Abridged Unaudited Financial Results

FOR THE HALF YEAR ENDED 30 JUNE 2020



Building Communities

HIGHLIGHTS

UNAUDITED INFLATION ADJUSTED





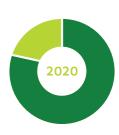


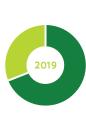




2020 Non-funded income - 82%

2019





CHAIRMAN'S STATEMENT

Introduction

I take great pleasure to present the interim financial results of the Society for the half year ended 30 June 2020.

The results show a resilient and adaptive Society operating in a very difficult and hostile environment, particularly Zimbabwe experiencing high inflation and rapid depreciation of the local currency

Operating environment

Covid-19 has led to the worst economic shock in living memory for most of us, lockdowns and curfews have become the order of the day. In March 2020, the World Health Organization declared COVID-19 a pandemic and countries responded with widespread lockdowns. Supply chains were disrupted, and demand significantly declined, in addition, our highly informal market was ground to a halt. Fear and uncertainty drove a precipitous fall in the markets and a liquidity squeeze. This was quickly followed by extraordinary fiscal and monetary interventions. Regulatory actions included wide-spread interest rate cuts and commissions and tariffs freeze.

The regulatory authorities, RBZ, issued credit relief measures to cushion banks from adverse movements in credit risk and directed a reduction of statutory reserves to support liquidity and lending activities during the COVID-19 pandemic.

The Zimbabwe Government in response to this pandemic introduced several initiatives for civil servants in addition to the unplanned pandemic budget to assist civil servants and Zimbabweans at large. Whilst necessary, the additional spend posed a material burden to the already existent fiscal deficit.

Foreign currency inflows statistics remain relatively low albeit positive, primarily driven by international remittances, export proceeds and utilization of lines of credit. For the period from January to 30 June 2020, total inflows amounted to US\$3.16 billion with US\$1.96 billion being export proceeds compared to the corresponding period in 2019 were total foreign currency receipts amounted to US\$2.69 billion, of which US\$1.86 billion was export proceeds.

During the period to 30 June 2020, the exchange rate remained under immense pressure, depreciating further in the first quarter before it was fixed at ZWL25 per USD till 22 June 2020 when the foreign exchange auction system was introduced. The auction foreign exchange system sought to instill confidence in the interbank market, improve exporter viability and transparency in the management of foreign exchange. The exchange rate as determined on the auction closed the period

Annual inflation has continued an upward trend increasing from single digits in September 2018 to more than 521% in 2019, and further to 737.3% in June 2020.

The economy was initially projected to grow by 3% in 2020, driven by anticipated positive performances in the key sectors. The emergence of the COVID-19 pandemic coupled with another forecasted drought year; it is expected that economy will instead contract by 4.5% with the ripple effect being felt across all economic sectors.

The Society recorded a surplus of ZWL25.3 million after a monetary gain of ZWL16.9 million over the six months to June 2020. This was largely achieved by benefits of the inflation hedge held in investment property and disposals recorded on residential stands. A surge in digital platform volumes especially in last quarter also drove topline expansion over the same

Operating expenses recorded a below year on year inflation increase of 372% in historical terms closing the period on ZWL46.0 million from ZWL9.8 million, confirmation of the success in cost containment strategies by the Society. Inevitable inflationary pressure on the cost base was countered by reduced discretionary spending and bulk purchasing of essential

Our cost to income ratio recorded an improvement in historical terms from 41% to 39% when compared to the same period

Our NPL ratio at 1.87% remained within the prudential limit of 5%. This is a reflection of the exceptional loan book management strategy

The balance sheet receded by 21% from the December 2019 position of ZWL1.5 billion to close the period on ZWL1.2 billion despite a modest increase in loans and advances on the back of an increased deposit book. This decline in the balance sheet is in tandem with the increase in inflation after an offset from our inflation hedge held in investment property

Capital preservation remains central in the operations of the Society

Capitalisation

During the mid-term monetary policy announcement of 21 August 2020, the Reserve Bank of Zimbabwe announced an extension of the capitalisation deadline following an assessment of the adverse impact of the COVID-19 pandemic and the general challenging operating environment. The Bank extended the compliance deadline to 31 December 2021. The Society will comply with all regulatory deadlines as prescribed

The Society has put in place a budget to adequately finance costs related to COVID-19. Of priority to the Society is ensuring the safety and health of all its staff members by providing all the required protection from contracting the virus including working remotely. Arrangements have been put in place to support staff who would have tested positive. The Society has also put in place a COVID-19 business continuity plan which is being reviewed on an ongoing basis.

A significant impact of COVID-19 was the reduction in branch traffic that naturally saw the migration of service delivery to digital channels. System stability was of prime importance. The ability of our electronic platforms to meet the sudden volumes surge and evolving needs of customers whilst providing a seamless banking experience, must be lauded.

Investing in technology and digital infrastructure remains a crucial strategic pillar of the Society.

Products and Services

Several innovative and structured products were introduced under the newly established business banking arm. These facilities were developed based on in-depth engagements with existing and potential clients as well in general response to market trends and occurrences. This segment also benefited from the foreign exchange auction introduced in June 2020 alluded to earlier; with their participation being facilitated by the Society. Furthermore, the period saw deployment of additional Point of Sale terminals (POS) to business clients as a transacting and depositing solution.

Commensurate with our mission "To make the dream of decent housing a reality", whilst construction costs were deemed to be high and uneconomic for the Society, the Society resorted to still accomplish this mission by partially disposing its stands to increase housing stock. I am pleased to announce that great strides have been taken in selling NBS Park in Harare and Hopeville in Bulawayo. In the same vein, the Society managed to underwrite several diaspora United States Dollar backed mortgages for these disposed units.

The Society maintains its long-standing commitment to deliver quality solutions around housing and believes in value chain collaborations

Whilst the prospects of economic recovery in the second half are weak influenced by several adverse factors including the COVID-19 pandemic among others, we remain hopeful of greater inroads as we continue to look for opportunities to enhance the banking needs of our customers. Several products are already in the innovation pipeline and we expect to release these in the second half. We also anticipate greater support to come in from the Regulator who has been a key cornerstone in providing an enabling environment for the Society.

