

REVIEWED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2022

HIGHLIGHTS	Net Interest Income	Non funded income	Total Income	Surplus after tax	Total Assets	Deposits	Mortgage Loans & Advances
Inflation adjusted	Up 141% to ZWL756.8m	Up 267% to ZWL2.50b	Up 245% to ZWL3.14b	Up 6 318% to ZWL1.59b	Up 17% to ZWL18.07b	Up 9% to ZWL9.76b	Up 9% to ZWL6.66b
Historical cost	Up 363% to ZWL468.45m	Up 670% to ZWL1.95b	Up 607% to ZWL2.30b	Up 1 252% to ZWL1.22b	Up 142% to ZWL12.36b	Up 139% to ZWL9.76b	Up 139% to ZWL6.66b



CHAIRMAN'S STATEMENT

For the half year ended 30 June 2022

INTRODUCTION

I am delighted to present to you our stakeholders the Society's financial results for the six months ended 30 June 2022. I would like to sincerely thank you all for your unwavering commitment and support which has contributed immensely to the continued success of your Society.

Operating environment

The economic environment which closed the year 2021 on a promising note, took a turn for the worse during the first half of 2022 partly attributed to the disruption occasioned by the Russia-Ukraine War and mixed effects of macro-economic factors.

The Russia-Ukraine war which started earlier this year disrupted supply chains for commodities such as oil, gas, wheat, corn, sunflower seeds. It was inevitable that Zimbabwe would suffer from imported inflation given the country imports most of the above mentioned commodities. Due to the imported inflation and other macro factors, annual inflation rose to 191.60% by June 2022 from 60.60% in December 2021.

The official exchange rate depreciated to ZWL\$366.27/USD as at 30 June 2022 from ZWL\$108.67/USD as at 31 December 2021 reflective of the high demand for foreign currency and related currency pressures of being a net importer country.

The monetary authorities fostered a tight monetary policy as a way of dealing with inflation and currency instability during the period under review. The Reserve Bank of Zimbabwe (RBZ) briefly froze all forms of lending 9-17 May 2022 and raised bank policy lending rate initially from 60% to 80% in April 2022 and a further upward review to 200% in a bid to curb speculative borrowing and restore exchange rate stability. To further eliminate speculation and arbitrage, the Government issued SI 118A of 2022 which legalised the multi-currency system and the continued use of the US dollar for a period of five years.

To promote savings and deposits, the RBZ increased interest rates on locally denominated savings deposits to 40% from 12.5% while interest rates on time deposits were raised to 80% from 25% per annum.

The Government announced the introduction of gold coins effective 25 July 2022 as a store of value and to provide an alternative real asset investment avenue for both institutional and retail investors. The coins called 'Mosi-O-Tunya' Gold coins are sold in both local and foreign currency.

CORPORATE GOVERNANCE

The Board is committed to high standards of Corporate Governance and believes that a sound governance structure engenders a successful company. For the period ended 30 June 2022, 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 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.

Directorate

I am pleased to advise that subsequent to 30 June 2022, Mr Tapera Mushoriwa was appointed as Managing Director with effect from 17 August 2022. I welcome him mostly heartily and I am confident that with him on board the Society is poised to ascend to greater heights.

Outlook

The Society continues to respond to the dictates of the market and scan the environment for opportunities that will improve deposit mobilisation coupled with the growth of a quality asset book.

We look forward to an improved operating environment in the second half of 2022 considering the Government's efforts to stabilise the economy. The Society remains positive about the effects of the revision, by the regulator, of both savings and lending interest rates in managing the inflationary pressures while closely monitoring the impact on the quality of the loan portfolio.

Appreciation

On behalf of the Board of Directors, I would like to conclude by conveying appreciation for the continued support and confidence of our shareholders - the National Society Security Authority. May I also express gratitude to my fellow directors for their time commitment and wise counsel. To all members of the executive team and NBS staff, thank you for the diligence and resoluteness that has contributed to the commendable performance in the first half of 2022. Your diligence and hard work have positioned the business for greater success in the future. Finally, to all our customers, business partners, government authorities and regulators, thank you for the confidence you have bestowed on us and for your continued cooperation and support in maintaining and delivering value to the Society.

S.I. MUTUMBWA
Board Chairman

31 August 2022

MANAGING DIRECTOR'S STATEMENT

Introduction

The Society's primary financial statements are adjusted for inflation in terms of IAS 29 - Financial Reporting in Hyperinflationary Economies.

Historical cost financial have been issued for information purposes only.

Financial Performance

The Society achieved a net surplus of ZWL1.59 billion for the half year ended 30 June 2022, from ZWL24.8 million recorded for the same period in 2021 in inflation adjusted terms. This was largely achieved by the top line revenue which increased by 245% to ZWL3.14 billion from ZWL911 million recorded for the same period in 2021.

Operating expenses for the half year increased by 108% in inflation-adjusted terms to close at ZWL1.55 billion from ZWL744 million recorded for the same period last year. The increase in operating expenses at 108% was lower than increase in revenue of 245% reported above and this resulted in the Society reporting a profitable out-turn. The cost to income ratio improved to 49% from 82% recorded in the same period in 2021.

The statement of financial position increased by 16.8% in inflation-adjusted terms to close at ZWL18.07 billion from ZWL 15.48 billion as at 31 December 2021.

Enhanced Business Growth & The 10X Strategy

Focus remained on the ambitious growth strategies, under the theme 10X Strategy, that witnessed an aggressive pursuit of business development opportunities in the market as well as deliberate efforts to attain diversified revenue and customer bases for the long-term sustainability of the business.

Cognisant of this strategic imperative, and in its pursuit of the 10X strategy, the Society established a fully-fledged Corporate Banking Unit to offer a full suite of corporate and structured finance services. The unit has resulted in strategic partnerships with public and private corporates and value addition for the Society.

Housing Projects Developments

The Society prioritised three Housing projects during the period under review, respective and progressive updates are as follows:

Dzivaresekwa

The Society is cognisant of the inordinate delays that have been experienced on this Project and deeply regrets the inconvenience this has caused to the prospective homeowners. The challenges that have precluded this Project to reach finality are positively and progressively being addressed. The Society is confident that this long outstanding Project will be committedly delivered before the end of October 2022.

Tynwald Cluster Development

The Tynwald Cluster is a joint venture development with a private company which will witness the delivery of 120 townhouses. The townhouses are scheduled for completion by end of December 2022 and will become immediately available for occupation.

Knock Malloch

A quartet partnership and structured scheme involving UDCORP, Lafarge Cement Zimbabwe (Limited), SeedCo Zimbabwe Limited and NBS resulted in the initiation, completion, and delivery of 51 houses being the first batch of the 129 houses. The Knock Malloch scheme has demonstrated the Society's capacity to effectively put in place structured arrangements that increase housing stock across the country.

New Products and Services

We maintain our long-standing commitment to creativity and innovation by providing market-responsive products that meet the evolving needs and requirements of our clients.

In the first six months of 2022, several enhancements were made to our digital platforms to increase available functionalities and overall performance. The platform augmentations will improve value, convenience and experience for clients and will resultantly contribute positively to the bottom line of the Society.

Brand repositioning coupled with various initiatives undertaken to engage potential and grow existing clients were essential and in response to the prevailing market trends and developments.

Auction Bidding

The Society continued to facilitate bids on behalf and in support of operations of its customers. The handling process of auction bids was enhanced to detect and curtail the abuse of this noble initiative. The enhancements have enabled the Society to avoid possible sanctioning and penalties from the regulator arising from lax handling of customer auction bids.

Covid-19

It is refreshing to note that Covid-19 restrictions have eased to foster productivity while remaining sensitive to the threat. Positively, NBS has exceeded herd immunity by attaining a staff vaccination rate of over 91% although WHO and Ministry of Health protocols remain enforced at all NBS premises.

Our People

I wish to acknowledge the good per-capita productivity levels achieved by Management and Staff in a constrained operating environment. The staff morale is high as evidenced by stable industrial relations. The Society has actively monitored the cost of living and proactively cushioned the welfare of its employees within industry

trends and affordability parameters. Continuous Learning and Development was achieved through various interventions including training to enhance both technical and soft skills. The Society, in line with its on going programs, recruited graduates under its Graduate Training Program to build a talent pipeline as well as recruited Industrial Attachment students from local universities in contribution to national skills.

Outlook

The Society looks forward to completion of its Dzivaresekwa housing project in the second half of the year. The completion of the housing project will be a testimony to our stakeholders of our core mandate of providing affordable housing solutions to the nation. Although the operating environment was tough over the years, we kept our focus on our core mandate.

T. MUSHORIWA
Managing Director

31 August 2022

CORPORATE GOVERNANCE STATEMENT

For the half year ended 30 June 2022

THE BOARD

Board Changes

Ms Grace Mathe, was appointed to the Board on 8 March 2022 as a non-executive director.

Roles and responsibilities

The Board is responsible for giving strategic direction and ensuring that the Society maintains high standards of Corporate Governance in compliance with regulatory and best practice corporate governance requirements. The Board monitors compliance with policies, and achievements against objectives, including quarterly performance reporting and budget updates. Management makes presentations to the Board on business operations and projects within the Society. The Board has four scheduled meetings a year and holds ad-hoc meetings whenever necessary. During the meetings, the Managing Director gives explanations and motivations for business items where decisions are required. The Directors have unrestricted access to all the Society's information and records. The Board conducts regular ongoing assessments to evaluate the effectiveness of its procedures.

The Chairman, Vice Chairman and Managing Director

The offices of Chairman, Vice Chairman and Managing Director are held by different individuals. Those of Vice Chairman and Chairman are held by Independent Non-Executive Directors. The Chairman is responsible for the conduct of the Board and ensures that Board discussions are conducted in such a way that all views are taken into account so that no individual director or small group of Directors dominate proceedings. The Vice Chairman's role is to provide support and guidance to the Chairman and to deputise for the Chairman as required. The Managing Director has the overall responsibility for running the business on a day-to-day basis and chairs the Executive Committee Meetings. The roles and responsibilities of the Chairman, Vice Chairman and the Managing Director are clearly defined, separate and have been approved by the Board.

