

# UNAUDITED FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 30 JUNE 2023



### CHAIRMAN'S STATEMENT

For the period ended 30 June 2023

#### Operating Environment

#### Macro-economic Environment

The society's strategic thrust during the first half of the financial year was largely informed by the prevailing macro-economic challenges.

Exchange rate movement and inflation were some of the salient features of the operating environment. These factors caused speculative behaviour which led to the depreciation of the Zimbabwean dollar and the ascendancy of the United States Dollars as the preferred transacting currency.

To correct the situation, the RBZ intervened through the introduction of a tight monetary policy utilising Non-negotiable Certificates of Deposits (NCCDs) to manage the growth of money supply. Value preserving instruments in the form of Digital Gold Backed Tokens (DGBT) were also introduced.

After relative stability to the USD in Q1, the ZWL depreciated by 911% against the USD in Q2, closing H1 at ZWL5740 to the USD vs ZWL779 at the beginning of the year. The depreciation of the exchange rate resulted in YOY inflation increasing, and, closing H1 at 175%. The uptick in inflation was driven by exchange rate volatility which impacted all aspects of the economy due to the reliance on imports.

As a measure to control the exchange rate which had skyrocketed in Q2, the RBZ and the Ministry of Finance introduced measures to boost foreign currency receipts in the official channels. These initiatives yielded positive results which saw the ZWL rebounding against the USD.

Interest rates remain unchanged with lending rates of up to 290% for the ZWL obtaining in the market. The RBZ continued to maintain a tight monetary policy and sterilised excess liquidity to reduce lending and curtail speculative borrowing and money creation by banks.

#### Strategic Agenda

As the Society rolled out its new strategic agenda, "Bank, Build and Go Beyond." The Society signaled its entrance into the Corporate and Investment Banking (CIB) segment through the launch of a dedicated CIB business unit in May 2023. The CIB will provide tailor-made financial solutions to corporate entities. The Society also launched its Platinum Pavilion, a Private Banking Suite offering unique and personalised service targeted at serving premium customers.

#### Capitalisation

The Society is adequately capitalised with Core Capital of USD20.95m as at 30 June 2023 vs USD18.3m at December 2022. The consistent support received from the Society's Shareholder, NNSA, has enabled the Society to deliver on its strategic agenda.

#### Directorship

There have been a number of changes on the board during the period under review. The Managing Director, Mr. Tapera Mushoriwa left the Society on 15 September 2023 to pursue other interests outside the Society. Tapera was instrumental in charting the new strategic agenda for the Society and we wish him well on his new journey. Sifiso Mahlangu was appointed as Acting Managing Director on the 13th of June 2023. Sifiso has been with the Society since 2018 and served as Divisional Head of Corporate Support Services. We wish Sifiso all the best in his new role. Two Directors joined the board during the period, Ms. Mukai Mahachi who joined on the 19th of May 2023 as Finance Director and Mrs. Josephine Takundwa, who joined as an Independent Non-Executive Director on the 9th of June 2023.

#### Outlook

The Board and Management remain confident that the Society is now firmly on course to establish itself as a key provider of financial services as seen by the growth in its deposit base and assets. The Society will be launching some new and exciting housing projects; Glaudina - where high rise flats will be constructed and over 723 housing stands delivered at Batanai in Chinhoi.

#### Stakeholder Appreciation

We would like to express our appreciation to our various stakeholders which are Government Ministries, our shareholder NNSA, and, most significantly, our loyal customers. Their steadfast support and trust continue to inspire us to scale greater heights. I would like to extend my sincere gratitude to each of these stakeholders whose contribution has enabled us to achieve the results outlined above.

S.I MUTUMBWA  
Board Chairman

30 September 2023

### MANAGING DIRECTOR'S STATEMENT

For the period ended 30 June 2023

#### Introduction

In the early months of this year, we set out on an agenda to promote and publicise the NBS brand across Zimbabwe through well planned roadshows. This was in the main to position the brand for the enhanced business model with our various stakeholders particularly our esteemed customers.

#### Performance Highlights

Our half year inflation adjusted revenue grew by 260% compared to the December 2022 period notwithstanding the macroeconomic challenges faced during the first half of the year. Of the revenue generated, ZWL17.8bn was realised from property sales as the Society executed its housing mandate in earnest. Costs remained in check with a Cost to Income ratio of 12% being achieved vs a ratio of 40% for 2022.

Total Assets increased by 194% from December, driven by increased mortgage underwriting as the Society offloaded houses from its Tynwald Sunset Villas and Dzivarasekwa portfolios. Investment securities also increased to ZWL49.5bn, up from ZWL667m in December as the Society enhanced its portfolio of liquid assets.

The launch of the Corporate and Investment banking unit enabled the bank to tap into new clients and grow its deposit base, with deposits growing by 136% to ZWL124bn from ZWL91bn during the period.

A Liquidity Coverage Ratio of 653.88% was achieved as at 30 June 2023 which was above the prescribed minimum of 100%. Management continued to deploy capital preservation strategies and these ensured that the Bank achieved a Capital Adequacy Ratio of 26% and Tier 1 Capital level of ZWL120.2m (USD 20.9m). The Society was compliant with the Reserve Bank of Zimbabwe minimum capital levels for Building Societies.

#### Housing Delivery Mandate

The Society proudly unveiled 120 new housing units in Harare, the Tynwald Sunset Villas, thus contributing to the delivery of housing under the National Development Strategy 1 (NDS1). The launch marked the commencement of several such projects that are in the pipeline, for FY2023. Projects are spread around Zimbabwe and include Harare, Mutare, Chinhoi, and Plumtree. Our goal is not just to provide housing but to make home ownership accessible to all. To that end, we introduced a groundbreaking "rent-to-buy" scheme, a bridge to home ownership specially crafted to accommodate the informal sector, which comprises nearly 75% of Zimbabwe's economy.

#### Mortgage Financing

Having the people of Zimbabwe at heart and considering their unique environment, our offering extends beyond the traditional Mortgages. In the spirit of affordability, our micro-mortgage facility allows Zimbabweans to build homes in peri-urban and rural areas and to customize the homes in accordance with their needs. In line with our mandate, as a wholly owned subsidiary of NNSA, the micro-mortgage is a product that speaks to those nearing retirement, offering them the means to create a sustainable economic means post-retirement through the inclusion of solar and borehole drilling facilities, within the ambit of this product.

#### Sustainability Standards Certification Initiative (SSCI)

Our story continues to evolve. NBS boldly stepped into the world of Environmental, Social and Governance sustainability Initiatives by participating in the Sustainable Standard Certification Initiative (SSCI) which is being spearheaded by European Organisation of Sustainable Development (EOSD). Through its support for the SSCI initiative, the RBZ intends to build strong, resilient, and profitable institutions which, in turn, will ensure stability in the financial services sector. We take cognisance of the fact that sustainable development is critical for the environment and for generations to come and we are committed to ensuring that we play our part in this global initiative.

#### Conclusion

As we conclude the first half of 2023, optimism prevails, and our determination to grow the Society remains steadfast. The National Building Society's journey is an embodiment of growth, sustainability, and an unyielding dedication to providing accessible housing solutions. We look ahead to the next chapter, fully aware that together, we will script even greater milestones in the ever-evolving realm of financial services and housing delivery.

S. Mahlangu  
Acting Managing Director

30 September 2023

### CORPORATE GOVERNANCE STATEMENT

The Board is committed to high standards of Corporate Governance and believes that a sound governance structure engenders a successful company. For the half year, the Society has, in the Directors' opinion, complied fully with the tenets of good Corporate Governance in Zimbabwe as specifically incorporated in the Banking Act [Chapter 24:20] read together with the Banking Amendment Act Number 12 of 2016, the Building Societies Act [Chapter 24:02] and the Reserve Bank of Zimbabwe Corporate Governance Guidelines. The Society has also embraced the 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.

#### BOARD COMMITTEES

The position of the Board Committees as of 30 June 2023 was as follows;

#### 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 director. The members are as follows;  
Pauline Chapendama -Chairman (Independent NED)  
Edward Tome -Member (Independent NED)  
Prudence Mutsvanga -Member (NED)  
Betty Nyereyegona -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 director and one Non-Executive director. The members are as follows;  
Josephine Takundwa -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 general 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)  
Josephine Takundwa -Member (Independent NED)  
Grace Mathe -Member (NED)  
Betty Nyereyegona -Member (NED)  
Philip Hamadziripi -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 Executive Management;
- The performance management and discipline of the Managing Director; and
- The evaluation of board members.

#### RISK AND COMPLIANCE COMMITTEE

The Risk and Compliance 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)  
Josephine Takundwa -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 propose 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 ICT, Digitalisation and Innovation Committee consisted of three 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)  
Pauline Chapendama -Member (Independent NED)  
Betty Nyereyegona -Member (NED)  
Philip Hamadziripi -Member (NED)  
Grace Mathe -Member (NED)  
Managing Director -Member (Executive)  
Finance Director -Member (Executive)  
The Committee's terms of reference include:

- To review and oversee the overall ICT Governance of the

- Society;
- To supervise the implementation of ICT, Digitalisation, and Innovation strategies, including Digital Banking initiatives of the Bank.

#### 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.

#### BOARD AND COMMITTEE ATTENDANCE

Membership and attendance for the period to June 2023 is as noted below:

Main Board			
NAME	TOTAL MEETINGS	PRESENT	ABSENT
Shingai Mutumbwa	3	3	Nil
Edward Tome	3	3	Nil
David Mutemachani	3	3	Nil
Pauline Chapendama	3	3	Nil
Betty Nyereyegona	3	2	1
Prudence Mutsvanga	3	3	Nil
Grace Mathe	3	3	Nil
Phillip Hamadziripi	3	3	Nil
Josephine Takundwa*	2	2	Nil
Tapera Mushoriwa	3	3	Nil
Mukai Mahachi*	2	2	Nil

- \* Mukai Mahachi was appointed to the Board with effect from 19 May 2023.
- \* Josephine Takundwa was appointed to the Board with effect from 9 June 2023.

Audit Committee			
NAME	TOTAL MEETINGS	PRESENT	ABSENT
Edward Tome	3	3	Nil
David Mutemachani	3	3	Nil
Pauline Chapendama	3	3	Nil

Credit Committee			
NAME	TOTAL MEETINGS	PRESENT	ABSENT
Josephine Takundwa*	0	0	Nil
Shingai Mutumbwa	1	1	Nil
Philip Hamadziripi	1	1	Nil

- \* Josephine Takundwa was appointed to the Board with effect from 9 June 2023.

Loans Review Meeting			
NAME	TOTAL MEETINGS	PRESENT	ABSENT
Pauline Chapendama	2	2	Nil
Edward Tome	2	1	1
Betty Nyereyegona	2	2	Nil
Prudence Mutsvanga	2	1	1

Risk and Compliance Committee			
NAME	TOTAL MEETINGS	PRESENT	ABSENT
Pauline Chapendama	2	2	Nil
Edward Tome	2	2	Nil
Betty Nyereyegona	2	2	Nil
Prudence Mutsvanga	2	1	1
Grace Mathe	2	2	Nil

Human Resources and Nomination Committee			
NAME	TOTAL MEETINGS	PRESENT	ABSENT
David Mutemachani	3	3	Nil
Shingai Mutumbwa	3	2	1
Josephine Takundwa*	0	0	Nil
Grace Mathe	3	3	Nil
Betty Nyereyegona	3	3	Nil
Philip Hamadziripi	3	2	1

- \* Josephine Takundwa was appointed to the Board with effect from 9 June 2023.

