

# ABRIDGED AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023



Bank, Build & go Beyond

## HIGHLIGHTS



### Deposits

Up 87% to ZWL263b



### Surplus before tax

Up 312% to ZWL80b



### Loans and advances

Up 117% to ZWL174b



NPL %  
1.95%



### Total assets

Up 96% to ZWL 522b

## BOARD CHAIRMAN'S STATEMENT

For the year ended 31 December 2023

It is my pleasure to present the National Building Society Limited (NBS) annual financial statements for the 2023 financial year. It is with immense pride that we reflect on the accomplishments and milestones achieved over the past year, highlighting our unwavering commitment to delivering service excellence to our diverse clientele and stakeholders. Our mantra, "Bank, Build, and Go Beyond," shows our dedication not only to banking services but to transforming lives, communities, and homes. Anchored in our core values of Commitment, Courage, Creativity, and Care, we strive to exceed expectations and provide value at every interaction.

### Macro-Economic Environment

According to the World Bank December 2023 report on Zimbabwe, the country has made a remarkable recovery from the Covid-19 induced economic downturn despite the supply chain disruptions which occurred on the back of the war in Ukraine. The recovery has seen Zimbabwe being pegged as one of the fastest growing economies in Sub-Saharan Africa with a forecast Gross Domestic Product growth rate of 4.5% for 2024. This growth rate is higher than the 3.3% growth rate projected for Sub-Saharan African countries and the 3.1% projected global growth. Whilst the projected growth rate for 2024 is lower than the 6.5% achieved in 2023, the forecast outturn is commendable as it is coming on the back of an El Nino induced drought which is expected to slow down agricultural output.

### Monetary Policy

The Reserve Bank of Zimbabwe (RBZ) took proactive measures to strengthen its monetary policy by implementing an increase in reserve requirements for banks and raising the bank policy lending rate to 130%. This included raising the Statutory Reserve Requirements on local currency demand and call deposits from 10% to 15%. To control the growth of reserve money, the RBZ issued non-negotiable certificates of deposits (NNCDs) and introduced Gold-Backed Digital Tokens (GBDT) to absorb excess Zimbabwe dollars, thereby helping to reduce inflation and parallel market premiums. The Government extended the use of the multicurrency system from 2025 to 2030, providing much-needed policy certainty for the banking sector. This extension brought clarity on the use of foreign currency, enabling the financial sector to continue lending confidently in United States dollars. As a result, foreign currency deposits increased to make up 75.48% of total banking sector deposits, reflecting the growing trend of dollarization in domestic transactions.

### Inflation

In February 2023, the Zimbabwe National Statistics Agency (ZimStats) adopted a blended inflation methodology, halting the publication of local currency inflation data. By December 2023, the year-on-year inflation rate had risen to 26.5%, marking a six-month high and underscoring the difficulties posed by currency devaluation and increasing dollarization.

### Financial Performance

Despite economic challenges, our management successfully navigated the turbulent environment, leading to significant achievements for the bank. Profitability surged by over 277% between 2022 and 2023, resulting in a comprehensive surplus of ZWL72.3bn. Furthermore, the bank achieved a twofold growth in total assets, growing to ZWL506.9bn from ZWL265bn, underscoring the bank's robust financial soundness and resilience.

### Sustainability

In a bold step towards sustainability, NBS partnered with the European Organisation for Sustainable Development (EOSD) to implement Environmental, Social, and Governance (ESG) initiatives. This strategic move aligns with the RBZ's goal of promoting sustainable development in the financial services sector, with many local institutions already making significant progress in this area. Through initiatives like the Sustainable and Socially Conscious Investing (SSCI) program, NBS aims to build strong institutions that contribute to long-term stability and prosperity. The Society has completed the SSCI preparatory phase and is now moving forward with implementation. The Board has unwavering commitment to sustainability and has appointed a dedicated non-Executive Director to lead this important initiative.

### Capitalisation

NBS closed the year with capitalization of USD22.4m, surpassing RBZ's regulatory minimum capital level of USD20m for building societies, significantly up from USD18.3m at the end of December 2022.

### Directorate

The Society bade farewell to Mrs Prudence Mutsvanga and Mr Edward Tome who both resigned from the board on the 28th of September 2023. I would like to sincerely thank the outgoing directors for their sterling service to the Society and I wish them well in their new endeavours.

### Housing Projects

In line with its key mandate to provide affordable housing, the Society, in partnership with the National Social Security Authority (NSSA) is developing and servicing 753 residential stands in Batanai, Chinhoyi and selling serviced stands in Glaudina, Harare. The Society is constructing two high rise blocks of flats at Glaudina and working towards procuring compliance certificates for the 153 houses at Newmara in Mutare.

### Land banks

The Society has begun to unlock value from its significant land banks namely Christmas Gift (Gweru, 628 ha) and Mathendele (Plumtree, 6.4 ha). Feasibility and planning work has begun in Christmas Gift whilst the servicing of the Mathendele stands will commence in the third quarter of 2024.

### Financial Inclusion

In pursuance of its goal of financial inclusivity, the bank signed on 150 agencies across the country's ten provinces. The Society will activate these agencies in the third quarter of 2024, and this will improve accessibility of banking services for the Society's customers.

### Outlook

Despite the challenges posed by the economic environment, we remain confident in the Society's ability to emerge as a key player in the financial services sector and in the provision of affordable housing. Our growing deposit base and assets are a testament to our commitment to provide reliable and innovative financial solutions to our customers.

### Appreciation

In closing, I express gratitude to our valued shareholder, NSSA and its Pension and Other Benefits Scheme (POBS) and Accident Prevention and Workers Compensation Scheme (APWCS) for their unwavering support in enabling the Society to fulfil its mandate.

The Board acknowledges and commends the NBS management for their dedication and commitment.

I am grateful for our customers who continue to choose us as their preferred banking partner, our employees for their dedication and all our other stakeholders for their continued support and collaboration. Together, we will navigate whatever challenges that come our way as we continue to chart a path towards sustainable growth and success, not only for the Society, but for the nation of Zimbabwe as a whole.

Shingai I. Mutumbwa  
Board Chairperson  
31 March 2024

## MANAGING DIRECTOR'S STATEMENT

For the year ended 31 December 2023

### Introduction

NBS remains resolute in its mission to provide affordable housing to thousands of Zimbabweans through our mortgage and micro-mortgage products. The successful completion and sale of projects such as Dzivarasekwa and Tynwald underscore our commitment to meeting the housing needs of our communities. Furthermore, our collaboration with the National Social Security Authority (NSSA) has enabled us to offer fully serviced stands in strategic locations like Glaudina (Harare), and Beira Corridor (Mutare), Batanai (Chinhoyi) expanding the availability of affordable housing options.

Recognising the distinct requirements of our corporate clients and high-net-worth individuals, we launched the Corporate Banking unit and the Platinum Pavilion to offer tailored solutions to these specialized customer segments. Additionally, the establishment of our advisory services company (Merit Capital (Pvt) Ltd) and real estate company (Greenkeys Realtors (Pvt) Ltd) underscores our commitment to providing comprehensive financial solutions and real estate services.

Our commitment to innovation and accessibility is evident through the introduction of agency banking, which has expanded our reach and services to underserved communities, promoting financial inclusion and convenience.

### System Upgrade

The society has begun implementing a Core Banking System upgrade. It has thus put in place a comprehensive project management plan to ensure the successful implementation of this key and strategic milestone by Q1 2025.

### Sustainability

On behalf of the Board and Management of NBS, I am pleased to advise that in Q1 2023, we embarked on a journey towards achieving sustainability certification by 2030. This journey will entail, among other things, careful consideration of economic, climate, social, and natural environmental factors, desired outcomes, transparency, fairness, and the integration of emerging technologies into business processes.

NBS has chosen to participate in a model where the Reserve Bank of Zimbabwe collaborates with financial institutions to adopt Sustainability Standards established by the European Organization for Sustainable Development (EOSD) through the Sustainability Standards Certification Initiative, SSCI.

### Performance Outturn

I am delighted to share the remarkable financial performance achievements of 2023. Total operating income surged to ZWL372b, a substantial increase from ZWL81b in 2022. Interest Income witnessed a noteworthy growth of 62%, reaching ZWL45b, complemented by fair value adjustments contributing an additional ZWL205b. Whilst operating costs rose to ZWL116b from ZWL33b, our cost-to-income ratio dropped significantly from 46% in 2022 to 31% in 2023. Profitability surged by over 200% in inflation-adjusted terms, totaling ZWL73b, up from ZWL19b in 2022.

Our Total assets grew from ZWL265b to ZWL522b, nearly doubling our balance sheet, a testament to the confidence and trust placed in NBS by our stakeholders. Loans and advances increased by 117% to ZWL174b, while our liquidity ratios remained above the minimum prescribed level at 66.46%. Deposits grew to ZWL263b from ZWL141b, with a notable increase in USD denominated deposits.

Our total equity increased by ZWL72b to close at ZWL177b, surpassing regulatory requirements by the RBZ, showcasing financial stability and resilience.

### Appreciation

None of these accomplishments would have been attainable without the unwavering support of our employees, customers, shareholders, regulatory bodies, the Board, and government agencies. I extend sincere appreciation to each of these stakeholders for their dedication and collaborative efforts.

### Conclusion

As we look ahead to 2024, NBS anticipates an exciting year with various housing projects and innovative products on the horizon. Our partnerships with the private sector, our parent company NSSA, and government entities will propel us in our mission to provide affordable housing and drive economic development across Zimbabwe.

With confidence in NBS's continued success and impact on our customers and communities, let us unite in building a brighter future as we embody the ethos of "Bank, Build, and Go Beyond."

Sifiso Mahlangu  
Acting Managing Director  
31 March 2024

## CORPORATE GOVERNANCE STATEMENT

For the year ended 31 December 2023

At NBS, high standards of Corporate Governance are paramount, as we believe that a robust governance structure is fundamental to the success of our company. In 2023, the Board affirms that the Society has diligently adhered to the principles of good Corporate Governance in Zimbabwe as outlined in the Banking Act [Chapter 24:20], in conjunction with the Banking Amendment Act Number 12 of 2016, the Building Societies Act [Chapter 24:02], and the Corporate Governance Guidelines set by the Reserve Bank of Zimbabwe. Additionally, the Society has embraced the guidelines stipulated in the Public Entities Corporate Governance Act Chapter (10:31).

Recognising the pivotal role of an effective Board of Directors, the Board places utmost importance on its composition and functions. Active engagement with our Shareholders is a key priority for the Board, with regular meetings held to solicit and consider the Shareholders' perspectives and feedback. This two-way communication ensures that the Board remains responsive and aligned with the interests of our Shareholders.

### THE BOARD ROLES AND RESPONSIBILITIES

The position of the Board Committees as of 31 December 2023 was as follows;

#### AUDIT COMMITTEE

The Audit Committee comprised of two independent non-executive directors. The members are as follows:  
Pauline Chapendama- Chairman (Independent NED)  
David Mutemachani -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 one Non-Executive Director. The members are as follows;

Pauline Chapendama- Chairman (Independent NED)  
David Mutemachani -Member (Independent 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 timely 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)

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## AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023



Housing & Mortgages



NBS Capital



Corporate & Institutional Banking



Micro Finance



Retail & SME Banking



Structured Finance



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 the Executive Management roles incumbents;
- The performance management and discipline of the Managing Director; and
- The evaluation of board members.

### RISK AND COMPLIANCE COMMITTEE

The Risk and Compliance committee consisted of one Independent non-executive director and two non-executive directors. The members are as follows;

Pauline Chapendama -Chairman (Independent NED)

Betty Nyereyegona -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, two 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)

Grace Mathe- Member (NED)

Managing Director -Member (Executive)

Finance Director-Member (Executive)

The Committee's terms of reference include:

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

### ICT, DIGITALISATION, AND INNOVATION COMMITTEE

The ICT, Digitalisation and Innovation Committee consisted of two Independent non-executive directors, three non-executive directors and two executive directors. The members are as follows;

David Mutemachani -Chairman (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.

### INTEGRITY COMMITTEE

The Integrity Committee consisted of four Independent non-executive directors, and three non-executive directors. The members are as follows;

Shingai I Mutumbwa -Chairman (Independent NED)

Pauline Chapendama-Member (Independent NED)

David Mutemachani -Member (Independent NED)

Josephine Takundwa-Member (Independent NED)

Betty Nyereyegona -Member (NED)

Philip Hamadziripi-Member (NED)

Grace Mathe-Member (NED)

The Committee's terms of reference include:

- To act as a corruption prevention tool to tackle weaknesses in governance within the Society.
- The Committee is tasked with taking measures to prevent corruption within the Society's sphere of control, through streamlining corruption prevention best practices in liaison with the various divisions to instil good ethical practices in all employees and minimise the occurrence of corruption.

