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# 2023 ANNUAL REPORT

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## LETTER OF TRANSMITTAL

24 May 2024

The Chief Executive Officer  
Mutapa Investment Fund  
49 Kew Drive  
Highlands  
**HARARE**

**Att: Dr J. P. Mangudya**

Dear Sir

Following the transfer of the shares of the Bank to Mutapa Investment Fund as promulgated under the Presidential Powers (Temporary Measures) (Investment Laws Amendment) Regulations, Statutory Instrument 156/2023, and in line with CGU Circular 12/2024 issued to provide guidance on the matter, I have the honor to submit, on behalf of the Board of Directors, the Annual Report and the Audited Financial Statements of the People's Own Savings Bank for the year ended the 31<sup>st</sup> of December, 2023.

Yours sincerely

**The People's Own Savings Bank**



Mr Israel Ndlovu  
**POSB Acting Board Chairperson.**

# Annual Report 2023

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## OUR VISION

To be the leading provider of sustainable and impactful financial services in a transforming Zimbabwe.

## OUR MISSION

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

## OUR VALUES

Teamwork  
Innovation  
Integrity  
Responsiveness

 A member of the Deposit Protection Scheme

## GENERAL INFORMATION

### HEAD OFFICE

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

### BOARD OF DIRECTORS

Mr. I.Ndlovu	Chairperson (Acting)
Mr. O.Jambwa	Member
Mr. I.Mvere	Member
Mrs. M.S Mureriwa	Member
Mrs. C. Nyamutswa	Member
Mrs. N.C. Chindomu	Member
Mr. G. Changunda	Chief Executive Officer
Ms. M. Gunde	Chief Finance Officer
Mrs. D. Mapimhidze	Company Secretary and Legal Advisor

### EXECUTIVE MANAGEMENT

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

### AUDITORS

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

### ATTORNEYS

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

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

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

# SERVICE CENTER NETWORK

## Beitbridge Service Centre

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

## Bindura Service Centre

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

## Bulawayo Main Service Centre

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

## Causeway Service Centre

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

## Chinhoyi Service Centre

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

## Chipinge Service Centre

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

## Chiredzi Service Centre

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

## Chitungwiza Service Centre

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

## First Street Service Centre

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

## Fort Street Service Centre

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

## Gokwe Service Centre

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

## Gwanda Service Centre

169 Sandan Street  
Gwanda  
Telephone: +263-8428-22433/22441

## Gweru Service Centre

Corner 7<sup>th</sup> Street/Robert Mugabe Way  
Gweru  
Telephone: +263-542-220535

## Haylet House Service Centre

Corner Josiah Tongogara Street/9<sup>th</sup> Ave  
Bulawayo  
Telephone: +263-292-279730/279205

## Highglen Service Centre

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

## Kadoma Service Centre

336 Robert Mugabe/Fit Square  
Kadoma  
Telephone: +263-06821-23418

## Karoi Service Centre

87 Fred Jameson Ave  
Karoi  
Telephone: +263-61215-7918

## Kopje Plaza Service Centre

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

## Kwekwe Service Centre

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

## Marondera Service Centre

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

## Masvingo Service Centre

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

## Mutare Service Centre

Stand 4011 1<sup>st</sup> Avenue  
Mutare  
Telephone: +263-02020-61766

## Mutoko Service Centre

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

## Mvuma Service Centre

Slice Complex  
580 Masvingo Road  
Telephone: +263-774031394

## Nelson Mandela Service Centre

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

## Rusape Service Centre

8 Manda Ave  
Rusape  
Telephone: +263-225205-2092

## Southernton Service Centre

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

## Victoria Falls Service Centre

1 Landela Complex  
Victoria Falls  
Telephone: +263-213-8328/42628

## Westgate Service Centre

Shop MP1 Westgate Shopping Centre  
Harare  
Telephone: +263-242-334102

## Zvishavane Service Centre

Stand No 22-23  
Robert Mugabe Way  
Zvishavane  
Telephone: +263-39235-2383

## Esteem Banking Service Centres

### Esteem Banking (Bulawayo)

Shop 3 Ascot Shopping Centre, Byo  
Telephone: +263-292-234327

### Esteem Banking (Harare)

Exhibition Park  
Harare Showgrounds  
Telephone: +263-242-752443/752017

### Esteem Banking (Gweru)

Corner 7<sup>th</sup> Street/Robert Mugabe  
Street Gweru  
Telephone: +263-542-228022

### Esteem Banking (Westgate, Harare)

Shop MP1 Westgate Shopping Centre  
Telephone: +263-242-300000

### Esteem Banking (First Street, Harare)

68 Nkwame Nkrumah Street  
Telephone: +263-242-703647/8



It is my pleasure to present the annual report of the Bank for the year ended 31 December 2023.

### ECONOMIC ENVIRONMENT

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

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

### HYPER INFLATIONARY REPORTING

The Public Accountants and Auditors Board (PAAB) pronounced Zimbabwe as a hyperinflationary economy for reporting periods ended on or after 1 July 2019, thus the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies have been applied to the financial statements for the year ended 31 December 2023.

### FINANCIAL HIGHLIGHTS

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

- In inflation adjusted terms, the Bank recorded a profit of ZWL 110.16 billion for the year ended 31 December 2023, whilst in historical terms, the Bank recorded a net profit of ZWL 97.35 billion for the year in question.
- Net operating income for the year increased by 345% in inflation adjusted terms to reach ZWL 407.04 billion for the year 2023 due to above inflation yields on financial assets.
- Operating expenses increased by 191% in inflation adjusted terms to ZWL 204.36 billion in 2023 from ZWL 70.32 billion in 2022 due to a general rise in prices attributed to inflationary pressures.
- Total assets increased by 170% to ZWL 509.90 billion as at 31 December 2023 from ZWL 189.20 billion as at 31 December 2022 in inflation adjusted terms.
- The liquidity ratio of the Bank stood at 66% as at 31 December 2023 confirming that the Bank is highly liquid and has the capacity to honor its obligations.
- The capital adequacy of the Bank stood at 56.57% as at 31 December 2023 in inflation adjusted terms against the minimum regulatory ratio of 12% and ICAAP ratio of 31%.

### DIVIDEND

The Bank held its Annual General Meeting on 25 July 2023 where a dividend of ZWL 115.34 million was declared and paid to the shareholder during the year under review.

### PARTIAL PRIVATISATION OF THE BANK

The Bank is one of the state entities earmarked by the Government for partial privatisation, however the partial privatisation roadmap was put on hold by the shareholder in August 2023. At the time of suspension, the outstanding workstreams on the project included the procurement of the private investor as well as all deliverables to complete the initial public offer process. The Bank is awaiting further guidance from Mutapa Investment Fund on the project.

### CORPORATE GOVERNANCE

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

### SHAREHOLDER CHANGES

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

### EXECUTIVE DIRECTOR CHANGES

In line with the Public Entities Corporate Governance Act, the Board, with the approval of the Minister of Finance and Economic Development appointed Garainashe Changunda as the new Chief Executive Officer of the Bank with effect from 1 February 2023 and Maria Gunde as the new Chief Finance Officer of the Bank with effect from 1 December 2023. I wish to congratulate them on their new leadership roles and wish them a successful tenure with the Bank.

### OUTLOOK

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

### APPRECIATION

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

**ISRAEL NDLOVU (MR)**  
**BOARD CHAIRMAN (Acting)**



## FINANCIAL SERVICES SECTOR OVERVIEW

Despite the challenges in the economy at large, the Banking sector remained stable as it continued to play an important role in supporting the productive sectors of the economy. The Reserve Bank of Zimbabwe maintained a tight monetary policy which included review of policy rates, further liberalising the foreign exchange market to enhance the operation of the "Willing Buyer Willing Seller" market, introducing the wholesale foreign exchange interbank market and directing all Government institutions to accept payments in the local currency. These measures had the effect of reducing the parallel market exchange premium, thus boosting business confidence, growing the export business and increasing industry activity.

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

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

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

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

## FINANCIAL PERFORMANCE

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

In historical terms, net operating income increased by 1336% to ZWL 215.21 billion from ZWL 14.99 billion in the prior year whilst in inflation adjusted terms a 345% increase in net operating income was recorded from ZWL 91.43 billion in year 2022 to ZWL 407.04 billion in year 2023. This reflects positive business growth despite the inflationary pressures. On the other hand, operating expenses increased by 996% from ZWL 10.75 billion in year 2022 to ZWL 117.85 billion in year 2023 in historical terms and after adjusting for inflation, operating expenses registered a 191% increase from ZWL 70.32 billion in year 2022 to ZWL 204.36 billion in year 2023 as the Bank continued to implement effective cost management strategies in order to remain profitable. In historical terms, total assets grew by 1173% from ZWL 38.12 billion in 2022 to ZWL 485.13 billion by December 2023. In inflation adjusted terms, total assets grew by 170% from ZWL 189.20 billion in 2022 to ZWL 509.90 billion by December 2023. On the same note, total deposits increased by 1108% from ZWL 21.29 billion in 2022 to 257.26 billion by December 2023 in historical terms whilst in inflation adjusted terms deposits increased by 151% from ZWL 102.32 billion in 2022 to ZWL 257.26 billion by December 2023. The capital adequacy ratio at 56.57% in inflation adjusted terms and 53.60% in historical terms exceeds the prescribed minimum regulatory ratio of 12% and enables the Bank to meet all prudential lending guidelines.

## CORPORATE DEVELOPMENTS

### 1. Mastercard project

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

### 2. The Omni-Channel project

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

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

**3. Payment Scheduling** - This feature is designed to help customers to plan ahead and avoid any potential payment delays by allowing them to set future payment dates in advance. By scheduling payments, customers can conveniently manage their financial obligations with ease and efficiency.

**4. Bulk Money Transfer** - This functionality allows corporates to initiate and authorise bulk payments through batch processing, thus enhancing convenience to customers.

**5. PayGo mobile payment solution** - This solution allows customers to make payments using QR such as scan and pay or merchant codes, thus enhancing customer experience.

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

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

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

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

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

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

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

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

### 14. Integration with ZIMRA (TaRMS)

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

## SERVICE CENTRE NETWORK

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

## LEGAL STATUS

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

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

In the year 2023, the Bank undertook the following CSR initiatives:

### • Health and Philanthropy

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

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

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

### • Education and Financial Literacy

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

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

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

### • Environmental Sustainability

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

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

## ACCOLADES TO THE BANK

### 1. Environment, Social, Governance Network Zimbabwe (ESGNZ)

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

### 2. Chinhoyi Community Excellence Awards

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

### 3. CEO Network Awards

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

## RISK MANAGEMENT

The Bank methodologically analyses and addresses all risks perceived to have a significant bearing on its operations with the goal of achieving sustainable benefits to the shareholders. In this regard, the Bank has embraced the Enterprise Risk Management approach to ensure risks are holistically managed. The Bank has also continued to comply with Basel requirements to promote stronger risk management and governance practices. Periodic stress tests are conducted to assess the Bank's susceptibility to severe market conditions with the view of taking proactive measures. Furthermore, the Bank has taken great strides towards the Sustainability Standards and Certification Initiative (SSCI) under the European Organisation for Sustainable Development (EOSD) to ensure that its operations demonstrate the highest commitment to environmental and social sustainability practices.

In line with the anti- money laundering and counter financing of terrorism (AML/CFT) standards, the Bank carries out AML/CFT assessments to identify and assess risk exposures with the view of determining appropriate risk-based control measures. The Bank also conducts periodic risk management campaigns to continuously remind employees on money laundering and other risk issues.

## COMPLIANCE AND FINANCIAL CRIME CONTROL FUNCTION

POSB is committed to conducting its business activities with integrity and respect for regulatory, ethical and social responsibilities, hence the bank adopted a "zero tolerance to non-compliance". To this end, identification, assessment and monitoring of compliance risk is carried out by an independent compliance function as part of the overall risk management framework of the Bank.

POSB does not tolerate any deliberate breach of financial crime laws and regulations including bribery, corruption, money laundering, sanctions, and/or tax evasion facilitation, which apply to its business and the transactions it undertakes. To this end, the Bank remains supportive of local and international efforts to combat money laundering and terrorist financing, thus the Bank continues to abide by the requirements of the Money Laundering and Proceeds of Crime Act [Chapter 9:24], the Bank Use Promotion Act [Chapter 24:24] and the Suppression of Foreign and International Terrorism Act [Chapter 11:21] as well as the expectations of important stakeholders such as its regulators and correspondent banks.

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

## OUTLOOK

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

## APPRECIATION

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



**G. CHANGUNDA**  
**CHIEF EXECUTIVE OFFICER**

## DIRECTORS' REPORT

The People's Own Savings Bank Board has pleasure in presenting the Annual Report and the Audited Financial Statements for the year ended December 31, 2023.

### Legal form

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

### 2023 Financial Results

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

In inflation adjusted terms, net operating income increased by 345% whilst operating expenses increased by 191%, resulting in an increase in operating profit by 860%. The monetary loss increased by 840% resulting in a net profit of ZWL 110.16 billion from a net profit of ZWL 11.27 billion in prior year.

The Balance sheet size of the Bank increased by 170% from ZWL189.20 billion in year 2022 to ZWL509.90 billion in year 2023 in inflation adjusted terms. This was mainly attributed to an increase in deposits by 151% after taking into account the effects of inflation.

The table below summarises the Bank's financial performance.

#### INFLATION ADJUSTED

	2023	2022	% Change
Operating income	407,038,818,615	91,431,325,772	345%
Operating expenses	(204,362,637,749)	(70,319,180,784)	191%
<b>Operating profit</b>	<b>202,676,180,866</b>	<b>21,112,144,988</b>	<b>860%</b>
Monetary loss	(92,514,297,090)	(9,839,226,420)	840%
<b>Profit for the year</b>	<b>110,161,883,776</b>	<b>11,272,918,568</b>	<b>877%</b>
Customer deposits	257,263,061,484	102,324,304,828	151%
Total assets	509,900,855,193	189,198,954,453	170%

#### HISTORICAL

	2023	2022	% Change
Operating income	215,207,114,817	14,991,085,889	1336%
Operating expenses	(117,853,198,318)	(10,748,554,691)	996%
<b>Net profit</b>	<b>97,353,916,499</b>	<b>4,242,531,198</b>	<b>2195%</b>
Customer deposits	257,263,061,484	21,293,721,200	1108%
Total assets	485,128,059,308	38,119,290,085	1173%

### Board members responsibility statement

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

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

The Board has reassessed the operations of the Bank and is confident that the Bank continues to be a going concern. Accordingly, the financial statements were prepared on a going concern basis. The financial statements on pages 17 to 53 were approved by the Board of Directors on March 22, 2024.