ICT, Digitalisation, and Innovation Committee			
NAME	TOTAL MEETINGS	PRESENT	ABSENT
Edward Tome	2	2	Nil
David Mutemachani	2	0	2
Pauline Chapendama	2	2	Nil
Betty Nyereyegona	2	2	Nil
Philip Hamadziripi	2	1	1
Grace Mathe	2	2	Nil
Tapera Mushoriwa	2	2	Nil
Mukai Mahachi*	1	1	Nil

- \* Mukai Mahachi was appointed to the Board with effect from 19 May 2023

Finance, Housing Projects and Strategy Committee			
NAME	TOTAL MEETINGS	PRESENT	ABSENT
David Mutemachani	2	2	Nil
Shingai Mutumbwa	2	2	Nil
Josephine Takundwa*	0	0	Nil
Philip Hamadziripi	2	2	Nil
Prudence Mutsvanga	2	1	1
Grace Mathe	2	2	Nil
Tapera Mushoriwa	2	2	Nil
Mukai Mahachi*	1	1	Nil

- \* Josephine Takundwa was appointed to the Board with effect from 9 June 2023.
- \* Mukai Mahachi was appointed to the Board with effect from 19 May 2023.

#### BOARD CHANGES

There were two changes to the Board during the period under review. The Society appointed one Executive Director and one Non-Executive Director to the Board namely:

- Ms Mukai Mahachi -Finance Director (Executive) (Appointed 19 May 2023)
- Mrs Josephine Takundwa (Independent Non-Executive ) (Appointed 9 June 2023)



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REVIEWED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2022

Contact us today and be our Agency Banking Partner!



Corporate Account



Diaspora Mortgage



Remittances



SME Loans



Individual Account Opening

## COMPLIANCE STATEMENT

The Society has a fully-fledged independent compliance function responsible for the ongoing monitoring of the regulatory universe. The department provides effective compliance assurance within the overall risk management framework of our Institution. We thrive to conduct our business incorporating sustainability principles. To achieve this the Society is pursuing full certification to becoming a Sustainability Certified Financial Institution. This will eventually unlock more opportunities for the Society through the adoption of sustainability standards as stipulated in the European Organisation for Sustainability Development (EOSD) guidelines.

As at 30 June 2023, the Society was largely compliant with the minimum regulatory requirements. The Society is now fully capitalised and liquidity was stable throughout the period under review. The Society is committed to continuously implement capital preservation strategies to curtail the effects of capital erosion due to volatility in the exchange rates affecting capital positions denominated in ZWL.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

Note	Inflation adjusted		Historical Cost		
	Restated		Audited		
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	
	ZWL	ZWL	ZWL	ZWL	
<b>Assets</b>					
Cash and cash equivalents	5	44 900 925 754	50 161 465 663	44 900 925 754	16 058 089 006
Investment securities	6	49 449 371 695	667 167 942	49 449 371 695	213 579 130
Other assets and prepayments	7	3 341 498 277	2 799 044 921	3 341 498 277	835 078 136
Inventory	8	19 884 025 307	25 034 101 384	1 191 266 631	2 280 244 398
Capital work progress	9	1 084 792 117	83 463 684	774 714 650	26 719 061
Loans and advances	10	114 872 768 588	52 359 151 156	114 872 768 588	16 761 629 638
Computer software	11	1 474 681 126	1 339 431 506	51 456 915	6 818 848
Investment property	12	93 928 527 751	31 173 476 580	93 928 527 751	8 843 651 596
Right of use asset	13	2 575 586 737	2 459 383 692	380 473 395	264 270 350
Property and equipment	14	8 148 618 818	6 486 189 610	3 446 793 372	1 956 238 485
<b>Total Assets</b>		<b>339 660 796 169</b>	<b>172 562 876 138</b>	<b>312 337 797 028</b>	<b>47 246 318 648</b>
<b>Equity and Liabilities</b>					
<b>Liabilities</b>					
Deposits	15	128 142 471 036	91 372 301 339	128 142 471 036	29 250 830 856
Borrowings	16	15 321 746	47 861 314	15 321 746	15 321 746
Lease liability	13.1	902 542 915	947 411 574	902 542 915	303 292 960
Other liabilities	17	61 765 755 632	12 186 839 183	61 765 755 632	3 901 348 291
<b>Total Liabilities</b>		<b>190 826 091 329</b>	<b>104 554 413 410</b>	<b>190 826 091 329</b>	<b>33 470 793 853</b>
<b>Shareholders' equity</b>					
Share capital	18	2 447 637 204	2 447 637 204	5 089 296	5 089 296
Share premium	18	21 429 805 477	21 429 805 477	44 558 325	44 558 325
Shares awaiting allotment		27 191 242 144	27 191 242 144	8 704 677 600	8 704 677 600
Revaluation reserve	18	2 908 345 575	2 908 345 575	1 273 938 410	1 273 938 410
Accumulated surplus	18	94 857 674 440	14 031 432 328	111 483 442 068	3 747 261 164
<b>Total Shareholder equity</b>		<b>148 834 704 840</b>	<b>68 008 462 728</b>	<b>121 511 705 699</b>	<b>13 775 524 795</b>
<b>Total liabilities and equity</b>		<b>339 660 796 169</b>	<b>172 562 876 138</b>	<b>312 337 797 028</b>	<b>47 246 318 648</b>

## STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2023

Note	Inflation Adjusted		Historical Cost		
	Restated		Unaudited		
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	
	ZWL	ZWL	ZWL	ZWL	
Interest income	20	16 630 137 187	6 142 365 889	7 315 500 810	836 032 202
Interest expense	21	(14 192 110 171)	(2 430 069 837)	(5 806 748 005)	(367 585 283)
Net interest income		2 438 027 016	3 712 296 052	1 508 752 805	468 446 919
Charge for impairment	10	(4 718 017 781)	(552 667 737)	(4 718 017 781)	(112 671 899)
		(2 279 990 765)	3 159 628 315	(3 209 264 976)	355 775 020
Non funded income	22	191 376 706 212	12 245 475 411	128 480 386 744	1 946 664 007
Total operating income for the year		189 096 715 447	15 405 103 726	125 271 121 768	2 302 439 027
Operating expenses	23	(26 140 476 781)	(7 581 514 463)	(15 150 692 929)	(1 076 777 304)
Loss on monetary position		(78 388 556 697)	(8 275 009)	-	-
Surplus before tax		84 567 681 969	7 815 314 254	110 120 428 839	1 225 661 723
Income tax		(3 741 439 857)	(30 790 996)	(2 384 247 935)	(5 397 005)
Surplus for the year		80 826 242 112	7 784 523 258	107 736 180 904	1 220 264 718
Items that will not be classified to profit and loss		-	-	-	-
Revaluation of plant and equipment		-	-	-	-
Other comprehensive income		-	-	-	-
Comprehensive surplus for the year		80 826 242 112	7 784 523 258	107 736 180 904	1 220 264 718

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2023

Inflation Adjusted 2023	Share capital		Shares awaiting allotment	Revaluation Reserve	Accumulated surplus/deficit	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Balance as at 1 January 2023	2 447 637 204	21 429 805 477	27 191 242 144	2 908 345 575	14 031 432 328	68 008 462 728
Surplus for the year	-	-	-	-	80 826 242 112	80 826 242 112
Balance as at 30 June 2023	2 447 637 204	21 429 805 477	27 191 242 144	2 908 345 575	94 857 614 440	148 834 704 840
2022						
Balance as at 1 January 2022	2 447 637 204	21 429 805 477	-	449 462 200	2 579 427 129	26 906 332 010
Profit for the period	-	-	-	-	7 784 523 258	7 784 523 258
Balance as at 30 June 2022	2 447 637 204	21 429 805 477	-	449 462 200	10 363 950 387	34 690 855 268

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2023

Historical Cost	Share capital		Shares Awaiting allotment	Revaluation Reserve	Accumulated surplus	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
2023						
Balance as at 1 January 2023	5 089 296	44 558 325	8 704 677 600	1 273 938 410	3 747 261 164	13 775 524 795
Surplus for the year	-	-	-	-	107 736 180 904	107 736 180 904
Balance as at 30 June 2023	5 089 296	44 558 325	8 704 677 600	1 273 938 410	111 483 442 068	121 511 705 699
2022						
Balance as at 1 January 2022	5 089 296	44 558 325	-	106 136 966	525 865 602	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

## STATEMENT OF CASHFLOWS

FOR THE PERIOD ENDED 30 JUNE 2023

	Inflation adjusted		Historical Cost	
	Restated		Audited	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	ZWL	ZWL	ZWL	ZWL
<b>Cashflows from operating activities</b>				
Surplus before tax	84 567 681 969	7 815 314 254	110 120 428 839	1 225 661 723
Adjusted for:				
Depreciation	414 126 837	153 206 499	199 511 995	19 249 702
Amortisation of software	7 195 596	70 015 509	4 704 779	160 580
Right of use asset depreciation	63 894 540	470 629 541	63 894 540	46 169 571
Loss on monetary position	78 388 556 697	8 275 004	-	-
Unrealised exchange gains	(37 358 573 278)	-	(24 633 912 499)	-
Fair value of investment property	(62 755 051 171)	-	(85 068 372 564)	-
Loss on asset disposal	36 959 139	-	2 569 703	-
Charge for impairment	4 718 017 781	552 667 737	4 718 017 781	112 671 899
interest expense on lease liability	97 529 128	-	97 529 128	-
Net interest income	(2 438 027 016)	(3 712 296 055)	(1 508 752 805)	(468 446 919)
Decrease in other assets and prepayments	65 742 310 223	5 357 812 489	5 440 416 664	935 466 556
(Decrease)/Increase in inventory	(542 453 356)	(712 573 053)	(2 506 420 141)	(311 717 676)
Increase in WIP	5 150 076 077	(5 792 433 750)	1 072 474 176	(849 717 432)
Increase in loans and advances	(1 001 328 433)	-	(747 995 589)	-
Increase in deposits	(29 873 061 935)	(2 895 889 030)	(68 759 208 670)	(3 989 403 312)
Increase in lease liability	36 770 169 697	3 957 567 874	98 891 640 180	5 672 251 123
Decrease)/Increase in lease liability	9 500 877	2 973 442 217	653 619 491	374 637 700
Increase in other liabilities	49 578 916 449	(1 878 541 475)	57 864 407 341	(3 246 424)
Interest received	125 834 129 599	1 009 385 272	81 028 100 123	1 828 270 535
Interest paid	16 630 137 187	6 142 365 889	7 315 500 810	836 032 202
Income tax paid	(14 192 110 171)	(2 430 069 834)	(5 806 748 005)	(367 585 283)
Net cashflows from operating cashflows	(3 741 439 857)	(30 790 996)	(2 384 247 935)	(5 397 005)
Net cashflows from operating cashflows	124 530 716 758	4 690 890 331	80 152 604 993	2 291 320 449
<b>Cashflows from investing activities</b>				
Purchase of property and equipment	(2 113 515 184)	(570 595 605)	(1 692 636 585)	(73 896 589)
Increase in investment securities	(48 782 203 753)	1 388 283 442	(49 235 792 565)	(10 750 570)
Right of use asset additions	(180 097 585)	(3 192 658 166)	(180 097 585)	(353 519 762)
Purchase of computer software	(142 445 216)	-	(49 342 846)	-
Purchase of investment property	-	-	-	-
Net cashflows from investing activities	(51 218 261 738)	(2 374 970 329)	(51 157 869 581)	(438 166 921)
<b>Cashflows from financing activities</b>				
Lease payments	(151 898 664)	-	(151 898 664)	-
Net cashflows from financing activities	(151 898 664)	-	(151 898 664)	-
Effects of changes in inflation	(78 428 694 968)	401 932 709	-	-
Net Increase/decrease in cash and cash equivalents	(5 268 138 612)	2 717 852 711	28 842 836 748	1 853 153 528
Cash & cash equivalents at the beginning of the year	50 172 642 330	12 524 619 070	16 061 666 970	1 254 316 159
Cash & cash equivalents at the end of the year	44 904 503 718	15 242 471 781	44 904 503 718	3 107 469 687
Comprises of:				
Cash on hand	756 697 086	1 761 633 946	756 697 086	359 142 806
Foreign bank balances	3 328 341 173	13 171 169	3 328 341 173	2 685 195
Banks and money market	40 819 465 459	13 467 666 666	40 819 465 459	2 745 641 686
Total cash and cash equivalents	44 904 503 718	15 242 471 781	44 904 503 718	3 107 469 687

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REVIEWED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2022



Bank, Build go Beyond



Corporate Account



Diaspora Mortgage



Remittances



SME Loans



Individual Account Opening

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

### 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.

#### 2.2 Accounting Policy

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

#### 2.3 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. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Building Society Act (Chapter 24:02) of Zimbabwe and sections of the Banking Act (Chapter 24:20) applicable to Building Societies.