These have been extraordinary times for all of us. I would like to extend sincere appreciation to the team for the tremendous efforts that governed our response, demonstrated the resilience of our business and moreover, realised success for the Society during this reporting period.

I must also thank our shareholders, clients and various stakeholders for their continued support and confidence. As always, the Society is committed to ensuring its sustainability into the future and to making a positive and significant impact on the

S. Kudenga Board Chairman 26 August 2020

CORPORATE GOVERNNACE STATEMENT

The Board is committed to high standards of Corporate Governance and believes that a sound governance structure engenders a successful Society. Throughout the year, the Society has, in the Directors' opinion, complied fully with the tenets of good Corporate Governance in Zimbabwe as specifically incorporated in the Banking Act [Chapter 24:20] read together with the Banking Amendment Act Number 12 of 2016, the Building Societies Act [Chapter 24:02] and the Reserve Bank of Zimbabwe Corporate Governance Guidelines. The Society has also embraced the new Public Entities Corporate Governance Act Chapter {10:31}. The Board recognises the critical importance of having an effective Board of Directors. The Board also places the highest importance on active engagement with its Shareholder. Meetings are held regularly with the Shareholder and the Board takes account of the Shareholder's views.

The Board

The current Board of Directors is constituted of two executive directors, five independent non-executive directors and three non-executive directors. The Board Chairman is an independent non-executive director. The roles of the Chairman and the Managing Director are separate. Effective control is exercised through the Managing Director and the respective Society executives who are accountable through regular reports to the Board. The non-executive directors have the skills and experience to bring unrestrained judgement to bear on all corporate governance issues. Non-executive directors derive no benefits from the Society for their services as directors, other than retainer and sitting allowances. All board members are required to disclose other directorships and any potential conflicts of interest. Directors are requested to recuse themselves from deliberations on matters in which they have a conflict of interest.

Board And Director Evaluation Process

The institution carries out an annual Board and director evaluation process as required by the Reserve Bank of Zimbabwe Guideline No. 01-2004/BSD: Corporate Governance. The performance of the Board and individual directors in the previous year is assessed by the Board.

Areas of concern identified through this process are discussed in the Board meetings with a view to mitigate and rectify identified weaknesses. The Board and director evaluations for the year 2019 were duly and timeously conducted.

Board Changes

There were no changes to the Board of Directors during the period under review.

Board Attendance

The Board and its sub-committees met at regular intervals (including Special Meetings). Attendance was as tabled below:

Board Member	Main Board	Housing Committee	Audit Committee	Loans Review Committee	Credit Review Committee	Resources & Nominations Committee	Risk & Compliance Committee	
Number of Meetings held	3	2	2	2	4	4	2	2
Kudenga S. (Chairman)	3	2	**	**	**	4	**	2
Tome E. (Vice Chairman)	3	**	2	**	**	4	**	2
Chitanda E. (Mrs) (Finance Director)	1xx	**	**	**	**	**	**	1x
Danga L. (Managing Director)	3	2	**	**	4	**	**	2
Mnangagwa K. D.	2x	2	**	**	4	**	2	2
Mutemachani D.	3	2	2	**	4	**	**	**
Hamadziripi P. M.	3	xx	**	2	**	**	2	**
Nyereyegona B. (Ms)	3	**	**	2	**	4	2	**
Makwara D.	3	2	**	**	2xx	**	**	2
Chitiki M.	3	2	**	2	**	**	1x	**

Key

- Not a member of the Committee

Apology

Statement of Compliance

The Society complied with all statutes regulating financial institutions as well as corporate governance best practice. The Society also complied with the Reserve Bank of Zimbabwe directives on liquidity management, capital adequacy as well

Approval of the Financial Results

These financial results were approved by the Board of Directors on 26 August 2020.

By order of the Board

Ms. R. Chipendo Company Secretary 26 August 2020



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30 JUNE 2020



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STATEMENT OF FINANCIAL POSITION **AS AT 30 JUNE 2020**

		Unaudited Infl	ation Adjusted	Unaudited	Historical
		30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	Note	ZWL	ZWL	ZWL	ZWI
Assets					
Cash and cash equivalents	6	106 112 455	161 620 568	106 112 455	61 711 282
Investment securities	7	64 415 924	162 098 134	64 415 924	61 893 63
Other assets and prepayments	8	443 306 786	477 527 641	39 189 470	43 341 983
Inventory		175 618 234	175 364 032	10 991 940	10 892 754
Loans and advances	9	122 563 568	252 347 193	122 563 568	96 353 262
Computer software		50 032 735	54 547 981	3 802 995	3 957 56
Investment property		111 606 049	95 012 900	111 606 050	36 278 600
Right of use asset		781 909	781 909	298 555	298 555
Property and equipment	10	87 036 568	97 691 909	26 314 063	30 079 423
Total assets		1 161 474 228	1 476 992 267	485 295 020	344 807 05
Equity and liabilities					
Liabilities					
Deposits	11	228 931 027	480 209 664	228 931 027	183 357 568
Borrowings	12	43 921 467	115 033 066	43 921 467	43 922 863
Other liabilities	13	48 191 721	66 603 348	48 191 721	25 431 033
Total liabilities		321 044 215	661 846 078	321 044 215	252 711 464
Shareholders' equity					
Share capital		82 821 183	82 821 183	5 089 296	5 089 296
Share premium		725 124 558	725 124 558	44 558 325	44 558 325
Revaluation reserve		42 947 902	42 947 902	25 552 455	25 552 455
Accumulated (deficit)/surplus		(10 463 630)	(35 747 454)	89 050 729	16 895 51
Total shareholder equity		840 430 013	815 146 189	164 250 805	92 095 587
Total liabilities and equity		1 161 474 228	1 476 992 267	485 295 020	344 807 05

