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2022 Annual Report

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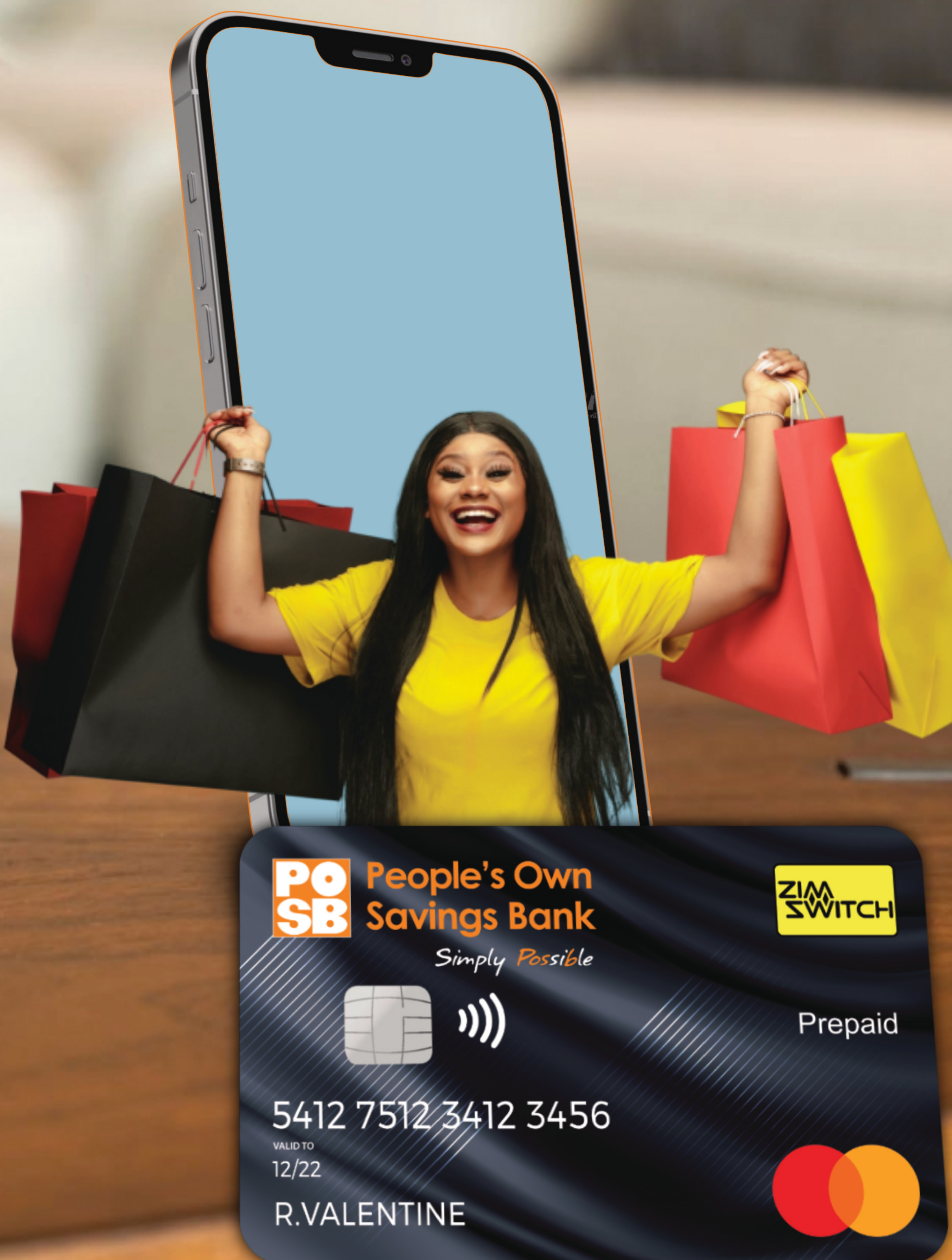


LETTER OF TRANSMITTAL

24 May, 2023

The Minister of Finance and Economic Development
Ministry of Finance and Economic Development
Government Composite Office Block
Samora Machel Avenue/4^{th} Street
Harare

Attention: Hon. Professor Mthuli Ncube

In accordance with section 19(1)(a) of the People's Own Savings Bank of Zimbabwe Act [Chapter 24:22](POSB), I have the honour to submit, on behalf of the Board of Directors, **the Annual Report** and the **Audited Financial Statements** of the People's Own Savings Bank for the year ended the 31^{st} of December, 2022. In line with section 19(2) of the People's Own Savings Bank Act and for purposes of section 35 (7) of the Public Finance Management Act [Chapter 22:19], we advise that by this minute, we have directly submitted 10 copies of the 2022 Annual Report to the Clerk of Parliament.

Yours sincerely

The People's Own Savings Bank

Mr Israel Ndlovu
POSB Acting Board Chairperson.

POSB 2022 ANNUAL REPORT

CONTENTS

"To be the leading financial services provider for a transforming Zimbabwe"

"To provide simple, responsive, innovative and inclusive financial solutions through modern technologies and motivated employees."

- Teamwork
- Innovation
- Integrity
- Responsiveness

GENERAL INFORMATION

HEAD OFFICE
Causeway Building
Corner Central Avenue/ Third Street
P.O. Box CY 1628, Causeway, Harare
Telephone: +263-242-793831-7 / 729701
Fax: +263-242- 708537 / 730971
Website: www.posb.co.zw

BOARD OF DIRECTORS

Mr. I.Ndlovu	Chairperson (Acting)
Mr. O. Jambwa	Member
Mr. I. Mvere	Member
Mrs. M. Mureriwa	Member
Mrs. C. Nyamutswa	Member
Mrs. N.C. Chindomu	Member
Mr. G. Changunda	Chief Executive Officer
Ms. M. Gunde	Chief Finance Officer (Acting)

COMPANY SECRETARY
Mrs. D. Mapimhidze

EXECUTIVE MANAGEMENT

Mr. G. Changunda	Chief Executive Officer
Ms. M. Gunde	Chief Finance Officer (Acting)
Mr. L. Kupika	Divisional Director – Retail Banking
Mr. W. Fungura	Chief Risk Officer
Mr. F. Chirikure	Divisional Director – Corporate and Investment Banking
Mrs. D. Mapimhidze	Company Secretary and Legal Advisor
Mr. M. Kujeke	Human Capital Executive
Mrs. P. Chinomona	Chief Compliance Officer
Ms. L. Ngulube	Chief Information Officer
Mr. I. Mukonyerwa	Head Internal Audit
Mr. G. Sibanda	Procurement Executive
Ms. M. Gwasira	Marketing and Public Relations Executive
Mr. A. Machipisa	Treasury Executive

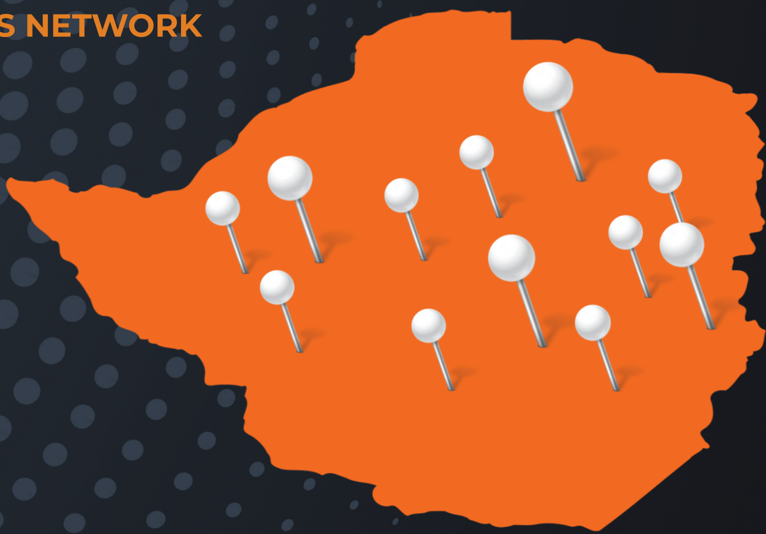
AUDITORS
Auditor General
Burroughs House
48 George Silundika Avenue
P.O. Box CY 143,Causeway, Harare
Telephone: +263-242-793611/4& 762817/8
Email: ocag@auditgen.gov.zw

ATTORNEYS
1. Mawere and Sibanda Legal Practitioners
10th Floor Chiedza House
1st Street/ Nkwame Nkrumah Avenue
Box CY1376, Harare
Telephone:+263-242-750843/ 750627
Email: maweresibanda@zol.co.zw

2. Dube, Manikai and Hwacha Law Chambers
6th Floor Goldbridge, Eastgate, Harare
Telephone: +263-242-750351-2/250909/11
Email: admin@dmh.co.zw

3. Kantor Immerman Legal Practitioners
Macdonald House
10 Selous Avenue, Harare
Telephone:+263-242-700454/704351-2
Website: kantorimmerman.co.zw

SERVICE CENTRES NETWORK



Beitbridge Service Centre
Number 96 Old Border Post Road
Beitbridge
Telephone +263-852-322750

Bindura Service Centre
Shop No. 1 NSSA Complex
Artherstane Rd, Bindura
Telephone: +263-662106-7939

Bulawayo Main Service Centre
Corner Joshua Nqabuko Nkomo/L. Takawira Street
Bulawayo
Telephone: +263-292-277169/279212

Causeway Service Centre
Corner Central Ave/Third Street
Harare
Telephone: +263-242-792045

Chinhoyi Service Centre
135 Midway Street
Chinhoyi
Telephone: +263-6721-25309

Chipinge Service Centre
274 Main Street
Chipinge
Telephone: +263-227-2020-42799

Chiredzi Service Centre
Old Mutual Shopping Complex
Chiredzi
Telephone: +263-031231-2200

Chitungwiza Service Centre
Chitungwiza Town Centre
Chitungwiza
Telephone: +263-242-128992

First Street Service Centre
68 Nkwame Nkrumah Street
Harare
Telephone: +263-242-703647/8

Fort Street Service Centre
Cnr 13th Avenue/ Fort Street
Bulawayo
Telephone: +263-292-267328

Gokwe Service Centre
Intermarket House
Gokwe Centre
Telephone: +263-55259-2764

Gwanda Service Centre
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Gwanda
Telephone: +263-8428-22433/22441

Gweru Service Centre
Corner 7th Street/Robert Mugabe Way
Gweru
Telephone: +263-542-220535

Halyet House Service Centre
Corner Josiah Tongogara Street/9th Ave
Bulawayo
Telephone: +263-292-279730/279205

Highglen Service Centre
Shop Number 3
Highglen Shopping Centre, Harare
Telephone: +263-242-692048

Kadoma Service Centre
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Kadoma
Telephone: +263-06821-23418

Karoi Service Centre
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Karoi
Telephone: +263-61215-7918

Kopje Plaza Service Centre
Corner Jason Moyo Ave/Rotten Row Rd
Harare
Telephone: +263-242-771865

Kwekwe Service Centre
Shop 9, Communications and
Allied Industries,
Kwekwe
Telephone: +263-5525-24575

Marondera Service Centre
Stand No. 1137
Second Street, Marondera
Telephone: +263-652-322982

Masvingo Service Centre
48 Hughes Road
Masvingo
Telephone: +263-392-264309

Mutare Service Centre
Stand 4011 1st Avenue
Mutare
Telephone: +263-02020-61766

Mutoko Service Centre
50 Oliver Newton Road
Mutoko
Telephone: +263-65213-2748

Mvuma Service Centre
Slice Complex
580 Masvingo Road
Telephone: +263-774031394

Nelson Mandela Service Centre
Corner N. Mandela / L. Takawira Street
Harare
Telephone: +263-242-751512

Rusape Service Centre
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Rusape
Telephone: +263-225205-2092

Southerton Service Centre
Corner Highfield Rd/Lobengula Rd
Harare
Telephone: +263-242-620450

Victoria Falls Service Centre
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Victoria Falls
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Westgate Service Centre
Shop MP1 Westgate Shopping Centre
Harare
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Zvishavane Service Centre
Stand No 22-23
Robert Mugabe Way
Zvishavane
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Esteem Banking Service Centres

Esteem Banking (Bulawayo)
Shop 3 Ascot Shopping Centre, Byo
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Esteem Banking (Harare)
Exhibition Park
Harare Showgrounds
Telephone: +263-242-752443/752017

Esteem Banking (Gweru)
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Street Gweru
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Esteem Banking (Westgate, Harare)
Shop MP1 Westgate Shopping Centre
Telephone: +263-242-300000

CHAIRPERSON'S STATEMENT

It is my pleasure to present the annual report of the Bank for the year ended 31 December 2022.

ECONOMIC ENVIRONMENT

The Zimbabwean economy was projected to grow by 4% in the year 2022, supported by substantial growth in the mining and quarrying sectors, wholesale and retail trade, accommodation and food service industry as well as the construction services, among others. The relaxation of Covid 19 restrictions positively contributed to economic growth. However, poor agricultural conditions, rising inflation, depreciation of the local currency and high interest rates continued to pose threats to the economy. The Russia-Ukraine war also negatively affected the agricultural sector as prices of fertilizers shot up, thus pushing up prices of commodities in the sector. Annual inflation as measured by the all items Consumer Price Index increased to 243.8% in December 2022 from 61% recorded in December 2021. On a positive note, annual inflation has been on a downward trend since August 2022 when it spiked to 285%. Interventions by fiscal and monetary authorities that include the tightening of the monetary policy, raising of policy and accommodation rates as well as liberalising the forex market have assisted in taming inflation and stabilising the parallel market rates.

HYPER-INFLATIONARY REPORTING

The Public Accountants and Auditors Board (PAAB) pronounced Zimbabwe as a hyperinflationary economy for reporting periods ended on or after 1 July 2019, thus the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies have been applied to the financial statements for the year ended 31 December 2022.

FINANCIAL HIGHLIGHTS

The following summarizes the key financial highlights of the Bank's performance in 2022:

- In inflation adjusted terms, the Bank recorded a profit of ZWL 2.34 billion during the year ended 31 December 2022 whilst in historical terms the Bank recorded a net profit of ZWL 4.24 billion for the year in question.
- Net operating income for the year increased by 74% in inflation adjusted terms to reach ZWL18.99 billion for the year 2022 due to above inflation yields on financial assets.
- Operating expenses increased by 93% in inflation adjusted terms to ZWL14.60 billion in 2022 from ZWL7.56 billion in 2021 due to a general rise in prices attributed to inflationary pressures.
- In inflation adjusted terms, total assets increased by 35% to ZWL39.37 billion as at 31 December 2022 from ZWL29.06 billion in 2021.
- The liquidity ratio of the Bank stood at 70% as at 31 December 2022 confirming that the Bank is highly liquid and has the capacity to honor its obligations.
- Capital adequacy of the Bank stood at 62% as at 31 December 2022 in inflation adjusted terms against the minimum regulatory ratio of 12%.

DIVIDEND

The Bank held its Annual General Meeting on 22 August 2022 and a dividend of ZWL145,257,029.00 was declared and paid to the shareholder during the year under review.

PARTIAL PRIVATISATION OF THE BANK

The Bank is one of the state entities earmarked by the Government for partial privatisation. The consultants engaged to provide transactional advisory services on the Partial Privatisation project, KPMG Advisory Services (Zimbabwe), presented the final Partial Privatisation strategy document which was submitted to the Minister of Finance and Economic Development in April 2022. Subsequent to that submission, the Minister requested for a more comprehensive strategy document which is inclusive of the recommended strategic partner or investor. At the time of preparing this report, the consultants were in the process of attending to the outstanding workstreams and deliverables which include the Minister's request. It is anticipated that the partial privatisation project will be concluded by the end of the year 2023.

CORPORATE GOVERNANCE

The People's Own Savings Bank continues to maintain high standards of Corporate Governance. The Bank is pursuing certification under the European Organisation for Sustainable Development (EOSD)'s Sustainability Standards Certification Initiatives (SSCI).

Following the successful endorsement of the Bank's Purpose Statement and High Impact Goals in 2021, the People's Own Savings Bank is actively implementing the tasks under the Sustainability Standards Certification Initiatives (SSCI) Octagon Value Creation Model. Certification under this standard is expected to result in the Bank emerging as a value driven financial institution that delivers financial, social, economic and environmental values whilst embracing innovation for the benefit of the Bank's stakeholders.

APPOINTMENT OF A NEW CHIEF EXECUTIVE OFFICER

In line with the Public Entities Corporate Governance Act [Chapter 10:31] (PECOG Act), the Board, with the approval of the Minister of Finance and Economic Development appointed Garainashe Changunda as the new Chief Executive Officer of the Bank with effect from 1 February 2023. I would like to thank Mr Admore Kandlela, the former CEO, for his great leadership and vision during his tenure of office and wish him well in his new endeavours. Let me also take this opportunity to congratulate Mr Garainashe Changunda on his appointment and wish him a successful journey as he takes on the leadership role in the Bank.

OUTLOOK

Economic growth is expected to improve in the year 2023 supported by a better agricultural season, increased mining output, slowing inflation and the easing of Covid 19 restrictions. Implementation of policies outlined in the National Development Strategy 1 (NDS1) have also begun to contribute positively to the growth of the real gross domestic product. On the flip side, the slowdown in global economic growth mainly because of the ongoing Russia- Ukraine conflict, volatile commodity prices, unpredictable climate change as well as the low and erratic supply of electricity continue to pose risks to economic growth prospects. The People's Own Savings Bank will strengthen its position on the market by growing its customer base and introducing new products. The Bank will also continue to be aggressive in deposit mobilisation in order to grow its business and remain competitive. In an effort to bring convenience and provide efficient services to its customers, the Bank will use its wide Service Centre network, digital channels and agencies to ensure delivery of quality services to its customers.

APPRECIATION

I would like to thank our customers who continued to bank with us. My appreciation also goes to my fellow board members, the Chief Executive Officer, Management and members of staff for their dedication and hard work towards achieving the Bank's results. I would also like to acknowledge the support received from the shareholder, the regulatory authorities and all our stakeholders who contributed to the success of the Bank in the year 2022.

ISRAEL NDLOVU (MR)
BOARD CHAIRMAN (Acting)

FINANCIAL SERVICES SECTOR OVERVIEW

Despite the challenges in the economy at large, the Banking sector remained stable as it continued to play an important role in supporting the productive sectors of the economy. The Banking sector remained well capitalised with adequate levels of liquidity, satisfactory asset quality and low levels of non-performing loans. In an effort to tame inflation and sustain price and exchange rate stability, fiscal and monetary policy authorities maintained a tight monetary policy which included high bank policy rates, introduction of gold coins to mop up excess liquidity, liberalisation of the foreign exchange market through the introduction of the Willing-Buyer Willing-Seller interbank market for foreign exchange and the reinforcement of the foreign exchange auction system. These measures saw inflation declining in the last quarter of the year 2022 and the parallel market exchange rate premium declining to less than 20%, thus boosting business confidence, industry activity and the export business.

Foreign currency generation in the economy significantly improved as evidenced by a continued upward trajectory in foreign currency receipts which increased from US$9.9 billion in the year 2021 to US$11.6 billion in 2022, thus positively contributing to the foreign currency liquidity in the economy. Furthermore, the foreign exchange auction system remained a key factor in the stabilisation of the foreign exchange market. With the introduction of the Willing-Buyer Willing-Seller (WBWS) interbank market, the number of bids on the auction market significantly declined from a weekly average of 1450 to an average of 250 during the second half of 2022 showing a tremendous improvement in foreign currency liquidity in the economy.

The Zimbabwe Stock Exchange (ZSE) was characterised by positive performance during the first half of the year evidenced by a market capitalisation of ZW$2.44 trillion in June 2022 from ZW$1.32 trillion in December 2021. However, during the second half of the year, the Zimbabwe Stock Exchange traded in the negative territory, losing 16% worth of capitalisation from ZW$2.44 trillion to ZW$2.04 trillion in December 2022. The negative performance was exacerbated by the delisting of some counters from the bourse. On the other hand, the Victoria Falls Stock Exchange increased its capitalisation from US$0.27 billion in June 2022 to US$0.42 billion in December 2022. It is encouraging to note the improved participation on the Victoria Falls Stock Market in the year 2022.

FINANCIAL PERFORMANCE

The Bank recorded a net profit of ZWL 4.24 billion in historical terms compared to a net profit of ZWL 889 million in the prior year. In inflation adjusted terms, the Bank recorded a net profit of ZWL 2.35 billion compared to a net profit of ZWL 2.57 billion in 2021.

In historical terms, net operating income increased by 470% to ZWL 14.98 billion from ZWL 2.63 billion in the prior year whilst in inflation adjusted terms a 74% increase in net operating income was recorded from ZWL10.94 billion in year 2021 to ZWL 18.99 billion in year 2022. This reflects positive business growth despite the inflationary pressures. On the other hand, operating expenses increased by 517% from ZWL1.74 billion in year 2021 to ZWL 10.73 billion in year 2022 in historical terms and after adjusting for inflation, operating expenses registered a 93% increase from ZWL 7.56 billion in year 2021 to ZWL 14.60 billion in year 2022 as the Bank continued to implement effective cost management strategies in order to remain profitable. In historical terms, total assets grew by 364% from ZWL8.21 billion in 2021 to ZWL38.12 billion by December 2022. In inflation adjusted terms, total assets grew by 35% from ZWL 29.06 billion in 2021 to ZWL 39.37 billion by December 2022. On the same note, total deposits increased by 358% from ZWL4.65 billion in 2021 to ZWL21.29 billion by December 2022 in historical terms whilst in inflation adjusted terms deposits increased by 33% from ZWL15.98 billion in 2021 to ZWL 21.29 billion by December 2022. The capital adequacy ratio at 62% in inflation adjusted terms and 58% in historical terms exceeds the prescribed minimum regulatory ratio of 12% and enables the Bank to meet all prudential lending guidelines.

CORPORATE DEVELOPMENTS

1. Mastercard Project

The project which commenced in the year 2021 with the objective of allowing both local and international payments, closed the year 2022 at an advanced stage of implementation with the local and international live environment tests being conducted for both the debit and prepaid cards. The Mastercard product will be launched in the second quarter of the year 2023.

2. The Omni-Channel Project

The following milestones were achieved:

- **Mobile Banking** – To improve customer experience, the mobile banking application was upgraded to a flutter application with a new modern look and feel. The multi-currency functionality was added as well as the biometric authentication for compatible devices.

- **Online Banking Self-registration** – For customers' added convenience, online banking self-registration was enabled on the online banking platform.

- **WhatsApp Banking** – The addition of WhatsApp banking to the mobile banking offering was work in progress by end of the year 2022. However, pilot tests done for internal transactions were successful, the product awaits launch in the first quarter of the year 2023.

3. New Billers - Gweru City Council, Dandemutande, Utande and Nyaradzo were added as billers available on all digital banking platforms. This enhancement allows customers to pay their respective billers directly from their accounts via the digital payment platforms.

4. Money Transfer Agencies - To cater for the increase in diaspora remittances, the Bank widened its agency banking scope by adding Mama Money to the international money transfer services. Furthermore, the Bank introduced POSB Remit, a local USD remittance channel to allow customers to send and receive USD cash across the Bank's Service Centre network.

5..USD Products - To tap into the growing USD business opportunities, the Bank introduced USD credit and savings products.

6. Alternative Payment Sites - In a bid to decongest its banking halls, the Bank introduced the alternative pay points initiative targeted at NSSA and Government pensioners. This initiative has significantly reduced long queues in the banking halls during pay days, resulting in enhanced customer experiences.

7. Queue Management System - Improved customer experience is at the helm of the Bank's initiatives. To this end, a queue management system was introduced with 5 Service Centres pioneering the project. The system will go a long way in increasing productivity and providing useful data for continuous improvement in the Bank's system and operations.

8. Zeepay Implementation - The Bank was onboarded on the Zeepay bulk payment processing system which allows it to receive from and send to other banks bulk payment files for processing. By end of the year 2022, the Bank had partially implemented the system. It is expected that by the end of the first quarter 2023, the system will be fully implemented.

SERVICE CENTRE NETWORK

The Bank continued to operate its 32 branches country wide. To complement its branch network, the Bank also made use of 143 Zimpost agencies. Twenty-eight (28) Zimpost offices were used as Alternative Payment Sites during pensioners pay days. This was meant to provide convenience, especially for pensioner customers who still prefer cash withdrawals. POSB branches are now referred to as Service Centres.

LEGAL STATUS

The Bank's operations are governed by the People's Own Savings Bank of Zimbabwe Act [Chapter 24:22] of 1999, the Banking Act of Zimbabwe [Chapter 24:20] and is also under the supervision of the Reserve Bank of Zimbabwe.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The People's Own Savings Bank is committed to assisting communities in which it exists. The Bank's focus is to engage in transformational programmes which improve the livelihoods of socially and economically vulnerable groups. To this end, the Bank allocates 5% of the annual marketing budget towards the execution of CSR programmes and activities.

In the year 2022, the Bank undertook the following CSR initiatives:

- **Health.** In the year 2022, the Bank partnered with several health institutions to promote and support health initiatives which included partnering the Cancer Association of Zimbabwe for the Cancer Survivors' Day Celebrations.
- **Community Empowerment.** As the Bank embraces Sustainability initiatives, it supported the Angel of Hope fundraising dinner held during the year 2022 with the aim of raising funds to empower the less privileged and marginalised communities.

ACCOLADES TO THE BANK

1. Chartered Governance and Accountancy Institute of Zimbabwe

The Bank was awarded 2nd Prize for Excellence in Corporate Governance (State Enterprises and Parastatals) by the Chartered Governance and Accountancy Institute of Zimbabwe.

