

ABRIDGED AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025



CHAIRPERSON'S STATEMENT

ECONOMIC ENVIRONMENT

Global economic headwinds persisted in 2025, with geopolitical tensions and trade disputes continuing to disrupt supply chains. Domestically, Zimbabwe's economic trajectory remained robust, building on momentum generated throughout the year. As a result, the Government of Zimbabwe revised its full-year 2025 real GDP growth forecast to 6.6%, up from the previous estimate of 6.0%.

This revised projection is supported by a strong agricultural sector and a thriving mining industry, particularly gold, which continues to benefit from elevated prices. Zimbabwe's recovery outperforms regional growth forecasts for Sub-Saharan Africa, which are projected at 4.2% for 2025 and 4.4% for 2026.

MONETARY POLICY UPDATE

In 2025, the Reserve Bank of Zimbabwe maintained a prudent and tight monetary policy stance, keeping the Bank policy rate and the Medium-Term Accommodation interest rate at 35% and 15% respectively throughout the year to build on the strategic objectives set in 2024 and to deepen price and exchange rate stability. This disciplined approach helped anchor inflation expectations, with annual ZiG inflation declining sharply, ending the year significantly below original projections while exchange rate volatility was contained and foreign currency reserves strengthened.

The Monetary Policy Committee also maintained statutory reserve requirements to reinforce monetary discipline, support reforms aimed at liberalising foreign exchange market pricing and promote the structural integration of the Zimbabwe Gold (ZiG) currency into the economy, laying the foundation for sustained macroeconomic stability into 2026.

FINANCIAL HIGHLIGHTS

The Bank delivered a strong financial performance in 2025, marked by the following:

- Net interest income: Increased to ZWG 399.10 million from ZWG 182.48 million in 2024.
- Fees and commission income: Rose by 96% to ZWG 1.05 billion from ZWG 537.17 million in 2024.
- Net profit: Increased by 19% to ZWG 275.02 million from ZWG 231.65 million in 2024.
- Asset growth: Total assets grew by 41% to ZWG 3.83 billion as at 31 December 2025, from ZWG 2.72 billion as at 31 December 2024.
- Liquidity ratio: Stood at 78%, against the minimum regulatory requirement of 30%, confirming the Bank's capacity to meet its obligations.
- Capital adequacy: The capital adequacy ratio closed the year at 38.96%, well above the regulatory requirement of 12%.

DIVIDEND

At the Annual General Meeting held on 31 July 2025, a dividend of US\$ 1,520,825.87 was declared and paid to the shareholder, reaffirming the Bank's commitment to delivering value while supporting future growth initiatives.

TRANSFORMATION STRATEGIC PLAN (TSP)

By the end of 2025, the Bank had made steady progress in executing the first year of its three-year Transformational Strategic Plan (2025–2027). Important groundwork was laid toward delivering an AI-powered digital bank, with the implementation of core banking systems continuing throughout the year and the deployment of data analytics and automation tools still in progress. The Bank advanced the rollout of enhanced digital channels, strengthened cyber security frameworks, and initiated the implementation of staff upskilling programmes to support the transformation agenda, while refining governance and risk management structures to align with emerging technological capabilities. Collectively, these initiatives position the People's Own Savings Bank to accelerate innovation, deepen financial inclusion, and sustain growth over the remainder of the strategy period.

CORPORATE GOVERNANCE AND SUSTAINABILITY

The Bank continued to uphold the highest standards of corporate governance, ensuring that its operations and conduct remained fully aligned with both local regulations and international best practice. The Bank's commitment to sustainability was further reinforced through ongoing collaborations with development banks, multilateral financial institutions, and intergovernmental organisations, enabling it to support initiatives that promote inclusive growth, environmental stewardship, and long-term socio-economic development.

BOARD CHANGES

In 2025, Dr. M. M. Chiura resigned from the Board, and the Bank sincerely thanks him for his valuable contributions. The remaining members of the Board continued to provide dedicated leadership, guiding the Bank as it advanced its strategic objectives.

OUTLOOK

According to World Bank projections, Zimbabwe's economy was expected to grow by 6% in 2025, reflecting a strong post-drought recovery, with agricultural output, particularly maize and tobacco, rising significantly, alongside continued expansion in mining and tourism, supported by higher gold prices and increased international arrivals. The World Bank further anticipates that this positive momentum will continue into 2026, with growth forecast at around 5%, underpinned by ongoing gains in agriculture, mining, and services. While these projections are encouraging, sustaining macroeconomic stability, controlling inflation, and implementing key structural reforms remain essential to strengthen private-sector participation and build long-term economic resilience.

APPRECIATION

I wish to express my heartfelt gratitude to our valued customers, whose continued trust and support remain the cornerstone of our success. I also extend my sincere appreciation to our shareholder, the Board, the Chief Executive Officer, management, and all staff members for their dedication and commitment throughout 2025. Lastly, I acknowledge the important contributions of all our stakeholders, whose engagement and partnership have been vital to the Bank's achievements during the year.