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2020

		Unaudited Infl	ation Adjusted	Unaudited Historical		
	Note	30 June 2020 ZWL	30 June 2019 ZWL	30 June 2020 ZWL	30 June 2019 ZWL	
Interest income Interest expense Net interest income		23 808 280 (7 809 858) 15 998 422	6 856 811 (2 651 618) 4 205 193	13 751 314 (4 516 678) 9 234 636	6 856 811 (2 651 618) 4 205 193	
Charge for impairment	9.2	(558 446) 15 439 976	(552 005) 3 653 188	(558 446) 8 676 190	(552 005) 3 653 188	
Non funded income Total operating income for the ye	ər	72 486 456 87 926 432	20 085 793 23 738 981	109 512 030 118 188 220	20 085 793 23 738 981	
Operating expenses	14	(79 587 078)	(9 751 916)	(46 032 969)	(9 751 916)	
Surplus before tax		8 339 354	13 987 065	72 155 251	13 987 065	
Income tax Surplus for the year Monetary gain Other comprehensive income		(85) 8 339 269 16 944 554	(126) 13 986 939 - -	(33) 72 155 218 - -	(126) 13 986 939 -	
Comprehensive surplus for the ye	ər	25 283 823	13 986 939	72 155 218	13 986 939	

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2020

Unaudited inflation	Share capital ZWL	Share premium ZWL	Revaluation Reserve ZWL	Accumulated surplus/(deficit) ZWL	Total ZWL
adjusted					
2020 Balance as at 1 January 2020 Surplus for the year Balance as at	82 821 183 -	725 124 558 -	42 947 902 -	(35 747 453) 25 283 823	815 146 190 25 283 823
30 June 2020	82 821 183	725 124 558	42 947 902	(10 463 630)	840 430 013
2019 Balance as at 1 January 2019 IFRS 16 adjustment Balance as at	82 821 183	725 124 558 -	-	(66 143 486) (772 269)	741 802 255 (772 269)
1 January 2019 after adjusting for IFRS 16	82 821 183	725 124 558	-	(66 915 755)	741 029 986
Revaluation of property and equipment Surplus for the year Balance as at	-	1	42 947 902 -	31 168 301	42 947 902 31 168 301
31 December 2019	82 821 183	725 124 558	42 947 902	(35 747 454)	815 146 189
Unaudited historical					
2020 Balance as at 1 January 2020 Surplus for the year Balance as at 30 June 2020	5 089 296	44 558 325	25 552 455 - 25 552 455	16 895 511 72 155 218 89 050 729	92 095 587 72 155 218 164 250 805
2019					
Balance as at 1 January 2019 Effects on	5 089 296	44 558 325	-	(4 064 464)	45 583 157
adoption of IFRS 16 Balance as at 1 January 2019 after	-	-		(294 874)	(294 874)
adjusting for IFRS 16 Surplus for the year Revaluation of property	5 089 296	44 558 325	-	(4 359 338) 21 254 849	45 288 283 21 254 849
and equipment Balance as at	-	-	25 552 455	-	25 552 455
31 December 2019	5 089 296	44 558 325	25 552 455	16 895 511	92 095 587

STATEMENT OF CASHFLOWS FOR THE HALF YEAR ENDED 30 JUNE 2020

	Audited Infl	ation Adjusted	Unaudited Historical		
	30 June 2020 ZWL	31 Dec 2019 ZWL	30 June 2020 ZWL	31 Dec 2019 ZWL	
Surplus before tax	8 339 354	7 164 335	72 155 251	21 286 373	
Adjusted for non cash flow items	(29 766 455)	(140 689 695)	(79 982 044)	(41 383 937)	
Working capital adjustments	(82 342 437)	294 162 706	54 847 274	102 928 847	
Cash flow from operating activities	(103 769 538)	160 637 346	47 020 481	82 831 283	
Cash flow from operating activities					
Decrease/(Increase) in investment securities	102 635 740	417 241 454	(2 516 243)	(28 857 798)	
Purchase of software	-	(2 000 860)	_	(723 065)	
Purchase of investment property	-	(2 910 583)	-	(329 165)	
Purchase of plant and equipment	(230 080)	(11 847 498)	(101 669)	(2 023 135)	
Net cash outflows from Investing activities	102 405 660	400 482 513	(2 617 912)	(31 933 163)	
Cashflows from financing activities					
Borrowings	(71 111 599)	(606 280 633)	(1 396)	(401 288)	
Net cash flows from financing activities	(71 111 599)	(606 280 633)	(1 396)	(401 288)	
Not in some in such and such assistants	(72 475 477)	(45, 160, 774)	44 401 172		
Net increase in cash and cash equivalents	(72 475 477)	(45 160 774)	44 401 173	50 496 832	
Monetary gain	16 944 554	24 089 426	-	-	
Cash and cash equivalents at the beginning of the year	161 657 468	182 728 816	61 725 372	11 228 540	
Cash and cash equivalents at					
the end of the year	106 126 545	161 657 468	106 126 545	61 725 372	

NOTES TO THE FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

NATURE OF BUSINESS

National Building Society is a registered Building Society in terms of the Zimbabwe Building Societies Act (Chapter

The registered office of the Society is 14th Floor, Social Security Centre, Corner Julius Nyerere Way and Sam Nujoma Street, Harare, Zimbabwe.

The principal business of the Society is that of providing mortgage finance including deposit acceptance and investing

ACCOUNTING POLICIES

The accounting policies have been consistently applied by the Society. The information contained in these abridged financial results does not contain all the accounting policies required by the International Financial Reporting Standards, which are disclosed in the full annual financial statements from which these financial results are derived. Full details of the Society's accounting policies are published annually in the Statutory accounts of the Society.

STATEMENT OF COMPLIANCE

The Society's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC). The financial statements are prepared from statutory records that are maintained under the historical cost convention. These financial statements have been prepared in accordance with then requirements of the Building Societies Act (Chapter 24:02) and adaptations of the Banking Act (Chapter 24:20).

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Zimbabwe Dollars (ZWL), which is the Society's functional and presentation currency.

USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

RELIANCE ON ALL FINANCIAL STATEMENTS PREPARED IN ZIMBABWE FOR 2019/2020

Whilst we have prepared these financial statements in accordance with the applicable reporting framework there are areas where we have applied judgements in the preparation and presentation of these interim financial results.

Certain distortions are due to arise due to various specific economic factors and these may affect the relevance and reliability of information that is presented in economies that are experiencing hyperinflation. We have presented the June 2019 numbers in historical terms as previously reported.

Users are advised to exercise caution in their use of these interim financial results due to the material and pervasive impact of the adoption of International Accounting Standard (IAS) 29 (Financial Reporting in Hyperinflationary Economies), effective 1 July 2019.