#### 2.4 Functional and Presentation Currency

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

### 3 Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

The interim financial results for the period ended 30 June 2023 have been prepared in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies). Following the pronouncement of SI 27 of 2023, Census Statistics (General) Notice 2023 which introduced blended rates replacing the ZWL inflation rates and Consumer Price Index (CPI) effective February 2023, the Society used a combination of the Zimbabwe Consumer Price Index (CPI) compiled by Zimbabwe National Statistics Agency (ZIMSTAT) up to January 2023 and an internal estimation based on the published Total Consumption Poverty Line (TCPL) from February to June 2023 to determine the Consumer Price Index (CPI). The indices and conversion factors used to restate these financials are given below:

Period	CPI	Conversion Factor
June 2023	42,710.72	1.000
December 2022	13,672.91	3.124
June 2022	8,707.35	4.905

### 4 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	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
<b>5 Cash and Cash equivalents</b>				
Balances with the RBZ	30 854 703 385	40 799 035 335	30 854 703 385	13 060 913 036
Interbank placements	5 711 537 235	4 778 062 960	5 711 537 235	1 529 591 675
Balances with banks	7 581 566 012	4 470 342 582	7 581 566 012	1 431 081 770
Cash on hand	756 697 086	125 201 453	756 697 086	40 080 489
	44 904 503 718	50 172 642 330	44 904 503 718	16 061 666 970
Reserve Bank of Zimbabwe	30 854 703 385	40 799 035 335	30 854 703 385	13 060 913 036
Interbank placements	5 711 537 235	4 778 062 960	5 711 537 235	1 529 591 675
Bank balances	7 581 566 012	4 470 342 582	7 581 566 012	1 431 081 770
	44 147 806 632	50 047 440 877	44 147 806 632	16 021 586 481
Stage 1 - ECL allowance	(3 577 964)	(11 176 667)	(3 577 964)	(3 577 964)
	44 144 228 668	50 036 264 210	44 144 228 668	16 018 008 517
Cash on hand	756 697 086	125 201 453	756 697 086	40 080 489
<b>Net carrying amount of cash and cash equivalents</b>	44 900 925 754	50 161 465 663	44 900 925 754	16 058 089 006
<b>6 Investment Securities held at amortised cost</b>				
Treasury bills	50 049 799 663	669 417 830	50 049 799 663	214 299 382
Stage 1 - ECL allowance	(600 427 968)	(2 249 888)	(600 427 968)	(720 252)
<b>Net carrying amount</b>	49 449 371 695	667 167 942	49 449 371 695	213 579 130
<b>Maturity Analysis - Gross</b>				
1 year to 5 years	50 049 799 663	669 417 830	50 049 799 663	214 299 382
	50 049 799 663	669 417 830	50 049 799 663	214 299 382
<b>7 Other Assets and prepayments</b>				
Interest accrued	858 367 450	767 058 037	858 367 450	245 556 745
Collateral deposits	869 064 039	942 005 231	869 064 039	301 562 238
Sundry assets	1 614 066 788	1 089 981 653	1 614 066 788	287 959 153
	3 341 498 277	2 799 044 921	3 341 498 277	835 078 136
Non-current	869 064 039	942 005 231	869 064 039	301 562 238
Current	2 472 434 238	1 857 039 690	2 472 434 238	533 515 898
	3 341 498 277	2 799 044 921	3 341 498 277	835 078 136

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (continued)

### 8 Inventory

**Finished units**  
Dzivarasekwa housing project  
Merwede and Stoneridge Housing Development

#### Work in progress

Sunset villa  
Newmara housing project  
Chinhoyi Housing Project  
Glaudina Housing Project  
Plumtree Project  
Transfer to investment property

	Inflation adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
12 527 212 814	12 349 882 868	923 316 012	986 300 018	
2 475 233 758	2 295 833 388	190 105 752	6 398 134	
15 002 446 572	14 645 716 256	1 113 421 764	992 698 152	
-	5 451 301 189	-	1 268 638 381	
4 903 784 892	4 903 784 892	8 247 907	8 247 907	
11 212 479	-	3 635 713	-	
-	2 549 310 223	-	5 532 148	
183 450 022	33 299 047	82 464 838	10 659 957	
(216 868 658)	(2 549 310 223)	(16 503 591)	(5 532 148)	
4 881 578 735	10 388 385 128	77 844 867	1 287 546 246	
19 884 025 307	25 034 101 384	1 191 266 631	2 280 244 398	
<b>9 CAPITAL WORK IN PROGRESS</b>				
Opening balance	83 463 684	4 288 638	26 719 061	309 500
Additions	1 084 792 117	83 463 684	774 714 650	26 719 061
Transfer to property and equipment	(83 463 684)	(4 288 638)	(26 719 061)	(309 500)
<b>Closing balance</b>	1 084 792 117	83 463 684	774 714 650	26 719 061
<b>10 Loans and advances</b>				
Personal loans, advances and overdrafts	11 789 107 822	19 105 787 646	11 789 107 822	6 116 297 331
Mortgage loans	88 338 505 497	30 354 483 474	88 338 505 497	9 717 319 678
Corporate lending	5 089 160 712	4 876 317 325	5 089 160 712	1 561 045 647
Other advances	14 555 401 844	462 515 651	14 555 401 844	148 064 204
Gross loans and advances	119 772 175 875	54 799 104 096	119 772 175 875	17 542 726 860
Impairment provision	(4 899 407 287)	(2 439 952 940)	(4 899 407 287)	(781 097 222)
<b>Net loans and advances</b>	114 872 768 588	52 359 151 156	114 872 768 588	16 761 629 638
<b>10.1 Maturity Analysis</b>				
Less than 1 month	438 064 927	1 368 405 592	438 064 927	438 064 927
1 month to 3 months	53 424 664	166 885 329	53 424 664	53 424 664
3 months to 6 months	210 150 030	656 456 289	210 150 030	210 150 030
6 months to 1 year	1 839 629 086	5 746 542 519	1 839 629 086	1 839 629 086
1 year to 5 years	4 650 774 369	14 527 859 368	4 650 774 369	4 650 774 369
More than 5 years	112 580 132 799	32 332 954 999	112 580 132 799	10 350 683 784
	119 772 175 875	54 799 104 096	119 772 175 875	17 542 726 860
<b>10.2 Loan impairment allowance</b>				
<b>Exposure to credit - gross loans and advances</b>				
Loans and advances subject to Stage 1	98 805 587 548	47 651 015 842	98 805 587 548	15 254 423 760
Loans and advances subject to Stage 2	18 236 334 098	4 613 853 544	18 236 334 098	1 477 023 645
Loans and advances subject to Stage 3	2 730 254 229	2 534 234 709	2 730 254 229	811 279 455
<b>Gross loans and advances</b>	119 772 175 875	54 799 104 095	119 772 175 875	17 542 726 860
<b>Loan Impairment Charge</b>				
Stage 1	2 249 342 951	352 164 052	2 249 342 951	112 737 569
Stage 2	1 751 187 855	1 374 433 890	1 751 187 855	439 994 754
Stage 3	898 876 481	713 354 988	898 876 481	228 364 899
<b>Gross impairment loss</b>	4 899 407 287	2 439 952 930	4 899 407 287	781 097 222
<b>Net loans and advances</b>	114 872 768 588	52 359 151 165	114 872 768 588	16 761 629 638
<b>Impairment allowances</b>				
Portfolio impairment	3 326 534 718	1 977 440 313	3 326 534 718	633 033 986
Specific impairment	1 572 872 569	462 512 617	1 572 872 569	148 063 236
<b>Gross impairment</b>	4 899 407 287	2 439 952 930	4 899 407 287	781 097 222
<b>10.3 Impairment provision</b>				
Opening balance	2 439 952 930	830 330 942	781 097 222	77 325 022
Charge in profit and loss	4 118 310 065	2 198 408 854	4 118 310 065	703 772 200
Effects of changes in inflation	(1 658 855 708)	(588 786 866)	-	-
<b>Closing balance</b>	4 899 407 287	2 439 952 930	4 899 407 287	781 097 222
<b>ECL allowance movement</b>				
	<b>Cash and cash equivalents</b>	<b>Loans and advances</b>	<b>Investment securities</b>	<b>Total</b>
	ZWL	ZWL	ZWL	ZWL
<b>2023</b>				
Balance at beginning of year 2023	11 176 667	2 439 952 930	2 249 888	2 453 379 485
Charge to profit and loss for the year	-	4 118 310 065	599 707 716	4 718 017 781
Effects of changes in inflation	(7 598 703)	(1 658 855 708)	(1 529 636)	(1 667 984 047)
<b>Balance at end 30 June 2023</b>	3 577 964	4 899 407 287	600 427 968	5 503 413 219
<b>2022</b>				
Balance at beginning of year 2022	-	830 330 948	6 513 688	836 844 637
Charge to profit and loss for the year	11 176 667	2 198 408 854	559 614	2 210 145 135
Effects of changes in inflation	-	(588 786 872)	(4 823 414)	(593 610 286)
<b>Balance at end of the year 2022</b>	11 176 667	2 439 952 930	2 249 888	2 453 379 485



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REVIEWED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022



Corporate Account



Diaspora Mortgage



Remittances



SME Loans



Individual Account Opening

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (continued)

### 10.3 Impairment provision

	Inflation adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
Balance at beginning of year 2023	3 577 964	781 097 222	720 252	785 395 438
Charge to profit and loss for the year	-	4 118 310 065	599 707 716	4 718 017 781
Balance at 30 June 2023	3 577 964	4 899 407 287	600 427 968	5 503 413 219
Balance at beginning of year 2022	-	77 325 022	541 104	77 866 126
Charge to profit and loss for the year	3 577 964	703 772 200	179 148	707 529 312
Balance at end of the year 2022	3 577 964	781 097 222	720 252	785 395 438

#### Change in ECL

Analysis of loan impairment charge on the statement of profit and loss

	Inflation adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
Increase in loan impairment charge on loans and advances for the period	2 693 500 732	1 951 155 442	2 693 500 732	567 593 029
Impairment allowance on account balances in excess	1 429 809 336	468 744 782	1 429 809 336	136 358 316
Impairment charges on cash and cash equivalents and investment securities	599 707 713	12 299 594	599 707 713	3 577 964
Net impairment charge to statement of profit and loss	4 718 017 781	2 432 199 818	4 718 017 781	707 529 309

### 10.4 Sectorial Analysis

	Inflation adjusted	Historical Cost
	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL
Corporates	5 064 142 362	5 555 248 734
Individuals	114 708 033 513	54 749 556 364
	119 772 175 875	60 304 805 098
	5 064 142 362	5 064 142 362
	114 708 033 513	114 708 033 513
	119 772 175 875	17 542 726 860

### 11 Computer software

	Inflation adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
Cost				
Opening balance	2 100 477 285	2 100 477 285	10 672 767	10 672 767
Additions	142 445 216	-	49 342 846	-
Closing balance	2 242 922 501	2 100 477 285	60 015 613	10 672 767
Amortisation				
Opening balance	761 045 779	714 680 398	3 853 919	1 458 032
Charge to income statement	7 195 596	46 365 381	4 704 779	2 395 887
Closing balance	768 241 375	761 045 779	8 558 698	3 853 919
Net book value	1 474 681 126	1 339 431 506	51 456 915	6 818 848

Included in computer software is the Society's core banking system, FBEQ.