### INTERNAL AUDIT

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

### INDUCTION AND EVALUATION OF DIRECTORS

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

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

### THE COMPANY SECRETARY

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

The Board has unlimited access to the Company Secretary, who advises the Board and its sub-Committees on issues including compliance with Society rules and procedures and statutory regulations. The Company Secretary ensures that the proceedings and affairs of the Directorate, the Society itself and Shareholders, are properly administered. The Secretary assists in developing the annual Board plan and administers all statutory obligations of the Society.

### BOARD AND COMMITTEE ATTENDANCE

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

#### Main Board

NAME	TOTAL		
	MEETINGS	PRESENT	ABSENT
Shingai Mutumbwa	5	5	Nil
Edward Tome*	3	3	Nil
David Mutemachani	5	5	Nil
Pauline Chapendama	5	5	Nil
Betty Nyereyegona	5	4	1
Prudence Mutsvanga*	3	3	Nil
Grace Mathe	5	5	Nil
Phillip Hamadziripi	5	5	Nil
Josephine Takundwa*	4	4	Nil
Tapera Mushoriwa*	3	3	Nil
Mukai Mahachi*	4	4	Nil
Sifiso Mahlangu*	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.
- \* Tapera Mushoriwa resigned from the Board with effect from 9 June 2023.
- \* Sifiso Mahlangu was appointed the Acting Managing Director with effect from 11 June 2023.
- \* Prudence Mutsvanga resigned from the Board with effect from 28 September 2023.
- \* Edward Tome resigned from the Board with effect from 28 September 2023.

#### Audit Committee

NAME	TOTAL		
	MEETINGS	PRESENT	ABSENT
Edward Tome*	3	3	Nil
David Mutemachani	7	7	Nil
Pauline Chapendama	7	7	Nil

- \* Edward Tome resigned from the Board with effect from 28 September 2023.

#### Credit Committee

NAME	TOTAL		
	MEETINGS	PRESENT	ABSENT
Josephine Takundwa*	2	2	Nil
Shingai Mutumbwa	3	3	Nil
Philip Hamadziripi	3	3	Nil

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

#### Loans Review Meeting

NAME	TOTAL		
	MEETINGS	PRESENT	ABSENT
Pauline Chapendama	4	4	Nil
Edward Tome*	2	1	1
Betty Nyereyegona	4	3	1
Prudence Mutsvanga*	2	1	1

- \* Edward Tome resigned from the Board with effect from 28 September 2023.
- \* Prudence Mutsvanga resigned from the Board with effect from 28 September 2023.

#### Risk and Compliance Committee

NAME	TOTAL		
	MEETINGS	PRESENT	ABSENT
Pauline Chapendama	4	4	Nil
Edward Tome*	2	2	Nil
Betty Nyereyegona	4	3	1
Prudence Mutsvanga*	2	1	1
Grace Mathe	4	4	Nil

- \* Edward Tome resigned from the Board with effect from 28 September 2023.
- \* Prudence Mutsvanga resigned from the Board with effect from 28 September 2023.

#### Human Resources and Nomination's Committee

NAME	TOTAL		
	MEETINGS	PRESENT	ABSENT
David Mutemachani	5	5	Nil
Shingai Mutumbwa	5	4	1
Josephine Takundwa*	2	2	Nil
Grace Mathe	5	5	Nil
Betty Nyereyegona	5	5	Nil
Philip Hamadziripi	5	4	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	4	2	2
Pauline Chapendama	4	4	Nil
Betty Nyereyegona	4	4	Nil
Philip Hamadziripi	4	3	1
Grace Mathe	4	4	Nil
Tapera Mushoriwa*	2	2	Nil
Mukai Mahachi*	3	3	Nil
Sifiso Mahlangu	2	2	Nil

- \* Mukai Mahachi was appointed to the Board with effect from 19 May 2023
- \* Tapera Mushoriwa resigned from the Board with effect from 9 June 2023.
- \* Edward Tome resigned from the Board with effect from 28 September 2023.

#### Finance, Housing Projects and Strategy Committee

NAME	TOTAL		
	MEETINGS	PRESENT	ABSENT
David Mutemachani	4	4	Nil
Shingai Mutumbwa	4	4	Nil
Josephine Takundwa*	2	2	Nil
Philip Hamadziripi	4	4	Nil
Prudence Mutsvanga*	2	1	1
Grace Mathe	4	4	Nil
Tapera Mushoriwa*	2	2	Nil
Mukai Mahachi*	3	3	Nil
Sifiso Mahlangu	2	2	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.
- \* Tapera Mushoriwa resigned from the Board with effect from 9 June 2023.
- \* Prudence Mutsvanga resigned from the Board with effect from 28 September 2023.

#### COMPLIANCE STATEMENT

The Society's compliance framework is anchored around "Zero Tolerance to Non-Compliance" and during the period the Society complied with all Reserve Bank directives and prudential guidelines. The Society is committed to supporting the efforts by the Reserve Bank to build resilient and sustainable financial institutions that ensure the maintenance of a safe and sound banking environment and promotes confidence in the banking sector.

Whilst the Society was generally compliant as of 31 December 2023, it had the following compliance issues that it is currently remedying.

- Appointment of a substantive Managing Director- Whilst the appointment of a substantive Managing Director has not been finalised, the Reserve Bank approved acting arrangements which are in place. The Society expects to conclude this exercise by 30 June 2024.
- Appointment of a Board member with ICT qualification- The Society is awaiting the nomination of a board member with ICT qualifications by its parent Ministry, The Ministry of Labour, Public Service and Social Welfare.
- The Society was not compliant with the net open position to capital and single currency exposure to capital limits of 20% and 10% respectively. This position was driven by the growth of USD denominated assets in line with the Society's thrust to grow its USD asset base for value preservation and generation of USD income. The Society was granted an exemption to exceed the single currency and aggregate foreign currency limits to 30 June 2024.
- Following the resignation of the Audit Committee chairperson, the committee now consists of only two members. This contravenes clause 2.14.1.1 of Guideline Number 01-2004/BSD: Corporate Governance which requires that the Audit Committee must consist of not less than three independent, non-executive members (INED).The Society's principals have approved three additional board members for the Society, two of whom are independent and they are currently undergoing clearance processes.



**Borrowdale Stands**

**Tynwald Sunset Villas**

**Glaudina Stands**

**Batanaï Chinhoyi Stands**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**Bank, Build & go Beyond**



Housing & Mortgages



NBS Capital



Corporate & Institutional Banking



Micro Finance



Retail & SME Banking



Structured Finance

**AUDITOR'S STATEMENT**

This short form financial announcement derived from the audited inflation adjusted financial statements of National Building Society Limited for the financial year ended 31 December 2023, should be read together with the complete set of audited inflation adjusted financial statements of the Society, for the year ended 31 December 2023, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe). The auditor's report was signed by Farai Chibisa, Registered Public Auditor 0547. A qualified opinion has been issued on the audited inflation adjusted financial statements of the Society, for the year then ended. The qualified opinion was issued regarding valuation of investment property and property and equipment, non-compliance with International Accounting Standard (IAS) 16 - Property, Plant and Equipment, and inability to obtain sufficient appropriate audit evidence regarding the completeness of property and equipment.

The auditor's report includes a section on key audit matters outlining matters that, in the auditor's professional judgement, were of most significance in the audit of the inflation adjusted financial statements. These include interest and similar income, loans and advances, and adequacy of allowance for credit losses. The auditor's opinion is not modified in respect of these matters. The auditor's report has been made available to Management and the Directors of the Society.

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

ASSETS	Note	Inflation adjusted		Historical cost	
		31 December 2023 ZWL 000	31 December 2022 ZWL 000	31 December 2023 ZWL 000	31 December 2022 ZWL 000
Cash and cash equivalents	5	110 564 633	77 165 168	110 564 633	16 058 089
Investment securities	6	61 961 897	1 026 328	61 961 897	213 579
Other assets and prepayments	7	20 479 107	4 305 871	17 309 529	835 079
Inventory	8	15 235 061	38 510 849	1 168 291	2 280 244
Work in progress	9	-	128 395	-	26 719
Loans and advances	10	174 445 823	80 545 945	174 445 823	16 761 630
Computer software	11	1 651 630	2 060 495	98 093	6 819
Investment property	12	109 415 233	47 955 268	109 415 233	8 843 652
Right of use asset	13	10 565 324	3 783 357	2 849 881	264 271
Property and equipment	14	17 247 463	9 977 936	16 247 158	1 956 237
<b>Total Assets</b>		<b>521 566 171</b>	<b>265 459 612</b>	<b>494 060 538</b>	<b>47 246 319</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Liabilities</b>					
Deposits	15	263 329 852	140 561 262	263 329 852	29 250 831
Borrowings	16	5 581	73 627	5 581	15 322
Lease liability	13.1	4 534 553	1 457 437	4 534 553	303 292
Other liabilities	17	76 296 064	18 747 448	76 296 064	3 901 349
<b>Total Liabilities</b>		<b>344 166 050</b>	<b>160 839 774</b>	<b>344 166 050</b>	<b>33 470 794</b>
<b>Shareholders' equity</b>					
Share capital	18.1	3 765 287	3 765 287	5 089	5 089
Share premium	18.1	32 966 232	32 966 232	44 558	44 558
Shares awaiting allotment	18.1	41 829 255	41 829 255	8 704 678	8 704 678
Revaluation reserve	18.2	8 182 872	4 474 012	12 911 699	1 273 938
Accumulated surplus	18.3	90 656 475	21 585 052	128 228 464	3 747 262
<b>Total Shareholder equity</b>		<b>177 400 121</b>	<b>104 619 838</b>	<b>149 894 488</b>	<b>13 775 525</b>
<b>Total liabilities and equity</b>		<b>521 566 171</b>	<b>265 459 612</b>	<b>494 060 538</b>	<b>47 246 319</b>

Historical cost financial statements are presented only as supplementary information. The primary financial statements are the inflation adjusted results.

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	Inflation adjusted		Historical cost	
		31 December 2023 ZWL 000	31 December 2022 ZWL 000	31 December 2023 ZWL 000	31 December 2022 ZWL 000
Interest income	20	44 879 321	27 714 101	21 151 912	3 677 461
Interest expense	21	(38 056 083)	(13 136 136)	(18 059 066)	(2 223 982)
Net interest income	21	6 823 238	14 577 965	3 092 846	1 453 479
Charge for impairment	10.4	(6 143 090)	(3 399 945)	(6 143 090)	(707 529)
		680 148	11 178 020	(3 050 244)	745 950
Non funded income	22	371 200 572	70 223 803	207 136 378	8 607 011
<b>Total operating income for the year</b>		<b>371 880 720</b>	<b>81 401 823</b>	<b>204 086 134</b>	<b>9 352 961</b>
Operating expenses	23	(115 851 960)	(32 977 078)	(73 154 984)	(5 331 605)
Loss on monetary position		(175 976 669)	(29 031 511)	-	-
Surplus before tax		80 052 091	19 393 234	130 931 150	4 021 356
Income tax	24	(10 980 668)	(3 902 152)	(6 449 948)	(786 769)
<b>Surplus for the year</b>		<b>69 071 423</b>	<b>15 491 082</b>	<b>124 481 202</b>	<b>3 234 587</b>
<b>Items that will not be classified to profit and loss</b>					
Revaluation of plant and equipment		3 708 860	3 782 583	11 637 761	1 167 801
<b>Comprehensive surplus for the year</b>		<b>72 780 283</b>	<b>19 273 665</b>	<b>136 118 963</b>	<b>4 402 388</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	INFLATION ADJUSTED					
	Share capital ZWL 000	Share premium ZWL 000	Shares awaiting allotment ZWL 000	Revaluation Reserve ZWL 000	Accumulated surplus ZWL 000	Total ZWL 000
<b>2023</b>						
Balance as at 1 January 2023	3 765 287	32 966 232	41 829 255	4 474 012	21 585 052	104 619 838
Total comprehensive income	-	-	-	3 708 860	69 071 423	72 780 283
<b>Balance as at 31 December 2023</b>	<b>3 765 287</b>	<b>32 966 232</b>	<b>41 829 255</b>	<b>8 182 872</b>	<b>90 656 475</b>	<b>177 400 121</b>
<b>2022</b>						
Balance as at 1 January 2022	3 765 287	32 966 232	-	691 429	6 093 970	43 516 918
Total comprehensive income	-	-	-	3 782 583	15 491 082	19 273 665
Shares awaiting allotment	-	-	41 829 255	-	-	41 829 255
<b>Balance as at 31 December 2022</b>	<b>3 765 287</b>	<b>32 966 232</b>	<b>41 829 255</b>	<b>4 474 012</b>	<b>21 585 052</b>	<b>104 619 838</b>