Abridged Unaudited Financial Results

FOR THE HALF YEAR ENDED 30 JUNE 2020



NOTES TO THE FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020 (CONT'D)

	Unaudited Infla	tion Adjusted	Unaudited	Historical
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019 ZWL
CASH AND CASH FOLLIVALENTS	ZVVL	ZVVL	ZVVL	2001
Reserve Bank of Zimbabwe Interbank placements	78 491 042 13 000 000	137 549 319 15 713 875	78 491 042 13 000 000	52 520 202 6 000 000
Bank balances	7 273 247 98 764 289	2 280 188 155 543 382	7 273 247 98 764 289	870 640 59 390 842
Stage 1 - ECL allowance	(14 090) 98 750 199	(36 900) 155 506 482	(14 090) 98 750 199	(14 090) 59 376 752
Cash on hand	7 362 256	6 114 086	7 362 256	2 334 530 61 711 282
	106 126 545	161 65 / 468	106 126 545	61 725 372
HELD AT ARMOTISED COST	18 000 000	62 855 502	48 000 000	24 000 000
Treasury bills	19 465 799	107 246 037	19 465 799	40 949 556
Stage 1 - ECL allowance	(3 049 875)	(8 003 405)	(3 049 875)	64 949 556 (3 055 925) 61 893 631
Maturity Analysis		102 030 131	01 113 321	
Less than 1 month 1 month to 3 months	2 000 000 9 684 278	4 068 121 2 738 638	2 000 000 9 684 278	1 553 323 1 045 689
3 months to 6 months	20 502 083	44 648 112	20 502 083	17 047 906 41 396 119
1 year to 5 years	5 319 589	10 231 092	5 319 589	3 906 519
	67 465 799	170 101 539	67 465 799	64 949 556
Newmara housing development	166 677 724	166 677 724	10 242 213	10 242 213
Interest accrued	2 916 414	4 657 239	2 916 414	16 226 950 1 778 265
Collateral deposits Sundry assets	6 974 491 2 829 402	10 931 192 31 352 731	6 974 491 2 829 402	4 173 837 10 920 718
Total	443 306 786	477 527 641	39 189 470	43 341 983
Current Non-current	436 332 295 6 974 491	472 870 401 4 657 240	32 214 979 6 974 491	39 168 146 4 173 837
Total	443 306 786	477 527 641	39 189 470	43 341 983
Personal loans, advances and				
Mortgage loans	70 900 209	133 787 317	70 900 209	50 312 002 51 083 764
				101 395 766 (5 042 504)
Net loans and advances	122 563 568	252 347 193	122 563 568	96 353 262
Maturity Analyis Less than 1 month	1 293 351	1 236 837	1 293 351	472 259
		1 014 514 3 073 658		387 370 1 173 609
6 months to 1 year	15 585 772 18 026 309	9 476 839 47 210 528	15 585 772 19 341 548	3 618 524 18 026 309
More than 5 years	90 472 379	203 541 030	89 157 140	77 717 695 101 395 766
Loan impairment allowance				
and advances	110 606 546	245 420 121	110 606 646	95 023 402
Loans and advances subject to Stage 2	6 956 614	17 514 475	6 956 614	5 543 487
Loans and advances subject to Stage 3 Gross loans and advances	1 517 409 128 170 569	2 618 810 265 553 406	1 517 409 128 170 569	828 877 101 395 766
Loan Impairment Charge Stage 1	3 563 954	9 477 708	3 563 954	4 349 736
Stage 2	160 585	875 283 2 853 222	160 585	162 630 530 138
Gross impairment loss	5 607 001	13 206 213	5 607 001	5 042 504
Net loans and advances	122 563 568	252 347 193	122 563 568	96 353 262
Opening balance	13 206 213	39 931 474	5 042 504	2 453 757
Effects of changes in inflation	(8 163 709)	(33 505 133)	-	2 588 747
Closing balance	5 607 001	13 206 213	5 607 001	5 042 504
	Cash and cash equivalent	Loans and advances	Investment securities	Total
ECL allowance movement				
30 June 2020		,		
Charge to profit and loss for the year	36 900 -	13 206 213 564 497	8 003 405 (6 051)	21 246 518 558 446
Effects of changes in inflation Closing balance	(22 810) 14 090	(8 163 709) 5 607 001	(4 947 479) 3 049 875	(13 134 000) 8 670 964
2019				
Charge to profit and loss for the year	433 446 (32 856)	39 931 474 6 779 872	1 280 278 7 797 364	41 645 198 14 544 380
Effects of changes in inflation Closing balance	(363 690)	(33 505 133) 13 206 213	(1 074 237) 8 003 405	(34 943 060) 21 246 518
Historical				
Opening balance	14 090	5 042 504	3 055 925	8 112 519
Charge to profit and loss for the year Closing balance	14 090	564 497 5 607 001	(6 051) 3 049 874	558 446 8 670 965
2019				
Opening balance Charge to profit and loss for the year	26 635 (12 545)	2 453 758 2 588 746	78 672 2 977 253	2 559 065 5 553 454
Closing balance	14 090	5 042 504	3 055 925	8 112 519
	Interbank placements Bank balances Stage 1 - ECL allowance Cash on hand Net carrying amount INVESTMENT SECURITIES HELD AT ARMOTISED COST Savings bond Treasury bills Gross carrying amount Stage 1 - ECL allowance Net carrying amount Maturity Analysis Less than 1 month 1 month to 3 months 3 months to 6 months 6 months to 1 year 1 year to 5 years Gross carrying amount OTHER ASSETS AND PREPAYMENTS Newmara housing development Dzivarasekwa housing project Interest accrued Collateral deposits Sundry assets Total Current Non-current Total LOANS AND ADVANCES Personal loans, advances and other accounts Mortgage loans Gross loans and advances Impairment provision Net loans and advances Maturity Analyis Less than 1 month 1 month to 3 months 3 months to 6 months 6 months to 1 year 1 year to 5 years More than 5 years More than 5 years More than 5 years More than 5 years Loans and advances subject to Stage 1 Loans and advances subject to Stage 2 Loans and advances Loans and	CASH AND CASH EQUIVALENTS Reserve Bank of Zimbabwe 13 000 000 2723 247 98 764 289 78 491 042 10 000 000 7 273 247 98 764 289 78 40 199 78 62 256 78 20 199 78 20	CASH AND CASH EQUIVALENTS	CASH AND CASH EQUIVALENTS