### Auditors

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

### By order of the Board



**D. MAPIMHIDZE**  
COMPANY SECRETARY



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## CORPORATE GOVERNANCE REPORT

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

The Bank is obliged to comply with the governance practices in Schedule 1 of the Public Entities and Corporate Governance Act Cap 10:30. (PECOGO Act). This was prescribed through the Presidential Powers (Temporary Measures) (Investment Laws Amendment, Regulations, SI156/2023 that came into effect on the 19<sup>th</sup> of September 2023. Through its sustainability certification project, the Bank is improving its corporate governance practices as it embraces sustainable practices as it pursues certification under the European Organization for Sustainable Development (EOSD)'s Sustainability Standards Certification Initiative (SSCI). During the year under review, the Bank continued to implement the tasks under the SSCI Octagon Value Creation Model infusing sustainability into its values, strategies and operations as it progressed to achieve certification.

The Bank has also placed the engagement of stakeholders high on its agenda for the year 2024. Stakeholder feedback is projected to help in strengthening the Bank's state of corporate governance.

### Annual General Meeting

The Bank held its 9<sup>th</sup> Annual General Meeting on the 25<sup>th</sup> of July, 2023 at the Chapman Golf Club in Harare. Key stakeholders attended physically whilst the rest of the stakeholders attended the meeting virtually. The regularisation of the Board remained outstanding and under the shareholder purview. The recommended dividend was approved and duly paid. The stakeholders proposed that future dividend be determined in proportion to the currencies of the generated income given the significant increase in USD income during the year. The Board had taken note of the sentiments expressed and would consider that aspect going forward.

### Shareholder Changes from Ministry of Finance and Economic Development

The shareholding of the Bank was transferred to the Mutapa Investment Fund, being a Fund established under the Sovereign Wealth Fund of Zimbabwe Act [Chapter 22:20]. The change was effected on the 19<sup>th</sup> of September, 2023 by operation of the law through Statutory Instrument 156/2023. By the end of the year, direct engagements with the new shareholder, Mutapa Investment Fund had been established.

### Board of Directors Changes

The term of the Board that expired on the 31<sup>st</sup> October, 2023 having initially been extended to the 31<sup>st</sup> of December 2023, was further extended to the 31<sup>st</sup> March, 2024 to give the new shareholder room to constitute a new Board. The Board Chairman position remained vacant during the year. Mr Garainashe Changunda, the Bank's Chief Finance Officer previously, was appointed Chief Executive Officer of the Bank on the 1<sup>st</sup> February 2023 whilst Ms Maria Gunde, the former Finance Manager of the Bank was appointed to the position of Chief Finance Officer on the 1<sup>st</sup> of December 2023.

### Board Remuneration Review

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

### Recapitalisation of the Bank

The Bank's recapitalization project that had commenced in the year 2020 was still under gradual roll out as per plan but was suspended by the shareholder in Q2, 2023. At the time of its suspension, the project was working on the implementation of workstreams that included the procurement of prospective investors. The deliverables to complete the IPO processes had however been all moved to the year 2024. The Bank awaits the new shareholder's guidance on progression of the project going forward.

### Governance Structures

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

#### The Board

The Board comprises of six (6) independent Non-Executive Directors and two (2) Executive Directors, the Chief Executive Officer, and the Chief Finance Officer. The detailed responsibilities of the Bank's Board include the following;

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

### Board Meetings

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

In addition, the Board has scheduled report back meetings with the shareholder. The meetings provide an important feedback window where critical issues are discussed and guidance given. During the year the Board had one meeting with the Minister of Finance, Economic Development and Investment Promotion. Following the changes in the shareholder, the Board had held one more meeting with the Mutapa Investment Fund Board.

Details of the Board Committees as at 31<sup>st</sup> December 2023 are outlined in the following paragraphs:

#### 1. Board Audit Committee

The Board Audit Committee assists the Board in having oversight covering:

- (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) The review and assessment of recommendations and reports of the finances, financial controls of the Bank and the internal audit function and making appropriate recommendations of its own to the Board regarding the foregoing,
- (vi) Reviewing the Bank's compliance with applicable laws, regulatory requirements and financial reporting and accounting standards, and where appropriate, make recommendations of its own to the Board regarding the financial administration of the Bank.

#### Composition

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

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

#### 2. Board Finance Committee

The Board Finance Committee is authorized by the Board to guide, oversee and support the financial and tax practices of the Bank including the approval, conformance of financial policies and procedures and the development of the annual strategy, budget and procurement plan, monitor adherence to the strategy, budget and procurement plan.

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

#### Composition

I. Mvere (Non- Executive Committee Chairperson)  
I. Ndlovu (Non- Executive Member) Acting Board Chairperson  
C. Changunda (Executive Member)  
M. Gunde (Executive Member)

The Procurement Executive attends the Finance Committee meetings by invitation.

#### 3. Board Credit and Investments Committee (BCIC)

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

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

#### Composition

M. S. Mureriwa (Non- Executive Committee Chairperson)  
I. Mvere (Non- Executive Member)  
C. Changunda (Executive Member)  
M. Gunde (Executive Member)

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

#### 4. Board Human Resources and Governance Committee

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

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

##### Composition

O. Jambwa	(Non- Executive Committee Chairperson)
N.C Chindomu	(Non- Executive Member)
C. Nyamutswa	(Non- Executive Member)
I. Ndlovu	(Non- Executive Member) Acting Board Chairperson
G. Changunda	(Executive Member)
M. Gunde	(Executive Member)

The Human Capital Executive attends Committee meetings by invitation.

#### 5. Board Risk Committee

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

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

##### Composition

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

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

#### 6. Board Credit Review Committee

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

##### Composition

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

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

#### 7. Certificate of Corporate Governance Compliance for the Year 2023

I certify that:

7.1. I have reviewed and assessed all the corporate governance structures, processes, and systems within POSB for the year up to the 31st of December 2023.

7.2. I have assessed the functions and conduct of the Board and Board Committees and Board members within the Bank and certify they meet the requirements of the Public Entities Corporate Governance Act [Chapter 10:31], (the PECOGO Act) and best practice.

7.3. More specifically

a) The Board of Directors and Senior Staff Members have complied with statutory requirements for conflict of interest and signed the conflict of interest declaration document as required under section 34 of the Act.

b) Board members have entered performance contracts with the Line Minister as required under section 25 of the Act.

c) Board members and senior staff members have declared their assets as required under section 37 of the Act.

d) The Board as a whole and individual directors have carried out their annual performance evaluation and the weaknesses and areas of development and training identified through the process have been discussed at board meetings with a view to rectifying the identified weaknesses and areas for development and training.

7.4. The Bank has largely complied with the PECOGO Act Cap 10:31 and the Sovereign Wealth Fund of Zimbabwe Act Cap 22:20 as amended through the Finance Act No 13/2023, the People's Own Savings Bank Act Cap 24:22 and other applicable laws and regulations governing the entity save for the following matters:

a) The regularisation of the Board whose term had expired remained under consideration following changes in the shareholding in September 2023. The tenure of the Board was extended by another three months to the 31<sup>st</sup> of March 2024 to allow the new shareholder room to identify and appoint new members to the Board.

b) From the 19<sup>th</sup> of September 2023, the Bank was exempted from compliance with governance practices set out in the PECOGO Act save for compliance with practices set out under the National Code of Corporate Governance of Zimbabwe, being the 1<sup>st</sup> Schedule to the PECOGO Act.

7.5. Based on my knowledge, all material disclosures on corporate governance compliance and other related matters during the reporting period have been fully disclosed and that all disclosure controls and procedures, including significant risk factors on corporate governance matters, and other areas of my expertise, have been addressed.



**D. MAPIMHIDZE**  
COMPANY SECRETARY & LEGAL ADVISOR

### Director's Attendance at Board and Committee Meetings for the year ended 31 December 2023

	TOTAL NO.	ISRAEL NDLOVU	ONIAS JAMBWA	NOMUSA C. CHINDOMU	IGNATIUS MVERE	MONICA S. MURERIWA	CAECILIA NYAMUTSWA	GARAINASHE CHANGUNDA**	MARIA GUNDE**
Board Credit & Investments Committee 7/3/23,12/5/23,9/8/23,17/11/23	4	NA	NA	NA	3*	4	NA	4	4
Board Credit Review Committee 9/3/23,10/5/23,2/8/23,15/11/23	4	4	4	NA	NA	NA	4	4	NA
Board Risk Committee 9/3/23,10/5/23,2/8/23,15/11/23	4	4	NA	4	NA	NA	4	4	4
Board Hr & Governance Committee 13/3/23,11/5/23,3/8/23,16/11/23	4	4	4	4	NA	NA	4	4	4
Board Finance Committee 14/3/23,16/5/23,17/8/23,22/11/23	4	4	NA	NA	4	NA	NA	4	4
Board Audit Committee 17/3/23,18/5/23,18/8/23,24/11/23	4	4	NA	NA	2*	4	NA	4	4
Board Meeting 24/3/2023,31/5/23,21/8/23,7/12/23	4	4	4	4	4	4	4	4	4
Adhoc Board Meeting 5/6/23,20/7/23,4/10/23,28/12/23	4	4	4	4	4	4	4	4	3*
Mutapa Investment Fund Board Meeting 22/11/23	1	1	0	0	0	0	0	1	1
Partial Privatisation Technical Comm 17/4/2023,13/7/2023	2	2	0	0	0	0	0	2	2
Meeting With The Minister Of Finance 10/5/23	1	1	1	1	1	1	1	1	1
Annual General Meeting 25/7/23	1	1	1	1	1	1	1	1	1
Strategic Planning Workshop 12/12/23	1	0	1	1	0	1	1	1	1

##### KEY

NA – Not a member

\*\*Executive Director

\*Leave of Absence granted

## BOARD OF DIRECTORS



**I. NDLOVU**  
Acting Board Chairperson



**G. CHANGUNDA**  
Chief Executive Officer



**M. GUNDE**  
Chief Finance Officer



**N. C. CHINDOMU**  
Non-Executive Director



**O. JAMBWA**  
Non-Executive Director



**M.S. MURERIWA**  
Non-Executive Director



**I. MVERE**  
Non-Executive Director



**C. NYAMUTSWA**  
Non-Executive Director



**D. MAPIMHIDZE**  
Company Secretary and Legal Advisor

## EXECUTIVE MANAGEMENT



**GARAINASHE CHANGUNDA**  
Chief Executive Officer



**MARIA GUNDE**  
Chief Finance Officer



**WILBERT FUNGURA**  
Chief Risk Officer



**LAWRENCE MUNASHE KUPIKA**  
Divisional Director- Retail Banking



**FARAI CHIRIKURE**  
Divisional Director- Corporate and  
Investment Banking



**DOROTHY MAPIMHIDZE**  
Company Secretary and Legal  
Advisor



**MALVERN KUJEKE**  
Human Capital Executive



**LOICE NGULUBE**  
Chief Information Officer



**PATIENCE CHINOMONA**  
Chief Compliance Officer



**GIBSON SIBANDA**  
Procurement Executive



**IZASI MUKONYERWA**  
Head Internal Audit



**MEMORY GWASIRA**  
Marketing and Public Relations  
Executive



**ALLEN MACHIPISA**  
Treasury Executive



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**REPORT OF THE AUDITOR-GENERAL TO MUTAPA INVESTMENT FUND AND THE BOARD OF DIRECTORS IN RESPECT OF THE FINANCIAL STATEMENTS FOR PEOPLE'S OWN SAVINGS BANK FOR THE YEAR ENDED DECEMBER 31, 2023.**

**Report on the Audit of the Financial Statements**

**Opinion**

I have audited the financial statements of People's Own Savings Bank set out on pages 17 to 53, which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of People's Own Savings Bank as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the People's Own Savings Bank for the year ended December 31, 2023. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined the matters described below to be the key audit matters to be communicated in my report.