	HISTORICAL COST					
	Share capital ZWL 000	Share premium ZWL 000	Shares awaiting allotment ZWL 000	Revaluation Reserve ZWL 000	Accumulated surplus ZWL 000	Total ZWL 000
<b>2023</b>						
Balance as at 1 January 2022	5 089	44 558	8 704 678	1 273 938	3 747 262	13 775 525
Total comprehensive income	-	-	-	11 637 761	124 481 202	136 118 963
<b>Balance as at 31 December 2023</b>	<b>5 089</b>	<b>44 558</b>	<b>8 704 678</b>	<b>12 911 699</b>	<b>128 228 464</b>	<b>149 894 488</b>
<b>2022</b>						
Balance as at 1 January 2022	5 089	44 558	-	106 137	512 675	668 459
Total comprehensive income	-	-	-	1 167 801	3 234 587	4 402 388
Shares awaiting allotment	-	-	8 704 678	-	-	8 704 678
<b>Balance as at 31 December 2022</b>	<b>5 089</b>	<b>44 558</b>	<b>8 704 678</b>	<b>1 273 938</b>	<b>3 747 262</b>	<b>13 775 525</b>

**STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Inflation adjusted		Historical cost	
		31 December 2023 ZWL 000	31 December 2022 ZWL 000	31 December 2023 ZWL 000	31 December 2022 ZWL 000
Surplus before tax		80 052 091	19 393 234	130 931 150	4 021 356
<b>Adjusted for:</b>					
Depreciation	14	1 866 842	721 155	711 730	60 341
Amortisation of software	11	678 845	71 326	9 062	2 396
Right of use asset depreciation	13	1 403 509	374 444	535 085	14 399
Loss on net monetary position		175 976 669	29 031 511	-	-
Unrealised exchange gains	22	(58 746 284)	(20 547 782)	(39 953 367)	(3 340 234)
Fair value adjustments on investment property	12	(205 265 912)	-	(100 765 602)	-
Fair value adjustments on gold coins and tokens		(3 073 362)	-	(3 073 362)	-
Profit on asset disposal		(5 641)	-	(1 793)	-
Charge for impairment	10.4	6 143 090	3 399 945	6 143 090	707 529
Interest expense on lease liability	13.1	765 777	317 606	291 951	36 393
Net interest income		(6 823 238)	(14 577 965)	(3 092 846)	(1 453 479)
<b>Operating cash flows before changes in operating assets</b>		<b>(7 027 614)</b>	<b>18 183 474</b>	<b>(8 264 902)</b>	<b>48 701</b>
<b>Changes in net operating assets and liabilities</b>					
Increase in other assets and prepayments		(13 099 874)	(1 993 750)	(13 401 089)	(695 110)
Decrease/(increase) in inventory		23 446 327	(6 660 573)	1 305 975	(1 860 876)
Decrease/(increase) in capital WIP		128 395	(121 798)	26 719	(26 410)
Increase in loans and advances		(36 363 401)	(37 989 842)	(121 913 002)	(14 684 781)
Increase in deposits		122 768 590	93 668 414	234 079 021	28 528 624
Increase in other liabilities		57 548 615	13 472 573	72 394 715	3 582 025
<b>Net cash from working capital changes</b>		<b>147 401 038</b>	<b>78 558 498</b>	<b>164 227 437</b>	<b>14 892 173</b>
Interest received		44 879 321	27 714 101	21 151 912	3 677 461
Interest paid		(38 056 083)	(13 136 136)	(18 059 066)	(2 223 982)
Income tax paid		(10 980 668)	(3 902 152)	(6 449 948)	(786 769)
<b>Net cash inflow from operating activities</b>		<b>143 243 608</b>	<b>89 234 311</b>	<b>160 870 335</b>	<b>15 558 883</b>
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	14	(5 436 213)	(4 044 144)	(3 371 796)	(716 974)
Maturities of investment in securities		-	3 063 448	-	34 181
Purchase of investment securities		(60 935 569)	-	(61 910 038)	-
Proceeds from disposal of assets		14 344	-	8 698	-
Purchase of computer software	11	(269 980)	-	(100 336)	-
<b>Net cashflows from investing activities</b>		<b>(66 627 418)</b>	<b>(980 696)</b>	<b>(65 373 472)</b>	<b>(682 793)</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings		(13 724)	-	(9 741)	-
Lease payments		(946 826)	(330 316)	(946 826)	(68 739)
<b>Net cash flows from financing activities</b>		<b>(960 550)</b>	<b>(330 316)</b>	<b>(956 567)</b>	<b>(68 739)</b>
<b>Net increase in cash and cash equivalents</b>		<b>75 655 640</b>	<b>87 923 299</b>	<b>94 540 296</b>	<b>14 807 351</b>
Effects of inflation		(42 236 038)	(31 460 915)	-	-
<b>Cash &amp; cash equivalents at the beginning of the year</b>		<b>77 182 361</b>	<b>20 719 977</b>	<b>16 061 667</b>	<b>1 254 316</b>
<b>Cash &amp; cash equivalents at the end of the year</b>		<b>110 601 963</b>	<b>77 182 361</b>	<b>110 601 963</b>	<b>16 061 667</b>
<b>Comprises of:</b>					
Cash on hand	5	604 902	192 602	604 902	40 080
Foreign bank balances		40 161 585	2 158 912	40 161 585	922 883
Banks and money market		69 835 476	74 830 847	69 835 476	15 098 704
		<b>110 601 963</b>	<b>77 182 361</b>	<b>110 601 963</b>	<b>16 061 667</b>

# Unlock the door to your dream home with NBS Building Finance

Build your future, one brick at a time.

**AUDITED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023


Requirements:

**Approved plan**  
**Bill of Quantities**  
**Quotations**


Housing &amp; Mortgages



NBS Capital



Corporate &amp; Institutional Banking



Micro Finance



Retail &amp; SME Banking



Structured Finance

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 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.

**3 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

**3.1 Basis of preparation****3.2 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.

**3.3 Functional and presentation currency**

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

**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.

The financial results for the year ended 31 December 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) and an internal estimation based on the published Total Consumption Poverty Line (TCPL) to determine the Consumer Price Index (CPI). The indices and conversion factors used to restate these financials are given below:

Date	Indices	Conversion factor
December 2023	65 703.44	1.00
December 2022	13 672.91	4.81

A full set of the Society's policies are available in its annual report, which is ready for inspection at the Society's registered office.

	Inflation adjusted		Historical cost	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>5 Cash and cash equivalents</b>				
Balances with the RBZ	51 354 300	62 762 608	51 354 300	13 060 913
Interbank placements	15 671 273	7 350 264	15 671 273	1 529 592
Balances with banks	42 971 488	6 876 887	42 971 488	1 431 082
Cash on hand	604 902	192 602	604 902	40 080
	110 601 963	77 182 361	110 601 963	16 061 667
<b>5.1 Reserve Bank of Zimbabwe</b>				
Interbank placements	15 671 273	7 350 264	15 671 273	1 529 592
Bank balances	42 971 488	6 876 887	42 971 488	1 431 082
	109 997 061	76 989 759	109 997 061	16 021 587
Stage 1 - ECL allowance	(37 330)	(17 193)	(37 330)	(3 578)
	109 959 731	76 972 566	109 959 731	16 018 009
Cash on hand	604 902	192 602	604 902	40 080
<b>Net carrying amount of cash and cash equivalents</b>	110 564 633	77 165 168	110 564 633	16 058 089
<b>6 Investment securities held at amortised cost</b>				
Treasury bills	62 124 337	1 029 789	62 124 337	214 299
Stage 1 - ECL allowance	(162 440)	(3 461)	(162 440)	(720)
<b>Net carrying amount</b>	61 961 897	1 026 328	61 961 897	213 579
<b>Maturity Analysis - Gross</b>				
3 months to 6 months	-	1 029 789	-	214 299
12 months to 24 months	62 124 337	-	62 124 337	-
	62 124 337	1 029 789	62 124 337	214 299
<b>7 Other assets</b>				
Interest accrued	4 745 043	1 179 993	4 745 043	245 557
Collateral deposits	2 229 969	1 449 120	2 229 969	301 562
Gold coins and tokens	7 667 824	-	7 667 824	-
Sundry assets	5 836 271	1 676 758	2 666 693	287 960
	20 479 107	4 305 871	17 309 529	835 079
Non-current	2 229 969	1 449 120	2 229 969	301 562
Current	18 249 138	2 856 751	15 079 560	533 517
	20 479 107	4 305 871	17 309 529	835 079
<b>7.1 Gold coins and tokens</b>				
At cost	4 594 462	-	4 594 462	-
Fair valuation	3 073 362	-	3 073 362	-
	7 667 824	-	7 667 824	-

The Society is holding a portfolio of gold coins and digital gold based tokens (DGBT) as a value preservation strategy.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 December 2023

	Inflation adjusted		Historical cost	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>8 Inventory</b>				
Dzivarasekwa	2 620 450	18 998 264	299 799	986 300
Sunset Villas	6 752 180	-	454 647	-
NBS Park and Stoneridge	3 722 959	3 531 762	46 150	6 398
Transfer to investment property	(226 946)	-	(203 464)	-
	12 868 643	22 530 026	597 132	992 698
<b>Work in progress</b>				
Sunset Villas	-	8 385 931	-	1 268 638
Newmara	1 569 839	7 543 667	8 248	8 248
Glaudina	397 485	3 921 695	397 485	5 532
Plumtree	399 094	51 225	165 426	10 660
Transfer to investment property	-	(3 921 695)	-	(5 532)
	2 366 418	15 980 823	571 159	1 287 546
	15 235 061	38 510 849	1 168 291	2 280 244
<b>9 Capital work in progress</b>				
Opening balance	128 395	6 597	26 719	310
Additions	2 802 709	128 395	1 068 526	26 719
Transfer to property and equipment	(2 931 104)	(6 597)	(1 095 245)	(310)
	-	128 395	-	26 719
<b>10 Loans and advances</b>				
Personal loans, advances and overdrafts	25 265 663	29 391 113	25 265 663	6 116 297
Mortgage loans	106 189 606	46 695 382	106 189 606	9 717 320
Corporate loans	2 263 105	7 501 412	2 263 105	1 561 046
Other advances	47 456 165	711 504	47 456 165	148 064
Gross loans and advances	181 174 539	84 299 411	181 174 539	17 542 727
Impairment provision	(6 728 716)	(3 753 466)	(6 728 716)	(781 097)
<b>Net loans and advances</b>	174 445 823	80 545 945	174 445 823	16 761 630
<b>10.1 Maturity analysis</b>				
Less than 1 month	8 502 546	2 105 066	8 502 546	438 065
1 month to 3 months	13 091 571	256 726	13 091 571	53 425
3 months to 6 months	16 171 036	1 009 850	16 171 036	210 150
6 months to 1 year	57 643 019	8 840 111	57 643 019	1 839 629
1 year to 5 years	37 430 258	22 348 723	37 430 258	4 650 774
More than 5 years	48 336 109	49 738 935	48 336 109	10 350 684
	181 174 539	84 299 411	181 174 539	17 542 727
<b>10.2 Loan impairment allowance</b>				
<b>Exposure to credit - gross loans and advances</b>				
Loans and advances subject to Stage 1	166 810 636	73 303 253	166 810 636	15 254 424
Loans and advances subject to Stage 2	11 758 431	7 097 655	11 758 431	1 477 024
Loans and advances subject to Stage 3	2 605 472	3 898 503	2 605 472	811 279
<b>Gross loans and advances</b>	181 174 539	84 299 411	181 174 539	17 542 727
<b>Loan impairment charge</b>				
Stage 1	883 719	541 746	883 719	112 738
Stage 2	1 810 804	2 114 341	1 810 804	439 995
Stage 3	4 034 193	1 097 379	4 034 193	228 364
<b>Gross impairment loss</b>	6 728 716	3 753 466	6 728 716	781 097
<b>Net loans and advances</b>	174 445 823	80 545 945	174 445 823	16 761 630
<b>Impairment allowances</b>				
Portfolio impairment	3 356 028	3 041 967	3 356 028	633 034
Specific impairment	3 372 688	711 499	3 372 688	148 063
Gross impairment	6 728 716	3 753 466	6 728 716	781 097
<b>10.3 Impairment provision</b>				
Opening balance	3 753 467	1 277 328	781 097	77 325
Charge in profit and loss	5 947 619	3 381 891	5 947 619	703 772
Effects of changes in inflation	(2 972 370)	(905 752)	-	-
Closing balance	6 728 716	3 753 467	6 728 716	781 097
<b>10.4 ECL allowance movement</b>				
<b>Inflation adjusted</b>				
<b>Balance at beginning of year 2023</b>	17 193	3 753 467	3 461	3 774 121
Charge to profit and loss for the year	33 752	5 947 619	161 719	6 143 090
Effects of changes in inflation	(13 615)	(2 972 370)	(2 741)	(2 988 726)
<b>Balance at end 31 December 2023</b>	37 330	6 728 716	162 439	6 928 485
<b>Balance at beginning of year 2022</b>	-	1 277 328	8 938	1 286 266
Charge to profit and loss for the year	17 193	3 381 891	861	3 399 945
Effects of changes in inflation	-	(905 752)	(6 338)	(912 090)
<b>Balance at end of the year 2022</b>	17 193	3 753 467	3 461	3 774 121
<b>Historical cost</b>				
<b>Balance at beginning of year 2023</b>	3 578	781 097	720	785 398
Charge to profit and loss for the year	33 752	5 947 619	161 719	6 143 090
<b>Balance at 31 December 2023</b>	37 330	6 728 716	162 439	6 928 485
<b>Balance at beginning of year 2022</b>	-	77 325	541	77 860
Charge to profit and loss for the year	3 578	703 772	179	707 529
<b>Balance at end of the year 2022</b>	3 578	781 097	720	785 395
<b>Change in ECL</b>				
Analysis of loan impairment charge on the statement of profit and loss.				