### 12 Investment property

	Inflation adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
Opening balance	31 173 476 580	1 432 924 212	8 843 651 596	133 441 848
Additions	-	27 191 242 144	-	8 704 677 600
Fair valuation adjustment	62 755 051 171	-	85 068 372 564	-
Reclassification	-	2 549 310 224	16 503 591	5 532 148
Closing balance	93 928 527 751	31 173 476 580	93 928 527 751	8 843 651 596

### 13 Right of use asset

	Inflation adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
Balance at the beginning of the year	3 251 741 018	2 401 171 738	307 176 756	132 069 468
Additions	-	253 804 545	-	69 913 594
Remeasurement gain	180 097 585	596 764 735	180 097 585	105 193 694
Closing Balance	3 431 838 603	3 251 741 018	487 274 341	307 176 756

#### Accumulated Depreciation

	Inflation adjusted	Historical Cost
	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL
Balance at the beginning of the year	792 357 326	548 948 915
Charge for the year	63 894 540	243 408 411
Effects of Inflation	-	-
Closing Balance	856 251 866	792 357 326
Carrying amount	2 575 586 737	2 459 383 692

### 13.1 Lease liability

	Inflation adjusted	Historical Cost
	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL
Opening balance	947 411 574	412 552 081
Additions	-	218 392 633
Remeasurement	180 097 585	328 598 868
Interest	97 529 128	113 684 184
Repayments	(151 898 664)	(214 722 761)
Exchange loss on lease liability	473 521 906	88 906 569
Effects of inflation	(644 118 614)	-
	902 542 915	947 411 574
	303 292 960	303 292 960

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (continued)

### 14 Property and equipment

#### 30 June 2023

	Inflation Adjusted					Total
	Leasehold Improvements	Office Equipment	Furniture and Fittings	Motor Vehicles	Computer Equipment	
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Cost						
Opening balance	972 661 189	181 514 364	324 255 561	3 083 063 597	2 514 630 721	7 076 125 432
Additions	154 217 690	97 512 753	260 376 902	-	1 601 407 839	2 113 515 184
Disposal	(79 033 886)	-	-	-	(6 542 140)	(85 576 026)
Closing balance	1 047 844 993	279 027 117	584 632 463	3 083 063 597	4 109 496 420	9 104 064 590
Accumulated depreciation						
Opening balance	589 935 822	-	-	-	-	589 935 822
Charge for the year	3 863 394	18 615 098	16 592 478	163 231 715	211 824 152	414 126 837
Disposals	(47 935 414)	-	-	-	(681 473)	(48 616 887)
Revaluation	-	-	-	-	-	-
Closing balance	545 863 802	18 615 098	16 592 478	163 231 715	211 142 679	955 445 772

#### Net book value June 2023

	501 981 191	260 412 019	568 039 985	2 919 831 882	3 898 353 741	8 148 618 818
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#### 31 December 2022

	Restated					Total
	Leasehold Improvements	Office Equipment	Furniture and Fittings	Motor Vehicles	Computer Equipment	
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Cost						
Opening balance	967 337 309	112 707 431	147 724 213	128 047 186	1 004 538 948	2 360 355 087
Additions	5 323 880	106 808 918	39 231 090	1 637 405 731	840 139 145	2 628 908 764
Revaluation gain	-	(38 001 985)	137 300 258	1 317 610 680	669 952 628	2 086 861 581
Disposal	-	-	-	-	-	-
Closing balance	972 661 189	181 514 364	324 255 561	3 083 063 597	2 514 630 721	7 076 125 432
Accumulated depreciation						
Opening balance	493 165 792	-	-	-	-	493 165 792
Charge for the year	96 770 030	15 532 959	16 948 171	53 908 817	285 628 567	468 788 544
Revaluation	-	(15 532 959)	(16 948 171)	(53 908 817)	(285 628 567)	(372 018 514)
Disposal	-	-	-	-	-	-
Closing balance	589 935 822	-	-	-	-	589 935 822

#### Accumulated depreciation

	Inflation adjusted	Historical Cost
	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL
Opening balance	493 165 792	493 165 792
Charge for the year	96 770 030	15 532 959
Revaluation	-	(15 532 959)
Disposal	-	-
Closing balance	589 935 822	589 935 822

#### Net book value December 2022

	382 725 367	181 514 364	324 255 561	3 083 063 597	2 514 630 721	6 486 189 610
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#### Historical Cost

	Unaudited 30 June 2023					Total
	Leasehold Improvements	Office Equipment	Furniture and Fittings	Motor Vehicles	Computer Equipment	
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Cost						
Opening balance	3 932 233	58 107 828	103 803 280	986 974 942	805 003 670	1 957 821 953
Additions	50 369 902	34 935 119	94 917 553	-	1 512 414 011	1 692 636 585
Disposal	(319 515)	-	-	-	(2 613 439)	(2 932 954)
Revaluation	-	-	-	-	-	-
Closing balance	53 982 620	93 042 947	198 720 833	986 974 942	2 314 804 242	3 647 525 584
Accumulated depreciation						
Opening balance	1 583 468	-	-	-	-	1 583 468
Disposals	(182 303)	-	-	-	(180 948)	(363 251)
Charge for the year	2 279 382	10 686 371	5 700 951	88 587 659	92 257 632	199 511 995
Revaluation	-	-	-	-	-	-
Closing balance	3 680 547	10 686 371	5 700 951	88 587 659	92 076 684	200 732 212

#### Net book value June 2023

	50 302 073	82 356 576	193 019 882	898 387 283	2 222 727 558	3 446 793 372
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#### 2022 Audited Historical cost

	Cost					Total
	Leasehold Improvements	Office Equipment	Furniture and Fittings	Motor Vehicles	Computer Equipment	
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Opening balance	3 245 775	10 495 941	13 756 898	11 924 464	93 790 591	133 213 669
Additions	686 458	25 806 939	7 247 059	510 876 307	172 357 592	716 974 355
Disposals	-	-	-	-	-	-
Revaluation	-	21 804 948	82 799 323	464 174 171	538 855 487	1 107 633 929
Closing balance	3 932 233	58 107 828	103 803 280	986 974 942	805 003 670	1 957 821 953

#### Accumulated depreciation

	Inflation adjusted	Historical Cost
	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL
Opening balance	1 168 833	1 168 833
Charge for the year	-	-
Revaluation	414 635	4 987 560
Disposal	-	(4 987 560)
Closing balance	1 583 468	1 168 833

#### Net book value December 2022

	2 348 765	58 107 828	103 803 280	986 974 942	805 003 670	1 956 238 485
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### 15 Deposits

	Inflation Adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June	

# \*202#

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REVIEWED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2022



- BILL PAYMENTS
- FUNDS TRANSFER
- AIRTIME TOPUP
- BALANCE ENQUIRY



Corporate Account



Diaspora Mortgage



Remittances



SME Loans



Individual Account Opening

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (continued)

	Inflation Adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
<b>15.3 Sectorial analysis</b>				
Individuals	1 810 006 565	5 654 009 150	1 810 006 565	1 810 006 565
Manufacturing	561 761 519	1 754 802 899	561 761 519	561 761 519
Transport and Distribution	211 425 509	660 440 567	211 425 509	211 425 509
Energy and Minerals	10 657 192 367	33 290 411 380	10 657 192 367	10 657 192 367
Financial Services	6 243 149 172	19 502 041 163	6 243 149 172	6 243 149 171
Construction and Property	2 884 792 513	9 011 372 432	2 884 792 513	2 884 792 513
Trade and Services	105 774 143 391	21 499 223 748	105 774 143 391	6 882 503 212
	128 142 471 036	91 372 301 339	128 142 471 036	29 250 830 856
<b>16 Borrowings</b>				
Shareholder loan	15 321 746	47 861 314	15 321 746	15 321 746
	15 321 746	47 861 314	15 321 746	15 321 746
Current liability	15 321 746	47 861 314	15 321 746	15 321 746
	15 321 746	47 861 314	15 321 746	15 321 746

### Terms and repayment schedule

	Nominal interest facility rate	Year of maturity	Inflation Adjusted		Historical Cost	
			Carrying amount 2023	Carrying amount 2022	Carrying amount 2023	Carrying amount 2022
			ZWL	ZWL	ZWL	ZWL
Unsecured shareholder loan	5%	2022	4 832 812	15 096 499	4 832 812	4 832 812
Unsecured shareholder loan	5%	2022	4 908 358	15 332 487	4 908 358	4 908 358
Unsecured shareholder loan	2%	2033	5 580 576	17 432 328	5 580 576	5 580 576
			15 321 746	47 861 314	15 321 746	15 321 746

The facilities were availed to fund the construction of low-cost housing in line with the Society's mandate and were repaid post half year.

	Inflation Adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
<b>17 Other liabilities</b>				
Deferred income	922 365 359	1 123 095 106	922 365 359	359 534 175
Accrued interest	85 116 949	256 206 016	85 116 949	82 018 716
Audit Fee Provisions	239 395 393	392 788 357	239 395 393	125 742 546
Other liabilities	60 518 877 931	10 414 749 704	60 518 877 931	3 334 052 854
	61 765 755 632	12 186 839 183	61 765 755 632	3 901 348 291

Deferred income consists of loan origination fees that are received in advance and recognised using the effective interest rate method over the average life of the underlying asset. Other liabilities consist of suspense accounts, trade payables and other payables.