BOARD COMMITTEES

The Executive Directors and the Company Secretary are responsible for ensuring that detailed information is provided to Board members in advance of any scheduled or ad hoc Board meeting. Before decisions are made, consideration is given to the adequacy of information available to the Board and, if necessary, decisions are deferred if further information is required. In order to assist it in carrying out its mandate, the Board has the following committees:

Audit Committee

The Audit Committee comprised of three independent non-executive directors. The members are as follows:

Edward Tome - Chairman (Independent NED)
David Mutemachani - Member (Independent NED)
Pauline Chapendama - Member (Independent NED)

The Committee meets at least four times a year to review the following:

- The adequacy and appropriateness of the Society's accounting and internal control systems.
- Significant accounting policies adopted by the Society to ensure compliance with International Financial Reporting Standards and generally accepted accounting principles.
- The scope and results of the work of the external auditor.
- Financial matters relevant to financial reporting in a timely manner.
- The Society's interim financial statements, annual financial statements, and preliminary announcements prior to their release to ensure that they are complete, reflect appropriate accounting principles, contain appropriate disclosures and are consistent with the information known to Committee members; and
- Making any necessary recommendations to the Board.

Loans Review Committee

The Committee consisted of two independent non-

executive directors and two non-executive directors. The members are as follows:

Pauline Chapendama - Chairman (Independent NED)
Edward Tome - Member (Independent NED)
Betty Nyereyegona - Member (NED)
Prudence Mutsvanga - Member (NED)

Its terms of reference include:

- To ensure that the lending processes and the loan portfolio conforms to the Society's credit policy, which has been approved and adopted by the Board.
- To ensure that the lending function is in compliance with Reserve Bank of Zimbabwe guidelines.
- To keep executive officers and the Board adequately informed on lending portfolio risk.
- To ensure that problem loans are identified and classified appropriately in line with Reserve Bank of Zimbabwe guidelines.
- To ensure that adequate provisions are maintained to cover potential loan losses; and
- To ensure that write-offs of bad loans are made in a timeous manner.

Credit Committee

The Committee consisted of two independent non-executive directors and one non-executive director. The members are as follows:

Christopher Mawere - Chairman (Independent NED)
Shingai. I. Mutumbwa - Member (Independent NED)
Philip Hamadziripi - Member (NED)

Its terms of reference include:

- To approve applications that do not expose the Society to undue credit risk.
- To ensure that the Society gets an adequate return for taking credit risk.
- To ensure that the lending process and the loan portfolio conform to the Society's credit policy, which has been approved and adopted by the Board.
- To ensure that the lending function complies with Reserve Bank of Zimbabwe Guidelines; and
- To ensure responsible lending to the community and public of Zimbabwe.

Human Resources and Nominations Committee

The Committee comprised of three independent non-executive directors and three non-executive directors. The members are as follows:

David Mutemachani - Chairman (Independent NED)
Shingai I. Mutumbwa - Member (Independent NED)
Christopher Mawere - Member (Independent NED)
Betty Nyereyegona - Member (NED)
Philip Hamadziripi - Member (NED)
Grace Mathe - Member (NED)

The Committee is responsible for:

- Overseeing the overall human resources strategy;
- Developing policies on remuneration packages and benefits of directors and senior management;
- The Society's Reward Policy to include, job alignment and salary benchmarking;
- The appointment of the Executive Management roles incumbents;
- The performance management and discipline of the Managing Director; and
- The evaluation of board members.

Risk and Compliance Committee

The Risk Management committee consisted of two independent non-executive directors and three non-executive directors. The members are as follows:

Pauline Chapendama - Chairman (Independent NED)
Edward Tome - Member (Independent NED)
Betty Nyereyegona - Member (NED)
Prudence Mutsvanga - Member (NED)
Grace Mathe - Member (NED)

The Committee's terms of reference include:

- To review and to have oversight of the risk profile of the Society within the context of the Board determined risk / return profile;
- To assess the material risks faced by the various business units of the Society;
- To make recommendations to the Board concerning the Society's risk appetite and particular risks or risk management practices of concern to the Committee; and
- To refer in writing to the Board Audit Committee any matters that have come to the attention of the Committee that are relevant for the Board Audit Committee.

Finance, Housing Projects and Strategy Committee

The committee is comprised of three independent non-executive directors, three non-executive directors and two executive directors. The members are as follows:

David Mutemachani - Chairman (Independent NED)
Shingai I. Mutumbwa - Member (Independent NED)
Christopher Mawere - Member (Independent NED)
Philip Hamadziripi - Member (NED)
Prudence Mutsvanga - Member (NED)
Grace Mathe - Member (NED)
Managing Director - Member (Executive)
Finance Director - Member (Executive)

The Committee's terms of reference include:

- To recommend financial policies, goals, and budgets that support the mission, values, and strategic goals of the organization.
- To review the organization's financial performance against its goals and proposes major transactions and programs to the board.
- To oversee all housing development projects facilitated or financed by NBS and its shareholders.



ICT, Digitalisation and Innovation Committee

The committee is comprised of four independent non-executive directors, three non-executive directors and two executive directors. The members are as follows;

Edward Tome	- Chairman (Independent NED)
David Mutemachani	- Member (Independent NED)
Christopher Mawere	- Member (Independent NED)
Pauline Chapendama	- Member (Independent NED)
Philip Hamadziripi	- Member (NED)
Grace Mathe	- Member (NED)
Betty Nyereyegona	- Member (NED)
Managing Director	- Member (Executive)
Finance Director	- Member (Executive)

Some of the Committee's terms of reference are:

- To assist the Board in reviewing and overseeing the overall ICT Governance of the Institution, as well as the supervision of the implementation of ICT, Digitalisation, and Innovation strategies, including Digital Banking initiatives of the Bank.
- Ensuring that ICT Governance policies are established and implemented. The policies should outline the decision-making rights and accountability framework for ICT governance that will enable the desirable culture in the use of ICTs within the bank.
- Periodically review ICT Strategy and ensure it is aligned with business strategy.
- Ensure that the ICT strategy is integrated with the bank's business processes. ICT should be seen to add value by enabling the improvement of the bank's performance and sustainability.
- Review and monitor the implementation of ICT and Digitalisation initiatives/projects undertaken by the Bank to ensure it is in line with the Bank's strategies and policies.
- Periodically review Management reports on industry and technology trends.
- Manage and oversee a rolling five-year investment programme.

Internal Audit

The Internal Audit department comprises of the Head of department, ICT and Operational auditors. The Head of Audit reports directly to the Audit Committee and administratively to the Managing Director.

INDUCTION AND EVALUATION OF DIRECTORS

On appointment, new directors are briefed on their fiduciary duties and responsibilities by executive management. Visits to Society sites and operations are arranged to facilitate understanding of the Society's affairs. Directors are informed of any new relevant legislation and changing commercial risks that affect the Society.

Directors are entitled to seek independent professional advice at the Society's expense about the affairs of the Society and, where necessary, for the furtherance of their duties. The Board conducts regular ongoing assessments to evaluate the effectiveness of its procedures.

THE COMPANY SECRETARY

The Company Secretary is responsible to the Board as a whole and to Directors individually, for ensuring compliance with procedures and applicable statutes and regulations.

The Board has unlimited access to the Company Secretary, who advises the Board and its sub-Committees on issues including compliance with Society rules and procedures and statutory regulations.

The Company Secretary ensures that the proceedings and affairs of the Directorate, the Society itself and Shareholders, are properly administered. The Secretary assists in developing the annual Board plan and administers all statutory obligations of the Society.

BOARD ATTENDANCE

Membership and attendance for the period to 30 June 2022 is as noted below:

Board Member	Main Board	Audit	Loans Review	Credit	HR & Nomination	Risk & Compliance	Finance, Housing Projects & Strategy	ICT, Digitalisation & Innovation
Number of Meetings held	4	3	2	2	4	2	4	1
Chaavure A (Acting Managing Director)	4	-	-	-	-	-	4	1
Chapendama P (Mrs)	4	3	2	-	-	2	-	1
Mathe G (Ms)	3x	-	-	-	1*	1*	1*	1
Hamadziripi P M	4	-	-	2	4	-	4	1
Mawere C	4	-	-	2	4	-	4	X
Mutemachani D	4	3	-	-	4	-	4	1
Mutsvanga P (Mrs)	3	-	1x	-	-	1x	2	-
Mutumbwa S I (Chairman)	4	-	-	2	4	-	-	-
Nyereyegona B (Dr)	4	-	1x	-	4	2	-	1
Tome E (Vice Chairman)	3x	3	1x	-	-	2	-	1

Key

- Not a member of the committee
- X Apology
- * Not yet a member of the Board

The Directors are responsible for the preparation and fair presentation of the inflation adjusted financial statements of National Building Society Limited, comprising the inflation adjusted statement of financial position at 30 June 2022, and the inflation adjusted statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the inflation adjusted financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in a manner required by the Companies Act (Chapter 24:03) of Zimbabwe, the Building Society Act (Chapter 24:02) of Zimbabwe and sections of the Banking Act (Chapter 24:20) applicable to building societies.

The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. The Directors are responsible for assessing the Society's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Society or to cease operations or have no realistic alternative but to do so.

The Society and its Shareholder NSSA signed a subscription agreement on 6 February 2022, the purpose of which is to capitalise the Society to ensure that the Society achieves the minimum regulatory capital of an amount equivalent to USD20 million which the Society is planned to achieve by 30 September 2022 in line with the capital plan which was approved by the Reserve Bank of Zimbabwe. NSSA has since instructed their lawyers to transfer assets to the Society and the process is at advanced conveyancing stage. Share certificates have not yet been issued as we hope to do this on transfer of assets.


The Directors have assessed the ability of the Society to continue as a going concern and are confident that the business will remain a going concern in the foreseeable future.

Preparation of financial statements

These financial results have been prepared under the supervision of Alfred Chaavure, ACMA, CGMA, the Financial Director.

By order of the Board


S Mutumbwa (Chairman)
HARARE


Tapera Mushoriwa (Managing Director)
31 August 2022

COMPLIANCE STATEMENT For the half year ended 30 June 2022

Compliance risk

The Society had three major Compliance issues during the period under review

- Capitalisation-** The Society was non-compliant with the required level of capital of US\$20 million as at 31 December 2021. However, an extension was sought and granted to ensure full compliance by 30 September 2022. We remain committed and strategically positioned to be compliant with the new date after the finalization of lined up activities and injection of additional capital by the shareholder.
- Appointment of a substantive Managing Director-** As at 30 June 2022, the appointment of a substantive Managing Director had not been finalised. However, subsequent to the half year end, the appointment of Tapera Mushoriwa as the substantive Managing Director was concluded effective 17 August 2022.
- Prudential liquidity ratio-** The Society remained non-compliant with the minimum regulatory prudential liquidity ratio of 30% for most of the period under review. However, despite non-compliance with the minimum regulatory ratio the Society has been meeting all its maturing liabilities and deposits on demand. In addition, the society has embarked on an aggressive deposit mobilization drive focusing on Corporate Banking to correct the prudential liquidity ratio.

