610	-	-	3 676 967
Remeasurement – Right of use assets	-	-	-	-	1 552 335	-	1 552 335
Capitalisations	-	-	-	-	-	-	-
Disposals	-	-	(210)	-	-	-	(210)
Revaluations	-	-	-	-	-	69 679 568	69 679 568
At 30 June 2023	**3 608 804**	**1 308 223**	**789 825**	**370 552**	**1 925 420**	**80 318 768**	**88 321 592**
Accumulated depreciation							
At 1 January 2022	**-**	**32 048**	**1 799**	**16 865**	**62 917**	**44 446**	**158 075**
Charge for the year – Property and equipment	-	77 470	20 885	16 965	-	103 029	218 350
Charge for period – Right of use assets	-	-	-	-	71 926	-	71 926
Remeasurement – Right of use assets	-	-	-	-	(35 200)	-	(35 200)
Disposals	-	(44)	(76)	-	-	-	(120)
At 31 December 2022	**-**	**109 475**	**22 608**	**33 830**	**99 643**	**147 475**	**413 030**
Charge for the year – Property and equipment	-	117 954	79 675	28 028	-	377 292	602 949
Charge for period – Right of use assets	-	-	-	-	164 571	-	164 571
Remeasurement – Right of use assets	-	-	-	-	-	-	-
Disposals	-	-	(210)	-	-		(210)
At 30 June 2023	**-**	**227 428**	**102 073**	**61 858**	**264 214**	**524 768**	**1 180 340**
Carrying amount							
At 30 June 2023	3 608 804	1 080 795	687 752	308 694	1 661 206	79 794 000	87 141 251
At 31 December 2022	**1 090 465**	**768 545**	**244 612**	**131 113**	**273 443**	**10 491 724**	**12 999 901**

23. LEASES

The Group leases various buildings for the carrying out 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 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.

24. CONTINGENT LIABILITIES

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
GROUP				
Guarantees	13 564 605	2 320 151	13 564 605	742 746
Expected credit losses on guarantees	(278 015)	(47 553)	(278 015)	(15 223)
	13 286 590	2 272 599	13 286 590	727 523

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 a 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.

25. CAPITAL COMMITMENTS

There were no capital commitments during the period under review.

26. RELATED PARTIES

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

26.1. Compensation of key management personnel of the Group

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
Short term employee benefits	9 999 788	1 196 082	4 938 386	166 179
Post employment benefits	209 504	285 567	622 860	171 647
	10 209 292	1 481 649	5 561 246	337 826

26.2. Balances of loans to Directors, officers and others

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
Included in advances and other accounts are loans to officers:-				
At 1 January	549 305	834 846	175 848	77 745
Monetary adjustment	(546 560)	(842 081)	-	-
Net additions during the year	285 038	556 539	111 935	98 103
	287 783	549 305	287 783	175 848
Expected credit loss allowance on loans to officers	-	-	-	-
	287 783	549 305	287 783	175 848

26.3. Borrowing powers

Holding Company

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

27. EXCHANGE RATES

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

		30 June 2023 Mid - rate ZWL	31 Dec 2022 Mid - rate ZWL
United States Dollar	USD	5 740	684
British Sterling	GBP	7 251	825
South African Rand	ZAR	308	40
European Euro	EUR	6 180	729
Botswana Pula	BWP	426	54

28. STATEMENT OF CASH FLOWS

Included in Cash flows from operating activities for the half year ended 30 June 2022, were movements on borrowings amounting to ZWL 34.64 billion (Historical - ZWL 10.61 billion). These arose due to the fact that deposits and other liabilities were inclusive of borrowings and therefore reported as a single line item on the face of the financial statements.

Due to the current year disaggregation of the financial statements line items which saw Deposits, other liabilities and borrowings reporting separately, on the face of financial statements, the movement on borrowings is now reported as part of cash flows from financing activities. Below is a summary of the impact of the disaggregation.

There was no effect on the Statement of Financial Position, Statement of Comprehensive Income and the Statement of changes in equity as a result of this disaggregation of the line item.

The impact of the disaggregation on cash flows is as detailed below for the half year ended 30 June 2022;

	Impact on Working capital changes	Impact on Working capital changes	Overall net impact on Cash
	ZWL '000	ZWL '000	ZWL '000
2022			
Inflation adjusted			
Borrowings	(122 262 661)	122 262 661	-
Loans raised	(233 878 655)	233 878 655	-
Loans repaid	111 615 994	(111 615 994)	-
		-	
Historical			
Borrowings	(15 361 665)	15 361 665	-
Loans raised	(29 385 632)	29 385 632	-
Loans repaid	14 023 967	(14 023 967)	-