	Inflation Adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
<b>17.1 Audit fee provisions</b>				
Balance at the beginning of the year	392 788 357	55 874 528	125 742 546	3 595 779
Provisions made during the year	318 955 611	458 245 716	318 955 611	146 697 278
Provisions paid during the year	(205 302 764)	(76 689 676)	(205 302 764)	(24 550 511)
Effects of changes in inflation	(267 045 811)	(44 642 211)	-	-
<b>Balance at the end of the year</b>	<b>239 395 393</b>	<b>392 788 357</b>	<b>239 395 393</b>	<b>125 742 546</b>

### 18 Equity and Reserves

	Inflation Adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
<b>18.1 Share movement</b>				
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	508 929 600	508 929 600	508 929 600	508 929 600
<b>Unissued ordinary shares</b>	<b>491 070 400</b>	<b>491 070 400</b>	<b>491 070 400</b>	<b>491 070 400</b>
<b>Issued share capital and share premium</b>				
508,929,600 Ordinary Shares of \$0.01 each	2 447 637 204	2 447 637 204	5 089 296	5 089 296
Share premium	21 429 805 477	21 429 805 477	44 558 325	44 558 325
Shares awaiting allotment	27 191 242 144	27 191 242 144	8 704 677 600	8 704 677 600

### 18.2 Accumulated surplus

	Inflation Adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
Opening balance	14 031 432 328	3 961 405 129	3 747 261 164	512 674 640
Profit/(Loss) for the period	80 826 242 112	10 070 027 199	107 736 180 904	3 234 586 524
<b>Closing balance</b>	<b>94 857 614 440</b>	<b>14 031 432 328</b>	<b>111 483 442 068</b>	<b>3 747 261 164</b>

### 18.3 Revaluation reserve

	Inflation Adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
Opening balance	2 908 345 575	449 465 480	1 273 938 410	106 136 966
Movement for the year	-	2 458 880 095	-	1 167 801 444
<b>Closing balance</b>	<b>2 908 345 575</b>	<b>2 908 345 575</b>	<b>1 273 938 410</b>	<b>1 273 938 410</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (continued)

### 19 CATAGORIES OF FINANCIAL INSTRUMENTS

	Inflation Adjusted		Historical Cost	
	Amortised Cost	Total carrying amount	Amortised Cost	Carrying amount
	ZWL	ZWL	ZWL	ZWL
<b>30 June 2023</b>				
<b>Financial assets</b>				
Cash on hand	756 697 086	756 697 086	756 697 086	756 697 086
Bank balances	38 436 269 397	38 436 269 397	38 436 269 397	38 436 269 397
Interbank placements	5 707 959 271	5 707 959 271	5 707 959 271	5 707 959 271
Investment securities	49 449 371 695	49 449 371 695	49 449 371 695	49 449 371 695
Loans and advances	114 872 768 588	111 198 403 552	114 872 768 588	114 872 768 588
<b>Total</b>	<b>209 223 066 037</b>	<b>209 223 066 037</b>	<b>209 223 066 037</b>	<b>209 223 066 037</b>
<b>Financial liabilities</b>				
Deposits	124 468 932 144	124 468 932 144	124 468 932 144	124 468 932 144
Borrowings	15 321 746	15 321 746	15 321 746	15 321 746
<b>Total</b>	<b>124 484 253 890</b>	<b>124 484 253 890</b>	<b>124 484 253 890</b>	<b>124 484 253 890</b>
<b>31 December 2022</b>				
<b>Financial assets</b>				
Cash on hand	125 201 453	125 201 453	40 080 489	40 080 489
Bank balances	4 470 342 582	4 470 342 582	16 021 586 481	16 021 586 481
Interbank placements	4 789 239 627	4 789 239 627	1 526 013 711	1 526 013 711
Investment securities	667 167 942	667 167 942	213 579 130	213 579 130
Loans and advances	52 359 151 156	52 359 151 156	16 761 629 641	16 761 629 641
<b>Total</b>	<b>62 411 102 760</b>	<b>62 411 102 760</b>	<b>34 562 889 452</b>	<b>34 562 889 452</b>
<b>Financial liabilities</b>				
Deposits	91 372 301 339	91 372 301 339	29 250 830 856	29 250 830 856
Borrowings	47 861 314	47 861 314	15 321 746	15 321 746
<b>Total</b>	<b>91 420 162 653</b>	<b>91 420 162 653</b>	<b>29 266 152 602</b>	<b>29 266 152 602</b>

### 19.1 FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

	Inflation adjusted		Total fair value	Total carrying amount
	Level 2	Level 3	ZWL	ZWL
	ZWL	ZWL	ZWL	ZWL
<b>30 June 2023</b>				
<b>Financial assets</b>				
Cash on hand	756 697 086	-	756 697 086	756 697 086
Bank balances	38 436 269 397	-	38 436 269 397	38 436 269 397
Interbank placements	-	5 711 537 235	5 711 537 235	5 711 537 235
Investment securities	-	49 449 371 695	49 449 371 695	49 449 371 695
Loans and advances	114 872 768 588	-	114 872 768 588	114 872 768 588
<b>Total</b>	<b>154 065 735 071</b>	<b>55 160 908 930</b>	<b>209 226 644 001</b>	<b>209 226 644 001</b>
<b>Financial liabilities</b>				
Deposits	128 142 471 036	-	128 142 471 036	128 142 471 036
Borrowings	-	15 321 746	15 321 746	15 321 746
<b>Total</b>	<b>128 142 471 036</b>	<b>15 321 746</b>	<b>128 157 792 782</b>	<b>128 157 792 782</b>
<b>31 December 2022</b>				
<b>Financial assets</b>				
Cash on hand	125 201 453	-	125 201 453	125 201 453
Bank balances	45 269 377 917	-	45 269 377 917	45 269 377 917
Interbank placements	-	4 766 886 293	4 766 886 293	4 766 886 293
Investment securities	-	667 167 942	667 167 942	667 167 942
Loans and advances	52 359 151 156	-	52 359 151 156	52 359 151 156
<b>Total</b>	<b>97 753 730 526</b>	<b>5 434 054 235</b>	<b>103 187 784 761</b>	<b>103 187 784 761</b>
<b>Financial liabilities</b>				
Deposits	91 372 301 339	-	91 372 301 339	91 372 301 339
Borrowings	-	47 861 314	47 861 314	47 861 314
<b>Total</b>	<b>91 372 301 339</b>	<b>47 861 314</b>	<b>91 420 162 653</b>	<b>91 420 162 653</b>
<b>Historical cost</b>				
<b>30 June 2023</b>				
<b>Financial assets</b>				
Cash on hand	756 697 086	-	756 697 086	756 697 086
Bank balances	38 436 269 397	-	38 436 269 397	38 436 269 397
Interbank placements	-	5 707 959 271	5 707 959 271	5 707 959 271
Investment securities	-	49 449 371 695	49 449 371 695	49 449 371 695
Loans and advances	114 872 768 588	-	114 872 768 588	114 872 768 588
<b>Total</b>	<b>154 065 735 071</b>	<b>55 157 330 966</b>	<b>209 223 066 037</b>	<b>209 223 066 037</b>
<b>Financial liabilities</b>				
Deposits	128 142 471 036	-	128 142 471 036	128 142 471 036
Borrowings	-	15 321 746	15 321 746	15 321 746
<b>Total</b>	<b>128 142 471 036</b>	<b>15 321 746</b>	<b>128 157 792 782</b>	<b>128 157 792 782</b>
<b>31 December 2022</b>				
<b>Financial assets</b>				
Cash on hand	40 080 489	-	40 080 489	40 080 489
Bank balances	2 960 673 445	-	2 960 673 445	2 960 673 445
Interbank placements	-	1 529 591 675	1 529 591 675	1 529 591 675
Investment securities	-	213 579 130	213 579 130	213 579 130
Loans and advances	16 761 629 642	-	16 761 629 642	16 761 629 642
<b>Total</b>	<b>19 762 383 576</b>	<b>1 743 170 805</b>	<b>21 505 554 381</b>	<b>21 505 554 381</b>
<b>Financial liabilities</b>				
Deposits	29 250 830 586	-	29 250 830 586	29 250 830 586
Borrowings	-	15 321 746	15 321 746	15 321 746
<b>Total</b>	<b>29 250 830 586</b>	<b>15 321 746</b>	<b>29 266 152 602</b>	<b>29 266 152 602</b>



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REVIEWED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2022



Corporate Account



Diaspora Mortgage



Remittances



SME Loans



Individual Account Opening

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE PERIOD ENDED 30 JUNE 2023 (continued)

**19.2 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE**

Inflation adjusted	Level		Total fair value	Total carrying amount
	Level 2	Level 3		
	ZWL	ZWL	ZWL	ZWL
<b>June 2023</b>				
<b>Financial assets</b>				
Cash on hand	756 697 086	-	756 697 086	756 697 086
Bank balances	38 436 269 397	-	38 436 269 397	38 436 269 397
Interbank placements	-	5 707 959 271	5 707 959 271	5 707 959 271
Investment securities	-	49 449 371 695	49 449 371 695	49 449 371 695
Loans and advances	114 872 768 588	-	114 872 768 588	114 872 768 588
<b>Total</b>	<b>154 065 735 071</b>	<b>55 157 330 966</b>	<b>209 223 066 037</b>	<b>209 223 066 037</b>
<b>Financial liabilities</b>				
Deposits	128 142 471 036	-	128 142 471 036	128 142 471 036
Borrowings	-	15 321 746	15 321 746	15 321 746
<b>Total</b>	<b>128 142 471 036</b>	<b>15 321 746</b>	<b>128 157 792 782</b>	<b>128 157 792 782</b>
<b>31 December 2022</b>				
<b>Financial assets</b>				
Cash on hand	125 201 453	-	125 201 453	40 080 489
Bank balances	45 269 377 917	-	45 269 377 917	14 491 994 806
Interbank placements	-	4 766 886 293	4 766 886 293	1 526 013 711
Investment securities	-	667 167 942	667 167 942	213 579 130
Loans and advances	52 359 151 165	-	52 359 151 165	16 761 629 641
<b>Total</b>	<b>97 753 730 535</b>	<b>5 434 054 235</b>	<b>103 187 784 770</b>	<b>33 033 297 777</b>
<b>Financial liabilities</b>				
Deposits	91 372 301 339	-	91 372 301 339	91 372 301 339
Borrowings	-	47 861 314	47 861 314	47 861 314
<b>Total</b>	<b>91 372 301 339</b>	<b>47 861 314</b>	<b>91 420 162 653</b>	<b>91 420 162 653</b>
<b>Historical Cost</b>				
<b>30 June 2023</b>				
<b>Financial assets</b>				
Cash on hand	756 697 086	-	756 697 086	756 697 086
Bank balances	38 436 269 397	-	38 436 269 397	38 436 269 397
Interbank placements	-	5 707 959 271	5 707 959 271	5 707 959 271
Investment securities	-	49 449 371 695	49 449 371 695	49 449 371 695
Loans and advances	114 872 768 588	-	114 872 768 588	114 872 768 588
<b>Total</b>	<b>154 065 735 071</b>	<b>55 157 330 966</b>	<b>209 223 066 037</b>	<b>209 223 066 037</b>
<b>Financial liabilities</b>				
Deposits	124 468 932 144	-	124 468 932 144	124 468 932 144
Borrowings	-	15 321 746	15 321 746	15 321 746
<b>Total</b>	<b>124 468 932 144</b>	<b>15 321 746</b>	<b>124 484 253 890</b>	<b>124 484 253 890</b>
<b>31 December 2022</b>				
<b>Financial assets</b>				
Cash on hand	40 080 489	-	40 080 489	40 080 489
Bank balances	14 491 994 806	-	14 491 994 806	14 491 994 806
Interbank placements	-	1 526 013 711	1 526 013 711	1 526 013 711
Investment securities	-	213 579 130	213 579 130	213 579 130
Loans and advances	16 761 629 641	-	16 761 629 641	16 761 629 641
<b>Total</b>	<b>31 293 704 936</b>	<b>1 739 592 841</b>	<b>33 033 297 777</b>	<b>33 033 297 777</b>
<b>Financial liabilities</b>				
Deposits	29 250 830 856	-	29 250 830 856	29 250 830 856
Borrowings	-	15 321 746	15 321 746	15 321 746
<b>Total</b>	<b>29 250 830 856</b>	<b>15 321 746</b>	<b>29 266 152 602</b>	<b>29 266 152 602</b>
<b>20 Interest income</b>				
Loans and advances	10 221 897 473	5 911 180 100	4 578 915 141	794 690 419
Money market placements	6 408 239 714	231 185 789	2 736 585 669	41 341 783
	16 630 137 187	6 142 365 889	7 315 500 810	836 032 202
<b>21 Interest expense</b>				
Money market deposits	14 186 860 934	2 415 769 063	5 804 802 038	365 568 775
Borrowings	765 377	1 302 293	300 509	160 124
Savings deposits	4 483 860	12 998 481	1 645 458	1 856 384
	14 192 110 171	2 430 069 837	5 806 748 005	367 585 283
<b>Net interest income</b>	<b>2 438 027 016</b>	<b>3 712 296 052</b>	<b>1 508 752 805</b>	<b>468 446 919</b>
<b>22 Non funded income</b>				
Net commission and fee income	10 087 495 150	3 756 044 946	5 521 848 654	515 081 316
Property sales	17 834 218 343	-	12 119 243 514	-
Realised exchanged gains	956 459 472	417 330 279	520 685 036	55 938 396
Unrealised exchanged gains	37 358 573 278	2 270 838 107	24 633 912 499	346 814 563
Fair value adjustment on investment property	62 755 051 171	-	85 068 372 564	-
Other operating income	62 384 908 798	5 801 262 079	616 324 477	1 028 829 732
	191 376 706 212	12 245 475 411	128 480 386 744	1 946 664 007