Key audit matter	How the matter was addressed in the audit
<p><b>Revenue recognition, refer to notes 3.3, 5 and 7 to the financial statements</b></p> <p>The Bank has various products in retail banking, corporate banking, micro financing, treasury and international banking from which it generates revenue. The delivery channels of the bank include use of its branch network countrywide, mobile banking and zimswitch services among others. Key drivers of revenue are fees, commission and interest income. The Bank uses an IT based banking system that caters for among other deliverables savings needs, deposits, withdrawals, financing arrangements and transfer of funds.</p> <p>The amount of revenue recognised depends on the ability of the core banking system to process changes in business terms and conditions appropriately. The huge volume of transactions from numerous revenue streams and the high level of regulation in the banking industry results in revenue recognition being a complex area. The level of complexity and the presumed risk in revenue recognition were considered to be of most significance to the audit.</p>	<p>The audit procedures that I performed to address the risk of material misstatement relating to revenue recognition included:</p> <ul style="list-style-type: none"> <li>• Testing controls, assisted by IT specialists. The controls tested included those over input of data on terms and charges agreed, authorization of exposure limits, computation of interest, cut off, and determination of whether transfer of data and general ledger balances was accurately and completely performed and;</li> <li>• Conducting analytical reviews on the various revenue line items;</li> <li>• Detailed analysis of revenue and the timing of its recognition based on services rendered.</li> <li>• Testing the validity, accuracy and completeness of revenue in line with the changes to the business conditions and terms.</li> <li>• Based on the procedures above, revenue was recorded correctly and recognised in accordance with the applicable accounting standards.</li> </ul>
<p><b>Hyperinflationary accounting, refer to note 2.2 to the financial statements</b></p> <p>The Bank operated in a hyperinflationary environment and the application of International Accounting Standard (IAS) 29 – “Financial Reporting in Hyperinflationary Economies” was a key aspect of ensuring the fair presentation of the Bank’s financial statements.</p> <p>Applying IAS 29 required management judgements and assumptions on the estimation of monthly Consumer Price Indices (CPIs).</p> <p>Due to the potential for material misstatements and the complexity of the estimation of monthly CPIs, this area was considered a key audit matter.</p>	<p>The audit procedures that I performed to address the risk of material misstatement relating to the hyperinflationary accounting:</p> <p>Assessed the Bank’s methodology for restating historical cost financial statements to reflect the current purchasing power of the Zimbabwean dollar. This included evaluating the chosen general price index and the consistency of its application throughout the financial statements.</p> <p>Tested the Bank’s approach to measuring monetary assets (cash, loans receivable) and liabilities (deposits) at their current value.</p> <p>Reviewed the bank’s disclosures related to the application of IAS 29, including the selected general price index, the impact of adjustments on key financial metrics, and any limitations in the application of the standard.</p> <p>Based on the procedures above, I considered the inflation adjustments to be reasonable.</p>
<p><b>Valuation of Property, plant and equipment refer to notes 3.8 and 14 to the financial statements</b></p> <p>The Bank held property, plant and equipment with a carrying amount of ZWL\$82 406 584 833 as at December 31, 2023. Property, plant and equipment was revalued by the Bank using professional valuers. The valuations took into account unobservable inputs and therefore significant judgement was applied in determining the fair value of the assets.</p> <p>In addition, the useful life and residual values were reviewed by management with reference to current, forecast and relevant technical factors. This involved a significant degree of management judgement and assumptions. As a result, valuation of property, plant and equipment was considered to be a key audit matter.</p>	<p>The audit procedures that I performed to address the risk of material misstatement relating to the valuation of property, plant and equipment included:</p> <ul style="list-style-type: none"> <li>• Analysing and testing the valuer’s assumptions used to determine the revalued amounts.</li> <li>• Evaluating management’s estimates regarding useful life and residual values of these assets in relation to the Bank’s historical experience, industry practice and future operating plans.</li> <li>• Evaluating the methodology used by the Bank when performing the valuation.</li> <li>• Inspecting documentary evidence of the condition of property, plant and equipment.</li> </ul> <p>Based on evidence gathered, I found the management’s assumptions in relation to useful life, residual values and the revalued carrying amounts of property, plant and equipment to be reasonable.</p>
<p><b>Allowance for credit losses, refer to notes 3.6 and 11.1 to the financial statements</b></p> <p>The Bank’s Expected Credit Loss (ECL) on loans and advances amounted to ZWL\$ 2 216 725 369.</p> <p>The determination of the ECL is a key area where management makes judgements and estimates. The identification of impairment and determination of recoverable amounts inherently involves various assumptions and factors including future cash flows, expected net selling prices, financial position of the counterparty. Therefore, the process is inherently uncertain.</p> <p>In making these assessments, the Bank use modelling techniques and assumptions that can produce significantly different estimates of provisions.</p> <p>It is on the basis above that I considered impairment of loans and advances as a key audit matter.</p>	<p>The audit procedures that I performed to address the risk of material misstatement relating to the allowance for credit loss included:</p> <ul style="list-style-type: none"> <li>• Assessment and testing of design and operating effectiveness of the controls over individual impairment calculations and quality of underlying data and systems.</li> <li>• Tested the appropriateness and accuracy of the inputs to models such as recovery rates, compared data and assumptions made to external data.</li> <li>• Tested the accuracy and completeness of the age analysis and compared responses from confirmations made.</li> <li>• Validation of provisions through assessment of the reasonableness of management’s methodologies used in estimating the allowance.</li> <li>• Reviewed the Bank’s impairment and provisioning policy to assess compliance with the general and specific requirements of International Financial Reporting Standard (IFRS) 9 – “Financial Instruments”</li> </ul> <p>Based on the procedures above, I considered the impairment to be reasonable.</p>

## Other information

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

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

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

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements of People's Own Savings Bank have, in all material respects, been properly prepared in compliance with the disclosure requirements of the People's Own Savings Bank of Zimbabwe Act [Chapter 24:22], the Banking Act [Chapter 24:20], the Public Finance Management Act [Chapter 22:19] and other relevant Statutory Instruments.

**27 March, 2024.**



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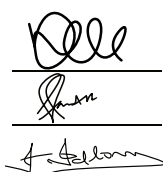
**R. KUJINGA,  
ACTING AUDITOR – GENERAL.**

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

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Interest income	5	63,408,226,230	25,425,452,030	39,524,401,318	3,764,156,072
Interest expense	6	(10,104,893,865)	(3,743,932,234)	(6,171,487,291)	(576,005,111)
<b>Net interest income</b>		<b>53,303,332,365</b>	<b>21,681,519,796</b>	<b>33,352,914,027</b>	<b>3,188,150,961</b>
Increase in impairment losses on financial assets	11.5	(2,316,364,013)	(809,311,674)	(2,316,364,013)	(168,418,023)
<b>Net interest income after impairment losses</b>		<b>50,986,968,352</b>	<b>20,872,208,122</b>	<b>31,036,550,014</b>	<b>3,019,732,938</b>
Fees and commission income	7	161,079,337,279	51,053,534,018	100,639,214,540	8,101,144,959
Dividend income		365,046,325	171,215,531	211,627,393	29,441,887
Fair value gain on Investment properties		12,387,443,705	4,004,818,921	21,244,055,727	1,765,060,296
Fair value gain/ (loss) on financial assets measured at fair value through profit & loss		(297,889,215)	-	123,802,023	-
Other operating income	8	182,517,912,169	15,329,549,180	61,951,865,120	2,075,705,809
<b>Net operating income</b>		<b>407,038,818,615</b>	<b>91,431,325,772</b>	<b>215,207,114,817</b>	<b>14,991,085,889</b>
Operating expenses	9	(204,362,637,749)	(70,319,180,784)	(117,853,198,318)	(10,748,554,691)
<b>Operating profit for the year</b>		<b>202,676,180,866</b>	<b>21,112,144,988</b>	<b>97,353,916,499</b>	<b>4,242,531,198</b>
Monetary loss		(92,514,297,090)	(9,839,226,420)	-	-
<b>Net profit for the year</b>		<b>110,161,883,776</b>	<b>11,272,918,568</b>	<b>97,353,916,499</b>	<b>4,242,531,198</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Fair value gain / (loss) on financial assets at fair value through other comprehensive income		5,936,888,780	(6,969,427,755)	12,250,466,450	761,839,793
Gain on revaluation of non-current assets		32,580,883,023	14,132,908,949	71,572,262,550	5,656,908,073
<b>Total comprehensive income for the year</b>		<b>148,679,655,579</b>	<b>18,436,399,762</b>	<b>181,176,645,499</b>	<b>10,661,279,064</b>

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

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
<b>ASSETS</b>					
Cash and balances with banks	10	97,564,776,285	54,381,366,494	97,564,776,285	11,316,780,100
Balances with the Central Bank		16,077,318,017	2,952,141,772	16,077,318,017	614,341,665
Financial assets at amortised cost	11	182,088,941,023	48,749,936,195	182,088,941,023	10,144,877,616
Other assets	12	65,037,308,658	22,978,734,748	50,550,904,845	3,782,994,196
Financial assets at fair value through other comprehensive income	13.1	13,808,557,720	8,052,696,477	13,808,557,720	1,675,768,763
Financial assets at fair value through profit and loss	13.2	1,123,820,653	-	1,123,820,653	-
Investment properties	13.3	23,750,226,000	11,143,663,461	23,750,226,000	2,319,000,000
Property, plant and equipment	14	82,406,584,833	31,072,786,934	82,406,584,833	6,466,257,097
Right- of- use assets	15	19,373,865,436	4,056,577,702	9,087,473,364	589,989,110
Intangible assets	16	8,669,456,568	5,811,050,670	8,669,456,568	1,209,281,538
<b>TOTAL ASSETS</b>		<b>509,900,855,193</b>	<b>189,198,954,453</b>	<b>485,128,059,308</b>	<b>38,119,290,085</b>
<b>LIABILITIES</b>					
Customer deposits	17	257,263,061,484	102,324,304,828	257,263,061,484	21,293,721,200
Other liabilities	18	33,319,975,417	16,058,841,297	33,319,975,417	3,341,850,111
<b>TOTAL LIABILITIES</b>		<b>290,583,036,901</b>	<b>118,383,146,125</b>	<b>290,583,036,901</b>	<b>24,635,571,311</b>
<b>EQUITY</b>					
Share capital	19.1	17,966,648,309	17,966,648,309	48,349,746	48,349,746
Capital contribution	19.2	691,855,280	691,855,280	25,000,000	25,000,000
Mark-to-market reserves	19.3	8,740,446,455	2,920,354,705	3,529,204,661	1,395,535,241
Revaluation reserve	19.4	57,612,452,986	25,031,569,963	78,125,542,712	6,553,280,162
Foreign currency translation reserve	19.5	273,953,943	273,953,943	16,584,225	16,584,225
Revenue Reserves	19.6	134,032,461,319	23,931,426,128	102,800,341,063	5,444,969,400
<b>TOTAL CAPITAL AND RESERVES</b>		<b>219,317,818,292</b>	<b>70,815,808,328</b>	<b>194,545,022,407</b>	<b>13,483,718,774</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>509,900,855,193</b>	<b>189,198,954,453</b>	<b>485,128,059,308</b>	<b>38,119,290,085</b>


**Chief Finance Officer [M Gunde – CPA (Z)] P.A.A.B. Reg. # 03756**

26 March 2024

**Chief Executive Officer [G Changunda]**

26 March 2024

**Board Chairperson [I. Ndlovu]**

26 March 2024

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

	Share capital ZWL	Capital contribution reserve ZWL	Mark-to- Market Reserves ZWL	Functional Revaluation reserves ZWL	Foreign Currency Translation reserve ZWL	Translation reserves ZWL	Total ZWL
Balance at January 01, 2023	17,966,648,309	691,855,280	2,920,354,705	25,031,569,963	273,953,943	23,931,426,128	70,815,808,328
<b>Profit for the period</b>	-	-	-	-	-	<b>110,161,883,776</b>	<b>110,161,883,776</b>
<b>Other comprehensive income</b>							
Fair value gain of financial assets at fair value through other comprehensive income	-	-	5,936,888,780	-	-	-	5,936,888,780
Revaluation gain	-	-	-	32,580,883,023	-	-	32,580,883,023
<b>Total other comprehensive income</b>	-	-	<b>5,936,888,780</b>	<b>32,580,883,023</b>	-	-	<b>38,517,771,803</b>
<b>Subtotal</b>	-	-	<b>5,936,888,780</b>	<b>32,580,883,023</b>	-	<b>110,161,883,776</b>	<b>148,679,655,579</b>
Dividend paid	-	-	-	-	-	(177,645,615)	(177,645,615)
Transfer to distributable reserves	-	-	(116,797,030)	-	-	116,797,030	-
<b>Balance at December 31, 2023</b>	<b>17,966,648,309</b>	<b>691,855,280</b>	<b>8,740,446,455</b>	<b>57,612,452,986</b>	<b>273,953,943</b>	<b>134,032,461,319</b>	<b>219,317,818,292</b>
Balance January 01, 2022	17,966,648,309	691,855,280	9,889,782,460	10,898,661,014	273,953,943	13,356,521,984	53,077,422,990
<b>Profit for the period</b>	-	-	-	-	-	<b>11,272,918,568</b>	<b>11,272,918,568</b>
<b>Other comprehensive income</b>							
Fair value loss of financial assets at fair value through other comprehensive income	-	-	(6,969,427,755)	-	-	-	(6,969,427,755)
Revaluation gain	-	-	-	14,132,908,949	-	-	14,132,908,949
<b>Total other comprehensive income</b>	-	-	<b>(6,969,427,755)</b>	<b>14,132,908,949</b>	-	-	<b>7,163,481,194</b>
<b>Subtotal</b>	-	-	<b>(6,969,427,755)</b>	<b>14,132,908,949</b>	-	<b>11,272,918,568</b>	<b>18,436,399,762</b>
Dividend paid	-	-	-	-	-	(698,014,424)	(698,014,424)
Transfer to distributable reserves	-	-	-	-	-	-	-
<b>Balance at December 31, 2022</b>	<b>17,966,648,309</b>	<b>691,855,280</b>	<b>2,920,354,705</b>	<b>25,031,569,963</b>	<b>273,953,943</b>	<b>23,931,426,128</b>	<b>70,815,808,328</b>

**HISTORICAL COST**

	Share capital ZWL	Capital contribution reserve ZWL	Mark-to- Market Reserves ZWL	Functional Revaluation reserves ZWL	Foreign Currency Translation reserve ZWL	Translation reserves ZWL	Total ZWL
Balance at January 01, 2023	48,349,746	25,000,000	1,395,535,241	6,553,280,162	16,584,225	5,444,969,400	13,483,718,774
<b>Profit for the period</b>	-	-	-	-	-	<b>97,353,916,499</b>	<b>97,353,916,499</b>
<b>Other comprehensive income</b>							
Fair value gain of financial assets at fair value through other comprehensive income	-	-	12,250,466,450	-	-	-	12,250,466,450
Revaluation gain	-	-	-	71,572,262,550	-	-	71,572,262,550
<b>Total other comprehensive income</b>	-	-	<b>12,250,466,450</b>	<b>71,572,262,550</b>	-	-	<b>83,822,729,000</b>
<b>Subtotal</b>	-	-	<b>12,250,466,450</b>	<b>71,572,262,550</b>	-	<b>97,353,916,499</b>	<b>181,176,645,499</b>
Dividend paid	-	-	-	-	-	(115,341,866)	(115,341,866)
Transfer to distributable reserves	-	-	(116,797,030)	-	-	116,797,030	-
<b>Balance at December 31, 2023</b>	<b>48,349,746</b>	<b>25,000,000</b>	<b>13,529,204,661</b>	<b>78,125,542,712</b>	<b>16,584,225</b>	<b>102,800,341,063</b>	<b>194,545,022,407</b>
Balance at January 01, 2022	48,349,746	25,000,000	633,695,448	896,372,089	16,584,225	1,347,695,231	2,967,696,739
<b>Profit for the period</b>	-	-	-	-	-	<b>4,242,531,198</b>	<b>4,242,531,198</b>
<b>Other comprehensive income</b>							
Fair value gain of financial assets at fair value through other comprehensive income	-	-	761,839,793	-	-	-	761,839,793
Revaluation gain	-	-	-	5,656,908,073	-	-	5,656,908,073
<b>Total other comprehensive income</b>	-	-	<b>761,839,793</b>	<b>5,656,908,073</b>	-	-	<b>6,418,747,866</b>
<b>Subtotal</b>	-	-	<b>761,839,793</b>	<b>5,656,908,073</b>	-	<b>4,242,531,198</b>	<b>10,661,279,064</b>
Dividend	-	-	-	-	-	(145,257,029)	(145,257,029)
Transfer to distributable reserves	-	-	-	-	-	-	-
<b>Balance at December 31, 2022</b>	<b>48,349,746</b>	<b>25,000,000</b>	<b>1,395,535,241</b>	<b>6,553,280,162</b>	<b>16,584,225</b>	<b>5,444,969,400</b>	<b>13,483,718,774</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023**

