People's Own Savings Bank

Simply Possible

ABRIDGED AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2024

CELEBRATING 120 *Years*

of transforming livelihoods and building unforgettable memories together.

CHAIRPERSON'S STATEMENT

ECONOMIC ENVIRONMENT

The global economic landscape in 2024 remained challenging due to persistent geopolitical tensions in the Middle East, Ukraine and across the Taiwan Strait. These disruptions affected Zimbabwe's economic growth by interrupting global supply chains, hindering critical imports and dampening export-oriented sectors. Both the Government and the International Monetary Fund (IMF) forecasted global economic growth at 2.0% for 2024, primarily due to the adverse effects of the El Nino-induced drought. On a positive note, the anticipated La Nina effect is expected to boost agricultural productivity, supporting a rebound to 6% growth in 2025 and positioning the sub- Saharan region for even stronger performance.

MONETARY POLICY UPDATE

The newly appointed Governor of the Reserve Bank of Zimbabwe, Dr. John Mushayavanhu, presented his maiden Monetary Policy Statement on the 5th of April 2024. The policy was built on two strategic pillars of restoring price and exchange rate stability as well as remonetising the local currency as a true medium of exchange and store of value. Key monetary policy measures to anchor inflation expectations and mitigate exchange rate risks included:

- The introduction of the Zimbabwe Gold (ZiG), a currency which is pegged to a specific exchange rate and backed by a composite basket of foreign currency and precious metals.
- Increasing the bank policy rate from 20% to 35%.
- Raising statutory reserve requirements for demand and call deposits from 15% and 20% respectively to 30%.
- Raising statutory reserve requirements for savings and time deposits from 5% to 15%.

FINANCIAL HIGHLIGHTS

The Bank delivered a robust financial performance in 2024 despite inflation pressures in the first quarter, marked by:

- **Net interest income:** An increase in net interest income to ZWG 182.48 million from ZWG 139.36 million in 2023.
- **Fees and commission income:** An increase in fees and commission income by 28% to ZWG 537.17 million from ZWG 421.13 million in 2023.
- **Asset growth:** Total assets surged by 104% to ZWG2.72 billion as at 31 December 2024 from ZWG 1.33 billion as at 31 December 2023.
- **Liquidity ratio:** The liquidity ratio stood at 65% against the minimum regulatory ratio of 30%, confirming that the Bank had the capacity to honor its obligations.
- **Capital adequacy:** The capital adequacy ratio reached 56.65%, well above the regulatory requirement of 12%.

DIVIDEND

At the Annual General Meeting held on 25 July 2024, a dividend of US$ 589,341.00 was declared and paid to the shareholder, reaffirming our commitment to delivering value while supporting future growth initiatives.

TRANSFORMATION STRATEGIC PLAN (TSP)

Looking forward, the Bank is set to implement a three-year Transformational Strategic Plan (TSP) covering 2025 to 2027. The plan focuses on transforming business growth, enhancing customer experience, improving operational efficiency and reinforcing corporate citizenship.

Key strategic initiatives include:

- Shifting from a product-centric to a customer-centric approach.
- Repositioning the Bank's brand in the market.
- Transitioning from a vertically integrated business model to a more agile, non-linear structure.
- Developing AI-powered capabilities to drive innovation.
- Implementing comprehensive culture change initiatives.

Through these efforts, the Bank aims to re-establish itself as a national mass market leader and cost-efficient service provider.

CORPORATE GOVERNANCE AND SUSTAINABILITY

The Bank is committed to upholding the highest standards of corporate governance through ensuring that its conduct is within the parameters set by both local and international best practice. The Bank's commitment to sustainability is reflected in its partnerships with development banks, multilateral financial institutions and intergovernmental organisations. In 2024, the Bank:

- Financed the winter cropping season with US$725,000, enabling the planting of 5,500 hectares of wheat, which yielded over 29,000 metric tons valued at an estimated US$13.2 million.
- Extended a facility of US$3 million to Communications Allied Industries Pension Fund (CAIPF) to support the development of 601 low-cost industrial and residential stands.

These initiatives underscore the Bank's purpose to transform lives and contribute to the nation's development.

BOARD CHANGES

Following the conclusion of the tenure of the Board led by Mr Israel Ndlovu on the 31st of August 2024, a new Board assumed office on the 1st of September 2024. The new Board comprises Mr K. Mafukidze (Chairman), Mrs V. Chiwaridzo (Deputy Chairperson), Mr A. Taruvinga, Ms M. U. Hakata, Dr N. Demba, Dr D. Magaya and Dr. M. M. Chiura. I extend my sincere gratitude to the outgoing Board for their service and welcome the new Board as we move forward.

OUTLOOK

The World Bank projects a more positive economic outlook for Zimbabwe in 2025, with growth expected to reach 6%. This optimism is driven by a broad-based post drought recovery, with agricultural output, particularly in maize and tobacco, anticipated to increase significantly.

Additionally, continued growth in the mining and tourism sectors, buoyed by rising gold prices and enhanced international arrivals, will further support this recovery. Nonetheless, addressing macroeconomic challenges, including price and exchange rate stability, remains crucial.

APPRECIATION

I wish to express my heartfelt gratitude to our valued customers, whose steadfast support forms the backbone of our success. I also extend my thanks to our shareholder, the Board, the Chief Executive Officer, management and staff members for their dedicated efforts. Lastly, I appreciate all stakeholders whose contributions have been vital to our achievements in 2024.

KENIAS MAFUKIDZE (MR)
BOARD CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REPORT

FINANCIAL SERVICES SECTOR OVERVIEW

Despite the challenging economic environment, the Banking sector has remained resilient and continues to contribute positively to economic growth. According to the 2025 Monetary Policy Statement, the banking sector recorded satisfactory financial performance during the year ended 31 December 2024 as reflected by the significant improvement in key financial soundness indicators.

The Reserve Bank of Zimbabwe introduced monetary policy measures aimed at stabilising the exchange rate and controlling inflation. In his maiden Monetary Policy Statement, the new Governor of the Reserve Bank of Zimbabwe, Dr. J. Mushayavanhu, introduced the Zimbabwe Gold (ZiG), a structured currency which is pegged to a specific exchange rate and backed by a composite basket of foreign currency and precious metals. Since its launch on 5 April 2024, the ZiG maintained relative stability against the USD. However, towards the end of September 2024, the local currency lost significant value against the United States Dollar (USD) prompting the monetary authority to depreciate the exchange rate by 74%.

The Reserve Bank Governor also issued a directive for all financial institutions to exempt monthly service fees on all accounts maintaining balances below US$100 or its equivalent in ZiG. Furthermore, towards the end of 2024, another directive required financial institutions to waive charges on electronic transactions under US$5 or its equivalent in ZiG. In the 3rd quarter of 2024, the Reserve Bank of Zimbabwe increased the Bank Policy rate to 35% while the Medium-Term Accommodation rate was maintained at 15%. Statutory reserves were increased and standardised to 30% for demand deposits and 15% for savings and fixed deposits in both local and foreign currency. This adjustment played a key role in sustaining tight liquidity in the economy, which helped stabilise inflation and the exchange rate.

The Reserve Bank of Zimbabwe has pledged to maintain a tight monetary policy stance for the first half of 2025 to consolidate stability and support economic growth. Measures introduced include reviewing exporters' foreign currency retention thresholds from 75% to 70% to ensure continued stability in the interbank foreign exchange market, introducing a US Dollar denominated deposit facility, refining the foreign exchange management system by clarifying the interbank foreign exchange trading guidelines, removing limits on foreign exchange trading and reviewing prepaid international debit and credit card limits as well as foreign currency exposure limits. Additionally, to promote a savings culture, the Reserve Bank of Zimbabwe increased interest rates on savings and time deposits for both ZiG and USD currencies. Lastly, the Reserve Bank of Zimbabwe introduced the Targeted Finance Facility to enhance banks' support to the productive sectors of the economy.

In line with the banking sector's performance, the People's Own Savings Bank continued to strengthen its position in the market by growing its customer base, introducing new products and providing affordable banking services to the public.

FINANCIAL PERFORMANCE

The financial performance of the Bank for the year ended 31 December 2024 shows robust growth despite inflationary pressures during the 1st quarter of the year. Key revenue streams which include interest income, fees and commission registered significant increases from prior year, however, net profit was ZWG 231.65 million against ZWG 288.01 million largely due to low foreign exchange gains compared to prior year.

Net operating income decreased by 0.7% to ZWG 1.057 billion from ZWG 1.064 billion in the prior year. On the other hand, operating expenses increased by 17% from ZWG 534.29 million to ZWG 627.29 million in 2024. The Bank continued to implement effective cost management strategies to maintain profitability. Total assets grew by 104% from ZWG 1.33 billion in 2023 to ZWG 2.72 billion by December 2024. Additionally, total deposits increased by 104% from ZWG 672.59 million in 2023 to ZWG 1.37 billion by December 2024, as a result of aggressive deposit mobilisation during 2024 which drove business growth. The capital adequacy ratio stood at 56.65%, exceeding the prescribed minimum regulatory ratio of 12%, enabling the Bank to meet all prudential lending guidelines.

CORPORATE DEVELOPMENTS

A series of initiatives have strengthened the Bank's market position and enhanced customer experience. Key initiatives include:

Digital Transformation and Service Innovations

- **Zimpost Off-counter model**

To enhance convenience, reduce congestion at service centres and improve customer experience, the Bank rolled out the off-counter model to 54 Zimpost offices nationwide. This model offers a range of services including deposits, withdrawals, account opening and loan applications, bringing banking closer to communities.

- **Virtual Service Centre**

Launched in October 2024 to transform service delivery through shifting from a purely informational approach to a comprehensive end-to-end resolution model, the Virtual Service Centre achieved an impressive 81% first contact resolution rate, demonstrating enhanced efficiency and customer satisfaction. It seamlessly handles key processes such as account opening, loan applications and access to the core banking services. Additionally, its support for digital channel registrations and corporate internet banking has significantly reduced processing times, improving customer experience.

- **Installation of Automated Teller Machines (ATMs)**

In 2024, the Bank installed 15 new ATMs complementing the 15 machines installed in 2023, further leveraging technology to enhance customer convenience.

- **Installation of Solar Systems**

As part of its sustainability efforts, the Bank installed solar systems at 10 service centres in addition to 10 solar systems installed in 2022. Installations at the remaining 12 service centres is expected to be completed in 2025.

Community Engagement and Operational Excellence

- **Country-wide roadshows**

The Bank took banking services directly to the people through roadshows held throughout the year. These road shows promoted convenience banking, raised product awareness and onboarded new customers, enhancing accessibility and fostering community engagement and financial inclusion.

- **120 Years Anniversary Celebrations**

The Bank celebrated its 120th anniversary with events in Harare and Bulawayo to appreciate its customers and stakeholders. The theme, **"120 years of transforming people's livelihoods and building unforgettable memories together"**, reflects the Bank's enduring legacy and commitment to future achievements.

SERVICE CENTRE NETWORK

The Bank operated 32 service centres countrywide. To complement its service centre network, the Bank also made use of two hundred and one (201) ZIMPOST agencies. Fifty-four (54) Zimpost offices were used as off counters and five (5) as alternative Payment Sites, further broadening the Bank's service accessibility.