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE PERIOD ENDED 30 JUNE 2023 (continued)

	Inflation adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 30 June 2022	Unaudited 30 June 2023	Reviewed 30 June 2022
	ZWL	ZWL	ZWL	ZWL
<b>23 Operating expenses</b>				
Staff Costs	10 623 873 876	4 212 121 220	6 222 087 118	596 347 961
Defined Contribution plan	160 525 517	73 108 398	124 755 974	10 107 731
Right of use depreciation	63 894 540	-	63 894 540	-
Depreciation	414 126 837	623 836 044	199 511 995	65 419 273
Amortisation of computer software	7 195 596	70 015 507	4 704 779	160 580
Other expenses	14 870 860 415	2 602 433 294	8 535 738 523	404 741 759
	26 140 476 781	7 581 514 463	15 150 692 929	1 076 777 304
<b>Remuneration of directors and key management personnel</b>				
Fees for services as directors	92 231 963	52 819 529	41 525 416	7 858 772
Short term benefits of executive staff	828 844 178	939 283 077	470 392 850	141 158 442
Post employment benefits	18 853 048	48 983 766	14 586 896	7 207 145
	939 929 189	1 041 086 372	526 505 162	156 224 359
Other expenses include subscriptions, travel expenses, legal and audit fees, printing and stationery, telecommunication expenses, lease expenses, cleaning, cost of sales and advertising and promotion expenses. The Society leases a number of buildings under operating leases. The buildings are mainly used by the Society for its branches. The leases run for a period of 5 years with an option to renew the lease after the expiry date. During the year ended 30 June 2023, lease interest was determined to be ZWL97 529 128 (2022 ZWL113 684 184) under IFRS 16.				
<b>23.1 Income Tax expense</b>				
Current income tax charge	3 741 439 857	30 790 996	2 384 247 935	5 397 005
Deferred tax expense	-	-	-	-
	3 741 439 857	30 790 996	2 384 247 935	5 397 005
In terms of the Third Schedule Paragraph 2(c) of the Income Tax Act (Chapter 23:06), the Society is exempt from Income Tax. The exemption only applies if the Society is providing services promulgated in its Articles of Association. During the year, the Society sold properties from the Dzivarasekwa housing project and these attracted income tax in terms of section 8 of the Income Tax Act (Chapter 23:06).				
<b>24 Related party disclosures</b>				
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.				
<b>24.1 The following is a list of related parties to the Society:</b>				
<b>Name of related party</b>	<b>Nature of relationship</b>			
National Social Security Authority	Shareholder			
First Mutual Life Group	Common shareholder			
Zimre Holdings Limited	Common shareholder			
Ok Zimbabwe	Common shareholder			
Rainbow Tourism Group Limited	Common shareholder			
FBC Building Society	Common shareholder			
Fidelity Life Asset Management	Common shareholder			
<b>24.2 Transactions with related parties</b>				
	Inflation Adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
Interest paid to NSSA	1 610 522 413	6 424 589 065	1 610 522 413	1 132 483 568
Interest paid to FML	-	677 620	-	119 446
First Mutual Wealth	-	67 045	-	11 818
Interest paid to FBC	-	14 855 512	-	2 618 630
Interest paid to FBC Building Society	568 716 164	824 550 821	568 716 164	145 346 301
	2 179 238 577	7 264 740 063	2 179 238 577	1 280 579 763
<b>Deposits received during the year</b>				
First Mutual Life Assurance Company	-	1 384 021	-	443 064
First Mutual Wealth	-	171 416	-	54 875
Fidelity Life Asset Management	10 598 962	-	10 598 962	-
NSSA	-	10 653 402 527	-	3 410 452 301
FBC Bank	-	1 436 925 290	-	460 000 000
FBC Building Society	16 360 000 000	5 372 851 085	16 360 000 000	1 720 000 000
	16 370 598 962	17 464 734 339	16 370 598 962	5 590 950 240
<b>Deposits</b>				
Term deposits with NSSA	33 983 217 186	14 169 281 448	33 983 217 186	4 535 983 541
Transactional Deposits with NSSA	-	4 042 742 822	-	1 294 195 120
Term deposits with Zimre Holdings Limited	49 966 814	1 757 141	49 966 814	562 510
Term deposits with First Mutual Life Group	-	208 332	-	66 693
Term deposits with FBC Bank	-	7 271 981 925	-	2 327 964 932
	34 033 184 000	25 485 971 668	34 033 184 000	8 158 772 796
Borrowings from NSSA	15 321 746	47 861 314	15 321 746	15 321 746
Rent expense to NSSA	114 312 933	199 474 016	114 312 933	41 350 504

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Corporate Account



Diaspora Mortgage



Remittances



SME Loans



Individual Account Opening

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2023 (continued)

### 24.3 Included in loans and advances are these loans to executive directors and key management

	Inflation Adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
Opening balance	458 032 371	1 277 578 503	458 032 371	120 252 318
Advances made during the year	531 837 308	2 172 080 415	531 837 308	695 343 730
Repayments during the year	(117 313 904)	(1 116 939 762)	(117 313 904)	(357 563 677)
Closing Balance	872 555 775	2 332 719 156	872 555 775	458 032 371

## 25 RISK MANAGEMENT

This Society is exposed to various types of risks including credit, interest rate, foreign exchange rate, liquidity, operational, legal, compliance, strategic and reputation risks. The key objective of the risk management framework at the Society is to ensure that these risks are measured, mitigated and monitored on an ongoing basis as guided by internal policies and procedures established to address such risks.

### 25.1 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 business.

#### 25.1.1 Credit risk management framework

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

The Society continues to prudently maintain an impairment allowance on its credit exposures to cushion itself from problematic exposures.

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 applies credit risk stress testing methodologies which are generally meant to assess vulnerability from 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 exposure against the set thresholds. These Credit policies are reviewed annually to align with developing trends in the market and business strategic objectives.

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

#### 25.1.2 Credit risk mitigation

Where possible, the Society 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.

#### 25.1.3 Non-performing loans and advances

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

The table below summarizes the Society's exposure to credit risk from cash and cash equivalents, investment securities and loans and advances.

	Inflation adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
25.1.4 Credit Risk exposure				
Cash and cash equivalents	44 904 503 718	50 172 642 330	44 904 503 718	16 061 666 970
Investment securities	50 049 799 663	669 417 830	50 049 799 663	214 299 382
Loans and advances	119 772 175 875	54 799 104 096	119 772 175 875	17 542 726 860
	214 726 479 256	105 641 164 256	214 726 479 256	33 818 693 212

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not maximum risk exposure that could arise in the future as a result of changes in value.

#### 25.1.5 Ageing analysis of past due but not impaired loans and advances (special mention loans):

	Inflation adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
1 to 3 months	18 236 334 098	4 613 853 543	18 236 334 098	1 477 023 645

#### 25.1.6 Sectorial analysis of the Society's advances before and after considering collateral held is as follows:

	Inflation adjusted		Historical Cost	
	Unaudited 30 June 2023	Restated 31 December 2022	Unaudited 30 June 2023	Audited 31 December 2022
	ZWL	ZWL	ZWL	ZWL
Private	119 772 175 875	54 799 104 095	116 098 636 983	2 860 797 959
Collateral analysis				
Mortgage bonds	6 910 667 592	4 687 668 400	6 910 667 592	1 363 647 328

#### 25.1.7 Credit quality per class of financial assets (gross)

Pass	98 805 587 548	48 138 973 440	98 805 587 548	15 407 562 812
Special mention	18 236 334 098	4 613 853 543	18 236 334 098	1 477 023 645
Substandard	1 292 159 205	794 191 685	1 292 159 205	254 242 985
Doubtful	923 608 074	1 143 013 568	923 608 074	365 910 632
Loss	514 486 949	109 071 860	514 486 949	34 916 955
<b>Total</b>	<b>119 772 175 875</b>	<b>54 799 104 095</b>	<b>119 772 175 875</b>	<b>17 539 657 029</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2023 (continued)

### 25.2 Market risk

Market risk is defined as the risk of a loss resulting from the fluctuation of the market prices of financial instruments. The Society's transactions are mainly exposed to the following risk categories:

- Interest rate risk
- Foreign exchange risk

#### 25.2.1 Market risk management framework

The Board through the Board Risk and Compliance Committee has oversight over market risk and sets the Society's risk appetite for market risk. Management structures supported by ALCO are in place to identify, measure and monitor market risk on an ongoing basis against set benchmarks and through the use of daily, weekly and monthly risk 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 potential changes in individual market parameters on the value of the Society's positions. Stress testing is also used to show the market risk under extreme but plausible conditions. Documented stress scenarios are constructed regularly for key balance sheet risk drivers across all portfolios. These are guided by the relevant policies that have been approved by the Board.

#### 25.3 Interest rate risk

This arises from the possibility that changes in interest rates will affect the current and future cash flows of the Society's interest bearing 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.

These are guided by the relevant NBS policies that have been approved by the Board.