A

ALWAYS WEAR A PROTECTIVE MASK IN PUBLIC SPACES

10	PROPERTY AND EQUIPME	ENT					
	Unaudited hyperinflated	Leasehold Improvements ZWL	Equipment	Furniture and Fittings ZWL	Motor Vehicles ZWL	Computer Equipment ZWL	Total ZWL
	30 June 2020						
	Cost Opening balance	32 731 981	6 471 481	6 066 493	12 604 964	49 957 939	107 832 858
	Additions Closing balance	32 731 981	135 710 6 607 191	6 066 493	12 604 964	94 371 50 052 310	230 080 108 062 939
	Accumulated depreciation Opening balance Charge for the period Closing balance		- 651 204	606 649	2 520 993 2 520 993	5 469 975 5 469 975	10 140 951 10 885 420 21 026 371
	Net book value 30 June 2020	20 954 431	5 955 987	5 459 844	10 083 971	44 582 335	87 036 568
	31 December 2019						
	Cost Opening balance Additions Revaluation gain Disposal	31 519 531 1 212 451 - -		4 718 734 278 171 1 069 589	7 714 919 - 4 890 045	33 880 034 9 526 842 6 709 841 (158 778)	82 179 038 11 847 498 13 965 102 (158 778)
	Closing balance	32 731 982	6 471 481	6 066 494	12 604 964		107 832 860
	Accumulated depreciation Opening balance Charge for the year Revaluation Disposal Closing balance	6 891 024 3 249 927 - - 10 140 951	503 532 (1 224 176)	981 255 494 707 (1 475 962)	3 153 195 1 542 984 (4 696 179)	14 631 988 7 063 864 (21 586 484) (109 368)	26 378 106 12 855 014 (28 982 801) (109 368) 10 140 951
		10 110 331					10 110 331
	Net book value 31 December 2019	22 591 031	6 471 481	6 066 494	12 604 964	49 957 939	97 691 909
	Unaudited historical	Leasehold Improvements ZWL	Equipment	Furniture and Fittings ZWL	Motor Vehicles ZWL	Computer Equipment ZWL	Total ZWL
	30 June 2020						
	Cost Opening balance	2 028 484	2 470 994	2 316 358	4 812 930	19 075 347	30 704 113
	Additions Closing balance	2 028 484	<u>41 020</u> 2 512 014	2 316 358	4 812 930	60 649 19 135 996	101 670 30 805 782
	Accumulated depreciation Opening balance	624 690	-	-	-		624 690
	Charge for the year Closing balance	101 378 726 068		147 382 147 382	874 134 874 134	2 515 123 2 515 123	3 867 029 4 491 719
	Net book value 30 June 2020	1 302 416	2 283 002	2 168 976	3 938 796	16 620 873	26 314 063
	31 December 2019 Cost						
	Opening balance Additions Revaluation Disposals	1 936 850 91 634		289 963 29 293 1 997 102	474 076 - 4 338 854	2 081 901 1 817 126 15 187 126 (10 806)	5 049 837 2 023 135 23 641 947 (10 806)
	Closing balance	2 028 484	2 470 994	2 316 358	4 812 930	19 075 347	30 704 113
	Accumulated depreciation Opening balance Charge for the year Revaluation Disposal	423 448 201 242 -		60 297 30 729 (91 026)	193 761 94 803 (288 564)	899 124 564 960 (1 456 641) (7 443)	1 620 913 921 728 (1 910 508) (7 443)
	Closing balance	624 690					624 690
	Net book value 31 December 2019	1 403 794	2 470 994	2 316 358	4 812 930	19 075 347	30 079 423
			Unaudited Inf 30 June 2020 ZWL	lation Adjuste 31 Dec 2		Unaudited His une 2020 ZWL	storical 31 Dec 2019 ZWL
11	DEPOSITS Transactional and savings of Term deposits Money market deposits	deposits	165 401 288 50 529 739 13 000 000 228 931 027	276 399 180 239 23 570 480 209	521 50 813 13	000 000	05 537 045 68 820 523 9 000 000 83 357 568

Maturity analysis is based on the remaining period from 30 June 2020 to contractual maturity.

13 000 000

135 242 173

80 688 854

228 931 027

169 229 910

12 617 327

4 500 000

37 861 445

228 931 027

4 110 981

611 364

Unaudited Inflation Adjusted

23 570 813

413 369 019

43 269 832

480 209 664

376 052 278

23 563 640

17 891 688

34 730 234

1 756 958

26 214 866

480 209 664

		30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
		ZWL	ZWL	ZWL	ZWL
11,3	Sectorial distribution of deposits				
	Individuals	65 165 353	42 380 123	65 165 353	16 181 924
	Manufacturing	21 050	55 130	21 050	21 050
	Transport and distribution	40 717	106 637	40 717	40 717
	Energy and minerals	71 376	186 932	71 376	71 376
	Financial services	76 693 448	200 858 548	76 693 448	76 693 448
	Construction and property	748 801	1 961 094	748 801	748 801
	Trade and services	86 190 282	234 661 200	86 190 282	89 600 252
		228 931 027	480 209 664	228 931 027	183 357 568
12	BORROWINGS	42 024 467	115 022 066	42.024.467	42.022.062
	Shareholder loan	43 921 467	115 033 066	43 921 467	43 922 863
		43 921 467	115 033 066	43 921 467	43 922 863
	Non-current	43 921 467	115 033 066	43 921 467	43 922 863
13	OTHER LIABILITIES				
	Deferred income	3 084 121	6 498 203	3 084 121	2 481 197
	Accrued interest	7 524 058	14 913 099	7 524 058	5 694 241
	Lease liability	568 172	1 488 031	568 172	568 172
	Provisions	-	25 383 362	-	9 692 082
	Other liabilities	37 015 370	18 320 653	37 015 370	6 995 341
		48 191 721	66 603 348	48 191 721	25 431 033

