



ABRIDGED AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2023

CHAIRPERSON'S STATEMENT

ECONOMIC ENVIRONMENT

The global economic outlook remained subdued in 2023 as a result of high global inflation, geopolitical tensions and increasing debt burdens. The International Monetary Fund (IMF) forecasted a global economic growth of 3.0% in 2023 and expects it to improve to 3.9% in 2024 amid green transition, digitalisation and emerging markets which are expected to bring in potential opportunities. The Zimbabwe economy was projected to register an economic growth of 5.3% in 2023 supported by high inflows of foreign currency coupled by growth in the agricultural, mining and services sectors. However, the International Monetary Fund (IMF) projected an economic growth of 4.1% for the country in 2023 and a slowdown to 3.6% in 2024 due to the potential effects of the El Nino phenomenon.

In view of the increased use of foreign currency in domestic transactions within the local economy and the levels of foreign currency deposits in the banking sector, the government adopted the arithmetic based calculation of blended inflation in February 2023. This was later replaced by the geometric aggregation method in September 2023, thus resulting in a year-on-year inflation of 26.5% from 243.8% in December 2022. Interventions by the fiscal and monetary authorities which included maintaining a tight monetary policy, directing all Government institutions to accept payments in the local currency and introducing the wholesale foreign exchange auction market assisted to control inflation and stabilise 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 2023.

FINANCIAL HIGHLIGHTS

The following summarises the key financial highlights of the Bank's performance in 2023:

- In inflation adjusted terms, the Bank recorded a profit of ZWL 110.16 billion for the year ended 31 December 2023 whilst in historical terms the Bank recorded a net profit of ZWL 97.35 billion for the year in question.
- Net operating income for the year increased by 345% in inflation adjusted terms to reach ZWL 407.04 billion for the year 2023 due to above inflation yields on financial assets.

CHIEF EXECUTIVE OFFICER'S REPORT

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 Reserve Bank of Zimbabwe maintained a tight monetary policy which included review of policy rates, further liberalising the foreign exchange market to enhance the operation of the “Willing Buyer Willing Seller” market, introducing the wholesale foreign exchange interbank market and directing all Government institutions to accept payments in the local currency. These measures had the effect of reducing the parallel market exchange premium, thus boosting business confidence, growing the export business and increasing industry activity.

In view of the increased use of the foreign currency in domestic transactions within the local economy, the Government adopted the blended system for calculating inflation in February 2023 and later adopted the geometric mean system in September 2023. This had the effect of reducing inflation to 26.5% in December 2023 from 243.8% in December 2022.

The Reserve Bank of Zimbabwe introduced the gold-backed digital tokens to complement the physical gold coins and further repurchased the gold-backed digital tokens by subsequently issuing Zimbabwe Gold (ZiG) balances on the Real Time Gross Settlement (RTGS) system. This was done for purposes of designating the ZiG as an accepted form of payment for domestic transactions in addition to its original purpose of preserving value. The Monetary Authorities expect the ZiG to go a long way in supporting digitization, financial inclusion and the overall stability of the local currency.

The Zimbabwe Stock Exchange (ZSE) maintained a positive momentum for the greater part of the year resulting in the All-Share Index rising by 982% from December 2022. However, trading activities on the bourse were curtailed from mid-June 2023 due to reduced stock market returns. The Victoria Falls Stock Exchange remained subdued evidenced by a 29% year on year drop from December 2022 due to limited transactions on the bourse as investors moved to other preferred investment options.

Despite the challenges in the economy, the People's Own Savings Bank remained well positioned to take advantage of significant growth opportunities, whilst delivering on its mandate of providing efficient and convenient services to its customers.

FINANCIAL PERFORMANCE

The Bank recorded a net profit of ZWL 97.35 billion in historical terms compared to a net profit of ZWL 4.24 billion in the prior year. In inflation adjusted terms, the Bank recorded a net profit of ZWL 110.16 billion compared to a net profit of ZWL 11.27 billion in 2022.

In historical terms, net operating income increased by 1336% to ZWL 215.21 billion from ZWL 14.99 billion in the prior year whilst in inflation adjusted terms a 345% increase in net operating income was recorded from ZWL91.43 billion in year 2022 to ZWL 407.04 billion in year 2023. This

- Operating expenses increased by 191% in inflation adjusted terms to ZWL204.36 billion in 2023 from ZWL70.32 billion in 2022 due to a general rise in prices attributed to inflationary pressures.
- Total assets increased by 170% to ZWL509.90 billion as at 31 December 2023 from ZWL189.20 billion as at 31 December 2022 in inflation adjusted terms.
- The liquidity ratio of the Bank stood at 66% as at 31 December 2023 confirming that the Bank is highly liquid and has the capacity to honor its obligations.
- The capital adequacy of the Bank stood at 56.57% as at 31 December 2023 in inflation adjusted terms against the minimum regulatory ratio of 12% and ICAAP ratio of 31%.

DIVIDEND

The Bank held its Annual General Meeting on 25 July 2023 where a dividend of ZWL 115.34 million 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, however the partial privatisation roadmap was put on hold by the shareholder in August 2023. At the time of suspension, the outstanding workstreams on the project included the procurement of the private investor as well as all deliverables to complete the initial public offer process. The Bank is awaiting further guidance from Mutapa Investment Fund on the project.

CORPORATE GOVERNANCE

POSB is committed to championing sustainable and impactful financial services which help customers reach their potential, whilst creating value for the Bank and contributing to the wider society. The three focus areas where the Bank believes it can make long-term meaningful contributions to its customers and the communities it serves are; reducing the Bank's direct and the Bank clients' business emissions to achieve just transition toward net zero; financial inclusion and engendering a savings culture in Zimbabwe. In order to achieve this, the Bank partnered with the University of Cambridge - Institute of Sustainability Leadership (CISL) to enhance the leadership skills in sustainable finance and climate-related risks and opportunities. Through this programme, the Bank is now capable of leading purposeful change, enhancing performance on sustainable finance and earmarking certification by the European Organisation for Sustainable development (EOSD) in July 2024.

reflects positive business growth despite the inflationary pressures. On the other hand, operating expenses increased by 996% from ZWL10.75 billion in year 2022 to ZWL 117.85 billion in year 2023 in historical terms and after adjusting for inflation, operating expenses registered a 191% increase from ZWL 70.32 billion in year 2022 to ZWL 204.36 billion in year 2023 as the Bank continued to implement effective cost management strategies in order to remain profitable. In historical terms, total assets grew by 1173% from ZWL38.12 billion in 2022 to ZWL485.13 billion by December 2023. In inflation adjusted terms, total assets grew by 170% from ZWL 189.20 billion in 2022 to ZWL 509.90 billion by December 2023. On the same note, total deposits increased by 1108% from ZWL21.29 billion in 2022 to 257.26 billion by December 2023 in historical terms whilst in inflation adjusted terms deposits increased by 151% from ZWL102.32 billion in 2022 to ZWL 257.26 billion by December 2023. The capital adequacy ratio at 56.57% in inflation adjusted terms and 53.60% in historical terms exceeds the prescribed minimum regulatory ratio of 12% and enables the Bank to meet all prudential lending guidelines.

CORPORATE DEVELOPMENTS

• Mastercard project

In March 2023, the Bank launched the Mastercard Gold debit and Prepaid cards. The Mastercard Gold debit card has dual functionality, which means customers can transact in both the local currency (ZWL) and the United States Dollar (USD). On the other hand, the prepaid card is a load-and-go card which customers can prefund and enjoy transacting across borders. This product is expected to increase customer retention, increase foreign currency deposits and generate USD income for the Bank.

• The Omni-Channel project

In an effort to continue improving customer experience and bring convenience to customers, the Bank embarked on the implementation of the Omni channel project which allows customers to access banking services through multiple channels and to switch between channels seamlessly.

During the year ended 31 December 2023, the following milestones were achieved:

- **Payment Scheduling** - This feature is designed to help customers to plan ahead and avoid any potential payment delays by allowing them to set future payment dates in advance. By scheduling payments, customers can conveniently manage their financial obligations with ease and efficiency.
- **Bulk Money Transfer** – This functionality allows corporates to initiate and authorise bulk payments through batch processing, thus enhancing convenience to customers.
- **PayGo mobile payment solution** – This solution allows customers to make payments using QR such as scan and pay or merchant codes, thus enhancing customer experience.

SHAREHOLDER CHANGES

During the year under review, the Government of Zimbabwe transferred 100% of its shares to Mutapa Investment Fund, an investment vehicle established under the Sovereign Wealth Fund of Zimbabwe Act Chapter 22:20. All the shares were transferred to the new shareholder during the last quarter of the year 2023.

EXECUTIVE DIRECTOR CHANGES

In line with the Public Entities Corporate Governance 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 and Maria Gunde as the new Chief Finance Officer of the Bank with effect from 1 December 2023. I wish to congratulate them on their new leadership roles and wish them a successful tenure with the Bank.

OUTLOOK

The Government has projected a decline in economic growth from 5.3% in 2023 to 5.2% in 2024 whilst the International Monetary Fund (IMF) has projected a decline from 4.1% in 2023 to 3.6% in 2024. This is mainly attributed to the negative impact of the El Nino phenomenon which the country is currently experiencing. Despite the expected decline in economic growth, the People's Own Savings Bank will remain focused on the delivery of its mandate of providing affordable and efficient services to its customers. Furthermore, the Bank will continue to implement initiatives to deliver value to its customers in order to fulfil the financial inclusion agenda.

APPRECIATION

I would like to thank our valued customers who continue to show confidence in the Bank despite the economic hardships they are experiencing. My appreciation also goes to my fellow board members, the Chief Executive Officer, Management and members of staff for the dedicated effort towards the achievement of the remarkable results. I would also like to acknowledge the support received from the Shareholder, the regulatory authorities and all our stakeholders towards the success of the Bank.

ISRAEL NDLOVU (MR)
BOARD CHAIRMAN (Acting)

• **USD RTGS Transfers on Digital Platforms** - The Bank enhanced its funds transfer service for USD accounts through the facilitation of USD RTGS transfer. This is expected to bring convenience to customers as the risk of transacting using physical cash is reduced.

• **USD ZIPIT Transactions** – The introduction of the ZIPIT transfer on Nostro accounts enables customers to transfer funds from their USD bank accounts to USD accounts held with other banks, thus bringing convenience to the customer and increasing the Bank's foreign currency income.

• **USD Bank to Wallet Transactions** – The Bank launched the USD Bank to Wallet facility to customers. This provided customers with the convenience of transferring funds from their USD Nostro accounts into their Ecocash wallets.

• **USD Billers on mobile banking**- The addition of Telone, ZOL, Nyaradzo, ZESA on the USD biller mobile banking platform provides added convenience to customers as they can pay bills and purchase electricity tokens in the comfort of their homes. The added biller service is expected to enhance customer experience in relation to accessibility. Furthermore, it is expected to widen the Bank's deposits and revenue collections.

• **Multicurrency POS functionality** - The introduction of multi-currency Pax POS terminals which are configured to transact in different currencies allows flawless transacting by customers whilst also bringing convenience to the merchants as they no longer require multiple POS terminals to accept payments in different currencies.

• **Contactless transactions on POS terminals** – The Bank introduced the contactless facility on POS services where customers can make quick and instant payments by tapping or waving their debit card on the POS terminal, thus improving customer experience.

• **Cardless deposits on POS terminals** – The Bank introduced a facility which enables customers to make cardless deposits on POS terminals. The service is available in both the local currency and in the United States dollars. This enhances provision of a fast and efficient transacting system to the customers.

• **School fees payments on POS terminals** – This facility was introduced to enable customers to make school fees payments directly into a POSB school account by swiping a Zimswitch enabled debit card at any POSB POS terminal, thus promoting flexibility to customers and increasing the Bank's deposits.

• Integration With ZIMRA (TaRMS)

The Bank successfully integrated its system with Zimra's Tax and Revenue Management System (TaRMS) to allow the efficient collection and distribution of tax on behalf of the Zimbabwe Revenue Authority (ZIMRA). The integration improved the management and administration of tax issues, thus bringing convenience to customers.



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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

CHIEF EXECUTIVE OFFICER'S REPORT (Continued)

SERVICE CENTRE NETWORK

The Bank continued to operate its 32 service centres country wide. To complement its service centre network, the Bank also made use of 116 ZIMPOST agencies. Twenty-six (26) Zimpost offices were used as Alternative Payment Sites during pensioners pay days for purposes of providing convenience, especially to pensioner and NSSA customers who still prefer cash withdrawals.

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 ploughing back into the community in which it operates by supporting and responding to community needs. As such, the Bank, through its Corporate Social Responsibility (CSR) initiatives, which are anchored on three pillars namely: Health and Philanthropy, Education and Financial Literacy and Environmental Sustainability has been at the forefront of assisting various communities and stakeholders with the aim of improving their livelihoods.

In the year 2023, the bank undertook the following CSR Initiatives:

Health and philanthropy

● **Mahusekwa Hospital Borehole Rehabilitation** – The Bank donated equipment to rehabilitate a solar-powered borehole at Mahusekwa Hospital in Mashonaland East Province. This move was aimed at providing the healthcare institution which was facing acute water shortages with a safe and reliable water source.