LEGAL STATUS

The Bank operates under the People's Own Savings Bank of Zimbabwe Act [Chapter 24:22] of 1999 promulgated in 2001 and the Banking Act of Zimbabwe [Chapter 24:20]. The Bank is supervised by the Reserve Bank of Zimbabwe.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The People's Own Savings Bank remains committed to giving back to the community through targeted Corporate Social Responsibility (CSR) initiatives anchored on three pillars: Health and Philanthropy, Education and Financial Literacy and Environmental Sustainability, the Bank has been at the forefront of assisting various communities and stakeholders with the aim of improving their livelihoods.

In the year 2024, the Bank undertook the following CSR initiatives:

Health and Philanthropy

- **Bulawayo United Hospital Bed Linen Donation** – The Bank donated bed linen to Bulawayo United Hospital (UBH) to promote public health.
- **Installation of litter bins** – As part of promoting health and environmental cleanliness, the Bank installed litter bins in areas where its service centres are located.

Education and Financial Literacy

- **Support for the ED UNZA Scholarship Programme** – The Bank supported the EDUNZA Scholarship programme, covering tuition fees and learning materials for academically talented but economically disadvantaged youths from Zimbabwe and Zambia.
- **Ongoing local University Scholarship Funding and Graduation Sponsorship** – To foster educational advancement, the Bank continued to pay tuition fees for local university students currently on its scholarship programme and sponsored prizes for outstanding students.
- **Active Participation in the Global Money Week** – The Bank participated in the Global Money Week commemorations by reaching out to 32 schools and 2 universities with financial education initiatives to promote financial literacy.

Environmental Sustainability

- **Ministry of Women Affairs, Community, Small and Medium Enterprises Development donation** – In commemoration of the International Women's Day and the International Day of Rural Women, the Bank donated several items to women in Chiutsi village, Mutoko and Chitora village, Shurugwi to support their agro-ecological projects.
- **Support towards the Federation of Young Farmers Club in Zimbabwe** – In an effort to promote sustainable farming, the Bank supported the Federation of Young Farmers Club in Zimbabwe through financial contribution to facilitate smart farming and training for young farmers.
- **Support towards the Sustainable Tobacco Farming and Financing** – The Bank sponsored the Sustainable Tobacco Farming and Financing conference as part of promoting the sustainability of one of the country's foreign currency earners.

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

CHIEF EXECUTIVE OFFICER'S REPORT (cont.)

ACCOLADES TO THE BANK

The Bank's commitment to excellence has been acknowledged through multiple awards:

1. Environmental and Social Governance Award

The Bank emerged as the winner of the Environmental and Social Governance award at the Banks and Banking Survey Awards recognizing its sustainability efforts.

2. Director of the Year Award (DOYA)

The Chief Executive Officer was awarded the 2nd runner-up for the 2023 Director of the Year in the State-Owned Enterprises and Parastatals category. The awards recognise an individual's contribution to their organisation's strategy and corporate social responsibility.

3. Zimbabwe's CEO Network Service Excellence Awards

The Bank was crowned the Gold Winner in the Zimbabwe's CEO's Network Service Excellence Awards in recognition of its innovative approach to customer service.

4. Enterprise Risk Management Excellence Awards

The Bank was honoured with the Risk Champion of the Year Award at the Enterprise Risk Management Excellence Awards. The awards recognise organisations that have made significant contributions to the management of risks and have demonstrated exceptional leadership and innovation in promoting risk management practices.

RISK MANAGEMENT

The Bank methodologically analyses and addresses all risks perceived to have a significant bearing on its operations, with the ultimate goal of achieving sustainable benefits. To this end, the Bank has embraced the Enterprise Risk Management approach to ensure risks are holistically managed. Continued compliance with Basel requirements and Risk Management Prudential Standards 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 a view to implementing proactive measures. The Bank also carries out risk-based internal capital adequacy assessments bi-annually to determine capital levels commensurate with the risks to which it is exposed.

In line with the anti- money laundering, counter financing of terrorism and counter proliferation financing (AML/CFT/CPF) standards, the Bank is mandated to carry out periodic risk assessments. In this regard, the Bank carries out AML/CFT/CPF risk assessments to identify and assess the risks it is exposed to with the view of determining appropriate risk-based control measures.

Cybersecurity and data privacy are major areas of concern in the digital age. To this end, greater focus is being placed on cyber risk management initiatives and data protection. Through generative Artificial Intelligence, cyberattacks are now more sophisticated hence not easily discernible. To combat this risk, the Bank conducts vulnerability assessment and penetration tests to identify areas in its information technology infrastructure that require further enhancement and fortification.

COMPLIANCE AND FINANCIAL CRIME CONTROL FUNCTION

POSB has an independent Compliance Function that oversees the development and implementation of internal policies, rules and procedures which ensure that all business activities adhere to statutory and regulatory requirements while aligning with international best practices.

The external aspects of the Compliance Department's role primarily concern accepting new customers, monitoring financial transactions and preventing money laundering. Internal aspects primarily involve checking private transactions by co-workers, preventing and, where necessary, transparently managing conflicts of interest and safeguarding confidential information. In addition, the Compliance function is responsible for raising and maintaining awareness of financial regulations, compliance procedures, anti-bribery and anti-corruption measures, and compliance with good governance standards such as the National Code on Corporate Governance. During the reporting period, the Bank invested in and successfully implemented an automated transaction monitoring system which is helping to improve efficiencies, minimize risk and enhance compliance with anti-money laundering regulations.

The Compliance Team has data protection officers who ensure compliance with data protection regulations and maintain the trust of the Bank's customers. POSB is cognizant that its ability to comply with applicable laws and regulations is directly linked to the conduct of its customers. Thus, POSB 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

Looking ahead, the Zimbabwe economy is poised for a strong rebound in 2025, driven by the La Nina effect, which is expected to boost agricultural productivity and help the country to surpass the region's projected economic growth rate. As such, the People's Own Savings Bank remains positive about the country's prospects. The Bank's Digital Transformation Strategy will see significant investment in digital platforms designed to drive business growth, enhance customer experience and reposition its brand for the future.

APPRECIATION

I extend my sincere appreciation to our shareholder, board members, management, staff, regulatory authorities and most importantly, our customers. Your unwavering trust and support form the cornerstone of our success and inspire us as we continue our journey towards sustainable growth and innovation.

G CHANGUNDA
CHIEF EXECUTIVE OFFICER

CORPORATE GOVERNANCE REPORT

The People's Own Savings Bank is established as a Savings Bank in terms of section 3 of the People's Own Savings Bank of Zimbabwe Act [Chapter 24:22], its enabling Act. The administration of the People's Own Savings Bank of Zimbabwe Act was assigned to the President of Zimbabwe under the Assignment of Functions (His Excellency the President of the Republic of Zimbabwe) (Amendment) Notice, 2024 (No.2) (SI84/2024). The operations of the Bank are controlled by the People's Own Savings Bank Board appointed in terms of section 5 of the Act. The shares in the People's Own Savings Bank are vested in the Mutapa Investment Fund formed in terms of the Sovereign Wealth Fund of Zimbabwe Act [Chapter 22:20].

The Bank upholds very high standards of corporate governance in line with its commitment to progress towards achieving global best practices as appropriate. It complies with the applicable statutes and regulatory guidelines. It annually reviews its corporate governance practices in line with changes in the business operating environment and emerging governance practices identifying gaps that the Bank would need to work on. It continues to infuse sustainability into its values, strategies and operations as it progresses towards certification under the European Organization for Sustainable Development (EOSD)'s Sustainability Standards Certification Initiative (SSCI) EOSD.

ANNUAL GENERAL MEETING

The Bank held its Annual General Meeting (AGM) on the 25th of July 2024 at the Monomotapa Crown Plaza Hotel. A dividend payment of USD589,341.00 was declared and paid.

BOARD REMUNERATION REVIEW

The remuneration of the Board was reviewed in Q2/2024 so as to provide for its payment at a threshold of 60% USD and 40% ZWG at bank rate on the date of payment.

BOARD AND DIRECTORS EVALUATIONS

The Board as a whole and individual directors have not carried out their annual performance evaluation having been appointed towards the end of the year and having assumed office on the 1st of September 2024 and were still undergoing induction during the last quarter of the year.

RECAPITALISATION OF THE BANK

The recapitalisation process and strategy of the Bank was resuscitated in Q3/2024. The strategy had, however, been adjusted to broaden the recapitalization options that the Bank could adopt.

BOARD CHANGES

The Board led by Mr Israel Ndlovu retired on the 31st of August 2024 and a new Board led by Mr Kenias Mafukidze was appointed and assumed office on the 1st of September 2024. The new Board consists of Mr K. Mafukidze (Chairperson), Mrs V. Chiwaridzo (Deputy Chairperson), Mr A. Taruvinga, Ms M. U. Hakata, Dr N. Demba, Dr D. Magaya, Dr M. M. Chiura, Mr G Changunda (Chief Executive Officer) and Ms M. Gunde (Chief Finance Officer). The appointment fulfils the Bank's governance expectations to comprise the board of directors with a substantive chairperson, diversity and a majority of non-executive directors. Following the assumption of office of the new Board, it underwent induction that commenced with induction by the Corporate Governance Unit of the Office of the President of Zimbabwe and Mutapa Investment Fund appointed Consultants. The shareholder facilitated induction was subsequently followed by a POSB induction process in September 2024.

GOVERNANCE STRUCTURES

The Bank conducts its business through the governance structures detailed below:

The Board

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

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

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

Board Committees and Meetings

The Board as a whole is responsible for the oversight of Management on behalf of the shareholder, the Government of Zimbabwe. To exercise its duties, the Board meets quarterly through scheduled meetings and additionally as and when the need arises.

To assist the Board in its oversight function, several Board Committees were established in accordance with section 14(i) of the People's Own Savings Bank Act of Zimbabwe {Chapter 24:22}.

Following the board changes, the committees were reviewed and reconstituted resulting in new committee compositions and realignment of terms of references of the Board Committees as tabulated hereunder:

BOARD COMMITTEES JANUARY 2024 TO 31ST AUGUST 2024	BOARD COMMITTEES 1ST SEPTEMBER, 2024 TO 31ST DECEMBER 2024
1. Board Audit Committee	Board Audit Committee
2. Board Finance Committee	Board Finance & *Strategy* Committee
3. Board Credit and Investments Committee	Board Credit, Investments & *Innovations* Committee
4. Board Human Resources & Governance Committee	Board *People, Culture* & Governance Committee
5. Board Credit Review Committee	Board Loans Review Committee
6. Board Risk Committee	Board Enterprise-Wide Risk Management and Compliance Committee

Details of the Board Committees as at 31 December 2024 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 up to the 31st of August 2024	Composition from the 1st of September 2024
M. S. Mureriwa (Non- Executive Committee Chairperson)	V. Chiwaridzo (Non- Executive Committee Chairperson)
I. Mvere (Non- Executive Member)	D. Magaya (Non- Executive Member)
I. Ndlovu (Non- Executive Member) Acting Board Chairperson	A. Taruvinga (Non- Executive Member)
The Board Chairperson, the Chief Executive Officer, the Chief Finance Officer and the Head Internal Audit are not members of the Board Audit and Finance Committee but attend the meetings by invitation. External Auditors are invited to attend all meetings.	The Chief Executive Officer, the Chief Finance Officer, the Head Internal Audit, the Chief Information Officer and the Chief Risk Officer are not members of the Board Audit Committee but attendt he meetings by invitation. External Auditors are invited to attend all meetings.