9 000 000

157 835 928

16 521 640 183 357 568

143 587 346

8 997 261 6 831 550

13 260 981

10 009 574 183 357 568

670 856

13 000 000

135 242 173

80 688 854

228 931 027

169 229 910

12 617 327

4 110 981

4 500 000

37 861 445

228 931 027

611 364

Unaudited Historical

11,1 Deposits by source

Corporates

Individuals

11,2 Maturity analysis

Less than 1 month

6 months to 1 year

1 year to 5 years

More than 5 years

1 month to 3 months

3 months to 6 months

Banks



A Home Just For You & Your Future Generations



Abridged Unaudited

Financial Results

FOR THE HALF YEAR ENDED 30 JUNE 2020

Heaudited Historical



NOTES TO THE FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020 (CONT'D)

lation Adjusted	Unaudited Historical	
31 Dec 2019	30 June 2020	31 Dec 2019
ZWL	ZWL	ZWL
11 315 885	12 847 816	11 315 885
358 247	423 602	358 247
3 832 777	-	3 832 777
921 729	3 867 029	921 729
264 658	154 566	264 658
22 174 748	28 739 956	22 174 748
38 868 044	46 032 969	38 868 044
le le	31 Dec 2019 ZWL 11 315 885 358 247 3 832 777 921 729 264 658 22 174 748	31 Dec 2019 ZWL 30 June 2020 ZWL 2WL 11 315 885 358 247 423 602 3 832 777 921 729 264 658 22 174 748 30 June 2020 427 816 423 602 3 867 029 154 566 28 739 956

CAPITAL

Capital adequacy is computed in line with guidelines provided by the Reserve Bank of Zimbabwe

	Unaudited Historical		
	30 June 2020	31 Dec 2019	
	ZWL	ZWL	
Risk weighted assets			
Tier 1			
Share capital	5 089 296	5 089 296	
Share premium	44 558 325	44 558 325	
Accumulated surplus	89 050 729	16 895 511	
Total qualifying for Tier 1	138 698 350	66 543 132	
Tier 2			
Revaluation surplus	25 552 455	25 552 455	
Total net capital	164 250 805	92 095 587	
Tier 1 ratio	29%	23%	
Tier 2 ratio	5%	9%	
Capital adequacy	34%	31 %	

INTEREST RATE GAP ANALYSIS

Inflation adjusted	Upto 1 month	1 to 3 months	3 to 12 months	Greater than 1 year	Non interest bearing	Total
30 June 2020 Total assets Total equity & liabilites Repricing gap Cumulative gap	27 233 254 (139 768 099) (112 534 846) (112 534 846)	21 287 742 (13 437 453) 7 850 289 (104 684 557)	85 756 217 (4 722 346) 81 033 871 (23 650 686)	148 369 751 (202 083 447) (53 713 695) (77 364 381)	(801 462 883) 77 364 381	1 161 474 228 (1 161 474 228)
31 December 2019 Total assets Total equity & liabilites Repricing gap Cumulative gap Historical	64 056 896 (143 587 346) (79 530 450) (79 530 450)	7 312 864 (8 997 261) (1 684 397) (81 214 847)	79 102 261 (20 428 634) 58 673 627 (22 541 220)	66 852 194 (54 835 362) 12 016 832 (10 524 388)	346 633 011 (<u>336 108 623)</u> 10 524 388	563 957 226 (563 957 226) -
30 June 2020 Total assets Total equity & liabilites Repricing gap Cumulative gap	27 233 254 (139 768 099) (112 534 846) (112 534 846)	21 287 742 (13 437 453) 7 850 289 (104 684 557)	85 756 217 (4 722 346) 81 033 871 (23 650 686)	148 369 751 (202 083 447) (53 713 695) (77 364 381)		485 295 020 (485 295 020)
31 December 2019 Total assets Total liabilites Repricing gap Cumulative gap	64 056 896 (143 587 346) (79 530 450) (79 530 450)	7 312 864 (8 997 261) (1 684 397) (81 214 847)	79 102 261 (20 428 634) 58 673 627 (22 541 220)	66 852 194 (54 835 362) 12 016 832 (10 524 388)	127 482 836 (116 958 448) 10 524 388	344 807 051 (344 807 051)

LIQUIDITY GAP ANALYSIS

	Upto 1 month	1 to 3 months	3 to 12 months	Greater than 1 year	Total
Inflation adjusted				-	
30 June 2020	120 250 000	24 207 742	F72 206 070	446 520 746	1 161 474 220
Total assets Total liabilites	120 359 800 (169 229 910)	21 287 742 (12 617 327)		446 529 716 (895 060 397)	1 161 474 228 (1 114 896 639)
Liquidity gap Cumulative gap	(48 870 110) (48 870 110)	8 670 415 (40 199 695)	535 307 965 495 108 270	(448 530 681) 46 577 589	46 577 589
Comorative gap	(46 670 110)	(40 199 695)	495 106 270	40 377 309	
31 December 2019					
Total assets Total liabilities	66 690 856 (143 587 346)	7 312 864 (8 997 261)	79 102 261 (45 291 495)	410 851 245 (54 835 362)	563 957 226 (252 711 464)
Liquidity gap	(76 896 490)	(1 684 397)	33 810 766	356 015 883	311 245 762
Cumulative gap	(76 896 490)	(78 580 887)	(44 770 121)	311 245 762	
Historical					
20 luga 2020					
30 June 2020 Total assets	120 359 800	21 287 742	129 990 184	213 657 294	485 295 020
Total liabilites	(169 229 910)	(12 617 327)	(37 989 005)		(321 044 215)
Liquidity gap Cumulative gap	(48 870 110) (48 870 110)	8 670 415 (40 199 695)	92 001 179 51 801 484	112 449 321 164 250 805	164 250 805
Comolotive gop	(40 070 110)	(40 133 033)	31 001 404	104 230 003	
31 December 2019	66 600 056	7 242 254	70.400.064	404 704 070	244 007 054
Total assets Total liabilites	66 690 856 (143 587 346)	7 312 864 (8 997 261)	79 102 261 (45 291 495)	191 701 070 (54 835 362)	344 807 051 (252 711 464)
Liquidity gap	(76 896 490)	(1 684 397)	33 810 766	136 865 708	92 095 587
Cumulative gap	(76 896 490)	(78 580 887)	(44 770 121)	92 095 587	

ALWAYS EXERCISE SOCIAL DISTANCE OF 2 METRES APART



RISK MANAGEMENT DISCLOSURE

As a financial intermediary, the Society is exposed to various types of risks including credit, market, liquidity, operational, legal, compliance and reputation risks. The objective of the risk management framework at NBS is to ensure that these risks are understood, measured and monitored and that the policies and procedures established to address these risks are strictly adhered to

This is risk of potential loss that arises when a borrower, or client, or counterparty, may fail to meet obligations in accordance with agreed credit terms and conditions. This includes failing to meet interest and capital repayments, settlements and collateral risk. The Society is exposed to credit risk due to its involvement in lending operations.