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**AUDITED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023



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Dual Currency



Housing & Mortgages



NBS Capital



Corporate & Institutional Banking



Micro Finance



Retail & SME Banking



Structured Finance

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2023

	Inflation adjusted		Historical cost			
	31 December 2023	31 December 2022	31 December 2023	31 December 2022		
	ZWL 000	ZWL 000	ZWL 000	ZWL 000		
Increase in loan impairment charge on loans and advances for the period	2 722 994	2 727 499	2 722 994	567 593		
Impairment allowance on account balances in excess	3 224 625	654 392	3 224 625	136 179		
Impairment charges on cash and cash equivalents and investment securities	195 471	18 054	195 471	3 757		
<b>Net impairment charge to statement of profit and loss</b>	<b>6 143 090</b>	<b>3 399 945</b>	<b>6 143 090</b>	<b>707 529</b>		
<b>10.5 Sectoral analysis</b>						
Corporates	49 719 269	7 765 620	49 719 269	1 616 027		
Individuals	131 455 270	76 533 791	131 455 270	15 926 700		
	181 174 539	84 299 411	181 174 539	17 542 727		
<b>11 Computer software</b>						
<b>Cost</b>						
Opening balance	3 231 239	3 231 239	10 673	10 673		
Additions	269 980	-	100 336	-		
<b>Closing balance</b>	<b>3 501 219</b>	<b>3 231 239</b>	<b>111 009</b>	<b>10 673</b>		
<b>Amortisation</b>						
Opening balance	1 170 744	1 099 418	3 854	1 458		
Charge to income statement	678 845	71 326	9 062	2 396		
<b>Closing balance</b>	<b>1 849 589</b>	<b>1 170 744</b>	<b>12 916</b>	<b>3 854</b>		
<b>Net book value</b>	<b>1 651 630</b>	<b>2 060 495</b>	<b>98 093</b>	<b>6 819</b>		
<b>12 Investment property</b>						
Opening balance	47 955 268	2 204 318	8 843 652	133 442		
Additions	-	41 829 255	-	8 704 678		
Fair valuation	205 265 912	-	100 765 602	-		
Transfer to inventory	(397 485)	-	(397 485)	5 532		
Transfer from inventory	226 946	3 921 695	203 464	-		
Effects of inflation	(143 635 408)	-	-	-		
<b>Closing balance</b>	<b>109 415 233</b>	<b>47 955 268</b>	<b>109 415 233</b>	<b>8 843 652</b>		
<b>13 Right of use asset</b>						
<b>Balance at the beginning of the year</b>	<b>5 002 269</b>	<b>3 693 808</b>	<b>307 177</b>	<b>132 069</b>		
Additions	286 541	390 437	-	69 914		
Remeasurement gain	7 898 935	918 024	3 120 695	105 194		
<b>Closing Balance</b>	<b>13 187 745</b>	<b>5 002 269</b>	<b>3 427 872</b>	<b>307 177</b>		
<b>Accumulated Depreciation</b>						
<b>Balance at the beginning of the year</b>	<b>1 218 912</b>	<b>844 468</b>	<b>42 906</b>	<b>28 507</b>		
Charge for the year	1 403 509	374 444	535 085	14 399		
<b>Closing Balance</b>	<b>2 622 421</b>	<b>1 218 912</b>	<b>577 991</b>	<b>42 906</b>		
<b>Carrying amount at the end of the year 31 December 2023</b>	<b>10 565 324</b>	<b>3 783 357</b>	<b>2 849 881</b>	<b>264 271</b>		
<b>13.1 Lease liability</b>						
Opening balance	1 457 437	2 274 849	303 292	132 069		
Additions	286 541	390 437	109 243	69 914		
Remeasurement (modifications)	7 898 935	918 024	3 011 452	105 194		
Interest expense	765 777	317 606	291 951	36 393		
Repayments	(946 826)	(330 316)	(946 826)	(68 739)		
Exchange loss on lease liability	1 765 441	136 768	1 765 441	28 461		
Effects of inflation	(6 692 752)	(2 249 931)	-	-		
<b>Closing Balance</b>	<b>4 534 553</b>	<b>1 457 437</b>	<b>4 534 553</b>	<b>303 292</b>		
<b>14 Property and equipment</b>						
<b>2023 Inflation adjusted</b>						
	Leasehold Improvements	Office Equipment	Furniture and Fittings	Motor Vehicles	Computer Equipment	Total
	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>Cost</b>						
Opening balance	1 496 279	279 230	498 814	4 742 786	3 868 346	10 885 455
Additions	1 095 246	148 384	652 266	260 339	3 279 978	5 436 213
Disposal	(320)	(1 492)	(1 971)	-	(8 076)	(11 859)
Revaluation gain	-	29 236	288 558	3 072 029	(1 178 313)	2 211 510
<b>Closing balance</b>	<b>2 591 205</b>	<b>455 358</b>	<b>1 437 667</b>	<b>8 075 154</b>	<b>5 961 935</b>	<b>18 521 319</b>
<b>Accumulated depreciation</b>						
Opening balance	907 519	-	-	-	-	907 519
Charge for the year	10 877	110 562	97 045	493 797	1 154 561	1 866 842
Disposals	(859)	(508)	(489)	-	(1 299)	(3 155)
Revaluation	-	(106 388)	(89 469)	(493 797)	(807 696)	(1 497 350)
<b>Closing balance</b>	<b>917 537</b>	<b>3 666</b>	<b>7 087</b>	<b>-</b>	<b>345 566</b>	<b>1 273 856</b>
<b>Net book value 2023</b>	<b>1 673 668</b>	<b>451 692</b>	<b>1 430 580</b>	<b>8 075 154</b>	<b>5 616 369</b>	<b>17 247 463</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2023

14	Property and equipment (continued)	2022					Total
		Leasehold Improvements	Office Equipment	Furniture and Fittings	Motor Vehicles	Computer Equipment	
		ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	<b>Cost</b>						
	Opening balance	1 488 089	173 382	227 249	196 980	1 545 318	3 631 018
	Additions	8 190	164 308	60 351	2 518 879	1 292 416	4 044 144
	Revaluation gain	-	(58 460)	211 214	2 026 927	1 030 612	3 210 293
	Disposal	-	-	-	-	-	-
	<b>Closing balance</b>	<b>1 496 279</b>	<b>279 230</b>	<b>498 814</b>	<b>4 742 786</b>	<b>3 868 346</b>	<b>10 885 455</b>
	<b>Accumulated depreciation</b>						
	Opening balance	758 654	-	-	-	-	758 654
	Charge for the year	148 865	23 895	26 072	82 930	439 393	721 155
	Revaluation	-	(23 895)	(26 072)	(82 930)	(439 393)	(572 290)
	<b>Closing balance</b>	<b>907 519</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>907 519</b>
	<b>Net book value 2022</b>	<b>588 760</b>	<b>279 230</b>	<b>498 814</b>	<b>4 742 786</b>	<b>3 868 346</b>	<b>9 977 936</b>
	<b>Historical cost</b>						
	<b>31 December 2023</b>						
	<b>Cost</b>						
	Opening balance	3 932	58 108	103 803	986 974	805 004	1 957 821
	Additions	1 095 246	57 692	263 716	86 065	1 869 077	3 371 796
	Disposal	(320)	(1 252)	(1 971)	-	(5 217)	(8 760)
	Revaluation	-	250 118	683 568	6 808 342	3 293 071	11 035 099
	<b>Closing balance</b>	<b>1 098 858</b>	<b>364 666</b>	<b>1 049 116</b>	<b>7 881 381</b>	<b>5 961 935</b>	<b>16 355 956</b>
	<b>Accumulated depreciation</b>						
	Opening balance	1 584	-	-	-	-	1 584
	Charge for the year	4 147	42 152	36 998	188 259	440 174	711 730
	Disposals	(182)	(424)	(489)	-	(759)	(1 854)
	Revaluation	-	(34 453)	(25 104)	(188 259)	(354 846)	(602 662)
	<b>Closing balance</b>	<b>5 549</b>	<b>7 275</b>	<b>11 405</b>	<b>-</b>	<b>84 569</b>	<b>108 798</b>
	<b>Net book value 2022</b>	<b>1 093 309</b>	<b>357 391</b>	<b>1 037 711</b>	<b>7 881 381</b>	<b>5 877 366</b>	<b>16 247 158</b>
	<b>31 December 2022</b>						
	<b>Cost</b>						
	Opening balance	3 246	10 496	13 757	11 924	93 791	133 214
	Additions	686	25 807	7 247	510 876	172 358	716 974
	Revaluation	-	21 805	82 799	464 174	538 855	1 107 633
	<b>Closing balance</b>	<b>3 932</b>	<b>58 108</b>	<b>103 803</b>	<b>986 974</b>	<b>805 004</b>	<b>1 957 821</b>
	<b>Accumulated depreciation</b>						
	Opening balance	1 169	-	-	-	242	1 411
	Charge for the year	415	4 988	4 347	9 436	41 155	60 341
	Revaluation	-	(4 988)	(4 347)	(9 436)	(41 397)	(60 168)
	<b>Closing balance</b>	<b>1 584</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 584</b>
	<b>Net book value</b>	<b>2 348</b>	<b>58 108</b>	<b>103 803</b>	<b>986 974</b>	<b>805 004</b>	<b>1 956 237</b>
	<b>Inflation adjusted</b>						
	<b>31 December 2023</b>						
	<b>31 December 2022</b>						
	<b>Deposits</b>						
	Transactional and savings deposits	121 786 748	128 995 249	121 786 748	9 277 538		
	Term deposits	141 543 104	11 566 013	141 543 104	19 973 293		
		263 329 852	140 561 262	263 329 852	29 250 831		
	<b>15.1 Deposits by source</b>						
	Corporates	166 702 330	128 995 249	166 702 330	26 843 941		
	Individuals	96 627 522	11 566 013	96 627 522	2 406 890		
		263 329 852	140 561 262	263 329 852	29 250 831		
	<b>15.2 Maturity analysis</b>						
	Less than 1 month	62 303 347	23 311 636	62 303 347	4 851 157		
	1 month to 3 months	33 948 173	33 494 314	33 948 173	6 970 174		
	3 months to 6 months	15 726 735	931 800	15 726 735	193 908		
	6 months to 1 year	161 375	281 899	161 375	58 663		
	1 year to 5 years	18 867 781	9 725 917	18 867 781	2 023 966		
	More than 5 years	132 322 441	72 815 696	132 322 441	15 152 963		
		263 329 852	140 561 262	263 329 852	29 250 831		
	Maturity analysis is based on the remaining period from 31 December 2023 to contractual maturity						
	<b>15.3 Sectoral analysis</b>						
	Individuals	79 212 331	30	8 697 763	6	79 212 331	30
	Manufacturing	434 877	-	2 699 476	2	434 877	-
	Transport and distribution	420 025	-	1 015 979	1	420 025	-
	Energy and minerals	26 207 418	10	51 211 824	36	26 207 418	10
	Financial services	107 372 472	41	30 000 684	21	107 372 472	41
	Construction and property	5 926 089	2	13 862 515	10	5 926 089	2
	Trade and services	43 756 640	17	33 073 021	24	43 756 640	17
		263 329 852	100	140 561 262	100	263 329 852	100

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2023

	Inflation adjusted		Historical cost	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>16 Borrowings</b>				
Opening balances	73 627	73 627	15 322	15 322
Repayment	(13 724)	-	(9 741)	-
Effects of inflation	(54 322)	-	-	-
	5 581	73 627	5 581	15 322
Current liability	5 581	73 627	5 581	15 322

The facilities were availed for the construction of low cost housing.