29. 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 company 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 counter party amounted to 10% or more of the Group's total revenue in 2023 or 2022.
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	Business Banking	Treasury Banking	International Banking	Digital Banking	Other	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
FOR THE SIX MONTHS ENDED 30 JUNE 2023							
Income							
Third party income (interest and fees)	33 781 635	19 203 157	5 423 071	1 573 651	17 173 068	236 386 729	313 541 311
Interest and similar expense	(7 563 746)	(1 776 599)	(6 512 279)	(2 770 114)	(3 524 851)	(42 957 786)	(65 105 375)
	26 217 888	17 426 558	(1 089 208)	(1 196 463)	13 648 217	193 428 943	248 435 936
Net operating income							
Other material non-cash items							
Impairment losses on financial assets measured at amortised cost	113 202	793 379	133	-	-	-	906 715
Depreciation of property and equipment	(167 942)	(2 141)	(124)	(167)	(123 957)	(1 027 668)	(1 321 998)
Depreciation of right of use assets	-	-	-	-	-	(419 074)	(419 074)
Amortisation of intangible assets	-	-	-	-	-	-	-
Segment profit/(loss)	**26 163 148**	**18 217 797**	**(1 089 199)**	**(1 196 630)**	**13 524 260**	**191 982 201**	**247 601 577**
Income tax charge	-	-	-	-	-	(33 671 838)	(33 671 838)
Revaluation of land and buildings, net of tax	-	-	-	-	-	37 622 337	37 622 337
Total comprehensive income for the year	26 163 148	18 217 797	(1 089 199)	(1 196 630)	13 524 260	195 932 701	251 552 077
AS AT 30 JUNE 2023							
Assets and liabilities							
Capital expenditure (property and equipment and intangible assets)	197 790	13 097	2 728	-	206 253	768 827	1 188 695
Total assets	**153 476 920**	**391 955 696**	**102 229 734**	**-**	**-**	**386 953 582**	**1 034 615 932**
Total liabilities	**93 795 497**	**194 576 144**	**71 487 648**	**105 061 150**	**-**	**174 542 094**	**639 462 533**

	Inflation Adjusted						
	Consumer Banking & Value Added Services	Business Banking	Treasury Banking	International Banking	Digital Banking	Other	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
FOR THE SIX MONTHS ENDED 30 JUNE 2022							
Income							
Third party income (interest and fees)	12 342 214	16 890 983	2 774 766	704 614	12 249 844	1 509 592	46 472 012
Interest and similar expense	(4 840 894)	(1 163 626)	(7 558 441)	(956 985)	(2 249 757)	(18 770 931)	(35 540 635)
	7 501 320	15 727 357	(4 783 675)	(252 372)	10 000 086	(17 261 339)	10 931 377
Net operating income							
Other material non-cash items							
Impairment losses on financial assets measured at amortised cost	(247 851)	(1 737 072)	(291)	-	-	-	(1 985 215)
Depreciation of property and equipment	(108 664)	(3 686)	(92 889)	(747 766)	(19 416 776)	(273 518)	(20 643 299)
Depreciation of right of use assets	-	-	-	-	-	(507 567)	(507 567)
Amortisation of intangible assets	-	-	-	-	-	-	-
Segment profit/(loss)	**7 144 804**	**13 986 599**	**(4 876 855)**	**(1 000 138)**	**(9 416 690)**	**(18 042 424)**	**(12 204 703)**
Income tax charge	-	-	-	-	-	-	-
Revaluation of land and buildings, net of tax	-	-	-	-	-	-	-
Total comprehensive income for the period	7 144 804	13 986 599	(4 876 855)	(1 000 138)	(9 416 690)	(18 042 424)	(12 204 703)
AS AT 31 DECEMBER 2022							
Assets and liabilities							
Capital expenditure (property and equipment and intangible assets)	-	-	-	-	-	-	-
Total assets	**61 035 843**	**99 805 378**	**51 091 416**	**31 465 866**	**2 235 378**	**94 816 172**	**340 450 052**
Total liabilities	**63 173 896**	**52 251 521**	**40 883 907**	**32 874 575**	**-**	**44 806 263**	**233 990 161**