2. Board Finance & Strategy Committee

The Board Finance & Strategy 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, and ensuring accurate tracking and analysis of financial highlights and issues and also ensure conformance to relevant financial and tax rules, regulations and where appropriate, make recommendations of its own to the Board regarding the financial administration of the Bank. Financial risk management oversight including that of its agencies for which POSB has existing legal obligations.

Composition up to 31st of August 2024	Composition from the 1st of September 2024
I.Mvere (Non- Executive Committee Chairperson)	A. Taruvinga (Non- Executive Committee Chairperson)
I. Ndlovu (Non- Executive Member) Acting Board Chairperson	V. Chiwaridzo (Non- Executive Member)
G. Changunda (Executive Member) Chief Executive Officer	N. Demba (Non-Executive Member)
M. Gunde (Executive Member) Chief Finance Officer	M. U. Hakata (Non-Executive Member)
The Procurement Executive attends the Finance Committee meetings by invitation.	The Chief Executive Officer, the Chief Finance Officer and the Procurement Executive attend the Finance and Strategy Committee meetings by invitation.

3. Board Credit, Investments and Innovations Committee

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. In line with the Innovation mandate, the Committee shall define, monitor and review the innovation strategy, roadmap, policies and procedures and make recommendations for Board approval.

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 up to the 31st of August 2024	Composition from the 1st of September 2024
M. S. Mureriwa (Non- Executive Committee Chairperson)	D. Magaya (Non- Executive Committee Chairperson)
I. Mvere (Non- Executive Member)	V. Chiwaridzo (Non- Executive Member)
G. Changunda (Executive Member)	K. Mafukidze (Non-Executive Member) Board Chairperson
M. Gunde (Executive Member)	
The Divisional Director – Retail Banking, the Divisional Director - Corporate & Investment Banking, the Chief Information Officer and the Marketing and Public Relations Executive attend committee meetings by invitation.	The Chief Executive Officer, the Chief Finance Officer,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.

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4. Board People, Culture & Governance Committee

The Board People, Culture & Governance Committee is tasked with looking into issues relating to the formulation and approval of strategies and policies relating to the remuneration and terms and conditions of services of all Bank staff. The Committee is also mandated to consider and approve Management recommendations on succession planning, management and development of human resources as well as reviewing the Bank's organisational structure. It additionally has oversight on governance and in that regard assists the Board to accomplish the objectives of good governance through the evaluation and development of the Bank's governance practices, addressing transparency, independence, accountability, fiduciary responsibilities and management oversight.

Composition from the 31st of August 2024	Composition from the 1st of September 2024
O. Jambwa (Non- Executive Committee Chairperson) N. 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)	N. Demba (Non- Executive Committee Chairperson) D. Magaya (Non- Executive Member) M. M. Chiura (Non- Executive Member) K. Mafukidze (Non- Executive Member) Board Chairperson
The Human Capital Executive attends Committee meetings by invitation.	The Chief Executive Officer, the Chief Finance Officer and the Human Capital Executive attend Committee meetings by invitation.

5. Board Enterprise-Wide Risk Management and Compliance Committee

The Committee is responsible for overall identification, measurement, management, and monitoring of all risks facing the Bank. In the main, the Board Enterprise-Wide Risk Management and Compliance Committee is responsible for the formulation of high-level risk management policies and for inculcating a risk management culture throughout the Bank. The Committee is also responsible for overseeing the harmonization and integration of IT processes; for ensuring that the Disaster Recovery Plan is in place and to ensure that other issues relating to IT requirements of the Bank are timeously addressed, including reviewing and approving the bank's cybersecurity strategies, policy, procedures and guidelines. 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 up to the of 31st August 2024	Composition from the 1st of September 2024
N. Chindomu (Non-Executive Committee Chairperson)	M. M. Chiura (Non-Executive Committee Chairperson)
I. Ndlovu (Non- Executive Member)	M. U. Hakata (Non- Executive Member)
C. Nyamutswa (Non-Executive Member)	N. Demba (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.	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 Loans Review Committee

The Board Loans Review Committee was established as a separate Committee in line with changes to the Banking Act with effect from the 1st of June 2017. The primary responsibility of the Committee is to assist the Board in discharging its oversight responsibility on the overall lending policies and lending activities of the Bank. The Committee reviews all lending by the Bank enabling it to monitor performance of the Bank's loan book and that it is proficiently managed and appropriately diversified to manage concentration risk. It is also broadly responsible for ensuring that the Bank's potential and specific bad debts are adequately provided for and that the total loan book is in compliance with the lending guidelines and the Bank's Credit Policy.

Composition up to the 31st of August 2024	Composition from the 1st of September 2024
C. Nyamutswa (Non-Executive Committee Chairperson)	M. U. Hakata (Non-Executive Committee Chairperson)
I. P. Ndlovu (Non- Executive Member)	A. Taruvinga (Non- Executive Member)
O. Jambwa (Non-Executive Member)	M. M. Chiura (Non-Executive Member)
The Chief Executive Officer and the Chief Risk Officer attend committee meetings by invitation.	The Chief Executive Officer and the Chief Risk Officer attend committee meetings by invitation.

7. Amendment of the People's Own Savings Bank (POSB) of Zimbabwe Act [24:22]

The POSB Act was amended at the end of the year 2024 through section 53 paragraphs (a) to (y) of the Finance Act No 2/2024. The Act was amended significantly to align its governance framework following transfer of shares from the Ministry of Finance, Economic Planning and Development to Mutapa Investment Fund. The amendments impact on key areas such as Board full complement, appointments, dismissal, tenure, remuneration, authorised share capital, debentures and debt instruments, CEO appointment and the assumption of control over the bank's financial audits and reporting. The amendments to the Public Finance Management Act Cap (22:19) reinforces Mutapa Investment Fund's role in approving specified significant transactions before an affected entity can proceed with implementation.

8. Statement of Compliance

The Bank complied with all statutes regulating its operations up to 31st December 2024. Following the amendment of the Public Entities Corporate Governance Act (PECOGO) [Chapter 10:31], the Bank is required to comply with the governance practices set out under the Zimbabwe Code on Corporate Governance, First schedule of the PECOGO Act. The Board thus continues to engage the shareholder on the compliance requirements of the Bank and to adopt regulatory and best practice corporate governance compliance requirements for financial institutions. The Bank also complied with all the regulatory directives on IFRS 9 implementation, liquidity management, capital adequacy, anti-money laundering as well as prudential lending guidelines.

9. Board and Board Committees Meetings Schedules

The attendances of the Directors reflect the changes to the Board during the year.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS FROM THE 1ST OF JANUARY 2024 TO THE 31ST OF AUGUST 2024

BOARD COMMITTEE MEETINGS AND DATES	TOTAL NO.	ISRAEL NDLOVU	NOMUSA C. CHINDOMU	ONIAS JAMBWA	IGNATIUS MVERE	MONICA S. MURERIWA	CAECILIA NYAMUTSWA	**GARAINASHE CHANGUNDA	**MARIA GUNDE
BOARD CREDIT & INVESTMENTS COMMITTEE 1/3/2024,14/5/2024	2	N/A	N/A	N/A	2	2	N/A	2*	2
BOARD CREDIT REVIEW COMMITTEE 7/3/2024, 8/5/2024	2	2	N/A	2	N/A	N/A	2	2	N/A
BOARD RISK COMMITTEE 7/3/2024, 8/4/2024	2	2	2	N/A	N/A	N/A	2	2	2
BOARD HR & GOVERNANCE COMMITTEE 8/3/2024, 23/5/2024	2	2	2	2	N/A	N/A	2	2	2
BOARD FINANCE COMMITTEE 6/3/2024, 21/5/2024	2	2	N/A	N/A	2	N/A	N/A	2	2
BOARD AUDIT COMMITTEE 19/3/2024, 31/5/2024	2	2	N/A	N/A	2	2	N/A	2	2
BOARD MEETING 22/3/2024, 7/6/2024	2	2	2	2	2	2	2	2	2
ADHOC BOARD HR & GOVERNANCE COMMITTEE MEETING 8/5/2024	1	1	1	1	N/A	N/A	1	1	1

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS FROM THE 1ST OF SEPTEMBER 2024 TO THE 31ST OF DECEMBER 2024

BOARD & BOARD COMMITTEE MEETINGS AND DATES	TOTAL NO.	KENIAS MAFUKIDZE	VONGAI CHIWARIDZO	NEWTON DEMBA	MUNYARADZI M. CHIURA	DENNIS MAGAYA	ANYMORE TARUVINGA	MICHELLE U. HAKATA	**GARANAISHE CHANGUNDA	**MARIA GUNDE
BOARD INDUCTION (MIF) 17/9/2024, 18/9/2024	2	2	2	2	2	2	*	2	2	2
BOARD INDUCTION 30/9/2024, 7/10/2024	2	2	2	2	2	2	1	2	2	2
ADHOC BOARD CREDIT, INVESTMENTS & INNOVATIONS COMMITTEE 28/10/2024	1	1	1	N/A	N/A	1	N/A	N/A	*	1
BOARD CREDIT, INVESTMENTS & INNOVATIONS COMMITTEE 12/11/2024	1	1	1	N/A	N/A	1	N/A	N/A	1	1
BOARD ENTERPRISE–WIDE RISK & COMPLIANCE COMMITTEE 13/11/2024	1	N/A	N/A	1	1	N/A	N/A	1	1	1
BOARD PEOPLE CULTURE & GOVERNANCE COMMITTEE 14/11/2024	1	1	N/A	1	1	1	N/A	N/A	1	1
BOARD LOANS REVIEW COMMITTEE 18/11/2024	1	N/A	N/A	N/A	1	N/A	1	1	1	N/A
BOARD FINANCE & STRATEGY COMMITTEE 19/11/2024	1	N/A	1	1	N/A	N/A	1	1	1	1
ADHOC BOARD MEETING 28/11/2024	1	1	1	1	1	1	1	1	1	1
BOARD AUDIT COMMITTEE 2/12/2024	1	N/A	1	N/A	N/A	1	1	N/A	1	1
BOARD MEETING 6/12/2024	1	1	1	1	1	1	1	1	1	1

Key:
- N/A – not a member
- * Leave of absence granted.
- ** Executive Director

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

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 2024, 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.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2024

	Notes	Dec-24 ZWG	Dec-23 ZWG
Interest income	4	199,943,901	165,774,898
Interest expense	5	(17,467,028)	(26,418,303)
Net interest income		**182,476,873**	**139,356,595**
Increase in impairment losses on financial assets	10.5	(4,134,094)	(6,055,918)
Net interest income after impairment losses		**178,342,779**	**133,300,677**
Fees and commission income	6	537,166,162	421,126,914
Dividend income		3,457,429	954,380
Fair value gain on Investment properties		51,577,686	32,385,817
Fair value gain/ (loss) on financial assets measured at fair value through profit and loss		3,646,965	(778,804)
Other operating income	7	282,518,899	477,176,070
Net operating income		**1,056,709,920**	**1,064,165,054**
Operating expenses	8	(627,285,936)	(534,287,069)
Operating profit for the year		**429,423,984**	**529,877,985**
Monetary loss		**(197,771,642)**	**(241,870,007)**
Net profit for the year		**231,652,342**	**288,007,978**
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		23,577,773	15,521,442
Gain on revaluation of non-current assets		149,917,312	85,179,682
Foreign exchange gains on translation to presentation currency		194,415,879	-
Total comprehensive income for the year		**599,563,306**	**388,709,102**