2. Banks and Banking Survey

The Bank was the Financial Inclusion Award Winner and 1st runner up for the Social Responsibility and Sustainability Award at the 2022 Banks and Banking Awards. The Awards recognise exceptional financial institutions using a series of key deliverables including profitability, efficiency and shareholder value creation.

3. Zimbabwe Association of Microfinance Institutions

The Bank's Microfinance Express Loans division was recognized as runner up for the 2022 Most Profitable and Financially stable Microfinance Institution award as well as runner up for the 2022 Most Resilient Microfinance Institution award at the Zimbabwe Association of Microfinance Institutions (ZAMFI)'s 4th National Microfinance Excellence awards.

4. HR Excellence Awards

The Bank was recognised in the Rewards and Benefits as well as the Pioneering of a Digital Culture award categories at the Institute of Human Resources Management Zimbabwe (IHRMZ) awards for its resilience in pushing the boundaries of the people strategy as well as achieving new heights in employee engagement and performance management.

5. Chinhoyi Community Excellence Awards

The Bank was awarded the Certificate of Excellence – Winner Banking Sector at the Chinhoyi Community Excellence Awards in recognition and appreciation of the contributions made by the Bank to the Chinhoyi Community over the years.

6. CEO Network Zimbabwe

The Bank was appreciated through the Customer Hero Award for being a well-rounded organisation of good repute at the CEO Network Zimbabwe awards ceremony held in April 2022.

RISK MANAGEMENT

The Bank analyses and addresses all risks perceived to have a significant bearing on its operations with the ultimate goal of achieving sustainable benefits to the shareholders. To this end, the Bank has embraced the Enterprise Risk Management approach to ensure risks are holistically managed. The Bank has also continued to comply with Basel requirements to promote stronger risk management and governance practices. In addition, the Bank has embarked on the Sustainability Standards and Certification Initiative (SSCI) to ensure that its operations demonstrate the highest commitment to environmental and social sustainability practices.

In line with the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) standards, the Bank is mandated to carry out periodic risk assessments. In this regard, the Bank carries out AML/CFT assessments to identify and assess risk exposures with the view of determining appropriate risk-based control measures.

Sustainability is a subject rising on the agenda of the financial services sector and the adoption of sustainability principles is considered important in achieving social, economic and environmental goals in most economies. To this end, the Bank has taken great strides towards the Sustainability Standards Certification Initiative (SSCI) under the European Organisation for Sustainable Development (EOSD).

COMPLIANCE AND FINANCIAL CRIME CONTROL FUNCTION

POSB is committed to conducting its business activities with integrity and respect for regulatory, ethical and social responsibilities, hence the bank adopted a "zero tolerance to non-compliance". To this end, the Bank has in place a compliance department which is responsible for identification, assessment and monitoring of compliance risk as part of the overall risk management framework.

POSB does not tolerate any deliberate breach of financial crime laws and regulations including bribery, corruption, money laundering, sanctions, and/or tax evasion facilitation, which apply to its business and the transactions it undertakes. The Bank remains supportive of local and international efforts aimed at anti-money laundering and counter financing of terrorism, thus the Bank abides by the requirements of the Money Laundering and Proceeds of Crime Act [Chapter 9:24], the Bank Use Promotion Act [Chapter 24:24] and the Suppression of Foreign and International Terrorism Act [Chapter 11:21] as well as the expectations of important stakeholders such as its regulators and correspondent banks. POSB expects its customers to comply with all applicable laws and regulations as the Bank's ability to comply is directly linked to the conduct of its stakeholders.

OUTLOOK

Significant uncertainties are evident as the monetary authorities focus on containing inflation, against a backdrop of geopolitical tensions in Russia and Ukraine. As we navigate the uncertain environment in 2023, we are confident that the Bank is well positioned to take advantage of significant growth opportunities in its footprint. To ensure convenience to its customers, the Bank will launch the Mastercard in the second quarter of the year 2023. Deployment of Point-of-Sale (POS) machines, and digital platforms will also be accelerated in the outlook period. These and other initiatives will go a long way towards delivering value to the Bank's customers in keeping with the financial inclusion agenda of the Bank.

APPRECIATION

My appreciation goes to all our distinguished customers for continuing to conduct business with the bank in the year 2022. I would also like to appreciate the Board, Shareholder, the regulators and all other stakeholders for their unwavering support. Finally, I would like to thank Management and staff for their remarkable efforts which have resulted in the Bank achieving commendable results during the year under review. I am confident that we will continue to deliver sustainable value for the Bank's stakeholders in 2023 and beyond.

GARAINASHE CHANGUNDA
CHIEF EXECUTIVE OFFICER

DIRECTORS' REPORT

The People's Own Savings Bank Board has pleasure in presenting the Annual Report and the Audited Financial Statements for the year ended December 31, 2022.

LEGAL FORM

The People's Own Savings Bank is a corporate body established in terms of the People's Own Savings Bank of Zimbabwe Act [Chapter 24:22] of 1999. It is broadly mandated to conduct the business of a Savings Bank, as well as offering banking and financial services to the people of Zimbabwe.

2022 FINANCIAL RESULTS

The financial results of the Bank have been inflation adjusted in order to comply with the requirements of IAS 29. This commentary is based on the inflation adjusted financial results and historical financial statements have been disclosed as supplementary information. In complying with IAS 29, the directors used judgement and assumptions where necessary, therefore users of the financial statements are advised to exercise caution as some inherent economic distortions tend to influence the out turn of financial results in hyperinflationary environments.

In inflation adjusted terms, net operating income increased by 74% whilst operating expenses increased by 93%, resulting in a 30% increase in operating profit. The monetary loss increased by 154% resulting in a net profit of ZWL 2.35 billion from a net profit of ZWL 2.57 billion in prior year.

The Balance sheet size of the Bank increased by 35% from ZWL29.06 billion in 2021 to ZWL39.37 billion in 2022 in inflation adjusted terms. This was mainly attributed to an increase in deposits by 33% after taking into account the effects of inflation.

The table below summarises the Bank's financial performance.

INFLATION ADJUSTED

	2022	2021	% Change
Operating income	18,989,903,748	10,941,304,834	74%
Operating expenses	(14,596,459,490)	(7,560,729,246)	93%
Operating profit	**4,393,444,258**	**3,380,575,588**	**30%**
Monetary loss	(2,047,546,230)	(806,367,880)	154%
Profit for the year	**2,345,898,028**	**2,574,207,708**	**-9%**
Customer deposits	21,293,721,200	15,975,357,690	33%
Total assets	39,372,364,114	29,064,022,953	35%

HISTORICAL

	2022	2021	% Change
Operating income	14,975,259,153	2,627,595,471	470%
Operating expenses	(10,732,727,955)	(1,738,891,900)	517%
Net profit	**4,242,531,198**	**888,703,571**	**377%**
Customer deposits	21,293,721,200	4,647,243,798	358%
Total assets	38,119,290,085	8,209,319,524	364%

BOARD MEMBERS RESPONSIBILITY STATEMENT

The responsibility for the preparation and integrity of the financial statements that would fairly present the state of affairs of the Bank at the end of the financial year lies with the Board. The reports include the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year, together with notes and other information contained in these reports. The financial statements were prepared according to International Financial Reporting Standards.

In order to ensure integrity of the financial statements, the Board maintains adequate accounting records and has put in place adequate internal controls and a robust risk management framework in order to safeguard the assets of the Bank and to prevent and detect fraudulent activities.

The Board has reassessed the operations of the Bank and is confident that the Bank continues to be a going concern. Accordingly, the financial statements continue to be prepared on a going concern basis. The financial statements on pages 30 to 132 were approved by the Board of Directors on 24 March 2023.

AUDITORS

The Auditor General is the statutory auditor of the Bank as provided for in section 34 of the People's Own Savings Bank Of Zimbabwe Act [Chapter 24:22] of 1999 and the Public Finance Management Act [Chapter 22:19].

By order of the Board

DOROTHY MAPIMHIDZE
COMPANY SECRETARY

CORPORATE GOVERNANCE REPORT

POSB is a commercialised savings bank offering financial services as prescribed in the People's Own Savings Bank Of Zimbabwe Act [Chapter 24:22](POSB Act), its enabling statute. Its commercialisation that commenced in 2001 has been on a gradual roll out and has now reached the partial privatization stage, a process that is currently underway and is expected to be completed within the year 2023.

In its operations, it upholds very high standards of business practices in line with its commitment to go beyond the prescribed and under applicable statutes and regulatory guidelines and where appropriate in line with global best practices. The Bank continues to review and align its corporate governance practices as prescribed under the POSB Act, the Public Entities Corporate Governance Act [Chapter 10:31](PECG Act), the Banking Act [Chapter 24:20] and with regulatory directives issued from time to time by the Reserve Bank of Zimbabwe (RBZ) and the Corporate Governance Unit of the Office of the President and Cabinet (CGU-OPC). Through the continuous reviews, new strategies, and initiatives to strengthen the Bank's governance practices continue to be adopted.

Since the year 2021, the Bank embarked on a global review of its operations to ensure sustainability and is pursuing certification under the European Organization for Sustainable Development (EOSD)'s Sustainability Standards Certification Initiative (SSCI). By close of the year 2021, EOSD had endorsed the Bank's Purpose Statement and High Impact Goals as they fulfill the sustainability standards compliance requirements. This was followed by a gap assessment of the Bank Policies and Strategies against the Sustainability Standards which thereafter led to commencement of various initiatives and activities aimed at addressing identified gaps and advancing the certification process. The Bank has henceforth been implementing the tasks under the SSCI Octagon Value Creation Model infusing sustainability into its values, strategies and operations as it progresses towards certification. The Banks aims to submit to certification review before the end of the year 2023.

ANNUAL GENERAL MEETING

The Bank held its Annual General Meeting on the 22nd of August,2022. Stakeholders who were not able to attend physically were given the option to attend virtually via a meeting link that had been availed. The business of the AGM was all concluded but the issues relating to regularisation of the Board in respect of the tenure of some members and its composition remain outstanding and under the shareholder purview. The Meeting approved the Bank's Gratuity Policy and the payment of gratuity in line with that Policy to the CEO of the Bank, Mr Admore Kandlela who was due to retire at the end of October 2022. Mr Kandlela duly retired on the 31st of October 2022 having served the Bank since 2003. The recruitment process was commenced and by the end of the year recommendations on the successful candidates had been submitted to the Minister of Finance and Economic Development. At the end of the year, Mr Garainashe Changunda had been appointed as the Acting CEO for three months pending the appointment of a substantive CEO.

BOARD REMUNERATION REVIEW

In line with the regulatory position, the Corporate Governance Unit (CGU) reviewed the remuneration of the Board twice last year, in January and July 2022 and the increases were duly effected.

RECAPITALISATION OF THE BANK

The Bank's recapitalisation project progression from the year 2021 has continued to be reviewed to accommodate delays arising from delayed approvals.

- The initial work on the Project was completed at the end of June 2021 following the submission of the Due Diligence, the Company Inception and the Draft Valuation Reports.
- The proposed recapitalisation strategies were presented to the stakeholders during the last quarter of the year 2022 and the stakeholder consultation process was concluded in January 2022.
- The Final Strategy Document was submitted to the Minister of Finance & Economic Development in Q3, 2022 and the Minister authorized that the Consultants submit a more comprehensive privatisation Strategy inclusive of the recommended strategic investors for consideration by Cabinet.
- The recapitalisation project is projected for completion by end of the year 2023.

Governance Structures

The Bank conducts its business through the governance structures that are reviewed annually as detailed below:

THE BOARD

The Board comprises of seven (7) independent non-executive directors and two (2) executive directors, the Chief Executive Officer and the Chief Finance Officer.

The detailed responsibilities of the Bank's Board include the following;

- To set the Bank's strategic direction/objectives,
- To approve the Bank's policies,
- To protect the interests of depositors and other stakeholders,
- To align activities and behavior to ensure that the Bank operates in a safe and sound manner, in compliance with applicable laws and regulations,
- To articulate the strategy against which the success of the overall Bank and the contribution of individuals is measured,
- To assign responsibilities and decision-making authorities, incorporating a hierarchy of required approvals from Management to the Board, and
- To ensure good return to the shareholder's investment.

BOARD COMMITTEES AND MEETINGS

The Board as a whole is responsible for the oversight of Management on behalf of the shareholder, the Government of Zimbabwe. To exercise its duties, the Board meets quarterly through scheduled meetings and additionally as and when the need arises. To assist the Board in its oversight function, a number of Board Committees were established in accordance with section 14(i) of the People's Own Savings Bank Act {Chapter 24:22} and the PECG Act as read with PECG General Regulations, SI 168 of 2018.

In addition, the Board has scheduled report back meetings with the Minister of Finance and Economic Development. The meetings provide an important feedback window where critical issues are discussed and guidance given.

Details of the Board Committees as at 31st December, 2022 are outlined in the following paragraphs:

1. BOARD AUDIT COMMITTEE

The Board Audit Committee assists the Board in its oversight role as follows:

(i) the integrity of the Bank's financial statements,
(ii) the Bank's external auditor's qualifications and independence,
(iii) the performance of the Bank's external auditors and the Internal Audit function,
(iv) the Bank's systems of disclosure controls and procedures and internal controls over financial reporting,
(v) to review and assess recommendations and reports of the finances, financial controls of the Bank and the internal audit function an make appropriate recommendations of its own to the Board regarding the foregoing,
(vi) ensure the Bank's compliance with applicable laws, regulatory requirements and financial reporting and accounting standards, and where appropriate, make recommendations of its own to the Board regarding the financial administration of the Bank.

Composition

M.S. Mureriwa	(Non- Executive Committee Chairperson)
I. Mvere	(Non- Executive Member)
I. Ndlovu	(Non- Executive Member) Acting Board Chairman

The Board Chairperson, the Chief Executive Officer, the Chief Finance Officer and Head Internal Audit are not members of the Board Audit and Finance Committee but attend the meetings by invitation. External Auditors are invited to attend all meetings.

2. 1. Board Finance Committee

The Board Finance Committee is authorized by the Board to guide, oversee and support the financial and tax practices of the Bank including the approval, conformance of financial policies and procedures and the development of the annual strategy, budget and procurement plan, monitor adherence to the strategy, budget and procurement plan and ensuring accurate tracking and analysis of financial highlights and issues and also ensure conformance to relevant financial and tax rules, regulations and where appropriate, make recommendations of its own to the Board regarding the financial administration of the Bank.

Composition

I. Mvere	(Non- Executive Committee Chairman)
I. Ndlovu	(Non- Executive Member)
A. Kandlela	(Executive Director) Chief Executive Officer,
G. Changunda	(Executive Director) Chief Finance Officer

The Procurement Executive attends the Finance Committee meetings by invitation.

3. Board Credit and Investments Committee (BCIC)

The fundamental function of the Committee is to oversee the Bank's operations relating to credit, market and liquidity risk, and in particular to ensure that the Bank has adequate funds to meet its obligations. The Committee also approves all lending and investment policies. Furthermore, the Committee ensures that the approved policies are adequate and that lending and investment activities are conducted in accordance with the established policies and regulations.

The Committee has the mandate over risks underwritten by the Bank in as far as they affect its overall performance including particularly market risks and credit risks. The Committee is also responsible for approval of loans to customers within its limit.

Composition

M.S. Mureriwa	(Non- Executive Committee Chairperson)
I. Mvere	(Non- Executive Member)
A. Kandlela	(Executive Member)
G. Changunda	(Executive Member)

The Divisional Director – Retail Banking, the Divisional Director - Corporate & Investment Banking, the Chief Information Officer and the Marketing and Public Relations Executive attend committee meetings by invitation.

4. Board Human Resources and Governance Committee

The Board Human Resources Committee is tasked with looking into issues relating to the formulation and approval of strategies and policies relating to the remuneration and terms and conditions of services of all Bank staff. The Committee is also mandated to consider and approve Management recommendations on succession planning, management and development of human resources as well as reviewing the Bank's organisational structure.

It additionally has oversight on governance and in that regard assists the Board to accomplish the objectives of good governance through the evaluation and development of the Bank's governance practices, addressing transparency, independence, accountability, fiduciary responsibilities and management oversight.

Composition

O. Jambwa	(Non- Executive Committee Chairman)
N.C. Chindomu	(Non- Executive Member)
C. Nyamutswa	(Non- Executive Member)
I. Ndlovu	(Non- Executive Member) Acting Board Chairman
A. Kandlela	(Executive Member)
G. Changunda	(Executive Member)

The Human Capital Executive attends Committee meetings by invitation.

5. Board Risk Committee

The Committee is responsible for overall identification, measurement, management, and monitoring of all risks facing the Bank. In the main, the Risk Management Committee is responsible for the formulation of high-level risk management policies and for inculcating a risk management culture throughout the Bank. The Committee is also responsible for overseeing the harmonization and integration of IT processes, for ensuring that the Disaster Recovery Plan is in place and to ensure that other issues relating to IT requirements of the Bank are timeously addressed.

The Chief Executive Officer, the Chief Finance Officer, the Chief Risk Officer, the Chief Information Officer and the Chief Compliance Officer attend committee meetings by invitation.

The Committee is also tasked with the primary responsibility of monitoring the performance of the loan book and ensuring that it is proficiently managed and appropriately diversified to manage concentration risk. It also has the broad responsibility of ensuring that the Bank's potential and specific bad debts are adequately provided for and that the total loan book is in compliance with the lending guidelines and the Bank's Credit policy.

The Board reviewed this Committee in line with the changes to the Banking Act (Chapter 22:24) resulting in its split. With effect from the 1st of June 2017, the Board now has a Risk Committee and Credit Review Committee as separate Committees.

Composition

N. C. Chindomu	(Non-Executive Committee Chairperson)
I. Ndlovu	(Non- Executive Member)
C. Nyamutswa	(Non-Executive Member)

6. Board Credit Review Committee

The Board Credit Review Committee was established as a separate Committee in line with changes to the Banking Act with effect from the 1st of June 2017.

The primary responsibility of the Committee is to assist the Board in discharging its oversight responsibility on the overall lending policies and lending activities of the Bank. The Committee reviews all lending by the Bank enabling it to monitor performance of the Bank's loan book and that it is proficiently managed and appropriately diversified to manage concentration risk. It is also broadly responsible for ensuring that the Bank's potential and specific bad debts are adequately provided for and that the total loan book is in compliance with the lending guidelines and the Bank's Credit Policy.

Composition

C. Nyamutswa	(Non-Executive Committee Chairperson)
I. P. Ndlovu	(Non- Executive Member)
O. Jambwa	(Non-Executive Member)

The Chief Executive Officer and the Chief Risk Officer attend committee meetings by invitation.

7. Statement of Compliance

The Bank complied with all statutes regulating its operations though there are still some gaps relating to compliance with the Public Entities Corporate Governance (PECG) Act. The Board thus continues to engage the shareholder on the PECG Act compliance and its implications in some areas. The Bank also complied with regulatory directives on IFRS 9 implementation, liquidity management, capital adequacy, anti-money laundering as well as prudential lending guidelines.

	Total No	I NDLOVU	O JAMBWA	N C CHINDOMU	I MVERE	M S MURERIWA	C NYAMUTSWA	A KANDLELA**	G CHANGUNDA**
BOARD MEETING 22/2/2022;22/3/2022;27/5/2022;18/8/2022;7/12/2022	5	5	5	5	5	5	5	5	5
ADHOC BOARD MEETING (25/1/2022;25/2/2022	2	2	2	2	2	2	2	2	2
BOARD HUMAN RESOURCES & GOVERNANCE COMMITTEE: 1/2/2022;24/5/2022;4/8/2022;17/11/2022	4	4	4	NA	NA	4	3*	4	4
BOARD RISK COMMITTEE 10/3/2022;11/5/2022;3/8/2022;16/11/2022	4	4	NA	4	NA	NA	4	3#	4
BOARD AUDIT COMMITTEE 17/3/2022;16/5/2022;4/8/2022;21/11/2022	4	4	NA	NA	3*	4	NA	3#	4
BOARD FINANCE COMMITTEE 5/3/2022;20/5/2022;11/8/2022;30/11/2022	4	4	NA	NA	4	NA	NA	3#	4
BOARD CREDIT & INVESTMENTS COMMITTEE 8/3/2022;12/5/2022;2/8/2022;23/11/2022	4	NA	NA	NA	4	4	NA	3#	4
BOARD CREDIT REVIEW COMMITTEE 10/3/2022;11/5/2022;3/8/2022;16/11/2022	4	4	4	NA	NA	NA	4	3#	NA

Key:
N/A – Not a member **Executive Director *Leave of Absence granted # Retired on 31 October 2022

BOARD OF DIRECTORS

I. NDLOVU
Acting Board Chairperson

G. CHANGUNDA
Chief Executive Officer

M. GUNDE
Acting Chief Finance Officer

N. C. CHINDOMU
Non-Executive Director

O. JAMBWA
Non-Executive Director

M.S. MURERIWA
Non-Executive Director

I. MVERE
Non-Executive Director

C. NYAMUTSWA
Non-Executive Director

D. MAPIMHIDZE
Company Secretary and Legal Advisor

EXECUTIVE MANAGEMENT

GARAINASHE CHANGUNDA
Chief Executive Officer

MARIA GUNDE
Acting Chief Finance Officer

WILBERT FUNGURA
Chief Risk Officer

LAWRENCE MUNASHE KUPIKA
Divisional Director- Retail Banking

FARAI CHIRIKURE
Divisional Director- Corporate and Investment Banking

DOROTHY MAPIMHIDZE
Company Secretary and Legal Advisor

MALVERN KUJEKE
Human Capital Executive

LOICE NGULUBE
Chief Information Officer

PATIENCE CHINOMONA
Chief Compliance Officer

GIBSON SIBANDA
Procurement Executive

IZASI MUKONYERWA
Head Internal Audit

MEMORY GWASIRA
Marketing and Public Relations Executive

ALLEN MACHIPISA
Treasury Executive

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"The Auditor-General"

REPORT OF THE AUDITOR-GENERAL TO THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT AND THE BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS OF PEOPLE'S OWN SAVINGS BANK FOR THE YEAR ENDED DECEMBER 31, 2022.

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the People's Own Savings Bank set out on pages 30 to 132, which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the People's Own Savings Bank (POSB) as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) and International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the People's Own Savings Bank in accordance with the ethical requirements that are relevant to my audit of the financial statements in Zimbabwe, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the People's Own Savings Bank (POSB) for the year ended December 31, 2022. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined the matters described below to be the key audit matters to be communicated in my report.

Matter	Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Revenue recognition	The Bank has various products in retail banking, corporate banking, micro financing, treasury and international banking from which it generates revenue. The delivery channels of the bank include use of its Service Centre network countrywide, cellphone banking and Zimswitch services among others. Key drivers of revenue are fees, commission and interest income. To support these services, there is a complex IT based banking system that caters for among other deliverables savings needs, deposits, withdrawals, financing arrangements and transfer of funds. The accounting policies for revenue are disclosed in notes 3.4 and 3.5 whilst the related disclosures are contained in the Statement of Profit or Loss and Other Comprehensive Income, note 5 and note 7. The amount of revenue recognized depends on the ability of the core banking system to process changes in business terms and conditions appropriately. The changes to the business conditions can be regulatory or strategic for the growth of the Bank. The huge volume of transactions from numerous revenue streams and the high level of regulation in the banking industry results in revenue recognition being a complex area. The level of complexity and the presumed risk in revenue recognition were considered to be of most significance to the audit.	The audit procedures that I performed to address the risk of material misstatement relating to revenue recognition included: • Testing controls, assisted by IT specialists. The controls tested included those over input of data on terms and charges agreed, authorization of exposure limits, computation of interest, cut off, and determination of whether transfer of data and general ledger balances was accurately and completely performed and; • Conducting analytical reviews on the various revenue line items; • Detailed analysis of revenue and the timing of its recognition based on services rendered. • Testing the validity, accuracy and completeness of revenue in line with the changes to the business conditions and terms. I found no material errors in the computation and recognition of revenue.
Valuation of Property, plant and equipment	The Bank held property, plant and equipment with a carrying amount of ZWL6,466,257,097 as at December 31, 2022. The assets were revalued in accordance with IAS 16. Property, plant and equipment was revalued by the Bank using Professional valuers. The valuation took into account unobservable inputs and therefore required significant judgement in determining the fair value of the assets. The useful life and residual values were reviewed by management with reference to current, forecast and relevant technical factors. This involved a significant degree of management judgement and assumptions. As a result, valuation of property, plant and equipment was considered to be a key audit matter.	The audit procedures that I performed to address the risk of material misstatement relating to the valuation of property, plant and equipment included: • Analysing and testing the revaluer's assumptions used to determine the revalued amounts. • Evaluating management's estimates regarding useful lives and residual values of these assets in relation to the Bank's historical experience, industry practice and future operating plans. • Evaluating the methodology used by the Bank when performing the valuation. • Inspecting documentary evidence of the condition of property, plant and equipment. Based on evidence gathered, I found management's assumptions in relation to useful lives, residual values and the revalued carrying amounts of property, plant and equipment to be reasonable.
Impairment of loans and advances	The Bank held loans and advances with a carrying amount of ZWL5,966,986,488 as at December 31, 2022 after adjusting for provision for impairment losses of ZWL 331,015,425. The disclosures related to the impairment of loans and advances are contained in notes 3.7.6 and 11.1. The Bank exercised significant judgement using subjective assumptions over valuation of loan and advances and estimation of the expected credit losses. Loans and advances form a major portion of the Bank's assets, and due to the significance of the judgements used in classifying loans and advances into various stages stipulated in IFRS 9 and determining related provision requirements, this audit area was considered a high risk. It is on the basis above that I considered impairment of loans and advances as a key audit matter.	The audit procedures that I performed to address the risk of material misstatement relating to the impairment of loans and advances included; • Focusing on situations where clients defaulted or were at risks of defaulting, and considered whether the level of loan loss allowance was sufficient to cover probable losses associated with the total loan portfolio and whether specific allowances were sufficient to cover all ascertained and expected losses inherent in individual loans • Gained an understanding of the Bank's key credit processes comprising of granting, booking, monitoring and provisioning and tested the operating effectiveness of key controls over these processes. • Confirming with management the Bank's review for impairment procedures and matched them to the evidence obtained as to whether the procedures for determining impairment were consistent with established regulatory guidelines. • Reviewing the Bank's IFRS 9 impairment and provisioning policy to assess compliance with the requirements of IFRS 9. Based on the outcome of the procedures above, I considered the impairment of loans and advances to be reasonable.