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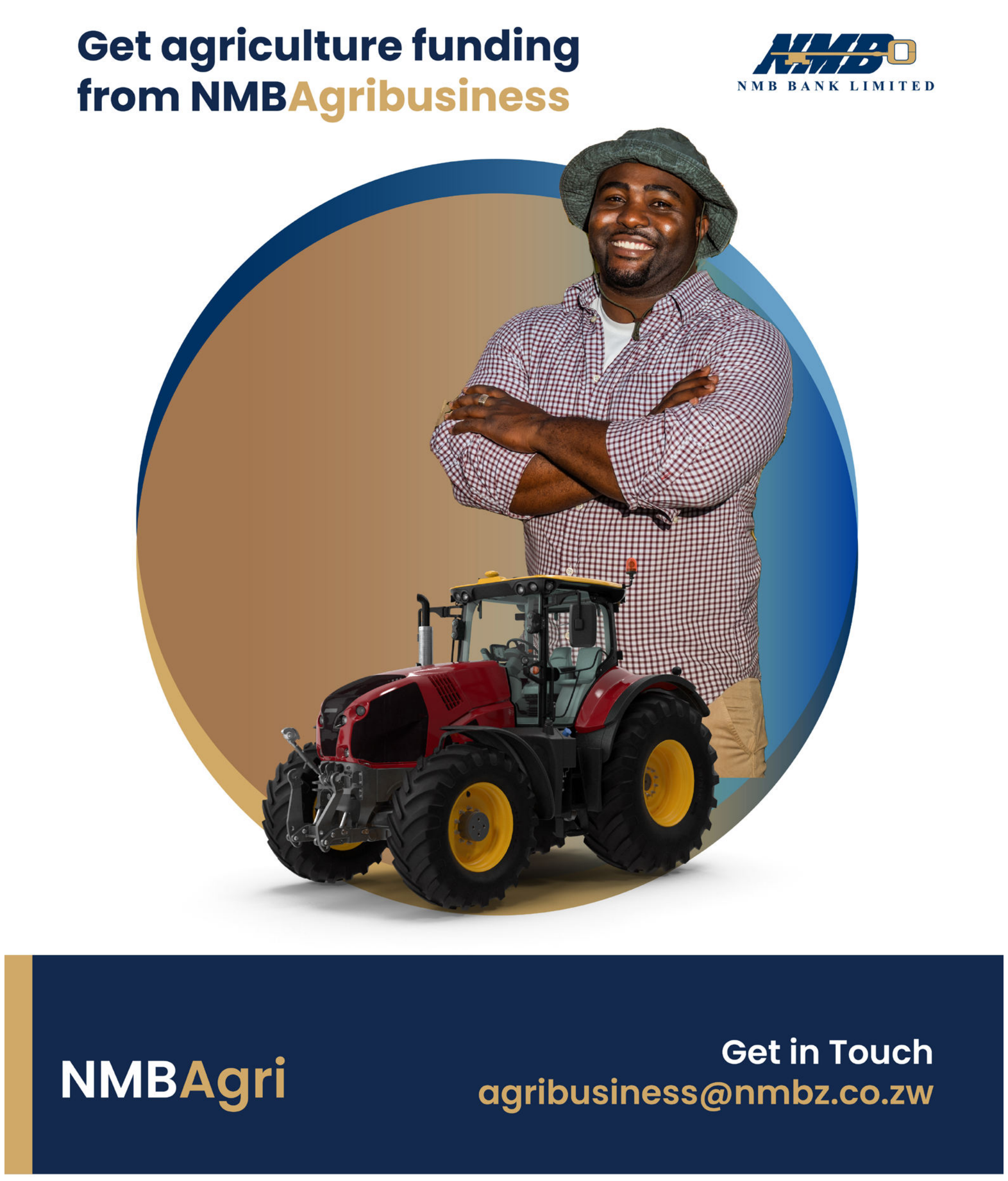
NMB BANK LIMITED 2023 Half Year Condensed Reviewed Results

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Inflation Adjusted 30 June 2023 ZWL '000	Inflation Adjusted 30 June 2022 ZWL '000	Historical Cost* 30 June 2023 ZWL '000	Historical Cost* 30 June 2022 ZWL '000
Interest income		42 046 879	22 652 680	20 170 882	3 033 435
Interest expense		(10 794 383)	(7 661 570)	(5 764 682)	(1 038 645)
Net interest income		31 252 497	14 991 110	14 406 201	1 994 790
Fee and commissions income		53 608 260	21 992 923	29 069 038	2 944 823
Net foreign exchange gains		97 700 137	7 246 171	100 018 213	1 458 922
Revenue		182 560 894	44 230 205	143 493 452	6 398 535
Other income	a	100 084 045	6 766 846	136 269 626	5 864 619
Operating income		282 644 939	50 997 051	279 763 077	12 263 153
Operating expenditure	b	(55 729 150)	(22 353 111)	(28 391 267)	(2 997 246)
Operating income before impairment charge and loss on net monetary position		226 915 789	28 643 940	251 371 810	9 265 907
Impairment losses on financial assets measured at amortised cost		906 714	(1 270 604)	906 714	(259 036)
Loss on net monetary position		**(22 537 879)**	**(29 493 759)**	**-**	**-**
Profit before tax		205 284 626	(2 120 422)	252 278 525	9 006 872
Taxation		**(28 950 155)**	**(8 057 262)**	**(29 685 621)**	**(1 563 755)**
Profit for the period		**176 334 471**	**(10 177 683)**	**222 592 903**	**7 443 116**
Other comprehensive income					
Revaluation gains on land and buildings, net of tax		**40 392 448**	**(361 876)**	**54 278 214**	**2 656 264**
Total comprehensive income for the period		217 266 918	(10 539 559)	276 871 118	10 099 380
Earnings per share (ZWL cents)					
- Basic	c.3	1 068	62	1 349	45

* 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 Hyper-inflationary Economies".