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2024

	Share capital	Capital contribution Reserve	Fair value reserve	Revaluation reserve	Foreign currency translation reserve	Revenue reserve	Total
	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
Balance at January 1, 2024	46,972,127	1,808,791	22,851,082	150,622,389	716,227	350,415,378	573,385,994
Profit for the period	-	-	-	-	-	231,652,342	231,652,342
Other comprehensive income							
Fair value gain of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(8,165,084)	(8,165,084)
Transfer to distributable reserve	-	-	(1,066,947)	-	-	1,066,947	-
Comprehensive Income	-	-	23,577,773	149,917,312	194,415,879	-	367,910,964
Balance at December 31, 2024	**46,972,127**	**1,808,791**	**45,361,908**	**300,539,701**	**195,132,106**	**574,969,583**	**1,164,784,216**
Balance at January 1, 2023	**46,972,127**	**1,808,791**	**7,634,995**	**65,442,707**	**716,227**	**62,566,483**	**185,141,330**
Profit for the period	-	-	-	-	-	**288,007,978**	**288,007,978**
Other comprehensive income							
Fair value gain of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-
Revaluation gain							
Total other comprehensive income	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	(464,438)	(464,438)
Transfer to distributable reserve	-	-	(305,355)	-	-	305,355	-
Comprehensive Income	-	-	15,521,442	85,179,682	-	-	100,701,124
Balance at December 31, 2023	**46,972,127**	**1,808,791**	**22,851,082**	**150,622,389**	**716,227**	**350,415,378**	**573,385,994**

STATEMENT OF FINANCIAL POSITION
As at December 31, 2024

	Notes	Dec-24 ZWG	Dec-23 ZWG	Dec-22 ZWG
ASSETS				
Cash and balances with banks	9	537,976,929	255,074,014	142,175,014
Balances with the Central bank		156,262,985	42,032,650	7,718,100
Financial assets at amortised cost	10	987,298,407	476,054,565	127,452,164
Other assets	11	377,140,204	170,033,982	60,075,760
Financial assets at fair value through other comprehensive income	12.1	60,737,052	36,101,187	21,053,024
Financial assets at fair value through profit or loss	12.2	6,985,293	2,938,124	-
Investment properties	12.3	114,648,930	62,092,752	29,134,069
Property, plant and equipment	13	390,155,309	215,444,335	81,236,905
Right- of- Use Assets	14	48,648,093	50,651,165	10,605,544
Intangible assets	15	41,174,255	22,665,486	15,192,450
TOTAL ASSETS		**2,721,027,457**	**1,333,088,260**	**494,643,030**
LIABILITIES				
Customer Deposits	16	1,372,823,478	672,590,296	267,517,358
Other liabilities	17	183,419,763	87,111,970	41,984,342
TOTAL LIABILITIES		**1,556,243,241**	**759,702,266**	**309,501,700**
EQUITY				
Share capital	18.1	46,972,127	46,972,127	46,972,127
Capital contribution	18.2	1,808,791	1,808,791	1,808,791
Fair value reserve	18.3	45,361,908	22,851,082	7,634,995
Revaluation reserve	18.4	300,539,701	150,622,389	65,442,707
Foreign currency translation reserve	18.5	195,132,106	716,227	716,227
Revenue Reserve	18.6	574,969,583	350,415,378	62,566,483
TOTAL CAPITAL AND RESERVES		**1,164,784,216**	**573,385,994**	**185,141,330**
TOTAL EQUITY AND LIABILITIES		**2,721,027,457**	**1,333,088,260**	**494,643,030**

STATEMENT OF CASH FLOWS
For the year ended December 31, 2024

	Notes	Dec-24 ZWG	Dec-23 ZWG
Cash flows from operating activities			
Profit for the period		231,652,342	288,007,978
Adjustments for non- cash items		**(261,484,001)**	**(358,601,655)**
Net monetary loss		197,771,642	241,870,007
Increase in Impairment loss on financial assets at amortized cost	10.5	4,134,094	6,055,918
Loss on disposal of property, plant and equipment		3,163,097	973,804
Profit on disposal of financial assets at fair valuethrough other comprehensive income	7	-	(8,540)
Loss on disposal of financial assets at fair value through other comprehensive income	8	56,138	-
Increase in fair value of investment properties	12.3	(51,577,686)	(32,385,817)
Increase/ (Decrease) in fair value of financial assets measured at fair value through profit & loss	12.2	(3,646,965)	778,804
Foreign exchange gains		(271,853,202)	(475,477,686)
Depreciation of property, plant and equipment	13	26,022,504	24,785,056
Depreciation of right of use assets	14	11,957,187	7,199,627
Amortization of intangible assets	15	4,640,601	4,277,557
Dividend received		(3,457,429)	(954,380)
Net Interest income		(179,818,165)	(141,882,023)
Interest on lease liability	17.4	1,124,183	6,166,018
Operating cash flow before changes in operating assets and liabilities		**(29,831,659)**	**(70,593,677)**
Changes in operating assets and liabilities		**516,368,787**	**595,515,412**
Decrease /(Increase) in financial assets at amortised cost and other assets		(454,260,570)	14,096,615
Increase in deposits and other liabilities		790,811,191	439,536,774
Interest received		200,472,790	162,629,494
Interest paid		(20,654,624)	(20,747,471)
Net cash flows from operating activities		**486,537,128**	**524,921,735**
Cash flows from investing activities		**(75,916,891)**	**(88,353,198)**
Proceeds from side of property, plant and equipment		1,276,668	40,873
Proceeds from sale of financial assets at fair value through other comprehensive income		2,390,259	481,820
Purchase of financial assets at fair value through other comprehensive income	12.1	(3,392,213)	-
Purchase of financial assets at fair value through profit & loss	12.2	(400,204)	(3,716,928)
Purchase of property, plant and equipment	13	(71,909,981)	(85,397,390)
Purchase of intangible asset	15	(6,360,357)	(143,087)
Purchase of investment properties	12.3	(978,492)	(572,866)
Dividend received		3,457,429	954,380
Cash flows from financing activities		**(21,070,092)**	**(12,087,435)**
Dividend paid		(8,165,084)	(464,438)
Interest on lease liability	17.4	(1,124,183)	(6,166,018)
Principal payment on Lease liability	17.4	(11,780,825)	(5,456,979)
Net increase in cash and cash equivalents		**389,550,145**	**424,481,102**
Inflation effects on cash and cash equivalents		7,583,105	(277,267,552)
Cash and cash equivalents at the beginning of the year		297,106,664	149,893,114
Cash and cash equivalents at the end of the year		**694,239,914**	**297,106,664**

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024

1. REPORTING ENTITY AND ITS NATURE OF BUSINESS

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements for the year ended December 31, 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations promulgated by International Accounting Standards Board (IASB) which include standards and interpretations approved by the IASB, International Accounting Standards (IAS) as well as Standing Interpretations Committee (SIC) and in the manner required by relevant statutes.

The Bank's financial statements for the year ended December 31, 2024 were authorised for issue in accordance with a resolution of the Directors on March 24, 2025.

2.2 Basis of measurement

In accordance with International Financial Reporting Standards, the financial statements are based on the historical cost records. The historical cost financial statements are the primary financial statements of the Bank.

2.3 Functional and presentation currency

These financial statements are presented in Zimbabwean dollars (ZWG) being the presentation currency of the entity, however, the functional currency changed from ZWG to USD during the year. 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.

2.3.1 Change in presentation currency

During 2024, the Bank changed its accounting policy on presentation currency from ZWL to ZWG following the introduction of a new currency by the Reserve Bank of Zimbabwe on April 5, 2024, under the Statutory Instrument (S.I.) 60 of 2024. The change in presentation currency was applied retrospectively in line with International Accounting Standard (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors". The Bank presented a third statement of financial position as at 31 December 2022 in line with International Accounting Standard (IAS) 1 – "Presentation of financial statements" paragraphs 40A and 40B requirement and paragraph 22 of IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".

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 currency.

For the past few years, there have been significant changes in monetary policy and exchange control measures that have had a positive impact on the Entity's operations. In March 2020, SI 185 of 2020 "Exchange Control (Exclusive Use of Zimbabwe Dollar for Domestic Transactions) (Amendment) Regulations was pronounced introducing dual pricing and displaying, quoting, and offering of prices for goods and services in both local and foreign currency. In June 2022, SI 118A of 2022 "Presidential Powers (Temporary Measures) (Amendment of Exchange Control Act) Regulations, 2022" was entrenched into law allowing the multicurrency regime to continue till December 2025. In addition, on 27 October 2023, Statutory Instrument 218 of 2023 (SI 218/23) extended the settlement of transactions in foreign currency until 31 December 2030, providing the much-needed policy clarity on the continuation of the multi-currency regime, thereby enabling the Bank to effectively underwrite long term products in foreign currency.

Consequently, due to the above monetary and fiscal measures, the economy witnessed a significant increase in foreign currency transactions. The Bank, in line with market developments, also experienced an increase in foreign currency transactional activity, deposits, and advances. Considering the above developments, management assessed as required by International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates whether use of the Zimbabwean Dollar (ZWG) as the functional currency remained appropriate. In assessing the functional currency, management considered parameters set in IAS 21 as follows:

- The currency that mainly influences the sales prices for goods and services.
- The currency of the competitive forces and regulations that mainly determines the sales prices of goods and services.
- The currency that mainly influences labour, material, and other costs of providing goods and services (normally the currency in which such costs are denoted and settled).
- The currency in which funds from financing activities are generated; and the currency in which receipts from operating activities are usually retained.

Based on the assessment above, management concluded that there had been a change in functional currency from Zimbabwe Dollar (ZWG) to United States Dollars (US$) during the year ended 31 December 2024. Following the change in functional currency, the Bank applied the translation procedures applicable to the new functional currency prospectively in compliance with International Accounting Standard 21, Effects of Changes in Foreign Exchange Rates.

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 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 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. No changes to the useful lives and residual values 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. Inputs, assumptions and estimation techniques used in measuring ECLs are further explained in the credit risk note 22.5.

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.

2.4.7 Going concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

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 2024:

2.5.1 International Accounting Standard (IAS) 1 - "Presentation of Financial Statements" 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 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 the annual reporting period beginning on or after 1 January 2024. The Bank is required to disclose information related to non-current liabilities with covenants. For the financial year ended 31 December 2024, the bank had no non-current liabilities with covenants.

2.5.2 International Financial Reporting standard (IFRS) 16 – "Leases" 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 the annual reporting period beginning on or after 1 January 2024. The Bank does not have sale and lease back arrangements for the financial year ended 31 December 2024.