### 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 000	ZWL 000	ZWL 000	ZWL 000
Unsecured shareholder loan	5%	2022	-	23 223	-	4 833
Unsecured shareholder loan	5%	2022	-	23 587	-	4 908
Unsecured shareholder loan	2%	2033	5 581	26 817	5 581	5 581
			5 581	73 627	5 581	15 322

	Inflation adjusted		Historical cost	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>17 Other liabilities</b>				
Deferred income	2 484 721	1 727 697	2 484 721	359 534
Accrued interest	82 077	394 131	82 077	82 019
Provisions	998 847	604 240	998 847	125 743
Other liabilities	72 730 419	16 021 380	72 730 419	3 334 053
	76 296 064	18 747 448	76 296 064	3 901 349

	Audit fees	Staff bonus	Total
	ZWL 000	ZWL 000	ZWL 000
<b>17.1 Provisions</b>			
<b>Inflation adjusted</b>			
Balance at 1 January 2023	604 240	-	604 240
Provisions made during the year	762 128	1 511 007	2 273 135
Provisions paid during the year	(683 414)	(716 617)	(1 400 031)
Effects of changes in inflation	(478 497)	-	(478 497)
<b>Balance at 31 December 2023</b>	204 457	794 390	998 847
<b>Balance at 1 January 2022</b>	85 954	-	85 954
Provisions made during the half year	704 936	-	704 936
Provisions paid during the half year	(117 974)	-	(117 974)
Effects of changes in inflation	(68 676)	-	(68 676)
<b>Balance at 31 December 2022</b>	604 240	-	604 240
<b>Historical cost</b>			
Balance at 1 January 2023	125 742	-	125 742
Provisions made during the year	762 128	1 511 007	2 273 135
Provisions paid during the year	(683 413)	(716 617)	(1 400 030)
<b>Balance at 31 December 2023</b>	204 457	794 390	998 847
<b>Balance at 1 January 2022</b>	3 596	-	3 596
Provisions made during the year	146 697	-	146 697
Provisions paid during the year	(24 550)	-	(24 550)
<b>Balance at 31 December 2022</b>	125 743	-	125 743

	Inflation adjusted		Historical cost	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>18 EQUITY AND RESERVES</b>				
<b>18.1 Share Movement</b>				
Authorised ordinary shares	1 000 000	1 000 000	1 000 000	1 000 000
Issued and fully paid ordinary shares	(508 930)	(508 930)	(508 930)	(508 930)
Unissued ordinary shares	491 070	491 070	491 070	491 070
<b>Issued share capital and share premium</b>				
508,929,600 Ordinary Shares of \$0.01 each	3 765 287	3 765 287	5 089	5 089
Share premium	32 966 232	32 966 232	44 558	44 558
Shares awaiting allotment	41 829 255	41 829 255	8 704 678	8 704 678
<b>18.2 Revaluation reserve</b>				
Opening balance	4 474 012	691 429	1 273 938	106 137
Movement for the year	3 708 860	3 782 583	11 637 761	1 167 801
<b>Closing balance</b>	8 182 872	4 474 012	12 911 699	1 273 938
<b>18.3 Accumulated Profit</b>				
Opening balance	21 585 052	6 093 970	3 747 262	512 675
Surplus for the period	69 071 423	15 491 082	124 481 202	3 234 587
<b>Closing balance</b>	90 656 475	21 585 052	128 228 464	3 747 262

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2023

### 19 CATEGORIES OF FINANCIAL INSTRUMENTS

#### 19.1 FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST

	Inflation adjusted		Historical cost	
	Amortised Cost	Total carrying amount	Amortised Cost	Total carrying amount
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>31 December 2023</b>				
<b>Financial assets</b>				
Cash on hand	604 902	604 902	604 902	604 902
Bank balances	94 325 788	94 325 788	94 325 788	94 325 788
Interbank placements	15 671 273	15 671 273	15 671 273	15 671 273
Investment securities	62 124 337	62 124 337	62 124 337	62 124 337
Loans and advances	174 445 822	174 445 822	174 445 822	174 445 822
<b>Total</b>	347 172 122	347 172 122	347 172 122	347 172 122
<b>Financial liabilities</b>				
Deposits	263 329 852	263 329 852	263 329 852	263 329 852
Borrowings	5 581	5 581	5 581	5 581
<b>Total</b>	263 335 433	263 335 433	263 335 433	263 335 433

#### 31 December 2022

	Inflation adjusted		Historical cost	
	Amortised Cost	Total carrying amount	Amortised Cost	Total carrying amount
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>Financial assets</b>				
Cash on hand	192 602	192 602	40 080	40 080
Bank balances	69 639 495	69 639 495	14 491 995	14 491 995
Interbank placements	7 350 264	7 350 264	1 529 592	1 529 592
Investment securities	1 029 789	1 029 789	214 299	214 299
Loans and advances	80 545 945	80 545 945	17 542 727	17 542 727
<b>Total</b>	158 758 095	158 758 095	33 818 693	33 818 693

#### Financial liabilities

Deposits	140 561 262	140 561 262	29 250 831	29 250 831
Borrowings	73 627	73 627	15 322	15 322
<b>Total</b>	140 634 889	140 634 889	29 266 153	29 266 153

#### 19.2 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

	Inflation adjusted		Total fair value		Total carrying amount
	Level 2	Level 3	ZWL 000	ZWL 000	
	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>Inflation adjusted</b>					
<b>31 December 2023</b>					
<b>Financial assets</b>					
Cash on hand	604 902	-	604 902	604 902	604 902
Bank balances	94 325 788	-	94 325 788	94 325 788	94 325 788
Interbank placements	-	15 633 943	15 633 943	15 633 943	15 633 943
Investment securities	-	61 961 897	61 961 897	61 961 897	61 961 897
Loans and advances	174 445 823	-	174 445 823	174 445 823	174 445 823
<b>Total</b>	269 376 513	77 595 840	346 972 353	346 972 353	346 972 353
<b>Financial liabilities</b>					
Deposits	263 329 852	-	263 329 852	263 329 852	263 329 852
Borrowings	-	5 581	5 581	5 581	5 581
<b>Total</b>	263 329 852	5 581	263 335 433	263 335 433	263 335 433

#### Inflation adjusted

	Inflation adjusted		Total fair value		Total carrying amount
	Level 2	Level 3	ZWL 000	ZWL 000	
	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>31 December 2022</b>					
<b>Financial assets</b>					
Cash on hand	192 602	-	192 602	192 602	192 602
Bank balances	69 639 495	-	69 639 495	69 639 495	69 639 495
Interbank placements	-	7 333 071	7 333 071	7 333 071	7 333 071
Investment securities	-	1 026 328	1 026 328	1 026 328	1 026 328
Loans and advances	80 545 945	-	80 545 945	80 545 945	80 545 945
<b>Total</b>	150 378 042	8 359 399	158 737 441	158 737 441	158 737 441
<b>Financial liabilities</b>					
Deposits	140 561 262	-	140 561 262	140 561 262	140 561 262
Borrowings	-	73 627	73 627	73 627	73 627
<b>Total</b>	140 561 262	73 627	140 634 889	140 634 889	140 634 889

	Inflation adjusted		Total fair value		Total carrying amount
	Level 2	Level 3	ZWL 000	ZWL 000	
	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>Historical cost</b>					
<b>31 December 2023</b>					
<b>Financial assets</b>					
Cash on hand	604 902	-	604 902	604 902	604 902
Bank balances	94 325 788	-	94 325 788	94 325 788	94 325 788
Interbank placements	-	15 633 943	15 633 943	15 633 943	15 633 943
Investment securities	-	61 961 897	61 961 897	61 961 897	61 961 897
Loans and advances	174 445 823	-	174 445 823	174 445 823	174 445 823
<b>Total</b>	269 376 513	77 595 840	346 972 353	346 972 353	346 972 353
<b>Financial liabilities</b>					
Deposits	263 329 852	-	263 329 852	263 329 852	263 329 852
Borrowings	-	5 581	5 581	5 581	5 581
<b>Total</b>	263 329 852	5 581	263 335 433	263 335 433	263 335 433

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

	Inflation adjusted		Historical cost	
	Level 2 ZWL 000	Level 3 ZWL 000	Total fair value ZWL 000	Total carrying amount ZWL 000
<b>31 December 2022</b>				
<b>Financial assets</b>				
Cash on hand	40 080	-	40 080	40 080
Bank balances	14 491 995	-	1 204 525 609	1 204 525 609
Interbank placements	-	1 526 014	1 526 014	1 526 014
Investment securities	-	213 579	213 579	213 579
Loans and advances	16 761 630	-	16 761 630	16 761 630
<b>Total</b>	<b>31 293 705</b>	<b>1 739 593</b>	<b>1 223 066 912</b>	<b>1 223 066 912</b>
<b>Financial liabilities</b>				
Deposits	263 146 274	-	263 146 274	263 146 274
Borrowings	-	5 581	5 581	5 581
<b>Total</b>	<b>263 146 274</b>	<b>5 581</b>	<b>263 151 855</b>	<b>263 151 855</b>

### 19.3 FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

Inflation adjusted 31 December 2023	Level 2	Level 3	Total fair value	Total carrying amount
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>Financial assets</b>				
Cash on hand	604 902	-	604 902	604 902
Bank balances	94 325 788	-	94 325 788	94 325 788
Interbank placements	-	15 633 943	15 633 943	15 633 943
Investment securities	-	61 961 897	61 961 897	61 961 897
Loans and advances	174 445 823	-	174 445 823	174 445 823
<b>Total</b>	<b>269 376 513</b>	<b>77 595 840</b>	<b>346 972 353</b>	<b>346 972 353</b>
<b>Financial liabilities</b>				
Deposits	263 329 852	-	263 329 852	263 329 852
Borrowings	-	5 581	5 581	5 581
<b>Total</b>	<b>263 329 852</b>	<b>5 581</b>	<b>263 335 433</b>	<b>263 335 433</b>

Inflation adjusted 31 December 2022	Level 2	Level 3	Total fair value	Total carrying amount
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>Financial assets</b>				
Cash on hand	192 602	-	192 602	192 602
Bank balances	69 639 495	-	69 639 495	69 639 495
Interbank placements	-	7 333 071	7 333 071	7 333 071
Investment securities	-	1 026 328	1 026 328	1 026 328
Loans and advances	80 545 945	-	80 545 945	80 545 945
<b>Total</b>	<b>150 378 042</b>	<b>8 359 399</b>	<b>158 737 441</b>	<b>158 737 441</b>
<b>Financial liabilities</b>				
Deposits	140 561 262	-	140 561 262	140 561 262
Borrowings	-	73 627	73 627	73 627
<b>Total</b>	<b>140 561 262</b>	<b>73 627</b>	<b>140 634 889</b>	<b>140 634 889</b>

Historical cost 31 December 2023	Level 2	Level 3	Total fair value	Total carrying amount
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>Financial assets</b>				
Cash on hand	604 902	-	604 902	604 902
Bank balances	94 325 788	-	94 325 788	94 325 788
Interbank placements	-	15 633 943	15 633 943	15 633 943
Investment securities	-	61 961 897	61 961 897	61 961 897
Loans and advances	174 445 823	-	174 445 823	174 445 823
<b>Total</b>	<b>269 376 513</b>	<b>77 595 840</b>	<b>346 972 353</b>	<b>346 972 353</b>
<b>Financial liabilities</b>				
Deposits	263 329 852	-	263 329 852	263 329 852
Borrowings	-	5 581	5 581	5 581
<b>Total</b>	<b>263 329 852</b>	<b>5 581</b>	<b>263 335 433</b>	<b>263 335 433</b>

31 December 2022	Level 2	Level 3	Total fair value	Total carrying amount
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>Financial assets</b>				
Cash on hand	40 080	-	40 080	40 080
Bank balances	14 491 995	-	14 491 995	14 491 995
Interbank placements	-	1 526 014	1 526 014	1 526 014
Investment securities	-	213 579	213 579	213 579
Loans and advances	16 761 630	-	16 761 630	16 761 630
<b>Total</b>	<b>31 293 705</b>	<b>1 739 593</b>	<b>33 033 298</b>	<b>33 033 298</b>
<b>Financial liabilities</b>				
Deposits	29 250 831	-	29 250 831	29 250 831
Borrowings	-	15 322	15 322	15 322
<b>Total</b>	<b>29 250 831</b>	<b>15 322</b>	<b>29 266 153</b>	<b>29 266 153</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

### 19.3 FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

The carrying amount of the financial instruments not measured at fair value approximates their fair value since the carrying amount is net of the expected credit losses disclosed in note 10.4. The table below indicates the valuation techniques used in measuring Level 3 fair values for investment securities and the significant unobservable inputs used.