Other information

Management is responsible for the Other Information. The Other Information comprises all the information in the People's Own Savings Bank 2022 annual report, but does not include the financial statements and my auditor's report thereon.

My opinion on the Bank's financial statements does not cover the Other Information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the Bank's financial statements, my responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements.

The Bank's management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the People's Own Savings Bank Act [*Chapter 24:22*], and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements of the People's Own Savings Bank have, in all material respects, complied with the disclosure requirements of the People's Own Savings Bank Act [*Chapter 24:22*], the Public Finance Management Act [*Chapter 22:19*] and other relevant Statutory Instruments.

March 30, 2023.

M. CHIRI
AUDITOR-GENERAL.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

		INFLATION ADJUSTED		HISTORICAL	
		DEC 22	DEC 21	DEC 22	DEC 21
	Notes	ZWL	ZWL	ZWL	ZWL
Interest income	5	5,291,044,858	3,651,155,880	3,764,156,072	864,594,822
Interest expense	6	(779,113,518)	(446,575,053)	(576,005,111)	(106,672,677)
Net interest income		**4,511,931,340**	**3,204,580,827**	**3,188,150,961**	**757,922,145**
Increase in impairment losses on financial assets	11.6	(168,418,023)	(345,356,644)	(168,418,023)	(100,464,512)
Net interest income after impairment losses		**4,343,513,317**	**2,859,224,183**	**3,019,732,938**	**657,457,633**
Fees and commission income	7	10,624,257,077	7,137,782,849	8,101,144,959	1,632,635,759
Dividend income		35,630,008	28,293,959	29,441,887	8,230,734
Fair value gain on Investment properties		833,404,124	411,080,636	1,765,060,296	213,713,625
Other operating income	8	3,153,099,222	504,923,207	2,059,879,073	115,557,720
Net operating income		**18,989,903,748**	**10,941,304,834**	**14,975,259,153**	**2,627,595,471**
Operating expenses	9	(14,596,459,490)	(7,560,729,246)	(10,732,727,955)	(1,738,891,900)
Operating profit for the year		**4,393,444,258**	**3,380,575,588**	**4,242,531,198**	**888,703,571**
Monetary loss		(2,047,546,230)	(806,367,880)	-	-
Net profit for the year		**2,345,898,028**	**2,574,207,708**	**4,242,531,198**	**888,703,571**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Fair value gain/(loss) on financial assets at fair value through other comprehensive income		(1,450,340,189)	1,782,563,983	761,839,793	585,087,578
Gain on revaluation of non-current assets		2,941,062,961	624,251,940	5,656,908,073	500,321,772
Items that will be reclassified to profit or loss		-	-	-	-
Total comprehensive income for the year		**3,836,620,800**	**4,981,023,631**	**10,661,279,064**	**1,974,112,921**

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

		INFLATION ADJUSTED		HISTORICAL	
		Dec-22	Dec-21	Dec-22	Dec-21
ASSETS	Notes	ZWL	ZWL	ZWL	ZWL
Cash and balances with banks	10	11,316,780,100	3,545,610,390	11,316,780,100	1,031,420,780
Balances with the Central bank		614,341,665	304,726,734	614,341,665	88,645,241
Financial assets at amortised cost	11	10,144,877,616	14,667,745,041	10,144,877,616	4,266,858,279
Other assets	12	4,781,882,192	2,613,043,641	3,782,994,196	546,883,655
Financial assets at fair value through other comprehensive income	13.1	1,675,768,763	2,833,911,119	1,675,768,763	824,386,917
Investment properties	13.2	2,319,000,000	1,293,048,361	2,319,000,000	376,148,760
Property, plant and equipment	14	6,466,257,097	3,050,828,462	6,466,257,097	888,560,972
Right- of- Use Assets	15	844,175,143	204,753,426	589,989,110	26,316,002
Intangible assets	16	1,209,281,538	550,355,779	1,209,281,538	160,098,918
TOTAL ASSETS		**39,372,364,114**	**29,064,022,953**	**38,119,290,085**	**8,209,319,524**
LIABILITIES					
Customer Deposits	17	21,293,721,200	15,975,357,690	21,293,721,200	4,647,243,798
Other liabilities	18	3,341,850,111	2,043,236,231	3,341,850,111	594,378,987
TOTAL LIABILITIES		**24,635,571,311**	**18,018,593,921**	**24,635,571,311**	**5,241,622,785**
EQUITY					
Share capital	19.1	3,738,865,372	3,738,865,372	48,349,746	48,349,746
Capital contribution	19.2	143,975,309	143,975,309	25,000,000	25,000,000
Mark-to-market reserves	19.3	607,726,766	2,058,066,955	1,395,535,241	633,695,448
Revaluation reserve	19.4	5,209,077,872	2,268,014,911	6,553,280,162	896,372,089
Foreign currency translation reserve	19.5	57,009,905	57,009,905	16,584,225	16,584,225
Revenue Reserves	19.6	4,980,137,579	2,779,496,580	5,444,969,400	1,347,695,231
TOTAL CAPITAL AND RESERVES		**14,736,792,803**	**11,045,429,032**	**13,483,718,774**	**2,967,696,739**
TOTAL EQUITY AND LIABILITIES		**39,372,364,114**	**29,064,022,953**	**38,119,290,085**	**8,209,319,524**

Acting Chief Accounting Officer [M Gunde – CPA (Z)]
P.A.A.B. Reg. # 03756 — 28 March 2023

Chief Executive Officer [G Changunda] — 28 March 2023

Board Chairperson [I. Ndlovu] — 28 March 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

INFLATION ADJUSTED

	Share capital	Capital contribution Reserve	Mark-to-Market reserve	Revaluation Reserves	Foreign currency translation reserve	Revenue reserves	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Balance at 1 Jan 2021	3,738,865,372	143,975,309	328,739,951	1,643,762,971	57,009,905	152,051,893	6,064,405,401
Profit for the year	**-**	**-**	**-**	**-**	**-**	**2,574,207,708**	**2,574,207,708**
Other comprehensive income							
Fair value gain of financial assets at fair value through other comprehensive income	-	-	1,782,563,983	-	-	-	1,782,563,983
Revaluation gain	-	-	-	624,251,940	-	-	624,251,940
Total other comprehensive income	**-**	**-**	**1,782,563,983**	**624,251,940**	**-**	**-**	**2,406,815,923**
Subtotal	**-**	**-**	**1,782,563,983**	**624,251,940**	**-**	**2,574,207,708**	**4,981,023,631**
Transfer to distributable reserves	-	-	(53,236,979)	-	-	53,236,979	-
Balance at 31 December 2021	**3,738,865,372**	**143,975,309**	**2,058,066,955**	**2,268,014,911**	**57,009,905**	**2,779,496,580**	**11,045,429,032**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**2,345,898,028**	**2,345,898,028**
Other comprehensive income							
Fair value gain/(loss) of financial assets at fair value through other comprehensive income	-	-	(1,450,340,189)	-	-	-	(1,450,340,189)
Revaluation gain	-	-	-	2,941,062,961	-	-	2,941,062,961
Total other comprehensive income	**-**	**-**	**(1,450,340,189)**	**2,941,062,961**	**-**	**-**	**1,490,722,772**
Subtotal	**-**	**-**	**(1,450,340,189)**	**2,941,062,961**	**-**	**2,345,898,028**	**3,836,620,800**
Dividend paid	-	-	-	-	-	(145,257,029)	(145,257,029)
Balance at 31 December 2022	**3,738,865,372**	**143,975,309**	**607,726,766**	**5,209,077,872**	**57,009,905**	**4,980,137,579**	**14,736,792,803**

HISTORICAL

	Share capital	Capital contribution Reserve	Mark-to-Market reserve	Revaluation Reserves	Foreign currency translation reserve	Revenue reserves	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Balance at 1 Jan 2021	48,349,746	25,000,000	64,094,548	396,050,317	16,584,225	443,504,982	993,583,818
Profit for the year	**-**	**-**	**-**	**-**	**-**	**888,703,571**	**888,703,571**
Other comprehensive income							
Fair value gain of financial assets at fair value through other comprehensive income	-	-	585,087,578	-	-	-	585,087,578
Revaluation gain	-	-	-	500,321,772	-	-	500,321,772
Total other comprehensive income	**-**	**-**	**585,087,578**	**500,321,772**	**-**	**-**	**1,085,409,350**
Subtotal	**-**	**-**	**585,087,578**	**500,321,772**	**-**	**888,703,571**	**1,974,112,921**
Transfer to distributable reserves	-	-	(15,486,678)	-	-	15,486,678	-
Balance at 31 December 2021	**48,349,746**	**25,000,000**	**633,695,448**	**896,372,089**	**16,584,225**	**1,347,695,231**	**2,967,696,739**
Profit for the year	-	-	-	-	-	4,242,531,198	4,242,531,198
Other comprehensive income							
Fair value gain of financial assets at fair value through other comprehensive income	-	-	761,839,793	-	-	-	761,839,793
Revaluation gain	-	-	-	5,656,908,073	-	-	5,656,908,073
Total other comprehensive income	**-**	**-**	**761,839,793**	**5,656,908,073**	**-**	**-**	**6,418,747,866**
Subtotal	**-**	**-**	**761,839,793**	**5,656,908,073**	**-**	**4,242,531,198**	**10,661,279,064**
Dividend paid	-	-	-	-	-	(145,257,029)	145,257,029)
Balance at 31 December 2022	**48,349,746**	**25,000,000**	**1,395,535,241**	**6,553,280,162**	**16,584,225**	**5,444,969,400**	**13,483,718,774**

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	INFLATION ADJUSTED DEC 22 ZWL	INFLATION ADJUSTED DEC 21 ZWL	HISTORICAL DEC 22 ZWL	HISTORICAL DEC 21 ZWL
Cash flows from operating activities					
Profit for the year		4,393,444,258	3,380,575,588	4,242,531,198	888,703,571
Net monetary loss		(2,047,546,230)	(806,367,880)	-	-
Adjustments for :					
Increase in Impairment loss on financial assets at amortised cost	11.6	168,418,023	345,356,644	168,418,023	100,464,512
(Profit)/ loss on disposal of property, plant and equipment	8	36,984,961	(4,484,505)	15,826,736	(408,256)
(Profit)/loss on disposal of financial assets at fair value through other comprehensive income	8	-	11,823,070	-	2,425,108
Increase in fair value of investment properties	13.2	(833,404,124)	(411,080,636)	(1,765,060,296)	(213,713,625)
Foreign exchange gain		(3,106,905,605)	(422,538,882)	(2,016,103,440)	(97,426,738)
(Profit)/ loss on redemption of debentures		-	(13,863,935)	-	(4,033,029)
Depreciation of property, plant and equipment	14	405,337,387	338,063,261	299,498,846	76,177,404
Depreciation of right of use assets	15	227,717,754	83,414,171	165,709,290	19,954,143
Amortisation of intangible assets	16	117,796,623	74,364,936	84,672,776	18,549,758
Dividend income		(35,630,008)	(28,293,959)	(29,441,887)	(8,230,734)
Net Interest income		(4,468,134,912)	(3,183,733,248)	(3,081,672,098)	(744,432,218)
Interest on lease liability	18.2	106,546,444	41,015,119	88,940,043	9,554,097
Operating cash flow before changes in operating assets and liabilities		**(5,035,375,429)**	**(595,750,256)**	**(1,826,680,809)**	**47,583,993**
Changes in operating assets and liabilities		**16,299,058,547**	**1,007,995,999**	**14,618,055,053**	**504,035,392**
Decrease /(Increase) in financial assets at amortised cost and other assets		5,732,467,238	(8,544,486,628)	(7,266,444,462)	(3,362,417,316)
Increase in deposits and other liabilities		6,098,456,397	6,368,749,379	18,802,827,417	3,122,020,490
Interest received		5,239,437,266	3,574,086,702	3,597,222,347	832,769,304
Interest paid		(771,302,354)	(390,353,454)	(515,550,249)	(88,337,086)
Net cash flows from operating activities		**11,263,683,118**	**412,245,743**	**12,791,374,244**	**551,619,385**
Cash flows from investing activities		**(2,142,525,742)**	**(1,297,610,442)**	**(1,607,860,141)**	**(314,518,762)**
Proceeds from sale of property, plant and equipment		6,223,156	5,046,032	2,578,415	2,320,858
Proceeds from sale of financial assets at fair value through other comprehensive income		-	82,527,937	-	16,922,001
Proceeds from redemption of debentures		-	13,863,935	-	4,033,029
Purchase of financial assets at fair value through other comprehensive income	13.1	(292,197,833)	(500,633,040)	(89,542,052)	(145,634,535)
Purchase of investment properties	13.2	(178,453,365)	(43,526,990)	(173,690,944)	(12,662,035)
Purchase of property, plant and equipment	14	(1,551,901,770)	(659,034,791)	(1,335,150,481)	(139,234,635)
Purchase of intangible asset	16	(161,825,938)	(224,147,484)	(41,496,966)	(48,494,179)
Dividend Received		35,630,008	28,293,959	29,441,887	8,230,734
Cash flows from financing activities		**(449,640,706)**	**(73,380,838)**	**(372,458,359)**	**(27,232,040)**
Dividend paid		(145,257,029)	-	(145,257,029)	-
Interest on lease liability	18.2	(106,546,444)	(41,015,119)	(88,940,043)	(9,554,097)
Principal payment on Lease liability	18.2	(197,837,233)	(32,365,719)	(138,261,287)	(17,677,943)
Net increase/(decrease) in cash and cash equivalents		**8,671,516,670**	**(958,745,537)**	**10,811,055,744**	**209,868,583**
Inflation effects on cash and cash equivalents		(590,732,029)	(220,286,024)	-	-
Cash and cash equivalents at the beginning of the year		**3,850,337,124**	**5,029,368,685**	**1,120,066,021**	**910,197,438**
Cash and cash equivalents at the end of the year		**11,931,121,765**	**3,850,337,124**	**11,931,121,765**	**1,120,066,021**

1. REPORTING ENTITY AND ITS NATURE OF BUSINESS

The People's Own Savings Bank is a corporate body established in terms of section 3 of the People's Own Savings Bank of Zimbabwe Act, [Chapter 24:22] of 1999, to provide savings, banking and financial services in Zimbabwe. The Bank accepts deposits that will accumulate interest for the benefit of the depositors and all deposits are government guaranteed. The Bank is also a member of the Deposit Protection Board. The major risks which the Bank is exposed to include credit risk, interest rate risk, operational risk and compliance risk.

The Bank's head office is at Causeway Building, Corner 3rd Street/ Central Avenue, Harare, Zimbabwe.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements for the year ended December 31, 2022 have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations promulgated by International Accounting Standards Board (IASB) which include standards and interpretations approved by the IASB, International Accounting Standards (IAS) as well as Standing Interpretations Committee (SIC) and in the manner required by relevant statutes.

The Bank's financial statements for the year ended December 31, 2022 were authorized for issue in accordance with a resolution of the directors on 24 March 2023.

2.2 Basis of measurement

In accordance with the accounting policies of POSB and in compliance with the disclosure requirements of the POSB Act (Chapter 24:22), the financial statements are based on the historical cost records which are restated to take account of inflation. In preparing of the inflation adjusted accounts, the following considerations have been taken into account:

2.2.1.. Hyperinflationary accounting requires transactions and balances of each reporting period to be presented in terms of the measuring unit current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period. The Bank has elected to use the Zimbabwe Consumer Price Index (CPI) as the general price index to restate amounts as it provides an official indication of the change in the prices of goods and services.

The carrying amounts of non-monetary assets and liabilities carried at historic cost have been stated to reflect the change in the general price index from the date of acquisition to the end of the reporting period. No adjustment has been made for those non-monetary assets and liabilities measured at fair value. An impairment is recognised in profit or loss if the re-measured amount of a nonmonetary asset exceeds the recoverable amount.

All items recognised in the statement of profit or loss and other comprehensive income are restated by applying the change in the monthly general price index when the items of income and expenses were initially earned or incurred.

Gains or losses on the net monetary position have been recognised as part of profit or loss in the statement of profit or loss and other comprehensive income.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

Comparative amounts in the Statement of financial position are expressed in terms of the general price index at the end of the reporting period.

DATE	GENERAL PRICE INDEX	CONVERSION FACTOR
31 December 2022	13672.91	1.00
31 December 2021	3977.46	3.4376
Average for 12 months to:		
31 December 2022	9198.69	
31 December 2021	3135.23	

Source: RBZ website

2.3 Functional and presentation currency

These financial statements are presented in Zimbabwean dollars (ZWL) being the currency of the primary economic environment in which the Bank operates. Assets and liabilities denominated in other currencies are translated at the rate ruling at the Statement of financial position date. Transactions in other currencies are recorded at the exchange rate ruling at the date of the transaction. All exchange gains and/ or losses are taken to the Statement of profit or loss and other comprehensive income.

2.4 Use of significant accounting judgements, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

In the process of applying the Bank's accounting policies, management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognized in the financial statements:

2.4.1 Determination of the functional currency

The Reserve Bank of Zimbabwe announced various interventions in response to the financial vulnerabilities caused by the Covid-19 pandemic. One of the measures announced therein was the authorization of the use of free funds in paying for goods and services, in terms of Statutory Instrument (SI) 85 of 2020. On 24 July 2020, The Government of Zimbabwe issues Statutory Instrument (SI) 185 of 2020 which granted permission to display, quote or offer prices of all goods and services in both the Zimbabwe dollars and foreign currency at the interbank exchange rate.

Following this development, Management concluded that the Bank's functional currency remains the Zimbabwe dollar (ZWL) following its change from the United States dollar (USD) with effect from 22 February 2019.

2.4.2 Valuation of Investment properties, intangible assets and property, plant and equipment

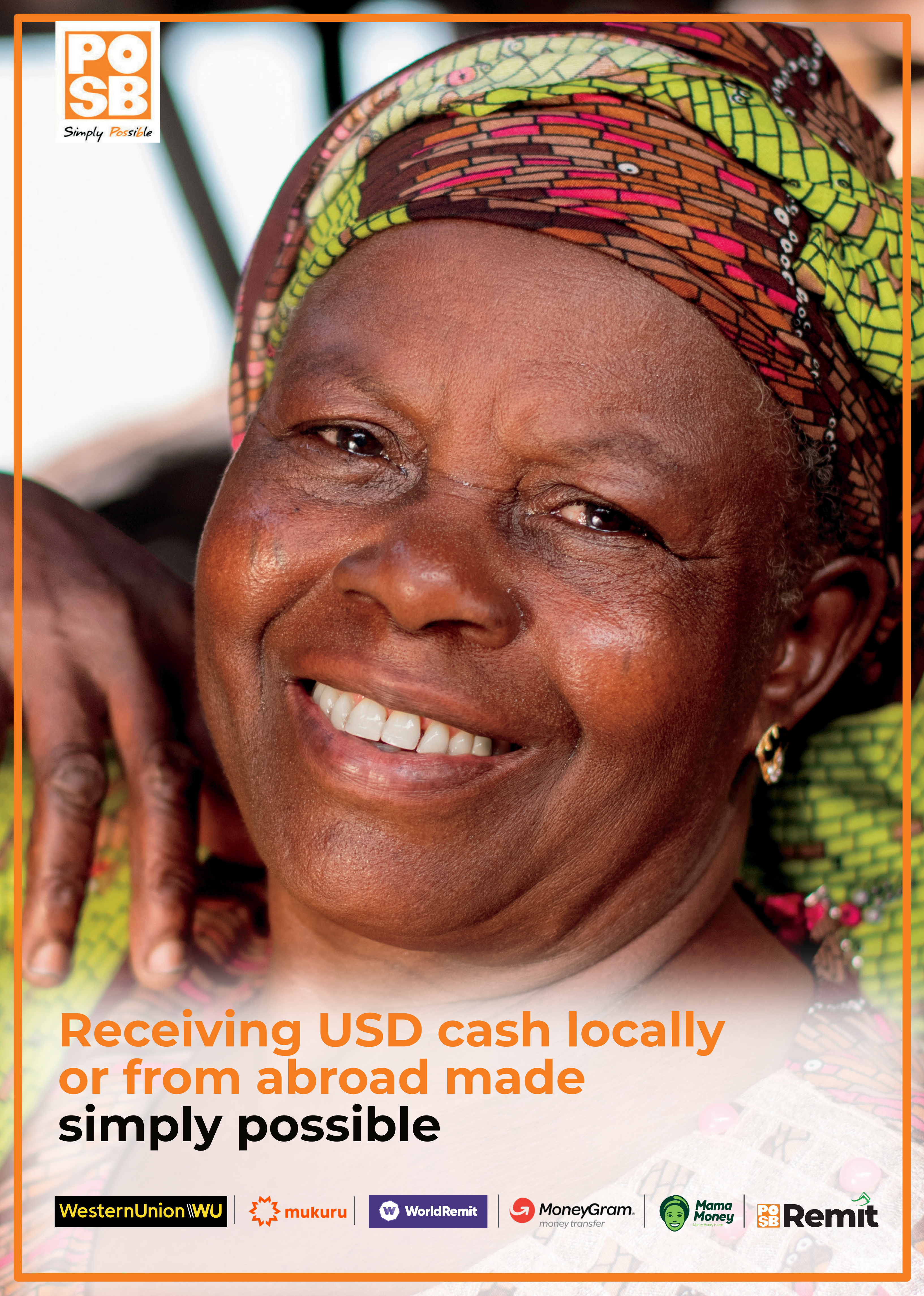
Significant judgements and estimates have been applied for the valuation of investment properties, intangible assets and property, plant and equipment. Valuations rely on historical market evidence for calculation of inputs. These include transaction prices for comparable properties, rents and capitalisation rates. Such market evidence does not exist at present to calculate ZWL values. As such, valuers adopted the approach of converting USD valuation inputs at the foreign exchange auction rate to calculate ZWL property values. This approach may result in overstatement of property values as a direct conversion of USD valuation inputs is likely to result in overstated ZWL property values. Furthermore, applying a conversion rate to USD valuation inputs to calculate ZWL property values is not an accurate reflection of market dynamics.

2.4.3 Fair value measurement principles

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market or most advantageous market at the statement of financial position date before deduction of transaction costs.

If a market price is not available, the fair value of a financial instrument is estimated using the discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is market related at the statement of financial position date for an instrument with similar terms and conditions.

Financial assets at fair value through other comprehensive income are carried at fair value based on their market price at the statement of financial position date. The fair value adjustment is adjusted for through the statement of profit or loss and other comprehensive income.


POSB
Simply Possible
Receiving USD cash locally
or from abroad made
simply possible
WesternUnion WU
mukuru
WorldRemit
MoneyGram.
money transfer
Mama Money
POSB Remit

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2.4.4 Useful lives and residual values of property, plant and equipment

The Bank assesses useful lives and residual values of property, plant and equipment each year taking into account past experience and technology changes. The estimated economic lives of assets are set out in note 3.8.2 and no changes to these useful lives have been considered necessary during the year.

2.4.5 Measurement of the Expected Credit Loss allowance

The measurement of the expected credit loss allowance for financial instruments measured at amortised cost is an area that requires the use of complex models and significant assumptions about the future economic conditions and credit behaviour. Explanations of the inputs, assumptions and estimation techniques used in measuring ECL is further explained in the credit risk note 21.5.1.

A number of significant judgements are also required in applying the accounting requirements for measuring the expected credit loss, as such:

i. Establishing groups of similar financial assets for the purpose of measuring expected credit losses

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances and investment securities measured at amortised cost with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individually impaired items cannot yet be identified.

ii. Determining the criteria for the determination of Significant Increase in Credit Risk

Different approaches can be used for different financial instruments when assessing significant increase in credit risk. An approach that does not include probability of default as an explicit input can be consistent with the impairment requirements as long as the Bank is able to separate the changes in the risk of a default occurring from changes in other drivers of Expected credit losses and considers the following when making the assessment:

- The change in the risk of a default occurring since initial recognition

The Bank is required at each reporting date, to assess significant increases in credit risk based on the change in the risk of a default occurring over the expected life of the financial instrument rather than the change in the amount of ECLs.

In order to make the assessment of whether there has been significant credit deterioration, the Bank considers reasonable and supportable information that is available without undue cost or effort and compare

- The risk of a default occurring on the financial instruments as at the reporting date; and
- The risk of a default occurring on the financial instrument as at the date of initial recognition.

For loan commitments, the Bank considers changes in the risk of a default occurring on the “potential” loan to which a loan commitment relates.

- The expected life of the financial instrument
- Reasonable and supportable information that is available without undue cost or effort that may affect credit risk

In addition, because of the relationship between the expected life and the risk of default occurring, the change in credit risk cannot be assessed simply by comparing the change in the absolute risk of default over time. because the risk of default usually decreases as time passes if the credit risk is unchanged.

IFRS 9 prescribes a “more than 30 days past due rebuttable presumption” which states that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. This is the most suitable approach in the determination of ‘SICR” for the Bank.