Notes	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
<b>Cash flows from operating activities</b>				
Profit for period	110,161,883,776	11,272,918,568	97,353,916,499	4,242,531,198
<b>Adjustments for non- cash items</b>	<b>(137,146,144,221)</b>	<b>(25,630,556,813)</b>	<b>(105,119,536,968)</b>	<b>(6,069,212,007)</b>
Net monetary loss	92,514,297,090	9,839,226,420	-	-
Increase in Impairment loss on financial assets at amortised cost	11.5 2,316,364,013	809,311,674	2,316,364,013	168,418,023
Loss on disposal of property, plant and equipment	8 372,476,190	177,726,586	344,244,555	15,826,736
Profit on disposal of financial assets at fair value through other comprehensive income	8 (3,266,649)	-	(2,123,495)	-
Increase in fair value of investment properties	13.2 (12,387,443,705)	(4,004,818,921)	(21,244,055,727)	(1,765,060,296)
Increase/ (Decrease) in fair value of financial assets measured at fair value through profit & loss	13.2 297,889,215	-	(123,802,023)	-
Foreign exchange gain	(181,850,752,403)	(14,929,844,964)	(61,595,010,204)	(2,016,103,440)
Depreciation of property, plant and equipment	14 9,480,183,569	1,947,797,939	6,114,252,870	299,498,846
Depreciation of right of use assets	15 2,753,828,270	1,094,269,089	1,700,458,315	165,709,290
Amortisation of intangible assets	16 1,636,148,167	566,056,889	988,867,259	84,672,776
Dividend received	(365,046,325)	(171,215,531)	(211,627,393)	(29,441,887)
Net Interest income	(54,269,298,638)	(21,471,061,559)	(34,845,361,725)	(3,081,672,098)
Interest on lease liability	18.3 2,358,476,985	511,995,565	1,438,256,587	88,940,043
<b>Operating cash flow before changes in Operating assets and liabilities</b>	<b>(26,984,260,445)</b>	<b>(14,357,638,245)</b>	<b>(7,765,620,469)</b>	<b>(1,826,680,809)</b>
<b>Changes in operating assets and liabilities</b>	<b>227,782,230,763</b>	<b>78,323,080,279</b>	<b>132,478,046,215</b>	<b>14,618,055,053</b>
Decrease /(Increase) in financial assets at amortised cost and other assets	5,391,898,041	27,546,651,874	(159,505,947,447)	(7,266,444,462)
Increase in deposits and other liabilities	168,121,034,084	9,305,366,846	257,138,631,937	18,802,827,417
Interest received	62,205,122,000	25,177,458,221	38,535,542,190	3,597,222,347
Interest paid	(7,935,823,362)	(3,706,396,662)	(3,690,180,465)	(515,550,249)
<b>Net cash flows from operating activities</b>	<b>200,797,970,318</b>	<b>63,965,442,034</b>	<b>124,712,425,746</b>	<b>12,791,374,244</b>
<b>Cash flows from investing activities</b>	<b>(33,794,739,881)</b>	<b>(10,295,638,571)</b>	<b>(20,137,171,463)</b>	<b>(1,607,860,141)</b>
Proceeds from sale of property, plant and equipment	15,633,704	29,904,597	15,633,704	2,578,415
Proceeds from sale of financial assets at fair value through other comprehensive income	184,294,186	-	119,800,988	-
Purchase of financial assets at fair value through other comprehensive income	13.1 -	(1,404,120,014)	-	(89,542,052)
Purchase of financial assets at fair value through profit & loss	13.2 (1,421,709,869)	-	(1,000,018,630)	-
Purchase of investment properties	13.3 (219,118,834)	(857,535,250)	(187,170,273)	(173,690,944)
Purchase of property, plant and equipment	14 (32,664,155,306)	(7,457,469,193)	(19,261,509,457)	(1,335,150,481)
Purchase of intangible asset	16 (54,730,087)	(777,634,242)	(35,535,188)	(41,496,966)
Dividend received	365,046,325	171,215,531	211,627,393	29,441,887
<b>Cash flows from financing activities</b>	<b>(4,623,395,035)</b>	<b>(2,160,691,980)</b>	<b>(2,864,281,746)</b>	<b>(372,458,359)</b>
Dividend paid	(177,645,615)	(698,014,423)	(115,341,866)	(145,257,029)
Interest on lease liability	18.3 (2,358,476,985)	(511,995,563)	(1,438,256,587)	(88,940,043)
Principal payment on Lease liability	18.3 (2,087,272,435)	(950,681,994)	(1,310,683,293)	(138,261,287)
<b>Net increase in cash and cash equivalents</b>	<b>162,379,835,402</b>	<b>51,509,111,483</b>	<b>101,710,972,537</b>	<b>10,811,055,744</b>
Inflation effects on cash and cash equivalents	(106,071,249,366)	(12,677,915,044)	-	-
Cash and cash equivalents at the beginning of the year	57,333,508,266	18,502,311,827	11,931,121,765	1,120,066,021
<b>Cash and cash equivalents at the end of the year</b>	<b>113,642,094,302</b>	<b>57,333,508,266</b>	<b>113,642,094,302</b>	<b>11,931,121,765</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

## 1. REPORTING ENTITY AND ITS NATURE OF BUSINESS

The People's Own Savings Bank is a corporate body established in terms of section 3 of the People's Own Savings Bank of Zimbabwe Act, [Chapter 24:22] of 1999. 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 Board. The major risks which the Bank is exposed to include credit risk, interest rate risk, operational risk and compliance risk. The Bank's Head Office is at Causeway Building, Corner 3rd Street/Central Avenue, Harare, Zimbabwe.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements for the year ended December 31, 2023, 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, 2023 were authorised for issue in accordance with a resolution of the Directors on March 22, 2024.

### 2.2 Basis of measurement

In accordance with International Financial Reporting Standards, the accounting policies of POSB and the disclosure requirements of the POSB Act (Chapter 24:22), the financial statements are based on the historical cost records which are restated to take account of inflation. The inflation adjusted financial statements are the primary financial statements of the Bank and the historical cost financial statements have been provided as supplementary information. In preparing of the inflation adjusted accounts, the following considerations have been taken into account:

#### 2.2.1 Hyperinflationary accounting

This requires transactions and balances of each reporting period to be presented in terms of the measuring unit current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period. Whilst in previous years, the restatement of the historical cost numbers was based on the conversion factors derived from the ZWL consumer price index (CPI) issued by the Zimbabwe National Statistics Agency (ZimStat), publication of the ZWL CPI was stopped in January 2023 through the introduction of Statutory Instrument (SI) 27 of 2023, on 3 March 2023, which announced that the official inflation rate would be the blended inflation rate. This rate measures inflation based on a weighted average of price movements in ZWL and US\$ over a given period of time to reflect the dual currency nature of incomes and prices in the Zimbabwe economy.

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

#### 2.2.2 The following General Price Indices and Conversion Factors have been used:

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

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

### 2.3 Functional And Presentation Currency

These financial statements are presented in Zimbabwean dollars (ZWL) being the currency of the primary economic environment in which the Bank operates. Assets and liabilities denominated in other currencies are translated at the rate ruling at the Statement of financial position date. Income and expenses denominated in other currencies are translated, for practical reasons, using an average exchange rate for the period. All exchange gains and/ or losses are taken to the Statement of profit or loss and other comprehensive income.

### 2.4 Use of significant accounting judgements, estimates and assumptions

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

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

#### 2.4.1 Determination of the functional and presentation currency

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

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

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

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

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

#### 2.4.3 Fair value measurement principles

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

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

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

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

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

#### 2.4.5 Measurement of the expected credit loss allowance

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

### 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 unrecognised past service costs and the fair value of any plan assets are deducted.

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

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

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

### 2.5 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended International financial reporting standards (IFRS) and IFRIC interpretations adopted in 2023:

#### 2.5.1 International Accounting Standard (IAS) 1 - "Presentation of Financial Statements" Disclosure of Accounting Policies (amendments)

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

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

#### 2.5.2 International Accounting Standard (IAS) 1 - "Presentation of Financial Statements" Classification of Liabilities as Current or Non-Current

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

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

**2.5.3 International Accounting Standard (IAS) 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" Definition of Accounting Estimates (amendments)** – The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "Monetary amounts in the financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimates that results from new information or new developments is not the correction of an error.

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

### 2.6 New and amended standards and interpretations not yet effective

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

**2.6.1 International Accounting Standard (IAS) 1 - "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 in order for an entity to classify liability as non-current. This right may be subject to conditions (covenants) specified in the loan arrangement. Importantly only covenants that the entity must comply with on or before the reporting date impact the classification. Future covenants (those after the reporting date) do not affect the classification of the liability.

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

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

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

**2.7 Going concern**

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

**3 MATERIAL ACCOUNTING POLICIES**

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

**3.1 Inventory**

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

**3.2 Taxation**

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

**3.3 Interest income and interest expense****3.3.1 Effective interest rate**

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

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

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

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

**3.3.2 Amortised cost and gross carrying amount**

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

**3.3.3 Calculation of interest income and expense**

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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

**3.4 Fees and commission income and expense**

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

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

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

**3.5 Dividends**

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

**3.6 Financial Instruments: Financial assets and liabilities****3.6.1 Date of recognition**

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

**3.6.2 Initial measurement of financial instruments**

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

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

**3.6.3 Classification**

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

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

**3.6.3.1 Cash and cash equivalents**

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

**3.6.3.2 Financial assets at amortised cost**

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

**Loans and advances**

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

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

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

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

**Treasury bills and other money market assets**

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

**3.6.3.3 Financial assets at fair value through other comprehensive income**

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

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

**3.6.3.4 Financial assets at fair value through profit or loss**

Financial assets classified at fair value through profit or loss are those which are neither designated at amortised cost nor at fair value through other comprehensive income.

At initial recognition, a financial asset measured at fair value through profit or loss is recognised at its fair value. Unlike financial assets at amortised cost and financial assets at fair value through other comprehensive income, transaction costs incurred to acquire the financial assets are not added in the cost of the financial assets but are charged to the Statement of profit or loss directly.

Subsequently, financial assets measured at fair value through profit or loss are measured at fair value. The gains or losses on the fair valuation are recorded in the statement of profit or loss. The Bank has classified gold backed digital tokens as financial assets measured at fair value through profit or loss.

**3.6.4 Measurement**

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

- Amortized cost,
- FVOCI, and
- FVPL

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

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

The details of these conditions are outlined below;

**3.6.4.1 Business model assessment**

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

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

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

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

**3.6.4.2 The Solely Payments of Principal Interest (SPPI) Test**

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

**3.6.4.3 Reclassification of financial assets and liabilities**

From 1 January 2018, the Bank does not reclassify its financial assets subsequent to their initial recognition apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Bank did not reclassify any of its financial assets or liabilities in 2023.

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

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

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

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

**3.6.4.5 Derecognition other than for substantial modification Financial assets**

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

**Financial Liabilities**

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

**3.6.5 Measuring and determining fair values**

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

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

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

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

- **Level 1:** Quoted market prices (unadjusted) in an active market for an identical instrument.
- **Level 2:** Valuation techniques based on observable inputs, either directly or indirectly. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobserved inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

**3.6.6 Impairment of financial assets**

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

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

No ECL is recognised on equity investments.

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

**3.6.6.1 Stage 1: 12-months ECL**

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

**3.6.6.2 Stage 2: Lifetime ECL – Not credit impaired**

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

**3.6.6.3 Stage 3: Lifetime ECL – Credit impaired**

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

**3.6.6.4 Determining the stage for impairment**

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

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

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

**3.6.6.5 Measurement of ECLs**

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

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

**3.6.6.6 Impairment charges on loans and advances**

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

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

**3.6.7 Off-setting financial instruments**

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

**3.6.8 Write-offs**

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

**3.7 Property, plant and equipment**

**3.7.1 Recognition and measurement**

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

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

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

**3.7.2 Depreciation**

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

The estimated useful lives are as follows:

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

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

**3.7.3 Reclassification to investment property**

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

**3.7.4 Derecognition**

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

**3.7.5 Subsequent costs**

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

**3.8 Investment properties**

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

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflect market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International valuation standards committee.

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

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

**3.9 Intangible assets - computer software**

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank. The Bank initially recognizes intangible assets at cost, subsequently intangible assets are measure at the revalued amount.

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

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

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

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

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

Subsequent to initial recognition, IAS 38 provides for an intangible asset to be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortization and any subsequent accumulated impairment losses. For the purpose of revaluations under this standard, fair value shall be measured by reference to an active market. Revaluations shall be made with such regularity that at the end of the reporting period the carrying amount of the asset does not differ materially from its fair value". In the case of POSB, the entity needs to be sure that measurement to fair value was done in reference to an active market.

**3.10 Lease accounting**

**3.10.1 Bank as lessee**

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

To apply this definition, the Bank assesses whether the contract meets the following key evaluation:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Bank
- The Bank has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use
- The Bank has the right to direct the use of the identified asset throughout the period of use.

**3.10.2 Measurement and recognition of leases as a lessee**

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

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

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

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

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

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

**3.10.3 Nature of leases**

The Bank has both operating and finance leases. For operating leases, payments are recognised in the profit and loss whereas for finance leases, the criterion defined in **Note 3.10.2** is applied.

**3.11 Provisions**

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

**3.12 Employee benefits**

**3.12.1 Defined benefit plans**

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

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

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

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

**3.12.2 Termination benefits**

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

**3.12.3 Short term employee benefits**

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

**3.13 Share capital and reserves**

**3.13.1 Share capital**

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

**3.13.2 Other equity Reserves**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

### 4. SEGMENT REPORTING

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

#### 4.1 Segment Information

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

##### Retail Banking

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

##### Corporate Banking

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

##### Treasury

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

##### Head office function

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

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

#### 4.2 SEGMENT STATISTICS

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, not the gross income and expense. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2023 or 2022. The following table presents income and profit and certain asset and liability information regarding the Bank's operating segments.