Financial instrument valuation technique	Range of estimate	Interrelationship between significant unobservable inputs and fair value measurements
Investment securities	5%-12%	- the estimated fair value would increase with an increase in projected cash flows or decrease with a decrease in projected cash flows.
Valuation technique discounted cash flow method		- an increase in the loan tenure would lead to an increase in the projected cash flows, and a decrease in the loan tenure would lead to a decrease in the projected cash flows.

	Inflation adjusted		Historical cost	
	31 December 2023 ZWL 000	31 December 2022 ZWL 000	31 December 2023 ZWL 000	31 December 2022 ZWL 000
<b>20 Interest</b>				
<b>Interest income</b>				
Loans and advances	29 484 180	22 454 887	15 246 199	3 342 074
Money market placements	15 395 141	5 259 214	5 905 713	335 387
	<b>44 879 321</b>	<b>27 714 101</b>	<b>21 151 912</b>	<b>3 677 461</b>
<b>21 Interest expense</b>				
Money market deposits	38 047 063	13 012 111	18 057 013	2 202 530
Borrowings	1 314	4 112	401	561
Savings deposits	7 706	119 913	1 652	20 891
	<b>38 056 083</b>	<b>13 136 136</b>	<b>18 059 066</b>	<b>2 223 982</b>
<b>Net interest income</b>	<b>6 823 238</b>	<b>14 577 965</b>	<b>3 092 846</b>	<b>1 453 479</b>
<b>22 Non funded income</b>				
Net commission and fee income	34 082 623	11 649 077	20 009 976	1 678 692
Property Sales	52 869 467	19 243 375	31 351 088	3 388 743
Realised exchange gains	8 418 673	880 593	5 760 796	104 760
Unrealised exchange gains	58 746 284	20 547 782	39 953 367	3 340 234
Fair value adjustment on investment property	205 265 912	-	100 765 602	-
Other operating income	11 817 613	17 902 976	9 295 549	94 582
	<b>371 200 572</b>	<b>70 223 803</b>	<b>207 136 378</b>	<b>8 607 011</b>
<b>23 Operating expenses</b>				
Staff costs	43 116 604	16 812 368	26 455 318	2 593 403
Defined benefit contribution plan	1 039 756	171 911	727 825	36 950
Right of use depreciation	1 403 509	374 444	535 085	14 399
Depreciation	1 866 842	721 154	711 729	60 340
Amortisation of computer software	678 845	71 326	9 062	2 396
Other expenses	67 746 404	14 825 875	44 715 965	2 624 117
	<b>115 851 960</b>	<b>32 977 078</b>	<b>73 154 984</b>	<b>5 331 605</b>
<b>Remuneration of directors and key management personnel</b>				
Fees for services as directors	404 860	1 375 199	244 576	24 084
Short term benefits of executive staff	3 251 892	1 496 864	1 974 311	221 737
Post employment benefits	123 716	32 096	86 593	4 279
	<b>3 780 468</b>	<b>2 904 159</b>	<b>2 305 480</b>	<b>250 100</b>

Other expenses include legal and audit fees, office expenses and lease 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 4-5 years with an option to renew the lease after the expiry date. The Society contributes to the National Social Security Authority (NSSA) a defined benefit contribution plan.

	Inflation adjusted		Historical cost	
	31 December 2023 ZWL 000	31 December 2022 ZWL 000	31 December 2023 ZWL 000	31 December 2022 ZWL 000
<b>24 Income tax expense</b>				
Current income tax charge	10 980 668	3 902 152	6 449 948	786 769
	<b>10 980 668</b>	<b>3 902 152</b>	<b>6 449 948</b>	<b>786 769</b>

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 their Articles of Association. During the year, the Society sold properties from the Dzivarasekwa and Tynwald housing projects and these attracted income tax in terms of section 8 of the Income Tax Act (Chapter 23:06).

### 25 RELATED PARTY DISCLOSURES

The Society is a wholly owned subsidiary of the National Social Security Authority (NSSA) through its two funds, Pension and Other Benefits Scheme and Accident Prevention and Workers Compensation Scheme. 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.

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**AUDITED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023



Housing & Mortgages



NBS Capital



Corporate & Institutional Banking



Micro Finance



Retail & SME Banking



Structured Finance

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2023

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

Name of related party	Nature of relationship
First Mutual Life Group	Common shareholder
National Social Security Authority	Shareholder
Zimre Holdings Limited	Common shareholder
OK Zimbabwe	Common shareholder
Rainbow Tourism Group Limited	Common shareholder
FBC Group	Common shareholder
Directors	Key management personnel

### 25.2 Transactions with related parties

	Inflation adjusted		Historical cost	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>Interest on term deposits</b>				
NSSA	7 418 251	9 883 174	2 828 192	1 132 484
First Mutual Life Group	-	1 042	-	119
First Mutual Life Group	-	103	-	12
FBC Bank	81 516	22 853	31 078	2 619
FBC Building Society	2 513 075	1 268 436	958 104	145 346
	10 012 842	11 175 608	3 817 374	1 280 580

	Inflation adjusted		Historical cost	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>Deposits received during the year</b>				
First Mutual Life Group	-	2 129	-	443
First Mutual Life Group	-	264	-	55
NSSA	65 028 100	16 388 508	65 028 100	3 410 452
FBC Bank	31 078	2 210 473	31 078	460 000
FBC Building Society	40 146 923	8 265 248	40 146 923	1 720 000
	105 206 101	26 866 622	105 206 101	5 590 950

<b>Borrowings</b>				
NSSA	5 581	73 627	5 581	15 322

<b>Rent expense</b>				
NSSA	1 837 773	306 858	700 647	41 351

### 25.3 Balances with related parties

Term deposit with NSSA	45 087 221	21 797 110	45 087 221	4 535 984
Transactional deposits with NSSA	1 516 646	6 219 095	1 516 646	1 294 195
Transactional deposits with Zimre Holdings Limited	11 876	2 703	11 876	563
Term deposits First Mutual Life Group	-	320	-	67
Transactional deposits NicosDiamond	31 920	-	31 920	-
Term deposits FBC Bank	-	11 186 749	-	2 327 965
Loans to directors, key management and employees	25 115 308	9 189 371	25 115 308	458 032
	71 762 971	48 395 348	71 762 971	8 616 806

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

Opening balance	9 189 371	7 566 211	458 032	120 252
Advances made during the year	4 159 597	3 341 389	4 159 597	695 344
Repayments during the year	(166 689)	(1 718 228)	(166 689)	(357 564)
Closing Balance	13 182 279	9 189 372	4 450 940	458 032

## 26 RISK MANAGEMENT

The 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.

### 26.1 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.

#### 26.1.1 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2023

### 26.1.2 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.

### 26.1.3 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

	Inflation adjusted		Historical cost	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>26.2 Credit Risk exposure</b>				
Cash and cash equivalents	110 601 963	77 182 361	110 601 963	16 061 667
Investment securities	62 124 337	1 029 789	62 124 337	214 299
Loans and advances	181 174 539	84 299 411	181 174 539	17 542 727
	353 900 839	162 511 561	353 900 839	33 818 693

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.

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

	Inflation adjusted		Historical cost	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
1 to 3 months	11 758 431	7 098	11 758 431	1 477 024

Past due but not impaired loans relate to loans in the special mention category.

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

Sector	Inflation adjusted		Historical cost	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Private	181 174 539	84 284 659	181 174 539	17 539 658

### 26.5 Collateral analysis

Mortgage bonds	106 189 606	12 400 498	106 189 606	2 580 546
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The Society holds collateral against loans and advances to customers in the form of mortgage bonds over property. Estimates of property fair values are based on the values of collateral assessed at the time of borrowing and are regularly aligned with trends in the market in compliance with the Society's Credit Policy. Issued mortgage loans constitute about 57% of the gross maximum exposure and of this, 8% were secured by mortgage bonds (2022:28%). In the event of default, the Society has the right to sell the property in order to recover the value of the mortgage.

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

The credit quality of financial assets is managed by the Society using internal credit ratings. The table below shows the credit quality by class of asset for the Society's loan book:

	Inflation adjusted		Historical cost	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Pass	162 851 747	74 039 144	162 851 747	15 407 563
Special mention	11 774 451	7 097 655	11 774 451	1 477 024
Substandard	2 498 449	1 221 733	2 498 449	254 243
Doubtful	49 349	1 758 338	49 349	365 911
Loss	4 000 543	167 789	4 000 543	34 917
<b>Total</b>	<b>181 174 539</b>	<b>84 284 659</b>	<b>181 174 539</b>	<b>17 539 658</b>

### 27 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

#### 27.1 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.

#### 27.2 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.

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## Vaka neNBS USD Savings Account

AUDITED FINANCIAL STATEMENTS  
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Housing &amp; Mortgages



NBS Capital



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Structured Finance

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

#### 27.3 Interest rate repricing gap analysis

2023	Inflation adjusted							Total ZWL 000
	Less than 1 month ZWL 000	1 to 3 months ZWL 000	3 to 6 months ZWL 000	6 to 12 months ZWL 000	1 to 5 years ZWL 000	5 years and above ZWL 000	Non interest bearing ZWL 000	
<b>Assets</b>								
Cash and cash equivalents	15 633 943	-	-	-	-	-	94 930 690	110 564 633
Investment securities	-	-	-	-	61 961 897	-	-	61 961 897
Loans and advances	8 502 547	13 091 571	16 171 036	57 643 019	37 430 258	41 607 392	-	174 445 823
Other assets and prepayments	-	-	-	-	-	-	20 479 107	20 479 107
Inventory, work in progress	-	-	-	-	-	-	15 235 061	15 235 061
Computer software	-	-	-	-	-	-	1 651 630	1 651 630
Right of use asset	-	-	-	-	-	-	109 415 233	109 415 233
Investment property	-	-	-	-	-	-	10 565 324	10 565 324
Property and equipment	-	-	-	-	-	-	17 247 463	17 247 463
<b>Total assets</b>	<b>24 136 490</b>	<b>13 091 571</b>	<b>16 171 036</b>	<b>57 643 019</b>	<b>99 392 155</b>	<b>41 607 392</b>	<b>269 524 508</b>	<b>521 566 171</b>
<b>Liabilities</b>								
Deposits	62 303 347	33 948 173	15 726 735	161 375	18 867 781	132 322 442	-	263 329 852
Borrowings	-	-	5 581	-	-	-	-	5 581
Lease Liability	-	-	-	-	4 534 553	-	-	4 534 553
Other liabilities	-	-	-	-	-	-	76 296 064	76 296 064
Equity and reserves	-	-	-	-	-	-	177 400 121	177 400 121
<b>Total liabilities</b>	<b>62 303 347</b>	<b>33 948 173</b>	<b>15 732 316</b>	<b>161 375</b>	<b>23 402 334</b>	<b>132 322 442</b>	<b>253 696 185</b>	<b>521 566 171</b>
Periodic gap	(38 166 857)	(20 856 602)	438 720	57 481 644	75 989 821	(90 715 049)	15 828 323	-
Cumulative gap	(38 166 857)	(59 023 459)	(58 584 739)	(1 103 095)	74 886 726	(15 828 323)	-	-