A decision tree based approach is adopted by the Bank in determining whether or not there has been a significant increase in credit risk at the reporting date relative to the origination date as follows;

- Check if the credit facility is not credit impaired at reporting date
- Check if credit facility has a low credit risk at reporting date
- Apply the 30 days past due rebuttable presumption to measure “SICR”

iii. Choosing models and assumptions used for the measurement of expected credit losses.

iv. Establishing the number and weightings of forward-looking information for each type product and associated expected credit loss.

Management considers factors such as credit quality, portfolio size, concentrations and economic factors to assess the need for collective loss allowances. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modeled and to determine the required input parameters, based on historical experience, current economic conditions, macroeconomic factors and forward-looking information. The accuracy of the allowances depends on the estimates of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

2.4.6 Defined benefit plans valuation

The Bank contributes to a defined benefit plan which is a post-employment benefit plan other than a defined contribution plan. The Bank’s net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for the service in the current and prior periods that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted.

When sufficient information is not available to use defined benefit accounting for a multi-employer defined benefit plan, an entity accounts for the plan as if it were a defined contribution plan and discloses the following additional information:

- The fact that the plan is a defined benefit plan;
- The reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan;
- The expected contributions to the plan for the next annual reporting period;
- Information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any and
- An indication of the level of participation of the entity in the plan compared with other participating entities. Examples of measures that might provide such an indication include the entity’s proportion of the total contributions to the plan or the entity’s proportion of the total number of active members, retired members and former members entitled to benefits, if that information is available.

The Bank has accounted for the plan as if it were a defined contribution plan because of non-availability of sufficient information to use for defined benefit accounting.

2.5 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations adopted in 2022:

2.5.1 IAS 16, Property, plant and Equipment – Proceeds before intended use (Amendments)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds for selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead an entity recognises the proceeds from selling such an item and the cost of producing those items in the profit or loss.

The amendment to this standard is effective for annual reporting periods beginning on or after January 1, 2022 and the Bank has adopted it. The amendment had no impact on the financial statements of the Bank as there were no sales of items produced while bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2.5.2 IAS 37, The Changes in onerous contracts – Cost of fulfilling a contract (Amendments)

The amendment specifies that the cost of fulfilling a contract comprises the cost that relate directly to the contract. Costs that relate directly to the contract can either be incremental costs of fulfilling that contract (examples would be direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendment to this standard is effective for annual reporting periods beginning on or after January 1, 2022 and the Bank has adopted it. The amendment has no impact on the financial statements as the Bank did not have onerous contracts during the year 2022.

2.5.3 IFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the financial statements of the Bank as there were no modifications of the Bank's financial instruments during the year 2022.

2.6 New and amended standards and interpretations not yet effective

The following new and amended standards and interpretations were in issue but are not yet effective:

2.6.1 IAS 1 Disclosure of Accounting Policies (amendments) (IAS 1)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

The amendment was issued on 12 February 2021 and is effective in annual reporting period beginning on or after 1 January 2023.

2.6.2 IAS 8 Definition of Accounting Estimates (amendments) (IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "Monetary amounts in the financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The amendment was issued on 12 February 2021 and is effective in annual reporting period beginning on or after 1 January 2023.

2.7 GOING CONCERN

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are consistent with those applied in the financial statements for the year ended December 31, 2022 except as detailed in Note 2.5

3.1 Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

3.2 Taxation

The Bank is exempt from income tax in terms of the Third Schedule 1(e) of the Income Tax Act [Chapter 23:06].

3.4 Interest income and interest expense

3.4.1 Effective interest rate

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

3.4.2 Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

3.4.3 Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

3.5 Fees and commission income and expense

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

The Bank earns fees and commission from a diverse range of services it provides to its customers. Fees earned for the provision of services over a period of time are accrued over that period of time.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees, for example loan establishment fees, are deferred and recognized over the duration of the loan. When it is unlikely that the loan will be drawn down, the loan commitment fees are recognized over the commitment period on a straight line basis. Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

3.6 Dividends

Dividend income is recognized when the Bank's right to receive income is established. Usually this is the ex-dividend date for equity securities. The Bank also recognises a liability to make cash or noncash dividend distributions to equity holders when the distribution is authorized and approved by the shareholders. A corresponding amount is recognized directly in equity.

3.7 Financial Instruments: Financial assets and liabilities

3.7.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e. the date that the bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customer's accounts. The bank recognises balances due to customers when funds are transferred to the bank.

3.7.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments as described in notes 3.6.4.1. Financial instruments are initially measured at their fair value (as defined in note 3.6.3), except in the case of financial assets and financial liabilities recorded at fair value through profit and loss, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price the bank accounts for the day 1 profit or loss as described below.

When the transaction price of the financial instrument differs from fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the bank recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable or when the instrument is de-recognised.

3.7.3 Classification

The Bank has classified its financial assets in the following categories:

- Cash and cash equivalents,
- Financial assets measured at amortised cost and,
- Financial assets at fair value through other comprehensive income.

3.7.3.1 Cash and cash equivalents

Cash and cash equivalents include cash and balances with banks, unrestricted balances held with the Central Bank, unrestricted balances held with other banks and any highly liquid financial asset used by the Bank in the management of its short term commitments.

3.7.3.2 Financial assets at amortised cost

Financial assets at amortised cost include, loans and advances as well as money market assets.

Loans and advances

Loans and advances include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Bank intends to sell immediately or in the near term and those that the Bank upon initial recognition designates as at fair value through profit or loss;
- Those that the Bank, upon initial recognition, designates as at fair value through other comprehensive income and;
- Those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, loans and advances are subsequently measured at amortised cost using the effective interest rate less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of effective interest rate. The amortization is included in 'Interest income'.

The Bank reviews its individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the statement of comprehensive income.

Treasury bills and other money market assets

Treasury bills and other money market assets are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention and ability to hold to maturity. After initial measurement, money market assets are subsequently measured at amortised cost using effective interest rate, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The losses arising from impairment of such investments are recognized in the statement of profit or loss and other comprehensive income.

3.7.3.3 Financial assets at fair value through other comprehensive income

Equity investments classified as financial assets at fair value through other comprehensive income are those which are not designated at fair value through profit or loss.

At initial recognition, the Bank made an irrevocable election to present changes in fair value in "Other Comprehensive Income" rather than "Profit or loss." All fair value changes, excluding dividends that are a return on investment were included in "Other comprehensive income". There is no recycling of amount from "Other comprehensive income" to "Profit or loss" (e.g. on sale of an equity investment) nor are there any impairment requirements. However, the entity might transfer the cumulative gain/loss within equity.

3.7.4 Measurement

From 1 January 2018, the Bank classified all its financial assets based on the business model for managing the assets and the assets' contractual terms, measured at either

- Amortized cost,
- FVOCI, and
- FVPL

From 1 January 2018 the Bank only measures loans and advances to customers, amounts due from banks, treasury bills, and other money market investments at amortized cost if both of the following conditions are met;

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

3.7.4.1 Business model assessment

The bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives.

The banks business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and in particular, the way those risks are managed.
- How managers of the business are compensated e.g., whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected.
- The expected frequency, value and timing of sales are also important aspects of the bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking worst case or stress case scenarios into account. If cash flows after initial recognition are realised in a way that is different from the banks 'original expectations, the bank does not change the classification of the remaining financial assets held in that business mode but incorporates such information in assessing newly originated or newly purchased financial assets going forward.

3.7.4.2 The Solely Payments of Principal Interest (SPPI) Test

As a second step of its classification process the bank assesses the contractual terms of financial instruments to identify whether they meet the SPPI test. Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

3.7.4.3 Reclassification of financial assets and liabilities

From I January 2018, the Bank does not reclassify its financial assets subsequent to their initial recognition apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Bank did not reclassify any of its financial assets or liabilities in 2022.

3.7.4.4 Derecognition of financial assets and liabilities due to substantial modification of terms and conditions

The bank derecognizes a financial asset, such as a loan to a customer when the terms and conditions have been renegotiated to the extent that, substantially it becomes a new loan, with the difference recognised as a de-recognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as stage 1 for ECL measurement purposes unless the new loan is deemed Purchased or Originated Credit Impaired. When assessing whether or not to de-recognise a loan to a customer amongst others, the Bank considers the following factors;

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterpart

If the modification does not result in cash flows that are substantially different, the modification does not result in de-recognition. Based on the change in cash flows discounted at the original EIR the bank records a modification gain/loss to the extent that an impairment loss has not already been recorded.

3.7.4.5 Derecognition other than for substantial modification

Financial assets

A financial asset is derecognised when the rights to receive cash flows from the financial assets have expired. The Bank also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition. The bank will have transferred the financial assets if and only if either the Bank has transferred its contractual rights to receive cash flows from the financial assets, or it retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement. Pass through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial assets (the original assets) but assumes a contractual obligation to pay those cash flows to one or more entities.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.7.5 Measuring and determining fair values

IFRS 13 defines fair value as "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The definition provides more clarity on the following:

- Fair value is an exit price rather than a transaction price (entry price). However, there is a presumption that the transaction price equal fair value unless there are exceptions like the transaction is distressed, forced sale or transactions are between related parties.

- Fair value is determined at measurement date and it is therefore a current price based on prevailing market conditions at that date.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** Quoted market prices (unadjusted) in an active market for an identical instrument.

- **Level 2:** Valuation techniques based on observable inputs, either directly or indirectly. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobserved inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For other financial instruments, the Bank determines fair values using valuation techniques depending on availability of market information.

3.7.6 Impairment of financial assets

The Bank applies a three stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- Debt instruments measured at amortised cost; and
- Loan commitments;
- Financial guarantee contracts; and
- Treasury investments held at amortised cost

No ECL is recognised on equity investments.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

3.7.6.1 Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

3.7.6.2 Stage 2: Lifetime ECL – Not credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial assets) is recognised.

3.7.6.3 Stage 3: Lifetime ECL – Credit impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

3.7.6.4 Determining the stage for impairment

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of recognition. The Bank considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward looking analysis. Refer to Note 21 – Risk Management policies and procedures.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Bank's investment grade criteria, or which are less than 30 days past due, are considered to have a low credit risk. The provision for doubtful debts for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the Statement of Profit or loss.

The Bank assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shares credit risk characteristic, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other factors.

3.7.6.5 Measurement of ECLs

ECLs are derived from unbiased and probability-weighted estimates of expected loss and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows /due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive.
- Financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the Credit- adjusted effective interest rate.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive.
- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Bank expects to recover.
- For further details on how the Bank calculates ECLs, including the use of forward-looking information, refer to note 21.5.1. For details on the effect of modifications of loans on the measurement of ECL refer to 21.5.1.
- ECLs are recognised using a provision for doubtful debts account in profit or loss. The Bank recognises the provision charge in the Statement of profit and loss, with the corresponding amount recognised in the Statement of financial position, with a reduction in the carrying amount of the asset in the Statement of financial position.

3.7.6.6 Impairment charges on loans and advances

Judgement is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for loans and advances. In estimating these cash flows, the Bank makes judgements about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future change to the impairment allowances.

A collective assessment of impairment takes into account data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), and concentrations of risk and economic data (including levels of unemployment, real estate price indices, country risk and the performance of different individual groups). The impairment loss on loans and advances is disclosed in more detail in Note 10.6 – Provision for impairment allowances on loans and advances.

3.7.7 Off-setting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.7.8 Write-offs

Financial assets are written off either partially or in their entirety only when the bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the credit loss expense.

3.8 Property, plant and equipment

3.8.1 Recognition and measurement

An item of property, plant and equipment is initially recorded at cost and this includes all costs necessary to bring the asset to working condition for its intended use. This includes not only its original purchase price, but also cost of site preparation, delivery and handling, installation, related professional fees for architects and engineers and the estimated cost of dismantling and removing the asset and restoring the site.

Subsequent to initial recognition, IAS 16 provides entities with the option of accounting for its property, plant and equipment using the cost model or the revaluation model. The bank initially recognises items of property, plant and equipment at cost, subsequently property, plant and equipment is carried at the revalued amount. Using the cost model, the asset is carried at cost less accumulated depreciation and impairment whereas using the revaluation model, the asset is carried at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment, provided that fair value can be measured reliably.

When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of the revaluation, the accumulated depreciation of the asset is eliminated against its gross carrying amount. The revaluation model is a fair value based model within the scope of IFRS 13. IAS 16, paragraph 34 still allows an entity to continue with the policy of determining revalued amounts at regular intervals even after adoption of IFRS 13.

3.8.2 Depreciation

Depreciation is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Motor Vehicles	5 years
Computer Equipment	3 years
Furniture, Fittings and Fixtures	10 years
Office Equipment	4 years
Buildings	40 years

Land is not depreciated. Depreciation methods, useful lives and residual values are re-assessed at each reporting date and adjusted if appropriate.

3.8.3 Reclassification to investment property

When the use of property changes from owner-occupied to investment property, the property is re-measured to fair value and re-classified as investment property. Any gain arising on re-measurement is recognized in the statement of profit or loss and other comprehensive income to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in revaluation reserve in equity. Any loss is recognized immediately in the statement of profit or loss and other comprehensive income.

3.8.4 Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the Statement of Comprehensive income in the year the asset is derecognised.

3.8.5 Subsequent costs

The cost of replacing a component of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit or loss and other comprehensive income.

3.9 Investment properties

Investment properties are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflect market conditions at the reporting date.

3.9 Investment properties (Continued)
Gains and losses arising from changes in the fair values of investment properties are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International valuation standards committee.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit or loss and other comprehensive income in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Bank accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3.10 Intangible assets - computer software
An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank. Software acquired separately is measured on initial recognition at cost. Following initial recognition, it is carried at cost less any accumulated amortization and accumulated impairment losses.

The nature of intangible assets is such that, in many cases, there are no additions to such an asset or replacement of part of it. Accordingly, most subsequent expenditures are likely to maintain the expected future economic benefits embodied in an existing intangible asset rather than meet the definition of an intangible asset and the recognition criteria in IAS 38. However, in the case where a subsequent expenditure can be attributed directly to a particular intangible asset i.e. upgrade or enhancement of the core banking system, such expenditure is recognised in the carrying amount of the intangible asset.

The useful lives of intangible assets are assessed as either finite or infinite. The Bank only has intangible assets with finite useful lives. These assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income.

Amortisation is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the useful life of the software, from the date it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Amortisation methods, useful lives and residual lives are reviewed at each financial year-end and adjusted if appropriate. The estimated economic useful life applied is as follows:

Ethix core banking system	10 years
Risk and Treasury systems	10 years
Other software	3 years

Subsequent to initial recognition, IAS 38 provides for an intangible asset to be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.

For the purpose of revaluations under this standard, fair value shall be measured by reference to an active market. Revaluations shall be made with such regularity that at the end of the reporting period the carrying amount of the asset does not differ materially from its fair value". In the case of POSB, the entity needs to be sure that measurement to fair value was done in reference to an active market.

3.11 Lease accounting

3.11.1 Bank as lessee
A lease is defined as a contract or part of a contract that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition, the Bank assesses whether the contract meets the following key evaluation:
- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Bank
- The Bank has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use
- The Bank has the right to direct the use of the identified asset throughout the period of use.

3.11.2 Measurement and recognition of leases as a lessee
At lease commencement date, the Bank recognises a right of use asset and a lease liability on the Statement of financial position. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Bank, an estimate of any costs to dismantle and remove the asset at the end of the lease and any lease payments made in advance of the lease commencement date.

The Bank depreciates the right of use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Bank also assesses the right of use asset for impairment when such indicators exist.

At lease commencement date, the Bank measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if the rate is readily available or the Bank's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in its substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit or loss if the right of asset is already reduced to zero.

The Bank has elected to account for short term leases and leases of low value assets using the practical expedients. Instead of recognizing a right of use asset and a lease liability, the payments are in relation to these are recognised as an expense in the Statement of Profit or loss and other comprehensive income on a straight-line basis over the lease term.

3.11.3 Nature of leases
The Bank has both operating and finance leases. For operating leases, payments are recognised in the profit and loss whereas for finance leases, the criterion defined in **note 3.11.2** is applied.

3.12 Provisions
A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. The expenses relating to any provision is presented in the statement of profit or loss and other comprehensive income.

3.13 Employee benefits

3.13.1 Defined benefit plans

The Bank contributes to a defined benefit plan which is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for the service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

When sufficient information is not available to use defined benefit accounting for a multi-employer defined benefit plan, an entity accounts for the plan as if it were a defined contribution plan and discloses the following additional information:

- The fact that the plan is a defined benefit plan;
- The reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan;
- The expected contributions to the plan for the next annual reporting period;
- Information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any and
- An indication of the level of participation of the entity in the plan compared with other participating entities. Examples of measures that might provide such an indication include the entity's proportion of the total contributions to the plan or the entity's proportion of the total number of active members, retired members and former members entitled to benefits, if that information is available.

The Bank has accounted for the plan as if it were a defined contribution plan because of non- availability of sufficient information to use for defined benefit accounting.

3.13.2 Termination benefits

Termination benefits are recognized as an expense when the Bank is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Bank has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3.13.3 Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.14 Share capital and reserves

3.14.1 Share capital

The Bank's authorised share capital is determined by the board which can increase or decrease the number of shares authorized with the approval of the Minister of Finance and Economic Development. Where the board has fixed or increased the authorized share capital, it is published in the Government gazette with the approval of the Minister.

3.14.2 Other equity Reserves

Other equity reserves of the Bank comprise changes in fair value of financial assets at fair value through other comprehensive income and revaluation of non-current assets.

4. SEGMENT REPORTING

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Bank's other components, whose operating results are reviewed regularly by management to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

4.1 Segment Information

The Bank operates in Zimbabwe only, therefore no geographical information is required to be disclosed. For management purposes, the Bank is organised into four operating segments based on products and services as follows:

Retail Banking
Individual customers' deposits, consumer loans, overdrafts, debit card facilities and funds transfer facilities.

Corporate Banking
Loans, other credit facilities, deposits and current accounts for corporate and institutional customers.

Treasury
Treasury Banking services including money market and equities market investments. Products include certificates of deposits and call accounts for individuals and corporate clients.

Head office function
This is predominantly a central service function to the entire Bank and has departments such as finance and administration, risk management, internal audit, human resources, information technology and other central functions. All executive management are based at head office.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

4.2 SEGMENT STATISTICS

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, not the gross income and expense. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2022 or 2021. The following table presents income and profit and certain asset and liability information regarding the Bank`s operating segments.

INFLATION ADJUSTED

	HEAD OFFICE 2022 ZWL	TREASURY 2022 ZWL	CORPORATE BANKING 2022 ZWL	RETAIL BANKING 2022 ZWL	TOTAL 2022 ZWL
Income					
Third party	2,243,790,779	436,297,059	297,313,816	16,180,920,117	19,158,321,771
Inter–segment	-	-	77,356,997	(77,356,997)	-
Total operating income	**2,243,790,779**	**436,297,059**	**374,670,813**	**16,103,563,120**	**19,158,321,771**
Provision for impairment loss	14,669,369	1,741,103	43,678,666	(228,507,161)	(168,418,023)
Net operating income	**2,258,460,148**	**438,038,162**	**418,349,479**	**15,875,055,959**	**18,989,903,748**
Results					
Interest income	34,253,628	867,680,141	243,917,564	4,145,193,525	5,291,044,858
Interest expense	-	(720,074,421)	(5,656,124)	(53,382,973)	(779,113,518)
Net interest income	**34,253,628**	**147,605,720**	**238,261,440**	**4,091,810,552**	**4,511,931,340**
Provision for impairment loss	14,669,369	1,741,103	43,678,666	(228,507,161)	(168,418,023)
Fees, commission, dividend and other income	2,142,938,522	318,448,434	80,444,610	12,104,558,865	14,646,390,431
Total Income	**2,191,861,519**	**467,795,257**	**362,384,716**	**15,967,862,256**	**18,989,903,748**
Expenses					-
Staff costs	5,170,697,404	176,715,073	44,178,768	2,972,931,411	8,364,522,656
Depreciation of property, plant and equipment	164,870,709	2,452,690	5,164,535	232,849,452	405,337,386
Amortisation of intangible assets	67,604,342	3,347,190	-	46,845,091	117,796,623
Operating Expenses	4,766,160,066	8,888,174	(5,602,999)	939,357,584	5,708,802,825
Total operating costs	**10,169,332,521**	**191,403,127**	**43,740,304**	**4,191,983,538**	**14,596,459,490**
Monetary gain/(loss)	1,426,875,640	26,856,085	6,137,273	587,677,232	2,047,546,230
Profit before Inter Segment Cost	**(9,404,346,642)**	**249,536,045**	**312,507,139**	**11,188,201,486**	**2,345,898,028**
Inter segment cost	8,135,466,017	(164,782,649)	(55,629,947)	(7,915,053,421)	-
Profit after Inter Segment Cost	**(1,268,880,625)**	**84,753,396**	**256,877,192**	**3,273,148,065**	**2,345,898,028**
					-
Assets					-
Additions to property, plant and equipment	436,267,667	1,245,200	2,182,447	1,112,206,456	1,551,901,770
Additions to intangible assets	69,604,023	27,266,517	-	64,955,398	161,825,938
Total assets	**9,230,505,628**	**343,904,805**	**129,476,515**	**29,668,477,166**	**39,372,364,114**
Total liabilities	**3,260,383,598**	**2,267,648,544**	**2,890,764,776**	**16,216,774,393**	**24,635,571,311**

INFLATION ADJUSTED

	HEAD OFFICE 2021 ZWL	TREASURY 2021 ZWL	CORPORATE BANKING 2021 ZWL	RETAIL BANKING 2021 ZWL	TOTAL 2021 ZWL
Income					
Third party	888,612,244	356,495,085	265,110,818	9,776,443,331	11,286,661,478
Inter–segment	-	-	46,443,985	(46,443,985)	-
Total operating income	**888,612,244**	**356,495,085**	**311,554,803**	**9,729,999,346**	**11,286,661,478**
Provision for impairment loss	(147,473,225)	11,049,652	(83,944,167)	(124,988,904)	(345,356,644)
Net operating income	**741,139,019**	**367,544,737**	**227,610,636**	**9,605,010,442**	**10,941,304,834**
Results					
Interest income	38,232,166	325,989,713	227,421,629	3,059,512,372	3,651,155,880
Interest expense	-	(392,946,397)	(14,583,160)	(39,045,496)	(446,575,053)
Net interest income	**38,232,166**	**(66,956,684)**	**212,838,469**	**3,020,466,876**	**3,204,580,827**
Provision for impairment loss	(147,473,225)	11,049,652	(83,944,167)	(124,988,904)	(345,356,644)
Fees and commission	868,971,059	417,290,925	72,019,310	6,723,799,357	8,082,080,651
Total Income	**759,730,000**	**361,383,893**	**200,913,612**	**9,619,277,329**	**10,941,304,834**
Expenses					-
Staff costs	2,421,540,753	107,886,234	26,971,561	1,561,004,407	4,117,402,955
Depreciation of property, plant and equipment	31,569,857	375,571	416,604	43,815,371	76,177,403
Amortisation of intangible assets	7,687,492	91,454	101,446	10,669,365	18,549,757
Operating Expenses	2,887,831,232	5,849,896	33,882	454,884,121	3,348,599,131
Total operating costs	**5,348,629,334**	**114,203,155**	**27,523,493**	**2,070,373,264**	**7,560,729,246**
Monetary gain/(loss)	551,255,616	12,885,412	3,120,564	239,106,288	806,367,880
Profit before Inter Segment Cost	**(5,140,154,950)**	**234,295,326**	**170,269,555**	**7,309,797,777**	**2,574,207,708**
Inter segment cost	4,134,945,237	(65,355,515)	(29,077,820)	(4,040,511,902)	-
Profit after Inter Segment Cost	**(1,005,209,713)**	**168,939,811**	**141,191,735**	**3,269,285,875**	**2,574,207,708**
					-
Assets					-
Additions to property, plant and equipment	444,283,692	-	-	214,751,099	659,034,791
Additions to intangible assets	-	-	-	161,825,938	161,825,938
Total assets	**5,346,678,048**	**6,565,488,230**	**651,852,958**	**16,500,003,717**	**29,064,022,953**
Total liabilities	**1,968,996,534**	**2,525,461,650**	**1,470,538,059**	**12,053,597,678**	**18,018,593,921**

HISTORICAL

	HEAD OFFICE 2022 ZWL	TREASURY 2022 ZWL	CORPORATE BANKING 2022 ZWL	RETAIL BANKING 2022 ZWL	TOTAL 2022 ZWL
Income					
Third party	1,773,602,282	344,870,594	235,011,422	12,790,192,878	15,143,677,176
Inter–segment	-	-	172,809,824	(172,809,824)	-
Total operating income	**1,773,602,282**	**344,870,594**	**407,821,246**	**12,617,383,054**	**15,143,677,176**
Provision for impairment loss	14,669,369	1,741,103	43,678,666	(228,507,161)	(168,418,023)
Net operating income	**1,788,271,651**	**346,611,697**	**451,499,912**	**12,388,875,893**	**14,975,259,153**
Results					
Interest income	24,368,722	617,285,160	173,527,877	2,948,974,313	3,764,156,072
Interest expense	-	(532,357,015)	(4,181,620)	(39,466,476)	(576,005,111)
Net interest income	**24,368,722**	**84,928,145**	**169,346,257**	**2,909,507,837**	**3,188,150,961**
Provision for impairment loss	14,669,369	1,741,103	43,678,666	(228,507,161)	(168,418,023)
Fees and commission	1,749,233,560	259,942,449	65,665,165	9,880,685,041	11,955,526,215
Total Income	**1,788,271,651**	**346,611,697**	**278,690,088**	**12,561,685,717**	**14,975,259,153**
Expenses					-
Staff costs	3,702,859,222	126,549,861	31,637,465	2,128,986,795	5,990,033,343
Depreciation of property, plant and equipment	124,119,954	1,476,595	1,637,919	172,264,378	299,498,846
Amortisation of intangible assets	34,185,361	6,060,874	-	44,426,541	84,672,776
Operating Expenses	3,617,190,295	6,667,287	(1,109,506)	735,774,914	4,358,522,990
Total operating costs	**7,478,354,832**	**140,754,617**	**32,165,878**	**3,081,452,628**	**10,732,727,955**
					-
Profit before Inter Segment Cost	**(5,690,083,181)**	**205,857,080**	**246,524,210**	**9,480,233,089**	**4,242,531,198**
Inter segment cost	6,534,618,170	(132,357,715)	(44,683,422)	(6,357,577,033)	-
Profit after Inter Segment Cost	**844,534,989**	**73,499,365**	**201,840,788**	**3,122,656,056**	**4,242,531,198**
					-
Assets					
Additions to property, plant and equipment	375,334,958	1,071,285	1,877,629	956,866,609	1,335,150,481
Additions to intangible assets	17,848,534	6,991,943	-	16,656,489	41,496,966
Total assets	**8,936,733,406**	**332,959,611**	**125,355,765**	**28,724,241,303**	**38,119,290,085**
Total liabilities	**3,260,383,598**	**2,267,648,544**	**2,890,764,776**	**16,216,774,393**	**24,635,571,311**