#### INFLATION ADJUSTED

	HEADOFFICE 2023 ZWL	TREASURY 2023 ZWL	CORPORATE BANKING 2023 ZWL	RETAIL BANKING 2023 ZWL	TOTAL 2023 ZWL
Income					
Third party	39,685,877,963	23,833,674,160	10,540,562,318	335,295,068,187	409,355,182,628
Inter-segment	-	-	1,086,205,632	(1,086,205,632)	-
<b>Total operating income</b>	<b>39,685,877,963</b>	<b>23,833,674,160</b>	<b>11,626,767,950</b>	<b>334,208,862,555</b>	<b>409,355,182,628</b>
Provision for impairment loss	(23,864,206)	(489,565,089)	(1,036,351,002)	(766,583,716)	(2,316,364,013)
<b>Net operating income</b>	<b>39,662,013,757</b>	<b>23,344,109,071</b>	<b>10,590,416,948</b>	<b>333,442,278,839</b>	<b>407,038,818,615</b>
<b>Results</b>					
Interest income	299,003,186	5,493,117,469	1,083,308,511	56,532,797,064	63,408,226,230
Interest expense	-	(5,593,295,759)	(3,965,470,538)	(546,127,568)	(10,104,893,865)
<b>Net interest income</b>	<b>299,003,186</b>	<b>(100,178,290)</b>	<b>(2,882,162,027)</b>	<b>55,986,669,496</b>	<b>53,303,332,365</b>
Provision for impairment loss	(23,864,206)	(489,565,089)	(1,036,351,002)	(766,583,716)	(2,316,364,013)
Fees, commission, dividend and other income	40,409,131,178	24,469,004,867	14,205,050,823	276,968,663,395	356,051,850,263
<b>Total Income</b>	<b>40,684,270,158</b>	<b>23,879,261,488</b>	<b>10,286,537,794</b>	<b>332,188,749,175</b>	<b>407,038,818,615</b>
<b>Expenses</b>					
Staff costs	75,811,677,050	1,812,763,266	453,190,816	38,683,753,222	116,761,384,354
Depreciation of property, plant and equipment	2,997,982,913	48,521,027	82,322,088	6,355,422,538	9,484,248,566
Amortisation of intangible assets	935,991,897	46,691,902	-	653,464,368	1,636,148,167
Operating Expenses	62,433,803,260	310,885,357	6,797,450	13,729,370,595	76,480,856,662
<b>Total operating costs</b>	<b>142,179,455,120</b>	<b>2,218,861,552</b>	<b>542,310,354</b>	<b>59,422,010,723</b>	<b>204,362,637,749</b>
Monetary gain/(loss)	64,482,984,736	1,006,325,530	245,955,298	26,779,031,526	92,514,297,090
<b>Profit before Inter Segment Cost</b>	<b>(165,978,169,698)</b>	<b>20,654,074,406</b>	<b>9,498,272,142</b>	<b>245,987,706,926</b>	<b>110,161,883,776</b>
Inter segment cost	79,086,051,987	(1,581,084,590)	(592,624,287)	(76,912,343,110)	-
<b>Profit after Inter Segment Cost</b>	<b>(86,892,117,711)</b>	<b>19,072,989,816</b>	<b>8,905,647,855</b>	<b>169,075,363,816</b>	<b>110,161,883,776</b>
<b>Assets</b>					
Additions to property, plant and equipment	9,174,491,210	60,752,399	3,597,683	23,425,314,013	32,664,155,306
Additions to intangible assets	54,730,087	-	-	-	54,730,087
<b>Total assets</b>	<b>151,406,946,514</b>	<b>47,584,146,817</b>	<b>22,964,135,905</b>	<b>287,945,625,957</b>	<b>509,900,855,193</b>
<b>Total liabilities</b>	<b>30,756,817,256</b>	<b>58,522,646,622</b>	<b>53,005,839,281</b>	<b>148,297,733,742</b>	<b>290,583,036,901</b>

#### INFLATION ADJUSTED

	HEADOFFICE 2022 ZWL	TREASURY 2022 ZWL	CORPORATE BANKING 2022 ZWL	RETAIL BANKING 2022 ZWL	TOTAL 2022 ZWL
Income					
Third party	10,773,352,275	2,547,498,910	1,480,047,687	77,439,738,574	92,240,637,446
Inter-segment	-	-	1,036,858,941	(1,036,858,941)	-
<b>Total operating income</b>	<b>10,773,352,275</b>	<b>2,547,498,910</b>	<b>2,516,906,628</b>	<b>76,402,879,633</b>	<b>92,240,637,446</b>
Provision for impairment loss	70,491,812	8,366,651	209,892,348	(1,098,062,485)	(809,311,674)
<b>Net operating income</b>	<b>10,843,844,087</b>	<b>2,555,865,561</b>	<b>2,726,798,976</b>	<b>75,304,817,148</b>	<b>91,431,325,772</b>
<b>Results</b>					
Interest income	164,601,509	4,169,528,021	1,172,115,241	19,919,207,259	25,425,452,030
Interest expense	-	(3,460,227,261)	(27,179,796)	(256,525,177)	(3,743,932,234)
<b>Net interest income</b>	<b>164,601,509</b>	<b>709,300,760</b>	<b>1,144,935,445</b>	<b>19,662,682,082</b>	<b>21,681,519,796</b>
Provision for impairment loss	70,491,812	8,366,651	209,892,348	(1,098,062,485)	(809,311,674)
<b>Fees and commission</b>	<b>10,233,528,019</b>	<b>1,958,804,785</b>	<b>384,160,423</b>	<b>57,982,624,423</b>	<b>70,559,117,650</b>
<b>Total Income</b>	<b>10,468,621,340</b>	<b>2,676,472,196</b>	<b>1,738,988,216</b>	<b>76,547,244,020</b>	<b>91,431,325,772</b>
<b>Expenses</b>					
Staff costs	24,847,137,439	849,182,105	212,295,525	14,286,048,788	40,194,663,857
Depreciation of property, plant and equipment	807,217,102	9,603,071	10,652,246	1,120,325,519	1,947,797,938
Amortisation of intangible assets	228,536,963	40,518,330	-	297,001,596	566,056,889
Operating Expenses	22,831,512,166	42,083,560	(7,003,143)	4,744,069,517	27,610,662,100
<b>Total operating costs</b>	<b>48,714,403,670</b>	<b>941,387,066</b>	<b>215,944,628</b>	<b>20,447,445,420</b>	<b>70,319,180,784</b>
Monetary gain/(loss)	6,856,671,799	129,053,546	29,491,897	2,824,009,178	9,839,226,420
<b>Profit before Inter Segment Cost</b>	<b>(45,102,454,129)</b>	<b>1,606,031,584</b>	<b>1,493,551,691</b>	<b>53,275,789,422</b>	<b>11,272,918,568</b>
Inter segment cost	39,103,637,660	(792,038,338)	(267,388,899)	(38,044,210,423)	-
<b>Profit after Inter Segment Cost</b>	<b>(5,998,816,469)</b>	<b>813,993,246</b>	<b>1,226,162,792</b>	<b>15,231,578,999</b>	<b>11,272,918,568</b>
<b>Assets</b>					
Additions to property, plant and equipment	2,096,429,522	5,983,651	10,487,477	5,344,568,538	7,457,469,188
Additions to intangible assets	334,473,398	131,025,827	-	312,135,017	777,634,242
<b>Total assets</b>	<b>44,356,036,350</b>	<b>1,652,591,382</b>	<b>622,183,142</b>	<b>142,568,143,579</b>	<b>189,198,954,453</b>
<b>Total liabilities</b>	<b>15,667,364,196</b>	<b>10,896,900,484</b>	<b>13,891,207,335</b>	<b>77,927,674,110</b>	<b>118,383,146,125</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

HISTORICAL COST

	HEADOFFICE 2023 ZWL	TREASURY 2023 ZWL	CORPORATE BANKING 2023 ZWL	RETAIL BANKING 2023 ZWL	TOTAL 2023 ZWL
<b>Income</b>					
Third party	21,088,313,038	12,664,756,516	5,601,052,293	178,169,356,983	217,523,478,830
Inter-segment	-	-	562,800,845	(562,800,845)	-
Total operating income	21,088,313,038	12,664,756,516	6,163,853,138	177,606,556,138	217,523,478,830
Provision for impairment loss	(23,864,206)	(489,565,089)	(1,036,351,002)	(766,583,716)	(2,316,364,013)
<b>Net operating income</b>	<b>21,064,448,832</b>	<b>12,175,191,427</b>	<b>5,127,502,136</b>	<b>176,839,972,422</b>	<b>215,207,114,817</b>
<b>Results</b>					
Interest income	186,378,371	3,424,038,051	675,261,285	35,238,723,611	39,524,401,318
Interest expense	-	(3,416,062,965)	(2,421,881,056)	(333,543,270)	(6,171,487,291)
<b>Net interest income</b>	<b>186,378,371</b>	<b>7,975,086</b>	<b>(1,746,619,771)</b>	<b>34,905,180,341</b>	<b>33,352,914,027</b>
Provision for impairment loss	(23,864,206)	(489,565,089)	(1,036,351,002)	(766,583,716)	(2,316,364,013)
Fees and commission	20,901,934,667	12,656,781,430	7,347,672,063	143,264,176,643	184,170,564,803
<b>Total Income</b>	<b>21,064,448,832</b>	<b>12,175,191,427</b>	<b>4,564,701,290</b>	<b>177,402,773,268</b>	<b>215,207,114,817</b>
<b>Expenses</b>					
Staff costs	42,866,160,522	1,024,989,872	256,247,468	21,872,936,198	66,020,334,060
Depreciation of property, plant and equipment	1,932,723,031	31,280,267	53,070,948	4,097,178,625	6,114,252,871
Amortisation of intangible assets	565,701,664	28,219,995	-	394,945,599	988,867,258
Operating Expenses	36,539,815,620	193,715,116	3,086,809	7,993,126,584	44,729,744,129
<b>Total operating costs</b>	<b>81,904,400,837</b>	<b>1,278,205,250</b>	<b>312,405,225</b>	<b>34,358,187,006</b>	<b>117,853,198,318</b>
<b>Profit before Inter Segment Cost</b>	<b>(60,839,952,005)</b>	<b>10,896,986,177</b>	<b>4,252,296,065</b>	<b>143,044,586,262</b>	<b>97,353,916,499</b>
Inter segment cost	73,817,252,866	(1,475,751,009)	(553,143,010)	(71,788,358,847)	-
<b>Profit after Inter Segment Cost</b>	<b>12,977,300,861</b>	<b>9,421,235,168</b>	<b>3,699,153,055</b>	<b>71,256,227,415</b>	<b>97,353,916,499</b>
<b>Assets</b>					
Additions to property, plant and equipment	5,410,044,973	35,824,680	2,121,494	13,813,518,310	19,261,509,457
Additions to intangible assets	35,535,188	-	-	-	35,535,188
<b>Total assets</b>	<b>144,051,058,907</b>	<b>45,272,339,836</b>	<b>21,848,456,561</b>	<b>273,956,204,004</b>	<b>485,128,059,308</b>
<b>Total liabilities</b>	<b>30,756,817,256</b>	<b>58,522,646,622</b>	<b>53,005,839,281</b>	<b>148,297,733,742</b>	<b>290,583,036,901</b>

HISTORICAL COST

	HEADOFFICE 2022 ZWL	TREASURY 2022 ZWL	CORPORATE BANKING 2022 ZWL	RETAIL BANKING 2022 ZWL	TOTAL 2022 ZWL
<b>Income</b>					
Third party	1,773,602,282	344,870,594	235,011,422	12,806,019,614	15,159,503,912
Inter-segment	-	-	172,809,824	(172,809,824)	-
<b>Total operating income</b>	<b>1,773,602,282</b>	<b>344,870,594</b>	<b>407,821,246</b>	<b>12,633,209,790</b>	<b>15,159,503,912</b>
Provision for impairment loss	14,669,369	1,741,103	43,678,666	(228,507,161)	(168,418,023)
<b>Net operating income</b>	<b>1,788,271,651</b>	<b>346,611,697</b>	<b>451,499,912</b>	<b>12,404,702,629</b>	<b>14,991,085,889</b>
<b>Results</b>					
Interest income	24,368,722	617,285,160	173,527,877	2,948,974,313	3,764,156,072
Interest expense	-	(532,357,015)	(4,181,620)	(39,466,476)	(576,005,111)
<b>Net interest income</b>	<b>24,368,722</b>	<b>84,928,145</b>	<b>169,346,257</b>	<b>2,909,507,837</b>	<b>3,188,150,961</b>
Provision for impairment loss	14,669,369	1,741,103	43,678,666	(228,507,161)	(168,418,023)
<b>Fees and commission</b>	<b>1,749,233,560</b>	<b>334,821,682</b>	<b>65,665,165</b>	<b>9,821,632,544</b>	<b>11,971,352,951</b>
<b>Total Income</b>	<b>1,788,271,651</b>	<b>421,490,930</b>	<b>278,690,088</b>	<b>12,502,633,220</b>	<b>14,991,085,889</b>
<b>Expenses</b>					
Staff costs	3,702,859,222	126,549,861	31,637,465	2,128,986,795	5,990,033,343
Depreciation of property, plant and equipment	124,119,954	1,476,595	1,637,919	172,264,378	299,498,846
Amortisation of intangible assets	34,185,361	6,060,874	-	44,426,541	84,672,776
Operating Expenses	3,617,190,295	6,667,287	(1,109,506)	751,601,650	4,374,349,726
<b>Total operating costs</b>	<b>7,478,354,832</b>	<b>140,754,617</b>	<b>32,165,878</b>	<b>3,097,279,364</b>	<b>10,748,554,691</b>
<b>Profit before Inter Segment Cost</b>	<b>(5,690,083,181)</b>	<b>280,736,313</b>	<b>246,524,210</b>	<b>9,405,353,856</b>	<b>4,242,531,198</b>
Inter segment cost	6,534,618,170	(132,357,715)	(44,683,422)	(6,357,577,033)	-
<b>Profit after Inter Segment Cost</b>	<b>844,534,989</b>	<b>148,378,598</b>	<b>201,840,788</b>	<b>3,047,776,823</b>	<b>4,242,531,198</b>
<b>Assets</b>					
Additions to property, plant and equipment	375,334,958	1,071,285	1,877,629	956,866,609	1,335,150,481
Additions to intangible assets	17,848,534	6,991,943	-	16,656,489	41,496,966
<b>Total assets</b>	<b>8,936,733,406</b>	<b>332,959,611</b>	<b>125,355,765</b>	<b>28,724,241,303</b>	<b>38,119,290,085</b>
<b>Total liabilities</b>	<b>3,260,383,598</b>	<b>2,267,648,544</b>	<b>2,890,764,776</b>	<b>16,216,774,393</b>	<b>24,635,571,311</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