● **Marimasiombe Secondary School Sanitary Wear Donation** – The Bank donated sanitary pads to Marimasiombe Secondary school in Gokwe under the theme: "Donate a pad and keep the girl child in school". This initiative is aimed towards ensuring that the girl child does not miss school due to sanitary related issues.

● **St Giles Rehabilitation Centre: Hydrotherapy Rehabilitation** – The Bank supported the St Giles Medical Rehabilitation Centre which offers rehabilitation service to the disabled with funds to rehabilitate its hydrotherapy facility.

Education and financial literacy

● **ED-UNZA Scholarship Funding** – The Bank supported the ED-UNZA Scholarship programme through payment of tuition fees and provision of learning related materials to some beneficiaries of the programme. The Fund is aimed at assisting academically talented but economically disadvantaged youths from Zimbabwe and Zambia to enrol at the University of Zambia.

● **Local University Graduation Sponsorship** – The Bank is committed to supporting local university Graduation Ceremonies by sponsoring prizes for outstanding students. During the year ended 31 December 2023, various local universities benefitted from these sponsorships.

● **Career Guidance** – The Bank partnered the Ministry of Labour and Social Welfare as well as the Ministry of Primary and Secondary Schools to offer free career guidance to primary and secondary schools that gathered at Mt Pleasant High School. At this occasion, the Bank took the opportunity to teach students about banking and financial matters in order to raise financial literacy.

Environmental sustainability

● **Runde** - Zvishavane Rural District Council Agronomy Field Day Sponsorship – The bank sponsored the Runde- Zvishavane Rural District Council Agronomy Field Day, an event which is meant to reward outstanding farmers as well as educate them on the best environmentally sustainable and climate resilient agro-farming.

● **Donation of litter bins** – The Bank donated branded litter bins to 2 municipalities and 4 schools. This initiative is in an effort to ensure that a clean and safe environment is maintained.

ACCOLADES TO THE BANK

Environment, Social, Governance Network Zimbabwe (ESGNZ)

The Bank was awarded 1st Prize in the Outstanding SDGs Impact Projects Award at the 2023 Zimbabwe National ESG and CSR Award organized by the Environment, Social, Governance Network Zimbabwe (ESGNZ).

Chinhoyi Community Excellence Awards

The Bank was awarded the 1st Runner Up at the Chinhoyi Community Service Awards in recognition and appreciation of the contributions made by the Bank to the Chinhoyi Community over the years.

CEO Network Awards

The Bank was crowned the Silver Winner in the category of the best Internet Banking Service Provider of the year at the CEO's Network Awards.

RISK MANAGEMENT

The Bank methodologically analyses and addresses all risks perceived to have a significant bearing on its operations with the goal of achieving sustainable benefits to the shareholders. In this regard, 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. Periodic stress tests are conducted to assess the Bank's susceptibility to severe market conditions with the view of taking proactive measures. Furthermore, the Bank has taken great strides towards the Sustainability Standards and Certification Initiative (SSCI) under the European Organisation for Sustainable Development (EOSD) 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 carries out AML/CFT assessments to identify and assess risk exposures with the view of determining appropriate risk-based control measures. The Bank also conducts periodic risk management campaigns to continuously remind employees on money laundering and other risk issues.

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, identification, assessment and monitoring of compliance risk is carried out by an independent compliance function as part of the overall risk management framework of the Bank.

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. To this end, the Bank remains supportive of local and international efforts to combat money laundering and terrorist financing , thus the Bank continues to abide 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.

As the Bank's ability to comply with applicable laws and regulations is directly linked to the conduct of its customers, the People's Own Savings Bank expects its customers to conduct business with the Bank in a manner which will not place them or the Bank in breach of the applicable laws and regulations.

OUTLOOK

The Zimbabwe economy has seen a strong rebound since the Covid-19 pandemic making it one of the fastest growing economies in the Southern African Development Community. However, the uncertain global economic outlook due to geopolitical tensions, the climate shocks and the exchange rate volatility remain the major challenges. Despite these challenges, the Bank will continue to create value for its stakeholders through the introduction of new products as well as effectively utilising the existing products. The Bank is now at an advanced stage of completing the implementation of the Omni-Channel solution which is expected to improve customer experience.

APPRECIATION

I would like to express my sincere gratitude to our customers who continue to conduct business with the Bank. My appreciation also goes to the Board, the Shareholder, the regulators and all other stakeholders for consistently supporting the Bank throughout the year. Finally, I would like to thank Management and staff for their remarkable contribution which led to the favourable performance for the year under review. I am confident that the Bank will continue to deliver sustainable value to its stakeholders in 2024 and beyond.

G. CHANGUNDA
CHIEF EXECUTIVE OFFICER

CORPORATE GOVERNANCE REPORT

POSB is a savings bank offering financial services as prescribed in the People's Own Savings Bank Act of Zimbabwe [Chapter 24:22] (POSB Act), its enabling statute. In its operations, the Bank upholds very high standards of business practices. Its commitment is to go beyond the prescribed norms and guidelines as it pushes to attain best governance practice. It annually reviews and aligns its corporate governance practices with the relevant and applicable statutes, regulatory guidelines and directives issued from time to time by the Reserve Bank of Zimbabwe (RBZ).

The Bank is obliged to comply with the governance practices under the Zimbabwe National Code of Conduct as prescribed in the Public Entities and Corporate Governance Act Cap 10:30. (PECOGO Act). This position was established under the Presidential Powers (Temporary Measures) (Investment Laws Amendment, Regulations, SI156/2023 that came into effect on the 19th of September 2023. The Bank was from then on exempted from the application of the Public Entities Corporate Governance Act. The Bank continues to improve its corporate governance practices through continuous reviews of its policies, adoption of sustainability practices and initiatives and has placed the engagement of stakeholders high on its agenda for the year 2024. Stakeholder feedback is projected to held in strengthening the Bank's state of corporate governance.

The Bank is pursuing certification under the European Organization for Sustainable Development (EOSD)'s Sustainability Standards Certification Initiative (SSCI). During the year under review, the Bank continued to implement the tasks under the SSCI Octagon Value Creation Model infusing sustainability into its values, strategies and operations as it progressed to achieve certification.

ANNUAL GENERAL MEETING

The Bank held its 9th Annual General Meeting on the 25th of July, 2023, at the Chapman Golf Club in Harare. Key stakeholders attended physically, whilst the rest of the stakeholders attended the meeting virtually. The business of the AGM was concluded without issues. The regularisation of

the Board remained outstanding and under the shareholder purview. The declared dividend was approved and paid. The stakeholders submitted the proposal for future dividend to be apportioned in proportion to the currency of the generated income given the significant increase in USD income during the year. The Board had taken note of the sentiments expressed and would consider that aspect going forward.

SHAREHOLDER CHANGES FROM MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

The shareholding structure of the Bank was changed by operation of law during the year through the Presidential Powers (Temporary Measures) (Investment Laws Amendment, Regulations, SI156/2023 to the Mutapa Investment Fund established under the Sovereign Wealth Fund of Zimbabwe Act [Chapter 22:20]. By the end the year, direct engagements with the new shareholder, Mutapa Investment Fund had been established following the necessary administrative changes.

BOARD OF DIRECTORS CHANGES

The tenure of the Board initially extended to the 31st of December 2023 following its expiry on the 31st of October 2023, was further extended to the 31st March, 2023. The further extension would give the new shareholder room to constitute a new Board. The Board Chairman position remained vacant during the year. Mr Garainashe Changunda who was previously the Bank's Chief Finance Officer was appointed Chief Executive Officer of the Bank on the 1st February 2023 whilst Ms Maria Gunde, the former Finance Manager of the Bank was appointed to the position of Chief Finance Officer on the 1st of December 2023.

BOARD REMUNERATION REVIEW

Board remuneration was reviewed twice during the year with the last position communicated under Corporate Governance Unit (CGU) Circular 5/2023. It provided for payment of 40% board fees in USD and 60% in ZWD as converted at bank rate on the date of payment with effect from the 1st of July 2023. The status quo had not changed by the end of the year.

RECAPITALISATION OF THE BANK

The commercialisation of POSB that commenced in 2001 was on a gradual roll out until its suspension by the shareholder at the partial privatization stage in 2023. At the time of its suspension, the project was pending implementation of outstanding workstreams including the procurement of prospective investors with all deliverables to complete the IPO processes having been moved to year 2024. The Bank awaits further guidance on the project from the shareholder.

GOVERNANCE STRUCTURES

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

The Board

The Board comprises of six(6) 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



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additionally as and when the need arise. 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 of Zimbabwe {Chapter 24:22} and the PECOGO Act as read with PECOGO General Regulations, SI 168 of 2018.

In addition, the Board has scheduled report back meetings with the shareholder. The meetings provide an important feedback window where critical issues are discussed and guidance given. Prior to the exemption of the Bank from the application of the Public Entities Corporate Governance Act [Chapter 10:3] through the Presidential Powers (Temporary Measures) Investment Laws Amendment, Regulations, 2023 SI 156/2023, the Board held one meeting with the Minister of Finance, Economic Development and Investment Promotion in line with section 33(4) of the Public Entities Corporate Governance Act [Chapter 10:31] and one meeting with the Mutapa Investment Fund Board.

Details of the board committees as at December 31, 2023 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 and 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 Chairperson

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

2. 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.

It also oversees the tracking and analysis of financial highlights and issues ensuring conformance to relevant financial and tax rules, regulations and where appropriate, makes recommendations of its own to the Board

regarding the financial administration of the Bank.

Composition

I. Mvere	(Non- Executive Committee Chairperson)
I. Ndlovu	(Non- Executive Member)
G. Changunda	(Executive Director) Chief Executive Officer
M. Gunde	(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)
G. Changunda	(Executive Member)
M. Gunde	(Executive Member)

The Divisional Director – Retail Banking, the Divisional Director - Corporate & Investment Banking, the Chief Information Officer, the Treasury Executive 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 organizational 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 Chairperson)
N. C. Chindomu	(Non- Executive Member)
C. Nyamutswa	(Non- Executive Member)
I. Ndlovu	(Non- Executive Member) Acting Board Chairperson
G. Changunda	(Executive Member)
M. Gunde	(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 harmonisation 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 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.

Composition

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

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.

6. Board Credit Review Committee

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. Ndlovu	(Non- Executive Member)
O. Jambwa	(Non-Executive Member)

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

Directors’ attendance at Board and Committee Meetings for the year ended 31st December 2023

BOARD COMMITTEE MEETINGS AND DATES	TOTAL NO.	ISRAEL NDLOVU	ONIAS JAMBWA	NOMUSA C. CHINDOMU	IGNATIUS MVERE	MONICA S. MURERIWA	CAECILIA NYAMUTSWA	GARAINASHE CHANGUNDA**	MARIA GUNDE**
BOARD CREDIT & INVESTMENTS COMMITTEE 7/3/23,12/5/23,9/8/23,17/11/23	4	N/A	N/A	N/A	3*	4	N/A	4	4
BOARD CREDIT REVIEW COMMITTEE 9/3/23,10/5/23,2/8/23,15/11/23	4	4	4	N/A	N/A	N/A	4	4	N/A
BOARD RISK COMMITTEE 9/3/23,10/5/23,2/8/23,15/11/23	4	4	4	4	N/A	N/A	4	4	4
BOARD HR & GOVERNANCE COMMITTEE 13/3/23,11/5/23,3/8/23,16/11/23	4	4	N/A	N/A	N/A	N/A	4	4	4
BOARD FINANCE COMMITTEE 14/3/23,16/5/23,17/8/23,22/11/23	4	4	N/A	N/A	4	N/A	N/A	4	4
BOARD AUDIT COMMITTEE 17/3/23,18/5/23,18/8/23, 24/11/23	4	4	N/A	N/A	2*	4	N/A	4	4
BOARD MEETING 24/3/2023,31/5/23,21/8/23,7/12/23	4	4	4	4	4	4	4	4	4
ADHOC BOARD MEETING 5/6/23,20/7/23,4/10/23,28/12/23	4	4	4	4	4	4	4	4	3*
MUTAPA INVESTMENT FUND BOARD MEETING 22/11/23	1	1	0	0	0	0	0	1	1
PARTIAL PRIVATISATION TECHNICAL COMM 17/4/2023,13/7/2023	2	2	0	0	0	0	0	2	2
MEETING WITH THE MINISTER OF FINANCE 10/5/23	1	1	1	1	1	1	1	1	1
ANNUAL GENERAL MEETING 25/7/23	1	1	1	1	1	1	1	1	1
STRATEGIC PLANNING WORKSHOP 12/12/23	1	0	1	1	0	1	1	1	1

Key:

N/A – Not a member **Executive Director *Leave of Absence granted

AUDIT OPINION

These abridged financial statements should be read in conjunction with the complete set of consolidated financial statements for the year ended 31 December 2023, which have been audited by the Office of the Auditor General and an unqualified opinion issued thereon. The auditor’s report is available for inspection at the Bank’s registered office.