HISTORICAL

	HEAD OFFICE 2021 ZWL	TREASURY 2021 ZWL	CORPORATE BANKING 2021 ZWL	RETAIL BANKING 2021 ZWL	TOTAL 2021 ZWL
Income					
Third party	220,879,134	85,053,389	67,925,926	2,354,201,534	2,728,059,983
Inter–segment	-	-	53,853,511	(53,853,511)	-
Total operating income	**220,879,134**	**85,053,389**	**121,779,437**	**2,300,348,023**	**2,728,059,983**
Provision for impairment loss	(42,892,037)	3,213,750	(24,414,844)	(36,371,381)	(100,464,512)
Net operating income	**177,987,097**	**88,267,139**	**97,364,593**	**2,263,976,642**	**2,627,595,471**
Results					
Interest income	9,053,389	77,194,463	53,853,511	724,493,459	864,594,822
Interest expense	-	(93,862,484)	(3,483,457)	(9,326,736)	(106,672,677)
Net interest income	**9,053,389**	**(16,668,021)**	**50,370,054**	**715,166,723**	**757,922,145**
Provision for impairment loss	(42,892,037)	3,213,750	(24,414,844)	(36,371,381)	(100,464,512)
Fees and commission	211,825,746	101,721,410	17,555,871	1,639,034,811	1,970,137,838
Total Income	**177,987,098**	**88,267,139**	**43,511,081**	**2,317,830,153**	**2,627,595,471**
Expenses					-
Staff costs	556,720,495	24,803,414	6,200,854	358,880,248	946,605,011
Depreciation of property, plant and equipment	31,569,858	375,571	416,604	43,815,371	76,177,404
Amortisation of intangible assets	7,489,186	1,327,791	-	9,732,781	18,549,758
Operating Expenses	592,962,686	1,279,667	130,635	103,186,739	697,559,727
Total operating costs	**1,188,742,225**	**27,786,443**	**6,748,093**	**515,615,139**	**1,738,891,900**
Profit before Inter Segment Cost	**(1,010,755,127)**	**60,480,696**	**36,762,988**	**1,802,215,014**	**888,703,571**
Inter segment cost	1,188,742,226	(18,788,849)	(8,359,490)	(1,161,593,887)	-
Profit after Inter Segment Cost	**177,987,099**	**41,691,847**	**28,403,498**	**640,621,127**	**888,703,571**
	-	-	-	-	-
Assets					-
Additions to property, plant and equipment	93,864,054	-	-	45,370,580	139,234,634
Additions to intangible assets	-	-	-	12,662,035	12,662,035
Total assets	**1,510,203,476**	**1,854,464,222**	**184,120,045**	**4,660,531,781**	**8,209,319,524**
Total liabilities	**572,782,601**	**734,658,730**	**427,780,649**	**3,506,400,805**	**5,241,622,785**

5. INTEREST INCOME

	INFLATION ADJUSTED		HISTORICAL	
	Dec-22 ZWL	Dec-21 ZWL	Dec-22 ZWL	Dec-21 ZWL
Money market assets	841,380,158	327,395,251	617,285,261	77,194,343
Corporate loans	333,125,891	257,594,250	230,383,798	60,223,204
Individual loans	3,156,280,657	2,707,270,006	2,169,565,576	639,585,436
Mortgage loans	93,491,373	79,826,568	69,440,755	18,216,708
SME & Agribusiness Loans	467,268,244	103,372,079	354,584,353	26,161,473
Microfinance loans	399,298,681	170,758,618	322,826,630	42,096,823
Other Interest	199,854	4,939,108	69,699	1,116,835
	5,291,044,858	**3,651,155,880**	**3,764,156,072**	**864,594,822**

6.INTEREST EXPENSE

	INFLATION ADJUSTED		HISTORICAL	
	Dec-22 ZWL	Dec-21 ZWL	Dec-22 ZWL	Dec-21 ZWL
Individual accounts	45,414,560	38,803,828	32,056,760	9,057,011
Corporate accounts	6,638,797	14,522,947	4,177,825	3,274,295
Term deposits	726,197,239	392,355,709	539,210,530	94,132,209
SME & Agribusiness deposits	862,922	892,569	559,996	209,162
	779,113,518	**446,575,053**	**576,005,111**	**106,672,677**

7. FEES AND COMMISSION INCOME

	INFLATION ADJUSTED		HISTORICAL	
	Dec-22 ZWL	Dec-21 ZWL	Dec-22 ZWL	Dec-21 ZWL
Retail banking fees and commission	10,168,781,762	6,808,999,649	7,769,331,558	1,555,490,310
Credit related fees	199,967,746	189,866,838	136,417,340	44,394,234
Money Transfer Agency commission	255,507,569	138,916,362	195,396,061	32,751,215
	10,624,257,077	**7,137,782,849**	**8,101,144,959**	**1,632,635,759**

8. OTHER OPERATING INCOME

	INFLATION ADJUSTED		HISTORICAL	
	Dec-22 ZWL	Dec-21 ZWL	Dec-22 ZWL	Dec-21 ZWL
Foreign exchange gain	3,106,905,605	410,627,919	2,016,103,440	93,961,829
Profit/ (Loss) on disposal of property, plant and equipment	(36,984,961)	4,484,505	(15,826,736)	408,256
Profit/ (Loss) on disposal of financial assets at fair value through other comprehensive income	-	(11,823,070)	-	(2,425,108)
Profit/ (loss) on redemption of debentures	-	13,863,935	-	4,033,029
Discount income on treasury bills	820,000	3,471,515	820,000	855,000
Miscellaneous income	82,358,578	84,298,403	58,782,369	18,724,714
	3,153,099,222	**504,923,207**	**2,059,879,073**	**115,557,720**

9. OPERATING EXPENSES

	INFLATION ADJUSTED		HISTORICAL	
	Dec-22 ZWL	Dec-21 ZWL	Dec-22 ZWL	Dec-21 ZWL
Staff costs	8,364,522,656	4,117,402,955	5,990,033,343	946,605,011
Agency fees	5,537,393	29,743,984	3,488,642	7,614,545
Administration expenses	5,336,475,005	2,823,946,303	4,079,249,609	648,757,393
Audit fees	28,914,134	52,713,802	19,740,172	11,660,723
Bad debts written off	3,612,095	64,716	1,395,234	18,826
Finance costs	106,546,444	41,015,119	88,940,043	9,554,097
Depreciation of property, plant and equipment	405,337,386	338,063,262	299,498,846	76,177,404
Depreciation of right of use assets	227,717,754	83,414,169	165,709,290	19,954,143
Amortisation of intangible assets	117,796,623	74,364,936	84,672,776	18,549,758
	14,596,459,490	**7,560,729,246**	**10,732,727,955**	**1,738,891,900**

10. CASH AND BALANCES WITH BANKS

	INFLATION ADJUSTED		HISTORICAL	
	Dec-22 ZWL	Dec-21 ZWL	Dec-22 ZWL	Dec-21 ZWL
Cash on hand	8,670,999,374	1,964,685,536	8,670,999,374	571,528,461
Balances with other banks	2,645,780,726	1,580,924,854	2,645,780,726	459,892,319
	11,316,780,100	**3,545,610,390**	**11,316,780,100**	**1,031,420,780**

11. FINANCIAL ASSETS AT AMORTISED COST

11.1 Loans and Advances

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
Individual loans	4,334,816,711	6,360,490,962	4,334,816,711	1,850,271,697
Corporate Loans	86,361,902	865,404,503	86,361,902	251,746,833
Mortgage Loans	158,260,587	147,645,970	158,260,587	42,950,326
Microfinance loans	1,614,025,660	529,208,456	1,614,025,660	153,947,146
SME and Agribusiness Loans	100,094,518	519,798,930	100,094,518	151,209,907
	6,293,559,378	**8,422,548,821**	**6,293,559,378**	**2,450,125,909**
Interest Accrued	4,442,495	3,007,973	4,442,495	875,022
Gross total	**6,298,001,873**	**8,425,556,794**	**6,298,001,873**	**2,451,000,931**
Provision for impairment losses	(331,015,425)	(582,637,905)	(331,015,425)	(169,489,813)
	5,966,986,448	**7,842,918,889**	**5,966,986,448**	**2,281,511,118**

11.2 Money Market Assets

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
Treasury bills	701,006,025	1,642,046,866	701,006,025	477,672,692
Agro bills	-	687,519,673	-	200,000,000
Interbank Placements	500,000,000	414,073,250	500,000,000	120,454,226
Non-negotiable certificate of deposits	2,767,690,478	3,894,460,283	2,767,690,478	1,132,901,482
	3,968,696,503	**6,638,100,072**	**3,968,696,503**	**1,931,028,400**
Interest Accrued	208,395,940	155,550,254	208,395,940	45,249,688
Gross total	**4,177,092,443**	**6,793,650,326**	**4,177,092,443**	**1,976,278,088**
Provision for impairment losses	(17,887,942)	(37,798,221)	(17,887,942)	(10,995,531)
	4,159,204,501	**6,755,852,105**	**4,159,204,501**	**1,965,282,557**
11.3 Capitalisation Treasury Bills				
Treasury bills	17,280,000	56,582,869	17,280,000	16,460,000
Interest accrued	1,406,667	4,079,283	1,406,667	1,186,667
Gross Total	**18,686,667**	**60,662,152**	**18,686,667**	**17,646,667**
Provision for impairment losses	-	-	-	-
	18,686,667	**60,662,152**	**18,686,667**	**17,646,667**

11.4 Agency Outstanding Settlements

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
Outstanding net settlements	-	8,311,895	-	2,417,937
Provision for impairment losses	-	-	-	-
	-	**8,311,895**	**-**	**2,417,937**
TOTAL FINANCIAL ASSETS MEASURED AT AMORTISED COST	**10,144,877,616**	**14,667,745,041**	**10,144,877,616**	**4,266,858,279**

11.5 Maturity Analysis

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
11.5.1 Loans and Advances				
Maturing within 1 year	2,832,242,587	2,337,255,176	2,832,242,587	679,909,323
Maturing after 1 year but within 5 years	3,307,498,699	6,034,449,446	3,307,498,699	1,755,425,970
Maturing after 5 years	158,260,587	53,852,172	158,260,587	15,665,638
	6,298,001,873	**8,425,556,794**	**6,298,001,873**	**2,451,000,931**
11.5.2 Money Market Assets				
Maturing within 1 year	4,176,086,418	6,790,117,164	4,176,086,418	1,975,250,288
Maturing after 1 year but within 5 years	1,006,025	-	1,006,025	-
Maturing after 5 years	-	3,533,162	-	1,027,800
	4,177,092,443	**6,793,650,326**	**4,177,092,443**	**1,976,278,088**

11.5.3 Capitalisation Treasury Bills

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
Maturing after 1 year but within 5 years	18,686,667	60,662,152	18,686,667	17,646,667
	18,686,667	**60,662,152**	**18,686,667**	**17,646,667**
11.5.4 Other Recievables (Agency outstanding settlements)				
Maturing within 1 year	-	4,125,118	-	1,200,000
Maturing after 1 year but within 5 years	-	4,186,777	-	1,217,937
	-	**8,311,895**	**-**	**2,417,937**

The maturity analysis is based on the remaining periods to contractual maturity from year-end.

11.6 Provision for Impairment Allowances for Financial Assets at Amortised Cost

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
At January 1	620,436,126	442,161,500	180,485,344	80,020,832
Monetary Adjustment	(439,950,782)	(167,082,018)	-	-
Increase/(Decrease) in impairment losses	168,418,023	345,356,644	168,418,023	100,464,512
Corporate Lending	(43,678,646)	(31,244,372)	(43,678,646)	(9,089,012)
Individual Lending	205,204,258	356,594,547	205,204,258	103,733,627
Money market assets	6,892,411	20,006,469	6,892,411	5,819,897
As at December 31	**348,903,367**	**620,436,126**	**348,903,367**	**180,485,344**
Specific provisions	348,903,367	620,436,126	348,903,367	180,485,344
	348,903,367	**620,436,126**	**348,903,367**	**180,485,344**

11.6 .1 Provision for Impairment Allowances for Loans and Advances

INFLATION ADJUSTED

Dec-22	Corporate Lending ZWL	Individual lending ZWL	Total ZWL
At January 1, 2022	155,018,217	427,619,688	582,637,905
IAS 29 Adjustment	(109,923,298)	(303,224,794)	(413,148,092)
Charge for the period	(43,678,646)	205,204,258	161,525,612
As at 31 December, 2022	**1,416,273**	**329,599,152**	**331,015,425**
Specific Provisions	1,416,273	329,599,152	331,015,425
	1,416,273	**329,599,152**	**331,015,425**

Dec-21	ZWL	ZWL	ZWL
At January 1, 2021	299,397,633	114,165,489	413,563,122
IAS 29 Adjustment	(113,135,044)	(43,140,348)	(156,275,392)
Charge for the period	(31,244,372)	356,594,547	325,350,175
As at 31 December 2021	**155,018,217**	**427,619,688**	**582,637,905**
Specific Provisions	155,018,217	427,619,688	582,637,905
	155,018,217	**427,619,688**	**582,637,905**

HISTORICAL

Dec-22	Corporate Lending ZWL	Individual lending ZWL	Total ZWL
At January 1, 2022	45,094,918	124,394,895	169,489,813
Charge for the period	(43,678,646)	205,204,258	161,525,612
As at 31 December, 2022	**1,416,272**	**329,599,153**	**331,015,425**
Specific Provisions	1,416,272	329,599,153	331,015,425
	1,416,272	**329,599,153**	**331,015,425**

Dec-21	ZWL	ZWL	ZWL
At January 1, 2021	54,183,930	20,661,268	74,845,198
Charge for the period	(9,089,012)	103,733,627	94,644,615
As at 31 December, 2021	**45,094,918**	**124,394,895**	**169,489,813**
Specific Provisions	45,094,918	124,394,895	169,489,813
	45,094,918	**124,394,895**	**169,489,813**

11.6.2. Provision for Impairment Allowances on Money Market Assets

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
At January 1	37,798,221	28,598,379	10,995,531	5,175,634
IAS 29 Adjustment	(26,802,690)	(10,806,627)	-	-
Charge for the year	6,892,411	20,006,469	6,892,411	5,819,897
As at December 31	**17,887,942**	**37,798,221**	**17,887,942**	**10,995,531**
Specific provisions	17,887,942	37,798,221	17,887,942	10,995,531
	17,887,942	**37,798,221**	**17,887,942**	**10,995,531**

12. OTHER ASSETS

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
Accounts receivable	2,044,865,993	1,314,920,332	2,044,865,994	382,511,331
Prepayments	2,069,659,379	572,336,243	1,232,602,661	88,863,757
Inventory	667,356,820	725,787,066	505,525,541	75,508,567
	4,781,882,192	**2,613,043,641**	**3,782,994,196**	**546,883,655**

13. ASSETS MEASURED AT FAIR VALUE

INFLATION ADJUSTED

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs	
Dec-22	(Level 1) ZWL	(Level 2) ZWL	(Level 3) ZWL	Total ZWL
Recurring fair value measurements				
Equity securities:				
Communication	240,727,972	-	-	240,727,972
Financial services industry	142,960,350	-	90,244,745	233,205,095
Manufacturing industry	996,712,229	-	-	996,712,229
Other	205,123,467	-	-	205,123,467
Total equity securities	**1,585,524,018**	**-**	**90,244,745**	**1,675,768,763**
Investment properties:				
Residential - Harare	-	230,000,000	-	230,000,000
Commercial - Kwekwe	-	120,000,000	-	120,000,000
Commercial - Harare	-	1,867,000,000	-	1,867,000,000
Commercial - Masvingo	-	77,000,000	-	77,000,000
Commercial - Chinhoyi	-	25,000,000	-	25,000,000
Total recurring fair value measurement	**-**	**2,319,000,000**	**-**	**2,319,000,000**
Recurring fair value measurements	**1,585,524,018**	**2,319,000,000**	**90,244,745**	**3,994,768,763**

INFLATION ADJUSTED

Dec-21	Fair value measurements at the end of the reporting period using Quoted prices in active markets for identical assets (Level 1) ZWL	Significant other observable inputs (Level 2) ZWL	Significant unobservable inputs (Level 3) ZWL	Total ZWL
Recurring fair value measurements				
Equity securities:				
Communication	1,030,276,728	-	-	1,030,276,728
Financial services industry	41,857,752	-	50,821,691	92,679,443
Manufacturing industry	1,427,457,139	-	-	1,427,457,139
Other	283,497,809	-	-	283,497,809
Total equity securities	**2,783,089,428**	**-**	**50,821,691**	**2,833,911,119**
Investment properties:				
Residential - Harare	-	129,666,210	-	129,666,210
Commercial - Kwekwe	-	67,651,936	-	67,651,936
Commercial - Harare	-	1,052,320,223	-	1,052,320,223
Commercial - Masvingo	-	43,409,992	-	43,409,992
Total recurring fair value measurement	**-**	**1,293,048,361**		**1,293,048,361**
Recurring fair value measurements	**2,783,089,428**	**1,293,048,361**	**50,821,691**	**4,126,959,480**

HISTORICAL

Dec-22	Fair value measurements at the end of the reporting period using Quoted prices in active markets for identical assets (Level 1) ZWL	Significant other observable inputs (Level 2) ZWL	Significant unobservable inputs (Level 3) ZWL	Total ZWL
Recurring fair value measurements				
Equity securities:				
Communication	240,727,972	-	-	240,727,972
Financial services industry	142,960,350	-	90,244,745	233,205,095
Manufacturing industry	996,712,229	-	-	996,712,229
Other	205,123,467	-	-	205,123,467
Total equity securities	**1,585,524,018**	**-**	**90,244,745**	**1,675,768,763**
Investment properties:				
Residential - Harare	-	230,000,000	-	230,000,000
Commercial - Kwekwe	-	120,000,000	-	120,000,000
Commercial - Harare	-	1,867,000,000	-	1,867,000,000
Commercial Masvingo	-	77,000,000	-	77,000,000
Commercial - Chinhoyi	-	25,000,000	-	25,000,000
Total recurring fair value measurement	**-**	**2,319,000,000**	**-**	**2,319,000,000**
Recurring fair value measurements	**1,585,524,018**	**2,319,000,000**	**90,244,745**	**3,994,768,763**

HISTORICAL

Dec-21	Fair value measurements at the end of the reporting period using Quoted prices in active markets for identical assets (Level 1) ZWL	Significant other observable inputs (Level 2) ZWL	Significant unobservable inputs (Level 3) ZWL	Total ZWL
Recurring fair value measurements				
Equity securities:				
Communication	299,708,290	-	-	299,708,290
Financial services industry	12,176,452	-	14,784,069	26,960,521
Manufacturing industry	415,248,376	-	-	415,248,376
Other	82,469,730	-	-	82,469,730
Total equity securities	**809,602,848**	**-**	**14,784,069**	**824,386,917**
Investment properties:				
Residential - Harare	-	37,720,000	-	37,720,000
Commercial - Kwekwe	-	19,680,000	-	19,680,000
Commercial - Harare	-	306,120,760	-	306,120,760
Commercial Masvingo	-	12,628,000	-	12,628,000
Total recurring fair value measurement	**-**	**376,148,760**	**-**	**376,148,760**
Recurring fair value measurements	**809,602,848**	**376,148,760**	**14,784,069**	**1,200,535,677**

13.1 Financial Assets at Fair Value through Other Comprehensive Income

	INFLATION ADJUSTED		HISTORICAL	
	Dec-22 ZWL	Dec-21 ZWL	Dec-22 ZWL	Dec-21 ZWL
Opening balance	2,833,911,119	605,310,722	824,386,917	109,547,004
Additions	292,197,833	500,633,040	89,542,052	145,634,535
Disposals	-	(66,507,590)	-	(19,347,109)
Fair value gain/(loss)	(1,450,340,189)	1,782,563,983	761,839,794	585,087,578
Foreign exchange gain/(Loss) on foreign shares	-	11,910,964	-	3,464,909
Closing balance	**1,675,768,763**	**2,833,911,119**	**1,675,768,763**	**824,386,917**

All quoted financial assets at fair value through other comprehensive income are recorded at fair value as at the reporting period. Unquoted financial assets at fair value through other comprehensive income are recorded at fair value using a valuation technique based on unobservable inputs and/ or assumptions.

13.2 Investment Properties

	INFLATION ADJUSTED		HISTORICAL	
	Dec-22 ZWL	Dec-21 ZWL	Dec-22 ZWL	Dec-21 ZWL
Opening balance	1,293,048,361	856,316,247	376,148,760	154,973,100
Additions	178,453,365	43,526,990	173,690,944	12,662,035
Transfer from property, plant and equipment	14,094,150	-	4,100,000	-
Transferred to Property, plant and equipment	-	(17,875,512)	-	(5,200,000)
Fair value gain	833,404,124	411,080,636	1,765,060,296	213,713,625
Closing balance	**2,319,000,000**	**1,293,048,361**	**2,319,000,000**	**376,148,760**

Investment properties were accounted for using the fair value model. In respect of the closing balances, valuations were carried out as at December 31, 2022 by Integrated Properties and these were based on market values.

14. PROPERTY, PLANT AND EQUIPMENT

INFLATION ADJUSTED

	Land & buildings ZWL	Motor Vehicles ZWL	Computer Equipment ZWL	Furniture & Fittings ZWL	Office Equipment ZWL	Dec-22 ZWL	Dec-21 ZWL
Opening carrying amount	1,291,024,449	717,079,472	654,449,967	230,143,081	158,131,493	3,050,828,462	2,147,683,562
Gross carrying amount	1,291,024,449	717,079,472	654,449,967	230,143,081	158,131,493	3,050,828,462	2,147,683,562
Accumulated depreciation	-	-	-	-	-	-	-
Revaluation gain	1,007,554,791	592,357,512	152,950,561	216,040,725	357,262,929	2,326,166,518	573,828,397
Disposals	-	(42,290,845)	(917,271)	-	-	(43,208,116)	(9,530,539)
Additions at cost	-	244,251,318	839,768,874	76,252,962	391,628,616	1,551,901,770	659,034,791
Transfer from investment properties	-	-	-	-	-	-	17,875,512
Transfer to investment properties	(14,094,150)	-	-	-	-	(14,094,150)	-
Depreciation	(19,485,089)	(135,871,146)	(187,477,217)	(19,619,779)	(42,884,156)	(405,337,387)	(338,063,261)
Closing carrying amount	**2,265,000,001**	**1,375,526,311**	**1,458,774,914**	**502,816,989**	**864,138,882**	**6,466,257,097**	**3,050,828,462**
Gross carrying amount	2,265,000,001	1,375,526,311	1,458,774,914	502,816,989	864,138,882	6,466,257,097	3,050,828,462
Accumulated depreciation	-	-	-	-	-	-	-

HISTORICAL

	Land & buildings ZWL	Motor Vehicles ZWL	Computer Equipment ZWL	Furniture & Fittings ZWL	Office Equipment ZWL	Dec-22 ZWL	Dec-21 ZWL
Opening carrying amount	375,560,001	208,598,968	190,379,994	68,021,437	46,000,572	888,560,972	388,680,210
Gross carrying amount	375,560,001	208,598,968	190,379,994	68,021,437	46,000,572	888,560,972	388,680,210
Accumulated depreciation	-	-	-	-	-	-	-
Revaluation gain	1,907,363,663	1,075,953,766	714,056,350	378,042,438	489,133,427	4,564,549,644	433,896,091
Disposals	-	(17,731,168)	(673,986)	-	-	(18,405,154)	(2,272,560)
Additions at cost	-	208,168,021	695,161,468	70,729,225	361,091,767	1,335,150,481	139,234,635
Transfer from investment properties	-	-	-	-	-	-	5,200,000
Transfer to investment properties	(4,100,000)	-	-	-	-	(4,100,000)	-
Depreciation	(13,823,663)	(99,463,276)	(140,148,912)	(13,976,111)	(32,086,884)	(299,498,846)	(76,177,404)
Closing carrying amount	**2,265,000,001**	**1,375,526,311**	**1,458,774,914**	**502,816,989**	**864,138,882**	**6,466,257,097**	**888,560,972**
Gross carrying amount	2,265,000,001	1,375,526,311	1,458,774,914	502,816,989	864,138,882	6,466,257,097	888,560,972
Accumulated depreciation	-	-	-	-	-	-	-

Property, plant and equipment was accounted for using the fair value model. In respect of the closing balances, valuations were carried out as at December 31, 2022 by Integrated Properties and these were based on market values.