### 5. INTEREST INCOME

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

### 6. INTEREST EXPENSE

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

### 7. FEES AND COMMISSION INCOME

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

### 8. OTHER OPERATING INCOME

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Foreign exchange gain	181,850,752,403	14,929,844,964	61,595,010,204	2,016,103,440
Profit on disposal of financial assets at fair value through other comprehensive income	3,266,649	-	2,123,495	-
Discount income on treasury bills	860,000	3,940,407	860,000	820,000
Bad Debt recovered	64,633	-	29,398	-
Miscellaneous income	662,968,484	395,763,809	353,842,023	58,782,369
	<b>182,517,912,169</b>	<b>15,329,549,180</b>	<b>61,951,865,120</b>	<b>2,075,705,809</b>

### 9. OPERATING EXPENSES

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

### 10. CASH AND BALANCES WITH BANKS

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

11. FINANCIAL ASSETS AT AMORTISED COST

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23	Dec-22	Dec-23	Dec-22
	ZWL	ZWL	ZWL	ZWL
<b>11.1 Loans and advances</b>				
Individual loans	47,335,990,842	20,830,417,676	47,335,990,842	4,334,816,711
Corporate Loans	2,727,757,297	415,001,284	2,727,757,297	86,361,902
Mortgage Loans	16,463,699,706	760,501,391	16,463,699,706	158,260,587
Microfinance loans	45,730,493,008	7,755,997,747	45,730,493,008	1,614,025,660
SME and Agribusiness Loans	2,418,490,787	480,991,646	2,418,490,787	100,094,518
	<b>114,676,431,640</b>	<b>30,242,909,744</b>	<b>114,676,431,640</b>	<b>6,293,559,378</b>
Interest Accrued	42,598,370	21,347,853	42,598,370	4,442,495
<b>Gross total</b>	<b>114,719,030,010</b>	<b>30,264,257,597</b>	<b>114,719,030,010</b>	<b>6,298,001,873</b>
Provision for impairment losses	(2,216,725,369)	(1,590,653,080)	(2,216,725,369)	(331,015,425)
	<b>112,502,304,641</b>	<b>28,673,604,517</b>	<b>112,502,304,641</b>	<b>5,966,986,448</b>

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23	Dec-22	Dec-23	Dec-22
	ZWL	ZWL	ZWL	ZWL
<b>11.2 Money Market Assets</b>				
Treasury bills	21,967,535,125	3,368,596,477	21,967,535,125	701,006,025
Interbank Placements	17,332,946,349	2,402,687,249	17,332,946,349	500,000,000
Government Bonds	15,832,556,246	-	15,832,556,246	-
Non-negotiable certificate of deposits	13,796,114,398	13,299,789,242	13,796,114,398	2,767,690,478
	<b>68,929,152,118</b>	<b>19,071,072,968</b>	<b>68,929,152,118</b>	<b>3,968,696,503</b>
Interest Accrued	1,158,912,527	1,001,420,536	1,158,912,527	208,395,940
<b>Gross total</b>	<b>70,088,064,645</b>	<b>20,072,493,504</b>	<b>70,088,064,645</b>	<b>4,177,092,443</b>
Provision for impairment losses	(521,161,596)	(85,958,257)	(521,161,596)	(17,887,942)
	<b>69,566,903,049</b>	<b>19,986,535,247</b>	<b>69,566,903,049</b>	<b>4,159,204,501</b>
<b>11.3 Capitalisation Treasury Bills</b>				
Treasury bills	18,140,000	83,036,871	18,140,000	17,280,000
Interest accrued	1,593,333	6,759,560	1,593,333	1,406,667
<b>Gross Total</b>	<b>19,733,333</b>	<b>89,796,431</b>	<b>19,733,333</b>	<b>18,686,667</b>
Provision for impairment losses	-	-	-	-
	<b>19,733,333</b>	<b>89,796,431</b>	<b>19,733,333</b>	<b>18,686,667</b>
<b>TOTAL FINANCIAL ASSETS MEASURED AT AMORTISED COST</b>	<b>182,088,941,023</b>	<b>48,749,936,195</b>	<b>182,088,941,023</b>	<b>10,144,877,616</b>

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23	Dec-22	Dec-23	Dec-22
	ZWL	ZWL	ZWL	ZWL
<b>11.4 Maturity analysis</b>				
<b>11.4.1 Loans and advances</b>				
Maturing within 1 year	60,246,395,791	13,609,986,308	60,246,395,791	2,832,242,587
Maturing after 1 year but within 5 years	38,008,933,423	15,893,769,898	38,008,933,423	3,307,498,699
Maturing after 5 years	16,463,700,796	760,501,391	16,463,700,796	158,260,587
<b>Total</b>	<b>114,719,030,010</b>	<b>30,264,257,597</b>	<b>114,719,030,010</b>	<b>6,298,001,873</b>

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23	Dec-22	Dec-23	Dec-22
	ZWL	ZWL	ZWL	ZWL
<b>11.4.2 Money market assets</b>				
Maturing within 1 year	70,086,791,953	20,067,659,175	70,086,791,953	4,176,086,418
Maturing after 1 year but within 5 years	1,272,692	4,834,329	1,272,692	1,006,025
Maturing after 5 years	-	-	-	-
	<b>70,088,064,645</b>	<b>20,072,493,504</b>	<b>70,088,064,645</b>	<b>4,177,092,443</b>

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
<b>11.4.3 Capitalisation treasury bills</b>				
Maturing after 1 year but within 5 years	19,733,333	89,796,431	19,733,333	18,686,667
	<b>19,733,333</b>	<b>89,796,431</b>	<b>19,733,333</b>	<b>18,686,667</b>

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

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
<b>11.5 Provision for impairment allowances</b>				
<b>For financial assets at amortised cost</b>				
<b>At January 1</b>	<b>1,676,611,337</b>	<b>2,981,427,938</b>	<b>348,903,367</b>	<b>180,485,344</b>
Monetary Adjustment	(1,327,707,970)	(2,114,128,275)	-	-
Increase in impairment losses	2,316,364,013	809,311,674	2,316,364,013	168,418,023
Foreign exchange gain	72,619,585	-	72,619,585	-
Corporate Lending	1,036,351,002	(209,892,253)	1,036,351,002	(43,678,646)
Individual Lending	790,447,922	986,083,308	790,447,922	205,204,258
Money market assets	489,565,089	33,120,614	489,565,089	6,892,411
<b>As at December 31</b>	<b>2,737,886,965</b>	<b>1,676,611,337</b>	<b>2,737,886,965</b>	<b>348,903,367</b>
Specific provisions	2,737,886,965	1,676,611,337	2,737,886,965	348,903,367
	<b>2,737,886,965</b>	<b>1,676,611,337</b>	<b>2,737,886,965</b>	<b>348,903,367</b>

**11.5.1 Provision for impairment allowances for financial assets at amortised cost**

	INFLATION ADJUSTED		
	Corporate Lending ZWL	Individual lending ZWL	Total ZWL
<b>Dec-23</b>			
<b>At January 1, 2023</b>	<b>6,805,715</b>	<b>1,583,847,365</b>	<b>1,590,653,080</b>
IAS 29 Adjustment	(5,389,444)	(1,254,248,211)	(1,259,637,655)
Charge for the period	1,036,351,002	790,447,922	1,826,798,924
Foreign exchange gain	37,531,297	21,379,723	58,911,020
<b>As at 31 December 2023</b>	<b>1,075,298,570</b>	<b>1,141,426,799</b>	<b>2,216,725,369</b>
Specific Provisions	1,075,298,570	1,141,426,799	2,216,725,369
	<b>1,075,298,570</b>	<b>1,141,426,799</b>	<b>2,216,725,369</b>
<b>Dec-22</b>			
<b>At January 2022</b>	<b>744,920,582</b>	<b>2,054,872,746</b>	<b>2,799,793,328</b>
IAS 29 Adjustment	(528,222,614)	(1,457,108,689)	(1,985,331,303)
Charge for the period	(209,892,253)	986,083,308	776,191,055
<b>As at 31 December 2022</b>	<b>6,805,715</b>	<b>1,583,847,365</b>	<b>1,590,653,080</b>
Specific Provisions	6,805,715	1,583,847,365	1,590,653,080
	<b>6,805,715</b>	<b>1,583,847,365</b>	<b>1,590,653,080</b>

	HISTORICAL COST		
	Corporate Lending ZWL	Individual lending ZWL	Total ZWL
<b>Dec-23</b>			
<b>At January 1, 2023</b>	<b>1,416,272</b>	<b>329,599,153</b>	<b>331,015,425</b>
Charge for the period	1,036,351,002	790,447,922	1,826,798,924
Foreign exchange gain	37,531,297	21,379,723	58,911,020
<b>As at 31 December 2023</b>	<b>1,075,298,571</b>	<b>1,141,426,798</b>	<b>2,216,725,369</b>
Specific Provisions	1,075,298,571	1,141,426,798	2,216,725,369
	<b>1,075,298,571</b>	<b>1,141,426,798</b>	<b>2,216,725,369</b>
<b>Dec-22</b>			
<b>At January 1, 2022</b>	<b>45,094,918</b>	<b>124,394,895</b>	<b>169,489,813</b>
Charge for the period	(43,678,646)	205,204,258	161,525,612
<b>As at 31 December, 2022</b>	<b>1,416,272</b>	<b>329,599,153</b>	<b>331,015,425</b>
Specific Provisions	1,416,272	329,599,153	331,015,425
	<b>1,416,272</b>	<b>329,599,153</b>	<b>331,015,425</b>

**11.5.2. Provision for impairment allowances on money market assets**

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
<b>At January 1</b>	<b>85,958,257</b>	<b>181,634,606</b>	<b>17,887,942</b>	<b>10,995,531</b>
IAS 29 Adjustment	(68,070,315)	(128,796,963)	-	-
Charge for the year	489,565,089	33,120,614	489,565,089	6,892,411
FX gain or loss	13,708,565	-	13,708,565	-
<b>As at December 31</b>	<b>521,161,596</b>	<b>85,958,257</b>	<b>521,161,596</b>	<b>17,887,942</b>
Specific provisions	521,161,596	85,958,257	521,161,596	17,887,942
	<b>521,161,596</b>	<b>85,958,257</b>	<b>521,161,596</b>	<b>17,887,942</b>

**NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

**12. OTHER ASSETS**

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

**13. ASSETS MEASURED AT FAIR VALUE**

	INFLATION ADJUSTED			
	Quoted prices in active markets for identical assets (Level 1) ZWL	Significant other observable inputs (Level 2) ZWL	Significant unobservable inputs (Level 3) ZWL	Total ZWL
<b>Dec -23</b>				
<b>Recurring fair value measurements</b>				
<b>Equity securities:</b>				
Communication	2,024,870,084	-	-	2,024,870,084
Financial services industry	1,031,709,208	-	826,959,746	1,858,668,954
Manufacturing industry	8,197,003,780	-	-	8,197,003,780
Other	1,728,014,902	-	-	1,728,014,902
<b>Total equity securities</b>	<b>12,981,597,974</b>	<b>-</b>	<b>826,959,746</b>	<b>13,808,557,720</b>
<b>Gold backed Digital tokens:</b>				
Gold backed Digital token	1,123,820,653	-	-	1,123,820,653
<b>Total Gold backed Digital tokens</b>	<b>1,123,820,653</b>	<b>-</b>	<b>-</b>	<b>1,123,820,653</b>
<b>Investment properties:</b>				
Residential - Harare	-	2,565,000,000	-	2,565,000,000
Commercial - Kwekwe	-	1,440,000,000	-	1,440,000,000
Commercial - Harare	-	18,926,226,000	-	18,926,226,000
Commercial Masvingo	-	540,000,000	-	540,000,000
Commercial - Chinhoyi	-	279,000,000	-	279,000,000
<b>Total investment properties</b>	<b>-</b>	<b>23,750,226,000</b>	<b>-</b>	<b>23,750,226,000</b>
<b>Total Recurring fair value measurements</b>	<b>14,105,418,627</b>	<b>23,750,226,000</b>	<b>826,959,746</b>	<b>38,682,604,373</b>

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical assets (Level 1) ZWL	Significant other observable inputs (Level 2) ZWL	Significant unobservable inputs (Level 3) ZWL	Total ZWL
<b>Dec -22</b>				
<b>Recurring fair value measurements</b>				
<b>Equity securities:</b>				
Communication	1,156,788,055	-	-	1,156,788,055
Financial services industry	686,978,022	-	433,659,794	1,120,637,816
Manufacturing industry	4,789,575,531	-	-	4,789,575,531
Other	985,695,075	-	-	985,695,075
<b>Total equity securities</b>	<b>7,619,036,683</b>	<b>-</b>	<b>433,659,794</b>	<b>8,052,696,477</b>
<b>Investment properties:</b>				
Residential - Harare	-	1,105,236,135	-	1,105,236,135
Commercial - Kwekwe	-	576,644,940	-	576,644,940
Commercial - Harare	-	8,971,634,188	-	8,971,634,188
Commercial Masvingo	-	370,013,836	-	370,013,836
Commercial Chinhoyi	-	20,134,362	-	120,134,362
<b>Total investment properties</b>	<b>-</b>	<b>11,143,663,461</b>	<b>-</b>	<b>11,143,663,461</b>
<b>Total Recurring fair value measurements</b>	<b>7,619,036,683</b>	<b>11,143,663,461</b>	<b>433,659,794</b>	<b>19,196,359,938</b>

	HISTORICAL COST			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical assets (Level 1) ZWL	Significant other observable inputs (Level 2) ZWL	Significant unobservable inputs (Level 3) ZWL	Total ZWL
<b>Dec-23</b>				
<b>Recurring fair value measurements</b>				
<b>Equity securities:</b>				
Communication	2,024,870,084	-	-	2,024,870,084
Financial services industry	1,031,709,208	-	826,959,746	1,858,668,954
Manufacturing industry	8,197,003,780	-	-	8,197,003,780
Other	1,728,014,902	-	-	1,728,014,902
<b>Total equity securities</b>	<b>12,981,597,974</b>	<b>-</b>	<b>826,959,746</b>	<b>13,808,557,720</b>
<b>Gold backed Digital tokens:</b>				
Gold backed Digital token	1,123,820,653	-	-	1,123,820,653
<b>Total Gold backed Digital tokens</b>	<b>1,123,820,653</b>	<b>-</b>	<b>-</b>	<b>1,123,820,653</b>
<b>Investment properties:</b>				
Residential - Harare	-	2,565,000,000	-	2,565,000,000
Commercial - Kwekwe	-	1,440,000,000	-	1,440,000,000
Commercial - Harare	-	18,926,226,000	-	18,926,226,000
Commercial Masvingo	-	540,000,000	-	540,000,000
Commercial - Chinhoyi	-	279,000,000	-	279,000,000
<b>Total investment properties</b>	<b>-</b>	<b>23,750,226,000</b>	<b>-</b>	<b>23,750,226,000</b>
<b>Total Recurring fair value measurements</b>	<b>14,105,418,627</b>	<b>23,750,226,000</b>	<b>826,959,746</b>	<b>38,682,604,373</b>