The Society's compliance framework is anchored around "Zero Tolerance to Non-Compliance" and during the period the Society complied with all Reserve Bank directives and prudential guidelines. We are committed to supporting the efforts by the Government of Zimbabwe through its fiscal policy which is aimed at building resilience and sustainable economic recovery and will continue to ensure the maintenance of a safe and sound banking environment that promotes confidence in the banking sector.

Core capital

RBZ set the minimum capital level for Building Societies at US\$20 million as at 31 December 2021. The Society did not comply with the minimum capital level but remains committed and strategically positioned to ensure full compliance by 30 September 2022.

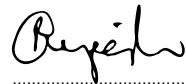
Going concern

These financial results were prepared on a going concern basis. In the opinion of the Directors, the Society's business is sound and adequate resources exist to support this basis.

Approval of the financial results

These financial results were approved by the Board of Directors on 31 August 2022.

By order of the Board



Ms R Chipendo
Company Secretary

REVIEW CONCLUSION

The abridged financial statements have been reviewed by BDO Zimbabwe Chartered Accountants in accordance with International Standards on Review Engagements ("ISRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A qualified review conclusion has been issued thereon, with respect to the following matter:

Carryover impact of the Qualified Opinion issued on the Financial Statements for the Year ended 31 December 2021 on the Interim Financial Information;
Valuation of property and equipment and deferred revenue – impact of the application of the ZWL/USD Reserve Bank of Zimbabwe auction exchange rate in the determination of ZWL fair values and other amounts dependent on those fair values as at 31 December 2021, as well as impact on the comparability of the amounts for the prior periods presented.

The auditor's review conclusion on the abridged inflation adjusted financial information is available for inspection at the company's registered office.

BDO Zimbabwe Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

Note	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Assets	ZWL	ZWL	ZWL	ZWL
Cash and cash equivalents	6 3 107 469 687	2 745 915 690	3 107 469 687	1 254 316 159
Investment securities	7 258 331 538	541 997 693	258 331 538	247 580 968
Other assets and prepayments	8 451 685 492	306 413 833	451 685 492	139 967 816
Inventory	9 5 933 680 966	4 752 782 451	1 280 055 504	430 338 072
Loans and advances	10 6 657 080 211	6 088 048 291	6 657 080 211	2 780 980 266
Computer software	11 268 245 578	282 519 580	9 054 155	9 214 735
Right of use asset	13 932 546 566	377 608 918	410 912 494	103 562 303
Property and equipment	12 465 752 861	380 660 101	186 449 372	131 802 486
Total assets	18 074 792 899	15 475 946 557	12 361 038 453	5 097 762 805
Equity and liabilities				
Liabilities				
Deposits	14 9 762 522 869	8 955 696 891	9 762 522 869	4 090 903 214
Borrowings	15 15 321 746	33 541 960	15 321 746	15 321 746
Other liabilities	16 1 224 581 090	1 001 364 612	828 808 019	457 416 744
Total liabilities	11 002 425 705	9 990 603 463	10 606 652 634	4 563 641 704
Shareholders' equity				
Share capital	17 498 994 838	498 994 838	5 089 296	5 089 296
Share premium	17 4 368 851 037	4 368 851 037	44 558 325	44 558 325
Revaluation reserve	17 91 631 617	91 631 617	106 136 966	106 136 966
Accumulated surplus	17 2 112 889 702	525 865 602	1 598 601 232	378 336 514
Total shareholder equity	7 072 367 194	5 485 343 094	1 754 385 819	534 121 101
Total liabilities and equity	18 074 792 899	15 475 946 557	12 361 038 453	5 097 762 805

Let's Go Beyond

Experience Transformation

Ramangwana/Elakusasa Coming Soon



Corporate Account



Diaspora Mortgage



Remittances



SME Loans



Individual Account Opening

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2022

	Note	Inflation adjusted		Historical cost	
		30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Interest income	21	1 252 238 881	368 039 454	836 032 202	119 041 756
Interest expense	22	(495 416 259)	(54 583 969)	(367 585 283)	(17 789 916)
Net interest income		756 822 622	313 455 485	468 446 919	101 251 840
Charge for impairment	10	(112 671 899)	(82 689 660)	(112 671 899)	(28 360 834)
		644 150 723	230 765 825	355 775 020	72 891 006
Non funded income	23	2 496 474 600	680 432 098	1 946 664 007	252 958 203
Total operating income for the period		3 140 625 323	911 197 923	2 302 439 027	325 849 209
Operating expenses	24	(1 545 636 871)	(743 966 684)	(1 076 777 304)	(235 294 237)
Surplus before tax		1 594 988 452	167 231 239	1 225 661 723	90 554 972
Income tax		(6 277 334)	(816 542)	(5 397 005)	(273 667)
Loss on monetary position		(1 687 018)	(141 565 337)	-	-
Surplus for the period		1 587 024 100	24 849 360	1 220 264 718	90 281 305
Items that will not be classified to income statement					
Revaluation of plant and equipment		-	-	-	-
Other comprehensive income					
Comprehensive income for the period		1 587 024 100	24 849 360	1 220 264 718	90 281 305

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2022

	Share capital ZWL	Share premium ZWL	Revaluation reserve ZWL	Accumulated surplus/deficit ZWL	Total ZWL
Inflation adjusted Jun-22					
Balance as at 1 January 2022	498 994 838	4 368 851 037	91 631 617	5 252 865 602	5 485 343 094
Surplus for the period	-	-	-	1 220 264 718	1 220 264 718
Balance as at 30 June 2022	498 994 838	4 368 851 037	91 631 617	2 112 889 702	7 072 367 194
Jun-21					
Balance as at 1 January 2021	498 994 838	4 368 851 037	148 385 138	20 260 183	5 036 491 196
Surplus for the period	-	-	-	24 849 360	24 849 360
Balance as at 30 June 2021	498 994 838	4 368 851 037	148 385 138	45 109 543	5 061 340 556
Historical cost Jun-22					
Balance as at 1 January 2022	5 089 296	44 558 325	106 136 966	5 252 865 602	681 650 189
Surplus for the year	-	-	-	1 220 264 718	1 220 264 718
Balance as at 30 June 2022	5 089 296	44 558 325	106 136 966	1 746 130 320	1 901 914 907
Jun-21					
Balance as at 1 January 2021	5 089 296	44 558 325	78 350 226	137 990 638	265 988 485
Surplus for the year	-	-	-	90 281 305	90 281 305
Balance as at 30 June 2021	5 089 296	44 558 325	78 350 226	228 271 943	356 269 790

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2022

	Note	Inflation adjusted		Historical cost	
		30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Cash flows from operating activities					
Surplus before tax		1 594 988 452	167 231 239	1 225 661 723	90 554 972
Adjusted for:					
Depreciation	25	31 234 078	43 529 242	19 249 702	5 360 133
Amortisation of software		14 274 002	12 971 017	160 580	158 573
Right of use asset additions		(650 884 490)	-	(353 519 762)	-
Right of use asset depreciation		95 946 842	-	46 169 571	-
Effects of IAS29		100 161 891	(148 970 198)	631 469	-
Unrealised exchange gains		-	-	-	-
Surplus on asset disposal		-	(516 859)	-	(177 272)
Charge for impairment	10	112 671 899	82 689 660	112 671 899	28 360 833
Net interest income		(756 822 622)	(313 455 485)	(468 446 919)	(101 251 840)
Increase in other assets and prepayments		(145 271 659)	(324 721 942)	(311 717 676)	(120 304 081)
(Increase)/decrease in inventory		(1 180 898 515)	115 706 667	(849 717 432)	(9 176 941)
Increase in loans and advances		(590 382 420)	(1 622 892 217)	(3 989 403 312)	(659 431 760)
Increase in deposits		806 825 978	2 490 295 596	5 671 619 655	1 000 751 655
(Decrease)/increase in other liabilities		(382 976 644)	784 541 321	(3 246 425)	275 360 997
Increase/(decrease) in lease liability		606 193 122	(20 100 519)	374 637 700	-
Interest received		1 252 238 881	368 039 454	836 032 202	119 041 756
Interest paid		(495 416 259)	(54 583 969)	(367 585 283)	(17 789 916)
Income tax paid		(6 277 334)	(816 542)	(5 397 005)	(273 668)
Net cash flows from operating cash flows		405 605 202	1 578 946 466	1 937 800 687	611 183 442
Cash flows from investing activities					
Purchase of property and equipment		(116 326 838)	(64 954 891)	(73 896 589)	(21 732 904)
Increase/(decrease) in investment securities		283 028 158	(137 713 870)	(10 750 570)	(52 977 516)
Proceeds from disposal of assets		-	3 391 617	-	1 163 255
Purchase of computer software		-	(761 157)	-	(235 924)
Net cash flows from investing activities		166 701 320	(200 038 301)	(84 647 159)	(73 783 089)
Cash flows from financing activities					
Decrease in borrowings		(18 220 214)	(76 524 439)	-	(17 159 721)
Net cash flows from financing activities		(18 220 214)	78 027 313	-	(17 159 721)
Net increase in cash and cash equivalents		554 086 308	1 302 383 726	1 853 153 528	520 240 632
Cash & cash equivalents at the beginning of the year		2 553 383 379	1 250 999 653	1 254 316 159	355 516 774
Cash & cash equivalents at the end of the period		3 107 469 687	2 553 383 379	3 107 469 687	875 757 406
Comprises of:					
Cash on hand		359 142 806	170 066 234	359 142 806	58 329 182
Foreign bank balances		2 685 195	171 697 449	2 685 195	58 888 655
Banks and money market		2 745 641 686	2 211 619 696	2 745 641 686	758 539 569
Total cash and cash equivalents	6	3 107 469 687	2 553 383 379	3 107 469 687	875 757 406

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2022

1 Nature of business

National Building Society is a registered Building Society in terms of the Zimbabwe Building Societies Act (Chapter 24:02).

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

2 Basis of preparation

2.1 Basis of accounting

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

3 Accounting policy

The principal accounting policies adopted in the preparation of the half year financial statements are set out below and have been consistently followed in all material respects.

4.1 Basis of preparation

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 the requirements of the Building Societies Act (Chapter 24:02) and adaptations of the Banking Act (Chapter).

4.2 Functional and presentation currency

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

IAS29 (Financial Reporting in Hyper-inflationary Economies)

The financial Statement have been prepared in accordance with the prescription of IAS29. This follows the pronouncement by the PAAB, in October 2019 that IAS29 applied to Zimbabwean entities for reporting periods on or after 1 July 2019. Monetary assets and liabilities and non-monetary assets and liabilities at fair value were not restated as they were presented at measuring unit that was current at reporting date. Income statement transactions were restated by the application of the CPI from the dates that the transactions were initially recorded in the financial statements.