2.5.3 General Requirements for Disclosure of Sustainability related to Financial Information (IFRS) S1.

The standard requires the entity to disclose sustainability related risks and opportunities:

- Governance, this includes the governance processes, controls and procedures the entity uses to monitor and manage sustainability related risks and opportunities.
- Strategy focuses mainly on the approach the entity uses to manage sustainability related risks and opportunities.
- Risk management, this includes the processes the entity uses to identify, assess, prioritize and monitor sustainability related risks and opportunities.
- Metrics or targets, these include the Bank's performance in relation to sustainability related risks and opportunities, inclusive of the progress towards any targets the Bank has set or is required to meet by law or regulation. The Bank adopted the standard for the financial year ended 31 December 2024.

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

2.5.4 Climate-related Disclosures (IFRS) S2.

The standard requires the entity to disclose climate-related risks and opportunities:

- Governance, this includes the responsibility of the governing body on climate-related risks and opportunities.
- The standard also requires disclosure on management's role in the governance processes, controls and procedures used to monitor and oversee climate-related risks and opportunities. The Bank adopted the standard for the financial year ended 31 December 2024.

2.6 New and amended standards and interpretations not yet effective.

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 which are effective 1 January 2025:

2.6.1 International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates" Lack of Exchangeability (Amendments).

Requires an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to provide. The standard will be adopted by the Bank for the financial year ended 31 December 2025.

2.6.2 International Financial Reporting Standard (IFRS) 18 - "Presentation and Disclosure in Financial Statements"

This Standard sets out general and specific requirement for the presentation of information in the statement(s) of financial performance, the statement of financial position and the statement of changes in equity. This Standard also sets out requirements for the disclosure of information in the notes. The standard is effective 1 January 2027 and the Bank will adopt the standard for the year ended 31 December 2027.

2.7 Events after the reporting period

IAS 10 requires an entity to disclose those favourable and unfavourable events that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Management is not aware of any events, subsequent to the Bank's reporting date which occurred and are reportable under IAS 10 - "Events after the Reporting Period".

3. 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, 2023 except as detailed in Note 2.5.

	Dec-24 ZWG	Dec-23 ZWG
4. INTEREST INCOME		
Money market assets	15,214,659	15,987,574
Corporate loans	1,058,946	3,961,870
Individual loans	31,837,786	58,954,060
Mortgage loans	5,545,200	1,737,987
SME & Agribusiness Loans	143,572,931	78,232,613
Microfinance loans	2,714,379	6,900,794
	199,943,901	**165,774,898**

5. INTEREST EXPENSE	Dec-24 ZWG	Dec-23 ZWG
Individual accounts	1,869,373	1,437,802
Corporate accounts	197,904	8,772,268
Term deposits	15,348,667	16,178,671
SME & Agribusiness deposits	51,084	29,562
	17,467,028	**26,418,303**
6. FEES AND COMMISSION INCOME		
Retail banking fees and commission	515,759,779	407,399,331
Credit related fees	12,986,955	5,893,706
Money Transfer Agency commission	8,419,428	7,833,877
	537,166,162	**421,126,914**

7.OTHER OPERATING INCOME	Dec-24 ZWG	Dec-23 ZWG
Foreign exchange gains	271,718,240	475,431,844
Profit/ (loss) on disposal of financial assets at fair value through other comprehensive income	-	8,540
Discount income on treasury bills	8,856,658	2,248
Bad Debt recovered	-	169
Miscellaneous income	1,944,001	1,733,269
	282,518,899	**477,176,070**

8. OPERATING EXPENSES	Dec-24 ZWG	Dec-23 ZWG
Staff costs	369,353,150	305,261,757
Agency fees	3,101,038	306,022
Administration expenses	206,777,583	184,131,362
Audit fees	984,352	1,185,866
Bad debts written off	106,103	-
Finance costs	1,124,183	6,166,018
Depreciation of property, plant and equipment	26,022,504	24,785,056
Depreciation of right of use assets	11,957,187	7,199,627
Amortisation of intangible assets	4,640,601	4,277,557
Loss on disposal of assets	3,163,097	973,804
Loss on disposal of shares	56,138	-
	627,285,936	**534,287,069**

9. CASH ON HAND	Dec-24 ZWG	Dec-23 ZWG
	411,312,983	209,534,255
Balances with other Banks	126,663,946	45,539,759
	537,976,929	**255,074,014**

10. FINANCIAL ASSETS AT AMORTISED COST

10.1 Loans and Advances	Dec-24 ZWG	Dec-23 ZWG
Individual loans	321,110,189	123,755,536
Corporate Loans	25,708,347	7,131,467
Mortgage Loans	72,899,480	43,042,808
Microfinance loans	271,246,501	119,558,112
SME and Agribusiness Loans	36,184,374	6,322,919
	727,148,891	**299,810,842**
Interest Accrued	345,140	111,369
Gross total	**727,494,031**	**299,922,211**
Provision for impairment losses	(6,106,187)	(5,795,422)
	721,387,844	**294,126,789**

10.2 Money Market Assets	Dec-24 ZWG	Dec-23 ZWG
Treasury bills	4,779,250	57,432,073
Agro bills	10,000,000	-
Interbank Placements	183,471,600	45,315,373
Government Bonds	-	41,392,743
Non-negotiable certificate of deposits	70,711,250	36,068,655
	268,962,100	**180,208,844**
Interest Accrued	2,271,376	3,029,869
Gross total	**271,233,476**	**183,238,713**
Provision for impairment losses	(5,322,913)	(1,362,528)
	265,910,563	**181,876,185**

10.3 Capitalisation Treasury Bills	Dec-24 ZWG	Dec-23 ZWG
Treasury bills	-	47,425
Interest accrued	-	4,166
Gross Total	**-**	**51,591**
Provision for impairment losses	-	-
	-	**51,591**
TOTAL FINANCIAL ASSETS MEASURED AT AMORTISED COST	**987,298,407**	**476,054,565**

10.4 Maturity Analysis

10.4.1 Loans And Advances	Dec-24 ZWG	Dec-23 ZWG
Maturing within 1 year	208,060,655	157,508,587
Maturing after 1 year but within 5 years	519,433,376	99,370,813
Maturing after 5 years	-	43,042,811
	727,494,031	**299,922,211**

10.4.2 Money Market Assets	Dec-24 ZWG	Dec-23 ZWG
Maturing within 1 year	266,348,956	183,235,386
Maturing after 1 year but within 5 years	4,884,520	3,327
Maturing after 5 years	-	-
	271,233,476	**183,238,713**
10.4.3 Capitalisation Treasury Bills		
Maturing after 1 year but within 5 years	-	51,591
	-	**51,591**

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

10.5 Provision for Impairment losses

	Dec-24 ZWG	Dec-23 ZWG
At January 1	**7,157,950**	**4,383,343**
Monetary Adjustment	(4,424,943)	(3,471,168)
Foreign exchange gain	5,273,900	189,857
Increase in impairment losses	4,134,094	6,055,918
Corporate Lending	(960,970)	2,709,444
Individual Lending	1,509,512	2,066,552
Money market assets	2,873,651	1,279,922
Other receivables	711,901	-
As at December 31	**12,141,001**	**7,157,950**
Specific Provisions	12,141,001	7,157,950
	12,141,001	**7,157,950**

10.5.1 Provision for Impairment losses on Loans

	Corporate Landing ZWG	Individual Landing ZWG	Total ZWG
Dec-24	**2,811,268**	**2,984,154**	**5,795,422**
At January 1, 2024	(1,086,298)	(2,506,744)	(3,593,042)
IAS 29 Adjustment	(960,970)	1,509,512	548,542
Charge for the period	1,914,185	1,441,080	3,355,265
Foreign exchange gain/(Loss)	**2,678,185**	**3,428,002**	**6,106,187**
As at 31 December 2024	**2,678,185**	**3,428,002**	**6,106,187**
Specific Provisions	**2,678,185**	**3,428,002**	**6,106,187**
Dec-23			
At January 1, 2023	**17,793**	**4,140,821**	**4,158,614**
IAS 29 Adjustment	(14,090)	(3,279,114)	(3,293,204)
Charge for the period	2,709,443	2,066,552	4,775,995
Foreign exchange gain	98,122	55,895	154,017
As at 31 December, 2023	**2,811,268**	**2,984,154**	**5,795,422**
Specific Provisions	**2,811,268**	**2,984,154**	**5,795,422**
	2,811,268	**2,984,154**	**5,795,422**

10.5.2 Provision for Impairment losses on Money Market Assets

	Dec-24 ZWG	Dec-23 ZWG
At January 1	1,362,528	224,730
IAS 29 Adjustment	(831,901)	(177,964)
Charge for the year	2,873,651	1,279,922
Foreign exchange gain or loss	1,918,635	35,840
As at December 31	**5,322,913**	**1,362,528**
Specific provisions	5,322,913	1,362,528
	5,322,913	**1,362,528**

10.5.3 Provision for Impairment losses on Fees Receivable

	Dec-24 ZWG	Dec-23 ZWG
At January 1	-	-
Charge for the year	711,901	-
As at December 31	**711,901**	-
Specific provisions	711,901	-
	711,901	-

11. OTHER ASSETS	Dec-24 ZWG	Dec-23 ZWG
Accounts receivable	245,861,476	93,855,777
Prepayments	105,362,289	58,730,504
Inventory	17,210,916	17,447,701
	368,434,681	**170,033,982**
Fees receivable	9,417,424	-
Provision for impairment losses	(711,901)	-
	8,705,523	-
	377,140,204	**170,033,982**

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024 (continued)

12. ASSETS MEASURED AT FAIR VALUE

Dec-24	Quoted prices in active markets for identical assets (Level 1) ZWG	Significant other observable inputs (Level 2) ZWG	Significant unobservable inputs (Level 3) ZWG	Total ZWG
Recurring fair value measurements				
Equity securities:				
Communication	4,729,973	-	-	4,729,973
Financial services industry	3,905,459	-	902,772	4,808,231
Manufacturing industry	42,939,409	-	-	42,939,409
Other	8,259,439	-	-	8,259,439
Total equity securities	**59,834,280**	-	**902,772**	**60,737,052**
Gold-backed Digital tokens:				
Gold-backed Digital tokens	6,985,293	-	-	6,985,293
Total Gold-backed Digital tokens	**6,985,293**	-	-	**6,985,293**
Investment properties:				
Residential - Harare	-	13,695,000	-	13,695,000
Commercial - Kwekwe	-	6,930,000	-	6,930,000
Commercial - Harare	-	89,304,930	-	89,304,930
Commercial Masvingo	-	3,135,000	-	3,135,000
Commercial Chinhoyi	-	1,584,000	-	1,584,000
Total investment properties	-	**114,648,930**	-	**114,648,930**
Total Recurring fair value measurements	**66,819,573**	**114,648,930**	**902,772**	**182,371,275**

Dec-23	Quoted prices in active markets for identical assets (Level 1) ZWG	Significant other observable inputs (Level 2) ZWG	Significant unobservable inputs (Level 3) ZWG	Total ZWG
Recurring fair value measurements				
Equity securities:				
Communication	5,293,834	-	-	5,293,834
Financial services industry	2,697,308	-	2,162,009	4,859,317
Manufacturing industry	21,430,302	-	-	21,430,302
Other	4,517,734	-	-	4,517,734
Total equity securities	**33,939,178**	**-**	**2,162,009**	**36,101,187**
Gold-backed Digital tokens:				
Gold-backed Digital tokens	2,938,124	-	-	2,938,124
Total Gold-backed Digital tokens	**2,938,124**	**-**	**-**	**2,938,124**
Investment properties:				
Residential - Harare	-	6,705,953	-	6,705,953
Commercial - Kwekwe	-	3,764,746	-	3,764,746
Commercial - Harare	-	49,480,854	-	49,480,854
Commercial Masvingo	-	1,411,780	-	1,411,780
Commercial Chinhoyi	-	729,419	-	729,419
Total investment properties	**-**	**62,092,752**	**-**	**62,092,752**
Total Recurring fair value measurements	**36,877,302**	**62,092,752**	**2,162,009**	**101,132,063**

12.1 Financial Assets At Fair Value Through Other Comprehensive Income

	Dec-24 ZWG	Dec-23 ZWG
Opening balance	36,101,187	21,053,024
Additions	3,392,213	-
Disposals	(2,334,120)	(473,279)
Fair value gain/(loss)	23,577,772	15,521,442
Closing balance	**60,737,052**	**36,101,187**

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.