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

13.1 Financial Assets at Fair Value through Other Comprehensive Income

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

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

### 13.2 Financial assets at fair value through profit & loss

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

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

### 13.3 Investment properties

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Opening balance	11,143,663,461	6,213,581,620	2,319,000,000	376,148,760
Additions	219,118,834	857,535,250	187,170,273	173,690,944
Transfer from property, plant and equipment	-	67,727,670	-	4,100,000
Fair value gain	12,387,443,705	4,004,818,921	21,244,055,727	1,765,060,296
<b>Closing balance</b>	<b>23,750,226,000</b>	<b>11,143,663,461</b>	<b>23,750,226,000</b>	<b>2,319,000,000</b>

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

### 14. PROPERTY, PLANT AND EQUIPMENT

#### INFLATION ADJUSTED

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

#### HISTORICAL COST

	Land & buildings ZWL	Motor Vehicles ZWL	Computer Equipment ZWL	Furniture & Fittings ZWL	Office Equipment ZWL	Dec-23 ZWL	Dec-22 ZWL
<b>Opening carrying amount</b>	<b>2,265,000,001</b>	<b>1,375,526,311</b>	<b>1,458,774,914</b>	<b>502,816,989</b>	<b>864,138,882</b>	<b>6,466,257,097</b>	<b>888,560,972</b>
Gross carrying amount	2,265,000,001	1,375,526,311	1,458,774,914	502,816,989	864,138,882	6,466,257,097	888,560,972
Accumulated depreciation	-	-	-	-	-	-	-
Revaluation gain	20,923,229,999	10,313,429,210	19,360,560,544	4,700,842,216	7,860,693,480	63,158,755,449	4,564,549,644
Disposals	-	(365,460,300)	(224,000)	-	-	(365,684,300)	(18,405,154)
Additions at cost	1,537,537,265	3,424,514,089	12,567,532,457	222,093,582	1,509,832,064	19,261,509,457	1,335,150,481
Transfer to investment properties	-	-	-	-	-	-	(4,100,000)
Depreciation	(173,767,264)	(1,464,480,909)	(3,262,676,213)	(213,942,123)	(999,386,361)	(6,114,252,870)	(299,498,846)
<b>Closing carrying amount</b>	<b>24,552,000,001</b>	<b>13,283,528,401</b>	<b>30,123,967,702</b>	<b>5,211,810,664</b>	<b>9,235,278,065</b>	<b>82,406,584,833</b>	<b>6,466,257,097</b>
Gross carrying amount	24,552,000,001	13,283,528,401	30,123,967,702	5,211,810,664	9,235,278,065	82,406,584,833	6,466,257,097
Accumulated depreciation	-	-	-	-	-	-	-

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

### 15. RIGHT OF USE ASSETS

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

### 16. INTANGIBLE ASSETS

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

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

### 17. CUSTOMER DEPOSITS

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

#### 17.1 Maturity analysis of deposits

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

### 18. OTHER LIABILITIES

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
<b>18.1 Current</b>				
Interest payable on deposits	2,563,358,231	394,287,728	2,563,358,231	82,051,405
Accounts payable	16,226,472,225	10,189,956,618	16,226,472,225	2,120,533,295
Provisions	5,200,232,522	2,124,461,809	5,200,232,522	442,101,195
Deferred fee income	2,267,376,750	366,456,146	2,267,376,750	76,259,644
Lease liability- Current	2,628,465,723	997,949,734	2,628,465,723	207,673,665
	<b>28,885,905,451</b>	<b>14,073,112,035</b>	<b>28,885,905,451</b>	<b>2,928,619,204</b>

#### 18.2 Non Current

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Lease liability- Non Current	4,434,069,966	1,985,729,262	4,434,069,966	413,230,907
	<b>4,434,069,966</b>	<b>1,985,729,262</b>	<b>4,434,069,966</b>	<b>413,230,907</b>
<b>TOTAL OTHER LIABILITIES</b>	<b>33,319,975,417</b>	<b>16,058,841,297</b>	<b>33,319,975,417</b>	<b>3,341,850,111</b>

**18.3 Interest payable**

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Individual accounts	8,938,356	27,731,451	8,938,356	5,770,924
Corporate accounts	18,816,972	12,807,837	18,816,972	2,665,315
Term deposits	2,535,602,903	353,748,440	2,535,602,903	73,615,166
	<b>2,563,358,231</b>	<b>394,287,728</b>	<b>2,563,358,231</b>	<b>82,051,405</b>

**18.4 Lease liability**

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

**18.5 Maturity analysis of lease liability**

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

**19. SHARE CAPITAL AND RESERVES**

**19.1 Share capital**

**Authorised**

50 million Ordinary shares at ZWL1 each

**Issued and fully paid**

Opening balance

Additional shares issued

**Closing balance (Ordinary shares at ZWL1 each)**

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
	50,000,000	50,000,000	50,000,000	50,000,000
Opening balance	17,966,648,309	17,966,648,309	48,349,746	48,349,746
Additional shares issued	-	-	-	-
<b>Closing balance (Ordinary shares at ZWL1 each)</b>	<b>17,966,648,309</b>	<b>17,966,648,309</b>	<b>48,349,746</b>	<b>48,349,746</b>

Issued and fully paid share capital comprised of 48,349,746 (2022: 48,349,746) ordinary shares at ZWL1 each.

**19.2 Capital contribution reserve**

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

**19.3 Mark- to-market reserve**

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

**19.4 Revaluation reserve**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

### 19.5 Foreign currency translation reserve

This arose from the change in functional currency from the United States dollar to the Zimbabwe dollar in 2019.

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Opening balance	273,953,943	273,953,943	16,584,225	16,584,225
Change in functional currency	-	-	-	-
<b>Closing balance</b>	<b>273,953,943</b>	<b>273,953,943</b>	<b>16,584,225</b>	<b>16,584,225</b>

### 19.6 Revenue reserve

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

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Opening balance	23,931,426,128	13,356,521,984	5,444,969,400	1,347,695,231
Profit for the period	110,161,883,776	11,272,918,568	97,353,916,499	4,242,531,198
Dividend paid	(177,645,615)	(698,014,424)	(115,341,866)	(145,257,029)
Transfer from Mark-to-market reserve	116,797,030	-	116,797,030	-
<b>Closing balance</b>	<b>134,032,461,319</b>	<b>23,931,426,128</b>	<b>102,800,341,063</b>	<b>5,444,969,400</b>

### 19.7 Dividend

The Board of Directors approved a dividend of 238.5573 cents in year 2023 (2022: 300.42977).

	INFLATION ADJUSTED		HISTORICAL COST	
	Dec-23 ZWL	Dec-22 ZWL	Dec-23 ZWL	Dec-22 ZWL
Opening balance	-	-	-	-
Dividend declared	177,645,615	698,014,424	115,341,866	145,257,029
Dividend paid	(177,645,615)	(698,014,424)	(115,341,866)	(145,257,029)
<b>Dividend payable as at December 31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 20. PENSION ARRANGEMENTS

### 20.1 Defined benefit pension plan

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

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

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

- Reconciliation of the present value of the defined benefit obligation and plan assets;
- The past and current service costs, gains and losses arising from settlements, as well as net interest on the net defined benefit obligation;
- Re-measurements of the net defined benefit liability or asset comprising actuarial gains and/or losses to be recognised in other comprehensive income;
- Disaggregation of plan assets by nature and risk of those assets i.e. those with a quoted market price in an active market and those which do not have;
- Disclosure of fair value of the transferable financial instruments held as plan assets and plan assets that are property occupied
- 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 ZWL5,924,865,323 (2022: ZWL18,199,805).

The expected contributions to the plan for the next annual reporting period are ZWL26,670,912,732. The Actuarial Valuation report

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

### 20.2 NSSA Pension

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

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

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

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

Total amount charged through the statement of profit or loss and other comprehensive income during the year under review amounted to ZWL580,696,732 (2022: ZWL10,431,997).

## 21. EMPLOYEES

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

## 22. RELATED PARTY DISCLOSURES

Related parties refer to the 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.

**NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

**22.1 Compensation To Key Management Personnel Of The Bank**

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

**22.2 Loans To Key Management Personnel Of The Bank**

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

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

**22.3 Non-Executive Directors' Fees**

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



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

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

#### 22.4 Loans to non-executive directors

The Bank had no outstanding loans due from non-executive directors (2022: Nil).

#### 22.5 Terms and Conditions of Related Party Transactions

The above-mentioned outstanding balances arose from the ordinary course of business. Loans to non-executive directors of the Bank were at the Bank's normal lending rates, terms and conditions. Outstanding balances at year end were secured. The Bank had no outstanding loans to non-executive directors as at December 31, 2023.

### 23. RISK MANAGEMENT AND CONTROL

#### 23.1 Overview Of The Bank's Risk Management Philosophy

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

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

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

To assure continuation of the Bank's core activities before, during, and most importantly after a major crisis event, the bank has a comprehensive business continuity and disaster recovery plan that is periodically tested and enhanced. Appropriate measures to protect stakeholders' information in line with the Cyber and Data Protection Act are also being put in place.

The Bank makes use of models to support decision making processes. To ensure these models remain fit for purpose, they are continuously validated and recalibrated in line with best model governance practices. The Bank has independent compliance and audit functions to ensure compliance with regulatory and statutory requirements. Being a responsible corporate citizen and for purposes of operating in a sustainable manner, the bank has taken great strides towards Sustainability Standards Certification Initiative (SSCI) under the European Organisation for Sustainable Development (EOSD). In addition, the bank has also been rolling out corporate social responsibility initiatives for which a Board approved budget is in place. In this regard, all bank policies have been reviewed to demonstrate the bank's highest commitment to applicable national laws and relevant international standards on environmental, social and sustainability standards.

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

#### 23.2 Risk Measurement And Reporting Systems

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

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

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

#### 23.3 Compliance

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

#### 23.4 Excessive risk concentration

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location. In order to avoid excessive concentration risk, the Bank has set limits for its lending to ensure that an acceptable ratio is maintained between customer deposits and lending. These lending limits are also broken down into business sector limits to ensure the Bank is not over-exposed in any single business sector. Exposures are monitored on a daily basis and monthly using monthly management reports. Prudent sanctioning of any new lending is a key mitigating factor.

#### 23.5 Credit risk

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

#### 23.5.1 Governance and International financial reporting standard (IFRS) 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 methodology and new processes within risk management.

#### Impact on Governance and Controls

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

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

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

#### Impact on Capital Planning

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

#### 23.5.2 Exposure to credit risk

The Bank's total exposure to credit risk as of December 31, 2023 was ZWL184.81 billion (Dec 2022: ZWL10.49 billion) before taking account of collateral of ZWL93.98 billion (Dec 2022: ZWL1.99 billion) net of such protection.

#### 23.5.2.1 Concentrations of credit risk

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

**INFLATION ADJUSTED**

	INFLATION ADJUSTED	
	Loans and advances ZWL	Treasury investments ZWL
<b>Dec-23</b>		
Carrying amount	114,719,030,010	70,088,064,645
Amount committed	114,719,030,010	70,088,064,645
<b>Concentration by sector</b>		
Corporate	2,733,061,950	-
Individual	47,362,226,240	-
Mortgage	16,463,700,796	-
Microfinance	45,733,222,836	-
SME and Agribusiness	2,426,818,188	-
Government	-	16,000,081,217
Central Bank	-	22,582,491,261
Other Banks	-	31,505,492,167
<b>Total</b>	<b>114,719,030,010</b>	<b>70,088,064,645</b>
<b>Dec-22</b>		
Carrying amount	30,264,257,597	20,072,493,504
Amount committed	30,264,257,597	20,072,493,504
<b>Concentration by sector</b>		
Corporate	270,928,660	-
Individual	20,003,978,916	-
Mortgage	1,677,048,710	-
Microfinance	7,132,998,059	-
SME and Agribusiness	1,179,303,252	-
Government	-	-
Central Bank	-	17,528,729,017
Other Banks	-	2,543,764,487
<b>Total</b>	<b>30,264,257,597</b>	<b>20,072,493,504</b>

**HISTORICAL COST**

	HISTORICAL COST	
	Loans and advances ZWL	Treasury investments ZWL
<b>Dec-23</b>		
Carrying amount	114,719,030,010	70,088,064,645
Amount committed	114,719,030,010	70,088,064,645
<b>Concentration by sector</b>		
Corporate	2,733,061,950	-
Individual	47,362,226,240	-
Mortgage	16,463,700,796	-
Microfinance	45,733,222,836	-
SME and Agribusiness	2,426,818,188	-
Government	-	16,000,081,217
Central Bank	-	22,582,491,261
Other Banks	-	31,505,492,167
<b>Total</b>	<b>114,719,030,010</b>	<b>70,088,064,645</b>
<b>Dec-22</b>		
Carrying amount	6,298,001,873	4,177,092,443
Amount committed	6,298,001,873	4,177,092,443
<b>Concentration by sector</b>		
Corporate	56,380,342	-
Individual	4,162,834,535	-
Mortgage	348,994,383	-
Microfinance	1,484,379,222	-
SME and Agribusiness	245,413,391	-
Government	-	-
Central Bank	-	3,647,734,224
Other Banks	-	529,358,219
<b>Total</b>	<b>6,298,001,873</b>	<b>4,177,092,443</b>

Treasury investments excludes Capitalisation treasury bills.

**23.5.2.2 Significant Increase in Credit Risk**

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

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

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

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

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

The Bank has not used the low credit risk exemption for any financial instruments in the year ended 31 December 2023.