The CPI'S are as follows:

Date	CPI	Factor
June 2021	2 986.44	2.92
December 2021	3 977.46	2.19
June 2022	8 707.35	1.00

Inflation adjusted financial information is the primary financial information of the Society. Historical cost information is included as supplementary information. As a result, the auditors have not expressed an opinion on the historical cost information.

5 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.

	Inflation adjusted		Historical cost	
	30 June 2022 ZWL	31 December 2021 ZWL	30 June 2022 ZWL	31 December 2021 ZWL
6 Cash and cash equivalents				
Balances with the RBZ	2 129 009 870	2 230 800 700	2 129 009 870	1 019 015 032
Balances with banks	619 317 011	406 114 838	619 317 011	185 510 577
Cash on hand	359 142 806	109 000 152	359 142 806	49 790 550
	3 107 469 687	2 745 915 690	3 107 469 687	1 254 316 159
	30 June 2022 ZWL	31 December 2021 ZWL	30 June 2022 ZWL	31 December 2021 ZWL
Reserve Bank of Zimbabwe	2 129 009 870	2 230 800 700	2 129 009 870	1 019 015 032
Bank balances	619 317 011	406 114 838	619 317 011	185 510 577
	2 748 326 881	2 636 915 538	2 748 326 881	1 204 525 609
Cash on hand	359 142 806	109 000 152	359 142 806	49 790 550
Net carrying amount of cash and cash equivalents	3 107 469 687	2 745 915 690	3 107 469 687	1 254 316 159
7 Investment securities held at amortised cost				
	30 June 2022 ZWL	31 December 2021 ZWL	30 June 2022 ZWL	31 December 2021 ZWL
Treasury bills	260 154 106	543 182 264	260 154 106	248 122 072
	260 154 106	543 182 264	260 154 106	248 122 072
Stage 1 - ECL allowance	(1 822 568)	(1 184 571)	(1 822 568)	(541 104)
Net carrying amount	258 331 538	541 997 693	258 331 538	247 580 968
Maturity Analysis - Gross				
Less than 1 month	-	-	-	-
1 month to 3 months	-	-	-	-
3 months to 6 months	258 819 007	205 225 368	258 819 007	93 745 593
6 months to 1 year	555 099	145 054 836	555 099	66 260 091
1 year to 5 years	780 000	192 902 060	780 000	88 116 387
	260 154 106	543 182 264	260 154 106	248 122 072

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REVIEWED FINANCIAL RESULTS
FOR THE HALF YEAR ENDED 30 JUNE 2022



Corporate Account



Diaspora Mortgage



Remittances



SME Loans



Individual Account Opening

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF YEAR ENDED 30 JUNE 2022

	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
8 Other assets and prepayments				
Interest accrued	64 561 234	43 647 925	64 561 234	19 938 084
Collateral deposits	139 363 281	162 842 664	139 363 281	74 385 454
Sundry assets	247 760 977	99 923 244	247 760 977	45 644 278
	451 685 492	306 413 833	451 685 492	139 967 816
Non-current	139 363 281	162 842 664	139 363 281	74 385 454
Current	312 322 211	143 571 169	312 322 211	65 582 362
	451 685 492	306 413 833	451 685 492	139 967 816
Opening balance	306 413 833	-	306 413 833	69 391 056
Other assets and prepayments	145 271 659	306 413 833	145 271 659	70 576 760
Closing balance	451 685 492	306 413 833	451 685 492	139 967 816

	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
9 Inventory work in progress				
Dzivarasekwa Housing project	2 792 029 465	2 220 067 318	735 911 278	398 587 820
Newmara housing development	1 014 862 824	1 014 862 824	13 376 099	13 376 099
Chinhoyi Housing Project work in progress	533 307 918	531 439 709	8 074 284	6 206 074
Glaudina Housing Project work in progress	519 579 020	519 579 020	5 306 513	5 306 513
Hopeville, NBS Park and Stoneridge Housing Development	463 026 766	463 026 766	5 122 639	5 122 639
Sunset Villa (Tynwald Harare)	600 411 632	-	506 757 379	-
Other work in progress	10 463 341	3 806 814	5 507 312	1 738 927
	5 933 680 966	4 752 782 451	1 280 055 504	430 338 072

	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
10 Loans and advances				
Personal loans, advances and overdrafts	3 765 663 312	3 273 375 284	3 765 663 312	1 495 256 219
Mortgage loans	3 082 045 288	2 983 950 896	3 082 045 288	1 363 049 069
Gross loans and advances	6 847 708 600	6 257 326 180	6 847 708 600	2 858 305 288
Impairment provision	(190 628 389)	(169 277 889)	(190 628 389)	(77 325 022)
Net loans and advances	6 657 080 211	6 088 048 291	6 657 080 211	2 780 980 266

	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
10.1 Maturity analysis				
Less than 1 month	198 117 503	112 576 761	198 117 503	51 424 321
1 month to 3 months	495 598 249	266 183 471	495 598 249	121 590 852
3 months to 6 months	602 939 967	113 609 519	602 939 967	51 896 078
6 months to 1 year	2 249 871 138	916 098 080	2 249 871 138	418 467 555
1 year to 5 years	2 295 525 158	1 400 604 174	2 295 525 158	639 786 740
More than 5 years	1 005 656 585	3 448 254 175	1 005 656 585	1 575 139 742
	6 847 708 600	6 257 326 180	6 847 708 600	2 858 305 288

	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
10.2 Loan impairment allowance				
Exposure to credit - gross loans and advances				
Loans and advances subject to Stage 1	6 620 199 298	5 759 268 846	6 620 199 298	2 630 795 986
Loans and advances subject to Stage 2	155 065 397	339 465 057	155 065 397	155 065 397
Loans and advances subject to Stage 3	72 443 905	158 592 277	72 443 905	72 443 905
Gross loans and advances	6 847 708 600	6 257 326 180	6 847 708 600	2 858 305 288
Loan impairment charge				
Stage 1	145 075 287	69 554 242	145 075 287	31 771 919
Stage 2	25 174 904	55 112 233	25 174 904	25 174 904
Stage 3	20 378 198	44 611 414	20 378 198	20 378 199
Gross impairment loss	190 628 389	169 277 889	190 628 389	77 325 022
Net loans and advances	6 657 080 211	6 088 048 292	6 657 080 211	2 780 980 266
Impairment allowances				
Portfolio impairment	131 069 788	143 261 606	131 069 788	65 440 956
Specific impairment	59 558 601	26 016 283	59 558 601	11 884 066
Gross impairment	190 628 389	169 277 889	190 628 389	77 325 022

Historical cost

	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
10.3 Impairment provision				
Opening balance	169 277 889	42 918 567	77 325 022	12 196 874
Charge to income statement	112 671 899	142 576 815	112 671 899	65 128 148
Effects of changes in inflation	(91 321 399)	(16 217 494)	631 468	-
Closing balance	190 628 389	169 277 888	190 628 389	77 325 022

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF YEAR ENDED 30 JUNE 2022

ECL allowance movement	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
30 June 2022				
2022				
Balance at beginning of year 2022	-	168 123 528	1 327 932	169 451 460
Charge to income statement	-	112 301 069	370 831	112 671 899
Effects of changes in inflation	-	(91 321 399)	-	(91 321 399)
Balance at end 30 June 2022	-	189 103 198	1 698 763	190 801 960

ECL allowance movement	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
2021				
Balance at beginning of year 2021	48 560	42 918 568	230 437	43 197 564
Charge to income statement	(30 211)	141 422 455	1 184 570	142 576 814
Effects of changes in inflation	(18 349)	(16 217 494)	(87 074)	(16 322 918)
Balance at end of the year 2021	-	168 123 529	1 327 933	169 451 460

ECL allowance movement	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
Historical cost 2022				
Balance at beginning of year 2022	-	76 797 718	606 591	77 404 308
Charge to income statement	-	112 301 069	370 831	112 671 899
Balance at 30 June 2022	-	189 098 787	977 422	190 076 207

ECL allowance movement	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
2021 audited				
Balance at beginning of year 2021	13 800	12 196 874	65 487	12 276 161
Charge to income statement	(13 800)	64 600 844	541 104	65 128 147
Balance at end of the year 2021	-	76 797 718	606 591	77 404 308

Change in ECL

Analysis of loan impairment charge on the income statement

Change in ECL	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
Increase in loan impairment charge on loans and advances for the period	171 859 670	167 438 736	171 859 670	76 484 909
Impairment allowance on account balances in excess	(59 558 601)	(26 016 280)	(59 558 601)	(11 884 065)
Impairment charges on cash and cash equivalents and investment securities	370 831	1 184 571	370 831	541 104
Net impairment charge to income statement	112 671 900	142 607 027	112 671 900	65 141 948

Sectoral analysis	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
10.4 Sectoral analysis				
Corporates	1 734 146 125	1 317 145 289	1 734 146 125	601 663 272
Individuals	4 922 934 085	4 940 180 891	4 922 934 085	2 256 642 016
	6 657 080 210	6 257 326 180	6 657 080 210	2 858 305 288

11 Computer software

	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
Cost				
Opening balance	428 220 048	408 042 655	10 672 767	4 761 779
Additions	-	20 177 393	-	5 910 988
Closing balance	428 220 048	428 220 048	10 672 767	10 672 767
Amortisation				
Opening balance	145 700 468	117 152 466	1 458 032	1 113 349
Charge to income statement	14 274 002	28 548 002	160 580	344 683
Closing balance	159 974 470	145 700 468	1 618 612	1 458 032
Net book value	268 245 578	282 519 580	9 054 155	9 214 735

12 Property and equipment

June 2022 Inflation adjusted	Inflation adjusted		Historical cost		Total
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	
	ZWL	ZWL	ZWL	ZWL	ZWL
Cost					
Opening balance	197 209 098	22 977 436	30 116 236	26 104 721	204 793 321
Additions	-	9 535 649	4 474 143	-	102 317 046
Revaluation gain	-	-	-	-	-
Disposal	-	-	-	-	-
Closing balance	197 209 098	32 513 085	34 590 379	26 104 721	307 110 367
Accumulated depreciation					
Opening balance	100 540 711	-	-	-	100 540 711
Charge for the period	164 495	5 763 844	1 255 686	2 824 643	21 225 410
Disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
Closing balance	100 705 206	5 763 844	1 255 686	2 824 643	131 774 789
Net book value June 2022	96 503 892	26 749 241	33 334 693	23 280 078	285 884 957



REVIEWED FINANCIAL RESULTS
FOR THE HALF YEAR ENDED 30 JUNE 2022



**WE DELIVER HOUSING
IN A NUMBER OF WAYS
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REVIEWED FINANCIAL RESULTS
FOR THE HALF YEAR ENDED 30 JUNE 2022