12.2 Financial assets at fair value through profit or loss

	Dec-24 ZWG	Dec-23 ZWG
Opening balance	2,938,124	-
Additions	400,204	3,716,928
Transfer from property, plant and equipment	-	-
Fair value loss	3,646,965	(778,804)
Closing balance	**6,985,293**	**2,938,124**

Gold Digital tokens are recorded at fair value as at the Reporting period.

12.3 Investment Properties

	Dec-24 ZWG	Dec-23 ZWG
Opening balance	62,092,752	29,134,069
Additions	978,492	572,866
Transfer from property, plant and equipment	-	-
Fair value gain	51,577,686	32,385,817
Closing balance	**114,648,930**	**62,092,752**

Investment properties were accounted for using the fair value model. In respect of the closing balances, valuations were carried out as at December 31, 2024 by Sworn appraisers, Amazon Real Estate Agents P/L and these were based on market values.

13. PROPERTY PLANT AND EQUIPMENT

	Land & buildings ZWG	Motor Vehicles ZWG	Computer Equipment ZWG	Furniture & Fittings ZWG	Office Equipment ZWG	Dec-24 ZWG	Dec-23 ZWG
Opening carrying amount	**64,188,916**	**34,728,547**	**78,756,306**	**13,625,795**	**24,144,771**	**215,444,335**	**81,236,905**
Gross carrying amount	64,188,916	34,728,547	78,756,306	13,625,795	24,144,771	215,444,335	81,236,905
Accumulated depreciation	-	-	-	-	-	-	-
Revaluation gain	44,550,385	21,655,709	35,426,805	10,081,146	21,414,254	133,128,299	73,572,175
FX difference	-	-	86,017	-	48,945	134,962	45,842
Disposals	-	(1,970,278)	(2,367,091)	(57,118)	(45,277)	(4,439,764)	(22,921)
Additions at cost	157,340	29,989,024	24,129,565	4,448,335	13,185,717	71,909,981	85,397,390
Transfer to investment properties	-	-	-	-	-	-	-
Depreciation	(623,641)	(5,344,042)	(13,922,881)	(902,287)	(5,229,653)	(26,022,504)	(24,785,056)
Closing carrying amount	**108,273,000**	**79,058,960**	**122,108,721**	**27,195,871**	**53,518,757**	**390,155,309**	**215,444,335**
Gross carrying amount	108,273,000	79,058,960	122,108,721	27,195,871	53,518,757	390,155,309	215,444,335
Accumulated depreciation	-	-	-	-	-	-	-

Property, plant and equipment was accounted for using the revaluation model. In respect of the closing balances, valuations were carried out as at December 31, 2024 by sworn appraisers, Amazon Real Estate Agents P/L and these were based on market values.

14. RIGHT OF USE ASSETS

	Dec-24 ZWG	Dec-23 ZWG
Opening carrying amount	**50,651,165**	**10,605,544**
Additions/ modifications	9,954,115	47,245,248
Depreciation	(11,957,187)	(7,199,627)
Closing balance	**48,648,093**	**50,651,165**

15. INTANGIBLE ASSETS

	Dec-24 ZWG	Dec-23 ZWG
Opening carrying amount	**22,665,486**	**15,192,450**
Gross carrying amount	22,665,486	15,192,450
Revaluation gain	16,789,013	11,607,506
Additions	6,360,357	143,087
Amortisation charge during the year	(4,640,601)	(4,277,557)
Closing carrying amount	**41,174,255**	**22,665,486**
Gross carrying amount	41,174,255	22,665,486
Accumulated amortisation	-	-

Intangible assets were accounted for using the revaluation model. In respect of the closing balances, valuations were carried out as at December 31, 2024 by sworn appraisers, Amazon Real Estate Agents P/L and these were based on market values.

16. CUSTOMER DEPOSITS

	Dec-24 ZWG	Dec-23 ZWG
Individual accounts	717,828,554	326,025,857
Corporate accounts	342,601,877	195,329,493
Term deposits	312,393,047	151,234,946
	1,372,823,478	**672,590,296**

16.1 Maturity analysis of deposits	Dec-24 ZWG	Dec-23 ZWG
Customer Deposits- current	1,372,823,478	672,141,058
Customer Deposits- non-current	-	449,238
	1,372,823,478	**672,590,296**

17. OTHER LIABILITIES

17.1 Current

	Dec-24 ZWG	Dec-23 ZWG
Interest payable on deposits	3,514,064	6,701,661
Accounts payable	123,887,547	42,422,599
Provisions	18,213,973	13,595,523
Deferred fee income	13,610,055	5,927,845
Lease liability- Current	18,458,152	6,871,879
	177,683,791	**75,519,507**

17.2 Non-Current	Dec-24 ZWG	Dec-23 ZWG
Lease liability- Non current	5,735,972	11,592,463
	5,735,972	**11,592,463**
Total Other Liabilities	**183,419,763**	**87,111,970**

17.3 Interest Payable	Dec-24 ZWG	Dec-23 ZWG
Individual accounts	97,251	23,369
Corporate accounts	23,920	49,195
Term deposits	3,392,893	6,629,097
	3,514,064	**6,701,661**

17.4 Lease Liability	Dec-24 ZWG	Dec-23 ZWG
Opening balance	18,464,341	7,800,551
Lease modifications	9,954,115	47,245,248
Derecognition	-	(39,614)
Finance Charge	1,124,183	6,166,018
Principal payment	(11,780,825)	(5,456,979)
Interest payment	(1,124,183)	(6,166,018)
Foreign exchange gain/(Loss)	7,556,493	(31,084,864)
Closing balance	**24,194,124**	**18,464,342**

17.5 Maturity analysis of lease liability	Dec-24 ZWG	Dec-23 ZWG
Maturing within 1 - 6 Months	8,915,930	3,316,749
6 months - 1 year	9,542,221	3,555,130
1 - 2 years	5,194,360	8,658,116
2 - 3 years	292,108	2,583,901
Above 3 years	249,505	350,446
	24,194,124	**18,464,342**

18. SHARE CAPITAL AND RESERVES

18.1 Share Capital	Dec-24 ZWG	Dec-23 ZWG
Authorised		
50 million Ordinary shares at ZWG1 each	50,000,000	50,000,000
Issued and fully paid		
Opening balance	46,972,127	46,972,127
Additional shares issued	-	-
Closing balance (Ordinary shares at ZWG0.94 each)	**46,972,127**	**46,972,127**

Issued and fully paid share capital comprised of 46,972,127(2023: 46,972,127) ordinary shares at ZWG0.94 each.

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024 (continued)

18.2 Capital Contribution Reserve
The Capital contribution reserve arose from funds received from the Government in year 2020 for the purpose of recapitalisation of the Bank.

18.3 Fair Value Reserve
The fair value 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-recognised, the related cumulative amount in the fair value reserve is transferred to retained earnings.

18.4 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.

18.5 Foreign Currency Translation Reserve
This arose from the change in functional currency from the United States dollar to the Zimbabwe dollar in 2019 and a change in functional currency from the Zimbabwe Gold (ZWG) to United States dollar in 2024.

	Dec-24 ZWG	Dec-23 ZWG
Opening balance	716,227	716,227
Change in functional currency	194,415,879	-
Closing balance	**195,132,106**	**716,227**

18.6 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.

	Dec-24 ZWG	Dec-23 ZWG
Opening balance	350,415,378	62,566,483
Profit for the period	231,652,342	288,007,978
Dividend paid	(8,165,084)	(464,438)
Transfer from Fair value reserve	1,066,947	305,355
Closing balance	**574,969,583**	**350,415,378**

18.7 Dividend
The Board of Directors approved a dividend of USD589,341 which translate to ZWG8,165,084 in the year 2024 (2023: ZWG464,438).

	Dec-24 ZWG	Dec-23 ZWG
Opening balance	-	-
Dividend declared	8,165,084	464,438
Dividend paid	(8,165,084)	(464,438)
Dividend payable as at December 31st	-	-

19. PENSION ARRANGEMENTS

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

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

The Bank has accounted for the defined benefit plan as if it were a defined contribution plan because sufficient information is not available to use defined benefit accounting in line with the requirements of IAS 19, as it is not possible for the pension fund to allocate the plan assets to each of the contributing companies separately. The latest Actuarial report provided to the Bank is as at 31 December 2023. The report does not show the following information which is critical for Defined Benefit accounting purposes:

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

In the current year the Bank made contributions amounting to ZWG18,969,444 (2023:ZWG25,344,926).
The expected contributions to the plan for the next annual reporting period are ZWG 31,081,167. The Actuarial Valuation report prepared as at 31 December 2023 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.

19.2 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 USD700 or ZWG equivalent.
- Bank: 4.5% of the monthly basic salary to a maximum of USD700 or ZWG equivalent.

The Bank also contributes 1.25% towards Workers' Compensation Insurance Fund (WCIF) on behalf of its employees. The total amount charged through the statement of profit or loss and other comprehensive income during the year under review amounted to ZWG 2,431,708 (2023: ZWG 2,495,055).

20. EMPLOYEES
The average number of permanent persons employed by the Bank during the reporting period was 603 (December 2023: 507).

21. RELATED PARTY DISCLOSURES
Related parties refer to the non-executive 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.

21.1 Compensation To Key Management Personnel

	Dec-24 ZWG	Dec-23 ZWG
Short term employee benefits	48,969,308	61,503,718
Termination benefits	-	-
Post-employment benefit	3,913,519	6,249,974
	52,882,827	**67,753,692**

21.2 Loans To Key Management Personnel Of The Bank

	Dec-24 ZWG	Dec-23 ZWG
Mortgage Loans	5,891,898	247,437
Personal Loans	14,295,685	3,243,245
	20,187,583	**3,490,682**

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

21.3 Non Executive Directors' Fees

	Dec-24 ZWG	Dec-23 ZWG
Fees and other emoluments	2,393,164	741,512
Personal Loans	-	-
	2,393,164	**741,512**

Board fees relate to retainer and sitting fees paid to the previous board whose term ended on 31 August 2024 and the following seven non-executive directors who were appointed effectively 1 September 2024:

Mr. K. Mafukidze	Chairperson
Mrs.V. Chiwaridzo	Deputy Chairperson
Dr. N. Demba	Member
Dr. D. Magaya	Member
Dr. M.M. Chiura	Member
Ms. M.U. Hakata	Member
Mr. A. Taruvinga	Member

21.4 Loans To Non-Executive Directors
The Bank had no outstanding loans due from non-executive directors (2023: Nil).

21.5 Terms And Conditions Of Related Party Transactions
The above- mentioned outstanding balances arose from the ordinary course of business. Loans to 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, 2024.