**23.5.2.3 Credit Risk Grades**

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

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

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

**23.5.2.4 Modified Financial Assets**

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

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

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

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

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

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

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

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

**23.5.2.5 Definition of Default**

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

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

**23.5.2.6 Incorporation of Forward-looking Information**

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

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

The following macro variables were taken into consideration, but failed to pass the statistical test;

- Inflation
- Gross domestic product
- Unemployment
- Corporate tax
- Personal income tax

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

### 23.5.2.7 Measurement of ECL

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

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

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

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

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

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

#### Internal credit rating table

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

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

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

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

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

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

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

The following tables present reconciliations from the opening balance to the closing balance of the loss allowance for financial assets measured at amortised cost and how significant changes in gross carrying amount contributed to changes in the loss allowance:


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**NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)


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

#### HISTORICAL COST

Dec-23	12-month ECL		Lifetime ECL Not credit impaired		Lifetime ECL credit impaired		Total	
	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance
LOANS AND ADVANCES	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
At 1 January 2023	6,119,894,462	297,923,583	52,770,284	2,584,958	125,337,127	30,506,884	6,298,001,873	331,015,425
Transfer to Lifetime ECL (Not Credit-Impaired)	(25,857,718)	(2,620,830)	-	-	(42,916)	(5,108)	(25,900,634)	(2,625,938)
Transfer to Lifetime ECL (Credit-Impaired)	(442,690,478)	(14,944,634)	(31,192,221)	(964,288)	-	-	(473,882,699)	(15,908,922)
Changes due to Modifications that did not result in Derecognition	869,244,518	(120,645,920)	17,189,413	(102,793)	930,254,515	613,195,744	1,816,688,446	492,447,031
New Financial Assets or originated purchase	108,948,908,703	1,031,014,695	1,033,403,854	372,918	692,137,697	529,896,808	110,674,450,254	1,561,284,421
Derecognition	(3,491,354,635)	(140,787,832)	(18,907,511)	(1,443,319)	(60,065,084)	(7,255,497)	(3,570,327,230)	(149,486,648)
Write-offs	-	-	-	-	(7,717,463)	(7,717,463)	(7,717,463)	(7,717,463)
Recoveries of amounts previously written off	-	-	-	-	7,717,463	7,717,463	7,717,463	7,717,463
<b>At 31 December 2023</b>	<b>111,978,144,852</b>	<b>1,049,939,062</b>	<b>1,053,263,819</b>	<b>447,476</b>	<b>1,687,621,339</b>	<b>1,166,338,831</b>	<b>114,719,030,010</b>	<b>2,216,725,369</b>


#### HISTORICAL COST

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



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**NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

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

**INFLATION ADJUSTED**

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

**INFLATION ADJUSTED**

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

**HISTORICAL COST**

Dec-23	12-month ECL		Lifetime ECL Not credit impaired		Lifetime ECL credit impaired		Total	
	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance	Gross carrying amount	ECL Allowance
LOANS AND ADVANCES	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
At 1 January 2023	4,177,092,443	17,887,942	-	-	-	-	4,177,092,443	17,887,942
Changes due to Modifications that did not result in Derecognition	234,888,011	2,933,211	-	-	-	-	234,888,011	2,933,211
New Financial Assets or originated purchase	67,319,086,246	520,877,969	-	-	-	-	67,319,086,246	520,877,969
Derecognition	(1,643,002,055)	(20,537,526)	-	-	-	-	(1,643,002,055)	(20,537,526)
<b>At 31 December 2023</b>	<b>70,088,064,645</b>	<b>521,161,596</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,088,064,645</b>	<b>521,161,596</b>

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

Dec-22	HISTORICAL COST							
	12-month ECL		Lifetime ECL Not credit impaired		Lifetime ECL credit impaired		Total	
	Gross carrying amount ZWL	ECL Allowance ZWL	Gross carrying amount ZWL	ECL Allowance ZWL	Gross carrying amount ZWL	ECL Allowance ZWL	Gross carrying amount ZWL	ECL Allowance ZWL
LOANS AND ADVANCES								
At 1 January 2022	843,304,379	10,541,305	-	-	454,226	454,226	843,758,605	10,995,531
Changes due to Modifications that did not result in Derecognition	(11,853,199)	(148,165)	-	-	(454,226)	(454,226)	(12,307,425)	(602,391)
New Financial Assets or originated purchase	3,021,904,072	17,604,581	-	-	-	-	3,021,904,072	17,604,581
Derecognition	323,737,191	(10,109,779)	-	-	-	-	323,737,191	(10,109,779)
<b>At 31 December 2022</b>	<b>4,177,092,443</b>	<b>17,887,942</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,177,092,443</b>	<b>17,887,942</b>

23.5.2.8.3 Allowances For Credit Losses On Financial Assets Measured At Fair Value Through Other Comprehensive Income

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

Category	2023	2022
Loss allowance for financial assets measured at fair value through other comprehensive income	Nil	Nil

23.5.3 Credit Quality Analysis

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

23.5.3.1 Credit quality by internal grades

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

### 23.5.3.1 Credit quality by internal grades (continued)

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

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

### 23.5.3.2 Credit quality of financial assets measured at amortised cost

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

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

### Financial assets at amortised cost (Treasury investments)

Grades 1: Standard	70,088,064,645	-	-	-	70,088,064,645
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	-	-	-
<b>Carrying amount</b>	<b>70,088,064,645</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,088,064,645</b>

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23.5.3.2 Credit quality of financial assets measured at amortised cost (continued)

INFLATION ADJUSTED					
Dec-22	Lifetime ECL		Lifetime ECL Credit impaired	Purchased/Originated Credit impaired	Total
	12 month ECL	Not credit impaired			
<b>Financial assets at amortised cost (loans and advances)</b>					
Grades 1: Standard	29,406,993,644	250,304,197	543,169,822	-	30,200,467,663
Grades 2: Special mention	725,554	3,230,817	4,032,271	-	7,988,642
Grades 3: Substandard	72,465	21,720	2,765,897	-	2,860,082
Grades 4: Doubtful	84,637	24,243	14,010,805	-	14,119,685
Grades 5: Loss	508,486	-	38,313,039	-	38,821,525
<b>Carrying amount</b>	<b>29,408,384,786</b>	<b>253,580,977</b>	<b>602,291,834</b>	<b>-</b>	<b>30,264,257,597</b>
<b>Financial assets at amortised cost (Treasury investments)</b>					
Grades 1: Standard	20,072,493,504	-	-	-	20,072,493,504
Grades 2: Special mention	-	-	-	-	-
Grades 3: Substandard	-	-	-	-	-
Grades 4: Doubtful	-	-	-	-	-
Grades 5: Loss	-	-	-	-	-
<b>Carrying amount</b>	<b>20,072,493,504</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,072,493,504</b>

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

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

Treasury investments exclude Capitalisation treasury bills.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

### 23.5.4 Collateral held and pledged

#### 23.5.4.1 Collateral held

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

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

Dec 2023					
Credit exposure per class of financial instrument	Maximum exposure to credit risk	Recognised loss allowance	Collateral held as security	Other credit enhancements held	Principal type of collateral held
Loans and advances	114,719,030,010	2,216,725,369	63,959,578,606		– Mortgage bonds over immovable property, Cash cover and Marketable securities
Treasury investments	70,088,064,645	521,161,596	30,018,841,600		– Marketable securities, Treasury bills and Savings bonds
Dec 2022					
Credit exposure per class of financial instrument	Maximum exposure to credit risk	Recognised loss allowance	Collateral held as security	Other credit enhancements held	Principal type of collateral held
Loans and advances	6,298,001,873	331,015,425	1,552,933,443		– Mortgage bonds over immovable property, Cash cover and Marketable securities
Treasury investments	4,177,092,443	17,887,942	440,000,150		– 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, cash cover and savings bonds are held.

The Bank held collateral as detailed below:

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

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

#### 23.5.4.2 Collateral pledged

The Bank pledged collateral against its liabilities.

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

Dec - 23			
Type of liability	Liabilities Secured	Collateral Pledged as security	Principal type of collateral pledged
Repurchase Agreement Liability	5,500,000,000	12,001,890,736	Treasury bills & Savings bonds
Certificate of Deposits	7,587,677,967	10,199,581,008	Treasury bills & Savings bonds
Dec -22			
Type of liability	Liabilities Secured	Collateral Pledged as security	Principal type of collateral pledged
Certificate of Deposits	1,484,360,755	363,580,407	Treasury bills

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

The Bank pledged collateral as detailed below:

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

### 23.5.5 Assets Obtained By Taking Possession Of Collateral

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

Nature of collateral obtained	2023 (Carrying value)	2022 (Carrying value)
Immovable property	NIL	NIL

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

The Bank did not take possession of collateral in the form of immovable property during the year (NIL: 2022).

### 23.5.6 Carrying amount of assets whose terms have been renegotiated

The Bank did not have any re-negotiated loans during the year (2022: Nil).

### 23.6 Liquidity risk

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

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

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

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

### 23.6.1 Liquid asset ratio

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

### 23.6.2 Liquidity Gap Analysis

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

#### INFLATION ADJUSTED

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

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

#### HISTORICAL COST

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

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

**23.7 Market risk**

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

**23.8 Price risk**

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

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

**INFLATION ADJUSTED**

Dec-23	Fair value at 31-12-23 ZWL	10% increase in Price ZWL	5% decrease in price ZWL
Financial assets at fair value through other comprehensive income	13,808,557,720	15,189,413,492	13,118,129,834
Increase/(decrease)	-	1,380,855,772	(690,427,886)

Dec-22	Fair value at 31-12-23 ZWL	10% increase in Price ZWL	5% decrease in price ZWL
Financial assets at fair value through other comprehensive income	8,052,696,477	8,857,966,125	7,650,061,653
Increase/(decrease)	-	805,269,648	(402,634,824)

**HISTORICAL COST**

Dec-23	Fair value at 31-12-23 ZWL	10% increase in Price ZWL	5% decrease in price ZWL
Financial assets at fair value through other comprehensive income	13,808,557,720	15,189,413,492	13,118,129,834
Increase/(decrease)	-	1,380,855,772	(690,427,886)

Dec-22	Fair value at 31-12-23 ZWL	10% increase in Price ZWL	5% decrease in price ZWL
Financial assets at fair value through other comprehensive income	1,675,768,763	1,843,345,639	1,591,980,325
Increase/(decrease)	-	167,576,876	(83,788,438)

**23.9 Interest rate risk**

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

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



23.9.1 Interest Rate Re-pricing Gap Analysis

The following interest rate re-pricing gap analysis shows the extent to which the Bank was exposed to interest rate risk as at December 31 2023;

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

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



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)**

**23.9.1 Interest Rate Re-pricing Gap Analysis (Continued)**

Dec-23	HISTORICAL COST						Total ZWL
	Up to 1 month ZWL	1 month to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Above 5 years ZWL	Non-interest bearing ZWL	
<b>ASSETS</b>							
Cash and cash equivalents	-	-	-	-	-	113,642,094,302	113,642,094,302
Advances and other assets	1,764,017,838	2,971,471,830	55,510,906,123	38,008,933,423	16,463,700,796	48,334,179,476	163,053,209,486
Investments	36,195,026,242	320,397,698	34,695,188,666	21,006,025	-	37,037,622,124	108,269,240,755
Property, plant and equipment	-	-	-	-	-	82,406,584,833	82,406,584,833
Right of use assets	-	-	-	-	-	9,087,473,364	9,087,473,364
Intangible assets	-	-	-	-	-	8,669,456,568	8,669,456,568
	<b>37,959,044,080</b>	<b>3,291,869,528</b>	<b>90,206,094,789</b>	<b>38,029,939,448</b>	<b>16,463,700,796</b>	<b>299,177,410,667</b>	<b>485,128,059,308</b>
<b>LIABILITIES</b>							
Deposits and other liabilities	250,699,621,602	440,139,157	5,951,468,666	171,832,059	-	33,319,975,417	290,583,036,901
Reserves	-	-	-	-	-	194,545,022,407	194,545,022,407
	<b>250,699,621,602</b>	<b>440,139,157</b>	<b>5,951,468,666</b>	<b>171,832,059</b>	<b>-</b>	<b>227,864,997,824</b>	<b>485,128,059,308</b>
Interest rate repricing gap	(212,740,577,522)	2,851,730,371	84,254,626,123	37,858,107,389	16,463,700,796	71,312,412,843	-
Cumulative gap	(212,740,577,522)	(209,888,847,151)	(125,634,221,028)	(87,776,113,639)	(71,312,412,843)	-	-

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



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

### 23.10 Foreign exchange risk

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

The foreign currency position of the Bank expressed in ZWL as at December 31, 2023 was as follows;

#### INFLATION ADJUSTED

Dec-23	TOTAL		USD	ZAR	BWP	GBP	EURO	JPY
	ZWL	ZWL						
<b>Total assets</b>	<b>509,900,855,193</b>	241,443,812,259	265,945,106,810	2,349,451,591	247,282	23,374	162,213,877	-
<b>Total equity and liabilities</b>	<b>509,900,855,193</b>	335,929,806,849	172,966,045,675	1,003,554,442	4,959	1,247	1,442,021	-
Dec-22	TOTAL		USD	ZAR	BWP	GBP	EURO	JPY
	ZWL	ZWL						
<b>Total Assets</b>	<b>189,198,954,453</b>	126,896,692,865	59,743,013,466	2,393,367,483	137,119	11,655	164,638,238	1,093,627
<b>Total equity and liabilities</b>	<b>189,198,954,453</b>	139,257,652,132	48,190,650,104	1,748,429,957	43,440	1,410,794	768,026	-

#### HISTORICAL COST

Dec-23	TOTAL		USD	ZAR	BWP	GBP	EURO	JPY
	ZWL	ZWL						
<b>Total assets</b>	<b>485,128,059,308</b>	216,671,016,374	265,945,106,810	2,349,451,591	247,282	23,374	162,213,877	-
<b>Total equity and liabilities</b>	<b>485,128,059,308</b>	247,245,529,209	237,027,009,602	999,441,254	85,361	368,506	(144,374,624)	-
Dec-22	TOTAL		USD	ZAR	BWP	GBP	EURO	JPY
	ZWL	ZWL						
<b>Total Assets</b>	<b>38,119,290,085</b>	25,171,299,767	12,432,540,584	498,060,554	28,535	2,425	17,130,636	227,584
<b>Total equity and liabilities</b>	<b>38,119,290,085</b>	25,320,370,501	12,431,017,968	369,005,817	18,938	315,524	(1,438,663)	-

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

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

### 23.11 Operational risk

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

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

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

### 23.12 Reputational risk

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

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

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

### 23.13 Capital risk

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

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

### 23.14 Compliance and legal risk

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

### 23.15 Strategic risk

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

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

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

## 24. CAPITAL MANAGEMENT

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

**24.1 Capital Adequacy**

The capital adequacy of the Bank as at 31 December 2023 was as follows:

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



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DIRECTORS: I Ndlovu (Acting Chairman), O Jambwa, I Mvere, M S Mureriwa,  
C Nyamutswa, N C Chindomu, G Changunda\*, M Gunde\*  
(\*Executive Director)