Corporate Account



Diaspora Mortgage



Remittances



SME Loans



Individual Account Opening

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF YEAR ENDED 30 JUNE 2022

2021 Inflation adjusted	Inflation adjusted					
	Leasehold Improvements	Office Equipment	Furniture and Fittings	Motor Vehicles	Computer Equipment	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Cost						
Opening balance	197 209 098	32 305 826	34 505 302	38 739 691	175 722 001	478 481 918
Additions	-	8 271 965	2 282 382	-	123 217 216	133 771 563
Revaluation gain	-	(17 600 355)	(6 671 447)	(9 296 461)	(94 145 897)	(127 714 160)
Disposal	-	-	-	(3 338 509)	-	(3 338 509)
Closing balance	197 209 098	22 977 436	30 116 237	26 104 721	204 793 320	481 200 812
Accumulated depreciation						
Opening balance	80 819 802	-	-	-	-	80 819 802
Charge for the year	19 720 909	2 297 781	3 011 674	5 863 340	59 787 843	90 681 547
Revaluation	-	(2 297 781)	(3 011 674)	(5 863 340)	(59 787 843)	(70 960 638)
Disposal	-	-	-	-	-	-
Closing balance	100 540 711	-	-	-	-	100 540 711
Net book value 2021	96 668 387	22 977 436	30 116 237	26 104 721	204 793 320	380 660 101

Historical cost 30 June 2022	Historical cost					
	Leasehold Improvements	Office Equipment	Furniture and Fittings	Motor Vehicles	Computer Equipment	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Cost						
Opening balance	3 245 775	10 495 941	13 756 898	11 924 463	93 790 587	133 213 664
Additions	-	7 470 198	2 797 462	-	63 628 929	73 896 589
Disposal	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Closing balance	3 245 775	17 966 139	16 554 360	11 924 463	157 419 516	207 110 253
Accumulated depreciation						
Opening balance	1 168 829	-	-	-	242 350	1 411 179
Disposals	-	-	-	-	-	-
Charge for the period	101 379	3 552 283	773 885	1 740 840	13 081 315	19 249 702
Revaluation	-	-	-	-	-	-
Closing balance	1 270 208	3 552 283	773 885	1 740 840	13 323 665	20 660 881
Net book value 2022	1 975 567	14 413 856	15 780 475	10 183 623	144 095 851	186 449 372

2021 Historical cost	Historical cost					
	Leasehold Improvements	Office Equipment	Furniture and Fittings	Motor Vehicles	Computer Equipment	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Cost						
Opening balance	2 028 484	9 180 877	9 805 937	11 009 294	49 937 805	81 962 397
Additions	1 217 291	2 864 682	707 432	-	51 596 353	56 385 759
Disposal	-	-	-	(1 145 012)	-	(1 145 012)
Revaluation	-	(1 549 618)	3 243 529	2 060 182	(7 743 571)	(3 989 479)
Closing balance	3 245 775	10 495 941	13 756 898	11 924 464	93 790 587	133 213 665
Accumulated depreciation						
Opening balance	827 447	-	-	-	-	827 447
Disposals	-	-	-	-	(249 586)	(249 586)
Charge for the year	341 382	7 563 009	1 242 879	3 311 954	20 150 308	32 609 532
Revaluation	-	(7 563 009)	(1 242 879)	(3 311 954)	(19 658 372)	(31 776 214)
Closing balance	1 168 829	-	-	-	242 350	1 411 179
Net book value 2021	2 076 946	10 495 941	13 756 898	11 924 464	93 548 237	131 802 486

13 Right of use asset	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
Balance at the beginning of the year	489 522 020	184 171 438	132 069 468	35 127 501
Additions	-	-	-	-
Remeasurement gain	650 884 490	305 350 582	353 519 762	96 941 967
Closing Balance	1 140 406 510	489 522 020	485 589 230	132 069 468
Accumulated Depreciation				
Balance at the beginning of the period	111 913 102	40 586 493	28 507 165	3 258 184
Charge for the period	95 946 842	71 326 609	46 169 571	25 248 981
Effects of Inflation	-	-	-	-
Closing Balance	207 859 944	111 913 102	74 676 736	28 507 165
Carrying amount at half year	932 546 566	377 608 918	410 912 494	103 562 303

14 Deposits	31 December 2021		31 December 2021	
	30 June 2022	ZWL	30 June 2022	ZWL
Transactional and savings deposits	5 005 560 401	6 251 745 134	5 005 560 401	2 855 755 903
Term deposits	4 691 962 468	2 333 981 436	4 691 962 468	1 066 147 311
Money market deposits	65 000 000	369 970 321	65 000 000	169 000 000
	9 762 522 869	8 955 696 891	9 762 522 869	4 090 903 214

14.1 Deposits by source	31 December 2021		31 December 2021	
	30 June 2022	ZWL	30 June 2022	ZWL
Banks	65 000 000	369 970 321	65 000 000	169 000 000
Corporates	1 771 987 210	2 886 066 070	1 771 987 211	1 318 335 927
Individuals	7 925 535 659	5 699 660 500	7 925 535 658	2 603 567 287
	9 762 522 869	8 955 696 891	9 762 522 869	4 090 903 214

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF YEAR ENDED 30 JUNE 2022

14.2 Maturity analysis	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
Less than 1 month	8 666 730 049	6 556 816 290	8 666 730 049	2 995 110 393
1 month to 3 months	14 772 493	32 339 550	14 772 493	14 772 493
3 months to 6 months	20 891 268	45 734 610	20 891 268	20 891 268
6 months to 1 year	26 416 037	57 829 288	26 416 037	26 416 037
1 year to 5 years	521 666 303	1 142 018 046	521 666 303	521 666 304
More than 5 years	512 046 719	1 120 959 107	512 046 719	512 046 719
	9 762 522 869	8 955 696 891	9 762 522 869	4 090 903 214

Maturity analysis is based on the remaining period from 30 June 2022 to contractual maturity

14.3 Sectoral analysis	31 December 2021		31 December 2021	
	30 June 2022	ZWL	30 June 2022	ZWL
Individuals	1 574 994 993	1 489 783 575	1 574 994 993	680 523 301
Manufacturing	492 185 935	470 461 020	492 185 935	214 903 488
Transport and Distribution	295 311 561	91 334 296	295 311 561	41 720 903
Energy and Minerals	1 082 809 058	716 455 751	1 082 809 058	327 272 257
Financial Services	3 445 301 547	3 596 770 162	3 445 301 547	1 642 980 864
Construction and Property	590 623 122	453 567 787	590 623 122	207 186 770
Trade and Services	2 281 296 653	2 137 324 300	2 281 296 653	976 315 629
	9 762 522 869	8 955 696 891	9 762 522 869	4 090 903 214

15 Borrowings	31 December 2021		31 December 2021	
	30 June 2022	ZWL	30 June 2022	ZWL
Shareholder loan	15 321 746	33 541 960	15 321 746	15 321 746
	15 321 746	33 541 960	15 321 746	15 321 746
Non-current liability	15 321 746	33 541 960	15 321 746	15 321 746
	15 321 746	33 541 960	15 321 746	15 321 746

Terms and repayment schedule

	Nominal interest facility rate	Year of maturity	Carrying amount			
			Year of maturity	Carrying amount 2022	Carrying amount 2021	Carrying amount 2021
			ZWL	ZWL	ZWL	ZWL
Unsecured shareholder loan	5%	2022	4 832 812	10 579 864	4 832 812	4 832 812
Unsecured shareholder loan	5%	2022	4 908 358	10 745 247	4 908 358	4 908 358
Unsecured shareholder loan	2%	2033	5 580 576	12 216 849	5 580 576	5 580 576
			15 321 746	33 541 960	15 321 746	15 321 746

16 Other liabilities	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
Deferred income	102 539 497	65 079 688	102 539 497	29 727 972
Accrued interest	80 585 279	77 672 703	80 585 279	35 480 378
Lease liability	908 504 707	302 311 585	512 731 636	138 093 936
Other liabilities	132 951 607	556 300 636	132 951 607	254 114 458
	1 224 581 090	1 001 364 612	828 808 019	457 416 744

17 Equity and reserves	Inflation adjusted		Historical cost	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	ZWL	ZWL	ZWL	ZWL
17.1 Share movement				
Authorised ordinary shares	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Issued and fully paid ordinary shares	508 929 558	508 929 558	508 929 558	508 929 558
Unissued ordinary shares	491 070 442	491 070 442	491 070 442	491 070 442
Issued share capital and share premium				
508,929,600 Ordinary Shares of \$0.01 each	498 994 838	498 994 838	5 089 296	5 089 296
Share premium	4 368 851 037	4 368 851 037	44 558 325	44 558 325

17.2 Accumulated surplus	31 December 2021		31 December 2021	
	30 June 2022	ZWL	30 June 2022	ZWL
Opening balance	525 865 602	20 260 183	378 336 514	137 990 638
Surplus for the period	1 587 024 100	564 713 103	1 220 264 718	267 345 876
Dividend Paid	-	(59 107 684)	-	(27 000 000)
Closing balance	2 112 889 702	525 865 602	1 598 601 232	378 336 514
17.3 Revaluation reserve				
Opening balance	91 631 617	148 385 138	106 136 966	78 350 226
Movement for the year	-	(56 753 521)	-	27 786 740
Closing balance	91 631 617	91 631 617	106 136 966	106 136 966

NBS POS MACHINES WITH ENHANCED SECURITY

Swipe on an NBS POS machine for safe instore payments



REVIEWED FINANCIAL RESULTS
FOR THE HALF YEAR ENDED 30 JUNE 2022



Corporate Account



Diaspora Mortgage



Remittances



SME Loans



Individual Account Opening

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF YEAR ENDED 30 JUNE 2022

18 Categories of financial instruments

	Amortised cost ZWL	Carrying amount ZWL	Amortised cost ZWL	Carrying amount ZWL
30 June 2022				
Financial assets				
Cash on hand	359 142 806	359 142 806	359 142 806	49 790 550
Bank balances	2 748 326 881	2 748 326 881	2 748 326 881	1 204 525 609
Investment securities	258 331 538	258 331 538	258 331 538	247 580 968
Loans and advances	6 657 080 210	6 657 080 210	6 657 080 210	2 780 980 266
Total	10 022 881 435	10 022 881 435	10 022 881 435	4 282 877 393
Financial liabilities				
Deposits	9 762 522 869	9 762 522 869	9 762 522 869	4 090 903 214
Borrowings	15 321 746	15 321 746	15 321 746	15 321 746
Total	9 777 844 615	9 777 844 615	9 777 844 615	4 106 224 960
31 December 2021				
Financial assets				
Cash on hand	109 000 152	109 000 152	32 358 640	32 358 640
Bank balances	2 636 915 538	2 636 915 538	317 158 434	317 158 434
Interbank placements	-	-	5 986 200	5 986 200
Investment securities	541 997 693	541 997 693	27 701 629	27 701 629
Loans and advances	6 088 048 291	6 088 048 291	484 769 373	484 769 373
Total	9 375 961 674	9 375 961 674	867 974 276	867 974 276
Financial liabilities				
Deposits	8 955 696 891	8 955 696 891	708 770 695	708 770 695
Borrowings	33 541 960	33 541 960	43 921 467	43 921 467
Total	8 989 238 851	8 989 238 851	752 692 162	752 692 162