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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended December 31, 2023

Notes	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Interest income	63,408,226,230	25,425,452,030	39,524,401,318	3,764,156,072
Interest expense	(10,104,893,865)	(3,743,932,234)	(6,171,487,291)	(576,005,111)
Net interest income	53,303,332,365	21,681,519,796	33,352,914,027	3,188,150,961
Increase in impairment losses on financial assets	(2,316,364,013)	(809,311,674)	(2,316,364,013)	(168,418,023)
Net interest income after impairment losses	50,986,968,352	20,872,208,122	31,036,550,014	3,019,732,938
Fees and commission income	161,079,337,279	51,053,534,018	100,639,214,540	8,101,144,959
Dividend income	365,046,325	171,215,531	211,627,393	29,441,887
Fair value gain on Investment properties	12,387,443,705	4,004,818,921	21,244,055,727	1,765,060,296
Fair value gain/(loss) on financial assets measured at fair value through profit & loss	(297,889,215)	-	123,802,023	-
Other operating income	182,517,912,169	15,329,549,180	61,951,865,120	2,075,705,809
Net operating income	407,038,818,615	91,431,325,772	215,207,114,817	14,991,085,889
Operating expenses	(204,362,637,749)	(70,319,180,784)	(117,853,198,318)	(10,748,554,691)
Operating profit for the year	202,676,180,866	21,112,144,988	97,353,916,499	4,242,531,198
Monetary loss	(92,514,297,090)	(9,839,226,420)	-	-
Net profit for the year	110,161,883,776	11,272,918,568	97,353,916,499	4,242,531,198
Other comprehensive income	-	-	-	-
Items that will not be reclassified to profit or loss	-	-	-	-
Fair value gain on financial assets at fair value through other comprehensive income	5,936,888,780	(6,969,427,755)	12,250,466,450	761,839,793
Gain on revaluation of non-current assets	32,580,883,023	14,132,908,949	71,572,262,550	5,656,908,073
Total comprehensive income for the year	148,679,655,579	18,436,399,762	181,176,645,499	10,661,279,064

STATEMENT OF FINANCIAL POSITION As at December 31, 2023

Notes	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
ASSETS				
Cash and balances with banks	97,564,776,285	54,381,366,494	97,564,776,285	11,316,780,100
Balances with the Central Bank	16,077,318,017	2,952,141,772	16,077,318,017	614,341,665
Financial assets at amortised cost	182,088,941,023	48,749,936,195	182,088,941,023	10,144,877,616
Other assets	65,037,308,658	22,978,734,748	50,550,904,845	3,782,994,196
Financial assets at fair value through other comprehensive income	13,808,557,720	8,052,696,477	13,808,557,720	1,675,768,763
Financial assets at fair value through profit and loss	1,123,820,653	-	1,123,820,653	-
Investment properties	23,750,226,000	11,143,663,461	23,750,226,000	2,319,000,000
Property, plant and equipment	82,406,584,833	31,072,786,934	82,406,584,833	6,466,257,097
Right- of- use assets	19,373,865,436	4,056,577,702	9,087,473,364	589,989,110
Intangible assets	8,669,456,568	5,811,050,670	8,669,456,568	1,209,281,538
TOTAL ASSETS	509,900,855,193	189,198,954,453	485,128,059,308	38,119,290,085
LIABILITIES				
Customer deposits	257,263,061,484	102,324,304,828	257,263,061,484	21,293,721,200
Other liabilities	33,319,975,417	16,058,841,297	33,319,975,417	3,341,850,111
TOTAL LIABILITIES	290,583,036,901	118,383,146,125	290,583,036,901	24,635,571,311
EQUITY				
Share capital	17,966,648,309	17,966,648,309	48,349,746	48,349,746
Capital contribution	691,855,280	691,855,280	25,000,000	25,000,000
Mark-to-market reserves	8,740,446,455	2,920,354,705	3,529,204,661	1,395,535,241
Revaluation reserve	57,612,452,986	25,031,569,963	78,125,542,712	6,553,280,162
Foreign currency translation reserve	273,953,943	273,953,943	16,584,225	16,584,225
Revenue Reserves	134,032,461,319	23,931,426,128	102,800,341,063	5,444,969,400
TOTAL CAPITAL AND RESERVES	219,317,818,292	70,815,808,328	194,545,022,407	13,483,718,774
TOTAL EQUITY AND LIABILITIES	509,900,855,193	189,198,954,453	485,128,059,308	38,119,290,085

STATEMENT OF CASH FLOWS For the year ended December 31, 2023

Notes	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Cash flows from operating activities				
Profit for period	110,161,883,776	11,272,918,568	97,353,916,499	4,242,531,198
Adjustments for non- cash items	(137,146,144,221)	(25,630,556,813)	(105,119,536,968)	(6,069,212,007)
Net monetary loss	92,514,297,090	9,839,226,420	-	-
Increase in Impairment loss on financial assets at amortised cost	2,316,364,013	809,311,674	2,316,364,013	168,418,023
Loss on disposal of property, plant and equipment	372,476,190	177,726,586	344,244,555	15,826,736
Profit on disposal of financial assets at fair value through other comprehensive income	(3,266,649)	-	(2,123,495)	-
Increase in fair value of investment properties	(12,387,443,705)	(4,004,818,921)	(21,244,055,727)	(1,765,060,296)
Increase/(Decrease) in fair value of financial assets measured at fair value through profit & loss	297,889,215	-	(123,802,023)	-
Foreign exchange gain	(181,850,752,403)	(14,929,844,964)	(61,595,010,204)	(2,016,103,440)
Depreciation of property, plant and equipment	9,480,183,569	1,947,797,939	6,114,252,870	299,498,846
Depreciation of right of use assets	2,753,828,270	1,094,269,089	1,700,458,315	165,709,290
Amortisation of intangible assets	1,636,148,167	566,056,889	988,867,259	84,672,776
Dividend received	(365,046,325)	(171,215,531)	(211,627,393)	(29,441,887)
Net Interest income	(54,269,298,638)	(21,471,061,559)	(34,845,361,725)	(3,081,672,098)
Interest on lease liability	2,358,476,985	511,995,565	1,438,256,587	88,940,043
Operating cash flow before changes in Operating assets and liabilities	(26,984,260,445)	(14,357,638,245)	(7,765,620,569)	(1,826,680,809)
Changes in operating assets and liabilities	227,782,230,763	78,323,080,279	132,478,046,215	14,618,055,053
Decrease /(Increase) in financial assets at amortised cost and other assets	5,391,898,041	27,546,651,874	(159,505,947,447)	(7,266,444,462)
Increase in deposits and other liabilities	168,121,034,084	9,305,366,846	257,138,631,937	18,802,827,417
Interest received	62,205,122,000	25,177,458,221	38,535,542,190	3,597,222,347
Interest paid	(7,935,823,362)	(3,706,396,662)	(3,690,180,465)	(515,550,249)
Net cash flows from operating activities	200,797,970,318	63,965,442,034	124,712,425,746	12,791,374,244
Cash flows from investing activities	(33,794,739,881)	(10,295,638,571)	(20,137,171,463)	(1,607,860,141)
Proceeds from sale of property, plant and equipment	15,633,704	29,904,597	15,633,704	2,578,415
Proceeds from sale of financial assets at fair value through other comprehensive income	184,294,186	-	119,800,988	-
Purchase of financial assets at fair value through other comprehensive income	-	(1,404,120,014)	-	(89,542,052)
Purchase of financial assets at fair value through profit & loss	(1,421,709,869)	-	(1,000,018,630)	-
Purchase of investment properties	(219,118,834)	(857,535,250)	(187,170,273)	(173,690,944)
Purchase of property, plant and equipment	(32,664,155,306)	(7,457,469,193)	(19,261,509,457)	(1,335,150,481)
Purchase of intangible asset	(54,730,087)	(777,634,242)	(35,535,188)	(41,496,966)
Dividend received	365,046,325	171,215,531	211,627,393	29,441,887
Cash flows from financing activities	(4,623,395,035)	(2,160,691,980)	(2,864,281,746)	(372,458,359)
Dividend paid	(177,645,615)	(698,014,423)	(115,341,866)	(145,257,029)
Interest on lease liability	(2,358,476,985)	(511,995,563)	(1,438,256,587)	(88,940,043)
Principal payment on Lease liability	(2,087,272,435)	(950,681,994)	(1,310,683,293)	(138,261,287)
Net increase in cash and cash equivalents	162,379,835,402	51,509,111,483	101,710,972,537	10,811,055,744
Inflation effects on cash and cash equivalents	(106,071,249,366)	(12,677,915,044)	-	-
Cash and cash equivalents at the beginning of the year	57,333,508,266	18,502,311,827	11,931,121,765	1,120,066,021
Cash and cash equivalents at the end of the year	113,642,094,302	57,333,508,266	113,642,094,302	11,931,121,765

STATEMENT OF CHANGES IN EQUITY For the year ended December 31, 2023

	INFLATION ADJUSTED					
	Share capital ZWL	Capital contribution reserve ZWL	Mark-to- Market Reserves ZWL	Functional Revaluation reserves ZWL	Foreign Currency Translation reserve ZWL	Total ZWL
Balance at January 01, 2023	17,966,648,309	691,855,280	2,920,354,705	25,031,569,963	273,953,943	70,815,808,328
Profit for the period	-	-	-	-	-	110,161,883,776
Other comprehensive income	-	-	-	-	-	-
Fair value gain of financial assets at fair value through other comprehensive income	-	-	5,936,888,780	-	-	5,936,888,780
Revaluation gain	-	-	-	32,580,883,023	-	32,580,883,023
Total other comprehensive income	-	-	5,936,888,780	32,580,883,023	-	38,517,771,803
Subtotal	-	-	5,936,888,780	32,580,883,023	-	148,679,655,579
Dividend paid	-	-	-	-	(177,645,615)	(177,645,615)
Transfer to distributable reserves	-	-	(116,797,030)	-	(116,797,030)	-
Balance at December 31, 2023	17,966,648,309	691,855,280	8,740,446,455	57,612,452,986	273,953,943	219,317,818,292
Balance January 01, 2022	17,966,648,309	691,855,280	9,889,782,460	10,898,661,014	273,953,943	53,077,422,990
Profit for the period	-	-	-	-	-	11,272,918,568
Other comprehensive income	-	-	-	-	-	-
Fair value loss of financial assets at fair value through other comprehensive income	-	-	(6,969,427,755)	-	-	(6,969,427,755)
Revaluation gain	-	-	-	14,132,908,949	-	14,132,908,949
Total other comprehensive income	-	-	(6,969,427,755)	14,132,908,949	-	7,163,481,194
Subtotal	-	-	(6,969,427,755)	14,132,908,949	-	18,436,399,762
Dividend paid	-	-	-	-	(698,014,424)	(698,014,424)
Transfer to distributable reserves	-	-	-	-	-	-
Balance at December 31, 2022	17,966,648,309	691,855,280	2,920,354,705	25,031,569,963	273,953,943	70,815,808,328

	HISTORICAL COST					
	Share capital ZWL	Capital contribution reserve ZWL	Market Reserves ZWL	Functional Revaluation reserves ZWL	Foreign Currency Translation reserve ZWL	Total ZWL
Balance at January 01, 2023	48,349,746	25,000,000	1,395,535,241	6,553,280,162	16,584,225	13,483,718,774
Profit for the period	-	-	-	-	-	97,353,916,499
Other comprehensive income	-	-	-	-	-	-
Fair value gain of financial assets at fair value through other comprehensive income	-	-	12,250,466,450	-	-	12,250,466,450
Revaluation gain	-	-	-	71,572,262,550	-	71,572,262,550
Total other comprehensive income	-	-	12,250,466,450	71,572,262,550	-	83,822,729,000
Subtotal	-	-	12,250,466,450	71,572,262,550	-	97,353,916,499
Dividend paid	-	-	-	-	(115,341,866)	(115,341,866)
Transfer to distributable reserves	-	-	(116,797,030)	-	(116,797,030)	-
Balance at December 31, 2023	48,349,746	25,000,000	13,529,204,661	78,125,542,712	102,800,341,063	194,545,022,407
Balance at January 01, 2022	48,349,746	25,000,000	633,695,448	896,372,089	16,584,225	2,967,696,739
Profit for the period	-	-	-	-	-	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
Dividend	-	-	-	-	(145,257,029)	(145,257,029)
Transfer to distributable reserves	-	-	-	-	-	-
Balance at December 31, 2022	48,349,746	25,000,000	1,395,535,241	6,553,280,162	16,584,225	13,483,718,774

NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2023

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



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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

Given that the functional currency of the Bank is the ZWL, the blended inflation rate is not suitable for the preparation of restated financial statements under IAS 29 as it incorporates the inflation movements of the US\$ which is not subject to hyperinflation. For this reason, The Bank used the movements in the Total Consumption Poverty Line (TCPL) which are also published by ZimStat to estimate the ZWL CPI. By analysing the correlation between the movement in the TCPL and the officially published ZWL CPI from January 2021 to December 2022, an exceedingly strong relationship with a correlation coefficient of 0.99 was observed. While IAS 29 provides for the use of exchange rate movements as a proxy for inflation where a general price index is not available, the relationship between ZWL CPI and exchange rate movements in year 2021 and 2022 was not strong. Consequently, the estimated ZWL CPI was derived using the movements in the TCPL.