KENIAS MAFUKIDZE (MR)
BOARD CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REPORT

FINANCIAL SERVICES SECTOR OVERVIEW

The operating environment for the banking sector was characterised by resilience amid continued macroeconomic adjustment and policy reforms. Tight monetary conditions, efforts to stabilise the domestic currency, and regulatory oversight shaped the sector's performance, while banks maintained sound capital positions, stable liquidity levels, and improved asset quality. Credit extension to productive sectors continued albeit cautiously, and institutions increasingly focused on strengthening risk management,

enhancing digital capabilities, and improving operational efficiency. Against this backdrop, the banking sector remained a critical conduit for financial intermediation and economic activity, supporting households, businesses, and national development priorities in an evolving economic landscape.

The Reserve Bank of Zimbabwe maintained a tight monetary policy stance throughout 2025, which had a mixed impact on inflation dynamics across both the United States dollar (USD) and ZiG currency regimes. USD year-on-year inflation rose to 12.39% by December 2025, up from 2.48% at the end of 2024, while month-on-month inflation moderated sharply to 0.01% from 0.63% over the same period. For the ZiG currency, annual inflation which commenced in April 2025 at 85.68%, declined significantly to 15.04% by year-end, with monthly inflation easing from 3.67% in December 2024 to 0.23% at the close of 2025.

The official exchange rate remained relatively stable, recording a modest 0.71% depreciation to close the year at ZWG 25.98 per US dollar, compared to ZWG 25.80 per US dollar at the end of 2024.

Throughout the year, the Bank Policy Rate and the Medium-Term Accommodation facility rates were maintained at 35% and 15% per annum, respectively. Minimum deposit rates for ZiG remained unchanged at 7.5% for time deposits and 5% for savings deposits, while corresponding USD deposit rates were held at 4% and 2.5%, respectively. This steady policy posture underscored the Central Bank's continued emphasis on inflation containment and currency stabilisation.

In line with broader banking sector trends, the People's Own Savings Bank continued to strengthen its market position during 2025 by expanding its customer base, introducing new products, and enhancing the delivery of affordable banking services to the public.

FINANCIAL PERFORMANCE

The Bank recorded strong financial performance for the year ended 31 December 2025, demonstrating resilience in a volatile and dynamic operating environment. Key revenue streams including interest income, fees and commissions registered significant growth compared to the prior year, resulting in net profit increasing by 19% from ZWG231.65 million in 2024 to ZWG275.02 million in 2025.

Net operating income grew by 36% to ZWG1.44 billion, up from ZWG1.06 billion in the prior year. Operating expenses increased by 85% from ZWG627.29 million to ZWG1.16 billion in 2025, largely reflecting business expansion initiatives. Notwithstanding this increase, the Bank continued to implement effective cost management strategies to preserve profitability.

Total assets expanded by 41% from ZWG2.72 billion in 2024 to ZWG3.83 billion as at December 2025. Similarly, total deposits rose by 42% from ZWG1.37 billion in 2024 to ZWG1.94 billion by year-end, driven by targeted deposit mobilisation efforts which supported overall business growth. The capital adequacy ratio stood at 38.96%, well above the prescribed minimum regulatory requirement of 12%, positioning the Bank comfortably to meet all prudential lending guidelines and support future growth.

CORPORATE DEVELOPMENTS

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

Digital Transformation and Service Innovations

- **Three-Year Transformation Plan (TSP)**

In 2025, the Bank advanced the implementation of its three-year Transformation Strategic Plan (TSP) by engaging a team of experienced external consultants to support the execution of this strategic initiative. The TSP represents a forward-looking programme designed to position POSB for sustained growth, enhanced operational efficiency, and long-term relevance within an increasingly digital and competitive banking environment.

The Transformation Strategic Plan is the outcome of extensive strategic deliberations, informed by global best practices, evolving industry trends, and stakeholder insights accumulated over time. It provides a comprehensive roadmap aligned with the Bank's vision of becoming a more agile, customer-centric, and digitally AI-powered institution. Internally, the TSP is branded as "**Eagleforce**"; accordingly, staff may be seen wearing Eagleforce-branded regalia as part of ongoing internal change management and engagement initiatives, aimed at building awareness and fostering shared ownership of the transformation programme.

The TSP is anchored on four strategic pillars targeting areas with the greatest transformational impact:

1. **Digital and Data** – focused on strengthening digital capabilities and leveraging data-driven decision-making to enhance service delivery and customer experience.
2. **People and Culture** – aimed at cultivating a values-driven, high-performance culture that empowers employees to thrive in a modern workplace.
3. **Brand and Marketing** – centred on strengthening brand positioning and deepening customer engagement.
4. **Finance** – which seeks to improve financial efficiency, optimise costs, and future-proof the Bank to support innovation and growth.