18.1 Financial instruments not measured at fair value

	Level 2 ZWL	Level 3 ZWL	Total fair value ZWL	Total carrying amount ZWL
Inflation adjusted 30-Jun-22				
Financial assets				
Cash on hand	359 142 806	-	359 142 806	359 142 806
Bank balances	2 748 326 881	-	2 748 326 881	2 748 326 881
Investment securities	-	258 331 538	258 331 538	258 331 538
Loans and advances	6 657 080 210	-	6 657 080 210	6 657 080 210
Total	9 764 549 897	258 331 538	10 022 881 435	10 022 881 435
Financial liabilities				
Deposits	9 762 522 869	-	9 762 522 869	9 762 522 869
Borrowings	-	15 321 746	15 321 746	15 321 746
Total	9 762 522 869	15 321 746	9 777 844 615	9 777 844 615
31-Dec-21				
Financial assets				
Cash on hand	109 000 152	-	109 000 152	109 000 152
Bank balances	2 636 915 538	-	2 636 915 538	2 636 915 538
Investment securities	-	541 997 693	541 997 693	541 997 693
Loans and advances	6 088 048 291	-	6 088 048 291	6 088 048 291
Total	8 833 963 981	541 997 693	9 375 961 674	9 375 961 674
Financial liabilities				
Deposits	8 955 696 891	-	8 955 696 891	8 955 696 891
Borrowings	-	33 541 960	33 541 960	33 541 960
Total	8 955 696 891	33 541 960	8 989 238 851	8 989 238 851
Historical cost				
30-Jun-22				
Financial assets				
Cash on hand	359 142 806	-	359 142 806	359 142 806
Bank balances	2 748 326 881	-	2 748 326 881	2 748 326 881
Investment securities	-	258 331 538	258 331 538	258 331 538
Loans and advances	6 657 080 210	-	6 657 080 210	6 657 080 210
Total	9 764 549 897	258 331 538	10 022 881 435	10 022 881 435
Financial liabilities				
Deposits	9 762 522 869	-	9 762 522 869	9 762 522 869
Borrowings	-	15 321 746	15 321 746	15 321 746
Total	9 762 522 869	15 321 746	9 777 844 615	9 777 844 615
31-Dec-21				
Financial assets				
Cash on hand	49 790 550	-	49 790 550	49 790 550
Bank balances	1 204 525 609	-	1 204 525 609	1 204 525 609
Investment securities	-	247 580 968	247 580 968	247 580 968
Loans and advances	2 780 980 266	-	2 780 980 266	2 780 980 266
Total	4 035 296 425	247 580 968	4 282 877 393	4 282 877 393
Financial liabilities				
Deposits	4 090 903 214	-	4 090 903 214	4 090 903 214
Borrowings	-	15 321 746	15 321 746	15 321 746
Total	4 090 903 214	15 321 746	4 106 224 960	4 106 224 960

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE HALF YEAR ENDED 30 JUNE 2022

19 Capital adequacy

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

	30 June 2022 ZWL	31 December 2021 ZWL
Risk weighted assets	9 157 865 992	3 334 769 323
Tier 1		
Share capital	5 089 296	5 089 296
Share premium	44 558 325	44 558 325
Accumulated surplus	1 598 601 224	378 336 514
Exposure to insiders Core capital	1 648 248 845	427 984 135
Tier 2		
Borrowings	15 321 746	15 321 746
Revaluation reserve	106 136 966	106 136 966
	121 458 712	121 458 712
Core capital		
Tier 1 ratio	18%	13%
Tier 2 ratio	1%	4%
Capital adequacy ratio	19%	16%

Regulatory capital, consists of Tier 1 capital which comprises share capital, share premium and accumulated surplus. Tier 2 capital consists of loans from shareholder and revaluation reserve.

	Inflation adjusted		Historical cost	
	30 June 2022 ZWL	31 December 2021 ZWL	30 June 2022 ZWL	31 December 2021 ZWL

20 Capital commitments

Authorised but not yet contracted for

	915 750 498	594 772 964	915 750 498	271 688 363
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21 Interest income

	Inflation adjusted		Historical cost	
	30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Loans and advances	1 205 107 232	350 642 017	794 690 419	113 372 918
Money market placements	47 131 649	17 397 437	41 341 783	5 668 838
Total	1 252 238 881	368 039 454	836 032 202	119 041 756

22 Interest expense

Money market deposits	492 500 773	51 105 906	365 568 775	16 695 803
Borrowings	265 497	3 278 785	160 124	1 040 113
Savings deposits	2 649 989	199 278	1 856 384	54 000
Total	495 416 259	54 583 969	367 585 283	17 789 916

Net interest income

	756 822 622	313 455 485	468 446 919	101 251 840
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23 Non funded income

Net commission and fee income	765 741 671	537 159 027	515 081 316	172 629 597
Realised exchanged gains	85 080 767	112 266 143	55 938 396	36 451 568
Unrealised exchanged gains	462 953 823	-	346 814 563	-
Other operating income	1 182 698 339	31 006 928	1 028 829 732	43 877 038
Total	2 496 474 600	680 432 098	1 946 664 007	252 958 203

24 Operating expenses

Staff costs	858 721 551	309 654 743	596 347 961	99 784 997
Defined contribution plan	14 904 547	9 257 135	10 107 731	3 000 123
Depreciation	127 180 921	43 529 242	65 419 273	5 360 133
Amortisation of computer software	14 274 002	12 971 017	160 580	158 573
Other expenses	530 555 850	368 554 547	404 741 769	126 990 411
Total	1 545 636 871	743 966 684	1 076 777 304	235 294 237

Remuneration of directors and key management personnel

Fees for services as directors	10 768 272	3 559 146	7 858 772	989 353
Short term benefits of executive staff	191 490 838	55 055 666	141 158 442	17 702 917
Post employment benefits	9 986 279	2 539 173	7 207 145	821 782
Total	212 245 389	61 153 985	156 224 359	19 514 051

25 Related party disclosures

The Society is a wholly owned subsidiary of National Social Security Authority through its two funds National Pension Scheme Fund and Workers Compensation Insurance Fund.

The organisation has diverse business interests across various economic sectors.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and money market investments.

25.1 The following is a list of related parties to the Society:

National Pension Scheme Fund	FBC Bank
Workers Compensation Insurance Fund	FBC Building Society
National Social Security Authority	Zimre
First Mutual Life Group	Fidelity Life Asset Management
Social Security Center	NICOZ Diamond Insurance Limited
First Mutual Wealth	

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Corporate Account



Diaspora Mortgage



Remittances



SME Loans



Individual Account Opening

NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE HALF YEAR ENDED 30 JUNE 2022

25.2 Transactions with related parties	Inflation adjusted		Historical cost	
	30 June 2022 ZWL	31 December 2021 ZWL	30 June 2022 ZWL	31 December 2021 ZWL
Interest paid to NSSA	7 377 934	6 163 750	5 535 200	437 967
Interest paid to FML	184 992	3 319 785	101 258	439 281
First Mutual Wealth	-	-	-	43 464
Interest paid to FBC	4 799 435	-	2 618 630	747 671
Interest paid to FBC Building Society	1 933 620	-	1 479 452	1 479 452
	14 295 981	9 483 535	9 734 540	3 147 835
Deposits received				
First Mutual Life Assurance Company	159 732	-	159 732	-
First Mutual Wealth	54 875	-	54 875	-
Fidelity Life Asset Management	-	330 591	-	151 012
NICOZ Diamond Insurance Limited	-	23 615 775	-	10 787 530
NSSA	816 895 000	196 138 999	816 895 000	89 595 000
FBC	-	415 942 964	-	190 000 000
FBC Building Society	-	98 512 807	-	45 000 000
	845 701 569	753 508 206	836 578 687	341 829 212
25.3 Balances with related parties				
Term deposit with NSSA	681 295 000	156 514 959	681 295 000	71 495 000
Transaction deposits with NSSA	2 523 342 997	3 496 145 279	2 523 342 997	1 597 016 082
FLAM	97 141	244 402	97 141	111 641
FML	443 064	969 944	443 064	443 064
Zimre	3 599 314	1 337 929	3 599 314	611 157
FMR	23 167 025	120 131	23 167 025	54 875
NICOZ Diamond	546 472	5 992 841	546 472	2 737 490
Interbank borrowing placement with FBC	-	98 512 807	-	45 000 000
Loans to directors, key management and employees	318 560 263	263 253 187	318 560 263	120 252 318
	3 551 051 276	4 023 091 479	3 551 051 276	1 837 721 627
25.4 Included in loans and advances are loans to executive directors and key management				
Opening balance	120 252 318	10 599 891	120 252 318	4 841 960
Advances made during the year	225 576 834	277 482 053	225 576 834	126 751 970
Repayments during the year	(27 268 889)	(24 828 756)	(27 268 889)	(11 341 612)
Closing balance	318 560 263	263 253 188	318 560 263	120 252 318

25.5 Loans to key management	30 June 2022 ZWL	31 December 2021 ZWL	30 June 2022 ZWL	31 December 2021 ZWL
Executive members of staff	318 560 263	263 253 188	318 560 263	120 252 318
Closing balance	318 560 263	263 253 188	318 560 263	120 252 318

26 Sectoral analysis of the Society's advance before and after considering collateral held is as follows:

	30 June 2022 ZWL	31 December 2021 ZWL	30 June 2022 ZWL	31 December 2021 ZWL
26.1 Private	6 657 080 210	6 262 783 069	6 657 080 210	2 860 797 959
26.2 Collateral analysis				
Mortgage bonds	3 144 373 165	2 985 260 588	3 144 373 165	1 363 647 328

27 RISK MANAGEMENT

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.

27.1 Credit risk

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.

27.1.1 Credit risk management framework

Credit risk is managed through a comprehensive processes of credit origination, credit approval, credit monitoring and credit 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.

Undesirable characteristics within the credit portfolio that include concentration 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 tests which are generally meant to assess the impact of changing economic conditions on asset quality, earnings performance and capital adequacy.