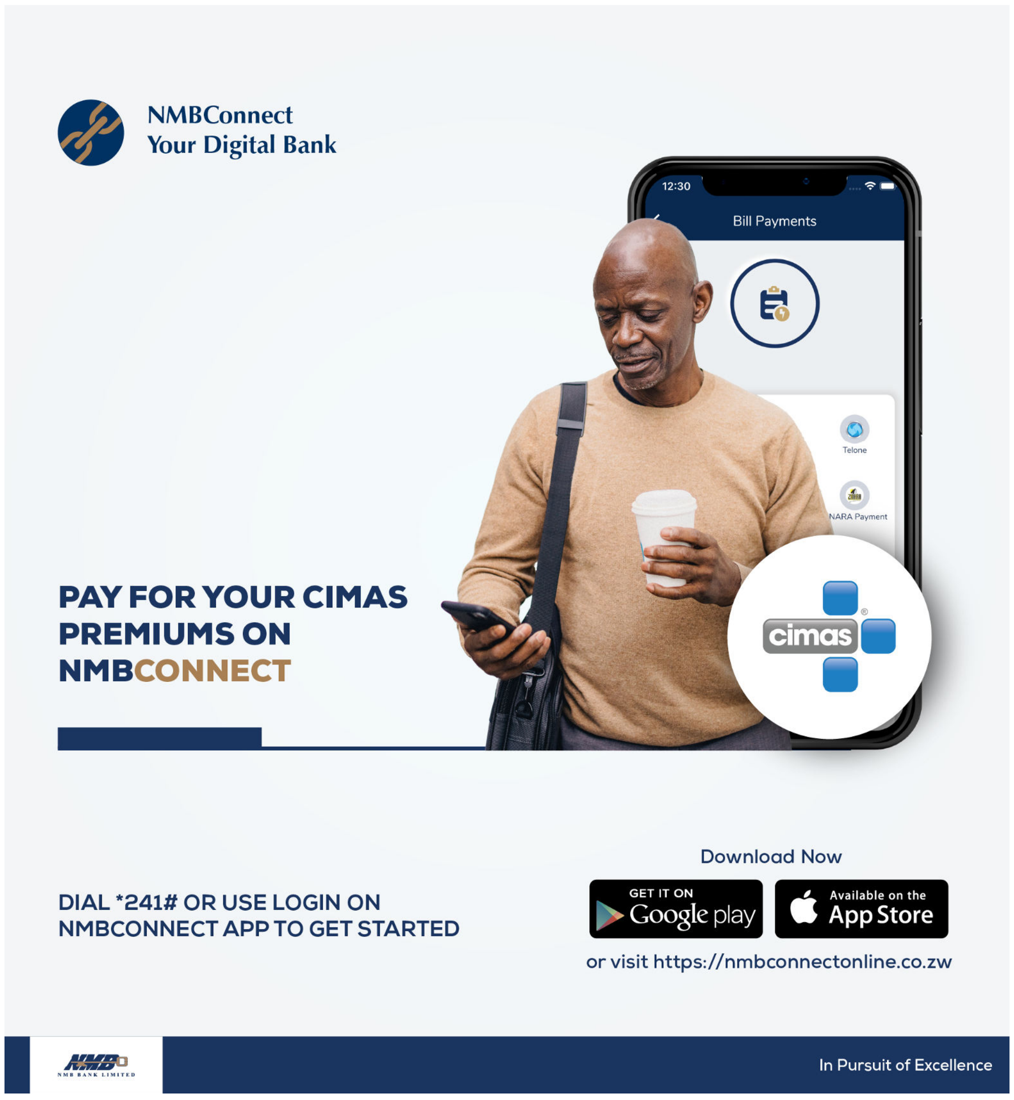


IN PURSUIT OF EXCELLENCE

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Inflation Adjusted 30 June 2023 ZWL '000	Inflation Adjusted 31 Dec 2022 ZWL '000	Historical Cost* 30 June 2023 ZWL '000	Historical Cost* 31 Dec 2022 ZWL '000
SHAREHOLDERS' FUNDS					
Share capital	d	12 536	12 536	17	17
Share Premium		22 224 725	22 224 725	31 475	31 475
Functional currency translation reserve		4 962 835	4 962 835	11 620	11 620
Revaluation reserve		58 192 154	17 259 707	62 027 896	7 749 682
Employee share option reserve		4 453 110	794 525	1 564 808	128 073
Retained earnings		263 123 124	86 788 654	252 846 942	30 254 039
Total shareholders' funds		**352 968 484**	**132 042 982**	**316 482 759**	**38 174 906**
LIABILITIES					
Deposits		366 330 620	166 892 236	366 330 620	53 426 931
Other liabilities		58 919 077	37 772 931	57 933 598	12 092 185
Borrowings		178 713 850	66 461 630	178 713 850	21 276 250
Current tax liabilities		2 964 053	(137 357)	2 964 053	(43 972)
Deferred tax liabilities		47 598 531	16 933 307	40 174 639	3 964 790
Subordinated term loan		7 076 334	2 893 599	7 076 334	926 323
Amount owing to Holding company		-	(662 263)	-	(212 009)
Total liabilities		**661 602 466**	**290 154 083**	**653 193 094**	**91 430 499**
Total shareholders' funds and liabilities		**1 014 570 950**	**422 197 065**	**969 675 853**	**129 605 405**
ASSETS					
Cash and cash equivalents	e	229 201 836	67 281 848	229 201 836	21 538 825
Investment securities		96 249 484	52 335 785	96 249 484	16 754 167
Other short term investments		17 490 353	-	17 490 353	-
Loans and advances		364 351 676	145 351 686	364 351 676	46 531 190
Other assets		39 570 081	26 565 375	24 286 965	8 504 329
Assets held for sale		380 629	1 188 989	380 629	380 629
Trade and other investments		2 383 082	796 731	2 383 082	255 056
Investment properties		148 170 480	70 653 418	148 170 480	22 618 160
Intangible assets		3 041 337	3 094 875	20 095	23 147
Property and equipment		113 731 993	54 928 358	87 141 252	12 999 902
Total assets		**1 014 570 950**	**422 197 065**	**969 675 853**	**129 605 405**

* 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 Hyper-inflationary Economies".



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STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Inflation Adjusted						