15. RIGHT OF USE ASSETS

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
Carrying amount at 1 January	204,753,426	135,946,072	26,316,002	12,176,978
Additions/ modifications	867,139,471	152,221,525	729,382,398	34,093,167
Depreciation	(227,717,754)	(83,414,171)	(165,709,290)	(19,954,143)
Closing balance	**844,175,143**	**204,753,426**	**589,989,110**	**26,316,002**

16. INTANGIBLE ASSETS

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
Opening carrying amount	550,355,779	350,149,687	160,098,918	63,368,858
Gross carrying amount	550,355,779	350,149,687	160,098,918	63,368,858
Accumulated amortisation	-	-	-	-
Revaluation gain/loss	614,896,444	50,423,544	1,092,358,430	66,785,639
Additions	161,825,938	224,147,484	41,496,966	48,494,179
Amortisation charge during the year	(117,796,623)	(74,364,936)	(84,672,776)	(18,549,758)
Closing carrying amount	**1,209,281,538**	**550,355,779**	**1,209,281,538**	**160,098,918**
Gross carrying amount	1,209,281,538	550,355,779	1,209,281,538	160,098,918
Accumulated amortisation	-	-	-	-

17. CUSTOMER DEPOSITS

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
Individual accounts	14,043,764,796	8,043,081,734	14,043,764,796	2,339,738,642
Corporate accounts	4,560,702,524	3,870,143,962	4,560,702,524	1,125,827,845
Term deposits	2,689,253,880	4,062,131,994	2,689,253,880	1,181,677,311
	21,293,721,200	**15,975,357,690**	**21,293,721,200**	**4,647,243,798**

18. OTHER LIABILITIES

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
Interest payable on deposits	82,051,405	74,240,241	82,051,405	21,596,543
Accounts payable	2,120,533,295	1,553,702,068	2,120,533,295	451,973,123
Provisions	442,101,195	170,541,096	442,101,195	49,610,536
Deferred fee income	76,259,644	142,369,247	76,259,644	41,415,323
Lease liability	620,904,572	102,383,579	620,904,572	29,783,462
	3,341,850,111	**2,043,236,231**	**3,341,850,111**	**594,378,987**

18.1 Interest Payable

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
Individual accounts	5,770,924	7,936,359	5,770,924	2,308,693
Corporate accounts	2,665,315	3,024,235	2,665,315	879,753
Term deposits	73,615,166	63,279,647	73,615,166	18,408,098
	82,051,405	**74,240,241**	**82,051,405**	**21,596,544**

18.2 Lease Liability

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
Opening balance	102,383,579	73,867,272	29,783,462	13,368,239
Lease modifications	716,358,226	60,882,026	729,382,397	34,093,166
Finance Charge	106,546,444	41,015,119	88,940,043	9,554,097
Principal payment	(197,837,233)	(32,365,719)	(138,261,287)	(17,677,943)
Interest payment	(106,546,444)	(41,015,119)	(88,940,043)	(9,554,097)
Closing balance	**620,904,572**	**102,383,579**	**620,904,572**	**29,783,462**

18.3 Maturity Analysis of Lease Liability

	INFLATION ADJUSTED		HISTORICAL	
	DEC 22 ZWL	DEC 21 ZWL	DEC 22 ZWL	DEC 21 ZWL
Maturing within 1 - 6 Months	100,827,416	55,401,920	100,827,416	16,116,461
6 months - 1 year	106,846,249	26,153,468	106,846,249	7,608,064
1 - 2 years	212,412,224	18,366,297	212,412,224	5,342,770
2 - 3 years	167,763,723	2,461,894	167,763,723	716,167
Above 3 years	33,054,960	-	33,054,960	-
	620,904,572	**102,383,579**	**620,904,572**	**29,783,462**

19. SHARE CAPITAL AND RESERVES

19.1 Share capital	INFLATION ADJUSTED DEC-22 ZWL	INFLATION ADJUSTED DEC-21 ZWL	HISTORICAL DEC-22 ZWL	HISTORICAL DEC-21 ZWL
Authorised				
50 million Ordinary shares at ZWL1 each	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid				
Opening balance	3,738,865,372	3,738,865,372	48,349,746	48,349,746
Additional shares issued	-	-	-	-
Closing balance (Ordinary shares at ZWL1 each)	**3,738,865,372**	**3,738,865,372**	**48,349,746**	**48,349,746**

Issued and fully paid share capital comprised of 48,349,746 (2021: 48,349,746) ordinary shares at ZWL1 each.

19.2 Capital contribution reserve

The Capital contribution reserve arose from funds received from the Government in year 2020 for the purpose of recapitalization of the Bank.

19.3 Mark- to-market reserve

The mark to market reserve includes the cumulative net change in the fair value of equity investments classified as financial assets at fair value through other comprehensive income. When such equity instruments are de-recognized, the related cumulative amount in the mark-to- market reserve is transferred to retained earnings.

19.4 Revaluation reserve

The revaluation reserve arose from the net change in the value of properties and equipment as a result of revaluation exercises carried out since 2019.

19.5 Foreign currency translation reserve

This arose from the change in functional currency from the United States dollar to the Zimbabwe dollar in 2018

	INFLATION ADJUSTED Dec-22 ZWL	INFLATION ADJUSTED Dec-21 ZWL	HISTORICAL Dec-22 ZWL	HISTORICAL Dec-21 ZWL
Opening balance	57,009,905	57,009,905	16,584,225	16,584,225
Change in functional currency	-	-	-	-
Closing balance	**57,009,905**	**57,009,905**	**16,584,225**	**16,584,225**

19.6 Revenue reserve

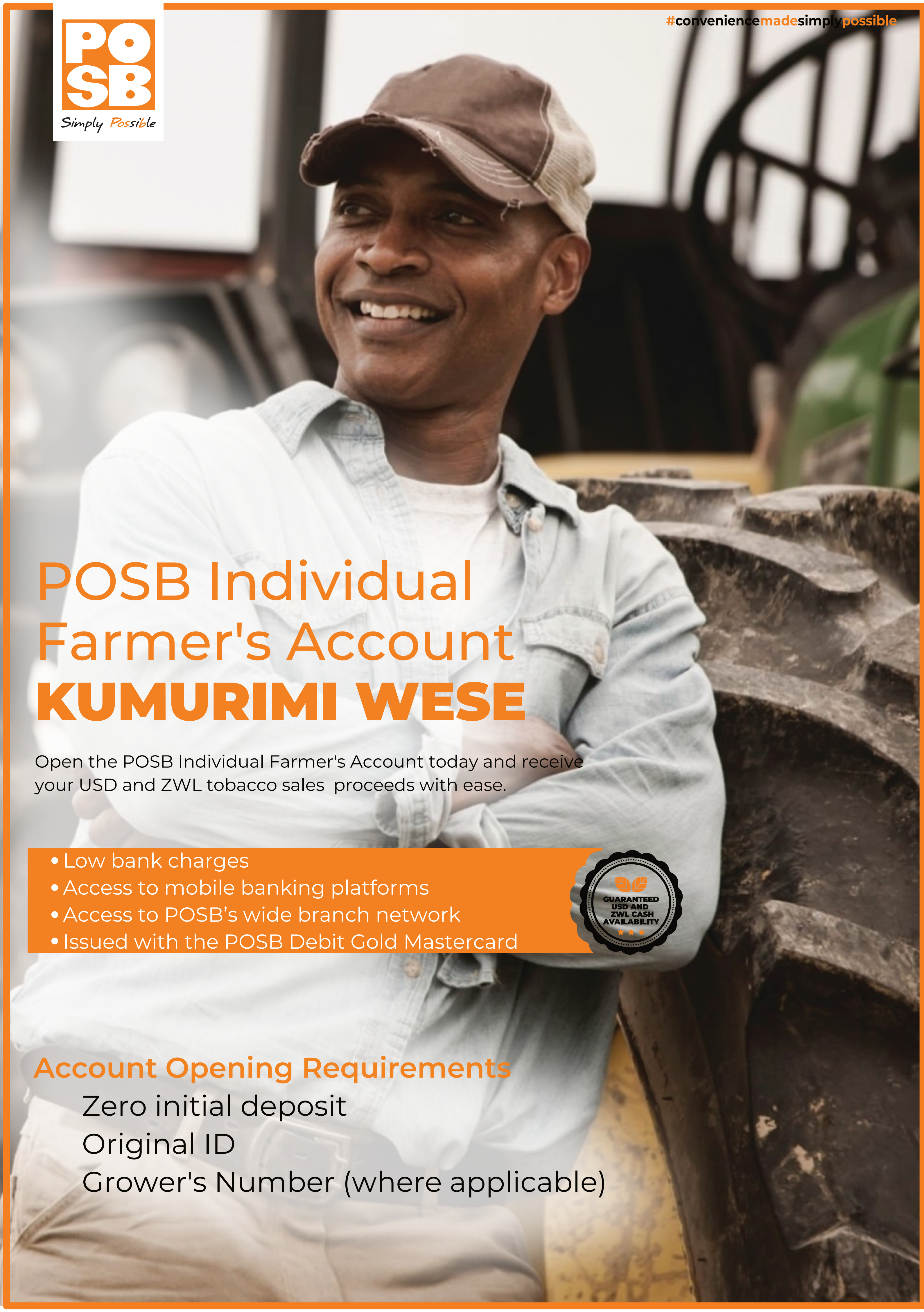
Revenue reserves are created from retained earnings or accumulated profits of the Bank. Any dividend paid has the effect of reducing revenue reserves.

	INFLATION ADJUSTED Dec-22 ZWL	INFLATION ADJUSTED Dec-21 ZWL	HISTORICAL Dec-22 ZWL	HISTORICAL Dec-21 ZWL
Opening balance	2,779,496,580	152,051,893	1,347,695,231	443,504,982
Loss/ (Profit) for the year	2,345,898,028	2,574,207,708	4,242,531,198	888,703,571
Dividend paid	(145,257,029)	-	(145,257,029)	-
Transfer from Mark-to-market reserve	-	53,236,979	-	15,486,678
Closing balance	**4,980,137,579**	**2,779,496,580**	**5,444,969,400**	**1,347,695,231**

19.7 Dividend

The Board of Directors approved a dividend of 300.42977 cents in year 2022 (2021: Nil).

	INFLATION ADJUSTED Dec-22 ZWL	INFLATION ADJUSTED Dec-21 ZWL	HISTORICAL Dec-22 ZWL	HISTORICAL Dec-21 ZWL
Opening balance	-	-	-	-
Dividend declared	145,257,029	-	145,257,029	-
Dividend paid	(145,257,029)		(145,257,029)	
Dividend payable as at December 31	**-**	**-**	**-**	**-**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20. PENSION ARRANGEMENTS

20.1 Defined benefit pension plan

The Bank contributes to a defined benefit plan which is administered by the Communication and Allied Industry Pension Fund (CAIPF). The fund is run collectively for the former Posts and Telecommunications companies.

Employees' benefits are determined by the length of their service and the participating entities have no realistic means of withdrawing from the plan without paying a contribution for the benefits earned by employees up to the date of withdrawal. Such a plan creates actuarial risk for the entity; if the ultimate cost of benefits already earned at the end of the reporting period is more than expected, the entity will have either to increase its contributions or to persuade employees to accept a reduction in benefits.

The Bank has accounted for the defined benefit plan as if it were a defined contribution plan because sufficient information is not available to use defined benefit accounting in line with the requirements of IAS 19, as it is not possible for the pension fund to allocate the plan assets to each of the contributing companies separately. The latest Actuarial report provided to the Bank is as at 31 December 2021. The report does not show the following information which is critical for Defined Benefit accounting purposes:

- Reconciliation of the present value of the defined benefit obligation and plan assets;
- The past and current service costs, gains and losses arising from settlements, as well as net interest on the net defined benefit obligation;
- Re-measurements of the net defined benefit liability or asset comprising actuarial gains and/or losses to be recognised in other comprehensive income;
- Disaggregation of plan assets by nature and risk of those assets i.e. those with a quoted market price in an active market and those which do not have;
- Disclosure of fair value of the transferable financial instruments held as plan assets and plan assets that are property occupied and
- The key risks to which the fund is exposed as well as the sensitivity of defined benefit obligation to changes in actuarial assumptions.

In the current year the Bank made contributions amounting to ZWL510,579,317 (2021: ZWL77,543,376).

The expected contributions to the plan for the next annual reporting period are ZWL2,042,317,268

The Actuarial Valuation report prepared as at 31 December 2021 does not show the Bank's funding deficit as information on share of assets and share of past service liabilities is not included. The level of participation of the Bank in the plan measured by the Bank's proportion of the total number of active members entitled to benefits was 9%.

20.2 NSSA Pension

The National Social Security Authority which is a defined contribution fund was introduced on October 1, 1994 and with effect from that date all employees are members of the National Pension Scheme, to which both the Bank and its employees contribute as follows:

Employees: 4.5% of the monthly basic salary to a maximum of ZWL5,000.

Bank: 4.5% of the monthly basic salary to a maximum of ZWL5,000.

The Bank also contributes 1.25% towards Workers' Compensation Insurance Fund (WCIF) on behalf of its employees.

Total amount charged through the statement of profit or loss and other comprehensive income during the year under review amounted to ZWL55,778,756 (2021: ZWL3,975,733).

21. EMPLOYEES

The average number of permanent persons employed by the Bank during the reporting period was 437 (December 2021: 399).

22. RELATED PARTY DISCLOSURES

22.1 Compensation to key management personnel

	INFLATION ADJUSTED		HISTORICAL	
	DEC-22 ZWL	DEC-21 ZWL	DEC-22 ZWL	DEC-21 ZWL
Short term employee benefits	805,126,791	345,526,884	623,923,948	105,130,079
Termination benefits	179,546,964	-	139,137,900	-
Post-employment benefit	100,402,310	41,781,140	77,805,641	12,712,338
Dividend payable as at December 3	**1,085,076,065**	**387,308,024**	**840,867,489**	**117,842,417**

22.2 Loans to key management personnel of the Bank

	INFLATION ADJUSTED		HISTORICAL	
	DEC-22 ZWL	DEC-21 ZWL	DEC-22 ZWL	DEC-21 ZWL
Mortgage Loans	89,477,846	58,469,140	89,477,846	17,008,718
Personal Loans	62,591,145	65,709,117	62,591,145	19,114,833
	152,068,991	**124,178,257**	**152,068,991**	**36,123,551**

Key management personnel refers to the Bank's executive management team which consists of the Chief Executive Officer, the Chief Finance Officer, the Chief Risk Officer, the Company Secretary and Legal advisor, the Divisional Director – Retail Banking, the Divisional Director – Corporate and Investments Banking, the Human Capital Executive, the Chief Information Officer, the Chief Compliance Officer, the Head of Internal Audit, the Marketing and Public Relations Executive, the Procurement Executive and the Treasury Executive.

Mortgage and personal loans are contractual and their repayments are up to date.

22.3 Non-executive directors' fees

	INFLATION ADJUSTED		HISTORICAL	
	DEC-22 ZWL	DEC-21 ZWL	DEC-22 ZWL	DEC-21 ZWL
Fees and other emoluments	21,409,152	11,847,445	15,241,300	2,701,440
	21,409,152	**11,847,445**	**15,241,300**	**2,701,440**

Board fees relate to retainer and sitting fees paid to the following seven non-executive directors:

- I. Ndlovu (Acting Board Chairman)
- O. Jambwa (Board member)
- I. Mvere (Board member)
- M.S. Mureriwa (Board member)
- C. Nyamutswa (Board member)
- N.C. Chindomu (Board member)

22.4 Loans to non-executive directors

The Bank had no outstanding loans due from non-executive directors (2021: Nil).

22.5 Terms and Conditions of Related Party Transactions

The above mentioned outstanding balances arose from the ordinary course of business. Loans to non-executive directors of the Bank were at the Bank's normal lending rates, terms and conditions. Outstanding balances at year end were secured. The Bank had no outstanding loans to non-executive directors as at December 31, 2022.

23. RISK MANAGEMENT AND CONTROL

23.1 Overview of the Bank's risk management philosophy

The Bank methodically analyses and addresses all risks perceived to have a significant bearing on its operations with the ultimate goal of achieving sustained benefits. To this end, the Bank has embraced the Enterprise Risk Management approach to ensure risks are holistically managed. Continued compliance with Basel requirements promotes stronger risk management and governance practices. In addition, periodic stress tests are conducted to assess the Bank's susceptibility to severe market conditions with the view of coming up with proactive measures. The Bank also carries out risk-based internal capital adequacy assessments bi-annually to come up with capital that is commensurate with the level of risks it is exposed to.

23.1 Overview of the Bank's risk management philosophy (cont)

In line with the anti-money laundering and counter financing of terrorism (AML/CFT) standards, the bank is mandated to carry out periodic risk assessments. In this regard, the bank carries out AML/CFT risk assessments to identify and assess the risks it is exposed to with the view of determining appropriate risk-based control measures. The Bank also conducts periodic risk management campaigns to continuously remind and equip staff on money laundering and other risk issues.

While an increase in the use of plastic money and other digital payment platforms is a positive development due to the cash crisis prevailing in the economy, this has been exploited by fraudsters resulting in an upward trajectory in the rate of cybercrime. To curtail this risk, the bank is now EMV compliant, and issuance of chip-based cards to all customers is in progress.

To assure continuation of the bank's core activities before, during, and most importantly after a major crisis event, the Bank has a comprehensive business continuity and disaster recovery plan that is periodically tested and enhanced. The Bank also conducts vulnerability assessment and penetration tests to identify areas in its information technology infrastructure requiring further enhancement. To buttress this initiative, the Bank has also embarked on information security management processes that will result in it being ISO27001 certified. In line with the Cyber and Data Protection Act, the bank is putting in place an appropriate structure for purposes of protecting stakeholders' information.

The Bank has independent compliance and audit functions to ensure compliance with regulatory and statutory requirements. Being a responsible corporate citizen and for purposes of operating in a sustainable manner, the Bank has taken great strides towards Sustainability Standards Certification Initiative (SSCI) under the European Organisation for Sustainable Development (EOSD). In addition, the bank has also been rolling out corporate social responsibility initiatives for which a Board approved budget is in place. In this regard, all bank policies have been reviewed to demonstrate the Bank's highest commitment to applicable national laws and relevant international standards on environmental, social and sustainability standards.

Through relevant Committees, the Board continues to play an important oversight role in ensuring a robust risk management philosophy.

23.2 Risk measurement and reporting systems

Risk assessment is based on probability of occurrence and severity of impact with the view of coming up with appropriate remedial actions.

The bank's risk management process encompasses the following dimensions:

- Identification;
- Measurement;
- Controlling and
- Monitoring.

23.3 Compliance

The Bank has an independent compliance function that ensures the bank complies with regulatory and statutory requirements. To this end, a comprehensive compliance template has been put in place to ensure all compliance issues are closely monitored and enforced. Through periodic risk management campaigns, the Bank continuously reminds and equips staff on anti-money laundering and other risky issues.

23.4 Excessive risk concentration

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic, political or other conditions.

Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentration risk, the Bank has set limits for its lending to ensure that an acceptable ratio is maintained between customer deposits and lending. These lending limits are also broken down into business sector limits to ensure the Bank is not over-exposed in any single business sector.

Exposures are monitored on a daily basis and monthly using monthly management reports. Prudent sanctioning of any new lending is a key mitigating factor.

23.5 Credit risk

Credit risk is principally controlled by establishing and enforcing authorisation limits and by defining exposure levels to counter parties. Periodic monitoring of positions ensures that both prudential and internal thresholds are not exceeded thereby managing concentration risk. The Bank also remains cautious in its lending business to minimise exposure.

23.5.1 Governance and IFRS 9 project management

The adoption of IFRS 9 was a significant initiative for the Bank, involving substantial finance, risk management and technology resources. The project was managed through a strong governance structure across risk management, finance, technology, and the business units. The Bank's existing system of internal controls will continue to be refined and revised when it is required to meet all the requirements of IFRS 9. The Bank has applied many components of its existing governance framework to ensure that appropriate validations and controls are in place over new key processes and significant areas of judgment. Adoption of IFRS 9 in 2018 resulted in revisions to accounting policies and procedures, changes and amendments to internal control documents, applicable credit risk manuals, development of new risk models and associated methodologies and new processes within risk management.

Impacts on Governance and Controls

As part of the implementation of IFRS 9, the Bank designed and implemented new controls and governance procedures in several areas that contribute to the calculation of expected credit losses. These include controls over credit risk data and systems, expected credit loss models and calculation engine, forecasts of future macroeconomic variables, design and probability-weighting of future macroeconomic scenarios, and the determination of significant increases in credit risk. In addition to the existing risk management framework, the Bank established an IFRS 9 implementation Committee to provide oversight to the IFRS 9 impairment process. The IFRS 9 implementation Committee comprised of senior representatives from Finance, Risk Management and Economics and is responsible for reviewing and approving key inputs and assumptions used in our expected credit loss estimates. It also assesses the appropriateness of the overall allowance results to be included in our financial statements. The IFRS 9 committee structure, with underlying key controls, went into operation in 2018.

After the adoption of IFRS 9, expected loss models have been used for both regulatory capital and accounting purposes. Under both models, expected losses are calculated as the product of PD, LGD and EAD. However, there are several key differences under current Basel rules which could lead to significantly different expected loss estimates:

- Basel PDs are based on long-run averages over an entire economic cycle. IFRS 9 PDs are based on current conditions, adjusted for estimates of future conditions that will impact PD under several probability-weighted macroeconomic scenarios.
- Basel PDs consider the probability of default over the next 12 months. IFRS 9 PDs consider the probability of default over the next 12 months only for instruments in Stage 1. Expected credit losses for instruments in Stage 2 are calculated using lifetime PDs.
- Basel LGDs are based on severe but plausible downturn economic conditions. IFRS 9 LGDs are based on current conditions, adjusted for estimates of future conditions that will impact LGD under several probability-weighted macroeconomic scenarios.

Impacts on Capital Planning

IFRS 9 will impact the Bank's reported capital as a result of the adjustment recorded in shareholders' equity on adoption of the standard. The Bank's regulator, Reserve Bank of Zimbabwe, did not establish a transitional arrangement.

23.5.2 Exposure to credit risk

The Bank's total exposure to credit risk as of December 31,2022 was ZWL10.49 billion (Dec 2021: ZWL4.45 billion) before taking account of collateral of ZWL1.99 billion (Dec 2021: ZWL506.99 million) net of such protection.

23.5.2.1 Concentrations of credit risk

The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk by class of financial assets is shown in the table below:

23.5.2.1 Concentrations of credit risk (cont)

INFLATION ADJUSTED

Dec-22	Loans and advances ZWL	Treasury investments ZWL	Other receivables ZWL
Carrying amount	6,298,001,873	4,177,092,443	-
Amount committed	6,298,001,873	4,177,092,443	-
Concentration by sector			
Corporate	56,380,342	-	-
Individual	4,162,834,535	-	-
Mortgage	348,994,383	-	-
Microfinance	1,484,379,222	-	-
SME and Agribusiness	245,413,391	-	-
Central Bank	-	3,647,734,224	-
Other Banks	-	529,358,219	-
Total	**6,298,001,873**	**4,177,092,443**	**-**

Dec-21	Loans and advances ZWL	Treasury investments ZWL	Other receivables ZWL
Carrying amount	8,425,556,794	6,793,650,326	8,311,895
Amount committed	8,425,556,794	6,793,650,326	8,311,895
Concentration by sector			
Corporate	865,444,354	-	8,311,895
Individual	6,363,168,865	-	-
Mortgage	147,649,750	-	-
Microfinance	529,298,587	-	-
SME and Agribusiness	519,995,238	-	-
Central Bank	-	5,676,252,045	-
Other Banks	-	1,117,398,281	-
Total	**8,425,556,794**	**6,793,650,326**	**8,311,895**

HISTORICAL

Dec-22	Loans and advances ZWL	Treasury investments ZWL	Other receivables ZWL
Carrying amount	6,298,001,873	4,177,092,443	-
Amount committed	6,298,001,873	4,177,092,443	-
Concentration by sector			
Corporate	56,380,342	-	-
Individual	4,162,834,535	-	-
Mortgage	348,994,383	-	-
Microfinance	1,484,379,222	-	-
SME and Agribusiness	245,413,391	-	-
Central Bank	-	3,647,734,224	-
Other Banks	-	529,358,219	-
Total	**6,298,001,873**	**4,177,092,443**	**-**

Dec-21	Loans and advances ZWL	Treasury investments ZWL	Other receivables ZWL
Carrying amount	2,451,000,931	1,976,278,088	2,417,937
Amount committed	2,451,000,931	1,976,278,088	2,417,937
Concentration by sector			
Corporate	251,758,426	-	2,417,937
Individual	1,851,050,701	-	-
Mortgage	42,951,426	-	-
Microfinance	153,973,365	-	-
SME and Agribusiness	151,267,013	-	-
Central Bank	-	1,651,226,072	-
Other Banks	-	325,052,016	-
Total	**2,451,000,931**	**1,976,278,088**	**2,417,937**

Treasury investments excludes Capitalisation treasury bills.

23.5.2.2 Significant Increase in Credit Risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and credit assessment and including forward-looking information.

The objective is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The risk of default occurring at origination of the financial asset, with
- The risk of default occurring at the reporting date.

The Bank applies the 30 days past due rebuttable presumption to measure significant increase in credit risk , thus credit risk on a financial asset is assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due.

Using its credit judgment and, where possible, relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

The Bank has not used the low credit risk exemption for any financial instruments in the year ended 31December 2022.