2.2.2 The following general price indices and conversion factors have been used:

DATE	GENERAL PRICE INDEX	CONVERSION FACTOR
31 December 2023	65,703.44	1.00
31 December 2022	13,672.91	4,8054
Average for 12 months to:		
31 December 2023	35,114.23	
31 December 2022	9,198.69	

Source: Reserve Bank of Zimbabwe (RBZ) website and Zimbabwe National Statistical Agency (ZimStat)

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. Income and expenses denominated in other currencies are translated, for practical reasons, using an average exchange rate for the period. 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 recognised in the financial statements:

2.4.1 Determination of the functional and presentation currency

In applying fair presentation to the financial statements, International Financial Reporting Standards (IFRSs) require entities to go beyond consideration of the legal form of transactions to also consider the underlying economic substance of the transactions. In this regard, International Accounting Standard (IAS) 21, "The Effects of Changes in Foreign Exchange Rates" requires an entity to make certain judgements around the appropriate exchange rates to be applied between currencies where exchangeability through a legal exchange mechanism is not achievable.

The Reserve Bank of Zimbabwe (RBZ) introduced the interbank market in February 2019 with an exchange rate of ZWL2.50 to US\$1. On 26 March 2020, the RBZ suspended the floating exchange rate system and adopted a fixed exchange rate system at a rate of ZWL 25 to US\$1 with effect from 27 March 2020 and this rate was in use until 23 June 2020. The RBZ introduced the weekly foreign exchange auction on 23 June 2020 where trades are conducted weekly. The Bank actively participated in the weekly foreign exchange auctions, thus the auction determined rate was the official rate used in converting foreign denominated transactions and balances in the financial statements.

On 24 July 2020, The Government of Zimbabwe issued Statutory Instrument (SI) 185 of 2020 which granted permission to display, quote or offer prices of all goods and services in both the Zimbabwe dollar and foreign currency at the interbank exchange rate. IAS 21 requires an entity to assess its functional currency and the Bank's assessment was based on weighting the value of local currency transactions against the foreign currency transactions. It is management's view that the functional currency of the Bank was the Zimbabwe dollar (ZWL) and the continued use of the official exchange rate does not materially impact on the accuracy of the financial statements.

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

The movable and immovable assets of the Bank were valued on an Open Market basis. Open Market Value is defined as the price at which any asset might reasonably be expected to sell, assuming an arms' length transaction between a willing, able and informed seller and buyer and further that reasonable time is allowed for the disposal of the asset. Open Market value can also be defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.

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.

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.

International financial reporting standard (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 of 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 International financial reporting standards (IFRS) and IFRIC interpretations adopted in 2023:

2.5.1 International Accounting Standard (IAS 1) Disclosure of Accounting Policies (amendments)

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 amendments to this standard are effective for annual reporting periods beginning on or after January 1, 2023 and the Bank has adopted the amendments.

2.5.2 International Accounting Standard (IAS 1) Classification of Liabilities as Current or Non-Current

The amendments require that liabilities are classified as either current or non-current depending on the rights



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NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2023 (Continued)

that exist at the end of the reporting period. According to the amendments, liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The assessment determines whether a right exists but does not consider whether the entity will exercise the right. The right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date whilst a loan is classified as non-current if a covenant is breached after the reporting date. Settlement is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

The amendments were issued in January 2020 and are effective in annual reporting period beginning on or after 1 January 2023 and the Bank has adopted the amendments.

2.5.3 International Accounting Standard (IAS 8) Definition of Accounting Estimates (amendments)

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 the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimates that results from new information or new developments is not the correction of an error.

The amendments to this standard are effective for annual reporting periods beginning on or after January 1, 2023 and the Bank has adopted the amendments.

2.6 New and amended standards and interpretations not yet effective

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

2.6.1 International Accounting Standard (IAS 1) Non-current Liabilities with Covenants (amendments)

The amendments specify that a right to defer settlement for at least 12 months after the reporting date must exist at the reporting date and have substance in order for an entity to classify liability as non-current. This right may be subject to conditions (covenants) specified in the loan arrangement. Importantly only covenants that the entity must comply with on or before the reporting date impact the classification. Future covenants (those after the reporting date) do not affect the classification of the liability.

The amendments were issued in November 2022 and are effective in annual reporting period beginning on or after 1 January 2024. The Bank will be required to disclose information related to non- current liabilities with covenants when it adopts this amendment.

2.6.2 International Financial Reporting standard (IFRS) 16 Leases on sale and leaseback (amendments)

The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions. When originally issued, International financial reporting standard (IFRS) 16 included no specific subsequent measurement requirements for sale and leaseback transactions. Consequently, it was not always clear how to subsequently measure the liability arising from a leaseback, particularly where the payments for the lease included payments that do not meet the definition of "lease payments" in International financial reporting standard (IFRS) 16 – for example where the payments include variable lease payments that do not depend on an index or a rate.

The amendments were issued in September 2022 and are effective in annual reporting period beginning on or after 1 January 2024. The bank has not yet adopted the amendments as it currently does not have sale and lease back arrangements.

3. 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.

4. MATERIAL 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

5. INTEREST INCOME

Money market assets
Corporate loans
Individual loans
Mortgage loans
SME & Agribusiness Loans
Microfinance loans
Other Interest

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
6,115,182,049	4,043,146,756	3,424,009,483	617,285,261
1,515,399,005	1,600,794,661	928,444,351	230,383,798
22,549,689,058	15,167,110,579	12,905,158,231	2,169,565,576
664,772,820	449,261,062	412,470,558	69,440,755
2,639,525,883	2,245,398,904	1,292,337,015	354,584,353
29,923,657,415	1,918,779,698	20,561,981,680	322,826,630
-	960,370	-	69,699
63,408,226,230	25,425,452,030	39,524,401,318	3,764,156,072

6. INTEREST EXPENSE

Individual accounts
Corporate accounts
Term deposits
SME & Agribusiness deposits

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
549,953,340	218,233,970	312,451,355	32,056,760
3,355,356,958	31,901,904	36,678,988	4,177,825
6,188,276,183	3,489,649,695	5,814,621,378	539,210,530
11,307,384	4,146,665	7,735,570	559,996
10,104,893,865	3,743,932,234	6,171,487,291	576,005,111

7. FEES AND COMMISSION INCOME

Retail banking fees and commission
Credit related fees
Money Transfer Agency commission

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
155,828,592,536	48,864,804,555	97,365,272,999	7,769,331,558
2,254,318,727	960,919,905	1,494,702,471	136,417,340
2,996,426,016	1,227,809,558	1,779,239,070	195,396,061
161,079,337,279	51,053,534,018	100,639,214,540	8,101,144,959

8. OTHER OPERATING INCOME

Foreign exchange gain
Profit on disposal of financial assets at fair value through other comprehensive income
Discount income on treasury bills
Bad Debt recovered
Miscellaneous income

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
181,850,752,403	14,929,844,964	61,595,010,204	2,016,103,440
3,266,649	-	2,123,495	-
860,000	3,940,407	860,000	820,000
64,633	-	29,398	-
662,968,484	395,763,809	353,842,023	58,782,369
182,517,912,169	15,329,549,180	61,951,865,120	2,075,705,809

9. OPERATING EXPENSES

Staff costs
Agency fees
Administration expenses
Audit fees
Bad debts written off
Finance costs
Depreciation of property, plant and equipment
Depreciation of right of use assets
Amortisation of intangible assets
Loss on disposal of assets

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
116,761,384,354	40,194,663,857	66,020,334,060	5,990,033,343
117,052,190	26,609,247	98,895,538	3,488,642
70,425,434,089	25,643,760,899	41,000,662,163	4,079,249,609
453,588,938	138,943,243	147,226,971	19,740,172
-	17,357,471	-	1,395,234
2,358,476,985	511,995,565	1,438,256,587	88,940,043
9,484,248,566	1,947,797,938	6,114,252,871	299,498,846
2,753,828,270	1,094,269,089	1,700,458,315	165,709,290
1,636,148,167	566,056,889	988,867,258	84,672,776
372,476,190	177,726,586	344,244,555	15,826,736
204,362,637,749	70,319,180,784	117,853,198,318	10,748,554,691

10. CASH AND BALANCES WITH BANKS

Cash on hand
Balances with other banks

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
80,146,002,978	41,667,399,265	80,146,002,978	8,670,999,374
17,418,773,307	12,713,967,229	17,418,773,307	2,645,780,726
97,564,776,285	54,381,366,494	97,564,776,285	11,316,780,100

11. FINANCIAL ASSETS AT AMORTISED COST

11.1 Loans and advances

Individual loans
Corporate Loans
Mortgage Loans
Microfinance loans
SME and Agribusiness Loans

Interest Accrued
Gross total
Provision for impairment losses

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
47,335,990,842	20,830,417,676	47,335,990,842	4,334,816,711
2,727,757,297	415,001,284	2,727,757,297	86,361,902
16,463,699,706	760,501,391	16,463,699,706	158,260,587
45,730,493,008	7,755,997,747	45,730,493,008	1,614,025,660
2,418,490,787	480,991,646	2,418,490,787	100,094,518
114,676,431,640	30,242,909,744	114,676,431,640	6,293,559,378
42,598,370	21,347,853	42,598,370	4,442,495
114,719,030,010	30,264,257,597	114,719,030,010	6,298,001,873
(2,216,725,369)	(1,590,653,080)	(2,216,725,369)	(331,015,425)
112,502,304,641	28,673,604,517	112,502,304,641	5,966,986,448

11.2 Money Market Assets

Treasury bills
Interbank Placements
Government Bonds
Non-negotiable certificate of deposits

Interest Accrued
Gross total
Provision for impairment losses

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
21,967,535,125	3,368,596,477	21,967,535,125	701,006,025
17,332,946,349	2,402,687,249	17,332,946,349	500,000,000
15,832,556,246	-	15,832,556,246	-
13,796,114,398	13,299,789,242	13,796,114,398	2,767,690,478
68,929,152,118	19,071,072,968	68,929,152,118	3,968,696,503
1,158,912,527	1,001,420,536	1,158,912,527	208,395,940
70,088,064,645	20,072,493,504	70,088,064,645	4,177,092,443
(521,161,596)	(85,958,257)	(521,161,596)	(17,887,942)
69,566,903,049	19,986,535,247	69,566,903,049	4,159,204,501
18,140,000	83,036,871	18,140,000	17,280,000
1,593,333	6,759,560	1,593,333	1,406,667
19,733,333	89,796,431	19,733,333	18,686,667
-	-	-	-
19,733,333	89,796,431	19,733,333	18,686,667
182,088,941,023	48,749,936,195	182,088,941,023	10,144,877,616

Total Financial Assets Measured At Amortised Cost

11.4 Maturity analysis

11.4.1 Loans and advances

Maturing within 1 year
Maturing after 1 year but within 5 years
Maturing after 5 years
Total

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
60,246,395,791	13,609,986,308	60,246,395,791	2,832,242,587
38,008,933,423	15,893,769,898	38,008,933,423	3,307,498,699
16,463,700,796	760,501,391	16,463,700,796	158,260,587
114,719,030,010	30,264,257,597	114,719,030,010	6,298,001,873

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
70,086,791,952	20,067,659,175	70,086,791,952	4,176,086,418
1,272,693	4,834,329	1,272,693	1,006,025
-	-	-	-
70,088,064,645	20,072,493,504	70,088,064,645	4,177,092,443



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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023 (Continued)

11.4.3 Capitalisation treasury bills
Maturing after 1 year but within 5 years

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
19,733,333	89,796,431	19,733,333	18,686,667
19,733,333	89,796,431	19,733,333	18,686,667

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

11.5 Provision for impairment allowances
For financial assets at amortised cost

At January
Monetary Adjustment
Increase in impairment losses
Foreign exchange gain
Corporate Lending
Individual Lending
Money market assets
As at December 31
Specific provisions

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
1,676,611,337	2,981,427,938	348,903,367	180,485,344
(1,327,707,970)	(2,114,128,275)	-	-
2,316,364,013	809,311,674	2,316,364,013	168,418,023
72,619,585	-	72,619,585	-
1,036,351,002	(209,892,253)	1,036,351,002	(43,678,646)
790,447,922	986,083,308	790,447,922	205,204,258
489,565,089	33,120,614	489,565,089	6,892,411
2,737,886,965	1,676,611,337	2,737,886,965	348,903,367
2,737,886,965	1,676,611,337	2,737,886,965	348,903,367
2,737,886,965	1,676,611,337	2,737,886,965	348,903,367

11.5.1 Provision for impairment allowances for financial assets at amortised cost

Dec-23
At January 1, 2023
IAS 29 Adjustment
Charge for the period
Foreign exchange gain
As at 31 December 2023
Specific Provisions

Corporate Lending	INFLATION ADJUSTED		Total
	Individual lending		
ZWL	ZWL	ZWL	ZWL
6,805,715	1,583,847,365	1,590,653,080	
(5,389,444)	(1,254,248,211)	(1,259,637,655)	
1,036,351,002	790,447,922	1,826,798,924	
37,531,297	21,379,723	58,911,020	
1,075,298,570	1,141,426,799	2,216,725,369	
1,075,298,570	1,141,426,799	2,216,725,369	
1,075,298,570	1,141,426,799	2,216,725,369	

Dec-22
At January 2022
IAS 29 Adjustment
Charge for the period
As at 31 December 2022
Specific Provisions