#### 25.3.1 Interest Rate Repricing Gap Analysis

30 June 2023	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			
<b>Assets</b>									
Cash and cash equivalents	35 985 160 916	-	-	-	-	-	8 915 764 838	44 900 925 754	
Investment securities	-	-	-	-	49 449 371 695	-	-	49 449 371 695	
Loans and advances	847 886 500	356 800 611	8 190 981 117	26 516 874 281	16 374 693 827	62 585 532 252	-	114 872 768 588	
Other assets and prepayments	-	-	-	-	-	-	3 341 498 277	3 341 498 277	
Inventory	-	-	-	-	-	-	19 884 025 307	19 884 025 307	
Capital working progress	-	-	-	-	-	-	1 084 792 117	1 084 792 117	
Computer S/W	-	-	-	-	-	-	1 474 681 126	1 474 681 126	
Investment property	-	-	-	-	-	-	93 928 527 751	93 928 527 751	
Right of use asset	-	-	-	-	-	-	2 575 586 737	2 575 586 737	
Property and equipment	-	-	-	-	-	-	8 148 618 818	8 148 618 818	
<b>Total assets</b>	<b>36 833 047 416</b>	<b>356 800 611</b>	<b>8 190 981 117</b>	<b>26 516 874 281</b>	<b>65 824 065 522</b>	<b>62 585 532 252</b>	<b>139 353 494 971</b>	<b>339 660 796 169</b>	
<b>Liabilities</b>									
Deposits	27 823 649 694	3 745 656 905	5 755 076 710	134 371 916	12 221 412 119	78 462 303 691	-	128 142 471 036	
Borrowings	-	-	-	-	-	-	15 321 746	15 321 746	
Lease Liability	-	-	-	-	902 542 915	-	-	902 542 915	
Other liabilities	-	-	-	-	-	-	61 765 755 632	61 765 755 632	
Equity & Reserves	-	-	-	-	-	-	148 834 704 840	148 834 704 840	
<b>Total liabilities</b>	<b>27 823 649 694</b>	<b>3 745 656 905</b>	<b>5 755 076 710</b>	<b>134 371 916</b>	<b>13 123 955 034</b>	<b>78 462 303 691</b>	<b>210 615 782 218</b>	<b>339 660 796 169</b>	
<b>Periodic gap</b>	<b>9 009 397 721</b>	<b>(3 388 856 294)</b>	<b>2 435 904 407</b>	<b>26 382 502 365</b>	<b>52 700 110 488</b>	<b>(15 876 771 439)</b>	<b>(71 262 287 247)</b>	<b>-</b>	
<b>Cumulative gap</b>	<b>9 009 397 721</b>	<b>5 620 541 427</b>	<b>8 056 445 834</b>	<b>34 438 948 199</b>	<b>87 139 058 687</b>	<b>71 262 287 248</b>	<b>-</b>	<b>-</b>	
<b>31 December 2022</b>	<b>RESTATED</b>								
	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	Total ZWL	
<b>Assets</b>									
Cash and cash equivalents	50 060 386 278	-	-	-	-	-	101 079 385	50 161 465 663	
Investment securities	-	-	-	-	667 167 942	-	-	667 167 942	
Loans and advances	1 368 405 592	166 885 328	656 456 289	5 746 542 518	14 527 859 369	29 893 002 060	-	52 359 151 156	
Other assets	-	-	-	-	-	-	2 799 044 921	2 799 044 921	
Inventory WIP	-	-	-	-	-	-	25 034 101 384	25 034 101 384	
Capital working progress	-	-	-	-	-	-	83 463 684	83 463 684	
Computer S/W	-	-	-	-	-	-	1 339 431 506	1 339 431 506	
Investments property	-	-	-	-	-	-	31 173 476 580	31 173 476 580	
Right of use asset	-	-	-	-	-	-	2 459 383 692	2 459 383 692	
Property and equipment	-	-	-	-	-	-	6 486 189 610	6 486 189 610	
<b>Total assets</b>	<b>51 428 791 870</b>	<b>166 885 328</b>	<b>656 456 289</b>	<b>5 746 542 518</b>	<b>15 195 027 311</b>	<b>29 893 002 060</b>	<b>69 476 170 762</b>	<b>172 562 876 138</b>	
<b>Liabilities</b>									
Deposits	15 153 804 370	21 773 086 654	605 719 513	183 249 227	10 806 404 073	42 850 037 502	-	91 372 301 339	
Borrowings	-	-	-	47 861 314	-	-	-	47 861 314	
Lease liabilities	-	-	-	-	947 411 574	-	-	947 411 574	
Other liabilities	-	-	-	-	12 186 839 183	-	-	12 186 839 183	
Equity & Reserves	-	-	-	-	-	-	68 008 462 728	68 008 462 728	
<b>Total liabilities</b>	<b>15 153 804 370</b>	<b>21 773 086 654</b>	<b>605 719 513</b>	<b>231 110 541</b>	<b>23 940 654 830</b>	<b>42 850 037 502</b>	<b>68 008 462 728</b>	<b>172 562 876 138</b>	
<b>Periodic gap</b>	<b>36 274 987 500</b>	<b>(21 606 201 326)</b>	<b>50 736 776</b>	<b>5 515 431 977</b>	<b>(8 745 627 519)</b>	<b>(12 957 035 442)</b>	<b>1 467 708 034</b>	<b>-</b>	
<b>Cumulative gap</b>	<b>36 274 987 500</b>	<b>14 668 786 174</b>	<b>14 719 522 950</b>	<b>20 234 954 928</b>	<b>11 489 327 408</b>	<b>(1 467 708 034)</b>	<b>-</b>	<b>-</b>	
<b>June 2023</b>	<b>HISTORICAL COST</b>								
	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	Total ZWL	
<b>Assets</b>									
Cash and cash equivalents	35 985 160 916	-	-	-	-	-	8 915 764 838	44 900 925 754	
Investment securities	-	-	-	-	49 449 371 695	-	-	49 449 371 695	
Loans and advances	847 886 500	356 800 611	8 190 981 117	26 516 874 281	16 374 693 827	62 585 532 252	-	114 872 768 588	
Other assets and prepayments	-	-	-	-	-	-	3 341 498 277	3 341 498 277	
Inventory work in progress	-	-	-	-	-	-	1 191 266 631	1 191 266 631	
Capital work in progress	-	-	-	-	-	-	774 714 650	774 714 650	
S/W	-	-	-	-	-	-	51 456 915	51 456 915	
Investment property	-	-	-	-	-	-	93 928 527 751	93 928 527 751	
Right of use asset	-	-	-	-	380 473 395	-	-	380 473 395	
Property and equipment	-	-	-	-	-	-	3 446 793 372	3 446 793 372	
<b>Total assets</b>	<b>36 833 047 416</b>	<b>356 800 611</b>	<b>8 190 981 117</b>	<b>26 516 874 281</b>	<b>66 204 538 917</b>	<b>62 585 532 252</b>	<b>111 650 022 434</b>	<b>312 337 797 028</b>	
<b>Liabilities</b>									
Deposits	27 823 649 694	3 745 656 905	5 755 076 710	134 371 916	12 221 412 119	78 462 303 691			



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REVIEWED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2022



Corporate Account



Diaspora Mortgage



Remittances



SME Loans



Individual Account Opening

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (continued)

Audited December 2022	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	Total ZWL
<b>Assets</b>								
Cash and cash equivalents	16 025 730 666	-	-	-	-	-	32 358 340	16 058 089 006
Investment securities	-	-	-	-	213 579 130	-	-	213 579 130
Loans and advances	438 064 927	53 424 664	210 150 030	1 839 629 086	4 650 774 369	9 569 586 562	-	16 761 629 638
Other assets and prepayments	-	-	-	-	-	-	835 078 136	835 078 136
Inventory	-	-	-	-	-	-	2 280 244 398	2 280 244 398
Work in progress	-	-	-	-	-	-	26 719 061	26 719 061
Computer software	-	-	-	-	-	-	6 818 848	6 818 848
Right of use asset	-	-	-	-	264 270 350	-	-	264 270 350
Investment property	-	-	-	-	-	-	8 843 651 596	8 843 651 596
Property and equipment	-	-	-	-	-	-	1 956 238 485	1 956 238 485
<b>Total assets</b>	<b>16 463 795 593</b>	<b>53 424 664</b>	<b>210 150 030</b>	<b>1 839 629 086</b>	<b>5 128 623 849</b>	<b>9 569 586 562</b>	<b>13 981 108 864</b>	<b>47 246 318 648</b>
<b>Liabilities</b>								
Deposits	4 851 156 882	6 970 174 392	193 907 768	58 663 206	3 459 432 378	13 717 496 230	-	29 250 830 856
Borrowings	-	-	-	15 321 746	-	-	-	15 321 746
Lease liability	-	-	-	-	303 292 960	-	-	303 292 960
Other liabilities	-	-	-	-	-	-	3 901 348 291	3 901 348 291
Equity and reserves	-	-	-	-	-	-	13 775 524 795	13 775 524 795
<b>Total liabilities</b>	<b>4 851 156 882</b>	<b>6 970 174 392</b>	<b>193 907 768</b>	<b>73 984 952</b>	<b>3 459 432 378</b>	<b>13 717 496 230</b>	<b>17 676 873 086</b>	<b>47 246 318 648</b>
Periodic gap	11 612 638 711	(6 916 749 728)	16 242 262	1 765 644 134	1 365 898 511	(4 147 909 668)	(3 695 764 222)	-
Cumulative gap	11 612 638 711	4 695 888 983	4 712 131 245	6 477 775 379	7 843 673 890	3 695 764 222	-	-

## 26 RISK MANAGEMENT

### 26.1 Foreign Exchange Risk

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

### 26.2 Liquidity Risk

Liquidity risk 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.

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 triggers in place to monitor the liquidity risk profile, thereby taking appropriate actions depending on the direction of indicators of liquidity risk. As an integral part of its risk management, the Society applies stress testing methodologies to its liquidity risk profile on a regular basis to unearth underlying liquidity vulnerabilities.

#### 26.2.1 Liquidity Gap Analysis

##### INFLATION ADJUSTED

30 June 2023	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	Total ZWL
<b>Assets</b>							
Cash and cash equivalents	44 900 925 754	-	-	-	-	-	44 900 925 754
Investment securities	-	-	-	-	49 449 371 695	-	49 449 371 695
Loans and advances	847 886 500	356 800 611	8 190 981 117	26 516 874 281	16 374 693 827	62 585 532 252	114 872 768 588
Other assets	-	-	-	-	3 341 498 277	-	3 341 498 277
Inventory	-	-	-	-	19 884 025 307	-	19 884 025 307
Capital work in progress	-	-	-	-	1 084 792 117	-	1 084 792 117
Computer S/W	-	-	-	-	1 474 681 126	-	1 474 681 126
Investment property	-	-	-	-	93 928 527 751	-	93 928 527 751
Right of use asset	-	-	-	-	2 575 586 737	-	2 575 586 737
Property and equipment	-	-	-	-	8 148 618 818	-	8 148 618 818
<b>Total assets</b>	<b>45 748 812 254</b>	<b>356 800 611</b>	<b>8 190 981 117</b>	<b>26 516 874 281</b>	<b>196 261 795 654</b>	<b>62 585 532 252</b>	<b>339 660 796 169</b>
<b>Liabilities</b>							
Deposits	27 823 649 694	3 745 656 905	5 755 076 710	134 371 916	12 221 412 119	78 462 303 691	128 142 471 036
Borrowings	-	-	-	15 321 746	-	-	15 321 746
Lease Liability	-	-	-	-	902 542 915	-	902 542 915
Other liabilities	-	-	-	61 765 755 632	-	-	61 765 755 632
<b>Total liabilities</b>	<b>27 823 649 694</b>	<b>3 745 656 905</b>	<b>5 755 076 710</b>	<b>61 915 449 294</b>	<b>13 123 955 034</b>	<b>78 462 303 691</b>	<b>190 826 091 329</b>
Periodic Gap	17 925 162 560	(3 388 856 294)	2 435 904 407	(35 398 575 013)	183 137 840 620	(15 876 771 439)	148 834 704 840
Cumulative Gap	17 925 162 560	14 536 306 266	16 972 210 672	(18 426 364 341)	164 711 476 280	148 834 704 840	-