23.5.2.3 Credit Risk Grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring of the respective exposures involves the following:

- Client audited financial statements, management accounts and budgets
- Client's past performance of other previously availed facilities to determine repayment behaviour
- Client's source of income to assess ability to repay loan
- Client's trade reference checks
- Client's credit rating using credit rating score card
- Client's employment status, duration of employment and position.

23.5.2.4 Modified Financial Assets

The contractual terms of a loan may be modified for a number of reasons, some of which are;

- Re-financing of an existing impaired loan as means of rehabilitating the obligor where it is concluded that there is strong evidence the obligor requires more funding for operations to break even, make positive cash flows and enable repayment of the loan. This is mostly performed in instances where additional collateral from the borrower has been identified and is pledged on the loan and
- Issuing of a new loan to a known delinquent obligor based on the fact that the new loan has adequate collateral although there is strong evidence the obligor may default based on past performance.

An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- the risk of default occurring at origination based on the original contractual terms, with
- the risk of default occurring at the reporting date based on the modified terms.

At the reporting date, the Bank recognises the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit impaired financial assets. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank shall measure the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses.

If the credit risk on that financial instrument has increased significantly since initial recognition, the Bank shall measure the loss allowance for such a financial instrument at an amount equal to the lifetime expected credit losses.

A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

23.5.2.5 Definition of Default

In line with regulatory requirement, the Bank considers a financial asset to be in default when the obligor is past due more than 90 days on any material credit obligation to the Bank. In assessing whether a borrower is in default, the Bank considers the following elements:

- The credit obligation has been put on a non-accrued interest status;
- The Bank has recognised a specific credit adjustment resulting from a significant perceived decline in credit quality subsequent to the Bank taking on the exposure.
- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness or postponement of principal, interest or relevant fees.
- The Bank has filed for the obligor's bankruptcy or a similar order in respect of an obligor's credit obligation to the Bank and
- The obligor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of a credit obligation to the Bank.

23.5.2.6 Incorporation of Forward-looking Information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

Forward looking information in the form of macroeconomic forecasts was not considered in the determination of ECL and in the determination of significant increase in credit risk as the forward-looking information failed to pass the statistical tests that would enable the Bank to accurately determine the correlations between probability of default changes and changes in macro-economic conditions.

The following macro variables were taken into consideration, but failed to pass the statistical test;
. Inflation
. Gross domestic product
. Unemployment
. Corporate tax
. Personal income tax

23.5.2.7 Measurement of ECL
The key inputs into the measurement of ECL are the term structure of the following variables:

. Probability of default (PD);
. Loss given default (LGD);
. Exposure at default (EAD).
These parameters are generally derived from internally developed statistical models and other historical
data. They are adjusted to reflect forward-looking information as described above.

23.5.2.7.1 Basis of inputs and assumptions and the estimation techniques used to measure ECL

- **Stage 1:** A 12 month expected loss provision is held by the Bank for all performing book assets which have not deteriorated significantly in quality since origination.
- **Stage 2:** A lifetime expected loss provision is held by the Bank against assets that have experienced significant increase in credit risk but for which there is not yet objective evidence of impairment and
- **Stage 3:** A lifetime expected loss provision is held by the Bank for assets for which there is objective evidence of impairment, similar to the provision under the incurred loss model.

PD is an estimate of the likelihood of default over a given time horizon. PD estimates are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

Internal Credit Rating	Description	Average 12 Months PDs	
		Dec 2022	Dec 2021
1	Pass- Prime Grade	0.07	0.06
2	Pass - Strong	0.08	0.11
3	Pass - Satisfactory	0.18	0.17
4	Special Mention - Moderate	0.10	0.30
5	Special Mention - Fair	0.17	0.66
6	Special Mention - Speculative	0.19	0.67
7	Special Mention - Speculative	1.00	0.77
8	Substandard	1.00	0.76
9	Doubtful	1.00	0.88
10	Loss	1.00	0.92

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for overdrafts that include both a loan and an undrawn commitment component, the Bank measures ECL over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where ECL assessments are carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include instrument type and risk grading. The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

23.5.2.8 Reconciliation of loss allowance relating to financial assets subsequently measured at amortised cost

The following tables present reconciliations from the opening balance to the closing balance of the loss allowance for financial assets measured

23.5.2.8.1 Expected Credit loss allowances for loans and advances measured at amortised cost

INFLATION ADJUSTED

Dec-22	12 month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
LOANS AND ADVANCES	**Gross carrying amount**	**ECL Allowance**	**Gross carrying amount**	**ECL Allowance**	**Gross carrying amount**	**ECL Allowance**	**Gross carrying amount**	**ECL Allowance**
At 1 January 2022	8,208,147,741	477,127,673	89,585,952	6,511,807	127,823,101	98,998,425	8,425,556,794	582,637,905
IAS 29 Adjustment	(5,820,391,269)	(338,330,867)	(63,525,331)	(4,617,517)	(90,639,263)	(70,199,708)	(5,974,555,863)	(413,148,092)
Transfer to Lifetime ECL (Not Credit-Impaired)	(30,387,664)	(1,028,865)	-	-	(28,073)	(23,014)	(30,415,737)	(1,051,879)
Transfer to Lifetime ECL (Credit-Impaired)	(15,530,070)	(274,810)	(1,946,479)	(184,769)	-	-	(17,476,549)	(459,579)
Changes due to Modifications that did not result in Derecognition	(257,457,130)	(46,788,536)	24,353,525	815,843	29,413,808	8,953,651	(203,689,797)	(37,019,042)
New Financial Assets or originated purchase	5,167,349,684	291,612,668	12,100,722	633,215	73,568,979	1,742,821	5,253,019,385	293,988,704
Derecognition	(1,131,836,829)	(84,393,680)	(7,798,106)	(573,620)	(14,801,425)	(8,965,292)	(1,154,436,360)	(93,932,592)
Write-offs	(25,887)	(25,887)	-	-	(1,686,409)	(1,686,409)	(1,712,296)	(1,712,296)
Recoveries of amounts previously written off	25,887	25,887	-	-	1,686,409	1,686,409	1,712,296	1,712,296
At 31 December 2022	**6,119,894,463**	**297,923,583**	**52,770,283**	**2,584,959**	**125,337,127**	**30,506,883**	**6,298,001,873**	**331,015,425**

INFLATION ADJUSTED

Dec-21	12 month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
LOANS AND ADVANCES	**Gross carrying amount**	**ECL Allowance**	**Gross carrying amount**	**ECL Allowance**	**Gross carrying amount**	**ECL Allowance**	**Gross carrying amount**	**ECL Allowance**
At 1 January 2021	4,852,928,404	280,717,308	20,756,217	1,000,219	186,441,738	131,845,598	5,060,126,359	413,563,125
IAS 29 Adjustment	(1,833,802,991)	(106,076,204)	(7,843,266)	(377,957)	(70,451,772)	(49,821,232)	(1,912,098,029)	(156,275,393)
Transfer to Lifetime ECL (Not Credit-Impaired)	(33,690,705)	(1,718,944)	-	-	(581,521)	(367,404)	(34,272,226)	(2,086,348)
Transfer to Lifetime ECL (Credit-Impaired)	(25,008,611)	(1,220,100)	(7,101,800)	(88,308)	-	-	(32,110,411)	(1,308,408)
Changes due to Modifications that did not result in Derecognition	72,951,736	11,074,416	29,974,417	1,713,784	(1,834,959)	18,848,541	101,091,194	31,636,741
New Financial Assets or originated purchase	6,082,566,261	344,379,938	57,080,238	4,353,144	28,550,719	15,494,407	6,168,197,218	364,227,489
Derecognition	(907,796,353)	(50,028,741)	(3,279,854)	(89,075)	(14,291,386)	(16,991,767)	(925,367,593)	(67,109,583)
Write-offs	(5,199,797)	(5,199,797)	(61,853)	(61,853)	(1,266,480)	(1,266,480)	(6,528,130)	(6,528,130)
Recoveries of amounts previously written off	5,199,797	5,199,797	61,853	61,853	1,256,762	1,256,762	6,518,412	6,518,412
At 31 December 2021	**8,208,147,741**	**477,127,673**	**89,585,952**	**6,511,807**	**127,823,101**	**98,998,425**	**8,425,556,794**	**582,637,905**

HISTORICAL

Dec-22	12 month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
LOANS AND ADVANCES	**Gross carrying amount**	**ECL Allowance**	**Gross carrying amount**	**ECL Allowance**	**Gross carrying amount**	**ECL Allowance**	**Gross carrying amount**	**ECL Allowance**
At 1 January 2022	2,387,756,471	138,796,806	26,060,622	1,894,289	37,183,838	28,798,718	2,451,000,931	169,489,813
Transfer to Lifetime ECL (Not Credit-Impaired)	(30,387,664)	(1,028,865)	-	-	(28,073)	(23,014)	(30,415,737)	(1,051,879)
Transfer to Lifetime ECL (Credit-Impaired)	(15,530,070)	(274,810)	(1,946,479)	(184,769)	-	-	(17,476,549)	(459,579)
Changes due to Modifications that did not result in Derecognition	(257,457,130)	(46,788,536)	24,353,525	815,843	29,413,808	8,953,651	(203,689,797)	(37,019,042)
New Financial Assets or originated purchase	5,167,349,684	291,612,668	12,100,722	633,215	73,568,979	1,742,821	5,253,019,385	293,988,704
Derecognition	(1,131,836,829)	(84,393,680)	(7,798,106)	(573,620)	(14,801,425)	(8,965,292)	(1,154,436,360)	(93,932,592)
Write-offs	(25,887)	(25,887)	-	-	(1,686,409)	(1,686,409)	(1,712,296)	(1,712,296)
Recoveries of amounts previously written off	25,887	25,887	-	-	1,686,409	1,686,409	1,712,296	1,712,296
At 31 December 2022	**6,119,894,462**	**297,923,583**	**52,770,284**	**2,584,958**	**125,337,127**	**30,506,884**	**6,298,001,873**	**331,015,425**

23.5.2.8.1 Expected Credit loss allowances for loans and advances measured at amortised cost (cont)

HISTORICAL

Dec-21	12 month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
LOANS AND ADVANCES	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance
At 1 January 2021	878,265,898	50,803,231	3,756,387	181,016	33,741,570	23,860,951	915,763,855	74,845,198
Transfer to Lifetime ECL (Credit-Impaired)	(9,800,652)	(500,042)	-	-	(169,165)	(106,878)	(9,969,817)	(606,920)
Changes due to Modifications that did not result in Derecognition	(7,275,024)	(354,928)	(2,065,919)	(25,689)	-	-	(9,340,943)	(380,617)
Changes in Models or Risk Parameters	21,221,716	3,221,556	8,719,581	498,541	(533,791)	5,483,055	29,407,506	9,203,152
New Financial Assets or originated purchase	1,769,423,188	100,180,388	16,604,685	1,266,333	8,305,426	4,507,335	1,794,333,299	105,954,056
Derecognition	(264,078,655)	(14,553,399)	(954,112)	(25,912)	(4,157,375)	(4,942,918)	(269,190,142)	(19,522,229)
Unwinding discount	-	-	-	-	-	-	-	-
Write-offs	(1,512,625)	(1,512,625)	(17,993)	(17,993)	(368,420)	(368,420)	(1,899,038)	(1,899,038)
Recoveries of amounts previously written off	1,512,625	1,512,625	17,993	17,993	365,593	365,593	1,896,211	1,896,211
At 31 December 2021	**2,387,756,471**	**138,796,806**	**26,060,622**	**1,894,289**	**37,183,838**	**28,798,718**	**2,451,000,931**	**169,489,813**

23.5.2.8.2 Expected Credit loss allowances for treasury investments measured at amortised cost

INFLATION ADJUSTED

Dec-22	12 month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
LOANS AND ADVANCES	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance
At 1 January 2022	6,792,088,882	36,236,776	-	-	1,561,444	1,561,445	6,793,650,326	37,798,221
IAS 29 Adjustment	(5,948,784,503)	(25,695,471)	-	-	(1,107,218)	(1,107,219)	(5,949,891,721)	(26,802,690)
Changes due to Modifications that did not result in Derecognition	(11,853,199)	(148,164)	-	-	(454,226)	(454,226)	(12,307,425)	(602,390)
New Financial Assets or originated purchase	3,021,904,072	17,604,580	-	-	-	-	3,021,904,072	17,604,580
Derecognition	323,737,191	(10,109,779)	-	-	-	-	323,737,191	(10,109,779)
At 31 December 2022	**4,177,092,443**	**17,887,942**	**-**	**-**	**-**	**-**	**4,177,092,443**	**17,887,942**

INFLATION ADJUSTED

Dec-21	12 month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance
At 1 January 2021	1,863,382,822	23,307,511	-	-	5,290,865	5,290,865	1,868,673,687	28,598,376
IAS 29 Adjustment	(704,126,811)	(8,807,340)	-	-	(1,999,287)	(1,999,287)	(706,126,098)	(10,806,627)
Changes due to Modifications that did not result in Derecognition	2,429,062	46,562	-	-	-	-	2,429,062	46,562
New Financial Assets or originated purchase	6,597,635,557	33,780,437	-	-	-	-	6,597,635,557	33,780,437
Derecognition	(967,231,748)	(12,090,394)	-	-	(1,730,134)	(1,730,133)	(968,961,882)	(13,820,527)
At 31 December 2021	**6,792,088,882**	**36,236,776**	**-**	**-**	**1,561,444**	**1,561,445**	**6,793,650,326**	**37,798,221**

HISTORICAL

Dec-22	12 month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance
At 1 January 2022	843,304,379	10,541,305	-	-	454,226	454,226	843,758,605	10,995,531
Changes due to Modifications that did not result in Derecognition	(11,853,199)	(148,164)	-	-	(454,226)	(454,226)	(12,307,425)	(602,390)
New Financial Assets or originated purchase	3,021,904,072	17,604,580	-	-	-	-	3,021,904,072	17,604,580
Derecognition	323,737,191	(10,109,779)	-	-	-	-	323,737,191	(10,109,779)
At 31 December 2022	**4,177,092,443**	**17,887,942**	**-**	**-**	**-**	**-**	**4,177,092,443**	**17,887,942**

23.5.2.8.2 Expected Credit loss allowances for treasury investments measured at amortised cost (cont)

HISTORICAL

Dec-21	12 month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance
At 1 January 2021	337,228,462	4,218,111	-	-	957,523	957,523	338,185,985	5,175,634
Changes due to Modifications that did not result in Derecognition	706,616	13,545	-	-	-	-	706,616	13,545
New Financial Assets or originated purchase	1,919,257,241	9,826,755	-	-	-	-	1,919,257,241	9,826,755
Derecognition	(281,368,457)	(3,517,106)	-	-	(503,297)	(503,297)	(281,871,754)	(4,020,403)
At 31 December 2021	**1,975,823,862**	**10,541,305**	**-**	**-**	**454,226**	**454,226**	**1,976,278,088**	**10,995,531**

23.5.2.8.3 Expected Credit loss allowances for other receivables measured at amortised cost

INFLATION ADJUSTED

Dec-22	12 month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance
At 1 January 2022	-	-	-	-	8,311,895	-	8,311,895	-
IAS 29 Adjustment	-	-	-	-	(5,893,958)	-	(5,893,958)	-
Changes in Models or Risk Parameters	-	-	-	-	(2,417,937)	-	(2,417,937)	-
At 31 December 2022	-	-	-	-	-	-	-	-

INFLATION ADJUSTED

Dec-21	12 month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance
At 1 January 2021	-	-	-	-	-	-	-	-
New Financial Assets or originated purchase	-	-	-	-	8,311,895	-	8,311,895	-
At 31 December 2021	**-**	**-**	**-**	**-**	**8,311,895**	**-**	**8,311,895**	**-**

HISTORICAL

Dec-22	12 month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance
At 1 January 2022	-	-	-	-	2,417,937	-	2,417,937	-
Changes in Models or Risk Parameters	-	-	-	-	(2,417,937)	-	(2,417,937)	-
At 31 December 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

HISTORICAL

Dec-21	12 month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance
At 1 January 2021	-	-	-	-	-	-	-	-
New Financial Assets or originated purchase	-	-	-	-	2,417,937	-	2,417,937	-
At 31 December 2021	**-**	**-**	**-**	**-**	**2,417,937**	**-**	**2,417,937**	**-**

23.5.2.8.4 Allowances for Credit losses on financial assets measured at fair value through other comprehensive income

The following loss allowances have been accumulated in other comprehensive income for financial assets measured at fair value through other comprehensive income:

Category	2022	2021
Loss allowance for financial assets measured at fair value through other comprehensive income	Nil	Nil

23.5.3 Credit quality Analysis

The credit quality of financial assets is managed by the Bank using internal credit ratings. The table below shows the credit quality by class for all financial assets exposed to credit risk, based on the Bank's internal credit rating system. The amount represented is gross of impairment allowances.

23.5.3.1 Credit quality by internal grades

INFLATION ADJUSTED

Dec-22	Neither past due nor impaired					
Type of financial assets	High grade	Standard grade	Substandard grade	Past due but not impaired	Impaired	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Loans and advances	6,060,039,378	89,752,690	105,759,904	22,658,407	19,791,494	6,298,001,873
Interbank placements	529,358,220	-	-	-	-	529,358,220
Treasury bills	898,730,412	-	-	-	-	898,730,412
Agro bills	-	-	-	-	-	-
Non-negotiable certificate of deposits	2,767,690,478	-	-	-	-	2,767,690,478
Total credit exposure	**10,255,818,488**	**89,752,690**	**105,759,904**	**22,658,407**	**19,791,494**	**10,493,780,983**

INFLATION ADJUSTED

Dec-21	Neither past due nor impaired					
Type of financial assets	High grade	Standard grade	Substandard grade	Past due but not impaired	Impaired	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Loans and advances	8,265,059,913	96,654,599	11,448,641	16,642,151	35,751,490	8,425,556,794
Interbank placements	426,810,270	-	-	-	1,561,446	428,371,716
Treasury bills	1,842,453,913	-	-	-	-	1,842,453,913
Agrobills	689,026,566	-	-	-	-	689,026,566
Non- Negotiable Certificate of Deposits	3,894,460,283	-	-	-	-	3,894,460,283
Other receivables	-	-	-	-	8,311,895	8,311,895
Total credit risk exposure	**15,117,810,945**	**96,654,599**	**11,448,641**	**16,642,151**	**45,624,831**	**15,288,181,167**

HISTORICAL

Dec-22	Neither past due nor impaired					
Type of financial assets	High grade	Standard grade	Substandard grade	Past due but not impaired	Impaired	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Loans and advances	6,060,039,378	89,752,690	105,759,904	22,658,407	19,791,494	6,298,001,873
Interbank placements	529,358,220	-	-	-	-	529,358,220
Treasury bills	898,730,412	-	-	-	-	898,730,412
Agro bills	-	-	-	-	-	-
Non-negotiable certificate of deposits	2,767,690,478	-	-	-	-	2,767,690,478
Total credit exposure	**10,255,818,488**	**89,752,690**	**105,759,904**	**22,658,407**	**19,791,494**	**10,493,780,983**

HISTORICAL

Dec-21	Neither past due nor impaired					
Type of financial assets	High grade	Standard grade	Substandard grade	Past due but not impaired	Impaired	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Loans and advances	2,404,312,265	28,116,897	3,330,418	4,841,215	10,400,136	2,451,000,931
Interbank placements	124,159,434	-	-	-	454,226	124,613,660
Treasury bills	535,971,257	-	-	-	-	535,971,257
Commercial paper	200,438,356	-	-	-	-	200,438,356
Non-negotiable certificate of deposits	1,132,901,482	-	-	-	-	1,132,901,482
Other receivables	-	-	-	-	2,417,937	2,417,937
Total credit exposure	**4,397,782,794**	**28,116,897**	**3,330,418**	**4,841,215**	**13,272,299**	**4,447,343,623**

The following tables set out information about the credit quality of financial assets measured at amortised cost (Loans and advances, treasury investments and other receivables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

INFLATION ADJUSTED

Dec-22	12 month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Purchased/ Originated Credit impaired	Total
Financial assets at amortised cost (Loans and Advances)					
Grades 1: Standard	6,119,604,965	52,088,385	113,033,817	-	6,284,727,167
Grades 2: Special mention	150,988	672,334	839,117	-	1,662,439
Grades 3: Substandard	15,080	4,520	575,584	-	595,184
Grades 4: Doubtful	17,613	5,045	2,915,653	-	2,938,311
Grades 5: Loss	105,816	-	7,972,956	-	8,078,772
Carrying amount	**6,119,894,462**	**52,770,284**	**125,337,127**	**-**	**6,298,001,873**
Financial assets at amortised cost (Treasury investments)					
Grades 1: Standard	4,177,092,443	-	-	-	4,177,092,443
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	-	-	-
Carrying amount	**4,177,092,443**	**-**	**-**	**-**	**4,177,092,443**
Financial assets at amortised cost (Agency outstanding net deposits)					
Grades 1: Standard	-	-	-	-	-
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	-	-	-
Carrying amount	-	-	-	-	-

HISTORICAL

Dec-22	12 month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Purchased/ Originated Credit impaired	Total
Financial assets at amortised cost (Loans and Advances)					
Grades 1: Standard	6,119,604,965	52,088,385	113,033,817	-	6,284,727,167
Grades 2: Special mention	150,988	672,334	839,117	-	1,662,439
Grades 3: Substandard	15,080	4,520	575,584	-	595,184
Grades 4: Doubtful	17,613	5,045	2,915,653	-	2,938,311
Grades 5: Loss	105,816	-	7,972,956	-	8,078,772
Carrying amount	**6,119,894,462**	**52,770,284**	**125,337,127**	**-**	**6,298,001,873**
Financial assets at amortised cost (Treasury investments)					
Grades 1: Standard	4,177,092,443	-	-	-	4,177,092,443
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	-	-	-
Carrying amount	**4,177,092,443**	**-**	**-**	**-**	**4,177,092,443**
Financial assets at amortised cost (Agency outstanding net deposits)					
Grades 1: Standard	-	-	-	-	-
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	-	-	-
Carrying amount	-	-	-	-	-

INFLATION ADJUSTED

Dec-21	12 month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Purchased/ Originated Credit impaired	Total
Financial assets at amortised cost (Loans and advances)					
Grades 1: Standard	8,175,662,770	89,391,439	85,749,771	-	8,350,803,980
Grades 2: Special mention	139,082	194,513	10,576,937	-	10,910,532
Grades 3: Substandard	9,471,855	-	1,976,784	-	11,448,639
Grades 4: Doubtful	10,911,938	-	5,730,215	-	16,642,153
Grades 5: Loss	11,962,096	-	23,789,394	-	35,751,490
Carrying amount	**8,208,147,741**	**89,585,952**	**127,823,101**	**-**	**8,425,556,794**
Financial assets at amortised cost (Treasury investments)					
Grades 1: Standard	6,792,088,882	-	-	-	6,792,088,882
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	1,561,444	-	1,561,444
Carrying amount	**6,792,088,882**	**-**	**1,561,444**	**-**	**6,793,650,326**
Financial assets at amortised cost (Agency outstanding net deposits)					
Grades 1: Standard	-	-	-	-	-
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	8,311,895	-	8,311,895
Carrying amount	**-**	**-**	**8,311,895**	**-**	**8,311,895**

HISTORICAL

Dec-21	12 month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Purchased/ Originated Credit impaired	Total
Financial assets at amortised cost (Loans and advances)					
Grades 1: Standard	2,378,306,569	26,004,037	24,944,674	-	2,429,255,280
Grades 2: Special mention	40,459	56,584	3,076,839	-	3,173,882
Grades 3: Substandard	2,755,370	-	575,048	-	3,330,418
Grades 4: Doubtful	3,174,291	-	1,666,924	-	4,841,215
Grades 5: Loss	3,479,783	-	6,920,353	-	10,400,136
Carrying amount	**2,387,756,472**	**26,060,621**	**37,183,838**	**-**	**2,451,000,931**
Financial assets at amortised cost (Treasury investments)					
Grades 1: Standard	1,975,823,862	-	-	-	1,975,823,862
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	454,226	-	454,226
Carrying amount	**1,975,823,862**	**-**	**454,226**	**-**	**1,976,278,088**
Financial assets at amortised cost (Agency outstanding net deposits)					
Grades 1: Standard	-	-	-	-	-
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	2,417,937	-	2,417,937
Carrying amount	**-**	**-**	**2,417,937**	**-**	**2,417,937**

23.5.4 Collateral held
The Bank holds collateral and other credit enhancements against its credit exposures.

The following table sets out the maximum exposure on financial instruments within the scope of IFRS 9's impairment model to credit risk as well as the impact of collateral and other credit enhancements on credit risk:

Dec 2022

Credit exposure per class of financial instrument	Maximum exposure to credit risk	Recognised loss allowance	Collateral held as security	Other credit enhance-ments	Principal type of collateral held
Loans and advances	6,298,001,873	331,015,425	1,552,933,443	-	Mortgage bond over immovable property, guarantees, marketable securities and savings bonds
Treasury investments	4,177,092,443	17,887,942	440,000,150	-	Treasury bills
Other receivables	-	-	-	-	Mortgage bond over immovable property

Dec 2021

Credit exposure per class of financial instrument	Maximum exposure to credit risk	Recognised loss allowance	Collateral held as security	Other credit enhance-ments	Principal type of collateral held
Loans and advances	2,451,000,931	169,489,813	366,670,090	-	Mortgage bond over immovable property and Government bonds
Treasury investments	1,993,924,755	10,995,531	132,000,000	-	Treasury bills
Other receivables	2,417,937	-	8,320,000	-	Mortgage bond over immovable property

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:
- For money market assets, treasury bills are held
- For loans and advances, mortgage bonds over immovable properties, guarantees, marketable securities and savings bonds are held
- For other receivables, mortgage bonds over immovable properties are held.