Corporate Lending	HISTORICAL COST		Total
	Individual lending		
ZWL	ZWL	ZWL	ZWL
1,416,272	329,599,153	331,015,425	
1,036,351,002	790,447,922	1,826,798,924	
37,531,297	21,379,723	58,911,020	
1,075,298,571	1,141,426,798	2,216,725,369	
1,075,298,571	1,141,426,798	2,216,725,369	
1,075,298,571	1,141,426,798	2,216,725,369	

Dec-23
At January 1, 2023
Charge for the period
Foreign exchange gain
As at 31 December 2023
Specific Provisions

Dec-22
At January 1, 2022
Charge for the period
As at 31 December, 2022
Specific Provisions

11.5.2. Provision for impairment allowances on money market assets

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
85,958,257	181,634,606	17,887,942	10,995,531
(68,070,315)	(128,796,963)	-	-
489,565,089	33,120,614	489,565,089	6,892,411
13,708,565	-	13,708,565	-
521,161,596	85,958,257	521,161,596	17,887,942
521,161,596	85,958,257	521,161,596	17,887,942
521,161,596	85,958,257	521,161,596	17,887,942

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
35,899,454,241	9,826,346,901	35,899,454,241	2,044,865,994
22,464,179,651	9,945,488,399	9,430,003,144	1,232,602,661
6,673,674,766	3,206,899,448	5,221,447,460	505,525,541
65,037,308,658	22,978,734,748	50,550,904,845	3,782,994,196

12. OTHER ASSETS

Accounts receivable
Prepayments
Inventory

13. ASSETS MEASURED AT FAIR VALUE

Dec -23
Recurring fair value measurements

Equity securities:

Communication
Financial services industry
Manufacturing industry
Other

Total equity securities

Gold backed Digital tokens:

Gold backed Digital token

Total Gold backed Digital tokens

Investment properties:

Residential - Harare
Commercial - Kwekwe
Commercial - Harare
Commercial Masvingo
Commercial - Chinhoyi

Total investment properties

Total Recurring fair value measurements

Dec -22

Recurring fair value measurements

Equity securities:

Communication
Financial services industry
Manufacturing industry
Other

Total equity securities

Investment properties:

Residential - Harare
Commercial - Kwekwe
Commercial - Harare
Commercial Masvingo
Commercial Chinhoyi

Total investment properties

Total Recurring fair value measurements

Quoted prices in active

Dec -23
Recurring fair value measurements

Equity securities:

Communication
Financial services industry
Manufacturing industry
Other

Total equity securities

Gold backed Digital tokens:

Gold backed Digital token

Total Gold backed Digital tokens

Investment properties:

Residential - Harare
Commercial - Kwekwe
Commercial - Harare
Commercial Masvingo
Commercial - Chinhoyi

Total investment properties

Total Recurring fair value measurements

Dec-22
Recurring fair value measurements

Equity securities:

Communication
Financial services industry

Manufacturing industry
Other

Total equity securities

Investment properties:

Residential - Harare
Commercial - Kwekwe
Commercial - Harare
Commercial Masvingo
Commercial Chinhoyi

Total investment properties

Total Recurring fair value measurements

13.1 Financial Assets at Fair Value through Other Comprehensive Income

Opening balance
Additions
Disposals
Fair value gain/(loss)
Closing balance

INFLATION ADJUSTED				
Fair value measurements at the end of the reporting period using				
Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)		Total
ZWL	ZWL	ZWL		ZWL
2,024,870,084	-	-		2,024,870,084
1,031,709,208	-	826,959,746		1,858,668,954
8,197,003,780	-	-		8,197,003,780
1,728,014,902	-	-		1,728,014,902
12,981,597,974	-	826,959,746		13,808,557,720
1,123,820,653	-	-		1,123,820,653
1,123,820,653	-	-		1,123,820,653
-	2,565,000,000	-		2,565,000,000
-	1,440,000,000	-		1,440,000,000
-	18,926,226,000	-		18,926,226,000
-	540,000,000	-		540,000,000
-	279,000,000	-		279,000,000
-	23,750,226,000	-		23,750,226,000
14,105,418,627	23,750,226,000	826,959,746		38,682,604,373
ZWL	ZWL	ZWL		ZWL
1,156,788,055	-	-		1,156,788,055
686,978,022	-	433,659,794		1,120,637,816
4,789,575,531	-	-		4,789,575,531
985,695,075	-	-		985,695,075
7,619,036,683	-	433,659,794		8,052,696,477
-	1,105,236,135	-		1,105,236,135
-	576,644,940	-		576,644,940
-	8,971,634,188	-		8,971,634,188
-	370,013,836	-		370,013,836
-	20,134,362	-		120,134,362
-	11,143,663,461	-		11,143,663,461
7,619,036,683	11,143,663,461	433,659,794		19,196,359,938

HISTORICAL COST				
Fair value measurements at the end of the reporting period using				
Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)		Total
ZWL	ZWL	ZWL		ZWL
2,024,870,084	-	-		2,024,870,084
1,031,709,208	-	826,959,746		1,858,668,954
8,197,003,780	-	-		8,197,003,780
1,728,014,902	-	-		1,728,014,902
12,981,597,974	-	826,959,746		13,808,557,720
1,123,820,653	-	-		1,123,820,653
1,123,820,653	-	-		1,123,820,653
-	2,565,000,000	-		2,565,000,000
-	1,440,000,000	-		1,440,000,000
-	18,926,226,000	-		18,926,226,000
-	540,000,000	-		540,000,000
-	279,000,000	-		279,000,000
-	23,750,226,000	-		23,750,226,000
14,105,418,627	23,750,226,000	826,959,746		38,682,604,373
ZWL	ZWL	ZWL		ZWL
240,727,972	-	-		240,727,972
142,960,350	-	90,244,745		233,205,095
996,712,229	-	-		996,712,229
205,123,467	-	-		205,123,467
1,585,524,018	-	90,244,745		1,675,768,763
-	230,000,000	-		230,000,000
-	120,000,000	-		120,000,000
-	1,867,000,000	-		1,867,000,000
-	77,000,000	-		77,000,000
-	25,000,000	-		25,000,000
-	2,319,000,000	-		2,319,000,000
1,585,524,018	2,319,000,000	90,244,745		3,994,768,763

INFLATION ADJUSTED		HISTORICAL COST	
Dec-23	Dec-22	Dec-23	Dec-22
ZWL	ZWL	ZWL	ZWL
8,052,696,477	13,618,004,218	1,675,768,763	824,386,917
-	1,404,120,014	-	89,542,052
(181,027,537)	-	(117,677,493)	-
5,936,888,780	(6,969,427,755)	12,250,466,450	761,839,794
13,808,557,720	8,052,696,477	13,808,557,720	1,675,768,763



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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2023 (Continued)

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 Financial assets at fair value through profit & loss

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Opening balance	-	-	-	-
Additions	1,421,709,869	-	1,000,018,630	-
Fair value gain/(loss)	(297,889,216)	-	123,802,023	-
Closing balance	1,123,820,653	-	1,123,820,653	-

Gold digital tokens are recorded at fair value as at the reporting period.

13.3 Investment properties

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Opening balance	11,143,663,461	6,213,581,620	2,319,000,000	376,148,760
Additions	219,118,834	-	857,535,250	173,690,944
Transfer from property, plant and equipment	-	67,727,670	-	4,100,000
Fair value gain	12,387,443,705	4,004,818,921	21,244,055,727	1,765,060,296
Closing balance	23,750,226,000	11,143,663,461	23,750,226,000	2,319,000,000

Investment properties were accounted for using the fair value model. In respect of the closing balances, valuations were carried out as at December 31, 2023 by sworn appraisers, Amazon Real Estate Agents P/L and these were based on market values.

14. PROPERTY, PLANT AND EQUIPMENT

	INFLATION ADJUSTED					Dec-23 ZWL	Dec-22 ZWL
	Land & buildings ZWL	Motor Vehicles ZWL	Computer Equipment ZWL	Furniture & Fittings ZWL	Office Equipment ZWL		
Opening carrying amount	10,884,173,241	6,609,919,056	7,009,959,764	2,416,223,927	4,152,510,946	31,072,786,934	14,660,373,279
Gross carrying amount	10,884,173,241	6,609,919,056	7,009,959,764	2,416,223,927	4,152,510,946	31,072,786,934	14,660,373,279
Accumulated depreciation	-	-	-	-	-	-	-
Revaluation gain	11,688,427,265	3,995,900,368	6,214,451,199	2,564,617,866	3,677,662,347	28,141,059,045	11,178,101,257
Disposals	-	7,702,144	1,064,973	-	8,767,117	-	(207,631,181)
Additions at cost	2,257,510,362	4,954,366,948	21,861,720,590	578,439,816	3,012,117,590	32,664,155,306	7,457,469,188
Transfer to investment properties	-	-	-	-	-	-	(67,727,670)
Depreciation	(278,110,867)	(2,284,360,115)	(4,963,228,824)	(347,470,945)	(1,607,012,818)	(9,480,183,569)	(1,947,797,939)
Closing carrying amount	24,552,000,001	13,283,528,401	30,123,967,702	5,211,810,664	9,235,278,065	82,406,584,833	31,072,786,934
Closing carrying amount	24,552,000,001	13,283,528,401	30,123,967,702	5,211,810,664	9,235,278,065	82,406,584,833	31,072,786,934
Accumulated depreciation	-	-	-	-	-	-	-

	HISTORICAL COST					Dec-23 ZWL	Dec-22 ZWL
	Land & buildings ZWL	Motor Vehicles ZWL	Computer Equipment ZWL	Furniture & Fittings ZWL	Office Equipment ZWL		
Opening 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	-	-	-	-	-	-	-
Revaluation gain	20,923,229,999	10,313,429,210	19,360,560,544	4,700,842,216	7,860,693,480	63,158,755,449	4,564,549,644
Disposals	-	(365,460,300)	(224,000)	-	-	(365,684,300)	(18,405,154)
Additions at cost	1,537,537,265	3,424,514,089	12,567,532,457	222,093,582	1,509,832,064	19,261,509,457	1,335,150,481
Transfer to investment properties	-	-	-	-	-	-	(4,100,000)
Depreciation	(173,767,264)	(1,464,480,909)	(3,262,676,213)	(213,942,123)	(999,386,361)	(6,114,252,870)	(299,498,846)
Closing carrying amount	24,552,000,001	13,283,528,401	30,123,967,702	5,211,810,664	9,235,278,065	82,406,584,833	6,466,257,097
Gross carrying amount	24,552,000,001	13,283,528,401	30,123,967,702	5,211,810,664	9,235,278,065	82,406,584,833	6,466,257,097
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, 2023 by sworn appraisers, Amazon Real Estate Agents P/L and these were based on market values.

15. RIGHT OF USE ASSETS

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Carrying amount at 1 January	4,056,577,702	983,916,890	589,989,110	26,316,002
Additions/ modifications	18,071,116,004	4,166,929,901	10,197,942,569	729,382,398
Depreciation	(2,753,828,270)	(1,094,269,089)	(1,700,458,315)	(165,709,290)
Closing balance	19,373,865,436	4,056,577,702	9,087,473,364	589,989,110

16. INTANGIBLE ASSETS

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Opening carrying amount	5,811,050,670	2,644,665,625	1,209,281,538	160,098,918
Gross carrying amount	5,811,050,670	2,644,665,625	1,209,281,538	160,098,918
Revaluation gain	4,439,823,978	2,954,807,692	8,413,507,101	1,092,358,430
Additions	54,730,087	777,634,242	35,535,188	41,496,966
Amortisation charge during the year	(1,636,148,167)	(566,056,889)	(988,867,259)	(84,672,776)
Closing carrying amount	8,669,456,568	5,811,050,670	8,669,456,568	1,209,281,538
Gross carrying amount	8,669,456,568	5,811,050,670	8,669,456,568	1,209,281,538
Accumulated amortisation	-	-	-	-

Intangible assets were accounted for using the fair value model. In respect of the closing balances, valuations were carried out as at December 31, 2023 by sworn appraisers, Amazon Real Estate Agents P/L and these were based on market values.