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

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

27.1.2 Credit risk mitigation

Where possible, NBS takes collateral as a secondary recourse to the borrower. The Society has 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 liabilities. However, should the need arise, disposal and recovery processes are in place for disposal of collateral held by the Society.

NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE HALF YEAR ENDED 30 JUNE 2022

27.1.3 Non-performing loans and advances

The Society classifies its advances into performing and nonperforming loans in accordance with the RBZ guidelines.

27.1.4 Credit Risk exposure	Inflation adjusted		Historical cost	
	30 June 2022 ZWL	31 December 2021 ZWL	30 June 2022 ZWL	31 December 2021 ZWL
The table below summarizes the Society's exposure to credit risk				
Cash and cash equivalents	3 107 469 687	2 745 915 691	3 107 469 687	1 254 316 159
Investment securities	260 154 106	543 182 264	260 154 106	248 122 072
Loans and advances	6 847 708 599	6 257 326 180	6 847 708 599	2 858 305 288
	10 215 332 392	9 546 424 135	10 215 332 392	4 360 743 519

27.1.5 Credit quality per class of financial assets (gross)

	30 June 2022 ZWL	31 December 2021 ZWL	30 June 2022 ZWL	31 December 2021 ZWL
Pass	6 174 978 632	5 762 908 174	6 174 978 632	2 632 458 407
Special mention	583 659 316	339 465 057	583 659 316	155 065 397
Substandard	28 935 417	130 820 772	28 935 417	59 758 065
Doubtful	47 658 926	17 738 275	47 658 926	8 102 727
Loss	12 476 308	11 850 791	12 476 308	5 413 363
Total	6 847 708 599	6 262 783 069	6 847 708 599	2 860 797 959

27.2 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 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.

27.3 Interest rate risk

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.

27.3.1 Interest rate repricing gap analysis

Jun-22	Inflation adjusted						Non interest bearing ZWL	Total ZWL
	Less than 1 month ZWL	1 to 3 months ZWL	3 to 6 months ZWL	6 to 12 months ZWL	1 to 5 years ZWL	5 years and above ZWL		
Assets								
Cash and cash equivalents	-	-	-	-	-	-	3 107 469 687	3 107 469 687
Investment securities	40 354 468	25 905 624	88 204 489	81 163 080	-	-	258 331 538	258 331 538
Loans and advances	51 424 321	121 590 852	51 896 078	418 467 555	639 786 740	1 406 321 191	3 967 593 474	6 657 080 211
Other assets and prepayments	-	-	-	-	-	-	451 685 492	451 685 492
Inventory, work in progress	-	-	-	-	-	-	5 933 680 966	5 933 680 966
Computer software	-	-	-	-	-	-	268 245 578	268 245 578
Right of use asset	-	-	-	-	-	-	932 546 566	932 546 566
Investment property	-	-	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-	465 752 861	465 752 861
Total assets	91 778 789	147 496 476	140 100 567	499 630 635	639 786 740	1 406 321 191	15 149 678 501	18 074 792 899
Liabilities								
Deposits	2 968 435 301	18 069 823	20 150 000	21 670 937	521 666 304	535 883 927	5 676 646 577	9 762 522 869
Borrowings	-	-	-	-	-	-	-	-
Lease Liability	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	1 239 902 836	1 239 902 836
Equity and reserves	-	-	-	-	-	-	7 072 367 194	7 072 367 194
Total liabilities	2 968 435 301	18 069 823	20 150 000	21 670 937	521 666 304	535 883 927	13 988 916 607	18 074 792 899
Periodic gap	(2 876 656 512)	129 426 653	119 950 567	477 959 698	118 120 436	870 437 264	1 160 761 894	-
Cumulative gap	(2 876 656 512)	(2 747 229 859)	(2 627 279 292)	(2 149 319 594)	(2 031 199 158)	(1 160 761 894)	-	-

27.3.2 Interest rate repricing gap analysis

Dec-21	Inflation adjusted						Non interest bearing ZWL	Total ZWL
	Less than 1 month ZWL	1 to 3 months ZWL	3 to 6 months ZWL	6 to 12 months ZWL	1 to 5 years ZWL	5 years and above ZWL		
Assets								
Cash and cash equivalents	-	-	-	-	-	-	2 745 915 690	2 745 915 690
Investment securities	88 342 931	56 711 905	204 040 797	177 680 064	-	-	15 221 996	541 997 693
Loans and advances	112 576 761	266 183 470	113 609 518	916 098 081	1 400 604 174	3 078 681 078	200 295 209	6 088 048 291
Other assets and prepayments	-	-	-	-	-	-	306 413 833	306 413 833
Inventory, work in progress	-	-	-	-	-	-	4 752 782 451	4 752 782 451
Computer software	-	-	-	-	-	-	282 519 580	282 519 580
Right of use asset	-	-	-	-	-	-	377 608 918	377 608 918
Investment property	-	-	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-	380 660 101	380 660 101
Total assets	200 919 692	317 650 315	1 093 778 145	1 400 604 174	3 078 681 078	3 078 681 078	9 061 417 778	15 475 946 557
Liabilities								
Deposits	6 498 419 885	39 557 978	44 111 846	47 441 441	1 142 018 046	1 173 142 889	11 004 806	8 955 696 891
Borrowings	-	-	-	-	-	-	33 541 960	33 541 960
Lease liability	-	-	-	-	-	-	1 001 364 612	1 001 364 612
Other liabilities	-	-	-	-	-	-	-	-
Equity and reserves	-	-	-	-	-	-	5 485 343 094	5 485 343 094
Total liabilities	6 498 419 885	39 557 978	44 111 846	47 441 441	1 142 018 046	1 173 142 889	6 531 254 472	15 475 946 557
Periodic gap	(6 297 500 193)	283 337 397	273 538 469	1 046 336 704	258 586 128	1 905 538 189	2 530 163 306	-
Cumulative gap	(6 297 500 193)	(6 014 162 796)	(5 740 624 327)	(4 694 287 623)	(4 435 701 495)	(2 530 163 306)	-	-



NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF YEAR ENDED 30 JUNE 2022

27.3.3 Interest rate repricing gap analysis

Jun-22	Historical cost							Total ZWL
	Less than 1 month ZWL	1 to 3 months ZWL	3 to 6 months ZWL	6 to 12 months ZWL	1 to 5 years ZWL	5 years and above ZWL	Interest bearing ZWL	
Assets								
Cash and cash equivalents	-	-	-	-	-	-	3 107 469 687	3 107 469 687
Investment securities	140 234 319	92 743 880	-	-	-	-	25 353 339	258 331 538
Loans and advances	198 117 503	495 598 249	602 939 967	2 249 871 138	1 495 525 158	1 560 766 523	54 261 673	6 657 080 211
Other assets and prepayments	-	-	-	-	-	-	451 685 492	451 685 492
Inventory, work in progress	-	-	-	-	-	-	1 280 055 504	1 280 055 504
Computer software	-	-	-	-	-	-	9 054 155	9 054 155
Right of use asset	-	-	-	-	-	-	410 912 494	410 912 494
Investment property	-	-	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-	186 449 372	186 449 372
Total assets	338 351 822	678 342 129	602 939 967	2 249 871 138	2 295 525 158	2 560 766 523	5 525 241 716	12 361 038 453
Liabilities								
Deposits	5 229 998 089	1 369 669 204	46 416 037	260 048 813	1 247 107 585	1 577 964 884	31 318 257	9 762 522 869
Borrowings	-	-	-	-	-	-	15 321 746	15 321 746
Lease liability	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	828 808 019	828 808 019
Equity and reserves	-	-	-	-	-	-	1 754 385 819	1 754 385 819
Total liabilities	5 229 998 089	1 369 669 204	46 416 037	260 048 813	1 247 107 585	1 577 964 884	2 629 833 841	12 361 038 453
Periodic gap	(4 891 646 267)	(781 327 075)	556 523 930	1 989 822 325	2 48 417 573	(17 198 361)	2 895 407 875	-
Cumulative gap	(4 891 646 267)	(5 672 973 342)	(5 116 449 412)	(3 126 627 087)	(2 878 209 514)	(2 895 407 875)	-	-

27.3.4 Interest rate repricing gap analysis

Dec-21	Historical cost							Total ZWL
	Less than 1 month ZWL	1 to 3 months ZWL	3 to 6 months ZWL	6 to 12 months ZWL	1 to 5 years ZWL	5 years and above ZWL	Non interest bearing ZWL	
Assets								
Cash and cash equivalents	-	-	-	-	-	-	1 254 316 159	1 254 316 159
Investment securities	40 354 468	25 905 624	93 204 489	81 163 080	-	-	6 953 307	247 580 968
Loans and advances	51 424 321	121 590 852	51 896 078	418 467 555	639 786 740	1 406 321 191	91 493 529	2 780 980 266
Other assets and prepayments	-	-	-	-	-	-	139 967 816	139 967 816
Inventory, work in progress	-	-	-	-	-	-	430 338 072	430 338 072
Computer software	-	-	-	-	-	-	9 214 735	9 214 735
Right of use asset	-	-	-	-	-	-	103 562 303	103 562 303
Investment property	-	-	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-	131 802 486	131 802 486
Total assets	91 778 789	147 496 476	145 100 567	499 630 635	639 786 740	1 406 321 191	2 167 648 407	5 097 762 805
Liabilities								
Deposits	2 968 435 301	18 069 823	20 150 000	21 670 937	521 666 304	535 883 927	5 026 922	4 090 903 214
Borrowings	-	-	-	-	-	-	15 321 746	15 321 746
Lease liability	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	457 416 744	457 416 744
Equity and reserves	-	-	-	-	-	-	534 121 101	531 094 011
Total liabilities	2 968 435 301	18 069 823	20 150 000	21 670 937	521 666 304	535 883 927	1 011 886 513	5 097 762 805
Periodic gap	(2 876 656 512)	129 426 653	124 950 567	477 959 698	118 120 436	870 437 264	1 155 761 894	-
Cumulative gap	(2 876 656 512)	(2 747 229 859)	(2 622 279 292)	(2 144 319 594)	(2 026 199 158)	(1 155 761 894)	-	-

27.4 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.

27.5 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, liquidity risk 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 to sell its assets and settle positions, without incurring an unacceptable loss. Liquidity management reports are prepared and reported to senior management and Treasury Front Office.