22. RISK MANAGEMENT AND CONTROL

22.1 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 and Risk Management Prudential Standard 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, counter financing of terrorism, and counter proliferation financing (AML/CFT/CPF) standards, the Bank is mandated to carry out periodic risk assessments. In this regard, the Bank carries out AML/CFT/CPF 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 digitisation has been embraced by the Bank, greater focus is being placed on cyber risk management initiatives and data protection. 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. Risk awareness and education campaigns are also being churned out to clients and staff to ensure they are amply prepared to deal with challenges in the cybersecurity space.

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 technical and organizational measures that are necessary to protect data from unauthorised access are being implemented in line with the Cyber and Data Protection Act [Chapter 12:07]. To strengthen the Bank's ICT infrastructure and other security management systems, processes have been initiated to implement PCI DSS (Payment Card Industry Data Security Standard) which is a set of standards designed to protect cardholder data and ISO27001 standard for information security management systems (ISMS).

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 the 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. At client onboarding stages, environmental, social and sustainability standards are invariably being taken into consideration. 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.
The Bank has also developed a Climate Risk Management and adaptation Strategy Framework that is being operationalised to climate-proof operations and infrastructure while contributing to programs aimed at reducing GHG emissions. To this end, 20 out of the Bank's 32 service centres have already been installed with solar systems.
Through relevant Committees, the Board continues to play an important oversight role in ensuring a robust risk management philosophy.

22.2 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.

22.3 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.

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024 (continued)

22.4 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.

22.5 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 minimise exposure.

22.5.1 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.

22.5.1.1 Impacts 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, the Bank engaged external consultants to assist with the annual recalibration of the IFRS 9 models and the recalibrated models are reviewed by the Risk Team.

After the adoption of International financial reporting standard (IFRS) 9, expected loss models have been used for both regulatory capital PDs 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 economic downturn 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.

22.5.2 Exposure to credit risk
The Bank's total exposure to credit risk as of December 31,2024 was ZWG 998.73 million (Dec 2023:ZWG483.16 million) before taking account of collateral of ZWG 416.24million (Dec 2023: ZWG245.67 million) net of such protection.

22.5.2.1 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:

	Loans and advances	Treasury investments
Dec-24	**ZWG**	**ZWG**
Carrying amount	727,494,031	271,233,476
Amount committed	727,494,031	271,233,476
Concentration by sector		
Corporate	25,736,421	-
Individual	321,368,273	-
Mortgage	72,910,565	-
Microfinance	271,259,769	-
SME and Agribusiness	36,219,003	-
Government	-	6
Central Bank	-	4,884,520
Other Banks	-	266,348,950
Total	**727,494,031**	**271,233,476**

	Loans and advances	Treasury investments
Dec-23	**ZWG**	**ZWG**
Carrying amount	299,922,211	183,238,713
Amount committed	299,922,211	183,238,713
Concentration by sector		-
Corporate	7,145,335	-
Individual	123,824,126	-
Mortgage	43,042,811	-
Microfinance	119,565,249	-
SME and Agribusiness	6,344,690	-
Government	-	41,830,721
Central Bank	-	59,039,819
Other Banks	-	82,368,173
Total	**299,922,211**	**183,238,713**

Treasury investments exclude Capitalisation treasury bills.

22.5.2.2 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 2024.

22.5.2.3 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.

22.5.2.4 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.

22.5.2.5 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.

22.5.2.6 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

22.5.2.7 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.

22.5.2.7.1 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 2024.

Internal Credit Rating	Description	Average 12 Months PDs	
		Dec-24	**Dec-23**
1	Pass- Prime Grade	0.01	0.17
2	Pass - Strong	0.02	0.25
3	Pass - Satisfactory	0.001	0.002
4	Special Mention - Moderate	0.06	0.65
5	Special Mention - Fair	0.01	0.005
6	Special Mention - Speculative	0.05	0.78
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

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For the year ended December 31, 2024 (continued)

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 based on 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.

22.5.2.8 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 amortized cost and how significant changes in the gross carrying amount contributed to changes in the loss allowance:

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

	12-month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
Dec-24	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance
	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
At 1 January 2024	**292,756,422**	**2,744,968**	**2,753,660**	**1,170**	**4,412,129**	**3,049,284**	**299,922,211**	**5,795,422**
Transfer to Lifetime ECL (Not Credit-Impaired)	(408,785)	(836)	-	-	(8,287)	(165)	(417,072)	(1,001)
Transfer to Lifetime ECL (Credit-Impaired)	(488,140)	(592)	(24,179)	(6)	-	-	(512,319)	(598)
Changes due to Modifications that did not result in Derecognition	69,186,260	163,208	1,340,216	14,971	5,542,914	806,560	76,069,390	984,739
New Financial Assets or originated purchase	373,123,255	(2,093,932)	6,953,477	114,148	2,907,609	1,820,358	382,984,341	(159,426)
Derecognition	(30,073,291)	(400,954)	(205,645)	(131)	(273,584)	(111,864)	(30,552,520)	(512,949)
Write-offs	(297,565)	(297,565)	(219)	(219)	(236,295)	(236,295)	(534,079)	(534,079)
Recoveries of amounts previously written off	297,565	297,565	219	219	236,295	236,295	534,079	534,079
At 31 December 2024	**704,095,721**	**411,862**	**10,817,529**	**130,152**	**12,580,781**	**5,564,173**	**727,494,031**	**6,106,187**

	12-month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
Dec-23	12-month ECL Gross carrying amount	ECL Allowance	Lifetime ECL Not credit impaired Gross carrying amount	ECL Allowance	Lifetime ECL Credit impaired Gross carrying amount	ECL Allowance	Total Gross carrying amount	ECL Allowance
	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
At 1 January 2023	76,885,481	3,742,875	662,964	32,475	1,574,636	383,264	79,123,081	4,158,614
IAS 29 Adjustment	(60,885,587)	(2,963,981)	(525,001)	(25,717)	(1,246,954)	(303,507)	(62,657,542)	(3,293,205)
Transfer to Lifetime ECL (Not Credit-Impaired)	(67,603)	(6,852)	-	-	(112)	(13)	(67,715)	(6,865)
Transfer to Lifetime ECL (Credit-Impaired)	(1,157,373)	(39,071)	(81,549)	(2,521)	-	-	(1,238,922)	(41,592)
Changes due to Modifications that did not result in Derecognition	2,272,559	(315,418)	44,940	(269)	2,432,065	1,603,143	4,749,564	1,287,456
New Financial Assets or originated purchase	284,836,767	2,695,492	2,701,738	975	1,809,529	1,385,366	289,348,034	4,081,833
Derecognition	(9,127,822)	(368,077)	(49,432)	(3,773)	(157,035)	(18,969)	(9,334,289)	(390,819)
Write-offs	-	-	-	-	(20,177)	(20,177)	(20,177)	(20,177)
Recoveries of amounts previously written off	-	-	-	-	20,177	20,177	20,177	20,177
At 31 December 2023	**292,756,422**	**2,744,968**	**2,753,660**	**1,170**	**4,412,129**	**3,049,284**	**299,922,211**	**5,795,422**

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

	12-month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
Dec-24	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance
	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
At 1 January 2024	**183,238,713**	**1,362,528**	**-**	**-**	**-**		**183,238,713**	**1,362,528**
Changes due to Modifications that did not result in Derecognition	218,923	36,344	-	-	-	-	218,923	36,344
New Financial Assets or originated purchase	102,928,677	4,168,956	-	-	-	-	102,928,677	4,168,956
Derecognition	(15,152,837)	(244,915)	-	-	-	-	(15,152,837)	(244,915)
At 31 December 2024	**271,233,476**	**5,322,913**	**-**	**-**	**-**	**-**	**271,233,476**	**5,322,913**

	12-month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
Dec-23	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance
	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
At 1 January 2023	**52,477,663**	**224,730**	**-**	**-**	**-**		**52,477,663**	**224,730**
IAS 29 Adjustment	(41,557,044)	(177,965)					(41,557,044)	(177,965)
Changes due to Modifications that did not result in Derecognition	614,093	7,669	-	-	-	-	614,093	7,669
New Financial Assets or originated purchase	175,999,477	1,361,787	-	-	-	-	175,999,477	1,361,787
Derecognition	(4,295,476)	(53,693)	-	-	-	-	(4,295,476)	(53,693)
At 31 December 2023	**183,238,713**	**1,362,528**	**-**	**-**	**-**	**-**	**183,238,713**	**1,362,528**

22.5.2.8.3 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	2024	2023
Loss allowance for financial assets measured at fair value through other comprehensive income	Nil	Nil

22.5.3 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.

22.5.3.1 Credit quality by internal grades

	Neither past due nor impaired					
Dec-24 Type of financial assets	High grade	Standard grade	Substandard grade	Past due but not impaired	Impaired	Total
	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
Loans and advances	712,780,178	9,059,426	1,036,599	3,497,938	1,119,890	727,494,031
Interbank placements	185,066,468	-	-	-	-	185,066,468
Treasury bills	4,884,520	-	-	-	-	4,884,520
Government Bonds	6	-	-	-	-	6
Agro Bills	10,571,232					10,571,232
Non-negotiable certificate of deposits	70,711,250	-	-	-	-	70,711,250
Total credit exposure	**984,013,654**	**9,059,426**	**1,036,599**	**3,497,938**	**1,119,890**	**998,727,507**

	Neither past due nor impaired					
Dec-23 Type of financial assets	High grade	Standard grade	Substandard grade	Past due but not impaired	Impaired	Total
	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
Loans and advances	295,162,318	3,450,317	68,043	342,109	899,424	299,922,211
Interbank placements	46,303,683	-	-	-	-	46,303,683
Treasury bills	59,087,244	-	-	-	-	59,087,244
Government Bonds	41,830,722	-	-	-	-	41,830,722
Non- Negotiable Certificate of Deposits	36,068,655	-	-	-	-	36,068,655
Total credit risk exposure	**478,452,622**	**3,450,317**	**68,043**	**342,109**	**899,424**	**483,212,515**

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, the amounts in the table represent gross carrying amounts.