17. CUSTOMER DEPOSITS

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Individual accounts	124,703,568,527	67,485,549,211	124,703,568,527	14,043,764,796
Corporate accounts	74,712,739,088	21,915,883,603	74,712,739,088	4,560,702,524
Term deposits	57,846,753,869	12,922,872,014	57,846,753,869	2,689,253,880
	257,263,061,484	102,324,304,828	257,263,061,484	21,293,721,200

17.1 Maturity analysis of deposits

	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZW
Customer Deposits- current	257,091,229,425	75,130,310,577	257,091,229,425	15,634,642,129
Customer Deposits- non current	171,832,059	27,193,994,251	171,832,059	5,659,079,071
	257,263,061,484	102,324,304,828	257,263,061,484	21,293,721,200

18. OTHER LIABILITIES

18.1 Current

	Dec-23	Dec-22	Dec-23	Dec-22
	ZWL	ZWL	ZWL	ZWL
Interest payable on deposits	2,563,358,231	394,287,728	2,563,358,231	82,051,405
Accounts payable	16,226,472,225	10,189,956,618	16,226,472,225	2,120,533,295
Provisions	5,200,232,522	2,124,461,809	5,200,232,522	442,101,195
Deferred fee income	2,267,376,750	366,456,146	2,267,376,750	76,259,644
Lease liability- Current	2,628,465,723	997,949,734	2,628,465,723	207,673,665
	28,885,905,451	14,073,112,035	28,885,905,451	2,928,619,204

18.2 Non current

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23	Dec-22	Dec-23	Dec-22
	ZWL	ZWL	ZWL	ZWL
Lease liability- Non Current	4,434,069,966	1,985,729,262	4,434,069,966	413,230,907
	4,434,069,966	1,985,729,262	4,434,069,966	413,230,907
Total other liabilities	33,319,975,417	16,058,841,297	33,319,975,417	3,341,850,111

Total other liabilities

8.3 Interest payable

Individual accounts	8,938,356	27,731,451	8,938,356	5,770,924
Corporate accounts	18,816,972	12,807,837	18,816,972	2,665,315
Term deposits	2,535,602,903	353,748,440	2,535,602,903	73,615,166
	2,563,358,231	394,287,728	2,563,358,231	82,051,405

18.4 Lease liability

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Opening balance	2,983,678,996	491,991,438	620,904,572	29,783,462
Lease modifications	18,071,116,004	3,442,369,552	10,197,942,569	729,382,397
Derecognition	(15,152,101)	-	(3,193,814)	-
Finance Charge	2,358,476,985	511,995,565	1,438,256,587	88,940,043
Principal payment	(2,087,272,435)	(950,681,994)	(1,310,683,293)	(138,261,287)
Interest payment	(2,358,476,985)	(511,995,565)	(1,438,256,587)	(88,940,043)
Foreign exchange	(11,889,834,775)	-	(2,442,434,345)	-
Closing balance	7,062,535,689	2,983,678,996	7,062,535,689	620,904,572

18.5 Maturity analysis of lease liability

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Maturing within 1 - 6 Months	1,268,643,037	484,513,494	1,268,643,037	100,827,416
6 months - 1 year	1,359,822,686	513,436,240	1,359,822,686	106,846,249
1 - 2 years	3,311,694,129	1,020,720,284	3,311,694,129	212,412,224
2 - 3 years	988,331,696	806,167,516	988,331,696	167,763,723
Above 3 years	134,044,141	158,841,462	134,044,141	33,054,960
	7,062,535,689	2,983,678,996	7,062,535,689	620,904,572

19. SHARE CAPITAL AND RESERVES

19.1 Share capital

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 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	17,966,648,309	17,966,648,309	48,349,746	48,349,746
Additional shares issued	-	-	-	-
Closing balance	17,966,648,309	17,966,648,309	48,349,746	48,349,746
(Ordinary shares at ZWL 1 each)				

Issued and fully paid share capital comprised of 48,349,746 (2022: 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 2019.

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Opening balance	273,953,943	273,953,943	16,584,225	16,584,225
Change in functional currency	-	-	-	-
Closing balance	273,953,943	273,953,943	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		HISTORICAL COST</
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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

In the current year, the Bank made contributions amounting to ZWL5,924,865,323 (2022: ZWL118,199,805). The expected contributions to the plan for the next annual reporting period are ZWL26,670,912,732.

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 is also not included.

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 ZWL580,696,732 (2022: ZWL10,431,997).

21. EMPLOYEES

The average number of permanent persons employed by the Bank during the reporting period was 507 (December 2022: 437).

22. RELATED PARTY DISCLOSURES

Related parties refer to the directors and key management personnel of the Bank who consist 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.

22.1 Compensation to key management personnel

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Short term employee benefits	23,524,922,781	3,868,935,747	8,968,825,315	623,923,948
Termination benefits	-	862,790,403	-	139,137,900
Post-employment benefit	2,390,589,611	482,470,701	911,407,056	77,805,641
	25,915,512,392	5,214,196,851	9,880,232,371	840,867,489

22.2 Loans to key management personnel of the bank

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Mortgage Loans	94,643,471	429,974,558	94,643,471	89,477,846
Personal Loans	1,240,528,048	300,773,892	1,240,528,048	62,591,145
	1,335,171,519	730,748,450	1,335,171,519	152,068,991

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

22.3 Non-executive directors' fees

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Fees and other emoluments	283,625,315	102,878,994	192,110,802	15,241,300
	283,625,315	102,878,994	192,110,802	15,241,300

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

- I. Ndlovu (Acting Board Chairperson)
- 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 (2022: 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, 2023.

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.

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.

Cybersecurity and data privacy are major areas of concern in the digital age. Given the pace at which digitization has been embraced by the Bank, greater focus is being placed on cyber risk management initiatives. Through generative Artificial Intelligence, cyberattacks by fraudsters are now more sophisticated hence not easily discernible. To this end, the Bank conducts vulnerability assessment and penetration tests to identify areas in its information technology infrastructure requiring further enhancement and fortification.

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. Appropriate measures to protect stakeholders' information in line with the Cyber and Data Protection Act are also being put in place.

The Bank makes use of models to support decision making processes. To ensure these models remain fit for purpose, they are continuously validated and recalibrated in line with best model governance practices.

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 which monitors and challenges the extent to which the Bank complies with laws, regulations and internal policies with an emphasis on customer due diligence, anti-money laundering , treating customers fairly, preventing and managing conflicts of interest, data protection, conduct and integrity of employees.

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 authorization limits and by defining exposure levels to counterparties. 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 minimize exposure.

23.5.1 Governance and International Financial Reporting Standard (IFRS) 9 project management

The adoption of International financial reporting standard (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 International financial reporting standard (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 International financial reporting standard (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.

Impact on Governance and Controls

As part of the implementation of International financial reporting standard (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 International financial reporting standard International financial reporting standard (IFRS) 9 implementation Committee to provide oversight to the International financial reporting standard (IFRS) 9 impairment process. The International financial reporting standard (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 International financial reporting standard (IFRS) 9 committee structure, with underlying key controls, went into operation in 2018.

After the adoption of International financial reporting standard (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. International financial reporting standard (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. International financial reporting standard (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. International financial reporting standard (IFRS) 9 LGDs are based on current conditions, adjusted for estimates of future conditions that will impact LGD under several probability-weighted macroeconomic scenarios.

Impact on Capital Planning

International financial reporting standard (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 31,2023 was ZWL184.83 billion (Dec 2022: ZWL10.49 billion) before taking account of collateral of ZWL93.97 billion (Dec 2022: ZWL1.99 billion) 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:

Dec-23	INFLATION ADJUSTED	
	Loans and advances ZWL	Treasury investments ZWL
Carrying amount	114,719,030,010	70,088,064,645
Amount committed	114,719,030,010	70,088,064,645
Concentration by sector	-	-
Corporate	2,733,061,950	-
Individual	47,362,226,240	-
Mortgage	16,463,700,796	-
Microfinance	45,733,222,836	-
SME and Agribusiness	2,426,818,188	-
Government	-	16,000,081,217
Central Bank	-	22,582,491,261
Other Banks	-	31,505,492,167
Total	114,719,030,010	70,088,064,645

Dec-22	INFLATION ADJUSTED	
	Loans and advances ZWL	Treasury investments ZWL
Carrying amount	30,264,257,597	20,072,493,504
Amount committed	30,264,257,597	20,072,493,504
Concentration by sector	-	-
Corporate	270,928,660	-
Individual	20,003,978,916	-
Mortgage	1,677,048,710	-
Microfinance	7,132,998,059	-
SME and Agribusiness	1,179,303,252	-
Government	-	-
Central Bank	-	17,528,729,017
Other Banks	-	2,543,764,487
Total	30,264,257,597	20,072,493,504

Dec-23	HISTORICAL COST	
	Loans and advances ZWL	Treasury investments ZWL
Carrying amount	114,719,030,010	70,088,064,645
Amount committed	114,719,030,010	70,088,064,645
Concentration by sector	-	-
Corporate	2,733,061,950	-
Individual	47,362,226,240	-
Mortgage	16,463,700,796	-
Microfinance	45,733,222,836	-
SME and Agribusiness	2,426,818,188	-
Government	-	16,000,081,217
Central Bank	-	22,582,491,261
Other Banks	-	31,505,492,167
Total	114,719,030,010	70,088,064,645

Dec-22	HISTORICAL COST	
	Loans and advances ZWL	Treasury investments 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	-
Government	-	-
Central Bank	-	3,647,734,224
Other Banks	-	529,358,219
Total	6,298,001,873	4,177,092,443



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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2023 (Continued)

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 2023.

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.

The table below shows the PD percentages which were applied to each internal credit risk grade as at 31 December 2023.

Internal Credit Rating Table

Internal Credit Rating	Description	Average 12 Months PDs	
		Dec 2023	Dec 2022
1	Pass- Prime Grade	0.17	0.07
2	Pass - Strong	0.25	0.08
3	Pass - Satisfactory	0.002	0.18
4	Special Mention - Moderate	0.65	0.10
5	Special Mention - Fair	0.005	
6	Special Mention - Speculative	0.78	0.19
7	Special Mention - Speculative	1.00	1.00
8	Substandard	1.00	1.00
9	Doubtful	1.00	1.00
10	Loss	1.00	1.00

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 at amortised cost and how significant changes in gross carrying amount contributed to changes in the loss allowance:

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

Dec-23	INFLATION ADJUSTED							
	12-month ECL		Lifetime ECL Not credit impaired		Lifetime ECL credit impaired		Total	
	Gross carrying amount ZWL	ECL Allowance ZWL	Gross carrying amount ZWL	ECL Allowance ZWL	Gross carrying amount ZWL	ECL Allowance ZWL	Gross carrying amount ZWL	ECL Allowance ZWL
LOANS AND ADVANCES								
At 1 January 2023	29,408,384,782	1,431,634,393	253,580,979	12,421,688	602,291,836	146,596,999	30,264,257,597	1,590,653,080
IAS 29 Adjustment	(23,288,490,320)	(1,133,710,810)	(200,810,695)	(9,836,730)	(476,954,709)	(116,090,115)	(23,966,255,724)	(1,259,637,655)
Transfer to Lifetime ECL (Not Credit-Impaired)	(25,857,718)	(2,620,830)	-	-	(42,916)	(5,108)	(25,900,634)	(2,625,938)
Transfer to Lifetime ECL (Credit-Impaired)	(442,690,478)	(14,944,634)	(31,192,221)	(964,288)	-	-	(473,882,699)	(15,908,922)
Changes due to Modifications that did not result in Derecognition	869,244,518	(120,645,920)	17,189,413	(102,793)	930,254,515	613,195,744	1,816,688,446	492,447,031
New Financial Assets or originated purchase	108,948,908,703	1,031,014,695	1,033,403,854	372,918	692,137,697	529,896,808	110,674,450,254	1,561,284,421
Derecognition	(3,491,354,635)	(140,787,832)	(18,907,511)	(1,443,319)	(60,065,084)	(7,255,497)	(3,570,327,230)	(149,486,648)
Write-offs	-	-	-	-	(7,717,463)	(7,717,463)	(7,717,463)	(7,717,463)
Recoveries of amounts previously written off	-	-	-	-	7,717,463	7,717,463	7,717,463	7,717,463
At 31 December 2023	111,978,144,852	1,049,939,062	1,053,263,819	447,476	1,687,621,339	1,166,338,831	114,719,030,010	2,216,725,369

Dec-22	INFLATION ADJUSTED							
	12-month ECL		Lifetime ECL Not credit impaired		Lifetime ECL credit impaired		Total	
	Gross carrying amount ZWL	ECL Allowance ZWL	Gross carrying amount ZWL	ECL Allowance ZWL	Gross carrying amount ZWL	ECL Allowance ZWL	Gross carrying amount ZWL	ECL Allowance ZWL
LOANS AND ADVANCES								
At 1 January 2022	39,443,223,833	2,292,777,155	430,494,052	31,291,667	614,237,869	475,724,511	40,487,955,754	2,799,793,333
IAS 29 Adjustment	(27,969,159,779)	(1,625,806,520)	(305,263,006)	(22,188,900)	(435,555,602)	(337,335,886)	(28,709,978,387)	(1,985,331,306)
Transfer to Lifetime ECL (Not Credit-Impaired)	(146,024,104)	(4,944,081)	-	-	(134,902)	(110,593)	(146,159,006)	(5,054,674)
Transfer to Lifetime ECL (Credit-Impaired)	(74,627,802)	(1,320,567)	(9,353,561)	(887,886)	-	-	(83,981,363)	(2,208,453)
Changes due to Modifications that did not result in Derecognition	(1,237,177,925)	(224,836,437)	117,027,810	3,920,432	141,344,363	43,025,648	(978,805,752)	(177,890,357)
Changes in Models or Risk Parameters	-	-	-	-	-	-	-	-
New Financial Assets or originated purchase	24,831,050,393	1,401,308,076	58,148,502	3,042,835	353,526,496	8,374,906	25,242,725,391	1,412,725,817
Derecognition	(5,438,899,834)	(405,543,233)	(37,472,818)	(2,756,460)	(71,126,388)	(43,081,587)	(5,547,499,040)	(451,381,280)
Write-offs	(124,397)	(124,397)	-	-	(8,103,826)	(8,103,826)	(8,228,223)	(8,228,223)
Recoveries of amounts previously written off	124,397	124,397	-	-	8,103,826	8,103,826	8,228,223	8,228,223
At 31 December 2022	29,408,384,782	1,431,634,393	253,580,979	12,421,688	602,291,836	146,596,999	30,264,257,597	1,590,653,080