The Society focuses on ensuring that at any given time, there is sufficient liquidity to meet its obligations and sets aside 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

27.5.1 Liquidity gap analysis

Jun-22	Inflation adjusted							Total ZWL
	Less than 1 month ZWL	1 to 3 months ZWL	3 to 6 months ZWL	6 to 12 months ZWL	1 to 5 years ZWL	5 years and above ZWL		
Assets								
Cash and cash equivalents	2 174 926 337	-	-	-	-	-	932 543 350	3 107 469 687
Investment securities	110 234 319	82 743 880	-	-	-	-	65 353 339	258 331 538
Loans and advances	198 117 503	495 598 249	602 939 967	2 249 871 138	2 295 525 158	-	815 028 196	6 657 080 211
Other assets and prepayments	-	-	-	-	-	-	451 685 492	451 685 492
Inventory, work in progress	-	-	-	-	-	-	5 933 680 966	5 933 680 966
Computer software	-	-	-	-	-	-	268 245 578	268 245 578
Right of use asset	-	-	-	-	-	-	932 546 566	932 546 566
Investment property	-	-	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-	465 752 860	465 752 860
Total assets	2 483 278 159	578 342 129	602 939 967	2 249 871 138	2 295 525 158	9 864 836 347	18 074 792 897	
Liabilities								
Deposits	5 429 998 089	1 369 669 204	46 416 037	260 048 813	1 247 107 585	1 409 283 141	9 762 522 869	15 321 746
Borrowings	-	-	-	-	-	-	15 321 746	15 321 746
Lease liability	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	316 076 384	316 076 383
Total liabilities	5 429 998 089	1 369 669 204	46 416 037	260 048 813	1 247 107 585	2 253 412 907	11 002 425 705	
Periodic gap	(2 946 719 930)	(791 327 075)	556 523 930	1 989 822 325	1 048 417 573	7 611 423 440	7 072 367 192	-
Cumulative gap	(2 946 719 930)	(3 738 047 005)	(3 181 523 075)	(1 191 700 750)	(143 283 177)	7 468 140 263	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE HALF YEAR ENDED 30 JUNE 2022

27.5.2 Liquidity gap analysis

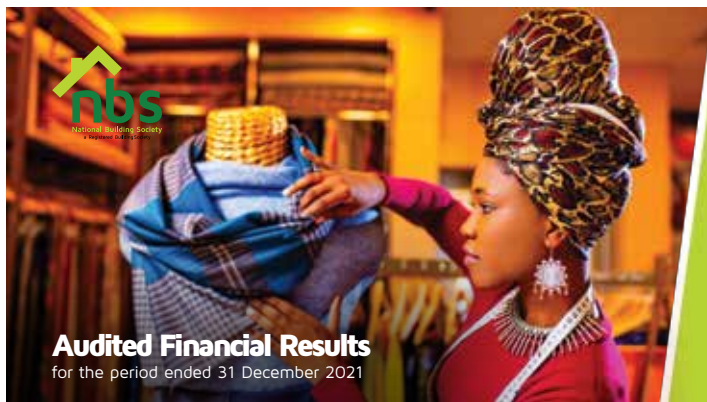
Dec-21	Inflation adjusted							Total ZWL
	Less than 1 month ZWL	1 to 3 months ZWL	3 to 6 months ZWL	6 to 12 months ZWL	1 to 5 years ZWL	5 years and above ZWL		
Assets								
Cash and cash equivalents	2 745 915 691	-	-	-	-	-	-	2 745 915 690
Investment securities	88 342 931	56 711 905	204 040 797	177 680 064	-	-	15 221 996	541 997 693
Loans and advances	112 576 761	266 183 470	113 609 518	916 098 081	1 400 604 174	-	3 278 976 287	6 088 048 291
Other assets and prepayments	-	-	-	-	-	-	306 413 833	306 413 833
Inventory, work in progress	-	-	-	-	-	-	4 752 782 450	4 752 782 451
Computer software	-	-	-	-	-	-	282 519 580	282 519 580
Right of use asset	-	-	-	-	-	-	377 608 918	377 608 918
Investment property	-	-	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-	380 660 101	380 660 101
Total assets	2 946 835 383	322 895 375	-	1 093 778 145	1 400 604 174	9 394 183 166	15 475 946 557	
Liabilities								
Deposits	6 498 419 885	39 557 978	44 111 846	47 441 441	1 142 018 046	1 184 147 695	8 955 696 891	33 541 960
Borrowings	-	-	-	-	-	-	1 001 364 613	1 001 364 612
Lease liability	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	6 498 419 885	39 557 978	44 111 846	47 441 441	1 142 018 046	2 219 054 268	9 990 603 463	
Periodic gap	(3 551 584 502)	283 337 397	(44 111 846)	1 046 336 704	258 586 128	7 175 128 898	5 485 343 094	-
Cumulative gap	(3 551 584 502)	(3 268 247 105)	(3 312 358 951)	(2 266 022 247)	(2 007 436 119)	5 167 692 779	-	-

27.5.3 Liquidity gap analysis

Jun-22	Historical cost							Total ZWL
	Less than 1 month ZWL	1 to 3 months ZWL	3 to 6 months ZWL	6 to 12 months ZWL	1 to 5 years ZWL	5 years and above ZWL		
Assets								
Cash and cash equivalents	2 174 926 337	-	-	-	-	-	932 543 350	3 107 469 687
Investment securities	110 234 319	82 743 880	-	-	-	-	65 353 339	258 331 538
Loans and advances	198 117 503	495 598 249	602 939 967	2 249 871 138	2 295 525 158	-	815 028 196	6 657 080 211
Other assets and prepayments	-	-	-	-	-	-	451 685 492	451 685 492
Inventory, work in progress	-	-	-	-	-	-	1 280 055 504	1 280 055 504
Computer software	-	-	-	-	-	-	9 054 155	9 054 155
Right of use asset	-	-	-	-	-	-	410 912 494	410 912 494
Investment property	-	-	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-	186 449 371	186 449 372
Total assets	2 883 278 159	678 342 129	602 939 967	2 249 871 138	2 295 525 158	4 151 081 901	12 361 038 453	
Liabilities								
Deposits	5 429 998 089	1 369 669 204	46 416 037	260 048 813	1 247 107 585	1 409 283 141	9 762 522 869	15 321 746
Borrowings	-	-	-	-	-	-	15 321 746	15 321 746
Lease liability	-	-	-	-	-	-	512 731 636	512 731 636
Other liabilities	-	-	-	-	-	-	316 076 384	316 076 383
Total liabilities	5 429 998 089	1 369 669 204	46 416 037	260 048 813	1 247 107 585	2 253 412 907	10 606 652 634	
Periodic gap	(2 546 719 930)	(691 327 075)	556 523 930	1 989 822 325	1 048 417 573	1 897 668 994	1 754 385 819	-
Cumulative gap	(2 546 719 930)	(3 238 047 005)	(2 681 523 075)	(691 700 750)	356 716 823	2 208 006 951	-	-

27.5.4 Liquidity gap analysis

Dec-21	Historical cost							Total ZWL
	Less than 1 month ZWL	1 to 3 months ZWL	3 to 6 months ZWL	6 to 12 months ZWL	1 to 5 years ZWL	5 years and above ZWL		
Assets								
Cash and cash equivalents	1 254 316 159	-	-	-	-	-	-	1 254 316 159
Investment securities	40 354 468	25 905 624	93 204 489	81 163 080	-	-	6 953 307	247 580 968
Loans and advances	51 424 321	121 590 852	51 896 078	418 467 555	639 786 740	1 497 814 720	91 493 529	2 780 980 266
Other assets and prepayments	-	-	-	-	-	-	139 967 816	



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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

27.7 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 Society.

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.

27.8 Strategic risk

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.

27.9 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.

28 RATINGS

28.1 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 2018, utilising data as at 31 December 2016. The report was updated as at 30 June 2018.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

28.1 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 as at 30 June 2018 is summarised in the matrix below:

Type of Risk	Level of Aggregate Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
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 & Compliance	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 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 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.
- 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 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 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 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.

28.2 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.

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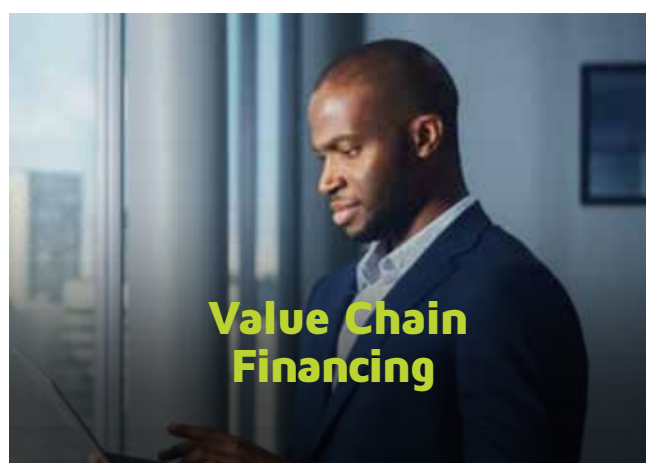
HOME LOANS



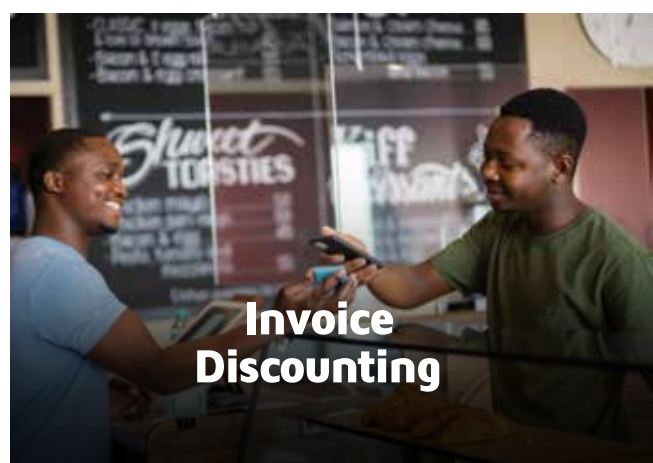
STRUCTURED FINANCE



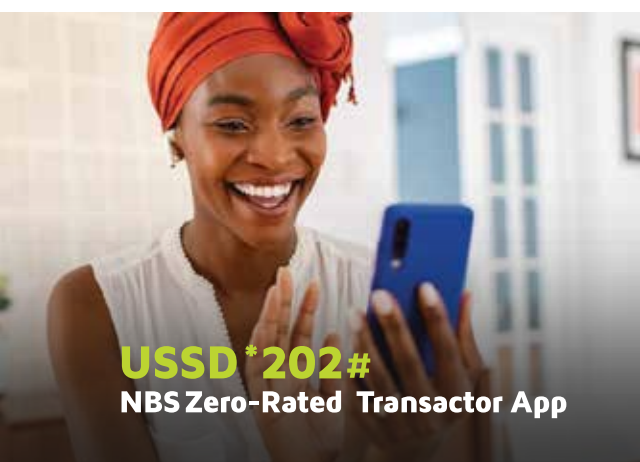
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FOR THE HALF YEAR ENDED 30 JUNE 2022