2022	Inflation adjusted							Total ZWL 000
	Less than 1 month ZWL 000	1 to 3 months ZWL 000	3 to 6 months ZWL 000	6 to 12 months ZWL 000	1 to 5 years ZWL 000	5 years and above ZWL 000	Non interest bearing ZWL 000	
<b>Assets</b>								
Cash and cash equivalents	77 009 673	-	-	-	-	-	155 495	77 165 168
Investment securities	-	-	-	-	1 026 328	-	-	1 026 328
Loans and advances	2 105 067	256 726	1 009 850	8 840 111	22 348 723	45 985 468	-	80 545 945
Other assets and prepayments	-	-	-	-	-	-	4 305 871	4 305 871
Inventory, work in progress	-	-	-	-	-	-	38 639 244	38 639 244
Computer software	-	-	-	-	-	-	2 060 495	2 060 495
Right of use asset	-	-	-	-	-	-	3 783 357	3 783 357
Investment property	-	-	-	-	-	-	47 955 268	47 955 268
Property and equipment	-	-	-	-	-	-	9 977 936	9 977 936
<b>Total assets</b>	<b>79 114 740</b>	<b>256 726</b>	<b>1 009 850</b>	<b>8 840 111</b>	<b>23 375 051</b>	<b>45 985 468</b>	<b>106 877 665</b>	<b>265 459 612</b>
<b>Liabilities</b>								
Deposits	23 311 636	33 494 314	931 800	281 899	9 725 917	72 815 696	-	140 561 262
Borrowings	-	-	-	-	73 627	-	-	73 627
Lease Liability	-	-	-	-	-	-	1 457 437	1 457 437
Other liabilities	-	-	-	-	-	-	18 747 448	18 747 448
Equity and reserves	-	-	-	-	-	-	104 619 838	104 619 838
<b>Total liabilities</b>	<b>23 311 636</b>	<b>33 494 314</b>	<b>931 800</b>	<b>281 899</b>	<b>9 799 544</b>	<b>72 815 696</b>	<b>124 824 723</b>	<b>265 459 612</b>
Periodic gap	55 803 104	(33 237 588)	78 050	8 558 212	13 575 507	(26 830 227)	(17 947 058)	-
Cumulative gap	55 803 104	22 565 516	22 643 566	31 201 778	44 777 285	17 947 058	-	-

#### 27.3.1 Interest rate repricing gap analysis

2023	Historical cost							Total ZWL 000
	Less than 1 month ZWL 000	1 to 3 months ZWL 000	3 to 6 months ZWL 000	6 to 12 months ZWL 000	1 to 5 years ZWL 000	5 years and above ZWL 000	non interest bearing ZWL 000	
<b>Assets</b>								
Cash and cash equivalents	15 633 943	-	-	-	-	-	94 930 690	110 564 633
Investment securities	-	-	-	-	61 961 897	-	-	61 961 897
Loans and advances	8 502 547	13 091 571	16 171 036	57 643 019	37 430 258	41 607 392	-	174 445 823
Other assets and prepayments	-	-	-	-	-	-	17 309 529	17 309 529
Inventory, work in progress	-	-	-	-	-	-	1 168 291	1 168 291
Computer software	-	-	-	-	-	-	98 093	98 093
Right of use asset	-	-	-	-	-	-	2 849 881	2 849 881
Investment property	-	-	-	-	-	-	109 415 233	109 415 233
Property and equipment	-	-	-	-	-	-	16 247 158	16 247 158
<b>Total assets</b>	<b>24 136 490</b>	<b>13 091 571</b>	<b>16 171 036</b>	<b>57 643 019</b>	<b>99 392 155</b>	<b>41 607 392</b>	<b>242 018 875</b>	<b>494 060 538</b>
<b>Liabilities</b>								
Deposits	62 303 347	33 948 173	15 726 735	161 375	18 867 781	132 322 442	-	263 329 852
Borrowings	-	-	5 581	-	-	-	-	5 581
Lease liability	-	-	-	-	4 534 553	-	-	4 534 553
Other liabilities	-	-	-	-	-	-	76 296 064	76 296 064
Equity and reserves	-	-	-	-	-	-	149 894 488	149 894 488
<b>Total liabilities</b>	<b>62 303 347</b>	<b>33 948 173</b>	<b>15 732 316</b>	<b>161 375</b>	<b>23 402 334</b>	<b>132 322 442</b>	<b>226 190 552</b>	<b>494 060 538</b>
Periodic gap	(38 166 857)	(20 856 602)	438 720	(57 481 644)	75 989 821	(90 715 049)	15 828 323	-
Cumulative gap	(38 166 857)	(59 023 459)	(58 584 739)	(1 103 095)	74 886 726	(15 828 323)	-	-

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

#### 27.3.1 Interest rate repricing gap analysis

2022	Inflation adjusted							Total ZWL 000
	Less than 1 month ZWL 000	1 to 3 months ZWL 000	3 to 6 months ZWL 000	6 to 12 months ZWL 000	1 to 5 years ZWL 000	5 years and above ZWL 000	Non interest bearing ZWL 000	
<b>Assets</b>								
Cash and cash equivalents	16 025 731	-	-	-	-	-	32 358	16 058 089
Investment securities	-	-	-	-	213 579	-	-	213 579
Loans and advances	438 065	53 425	210 150	1 839 629	4 650 774	9 569 587	-	16 761 630
Other assets and prepayments	-	-	-	-	-	-	835 079	835 079
Inventory, work in progress	-	-	-	-	-	-	2 306 963	2 306 963
Computer software	-	-	-	-	-	-	6 819	6 819
Right of use asset	-	-	-	-	-	-	8 843 652	8 843 652
Investment property	-	-	-	-	264 271	-	-	264 271
Property and equipment	-	-	-	-	-	-	1 956 237	1 956 237
<b>Total assets</b>	<b>16 463 796</b>	<b>53 425</b>	<b>210 150</b>	<b>1 839 629</b>	<b>5 128 624</b>	<b>9 569 587</b>	<b>13 981 108</b>	<b>47 246 319</b>
<b>Liabilities</b>								
Deposits	4 851 157	6 970 174	193 908	58 663	3 459 432	13 717 497	-	29 250 831
Borrowings	-	-	-	15 322	-	-	-	15 322
Lease Liability	-	-	-	-	303 292	-	-	303 292
Other liabilities	-	-	-	-	-	-	3 901 349	3 901 389
Equity and reserves	-	-	-	-	-	-	13 775 525	13 775 525
<b>Total liabilities</b>	<b>4 851 157</b>	<b>6 970 174</b>	<b>193 908</b>	<b>73 985</b>	<b>3 762 724</b>	<b>13 717 497</b>	<b>17 676 874</b>	<b>47 246 319</b>
Periodic gap	11 612 639	(6 916 749)	16 242	1 765 644	1 365 898	(4 147 909)	(3 695 765)	-
Cumulative gap	11 612 639	4 695 889	4 712 131	6 477 775	7 843 674	3 695 764	-	-

## 28 RISK MANAGEMENT

### 28.4 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.

### 28.5 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 credit risk due to its involvement in lending business.

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.

#### 28.5.1 Liquidity gap analysis

2023	Inflation adjusted						Total ZWL 000
	Less than 1 month ZWL 000	1 to 3 months ZWL 000	3 to 6 months ZWL 000	6 to 12 months ZWL 000	1 to 5 years ZWL 000	5 years and above ZWL 000	
<b>Assets</b>							
Cash and cash equivalents	110 564 633	-	-	-	-	-	110 564 633
Investment securities	-	-	-	-	61 961 897	-	61 961 897
Loans and advances	8 502 547	13 091 571	16 171 036	57 643 019	37 430 258	41 607 392	174 445 823
Other assets and prepayments	-	-	-	20 479 107	-	-	20 479 107
Inventory, work in progress	-	-	-	-	15 235 061	-	15 235 061
Computer software	-	-	-	-	1 651 630	-	1 651 630
Right of use asset	-	-	-	-	10 565 324	-	10 565 324
Investment property	-	-	-	-	109 415 233	-	109 415 233
Property and equipment	-	-	-	-	17 247 463	-	17 247 463
<b>Total assets</b>	<b>119 067 180</b>	<b>13 091 571</b>	<b>16 171 036</b>	<b>78 122 126</b>	<b>253 506 866</b>	<b>41 607 392</b>	<b>521 566 171</b>
<b>Liabilities</b>							
Deposits	62 303 347	33 948 173	15 726 735	161 375	18 867 781	132 322 441	263 329 852
Borrowings	-	-	5 581	-	-	-	5 581
Lease Liability	-	-	-	-	4 534 553	-	4 534 553
Other liabilities	-	-	-	-	76 296 064	-	76 296 064
<b>Total liabilities</b>	<b>62 303 347</b>	<b>33 948 173</b>	<b>15 726 735</b>	<b>161 375</b>	<b>23 402 334</b>	<b>132 322 441</b>	<b>344 166 050</b>

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## SME LOANS

AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023



Housing &amp; Mortgages



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Corporate &amp; Institutional Banking



Micro Finance



Retail &amp; SME Banking



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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

#### 28.5.1 Liquidity gap analysis

	Inflation adjusted						
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	5 years and above	Total
	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>2022</b>							
<b>Assets</b>							
Cash and cash equivalents	77 165 168	-	-	-	-	-	77 165 168
Investment securities	-	-	-	-	1 026 328	-	1 026 328
Loans and advances	2 105 067	256 726	1 009 850	8 840 111	22 348 723	45 985 468	80 545 945
Other assets and prepayments	-	-	-	4 305 870	-	-	4 305 870
Inventory, work in progress	-	-	-	-	38 639 244	-	38 639 244
Computer software	-	-	-	-	2 060 495	-	2 060 495
Right of use asset	-	-	-	-	47 955 268	-	47 955 268
Investment property	-	-	-	-	3 783 357	-	3 783 357
Property and equipment	-	-	-	-	9 977 936	-	9 977 936
<b>Total assets</b>	<b>79 270 235</b>	<b>256 726</b>	<b>1 009 850</b>	<b>13 145 981</b>	<b>125 791 351</b>	<b>45 985 468</b>	<b>265 459 612</b>
<b>Liabilities</b>							
Deposits	23 311 636	33 494 314	931 800	281 899	9 725 917	72 815 696	140 561 262
Borrowings	-	-	-	-	73 627	-	73 627
Lease liability	-	-	-	-	-	1 457 437	1 457 437
Other liabilities	-	-	-	-	-	18 747 448	18 747 448
<b>Total liabilities</b>	<b>23 311 636</b>	<b>33 494 314</b>	<b>931 800</b>	<b>281 899</b>	<b>9 799 544</b>	<b>93 020 581</b>	<b>160 839 774</b>
Periodic gap	55 958 599	(33 237 589)	78 050	12 864 083	115 991 807	(47 035 113)	104 619 838
Cumulative gap	55 958 599	22 721 011	22 799 061	35 663 143	151 654 950	104 619 838	-

#### 28.5.1 Liquidity gap analysis

	Historical cost						
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	5 years and above	Total
	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>2023</b>							
<b>Assets</b>							
Cash and cash equivalents	110 564 633	-	-	-	-	-	110 564 633
Investment securities	-	-	-	-	61 961 897	-	61 961 897
Loans and advances	8 502 547	13 091 571	16 171 036	57 643 019	37 430 258	41 607 392	174 445 823
Other assets and prepayments	-	-	-	17 309 529	-	-	17 309 529
Inventory, work in progress	-	-	-	-	1 168 291	-	1 168 291
Computer software	-	-	-	-	98 093	-	98 093
Right of use asset	-	-	-	-	2 849 881	-	2 849 881
Investment property	-	-	-	-	109 415 233	-	109 415 233
Property and equipment	-	-	-	-	16 247 158	-	16 247 158
<b>Total assets</b>	<b>119 067 180</b>	<b>13 091 571</b>	<b>16 171 036</b>	<b>74 952 548</b>	<b>229 170 811</b>	<b>41 607 392</b>	<b>494 060 538</b>
<b>Liabilities</b>							
Deposits	62 303 347	33 948 173	15 726 735	161 375	18 867 781	132 322 441	263 329 852
Borrowings	-	-	5 581	-	-	-	5 581
Lease Liability	-	-	-	-	4 534 553	-	4 534 553
Other liabilities	-	-	-	76 296 064	-	-	76 296 064
<b>Total liabilities</b>	<b>62 303 347</b>	<b>33 948 173</b>	<b>15 732 316</b>	<b>76 457 439</b>	<b>23 402 334</b>	<b>132 322 441</b>	<b>344 166 050</b>
Periodic gap	56 763 833	(20 856 602)	438 720	(1 504 891)	205 768 477	(90 715 049)	149 894 488
Cumulative gap	56 763 833	35 907 231	36 345 951	34 841 060	240 609 537	149 894 488	-