The Bank held collateral as detailed below:

	Dec-22 ZWL	Dec-21 ZWL
Mortgage Bonds over immovable property	785,544,679	234,990,090
Guarantee	117,388,761	-
Marketable securities	540,000,000	-
Treasury Bills	440,000,150	132,000,000
Government Bonds	-	140,000,000
Savings Bonds	110,000,003	-
Total	**1,992,933,593**	**506,990,090**

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

23.5.4.1 Assets obtained by taking possession of collateral
Details of financial and non-financial assets obtained by the Bank during the year by taking possession of collateral held as security against loans
and advances and held the year end are shown in the table below.

Nature of collateral obtained	2022 (Carrying value)	2021 (Carrying value)
Immovable property	NIL	NIL

It is the Bank's policy to dispose of repossessed properties in an orderly manner. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

The Bank did not take possession of collateral in the form of immovable property during the year (NIL: 2021).

23.5.5 Carrying amount of assets whose terms have been renegotiated
The Bank did not have any re-negotiated loans during the year (2021: Nil).

23.6 Liquidity risk
This is the risk of the Bank being unable to meet its current and future financial obligations timely. Liquidity risk is inherent in the mismatch caused by borrowing short and lending long. In acute situations, it is evidenced by failure to repay depositors on demand or inability to fund proceeds of credit that has been extended.

In the management of this risk, the Bank endeavors to preserve reliable, stable and cost-effective sources of funds in order to timely meet all financial obligations as they fall due. The Bank considers high quality assets, strong earnings and solid capital adequacy ratios as key for its success. The Bank also maintains a portfolio of liquid assets comprising inter-Bank placements and marketable securities that are easily convertible into cash, in its readiness for unforeseen and short term demands on liquidity.

The Bank's management of liquid assets is designed to ensure adequate liquidity even in very highly stressed scenarios. The Bank also manages this risk through adherence to assets and liability management processes and requirements which are driven by the relevant management and Board committees.

23.6.1 Liquidity Gap Analysis

The following liquidity gap analysis shows the extent to which the Bank was exposed to liquidity risk as at December 31, 2022;

INFLATION ADJUSTED

Dec-22	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Above 5 years	Total
ASSETS	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Cash and cash equivalents	11,931,121,765	-	-	-	-	11,931,121,765
Advances	491,280,726	244,748,252	2,096,213,609	3,307,498,699	158,260,587	6,298,001,873
Investments	3,476,086,418	300,000,000	400,000,000	19,692,692	-	4,195,779,110
	15,898,488,909	**544,748,252**	**2,496,213,609**	**3,327,191,391**	**158,260,587**	**22,424,902,748**
LIABILITIES						
Deposits	5,152,936,792	4,781,420,185	5,700,285,152	5,659,079,071	-	21,293,721,200
	5,152,936,792	**4,781,420,185**	**5,700,285,152**	**5,659,079,071**	**-**	**21,293,721,200**
Liquidity gap	10,745,552,117	(4,236,671,933)	(3,204,071,543)	(2,331,887,680)	158,260,587	1,131,181,548
Cumulative gap	10,745,552,117	6,508,880,184	3,304,808,641	972,920,961	1,131,181,548	-

Dec-21	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Above 5 years	Total
ASSETS	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Cash and cash equivalents	3,850,337,124	-	-	-	-	3,850,337,124
Advances	1,779,176,932	46,238,950	511,839,292	6,034,449,448	53,852,172	8,425,556,794
Investments	4,322,831,996	120,250,016	2,347,035,150	60,662,154	3,533,162	6,854,312,478
	9,952,346,052	**166,488,966**	**2,858,874,442**	**6,095,111,602**	**57,385,334**	**19,130,206,396**
LIABILITIES						
Deposits	7,298,497,102	1,816,263,288	2,297,451,156	4,563,146,144	-	15,975,357,690
	7,298,497,102	**1,816,263,288**	**2,297,451,156**	**4,563,146,144**	**-**	**15,975,357,690**
Liquidity gap	2,653,848,950	(1,649,774,322)	561,423,286	1,531,965,458	57,385,334	3,154,848,706
Cumulative gap	2,653,848,950	1,004,074,628	1,565,497,914	3,097,463,372	3,154,848,706	-

HISTORICAL

Dec-22	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Above 5 years	Total
ASSETS	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Cash and cash equivalents	11,931,121,765	-	-	-	-	11,931,121,765
Advances	491,280,726	244,748,252	2,096,213,609	3,307,498,699	158,260,587	6,298,001,873
Investments	3,476,086,418	300,000,000	400,000,000	19,692,692	-	4,195,779,110
	15,898,488,909	**544,748,252**	**2,496,213,609**	**3,327,191,391**	**158,260,587**	**22,424,902,748**
LIABILITIES						
Deposits	5,152,936,792	4,781,420,185	5,700,285,152	5,659,079,071	-	21,293,721,200
	5,152,936,792	**4,781,420,185**	**5,700,285,152**	**5,659,079,071**	**-**	**21,293,721,200**
Liquidity gap	10,745,552,117	(4,236,671,933)	(3,204,071,543)	(2,331,887,680)	158,260,587	1,131,181,548
Cumulative gap	10,745,552,117	6,508,880,184	3,304,808,641	972,920,961	1,131,181,548	-

Dec-21	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Above 5 years	Total
ASSETS	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Cash and cash equivalents	1,120,066,021	-	-	-	-	1,120,066,021
Advances	517,563,935	13,450,946	148,894,442	1,755,425,970	15,665,638	2,451,000,931
Investments	1,257,515,142	34,980,822	682,754,324	17,646,667	1,027,800	1,993,924,755
	2,895,145,098	**48,431,768**	**831,648,766**	**1,773,072,637**	**16,693,438**	**5,564,991,707**
LIABILITIES						
Deposits	2,123,138,402	528,352,383	668,330,302	1,327,422,711	-	4,647,243,798
	2,123,138,402	**528,352,383**	**668,330,302**	**1,327,422,711**	**-**	**4,647,243,798**
Liquidity gap	772,006,696	(479,920,615)	163,318,464	445,649,926	16,693,438	917,747,909
Cumulative gap	772,006,696	292,086,081	455,404,545	901,054,471	917,747,909	-

23.7 Market risk

Market risk is the potential impact on earnings caused by unfavorable changes in market prices, interest rates and foreign exchange rates.

23.8 Price risk

Equity price risk is the possibility of loss arising from adverse movements in equity prices due to market volatility. This has the effect of affecting the fair value of scrip investments and hence the size of the Bank's statement of financial position and shareholder's value.

Changes on the equity market would have effect on financial assets at fair value through other comprehensive income and mark-to-market reserves on the Statement of financial position through fluctuations in the fair values of the equities as shown in the information below

INFLATION ADJUSTED

Dec-22	Fair value at 31-12-22 ZWL	10% increase in Price ZWL	5% decrease in price ZWL
Financial assets at fair value through other comprehensive income	1,675,768,763	1,843,345,639	1,591,980,325
Increase/(decrease)	-	167,576,876	(83,788,438)

Dec-21	Fair value at 31-12-21 ZWL	10% increase in Price ZWL	5% decrease in price ZWL
Financial assets at fair value through other comprehensive income	2,833,911,119	3,117,302,231	2,692,215,563
Increase/(decrease)	-	283,391,112	(141,695,556)

HISTORICAL

Dec-22	Fair value at 31-12-22 ZWL	10% increase in Price ZWL	5% decrease in price ZWL
Financial assets at fair value through other comprehensive income	1,675,768,763	1,843,345,639	1,591,980,325
Increase/(decrease)	-	167,576,876	(83,788,438)

Dec-21	Fair value at 31-12-21 ZWL	10% increase in Price ZWL	5% decrease in price ZWL
Financial assets at fair value through other comprehensive income	824,386,917	906,825,609	783,167,571
Increase/(decrease)	-	82,438,692	(41,219,346)

23.9 Interest rate risk

This mostly emanates from re-pricing risk. This risk relates to the timing differences between the ability to adjust rates earned on assets or those paid on liabilities to changes in market interest rates, which would result in a negative impact on interest income.

While there are no absolute measures to control the effects of interest rate movements, protection is offered by managing the maturity profile of customer balances and investment holdings and maintaining margins, wherever possible, as changes occur. The Bank manages interest rate exposures through limits, policy guidelines and control mechanisms as well as tools and techniques formulated by the Assets and Liability committee. Amongst the tools used to measure and manage interest rate risk exposures are the gap analysis, duration matching and use of the rate sensitive assets to rate sensitive liabilities ratio (RSA/RSL) ratio.

23.9.1 Interest Rate Re-pricing Gap Analysis

The following interest rate re-pricing gap analysis shows the extent to which the Bank was exposed to interest rate risk as at December 31, 2022;

INFLATION ADJUSTED

Dec-22	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Above 5 years	Non- interest bearing	Total
ASSETS	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Cash and cash equivalents	-	-	-	-	-	11,931,121,765	11,931,121,765
Advances and other assets	491,280,726	244,748,252	2,096,213,609	3,307,498,699	158,260,587	4,450,866,767	10,748,868,640
Investments	3,476,086,418	300,000,000	400,000,000	19,692,692	-	3,976,880,821	8,172,659,931
Property, plant and equipment	-	-	-	-	-	6,466,257,097	6,466,257,097
Right of use assets	-	-	-	-	-	844,175,143	844,175,143
Intangible assets	-	-	-	-	-	1,209,281,538	1,209,281,538
	3,967,367,144	**544,748,252**	**2,496,213,609**	**3,327,191,391**	**158,260,587**	**28,878,583,131**	**9,372,364,114**
LIABILITIES							
Deposits and other liabilities	5,152,936,792	4,781,420,185	5,700,285,152	5,659,079,071	-	3,341,850,111	24,635,571,311
Reserves	-	-	-	-	-	14,736,792,803	14,736,792,803
	5,152,936,792	**4,781,420,185**	**5,700,285,152**	**5,659,079,071**	**-**	**18,078,642,914**	**39,372,364,114**
Interest rate repricing gap	(1,185,569,648)	(4,236,671,933)	(3,204,071,543)	(2,331,887,680)	158,260,587	10,799,940,217	-
Cumulative gap	(1,185,569,648)	(5,422,241,581)	(8,626,313,124)	(10,958,200,804)	(10,799,940,217)	-	-

INFLATION ADJUSTED

Dec-21	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Above 5 years	Non- interest bearing	Total
ASSETS	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Cash and cash equivalents	-	-	-	-	-	3,850,337,124	3,850,337,124
Advances and other assets	1,779,176,932	46,238,950	511,839,292	6,034,449,448	53,852,172	2,038,717,631	10,464,274,425
Investments	4,322,831,996	120,250,016	2,347,035,150	60,662,154	3,533,162	4,089,161,259	10,943,473,737
Property, plant and equipment	-	-	-	-	-	3,050,828,462	3,050,828,462
Right of Use assets	-	-	-	-	-	204,753,426	204,753,426
Intangible assets	-	-	-	-	-	550,355,779	550,355,779
	6,102,008,928	**166,488,966**	**2,858,874,442**	**6,095,111,602**	**57,385,334**	**13,784,153,681**	**29,064,022,953**
EQUITY AND LIABILITIES							
Deposits and other liabilities	7,298,497,102	1,816,263,288	2,297,451,156	4,563,146,144	-	2,043,236,231	18,018,593,921
Reserves	-	-	-	-	-	11,045,429,032	11,045,429,032
	7,298,497,102	**1,816,263,288**	**2,297,451,156**	**4,563,146,144**	**-**	**13,088,665,263**	**29,064,022,953**
Interest rate repricing gap	(1,196,488,174)	(1,649,774,322)	561,423,286	1,531,965,458	57,385,334	695,488,418	-
Cumulative gap	(1,196,488,174)	(2,846,262,496)	(2,284,839,210)	(752,873,752)	(695,488,418)	-	-

HISTORICAL

Dec-22 ASSETS	Up to 1 month ZWL	1 to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Above 5 years ZWL	Non- interest bearing ZWL	Total ZWL
Cash and cash equivalents	-	-	-	-	-	11,931,121,765	11,931,121,765
Advances and other assets	491,280,726	244,748,252	2,096,213,609	3,307,498,699	158,260,587	3,451,978,771	9,749,980,644
Investments	3,476,086,418	300,000,000	400,000,000	19,692,692	-	3,976,880,821	8,172,659,931
Property, plant and equipment	-	-	-	-	-	6,466,257,097	6,466,257,097
Right of use assets	-	-	-	-	-	589,989,110	589,989,110
Intangible assets	-	-	-	-	-	1,209,281,538	1,209,281,538
	3,967,367,144	**544,748,252**	**2,496,213,609**	**3,327,191,391**	**158,260,587**	**27,625,509,102**	**38,119,290,085**
LIABILITIES							
Deposits and other liabilities	5,152,936,792	4,781,420,185	5,700,285,152	5,659,079,071	-	3,341,850,111	24,635,571,311
Reserves	-	-	-	-	-	13,483,718,774	13,483,718,774
	5,152,936,792	**4,781,420,185**	**5,700,285,152**	**5,659,079,071**	**-**	**16,825,568,885**	**38,119,290,085**
Interest rate repricing gap	(1,185,569,648)	(4,236,671,933)	(3,204,071,543)	(2,331,887,680)	158,260,587	10,799,940,217	-
Cumulative gap	(1,185,569,648)	(5,422,241,581)	(8,626,313,124)	(10,958,200,804)	(10,799,940,217)	-	-

HISTORICAL

Dec-21 ASSETS	Up to 1 month ZWL	1 to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Above 5 years ZWL	Non- interest bearing ZWL	Total ZWL
Cash and cash equivalents	-	-	-	-	-	1,120,066,021	1,120,066,021
Advances and other assets	517,563,935	13,450,946	148,894,442	1,755,425,970	15,665,638	379,811,779	2,830,812,710
Investments	1,257,515,142	34,980,822	682,754,324	17,646,667	1,027,800	1,189,540,146	3,183,464,901
Property, plant and equipment	-	-	-	-	-	888,560,972	888,560,972
Right of use assets	-	-	-	-	-	26,316,002	26,316,002
Intangible assets	-	-	-	-	-	160,098,918	160,098,918
	1,775,079,077	**48,431,768**	**831,648,766**	**1,773,072,637**	**16,693,438**	**3,764,393,838**	**8,209,319,524**
EQUITY AND LIABILITIES							
Deposits and other liabilities	2,123,138,402	528,352,383	668,330,302	1,327,422,711	-	594,378,987	5,241,622,785
Reserves	-	-	-	-	-	2,967,696,739	2,967,696,739
	2,123,138,402	**528,352,383**	**668,330,302**	**1,327,422,711**	**-**	**3,562,075,726**	**8,209,319,524**
Interest rate repricing gap	(348,059,325)	(479,920,615)	163,318,464	445,649,926	16,693,438	202,318,112	-
Cumulative gap	(348,059,325)	(827,979,940)	(664,661,476)	(219,011,550)	(202,318,112)	-	-

23.10 Foreign exchange risk

Foreign exchange risk is the risk that arises from adverse changes or movements in foreign exchange rates and emanates from a mismatch between foreign currency inflows and outflows.

The foreign currency position of the Bank expressed in ZWL as at December 31, 2022 was as follows;

INFLATION ADJUSTED

Dec-22	TOTAL (ZWL)	ZWL	USD	ZAR	BWP	GBP	EURO	JPY
Total assets	**39,372,364,114**	26,424,373,796	12,432,540,584	498,060,554	28,535	2,425	17,130,636	227,584
Total equity and liabilities	**39,372,364,114**	28,979,562,814	10,028,490,001	363,848,845	9,040	293,587	159,827	-
Dec-21	**TOTAL (ZWL)**	**ZWL**	**USD**	**ZAR**	**BWP**	**GBP**	**EURO**	**JPY**
Total Assets	**29,064,022,953**	25,843,529,150	2,404,437,187	805,336,690	17,347	409,899	10,145,663	147,017
Total equity and liabilities	**29,064,022,953**	26,880,168,989	1,838,364,497	350,640,028	31,547	215,745	(5,397,853)	-

HISTORICAL

Dec-22	TOTAL (ZWL)	ZWL	USD	ZAR	BWP	GBP	EURO	JPY
Total assets	**38,119,290,085**	25,171,299,767	12,432,540,584	498,060,554	28,535	2,425	17,130,636	227,584
Total equity and liabilities	**38,119,290,085**	25,320,370,501	12,431,017,969	369,005,816	18,938	315,524	(1,438,663)	-
Dec-21	**TOTAL (ZWL)**	**ZWL**	**USD**	**ZAR**	**BWP**	**GBP**	**EURO**	**JPY**
Total Assets	**8,209,319,524**	7,272,475,408	699,452,621	234,273,061	5,046	119,240	2,951,381	42,767
Total equity and liabilities	**8,209,319,524**	7,574,034,733	534,781,641	102,001,453	9,177	62,760	(1,570,240)	-

The exchange rates applicable during the financial period were as follows:

	Dec-22	Dec-21
US$	671.4466	108.6660
ZAR	0.02540	0.1464
Pula	0.0191	0.1080
GBP	808.4889	146.6665
Euro	713.4792	122.9230
JPY	0.1991	1.0595

23.11 Operational risk

Operational risk is inherent to the Bank, and is over and above, credit, interest rate exposure and capital risks. Operational risk relates specifically to fraud, unauthorized transactions by employees, by persons outside the Bank; errors, omissions and commissions in transaction processing, system and process failure and breaches on the Bank's system of internal compliance.

The operational control environment of the Bank is extremely important, especially given high volumes of transactions that pass through the system each day. This gives rise to the need for substantial and effective controls to be complied with at all times.

The Bank manages operational risk through risk transfer (insurance cover), procedural guidelines, policies, staff training, segregation of duties, internal audits and business continuity management that includes business continuity and disaster recovery plans.

23.12 Reputational risk

Reputational risk is the risk of loss arising from the adverse perception of the image of the Bank by customers, counterparties, investors or regulators. This is particularly relevant on two fronts; Firstly, with the ethical stance that the Bank takes and, secondly, the fact that competition entails that the Bank has to convince customers that it is credible and can offer at least the basic, secure services expected of high quality Banks. The Bank is also susceptible to the reputation of its wider structural organisation, and its mandate of ensuring financial inclusion.

The Bank sees this risk as a knock-on of other risks materializing. Reputational risk is seen as compounding the effect of other risks, such as strategy, fraud and regulatory risk. Reputational risk has not been modeled in isolation but is considered throughout the Bank's ongoing risk review process and is built into the assessment of other risks.

The operational systems and controls in place help to mitigate this risk. The loyal customer base also provides some immunity although this could be challenged in the event of the Bank's reputation suffering.

23.13 Capital risk

This refers to the risk that the Bank's capital may not be adequate to absorb all the losses that it may incur. In this regard, the Bank embarks on risk-based capital planning through the internal capital adequacy assessment process (ICAAP) to come up with a capital level that is commensurate with the nature and extent of risk it faces. The Bank's capital has invariably been above the ICAAP determined capital level over the years, an indication that the Bank maintains a healthy capital base.

For assessing capital risk, the loss is assessed in terms of the impact on anticipated earnings (profit) and capital (reserves). The knock-on effects of all other risks that impact on the Bank are also considered

23.14 Compliance and legal risk

This refers to the risk on earnings and capital arising from violations of or non-compliance with laws, rules, regulations, internal policies and authority levels, prescribed practices and ethical standards.

The Bank manages this risk by having a compliance policy framework, aligned to the Bank's business model. The policy is regularly reviewed by the risk management department and any incident of non-compliance is reported to the Board for the requisite corrective action.

23.15 Strategic risk

Strategic risk arises from business decisions made in conditions of uncertainty over actions of competitors and service providers and more importantly through exogenous variables to the Bank.

The Bank recognises that the rapidly changing nature of financial markets and the economic environment is such that long term planning is often disturbed by fundamental changes which the Bank should rapidly respond to for sustainable growth and operational and strategic competitiveness. The change over to the multicurrency economic dispensation and upward economic growth, albeit slowly, have brought about some semblance of stability that allows proper business planning.

The Bank's Board of directors provides oversight for strategic risk through an approved strategic plan and operational strategy framework including scheduled periodic board and executive management meetings.

24. CAPITAL MANAGEMENT

Capital management is considered key for the Bank as a going concern. The Bank's capital management framework serves to ensure that the Bank is capitalized in line with the requirements of its business lines and also in compliance with the recommendations of the Reserve Bank of Zimbabwe and International standards. The Bank's capital management objectives are to:

- Maintain sufficient capital resources to meet board set standards in accordance with regulatory requirements.
- Maintain sufficient capital resources to support the Bank's risk profile.
- Allocate capital to business lines to support the Bank's strategic objectives including optimizing return on investment.
- Ensure the Bank holds adequate capital in order to withstand the impact of potential stress events.

The Bank manages its capital base to achieve a prudent balance between maintaining ideal capital ratios to support business growth and depositors' confidence as well as providing competitive returns.

24.1 Capital Adequacy

The capital adequacy of the Bank as at 31 December 2022 was as follows:

	INFLATION ADJUSTED		HISTORICAL	
	Dec-22 ZWL	Dec-21 ZWL	Dec-22 ZWL	Dec-21 ZWL
Capital Reserves	3,738,865,372	3,738,865,372	48,349,746	48,349,746
Capital contribution	143,975,309	143,975,309	25,000,000	25,000,000
Mark-to-market reserves	607,726,766	2,058,066,955	1,395,535,241	633,695,448
Revenue reserves	4,980,137,579	2,779,496,580	5,444,969,400	1,347,695,231
Advances to insiders	-	-	-	-
Capital allocated to market and operational risk	-	-	-	-
Tier 1 Capital	**9,470,705,026**	**8,720,404,216**	**6,913,854,387**	**2,054,740,425**
General provisions	-	-	-	-
Revaluation reserve	5,209,077,872	2,268,014,911	6,553,280,162	896,372,089
Foreign currency translation reserve	57,009,905	57,009,905	16,584,225	16,584,225
Tier 1 & 2 Capital	**14,736,792,803**	**11,045,429,032**	**13,483,718,774**	**2,967,696,739**
Tier 3 Capital allocated for market and operational risk	**-**	**-**	**-**	**-**
Risk weighted assets	**23,645,794,657**	**12,071,980,096**	**23,158,062,702**	**5,632,939,496**
Capital adequacy ratio (%)				
Tier 1	40.05%	72.2%	29.86%	36.48%
Tier 2	22.27%	19.26%	28.37%	16.21%
Tier 3	0.00%	0.00%	0.00%	0.00%
Total	**62.32%**	**91.50%**	**58.23%**	**52.69%**
RBZ Minimum required capital adequacy ratio	**12%**	**12%**	**12%**	**12%**

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 9th Annual General Meeting of the People's Own Savings Bank will be held physically & virtually on Tuesday, the 25th of July 2023 at 10:00 am for the purposes tabulated below. The physical meeting will be held in the Functions Room (The Fred Arian Lounge) at Chapman Golf Club, Harare. Those attending virtually will use the Zoom conference platform. The virtual meeting link will be availed shortly before the meeting. Stakeholders are requested to register attendees' details with the Secretariat through **lmutero@posb.co.zw** on or before the 21st of July 2023.

AGENDA
To consider and if deemed fit, to pass the following resolutions with or without amendments:

1. Statutory Financial Statements
To receive, consider and adopt the Financial Statements and the Reports of the Directors and Auditors for the year ended 31st December 2022.

2. Dividend
To approve a dividend payment to the shareholder of **239 cents** per ordinary share for the year ended 31st December 2022.

3. Directorate
To note the following status of the Directorate:
3.1 the tenures of Messrs Mrs Monica Sarudzai Mureriwa, Caecilia Nyamutswa, Nomusa Christine Chindomu and Mr Ignatius Mvere will expire in October 2023,
3.2 the extension of tenures for Mr Onias Jambwa and Mr Israel Ndlovu indefinitely until the appointment of additional members to the Board,
3.3 the vacant position of the Board Chairperson,
3.4 the retirement of Mr Admore Kandlela as Chief Executive Officer of the Bank on the 31st of October 2022,
3.5 the appointment of Mr Garainashe Changunda, formerly Chief Finance Officer, as the substantive Chief Executive Officer with effect from 1st of February 2023,
3.6 that the position of the Chief Finance Officer having become vacant, Ms Maria Gunde was appointed Acting Chief Finance Officer with effect from 1st of November 2022.

4. Directors' Fees
To confirm the Directors' fees and remuneration of the non-executive directors totalling ZW$15,241,300 for the year ended 31st December 2022.

5. External Auditors Remuneration
To approve the remuneration of the external auditors for the year ended 31st December 2022 totalling US$93,380.59 payable using the Zimbabwean Dollar Currency at the willing buyer willing seller basis.

6. Appointment of External Auditors
To note the reappointment of the Auditor General's Office as Auditors of the Bank until the conclusion of the next Annual General Meeting.

By Order of the Board

Dorothy Mapimhidze (Mrs)
Company Secretary

30 June 2023

NOTES ON PHYSICAL AND ELECTRONIC PARTICIPATION
a) Owing to the need to restrict the number of persons in one room the members and stakeholders attending the meeting physically, will be duly notified.
b) All other persons entitled to attend the meeting in terms of the Public Entities Corporate Governance Act [Chapter 10:31] who are not attending the meeting physically, will be given reasonable access through a virtual platform to enable their participation in the meeting.
c) The Chairman is satisfied that the communication system setup for the virtual attendees will enable them to participate effectively in the discussions.

Notes

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