#### 26.2.1 Liquidity Gap Analysis

##### RESTATE

31 December 2022	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	Total ZWL
<b>Assets</b>							
Cash and cash equivalents	50 161 465 663	-	-	-	-	-	50 161 465 663
Investment securities	-	-	-	-	667 167 942	-	667 167 942
Loans and advances	1 368 405 592	166 885 328	656 456 289	5 746 542 518	14 527 859 369	29 893 002 059	52 359 151 156
Other assets	-	-	-	-	2 799 044 921	-	2 799 044 921
Inventory	-	-	-	-	25 034 101 384	-	25 034 101 384
Capital work in progress	-	-	-	-	83 463 684	-	83 463 684
Computer S/W	-	-	-	-	1 339 431 506	-	1 339 431 506
Right of use asset	-	-	-	-	2 459 383 692	-	2 459 383 692
Investment property	-	-	-	-	31 173 476 580	-	31 173 476 580
Property and equipment	-	-	-	-	6 486 189 610	-	6 486 189 610
<b>Total assets</b>	<b>51 529 871 255</b>	<b>166 885 328</b>	<b>656 456 289</b>	<b>5 746 542 518</b>	<b>15 195 027 311</b>	<b>99 268 093 437</b>	<b>172 562 876 138</b>
<b>Liabilities</b>							
Deposits	15 153 804 370	21 773 086 654	605 719 513	183 249 227	10 806 404 073	42 850 037 502	91 372 301 339
Borrowings	-	-	-	47 861 314	-	-	47 861 314
Lease liabilities	-	-	-	-	947 411 574	-	947 411 574
Other liabilities	-	-	-	-	12 186 839 183	-	12 186 839 183
<b>Total liabilities</b>	<b>15 153 804 370</b>	<b>21 773 086 654</b>	<b>605 719 513</b>	<b>231 110 541</b>	<b>23 940 654 830</b>	<b>42 850 037 502</b>	<b>104 554 413 410</b>
Periodic Gap	36 376 066 885	(21 606 201 326)	50 736 776	5 515 431 977	(8 745 627 519)	56 418 055 935	68 008 462 728
Cumulative Gap	36 376 066 885	14 769 865 559	14 820 602 335	20 336 034 312	11 590 406 793	68 008 462 728	-

#### 26.2.1 Liquidity Gap Analysis

##### HISTORICAL COST

30 June 2023	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	Total ZWL
<b>Assets</b>							
Cash and cash equivalents	44 900 925 754	-	-	-	-	-	44 900 925 754
Investment securities	-	-	-	-	49 449 371 695	-	49 449 371 695
Loans and advances	847 886 500	356 800 611	8 190 981 117	26 516 874 281	16 374 693 827	62 585 532 252	114 872 768 588
Other assets and prepayments	-	-	-	-	3 341 498 277	-	3 341 498 277
Inventory	-	-	-	-	1 911 266 631	-	1 911 266 631
Work in progress	-	-	-	-	774 714 650	-	774 714 650
S/W	-	-	-	-	51 456 915	-	51 456 915
Investment property	-	-	-	-	93 928 527 751	-	93 928 527 751
Right of use asset	-	-	-	-	380 473 395	-	380 473 395
Property and equipment	-	-	-	-	3 446 793 372	-	3 446 793 372
<b>Total assets</b>	<b>45 748 812 254</b>	<b>356 800 611</b>	<b>8 190 981 117</b>	<b>26 516 874 281</b>	<b>74 989 811 847</b>	<b>156 565 516 918</b>	<b>312 337 797 028</b>
<b>Liabilities</b>							
Deposits	27 823 649 694	3 745 656 905	5 755 076 710	134 371 916	12 221 412 119	78 462 303 691	128 142 471 036
Borrowings	-	-	-	15 321 746	-	-	15 321 746
Lease Liability	-	-	-	-	902 542 915	-	902 542 915
Other liabilities	-	-	-	-	61 765 755 632	-	61 765 755 632
<b>Total liabilities</b>	<b>27 823 649 694</b>	<b>3 745 656 905</b>	<b>5 755 076 710</b>	<b>149 693 662</b>	<b>74 889 710 666</b>	<b>78 462 303 691</b>	<b>190 826 091 329</b>
Periodic Gap	17 925 162 560	(3 388 856 294)	2 435 904 407	26 367 180 619	69 101 181	78 103 213 227	121 511 705 699
Cumulative Gap	17 925 162 560	14 536 306 266	16 972 210 672	43 339 391 291	43 408 492 472	121 511 705 699	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (continued)

Audited December 2022	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	Total ZWL
<b>Assets</b>							
Cash and cash equivalents	16 058 089 006	-	-	-	-	-	16 058 089 006
Investment securities	-	-	-	-	213 579 130	-	213 579 130
Loans and advances	438 064 927	53 424 664	210 150 030	1 839 629 086	4 650 774 369	9 569 586 562	16 761 629 638
Other assets and prepayments	-	-	-	-	835 078 136	-	835 078 136
Inventory, work in progress	-	-	-	-	2 280 244 398	-	2 280 244 398
Work in progress	-	-	-	-	26 719 061	-	26 719 061
Computer software	-	-	-	-	6 818 848	-	6 818 848
Right of use asset	-	-	-	-	264 270 350	-	264 270 350
Investment property	-	-	-	-	-	8 843 651 596	8 843 651 596
Property and equipment	-	-	-	-	-	1 956 238 485	1 956 238 485
<b>Total assets</b>	<b>16 496 153 933</b>	<b>53 424 664</b>	<b>210 150 030</b>	<b>1 839 629 086</b>	<b>10 226 903 929</b>	<b>18 420 057 006</b>	<b>47 246 318 648</b>
<b>Liabilities</b>							
Deposits	4 851 156 882	6 970 174 392	193 907 768	58 663 206	3 459 4		



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REVIEWED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2022



Corporate Account



Diaspora Mortgage



Remittances



SME Loans



Individual Account Opening

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (continued)

### 26.4 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 and is primarily manifesting through:

- Contract risks;
- Claims by other parties on failed fiduciary responsibilities or failed obligations
- Changes in the law, which could magnify legal risk exposure.

Compliance and legal risk management framework of the Society ensures participation of all bank units in the identification, assessment, controlling, and monitoring of compliance and legal risks. All bank units are responsible and accountable for compliance and legal risk management in their respective contexts. The Society has a zero tolerance principle to which is part of the Board approved risk appetite framework.

### 26.5 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 not responsive to the external environment.

The Society has put in place structures and procedures to identify, measure and monitor strategic risk on a regular basis and effectiveness is evaluated against the Society's strategic objectives. In implementing the Society's strategy, the Board and Senior management determine and allocate financial and operating targets to departments. Monitoring of progress against the action plans is done on an ongoing basis and risk mitigation is applied accordingly.

### 26.6 Reputational risk

Reputational risk is the risk of loss due to the damage to the name of the institution. Such potential value destruction occurs in a situation of negative public opinion on an institution. 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.

In line with the Board approved reputational risk management policy, Society management has the primary responsibility for reputational risk identification, assessment, 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 dealt with as provided in the overall Enterprise-wide Risk Management framework of the Society.

### 26.7 Capital management

National Building Society adopted the Internal Capital Adequacy Assessment Policy (ICAAP) which details the Society's approach, assessment and management of risk and capital from an internal perspective that is over and above the minimum regulatory rules and capital requirements of Basel II. The primary objective of the Society's capital management is to ensure that the Society complies with externally imposed capital requirements and that the Society maintains strong credit ratings and healthy capital ratios in order to support its business and maximise shareholder value. ICAAP incorporates a capital management framework designed to satisfy the needs of key stakeholders i.e. depositors, regulators, rating agencies who have specific interest in its capital adequacy and optimal risk taking to ensure its going concern status (solvency). The focus is also targeted at meeting the expectations of those stakeholders i.e. shareholder, analysts, investors, clients and the general public who are interested in looking at the profitability of the Society vis-à-vis assumed levels of risk.

### 26.7.1 Capital adequacy

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

The Society's regulatory capital is managed by the Society and comprises three tiers:

- Tier 1 Capital: comprises contributed capital and accumulated profits.
- Tier 2 Capital: comprises shareholder loans and revaluation reserves.
- Tier 3 Capital: comprises operational and market risk capital.

	30 June 2023 ZWL	31 December 2022 ZWL
Risk weighted assets		
<b>Tier 1</b>		
Share capital	5 089 296	5 089 296
Share premium	44 558 325	44 558 325
Shares awaiting allotment	8 704 677 600	8 704 677 600
Accumulated surplus	111 483 442 068	3 747 261 166
<b>Core capital</b>	<b>120 237 767 289</b>	<b>12 501 586 387</b>
<b>Tier 2</b>		
Shareholder loans	15 321 746	15 321 746
Revaluation reserve	1 273 938 410	1 273 938 410
	1 289 260 156	1 289 260 156
<b>Tier 3</b>		
Capital allocated for operational risk	12 166 508 554	13 790 846 541
Tier 1 ratio	24	26
Tier 2 ratio	-	3
Tier 3 ratio	2	3
Capital Adequacy Ratio	26%	32%

Regulatory capital consists solely of Tier 1 capital which comprises Share Capital, Share Premium Shares awaiting allotment, General Reserve and Accumulated Deficit/Surplus. Tier 2 capital consists of Loans from the Shareholder and Revaluation Reserve. Tier 3 Capital is capital allocated for operational risk.

## 27 CAPITAL COMMITMENTS

The Society's Board has authorised capital expenditure of ZWL11.75 billion for the current year. The Society plans to expand its land banks in its quest to deliver affordable housing.

The expenditure is to be funded by internal resources, equity and unitisation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023 (continued)

### 27 RATINGS

#### 27.1 Reserve Bank of Zimbabwe ratings

The Reserve Bank of Zimbabwe conducted a risk based on-site examination of National Building Society from 14 March to 28 April 2023, utilising data as at 31 December 2022. The examination report was dated 31 March 2023.

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

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.

Type of Risk	Level of Aggregate Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Credit	Moderate	Weak	High	Increasing
Liquidity	Moderate	Acceptable	Moderate	Stable
Interest Rate	Moderate	Acceptable	Moderate	Stable
Foreign Exchange	Moderate	Acceptable	Moderate	Stable
Operational	Moderate	Acceptable	Moderate	Stable
Legal	Low	Acceptable	Moderate	Stable
Compliance	High	Acceptable	High	Increasing
Reputation	Moderate	Acceptable	Moderate	Stable
Strategic	Moderate	Acceptable	Moderate	Stable
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 Society'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 Society'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.

#### 27.2 External Credit Ratings

The Society subscribes to a global credit rating agency, Global Rating Company and the ratings for the past 5 years are shown below:

Year	Rating
2022	B long term rating
2021	B long term rating
2020	B long term rating
2019	B long term rating
2018	B long term rating

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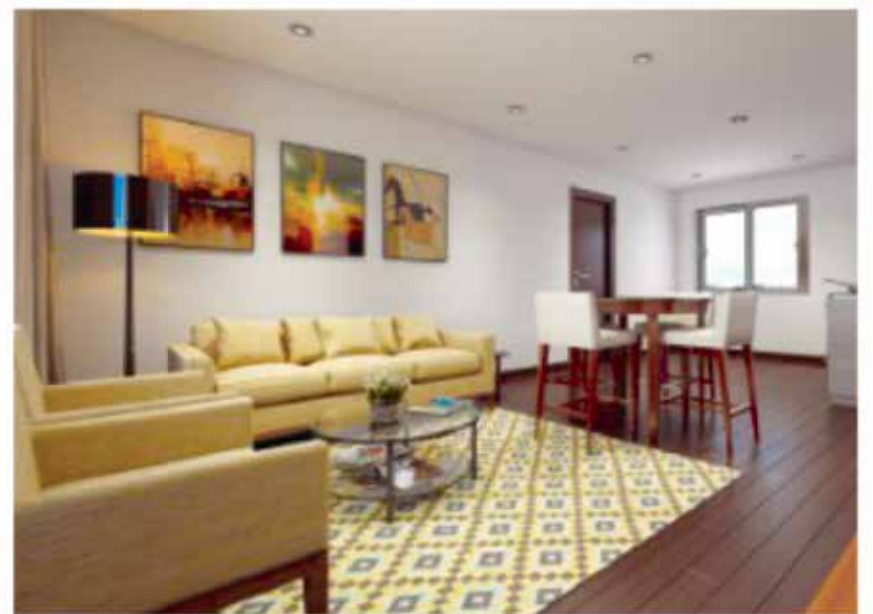


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