Credit risk management framework

Credit risk is managed through a comprehensive process of credit origination, credit approval, credit monitoring and review. There is full segregation of duties between credit origination and credit approval processes.

The Society has been prudently maintaining an impairment allowance on its credit exposures to cushion itself from problematic loans. IFRS 9 modeling methodologies have been adopted, documented and expected credit loss impairments (ECLs) have been appropriately recognized to reflect the inherent credit risk profile at each

Undesirable characteristics within the credit portfolio that include concentration and default risk are managed through a framework of approved limits which are monitored and reviewed by the Loans Review Committee set by the Board

The Society also performs various types of credit stress testing which are meant to assess the impact of changing economic conditions on asset quality, earnings performance and ultimately capital adequacy.

The Society, thus, manages its credit risk by adhering to credit policies and procedure manuals and monitor risk against the set thresholds. These Credit policies are reviewed annually to align with developing trends in credit processes and business goals.

The Board maintains oversight over credit risk through its Board Credit Committee and the Board Loans Review Committee. Management structures supported by the Management Credit Committee and Loans Review Committee actively manage credit risk.

Credit risk mitigation 19.2

Where possible, the Society takes collateral as a secondary recourse to the borrower. The Society put in place policies to determine the eligibility of collateral for credit risk mitigation. In times of difficulty, the Society reviews customers' specific facts and circumstances to assist them in restructuring their repayment obligations. However, should the need arise, disposal and recovery processes are in place for disposal of collateral held by the Society.

19.3 Non-performing loans and advances

The Society classifies its advances into performing and non-performing loans in accordance with the Reserve Bank guidelines.

19.4 Credit risk exposure

The table below summarizes the Society's exposure to credit risk.

	Audited Inflation Adjusted		Unaudited Historical		
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019	
	ZWL	ZWL	ZWL	ZWL	
	106 106 545	161 657 460	106 126 545	64 725 272 00	
Cash and cash equivalents	106 126 545	161 657 468	106 126 545	61 725 372.00	
Investment securities	67 465 799	170 101 539	67 465 799	64 949 556.00	
Loans and advances	128 170 569	265 553 406	128 170 569	101 395 766.00	
Other assets and prepayments	32 214 979	472 870 401	32 214 979	54 234 737.00	
	333 977 892	1 070 182 814	333 977 892	282 305 431.00	

Credit quality per class of financial assets (gross)

	Au	udited Inflation Adjuste	Unaudited Historical		
	30 June 2	2020 31 Dec 2019 ZWL ZWL		31 Dec 2019 ZWL	
		244	200	244	
Pass	113 494 8	832 247 758 325	113 494 832	94 601 103.00	
Special mention	10 452 5	564 12 238 972	10 452 564	4 673 184.00	
Substandard	1 604	381 2 170 895	1 604 381	828 909.00	
Doubtful	829 8	862 1 323 297	829 862	505 272.00	
Loss	1 788 9	930 <u>2 061 917</u>	1 788 930	787 298.00	
	128 170 !	265 553 406	128 170 569	101 395 766.00	
MADICET DIGIC					

20 MARKET RISK

defined as the risk of a loss of value resulting from the fluctuation of the market prices of financial

instruments. The Society's transactions are mainly exposed to the following risk types:

 Interest rate risk Foreign exchange risk

20.1 Market risk management framework

The Board through the Board Risk and Compliance Committee has oversight over Market Risk and sets the Society's risk appetite for market risk. The Society manages market risk through risk awareness of the front office, monitoring of treasury limits and an escalation procedure to Assets and Liabilities Committee (ALCO). Management structures supported by ALCO are in place to identify, measure and monitor market risk regularly against set benchmarks through the use of daily, weekly and monthly dashboards and reports highlighting inherent market risk and assessed against key market risk metrics.

Sensitivity analysis is employed to quantify the impact of a specified change in individual market parameters on the value of the Society's positions. Stress testing is also used to show the market risk under extreme conditions where documented stress scenarios are calculated on a monthly basis for key risk drivers across all portfolios. These are guided by the relevant NBS policies that have been approved by the Board.

This arises from the possibility that changes in interest rates will affect the future cash flows of the Society's financial instruments. The Society employs several methods that enable it to identify, measure and monitor interest rate risk. Margin analysis, interest rate repricing gaps and sensitivity analysis are employed on a regular basis to assess the Society's exposure to interest rate risk.

20.3 Foreign exchange risk

Foreign exchange risk is the potential adverse impact on earnings and economic value of assets and liabilities of the Society as a result of exchange rate movements. The Society monitors its foreign currency denominated assets and liabilities on an ongoing basis as guided by limits to maximum exposures per currency and stop loss limits which were approved by the Board.

20.4 Liquidity risk

This is the risk that the Society may fail to fund increases in assets and meet obligations as they fall due, without incurring unacceptable losses. The Society is exposed to both funding and market liquidity risk. Funding liquidity risk is the risk that the Society may not be able to meet its obligations as they fall due. Market liquidity risk is the risk that the Society will be unable the sell its assets and settle positions, without incurring an unacceptable loss. Liquidity management reports are prepared and reported to senior management by treasury middle office.

The Society focuses on ensuring that at any given time, there is sufficient liquidity to meet its obligations and sets aside a sufficient buffer to cater for unforeseen stress events that can arise in the normal course of business. The Society's liquidity risk framework ensures that there are limits in place to monitor the liquidity risk profile. As an integral part of its risk management, the Society stress tests its liquidity position on a regular basis to unearth underlying liquidity vulnerabilities.

OPERATIONAL RISK

This is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The NBS Operational Risk Management Framework defines minimum standards and processes, and the governance structure for operational risk management across the Society. The Society has adopted the following categories of risk events in its management of operational risk

With NBS Solar Energy Loan Fund (SELF), you are now able to power your home. Don't worry about power cuts, NBS has the right energy solution for you.