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2023 (Continued)

Dec-23	12-month ECL		Historical Cost 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
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
LOANS AND ADVANCES								
At 1 January 2023	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
Transfer to Lifetime ECL (Not Credit-Impaired)	(25,857,718)	(2,620,830)	-	-	(42,916)	(5,108)	(25,900,634)	(2,625,938)
Transfer to Lifetime ECL (Credit-Impaired)	(442,690,478)	(14,944,634)	(31,192,221)	(964,288)	-	-	(473,882,699)	(15,908,922)
Changes due to Modifications that did not result in Derecognition	869,244,518	(120,645,920)	17,189,413	(102,793)	930,254,515	613,195,744	1,816,688,446	492,447,031
New Financial Assets or originated purchase	108,948,908,703	1,031,014,695	1,033,403,854	372,918	692,137,697	529,896,808	110,674,450,254	1,561,284,421
Derecognition	(3,491,354,635)	(140,787,832)	(18,907,511)	(1,443,319)	(60,065,084)	(7,255,497)	(3,570,327,230)	(149,486,648)
Write-offs	-	-	-	-	(7,717,463)	(7,717,463)	(7,717,463)	(7,717,463)
Recoveries of amounts previously written off	-	-	-	-	7,717,463	7,717,463	7,717,463	7,717,463
At 31 December 2023	111,978,144,852	1,049,939,062	1,053,263,819	447,476	1,687,621,339	1,166,338,831	114,719,030,010	2,216,725,369

Dec-22	12-month ECL		Historical Cost 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
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
LOANS AND ADVANCES								
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

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

Dec-23	12-month ECL		Inflation Adjusted 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
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
LOANS AND ADVANCES								
At 1 January 2023	20,072,493,504	85,958,257	-	-	-	-	20,072,493,504	85,958,257
IAS 29 Adjustment	(15,895,401,061)	(68,070,315)	-	-	-	-	(15,895,401,061)	(68,070,315)
Changes due to Modifications that did not result in Derecognition	234,888,011	2,933,211	-	-	-	-	234,888,011	2,933,211
New Financial Assets or originated purchase	67,319,086,246	520,877,969	-	-	-	-	67,319,086,246	520,877,969
Derecognition	(1,643,002,055)	(20,537,526)	-	-	-	-	(1,643,002,055)	(20,537,526)
At 31 DECEMBER 2023	70,088,064,645	521,161,596	-	-	-	-	70,088,064,645	521,161,596

Dec-22	12-month ECL		Inflation Adjusted 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
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
LOANS AND ADVANCES								
At 1 January 2022	32,638,530,700	174,131,281	-	-	7,503,320	7,503,325	32,646,034,020	181,634,606
IAS 29 Adjustment	(28,586,137,340)	(123,476,366)	-	-	(5,320,594)	(5,320,599)	(28,591,457,934)	(128,796,965)
Changes due to Modifications that did not result in Derecognition	(56,959,061)	(711,988)	-	-	(2,182,726)	(2,182,726)	(59,141,787)	(2,894,714)
New Financial Assets or originated purchase	14,521,380,763	84,596,602	-	-	-	-	14,521,380,763	84,596,602
Derecognition	1,555,678,442	(48,581,272)	-	-	-	-	1,555,678,442	(48,581,272)
At 31 December 2022	20,072,493,504	85,958,257	-	-	-	-	20,072,493,504	85,958,257

Dec-23	12-month ECL		Historical Cost 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
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
LOANS AND ADVANCES								
At 1 January 2023	4,177,092,443	17,887,942	-	-	-	-	4,177,092,443	17,887,942
Changes due to Modifications that did not result in Derecognition	234,888,011	2,933,211	-	-	-	-	234,888,011	2,933,211
New Financial Assets or originated purchase	67,319,086,246	520,877,969	-	-	-	-	67,319,086,246	520,877,969
Derecognition	(1,643,002,055)	(20,537,526)	-	-	-	-	(1,643,002,055)	(20,537,526)
At 31 DECEMBER 2023	70,088,064,645	521,161,596	-	-	-	-	70,088,064,645	521,161,596

Dec-22	12-month ECL		Historical Cost 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
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
LOANS AND ADVANCES								
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)	(148,165)	-	-	(454,226)	(454,226)	(12,307,425)	(602,391)
New Financial Assets or originated purchase	3,021,904,072	17,604,581	-	-	-	-	3,021,904,072	17,604,581
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

23.5.2.8.3 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	2023	2022
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.

25.5.3.1 Credit quality by internal grades

Dec-23	Inflation Adjusted Neither past due nor impaired					
	High grade	Standard grade	Substandard grade	Past due but not impaired	Impaired	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Type of financial assets						
Loans and advances	112,898,389,877	1,319,732,472	26,026,309	130,855,245	344,026,107	114,719,030,010
Interbank placements	17,710,971,103	-	-	-	-	17,710,971,103
Treasury bills	22,600,631,261	-	-	-	-	22,600,631,261
Government Bonds	16,000,081,216	-	-	-	-	16,000,081,216
Non-negotiable certificate of deposits	13,796,114,398	-	-	-	-	13,796,114,398
Total credit exposure	183,006,187,855	1,319,732,472	26,026,309	130,855,245	344,026,107	184,826,827,988

Dec-22	Inflation Adjusted Neither past due nor impaired					
	High grade	Standard grade	Substandard grade	Past due but not impaired	Impaired	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Type of financial assets						
Loans and advances	29,120,758,686	431,295,289	508,215,947	108,882,133	95,105,542	30,264,257,597
Interbank placements	2,543,764,490	-	-	-	-	2,543,764,490
Treasury bills	4,318,736,203	-	-	-	-	4,318,736,203
Non- Negotiable Certificate of Deposits	13,299,789,242	-	-	-	-	13,299,789,242
Total credit risk exposure	49,283,048,621	431,295,289	508,215,947	108,882,133	95,105,542	50,426,547,532

25.5.3.1 Credit quality by internal grades

Dec -23	Historical Cost Neither past due nor impaired					
	High grade	Standard grade	Substandard grade	Past due but not impaired	Impaired	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Type of financial assets						
Loans and advances	112,898,389,877	1,319,732,472	26,026,309	130,855,245	344,026,107	114,719,030,010
Interbank placements	17,710,971,103	-	-	-	-	17,710,971,103
Treasury bills	22,600,631,261	-	-	-	-	22,600,631,261
Government Bonds	16,000,081,216	-	-	-	-	16,000,081,216
Non-negotiable certificate of deposits	13,796,114,398	-	-	-	-	13,796,114,398
Total credit exposure	183,006,187,855	1,319,732,472	26,026,309	130,855,245	344,026,107	184,826,827,988

Dec-22	Historical Cost Neither past due nor impaired					
	High grade	Standard grade	Substandard grade	Past due but not impaired	Impaired	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Type of financial assets						
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
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

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2023 (Continued)

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.

23.5.3.2 Credit quality of financial assets measured at amortised cost

		INFLATION ADJUSTED			
Dec-23	12 month ECL	Lifetime ECL	Lifetime ECL	Purchased/Oriogated Credit impaired	Total
		Not credit impaired	Credit impaired		
Financial assets at amortised cost (Loans and advances)					
Grades 1: Standard	111,975,038,285	1,039,280,795	1,154,224,942	-	114,168,544,022
Grades 2: Special mention	1,062,582	13,983,024	10,175,156	-	25,220,762
Grades 3: Substandard	165,890	-	17,732,129	-	17,898,019
Grades 4: Doubtful	1,602,819	-	268,601,286	-	270,204,105
Grades 5: Loss	275,275	-	236,887,827	-	237,163,102
Carrying amount	111,978,144,851	1,053,263,819	1,687,621,340	-	114,719,030,010
Financial assets at amortised cost (Treasury investments)					
Grades 1: Standard	70,088,064,645	-	-	-	70,088,064,645
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	-	-	-
Carrying amount	70,088,064,645	-	-	-	70,088,064,645

Dec-22	INFLATION ADJUSTED				
	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	29,406,993,644	250,304,197	543,169,822	-	30,200,467,663
Grades 2: Special mention	725,554	3,230,817	4,032,271	-	7,988,642
Grades 3: Substandard	72,465	21,720	2,765,897	-	2,860,082
Grades 4: Doubtful	84,637	24,243	14,010,805	-	14,119,685
Grades 5: Loss	508,486	-	38,313,039	-	38,821,525
Carrying amount	29,408,384,786	253,580,977	602,291,834	-	30,264,257,597
Financial assets at amortised cost (Treasury investments)					
Grades 1: Standard	20,072,493,504	-	-	-	20,072,493,504
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	-	-	-
Carrying amount	20,072,493,504	-	-	-	20,072,493,504

HISTORICAL COST					
	Lifetime ECL				
Dec-23	12 month ECL	Not credit impaired	Lifetime ECL Credit impaired	Purchased/Originated Credit impaired	Total
Financial assets at amortised cost (Loans and advances)					
Grades 1: Standard	111,975,038,285	1,039,280,795	1,154,224,942	-	114,168,544,022
Grades 2: Special mention	1,062,582	13,983,024	10,175,156	-	25,220,762
Grades 3: Substandard	165,890	-	17,732,129	-	17,898,019
Grades 4: Doubtful	1,602,819	-	268,601,286	-	270,204,105
Grades 5: Loss	275,275	-	236,887,827	-	237,163,102
Carrying amount	111,978,144,851	1,053,263,819	1,687,621,340	-	114,719,030,010
Financial assets at amortised cost (Treasury investments)					
Grades 1: Standard	70,088,064,645	-	-	-	70,088,064,645
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	-	-	-
Carrying amount	70,088,064,645	-	-	-	70,088,064,645

	HISTORICAL COST				
	Lifetime ECL	Not credit	Lifetime ECL	Purchased/Originated	
Dec-22	12 month ECL	impaired	Credit impaired	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

Treasury investments exclude Capitalisation treasury bills.

23.5.4 Collateral held and pledged

23.5.4.1 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 International financial reporting standard (IFRS) 9's impairment model to credit risk as well as the impact of collateral and other credit enhancements on credit risk:

Dec 2023					
Credit exposure per class of financial instrument	Maximum exposure to credit risk	Recognised loss allowance	Collateral held as security	Other credit enhancements	Principal type of collateral held
Loans and advances	114,719,030,010	2,216,725,369	63,959,578,606	-	Mortgage Bonds over immovable property, Cash cover and Marketable securities
Treasury investments	70,088,064,645	521,161,596	30,018,841,600	-	Marketable securities, Treasury bills and Savings bonds

Dec 2022					
Credit exposure per class of financial instrument	Maximum exposure to credit risk	Recognised loss allowance	Collateral held as security	Other credit enhancements	Principal type of collateral held
Loans and advances	6,298,001,873	331,015,425	1,552,933,443	-	Mortgage Bonds over immovable property, Cash cover and Marketable securities
Treasury investments	4,177,092,443	17,887,942	440,000,150	-	Marketable securities, Treasury bills and Savings bonds

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, marketable securities and savings bonds are held.
- For loans and advances, mortgage bonds over immovable properties, marketable securities, cash cover and savings bonds are held.

The Bank held collateral as detailed below:

	Dec-23 ZWL	Dec-22 ZWL
Mortgage Bonds over immovable property	28,812,836,397	785,544,679
Guarantees	-	117,388,761
Marketable securities	27,339,488,151	540,000,000
Treasury Bills	21,987,535,125	440,000,150
Savings Bonds	15,832,555,330	110,000,003
Cash	6,005,203	-
Total	93,978,420,206	1,992,933,593

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.

23.5.4.2 Collateral pledged

The Bank pledged collateral against its liabilities.

The following table sets out the carrying amount of assets pledged as collateral in line with the requirements of International financial reporting standard (IFRS) 7:

Dec-23			
Type of liability	Liabilities Secured	Collateral Pledged as security	Principal type of collateral pledged
Repurchase Agreement Liability	5,500,000,000	12,001,890,736	Treasury bills & Savings bonds
Certificate of Deposits	7,587,677,967	10,199,581,008	Treasury bills & Savings bonds

Dec-22			
Type of liability	Liabilities Secured	Collateral Pledged as security	Principal type of collateral pledged
Certificate of Deposits	1,484,360,755	363,580,407	Treasury bills

The amount and type of collateral is prescribed by the depositor. The Bank assesses the required collateral conditions to its satisfaction before transfer. Guidelines are implemented regarding the types of collateral available and valuation parameters.

The Bank pledged collateral as detailed below:

	Dec-23 ZWL	Dec-22 ZWL
Treasury Bills	17,703,255,734	363,580,407
Savings Bonds	4,498,216,010	-
Total	22,201,471,744	363,580,407

23.5.5 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	2023 (Carrying value)	2022 (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: 2022).

23.5.6 Carrying amount of assets whose terms have been renegotiated

The Bank did not have any re-negotiated loans during the year (2022: 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 Liquid asset ratio

The Bank is required to keep a minimum regulatory liquidity ratio of 30%, according to Reserve Bank of Zimbabwe guidelines. The liquid asset ratio was 66% as at 31 December 2023 (70%: December 2022). Capitalisation treasury bills are excluded from liquid assets.