	Share Capital	Share Premium	Translation Reserve	Revaluation Reserve	Share Option Reserve	Retained Earnings	Total
	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000
Balance as at 1 January 2022	12 536	22 224 725	4 962 835	15 581 033	-	51 717 399	94 498 528
Profit for the period	-	-	-	-		(10 177 683)	(10 177 683)
Revaluation gains on land and buildings, net of tax	-	-	-	(361 876)		-	(361 876)
Balance at 30 June 2022	12 536	22 224 725	4 962 835	15 219 158	-	41 539 715	83 958 968
Profit for the period	-	-	-	-		46 186 063	46 186 063
Dividends declared						(937 124)	(937 124)
Employee scheme - value of employee services					794 525		794 525
Revaluation gains on land and buildings, net of tax	-	-	-	2 040 549		-	2 040 549
Balance at 1 January 2023	12 536	22 224 725	4 962 835	17 259 707	794 525	86 788 653	132 042 981
Total comprehensive income for the period	-	-	-	-		176 334 471	176 334 471
Revaluation gains on land and buildings, net of tax	-	-	-	40 932 448		-	40 932 448
Employee scheme - value of employee services					3 658 585		3 658 585
Balance at 30 June 2023	**12 536**	**22 224 725**	**4 962 835**	**58 192 154**	**4 453 110**	**263 123 124**	**352 968 483**

	Historical Cost*						
	Share Capital	Share Premium	Translation Reserve	Revaluation Reserve	Share Option Reserve	Retained Earnings	Total
	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000	ZWL '000
Balance as at 1 January 2022	17	31 475	11 620	1 915 997	-	5 112 719	7 071 828
Total comprehensive income for the period	-	-	-	-		7 443 116	7 443 116
Revaluation gains on land and buildings, net of tax	-	-	-	2 656 264		-	2 656 264
Balance at 30 June 2022	17	31 475	11 620	4 572 261	-	12 555 835	17 171 208
Profit for the period	-	-	-	-		17 998 204	17 998 204
Dividends declared						(300 000)	(300 000)
Employee scheme - value of employee services					128 073		128 073
Revaluation gains on land and buildings, net of tax	-	-	-	3 177 421	-	-	3 177 421
Balance at 1 January 2023	17	31 475	11 620	7 749 682	128 073	30 254 039	38 174 907
Total comprehensive income for the period	-	-	-	-		222 592 903	222 592 903
Revaluation gains on land and buildings, net of tax	-	-	-	54 278 214		-	54 278 214
Employee scheme - value of employee services					1 436 735		1 436 735
Balance at 30 June 2023	**17**	**31 475**	**11 620**	**62 027 896**	**1 564 808**	**252 846 942**	**316 482 760**

* 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 Hyper-inflationary Economies".