Abridged Unaudited

Financial Results

FOR THE HALF YEAR ENDED 30 JUNE 2020





Solar Energy Loan Fund

NOTES TO THE FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020 (CONT'D)

- · Internal Fraud;
- External Fraud;
- Business Disruption and System Failures;
- Client Products and Business Practices;
- Employment Practices and Workplace Safety;
- Execution Delivery and process management; and
- Damage to Physical Assets.

Risk and Control Self Assessments (RCSA) are being used across all departments for identifying, assessing, monitoring and managing key risks within a department and evaluating the effectiveness of the controls that are in

The Society's Management Committees and Board Risk and Compliance meets regularly to manage operational risk.

COMPLIANCE AND LEGAL RISK

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with laws, rules, regulations, prescribed practices, internal policies and procedures, or ethical standards.

Legal risk is the risk of loss due to litigation which is primarily caused by:

- defective transactions;
- · claim being made or some other event occurring which results in liability or other loss;
- failure to protect assets adequately; or
- · change in the law.

The risks may expose the Society to loss of authorization to operate and inability to enforce contracts. The Society's Legal Department is responsible for the management of legal risk by reviewing all agreements entered into by the

All departments are responsible and accountable for compliance management in their environment and the Society's Compliance Function monitors and guides the institution on compliance matters and ensuring there is zero tolerance to compliance breaches

The board has full oversight over compliance risk through the Board Risk and Compliance Committee.

Strategic risk refers to the current and/or prospective impact on the Society's earnings, capital or business viability arising from adverse business decisions and implementation of strategies which are inconsistent with internal factors and the external environment

The Society has in place structures and processes to identify, measure and monitor strategic risk which are monitored regularly and discussed in ALCO and EXCO and assessed against the Society's strategic objectives.

The Board has oversight over strategic risk through the Finance and Strategy Committee. Management through EXCO is responsible for the implementation of the Board approved strategic risk policy under the oversight of the Risk and Compliance Committee and the Board.

In implementing the Society's strategy, the Board and EXCO determine and allocate financial and operating targets to departments. Monitoring of progress against the action plans is done on a monthly basis and strategic risk mitigation is done through the formulation and implementation of operational plans

REPUTATIONAL RISK

The risk of value destruction that occurs in a situation of negative public opinion. It can be a result of factors such as service delivery, performance, strategy execution, brand positioning and competitiveness. It normally results in loss of sales, share value and breakdown of relationships.

The Board has delegated responsibility for effective management of reputational risk to the Risk and Compliance Committee and to EXCO. Board approved reputational risk management policy is in place.

Line management has the primary responsibility for reputational risk identification and mitigation. Communication of information about the Society to the public or press releases is done in line with the provisions of the communications policies. Any exposures to reputational risk are captured in the internal risk events log, with controls to mitigate the

RISK AND CREDIT RATINGS

Reserve Bank of Zimbabwe ratings

The Reserve Bank of Zimbabwe conducted a risk based on-site examination of National Building Society from 15 March to 7 April 2017, utilising data as at 31 December 2016. The report was updated as at 30 June 2017.

The examination was conducted in line with CAMELS and Risk Assessment System (RAS) methodologies and primarily focused on the adequacy of strategic management capabilities, business operating systems and processes and the effectiveness of risk management and internal control systems

The composite CAMELS rating assigned to National Building Society is '3' i.e. 'fair'

The table below shows ratings assigned to each of the CAMELS components

CAMELS Components	Rating
Capital	3 – Fair
Asset Quality	3 – Fair
Management	3 – Fair
Earnings	4 - Weak
Liquidity	3 – Fair
Sensitivity to Market Risk	2 – Satisfactory
Composite Rating	3 – Fair

25.2 Reserve Bank of Zimbabwe ratings

In terms of the Risk Assessment System (RAS) the level of overall composite risk of NBS was considered moderate and the direction stable. The level of overall aggregate inherent risk was rated moderate and the quality of overall aggregate risk management systems was considered acceptable.

The Society's risk profile is summarised in the matrix below:

The Society's risk profile is sommonised in the motify below.				
Type of Risk	Level of Aggregate	Adequacy of Risk	Overall	Direction of Overall
Credit	Moderate	Acceptable	Moderate	Increasing
Liquidity	Moderate	Acceptable	Moderate	Stable
Interest Rate	Moderate	Acceptable	Moderate	Stable
Foreign Exchange	Low	Acceptable	Low	Stable
Operational	High	Acceptable	Moderate	Stable
Legal &	High	Acceptable	Moderate	Stable
Reputation	Moderate	Acceptable	Moderate	Stable
Strategic	Moderate	Acceptable	Moderate	Increasing
Overall	Moderate	Acceptable	Moderate	Stable

Interpretation of risk matrix

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

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 institution.

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.

might be having some minor risk management weaknesses, these have been recognized 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

Acceptable - management of risk is largely effective but lacking to some modest degree. While the institution

per inherent risk. The board and senior management are active participants in managing risk and ensure appropriate polices 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 mitigate 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 organization.

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

External credit ratings

The Society subscribes to an internationally recognised rating agency Global Credit Rating Company (GCR), and the rating ascribed for the year is B.







A Home Just For You & Your Future Generations

Home sweet home they say. Well we say, it's sweeter when you own the home. Buy a stand and build a house at NBS Park and become a homeowner today.

-	-

- Bulawa Location Between the airport and the city centr - 600sqm stands Gated community
 - Fully serviced

PRICE US\$17,250

- Terms and Conditions - 8% per annum Mortgage Tenure - 10 years
- Deposit Application Fees - US\$100
- Building Finance available
- NBS Mortgages Centre: Mezzanine Floor, Karigamombe Centre, Corner Samora Machel Avenue and Julius Nyerere Way, Harare, Zimbabwe
- WhatsApp & Voice Calls: Savie: +263 777 963 817, Primerose: +263 772 515 891, Privilage: +263 731 606 322, Amos: +263 772 705 158,
- savie.chinyani@nbs.co.zw, privilage.zanamwe@nbs.co.zw primrose.chinotsa@nbs.co.zw, amos.kumwenda@nbs.co.zw
- ₩ebsite: http://www.nbs.co.zw/diaspora/