#### 28.5.1 Liquidity gap analysis

	Historical cost						
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	5 years and above	Total
	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000
<b>2022</b>							
<b>Assets</b>							
Cash and cash equivalents	16 058 089	-	-	-	-	-	16 058 089
Investment securities	-	-	-	-	213 579	-	213 579
Loans and advances	438 065	53 425	210 150	1 839 629	4 650 774	9 569 587	16 761 630
Other assets and prepayments	-	-	-	-	835 079	-	835 079
Inventory, work in progress	-	-	-	-	2 306 963	-	2 306 963
Computer software	-	-	-	-	-	6 819	6 819
Right of use asset	-	-	-	-	-	8 843 652	8 843 652
Investment property	-	-	-	-	264 271	-	264 271
Property and equipment	-	-	-	-	1 956 238	-	1 956 238
<b>Total assets</b>	<b>16 496 154</b>	<b>53 425</b>	<b>210 150</b>	<b>1 839 629</b>	<b>10 226 903</b>	<b>18 420 058</b>	<b>47 246 319</b>
<b>Liabilities</b>							
Deposits	4 851 157	6 970 174	193 908	58 663	3 459 433	13 717 496	29 250 831
Borrowings	-	-	-	15 322	-	-	15 322
Lease Liability	-	-	-	-	303 292	-	303 292
Other liabilities	-	-	-	-	3 901 349	-	3 901 349
<b>Total liabilities</b>	<b>4 851 157</b>	<b>6 970 174</b>	<b>193 908</b>	<b>73 985</b>	<b>7 664 074</b>	<b>13 717 496</b>	<b>33 470 794</b>
Periodic gap	11 644 997	(6 916 749)	16 242	1 765 644	2 562 829	4 702 562	13 775 525
Cumulative gap	11 644 997	4 728 248	4 744 490	6 510 134	9 072 963	13 775 525	-

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2023

#### 28.6 Liquidity Coverage Ratio Table

CATEGORY	SUB-CATEGORY	TOTAL WEIGHTED VALUE (average)
		ZWL 000
HIGH-QUALITY LIQUID ASSETS	Level 1 Assets	136 121 218
	Level 2A Assets	-
	Level 2B Assets	-
	<b>TOTAL HIGH-QUALITY LIQUID ASSETS (HQLA)</b>	<b>136 121 218</b>
CASH OUTFLOWS	<b>Retail deposits and deposits from small business customers, of which:</b>	
	Stable deposits	324 650
	Less stable deposits	1 515 036
	Unsecured wholesale funding, of which:	19 425 140
	Operational deposits (all counterparties) and deposits in networks of cooperative banking institutions	-
	Non-operational deposits (all counterparties)	-
	Unsecured debt	-
	Secured wholesale funding	-
	Additional requirements, of which:	-
	Outflows related to derivative exposures and other collateral requirements	-
	Outflows related to loss of funding on debt products	-
	Credit and liquidity facilities	397 777
	Other contractual funding obligations	-
	Other contingent funding obligations	-
Additional cash outflows	24 601 986	
<b>TOTAL CASH OUTFLOWS</b>	<b>46 300 912</b>	
CASH INFLOWS	Reverse repo and other secured lending transactions	-
	Amounts to be received from fully performing retail customers:	2 682 496
	Amounts to be received from fully performing non-financial corporate customers :	570 010
	Credit or liquidity facilities provided to the reporting bank	-
	Operational deposits held at other financial institutions	1 312 625
	Amounts to be received from financial institutions counterparties	16 399 013
	<b>Other inflows by counterparty</b>	<b>-</b>
	<b>Other contractual cash inflows</b>	<b>-</b>
	<b>TOTAL CASH INFLOWS</b>	<b>19 651 519</b>
	<b>TOTAL HQLA</b>	<b>136 121 218</b>
<b>TOTAL NET CASH OUTFLOWS</b>	<b>26 649 393</b>	
<b>LIQUIDITY COVERAGE RATIO (%)</b>	<b>510,79%</b>	

#### 28.7 Operational risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events.

The NBS Operational Risk Management Framework defines minimum expected standards and processes, responsibilities and governance structure for operational risk management practice across the Society. The Society has adopted the following classification of operational risk events for easy of monitoring and analysis of impact management of operational risk.

- Internal fraud;
- External fraud;
- Business disruption and system failures;
- Client products and business practices;
- Employment practices and workplace safety;
- Execution delivery and process management; and
- Damage to physical assets.

Key Risk indicators, Loss incident reporting framework and RCSA (Risk and Control Self Assessments) are being used across all risk centres for identifying, assessing, monitoring and managing key risks within a department and evaluating the effectiveness of the controls that are in place to manage these risks.

#### 28.8 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.

#### 28.9 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.

#### 28.10 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.

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**AUDITED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2023



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2023

### 28.11 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.

### 28.11.1 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 impairment allowance and revaluation reserve.
- Tier 3 Capital: comprises operational and market risk capital.

## 29 RISK MANAGEMENT

	31 December 2023 ZWL 000	31 December 2022 ZWL 000
Risk weighted assets	959 134	43 613
<b>Tier 1</b>		
Share capital	5 089	5 089
Share premium	44 558	44 558
Shares awaiting allotment	8 704 678	8 704 678
Accumulated profit	128 485 809	3 105 322
<b>Core capital</b>	<b>137 240 134</b>	<b>11 859 647</b>
<b>Tier 2</b>		
Borrowings	5 581	15 322
Revaluation reserve	12 911 700	1 273 938
	<b>12 917 281</b>	<b>1 289 260</b>
<b>Tier 3</b>		
Capital allocated for operational risk	36 167 785	1 085 499
Capital allocated for market risk	11 934 723	-
	<b>48 102 508</b>	<b>1 085 499</b>
<b>Core capital</b>		
Tier 1 ratio	9%	26%
Tier 2 ratio	1%	3%
Tier 3 ratio	5%	3%
<b>Capital adequacy ratio</b>	<b>15%</b>	<b>32%</b>
<b>Minimum regulatory capital adequacy ratio</b>	<b>12%</b>	<b>12%</b>

Regulatory capital consists solely of Tier 1 capital which comprises share capital, share premium and shares awaiting allotment, general reserve and accumulated deficit/surplus. Tier 2 capital consists of loans from the shareholder. The Society did not have any tier 3 capital as at 31 December 2023.

## 30 CAPITAL COMMITMENTS

	Inflation adjusted		Historical cost	
	31 December 2023 ZWL 000	31 December 2022 ZWL 000	31 December 2023 ZWL 000	31 December 2022 ZWL 000
Authorised but not yet contracted for	13 661 372	-	15 052 774	

The Society's board has authorised capital expenditure of ZWL 24b for the coming year for the upgrade of its ICT infrastructure.

## 31 RATINGS

### 31.1 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2023

### 31 RATINGS (continued)

#### 31.1 Reserve Bank of Zimbabwe ratings (continued)

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.

### 31.2 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
2023	B long term rating
2022	B long term rating
2021	B long term rating
2020	B long term rating
2019	B long term rating

### 32 Going Concern

The Society has reported on a going concern basis on the back of improved financial performance which saw a 285% increase in surplus, to ZWL 63b (2022 ZWL 19b) and growth in Total Assets by 93% to ZWL 512b (2022: ZWL 265b). Of the Society's ten key performance indicators, nine indicators for Asset Quality, Earnings and Liquidity recorded an improvement on prior year. The Society embarked on an upgrade of its Core Banking System which will improve operational efficiency and bring scalability to the bank's processes. The execution of the upgrade is underway with an expected completion date in the first quarter of 2025.

In the year under review, the Society received considerable support for its strategic initiatives from its Shareholder, the National Social Security Authority (NSSA). The Society expects this support to continue and, through this support, the Society's financial position will be strengthened enabling it to deliver on its core mandate of providing affordable housing and ensuring financial inclusion.

The Reserve Bank of Zimbabwe requires Building Societies to maintain a minimum core capital of USD 20m and the Society is compliant with this requirement with core capital of USD22.4m as at 31 December 2023 (2022:USD18.3m).

### 33 Approval of financial statements

The financial statements were approved by the Board of Directors on 22 March 2024.

### 34 Events after the reporting period

On the 5th of April 2024, the Government of Zimbabwe issued Statutory Instrument 60 of 2024, introducing a new currency, the Zimbabwe Gold (ZiG), and replacing the Zimbabwe dollar (ZWL). According to the statutory instrument, for accounting and other purposes (including the discharge of financial or contractual obligations), all assets and liabilities that were, immediately before the effective date, valued and expressed in Zimbabwe dollars, shall be deemed to be values in ZiG by applying an exchange rate of ZWL 2 1498.72142 :1 ZiG as at 5 April 2024.

Prior to its replacement by the ZiG, ZWL was the functional and presentation currency of the Society. The replacement of the ZWL by the ZiG implies that the Society will have to reassess its functional currency and choose a new presentation currency going forward. Management have accounted for the replacement of the ZWL by the ZiG as a non-adjusting event after the reporting period.

# Benefits of opening an NBS Account

## Why choose us?

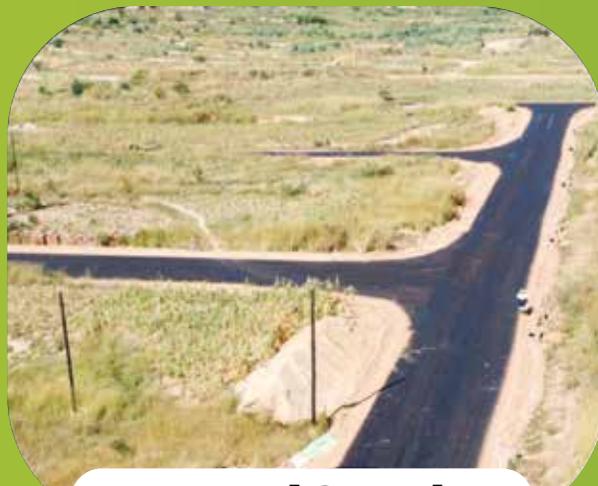
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## AVAILABLE NBS HOUSING PROJECTS



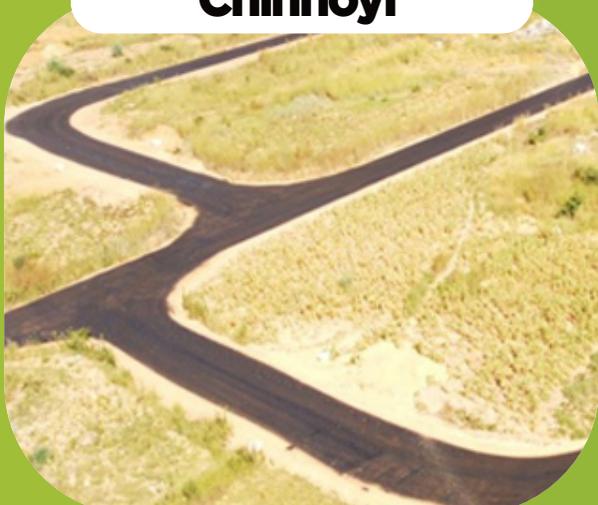
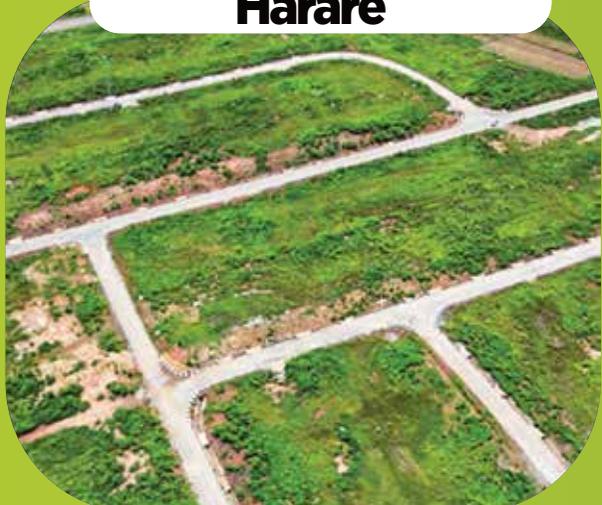
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