22.5.3.2 Credit Quality of financial assets measured at amortised cost

Dec-24	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	710,043,721	663,723	-	-	**710,707,444**
Grades 2: Special mention	120,879	7,821,667	1,116,880	-	9,059,426
Grades 3: Substandard	-	-	1,036,599	-	1,036,599
Grades 4: Doubtful	-	-	3,497,938	-	3,497,938
Grades 5: Loss	-	-	3,192,624	-	3,192,624
Carrying amount	**710,164,600**	**8,485,390**	**8,844,041**	-	**727,494,031**
Financial assets at amortised cost (Treasury investments)					
Grades 1: Standard	271,233,476	-	-	-	271,233,476
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	-	-	-
Carrying amount	**271,233,476**	**-**	**-**	**-**	**271,233,476**

Dec-23	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	292,748,301	2,717,103	3,017,613	-	298,483,017
Grades 2: Special mention	2,778	36,557	26,602	-	65,937
Grades 3: Substandard	434	-	46,359	-	46,793
Grades 4: Doubtful	4,190	-	702,233	-	706,423
Grades 5: Loss	720	-	619,321	-	620,041
Carrying amount	**292,756,423**	**2,753,660**	**4,412,128**	**-**	**299,922,211**
Financial assets at amortised cost (Treasury investments)					
Grades 1: Standard	183,238,713	-	-	-	183,238,713
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	-	-	-
Carrying amount	**183,238,713**	**-**	**-**	**-**	**183,238,713**

Treasury investments exclude Capitalisation treasury bills.

22.5.4 Collateral held and pledged

22.5.4.1 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-24 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
	ZWG	ZWG	ZWG	ZWG	ZWG
Loans and advances	727,494,031	6,106,187	173,677,063	-	Mortgage Bonds over immovable property, Cash cover and marketable securities
Treasury investments	271,233,476	5,322,913	242,564,491	-	Marketable securities, Treasury bills and Savings bonds

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For the year ended December 31, 2024 (continued)

Dec-23 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
	ZWG	ZWG	ZWG	ZWG	ZWG
Loans and advances	299,922,211	5,795,422	75,328,475	-	Mortgage Bonds over immovable property, guarantees, marketable securities and saving bonds
Treasury investments	183,238,713	1,362,528	170,369,345	-	Treasury bills

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 and savings bonds are held.

The Bank held collateral as detailed below:

	Dec-24	Dec-23
	ZWG	ZWG
Mortgage Bonds over immovable property	167,110,155	75,328,475
Guarantees	6,566,908	-
Marketable securities	25,798,500	71,476,544
Treasury Bills	216,765,991	57,484,361
Shares	-	41,392,740
Savings Bonds	-	15,700
Total	**416,241,554**	**245,697,820**

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.

22.5.4.2 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-24

Liability	Liability secured	Collateral pledged as security	Principal type of collateral held
Certificate of Deposits	312,224,299	136,432,142	Treasury bills

Dec-23

	Liability secured	Collateral pledged as security	Principal type of collateral held
Repurchase Agreement Liability	14,379,237	31,377,825	Treasury bills & Savings bonds
Certificate of Deposits	19,837,277	26,665,854	Treasury bills & Savings bonds

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-24 ZWG	Dec-23 ZWG
Treasury Bills	136,432,142	46,283,512
Savings Bonds	-	11,760,167
Total	**136,432,142**	**58,043,679**

22.5.5 Assets obtained by taking possession of collateral

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

Nature of collateral obtained	Dec-24 ZWG	Dec-23 ZWG
Immovable property (Carrying value)	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 (December 2023:Nil).

22.5.6 Carrying amount of assets whose terms have been renegotiated

The Bank did not have any re-negotiated loans during the year (December 2024: Nil).

22.6 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 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.

22.6.1 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 65% as at 31 December 2024 (66%: December 2023). Capitalisation treasury bills are excluded from liquid assets.

22.6.2 Liquidity Gap Analysis

The following liquidity gap analysis shows the extent to which the Bank was exposed to liquidity risk as at December 31, 2024;

Dec-24	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Above 5 years	Total
ASSETS	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
Cash and cash equivalents	694,239,914	-	-	-	-	694,239,914
Advances	57,756,392	12,623,988	137,680,275	519,433,376	-	727,494,031
Investments	255,777,724	-	10,571,232	4,884,520		271,233,476
	1,007,774,030	**12,623,988**	**148,251,507**	**524,317,896**	-	**1,692,967,421**
LIABILITIES						
Deposits	1,291,920,343	80,903,135	-	-	-	1,372,823,478
	1,291,920,343	**80,903,135**				**1,372,823,478**
Liquidity gap	(284,146,313)	(68,279,147)	148,251,507	524,317,896	-	320,143,943
Cumulative gap	(284,146,313)	(352,425,460)	(204,173,953)	320,143,943	320,143,943	-

Dec-23	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Above 5 years	Total
ASSETS	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
Cash and cash equivalents	297,106,664	-	-	-	-	297,106,664
Advances	4,611,860	7,768,636	145,128,090	99,370,814	43,042,811	299,922,211
Investments	91,690,398	837,650	90,707,337	54,919	-	183,290,304
	393,408,922	**8,606,286**	**235,835,427**	**99,425,733**	**43,042,811**	**780,319,179**
LIABILITIES						
Deposits	655,430,795	1,150,703	15,559,560	449,238	-	672,590,296
	655,430,795	**1,150,703**	**15,559,560**	**449,238**	**-**	**672,590,296**
Liquidity gap	(262,021,873)	7,455,583	220,275,867	98,976,495	43,042,811	107,728,883
Cumulative gap	(262,021,873)	(254,566,290)	(34,290,423)	64,686,072	107,728,883	-

22.7 Market Risk

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

22.8 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 fair value reserves on the Statement of financial position through fluctuations in the fair values of the equities as shown in the information below.

Dec-24	Fair value at 31-12-24 ZWG	10% increase in Price ZWG	5% decrease in price ZWG
Financial assets at fair value through other comprehensive income	60,737,052	66,810,757	57,700,199
Increase/(decrease)		6,073,705	(3,036,853)

Dec-23	Fair value at 31-12-23 ZWG	10% increase in price ZWG	5% decrease in price ZWG
Financial assets at fair value through other comprehensive income	36,101,187	39,711,306	34,296,128
Increase/(decrease)		3,610119	(1,805,059)

22.9 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.

22.9.1 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, 2024;

Dec-24	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Above 5 years	Non- interest bearing	Total
ASSETS	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
Cash and cash equivalents	-	-	-	-	-	694,239,914	694,239,914
Advances and other assets	57,756,393	12,623,988	137,680,275	519,433,375	-	371,034,017	1,098,528,048
Investments	255,777,724	-	10,571,232	4,884,520	-	177,048,362	448,281,838
Property, plant and equipment	-	-	-	-	-	390,155,309	390,155,309
Right of Use assets	-	-	-	-	-	48,648,093	48,648,093
Intangible assets	-	-	-	-	-	41,174,255	41,174,255
	313,534,117	**12,623,988**	**148,251,507**	**524,317,895**		**1,722,299,950**	**2,721,027,457**
EQUITY AND LIABILITIES							
Deposits and other liabilities	1,291,920,343	80,903,135	-	-	-	183,419,763	1,556,243,241
Reserves	-	-	-	-	-	1,164,784,216	1,164,784,216
	1,291,920,343	**80,903,135**	**-**	**-**	**-**	**1,348,203,979**	**2,721,027,457**
Interest rate repricing gap	(978,386,226)	(68,279,147)	148,251,507	524,317,895	-	374,095,971	-
Cumulative gap	(978,386,226)	(1,046,665,373)	(898,413,866)	(374,095,971)	(374,095,971)	-	-

Dec-23	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Above 5 years	Non- interest bearing	Total
ASSETS	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
Cash and cash equivalents	-	-	-	-	-	297,106,664	297,106,664
Advances and other assets	4,611,860	7,768,636	145,128,090	99,370,814	43,042,811	164,238,560	464,160,771
Investments	91,690,398	837,650	90,707,337	54,918	-	99,769,536	283,059,839
Property, plant and equipment	-	-	-	-	-	215,444,335	215,444,335
Right of Use assets	-	-	-	-	-	50,651,165	50,651,165
Intangible assets	-	-	-	-	-	22,665,486	22,665,486
	96,302,258	**8,606,286**	**235,835,427**	**99,425,732**	**43,042,811**	**849,875,746**	**1,333,088,260**
EQUITY AND LIABILITIES							
Deposits and other liabilities	655,430,795	1,150,703	15,559,560	449,239	-	87,111,968	759,702,265
Reserves	-	-	-	-	-	573,385,995	573,385,995
	655,430,795	**1,150,703**	**15,559,560**	**449,239**	**-**	**660,497,963**	**1,333,088,260**
Interest rate repricing gap	(559,128,537)	7,455,583	220,275,867	98,976,493	43,042,811	189,377,783	-
Cumulative gap	(559,128,537)	(551,672,954)	(331,397,087)	(232,420,594)	(189,377,783)	-	-

22.10 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 ZWG as at December 31, 2024 was as follows;

Dec-24	TOTAL	ZWG	USD	ZAR	BWP	GBP	EURO	JPY
Total assets	**2,721,027,457**	1,183,370,937	1,517,002,305	17,154,128	415,839	97	3,084,151	-
Total equity and liabilities	**2,721,027,457**	1,416,803,732	1,302,088,664	6,005,973	415,077	970	(4,286,959)	-
Dec-23	**TOTAL**	**ZWG**	**USD**	**ZAR**	**BWP**	**GBP**	**EURO**	**JPY**
Total Assets	**1,333,088,260**	631,232,343	695,288,695	6,142,422	646	61	424,093	-
Total equity and liabilities	**1,333,088,260**	868,997,052	461,462,417	2,624,993	26	5	3,767	-

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

	Dec-24	Dec-23
US$	25.79850	6,104.7226
ZAR	0.72850	0.00304
Pula	0.54140	0.00220
GBP	32.37970	7,791.4575
Euro	26.84330	6,756.0965
JPY	0.48540	0.02315

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

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22.11 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.

22.12 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 materialising. 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.

22.13 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 have an impact on the Bank are also considered.

22.14 Compliance 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.

22.15 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.

23. 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 capitalised 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.

	Dec-24	Dec-23
	ZWG	ZWG
Capital Reserves	46,972,127	46,972,127
Capital contribution	1,808,791	1,808,791
Fair value reserve	45,361,908	22,851,082
Revenue reserve	574,969,583	350,415,378
Advances to insiders	-	-
Capital allocated to market and operational risk	-	-
Tier 1 Capital	**669,112,409**	**422,047,378**
General provisions		
Revaluation reserve	300,539,701	150,622,389
Foreign currency translation reserve	195,132,106	716,227
Tier 1 & 2 Capital	**1,164,784,216**	**573,385,994**
Tier 3 Capital allocated for market and operational risk	-	-
Risk weighted assets	**2,056,279,003**	**1,013,619,789**
Tier 1%	32.54%	41.64%
Tier 2%	24.11%	14.93%
Tier 3%	0.00%	0.00%
Capital adequacy ratio %	**56.65%**	**56.57%**
RBZ Minimum required capital adequacy ratio	**12%**	**12%**

24. EXTERNAL CREDIT RATINGS

The Bank's external credit ratings as determined by the Global Credit Rating Company (GCR) for the past three years are summarised below:

Rating scale	2024	2023	2022
Long term	BB	BB	BB

DIRECTORS: K. Mafukidze (Chairperson), V. Chiwaridzo (Vice Chairperson), A. Taruvinga, M. U. Hakata, N. Demba, D. Magaya, M. M. Chiura, G. Changunda*, M. Gunde* (* Executive Director)