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Inflation Adjusted		Historical Cost*	
	30 June 2023 ZWL '000	30 June 2022 ZWL '000	30 June 2023 ZWL '000	30 June 2022 ZWL '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	205 284 626	(2 120 422)	252 278 525	9 006 872
Non-cash items:				
- Net monetary loss	22 537 879	29 493 759	-	-
- Depreciation (excluding right of use assets)	1 321 998	254 196	602 948	32 877
- Depreciation – Right of use assets	419 074	507 567	164 571	84 405
- Amortisation of intangible assets	53 534	151 929	3 051	20 054
- Impairment losses on financial assets measured at amortised costs	(906 714)	1 270 604	(906 714)	259 036
- Investment properties fair value gains	(98 681 619)	(6 486 195)	(146 657 504)	(5 828 904)
- Trade and other investments fair value movements adjustment	-	-	-	(99 532)
- Profit on disposal of property and equipment	(288 773)	-	(158 794)	-
- Loss/(profit) on disposal of investment properties	-	-	-	-
	-	-	-	-
- Non-cash employee benefits expense – share-based payments	3 658 585	355 168	1 436 735	72 407
- Interest capitalised on subordinated term loan	-	-	-	-
- Unrealised foreign exchange gain	(102 113 214)	(3 570 773)	(102 113 214)	(727 966)
Operating cash flows before changes in operating assets and liabilities	31 285 375	19 855 831	4 649 604	2 819 248
Changes in operating assets and liabilities				
Increase/(decrease) in deposits	798 232 572	213 867 509	313 032 381	14 685 556
Increase/(decrease) in other liabilities	46 189 768	17 543 139	45 841 413	2 511 864
(Increase)/decrease in loans and advances	(830 369 812)	(120 876 085)	(325 635 220)	(14 935 952)
(Increase)/decrease in other assets	(13 004 705)	(27 652 371)	(15 782 635)	(2 486 770)
(Increase)/decrease in assets held for sale	808 360	-	(0)	-
Net cash generated/(used) from operations	33 141 559	102 738 023	22 105 543	2 593 946
Taxation				
Tax on dividends paid	-	-	-	-
Corporate tax paid	(401 552)	(5 477 327)	(175 855)	(434 520)
Net cash inflow/(outflow) from operations	32 740 007	97 260 696	21 929 688	2 159 426
CASH FLOWS FROM INVESTING ACTIVITIES				
(Acquisition) of investment securities	(220 761 280)	-	(86 693 450)	(2 181 183)
Disposal of investment securities	18 788 341		7 707 610	
Acquisition of short term investments	(17 490 353)	-	(17 490 353)	-
Proceeds on disposal of property and equipment	288 773	-	158 794	-
Acquisition of trade and other investments	-	-	-	-
Acquisition of property and equipment	(9 563 833)	(2 977)	(3 676 967)	(423 075)
Acquisition of investment properties	(208 955)	(5 088 489)	(96 933)	(714 478)
Dividends received	-	-	-	-
Net cash (used)/generated in investing activities	(228 947 306)	(5 091 467)	(100 091 299)	(3 318 736)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of lease liabilities	(11 410 734)	(565 156)	(4 481 021)	(71 009)
Borrowings raised	406 577 380	233 878 655	159 663 849	29 385 632
Borrowings repaid	(5 426 783)	(111 615 994)	(2 226 249)	(14 023 967)
Increase/(decrease) in borrowings	112 252 220	70 658 569	157 437 600	7 385 043
Repayment of subordinated term loans	(492 597)	-	(185 312)	-
Net cash outflow from financing activities	501 499 486	192 356 073	310 208 867	22 675 699
Net (decrease)/increase in cash and cash equivalents	305 292 186	284 525 303	232 047 256	21 516 389
Net foreign exchange and monetary adjustments on cash and cash equivalents	(143 372 198)	19 192 230	(24 384 245)	247 048
Cash and cash equivalents at beginning of the year	67 281 848	139 860	21 538 825	4 872 262
Cash and cash equivalents at the end of the year	229 201 836	303 857 392	229 201 836	26 635 699

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.

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a) **Other income**

	Inflation Adjusted		Historical Cost*	
	30 June 2023 ZWL '000	**30 June 2022 ZWL '000**	**30 June 2023 ZWL '000**	**30 June 2022 ZWL '000**
Fair value gains on investment properties	98 681 619	6 486 195	134 996 048	5 828 904
Rental income	532 825	267 363	330 543	34 125
Other operating income	869 603	13 288	943 034	1 590
	100 084 046	6 766 846	136 269 626	5 864 619

b) **OPERATING EXPENDITURE**

The net operating income is after charging the following:

	Inflation Adjusted		Historical Cost*	
	30 June 2023 ZWL '000	**30 June 2022 ZWL '000**	**30 June 2023 ZWL '000**	**30 June 2022 ZWL '000**
Administration costs	26 743 117	9 984 076	13 948 912	1 345 725
Depreciation (excluding right of use assets)	1 321 998	254 196	602 948	32 877
Amortisation of intangible assets	53 534	151 929	3 051	20 054
Depreciation – right of use assets	419 074	507 567	164 571	84 405
Staff costs – salaries, allowances and related costs	27 191 426	11 455 343	13 671 784	1 514 186
	55 729 150	22 353 111	28 391 267	2 997 246

c) **EARNINGS PER SHARE**

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

	Inflation Adjusted		Historical Cost*	
	30 June 2023 ZWL '000	**30 June 2022 ZWL '000**	**30 June 2023 ZWL '000**	**30 June 2022 ZWL '000**
c.1. Earnings				
Profit for the year	176 334 471	(10 177 683)	222 592 903	7 443 116
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	1 068 302	(61 660)	1 348 553	45 093

d. **SHARE CAPITAL**

d.1. **Authorised**

The authorised ordinary share capital at 30 June 2023 is at the historical cost figure of ZWL25 000 (2022 - ZWL25 000) comprising 25 million ordinary shares of ZWL0.001 each.

d.2. **Issued and fully paid**

The issued share capital at 30 June 2023 is at the inflation adjusted figure of ZWL 12 536 000 (2022 restated – ZWL 12 536 000) and historical cost of ZWL 16 506 (2022 – 16 506) comprising 16 506 050 (2022 – 16 506 050) ordinary shares of ZWL0.001 each in historical cost terms.

e) **CASH AND CASH EQUIVALENTS**

	Inflation Adjusted		Historical Cost*	
	30 June 2023 ZWL '000	**31 Dec 2022 ZWL '000**	**30 June 2023 ZWL '000**	**31 Dec 2022 ZWL '000**
Balances with the Central Bank**	36 897 537	21 623 763	36 897 537	6 922 379
Current, nostro accounts* and cash	188 604 299	38 944 043	188 604 299	12 467 091
Interbank placements	3 700 000	6 714 039	3 700 000	2 149 354
	229 201 837	67 281 845	229 201 837	21 538 825

* 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		2	2	2	2
B.A. Chikwanha	I	2	N	2	N
D. Matenga	I	2	N	N	2
G. Taputaira	I	1	2	N	N
J. Maguranyanga	I	2	2	N	N
E. Chisango	I	2	2	2	2
P. Gowero *	I	1	N	N	1
C. Glover	NE	2	N	N	2
J. Tichelaar	NE	2	N	N	2
J. De la Fargue	NE	2	N	1	2
G. Gore	E	2	N	2	2
M. Chipunza	E	2	N	N	2

NAME OF DIRECTOR		LOANS REVIEW	HUMAN CAPITAL, REMUNERATION & NOMINATIONS	RISK & COMPLIANCE	ICT & DIGITAL
Number of meetings held		2	2	2	4
B.A. Chikwanha	I	N	2	N	4
D. Matenga	I	2	N	2	4
G. Taputaira	I	1	N	1	2
J. Maguranyanga	I	2	2	2	N
E. Chisango	I	N	2	N	N
P. Gowero *	I	1	1	1	N
C. Glover	NE	N	2	2	4
J. Tichelaar	NE	1	1	N	4
J. De la Fargue	NE	N	2	2	N
G. Gore	E	N	N	N	4
M. Chipunza	E	N	N	N	N

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

* Mr. P. Gowero was appointed on 26 April 2023

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 counter-parties 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 counter-parties 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 draw-down 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.

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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 on-site inspection on the Group's banking subsidiary on 30 June 2021. Below are the final ratings from the on-site examination.

4.8.1.1. CAMELS* Ratings

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

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

** RBS stands for Risk-Based Supervision.

4.8.1.2. Summary RAS ratings

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

*** RAS stands for Risk Assessment System.

4.8.1.3. Summary Risk Matrix – 30 June 2021 on - Site Examination

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

KEY

High	Moderate/Acceptable	Low

Level of Inherent Risk

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

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

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

Adequacy of Risk Management Systems

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

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

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

Overall Composite Risk

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

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

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

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

Direction of Overall Composite Risk

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

4.8.2. External Credit Ratings

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

Security Class	2023	2022	2021
Long Term	BB+	BB+	BB+

The 2023 external ratings were obtained during the month of June 2023 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 2023 was as follows:

	Inflation Adjusted		Historical Cost*	
	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000	30 June 2023 ZWL '000	31 Dec 2022 ZWL '000
	Reviewed	Restated Audited		
Share capital	12 536	12 536	17	17
Share Premium	22 224 725	22 224 725	31 475	31 475
Functional currency translation reserve	4 962 835	4 962 835	11 620	11 620
Retained earnings	263 123 124	86 788 654	252 846 942	30 254 039
	290 323 220	113 988 750	252 890 054	30 297 151
Less: capital allocated for market and operational risk	(46 446 896)	(12 922 669)	(46 446 896)	(4 136 912)
Tier 1 capital	243 876 324	101 066 081	206 443 158	26 160 239
Tier 2 capital (subject to limit as per Banking Regulations)	75 516 058	20 225 270	79 351 800	8 699 043
Revaluation reserve	58 192 154	17 259 707	62 027 896	7 749 682
Subordinated term loans	7 076 334	2 893 599	7 076 334	926 323
Stage 1 & 2 ECL provisions – (limited to 1,25% of risk weighted assets)	10 247 570	71 964	10 247 570	23 038
Tier 1 & 2 capital	319 392 381	121 291 351	285 794 959	34 859 282
Tier 3 capital (sum of market and operational risk capital)	46 446 896	12 922 669	46 446 896	4 136 912
Total capital base	365 839 277	134 214 020	332 241 855	38 996 195
Total risk weighted assets	1 195 612 258	481 807 948	1 195 612 258	154 240 369
Tier 1 ratio	20.40%	20.98%	17.27%	16.96%
Tier 2 ratio	6.32%	4.20%	6.64%	5.64%
Tier 3 ratio	3.88%	2.68%	3.88%	2.68%
Total capital adequacy ratio	30.60%	27.86%	27.79%	25.28%
RBZ minimum required	12.00%	12.00%	12.00%	12.00%

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6. GEOGRAPHICAL INFORMATION

The Bank operates in one geographical market, Zimbabwe.
SECRETARY AND REGISTERED OFFICE

Company Secretary
V. T. MUTANDWA

Registered Offices

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Independent Auditor's Report

To the Shareholders of NMBZ Holdings Limited

Report on the Review of the inflation adjusted Consolidated Financial Statements

Qualified review conclusion

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 21, which comprise the interim condensed inflation adjusted consolidated statement of financial position as at 30 June 2023 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 statements in accordance with the Internal Financial Reporting Standards. Our responsibility is to express a review conclusion on this interim condensed inflation adjusted consolidated financial statements 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 statements 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

Matter 1: 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 - Impact of prior year modification on current period

Valuation of investment properties, freehold land and buildings
In the prior half year period, the Group valued Investment property and freehold land and buildings using USD denominated inputs and converted to ZWL at the closing auction rate. We believed that applying a conversion rate to a USD valuation to calculate ZWL property values would not accurately reflect market dynamics, as risks associated with currency trading do not reflect the risks associated with the properties.

Management has not made retrospective adjustments in terms of *IAS 8 – Accounting Polices, Changes in Accounting Estimates and* Errors to correct this matter. Consequently, the corresponding revaluation gain, other income and tax expense on the inflation adjusted consolidated statement of comprehensive remains misstated. Our review report on the current period's interim condensed inflation adjusted consolidated financial statements is therefore modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Inappropriate accounting for blocked funds
In the prior years, the Group treated local balances held with the central bank as foreign currency and translated at the foreign auction exchange rate as at 31 December 2022 in contravention of IAS21 which defines 'foreign currency' as a currency other than the functional currency of the entity resulting in an overstatement of the balance. Management has not made retrospective adjustments in terms of *IAS 8 – Accounting Polices, Changes in Accounting Estimates and* Errors to correct the matter. Consequently, corresponding amounts for net foreign exchange gains, retained earnings and other assets on the interim condensed consolidated inflation adjusted financial statements remain misstated.

Our review report on the current period's interim condensed consolidated inflation adjusted financial statements are therefore modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Matter 2: Inappropriate valuation of treasury bills

Included in Investment securities are treasury bills received from the central bank in lieu of the Reserve Bank of Zimbabwe (RBZ) Deposit made in 2019 of amount ZWL71 733 538 948 (2022: *ZWL6 599 867 282,51) with maturity dates ranging from three years to twenty years*. These have not been discounted to take into account the time value of money which is in contravention of IFRS 9 that requires financial assets measured at amortized cost to be discounted using effective interest method. Had the treasury bills been recognised at fair value that is the discounted future value balance would have been reduced by ZWL 43 095 535 420. Consequently, the foreign exchange gains of ZWL97 700 137 349 and retained earnings ZWL307 896 728 459 (2022: 96 589 483 350) are also overstated.

Our prior year audit opinion was modified due to this matter.

Matter 3: 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 statements which were not in compliance with *IFRS 9, and IAS 8* as described above. Had the correct base numbers been used, the above stated accounts would have been materially different. Consequently, monetary loss of ZWL3 330 827 925 (2022: ZWL10 566 560 372) is 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 financial statements.

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 statements, 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 statements is Mr Walter Mupanguri (PAAB Practicing Certificate Number 367).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

31 August 2023