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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2023 (Continued)

23.6.2 Liquidity Gap Analysis

The following liquidity gap analysis shows the extent to which the Bank was exposed to liquidity risk as at December 31, 2023;

Dec-23 ASSETS	INFLATION ADJUSTED					
	Up to 1 month ZWL	1 month to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Above 5 years ZWL	Total ZWL
Cash and cash equivalents	113,642,094,302	-	-	-	-	113,642,094,302
Advances	1,764,017,838	2,971,471,830	55,510,906,123	38,008,933,423	16,463,700,796	114,719,030,010
Investments	35,071,205,589	320,397,698	34,695,188,666	21,006,025	-	70,107,797,978
	150,477,317,729	3,291,869,528	90,206,094,789	38,029,939,448	16,463,700,796	298,468,922,290
LIABILITIES						
Deposits	250,699,621,602	440,139,157	5,951,468,666	171,832,059	-	257,263,061,484
	250,699,621,602	440,139,157	5,951,468,666	171,832,059	-	257,263,061,484
Liquidity gap	(100,222,303,873)	2,851,730,371	84,254,626,123	37,858,107,389	16,463,700,796	41,205,860,806
Cumulative gap	(100,222,303,873)	(97,370,573,502)	(13,115,947,379)	24,742,160,010	41,205,860,806	-

Dec-22 ASSETS	INFLATION ADJUSTED					
	Up to 1 month ZWL	1 month to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Above 5 years ZWL	Total ZWL
Cash and cash equivalents	57,333,508,266	-	-	-	-	57,333,508,266
Advances	2,360,787,881	1,176,107,008	10,073,091,419	15,893,769,898	760,501,391	30,264,257,597
Investments	16,703,897,027	1,441,612,349	1,922,149,799	94,630,760	-	20,162,289,935
	76,398,193,174	2,617,719,357	11,995,241,218	15,988,400,658	760,501,391	107,760,055,798
LIABILITIES						
Deposits	24,761,791,054	22,976,514,623	27,392,004,900	27,193,994,251	-	102,324,304,828
	24,761,791,054	22,976,514,623	27,392,004,900	27,193,994,251	-	102,324,304,828
Liquidity gap	51,636,402,120	(20,358,795,266)	(15,396,763,682)	(11,205,593,593)	760,501,391	5,435,750,970
Cumulative gap	51,636,402,120	31,277,606,854	15,880,843,172	4,675,249,579	5,435,750,970	-

Dec-23 ASSETS	HISTORICAL COST					
	Up to 1 month ZWL	1 month to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Above 5 years ZWL	Total ZWL
Cash and cash equivalents	113,642,094,302	-	-	-	-	113,642,094,302
Advances	1,764,017,838	2,971,471,830	55,510,906,123	38,008,933,423	16,463,700,796	114,719,030,010
Investments	35,071,205,589	320,397,698	34,695,188,666	21,006,025	-	70,107,797,978
	150,477,317,729	3,291,869,528	90,206,094,789	38,029,939,448	16,463,700,796	298,468,922,290
LIABILITIES						
Deposits	250,699,621,602	440,139,157	5,951,468,666	171,832,059	-	257,263,061,484
	250,699,621,602	440,139,157	5,951,468,666	171,832,059	-	257,263,061,484
Liquidity gap	(100,222,303,873)	2,851,730,371	84,254,626,123	37,858,107,389	16,463,700,796	41,205,860,806
Cumulative gap	(100,222,303,873)	(97,370,573,502)	(13,115,947,379)	24,742,160,010	41,205,860,806	-

Dec-22 ASSETS	HISTORICAL COST					
	Up to 1 month ZWL	1 month to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Above 5 years ZWL	Total 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	-

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

Dec-23	INFLATION ADJUSTED		
	Fair value at 31-12-23 ZWL	10% increase in Price ZWL	5% decrease in price ZWL
Financial assets at fair value through other comprehensive income	13,808,557,720	15,189,413,492	13,118,129,834
Increase/(decrease)	-	1,380,855,772	(690,427,886)
Dec-22	INFLATION ADJUSTED		
	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	8,052,696,477	8,857,966,125	7,650,061,653
Increase/(decrease)	-	805,269,648	(402,634,824)
Dec-23	HISTORICAL COST		
	Fair value at 31-12-23 ZWL	10% increase in Price ZWL	5% decrease in price ZWL
Financial assets at fair value through other comprehensive income	13,808,557,720	15,189,413,492	13,118,129,834
Increase/(decrease)	-	1,380,855,772	(690,427,886)
Dec-22	HISTORICAL COST		
	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)

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, 2023;

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, 2023;

Dec-23 ASSETS	INFLATION ADJUSTED						Non-interest bearing ZWL	Total ZWL
	Up to 1 month ZWL	1 month to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Above 5 years ZWL			
Cash and cash equivalents	-	-	-	-	-	113,642,094,302	-	113,642,094,302
Advances and other assets	1,764,017,838	2,971,471,830	55,510,906,123	38,008,933,423	16,463,700,796	62,820,583,289	-	177,539,613,299
Investments	36,195,026,242	320,397,698	34,695,188,666	21,006,025	-	37,037,622,124	-	108,269,240,755
Property, plant and equipment	-	-	-	-	-	82,406,584,833	-	82,406,584,833
Right of use assets	-	-	-	-	-	19,373,865,436	-	19,373,865,436
Intangible assets	-	-	-	-	-	8,669,456,568	-	8,669,456,568
	37,959,044,080	3,291,869,528	90,206,094,789	38,029,939,448	16,463,700,796	323,950,206,552	-	509,900,855,193
LIABILITIES								
Deposits and other liabilities	250,699,621,602	440,139,157	5,951,468,666	171,832,059	-	33,319,975,417	-	290,583,036,901
Reserves	-	-	-	-	-	219,317,818,292	-	219,317,818,292
	250,699,621,602	440,139,157	5,951,468,666	171,832,059	-	252,637,793,709	-	509,900,855,193
Interest rate repricing gap	(212,740,577,522)	2,851,730,371	84,254,626,123	37,858,107,389	16,463,700,796	71,312,412,843	-	-
Cumulative gap	(212,740,577,522)	(209,888,847,151)	(125,634,221,028)	(87,776,113,639)	(71,312,412,843)	-	-	-

Dec-22 ASSETS	INFLATION ADJUSTED						Non-interest bearing ZWL	Total ZWL
	Up to 1 month ZWL	1 month to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Above 5 years ZWL			
Cash and cash equivalents	-	-	-	-	-	57,333,508,266	-	57,333,508,266
Advances and other assets	2,360,787,881	1,176,107,008	10,073,091,419	15,893,769,898	760,501,391	21,388,081,668	-	51,652,339,265
Investment	16,703,897,027	1,441,612,349	1,922,149,799	94,630,760	-	19,110,401,681	-	39,272,691,616
Property, plant and equipment	-	-	-	-	-	31,072,786,934	-	31,072,786,934
Right of Use assets	-	-	-	-	-	4,056,577,702	-	4,056,577,702
Intangible assets	-	-	-	-	-	5,811,050,670	-	5,811,050,670
	19,064,684,908	2,617,719,357	11,995,241,218	15,988,400,658	760,501,391	138,772,406,921	-	189,198,954,453
LIABILITIES								
Deposits and other liabilities	24,761,791,054	22,976,514,623	27,392,004,900	27,193,994,251	-	16,058,841,297	-	118,383,146,125
Reserves	-	-	-	-	-	70,815,808,328	-	70,815,808,328
	24,761,791,054	22,976,514,623	27,392,004,900	27,193,994,251	-	86,874,649,625	-	189,198,954,453
Interest rate repricing gap	(5,697,106,146)	(20,358,795,266)	(15,396,763,682)	(11,205,593,593)	760,501,391	51,897,757,296	-	-
Cumulative gap	(5,697,106,146)	(26,055,901,412)	(41,452,665,094)	(52,658,258,687)	(51,897,757,296)	-	-	-

Dec-22 ASSETS	HISTORICAL COST						Non-interest bearing ZWL	Total ZWL
	Up to 1 month ZWL	1 month to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Above 5 years ZWL			
Cash and cash equivalents	-	-	-	-	-	113,642,094,302	-	113,642,094,302
Advances and other assets	1,764,017,838	2,971,471,830	55,510,906,123	38,008,933,423	16,463,700,796	48,334,179,476	-	163,053,209,486
Investments	36,195,026,242	320,397,698	34,695,188,666	21,006,025	-	37,037,622,124	-	108,269,240,755
Property, plant and equipment	-	-	-	-	-	82,406,584,833	-	82,406,584,833
Right of use assets	-	-	-	-	-	9,087,473,364	-	9,087,473,364
Intangible assets	-	-	-	-	-	8,669,456,568	-	8,669,456,568
	37,959,044,080	3,291,869,528	90,206,094,789	38,029,939,448	16,463,700,796	299,177,410,667	-	485,128,059,308
LIABILITIES								
Deposits and other liabilities	250,699,621,602	440,139,157	5,951,468,666	171,832,059	-	33,319,975,417	-	290,583,036,901
Reserves	-	-	-	-	-	194,545,022,407	-	194,545,022,407
	250,699,621,602	440,139,157	5,951,468,666	171,832,059	-	227,864,997,824	-	485,128,059,308
Interest rate repricing gap	(212,740,577,522)	2,851,730,371	84,254,626,123	37,858,107,389	16,463,700,796	71,312,412,843	-	-
Cumulative gap	(212,740,577,522)	(209,888,847,151)	(125,634,221,028)	(87,776,113,639)	(71,312,412,843)	-	-	-

Dec-22 ASSETS	HISTORICAL COST						Non-interest bearing ZWL	Total ZWL
	Up to 1 month ZWL	1 month to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Above 5 years 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
EQUITY AND 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
Loans	-	-	-	-	-	-	-	-
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)	-	-	-



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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2023 (Continued)

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, 2023 was as follows;

Dec-23	TOTAL ZWL	ZWL	USD	ZAR	BWP	GBP	EURO	JPY
Total assets	509,900,855,193	241,443,812,259	265,945,106,810	2,349,451,591	247,282	23,374	162,213,877	-
Total equity and liabilities	509,900,855,193	335,929,806,849	172,966,045,675	1,003,554,442	4,959	1,247	1,442,021	-
Dec-22	TOTAL ZWL	ZWL	USD	ZAR	BWP	GBP	EURO	JPY
Total Assets	189,198,954,453	126,896,692,865	59,743,013,466	2,393,367,483	137,119	11,655	164,638,238	1,093,627
Total equity and liabilities	189,198,954,453	139,257,652,132	48,190,650,104	1,748,429,957	43,440	1,410,794	768,026	-
HISTORICAL COST								
Dec-23	TOTAL ZWL	ZWL	USD	ZAR	BWP	GBP	EURO	JPY
Total assets	485,128,059,308	216,671,016,374	265,945,106,810	2,349,451,591	247,282	23,374	162,213,877	-
Total equity and liabilities	485,128,059,308	247,245,529,209	237,027,009,602	999,441,254	85,361	368,506	(144,374,624)	-
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	12,431,017,968	369,005,817	18,938	315,524	(1,438,663)	-

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

	Dec-23	Dec-22
US\$	6,104.7226	671.4466
ZAR	0.00304	0.02540
Pula	0.00220	0.0191
GBP	7,791.4575	808.4889
Euro	6,756.0965	713.4792
JPY	0.02315	0.1991

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 of legal or regulatory sanctions, material financial loss or loss to reputation that the Bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory standards and codes of conduct applicable to its banking activities. Internal policies, procedures and awareness activities are in place to guarantee that employees in all functions of the Bank comply with relevant laws and regulations.

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 2023 was as follows:

	INFLATION ADJUSTED Dec-23 ZWL	Dec-22 ZWL	HISTORICAL COST Dec-23 ZWL	Dec-22 ZWL
Share capital	17,966,648,309	17,966,648,309	48,349,746	48,349,746
Capital contribution	691,855,280	691,855,280	25,000,000	25,000,000
Mark-to-market reserves	8,740,446,455	2,920,354,705	13,529,204,661	1,395,535,241
Revenue reserves	134,032,461,319	23,931,426,128	102,800,341,063	5,444,969,400
Advances to insiders	-	-	-	-
Capital allocated to market and operational risk	-	-	-	-
Tier 1 Capital	161,431,411,363	45,510,284,422	116,402,895,470	6,913,854,387
General provisions	-	-	-	-
Revaluation reserve	57,612,452,986	25,031,569,963	78,125,542,712	6,553,280,162
Foreign currency translation reserve	273,953,943	273,953,943	16,584,225	16,584,225
Tier 1 & 2 Capital	219,317,818,292	70,815,808,328	194,545,022,407	13,483,718,774
Tier 3 Capital allocated for market and operational risk	-	-	-	-
Risk weighted assets	387,705,459,698	78,354,919,867	362,932,663,817	23,158,062,702
Tier 1%	41.64%	58.08%	32.07%	29.86%
Tier 2%	14.93%	32.30%	21.53%	28.37%
Tier 3%	0.00%	0.00%	0.00%	0.00%
Capital adequacy ratio %	56.57%	90.38%	53.60%	58.23%
RBZ Minimum required capital adequacy ratio	12%	12%	12%	12%



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