In line with the transformation agenda, the Bank has procured and is implementing a new core banking system, an Enterprise Resource Planning (ERP) system, and an omnichannel platform to enhance operational efficiency and service delivery.

Enhancements to Automated Teller Machines (ATMs)

In 2025, the Bank operated 32 ATMs, which were upgraded to enable the dispensing of both USD and ZWG from the same terminal, enhancing customer convenience and supporting broader financial inclusion. Cash deposit functionality was also activated on selected ATMs, with the rollout continuing as part of an ongoing programme. These enhancements form part of the Bank's Strategic Transformation, as it advances its evolution into a digital and AI-powered institution.

Installation of Solar and Starlink Systems

The Bank installed 12 solar kits, ensuring that all 32 Service Centres are fully solar-powered. In addition, a total of 40 Starlink systems were deployed, 32 at Service Centres and 8 at Head Office to provide reliable backup connectivity. These initiatives are expected to significantly enhance operational continuity by reducing service disruptions caused by power outages and network downtime, in line with the Bank's transformation agenda and its commitment to improved service delivery and sustainability.

Establishment of a USD8.7 million Solar and Starlink Fund

In October 2025, the Bank announced the establishment of a USD 8.7 million Solar and Starlink facility, to be implemented over a three-year period from 2025 to 2027. The facility is designed to support schools, educators, households, small and medium enterprises, and staff employed by the Ministry of Primary and Secondary Education and the Ministry of Higher and Tertiary Education, in the acquisition and installation of solar energy systems and Starlink internet connectivity on affordable and flexible terms.

The initiative is anchored on three strategic pillars in support of the National Development Strategy 2 (NDS2):

1. **Clean Energy Access** – focuses on expanding affordable and sustainable energy solutions to power schools, households, and small businesses, particularly in rural and peri-urban communities.
2. **Sustainable Finance** – seeks to promote inclusive financing models that reduce traditional collateral barriers and improve access to renewable energy solutions, especially in underserved areas.
3. **Digital Connectivity** – aims to enable schools to adopt e-learning platforms, enhance digital literacy, and support smart education solutions, in line with the Government's heritage-based education policy.

Community Engagement and Operational Excellence

Country-wide roadshows

The Bank continued to strengthen customer engagement and financial literacy outreach through nationwide roadshows conducted in partnership with ZBC radio stations. These roadshows were aimed to promote financial literacy, enhance product awareness, and drive product uptake across diverse communities.

Outreach programmes were held in several locations, including Manicaland (Bocha, Marange); Mashonaland West (Chegutu Town, Mhondoro Mubaira); Matabeleland South (Beitbridge); Midlands (Chitekete, Gokwe); and Matabeleland North (Tsholotsho), among others. The roadshow activations were broadcast live on radio, enabling the Bank to reach a wider national audience and extend the impact of the engagements beyond the physical locations.

Stakeholder Engagements for Strategic Planning

As part of the development of the Bank's five-year strategic plan, the Bank held stakeholder consultative engagements with representatives from various customer segments and key stakeholders. These consultations were conducted to obtain stakeholder insights and expectations, ensuring that the Bank's strategic priorities are informed by customer needs, market realities and broader stakeholder perspectives.

SERVICE CENTRE NETWORK

The Bank operated 32 service centres countrywide and 2 sub-service centres. To complement its service centre network, the Bank also made use of two hundred and one (201) Zimpost agencies and fifty-four (54) Zimpost off counters. Additionally, 67 static agents and 436 roving agents were activated, further broadening the Bank's service accessibility.

LEGAL STATUS

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The People's Own Savings Bank (POSB) remains committed to supporting the communities in which it operates and views itself as an agent of social change. The Bank prioritises sustainable, positively impactful and economically vulnerable segments of the country. In line with this approach, POSB works with communities to address priority needs and challenges through sustainable solutions that go beyond financial support. Accordingly, the Bank's Corporate Social Responsibility (CSR) and sponsorship activities for the year 2025 focused on four key areas: Health and Philanthropy; Education, Literacy and Financial Inclusion; Innovation and Entrepreneurship; and Environmental Sustainability.

In the year 2025, the Bank undertook the following CSR initiatives:

Health and Philanthropy

Sanitary Wear Donation – In line with the Bank's commitment to empowering rural girls and supporting inclusive education, the Bank implemented its "Donate a Pad and Keep a Girl in School" initiative through the donation of sanitary pads to rural schoolgirls. The initiative promotes menstrual health and dignity, reduces absenteeism, and helps learners remain in school and participate fully in their education. Beneficiary schools included Neruvanga Secondary School in Masvingo and Siachilaba Secondary School in Binga.

Education and Financial Literacy

School Solar Power Installation – As part of the Bank's commitment to promoting sustainable energy and bridging the power and connectivity gap between urban and rural schools, the Bank rolled out a Solar and Starlink initiative that delivered SKVA solar power installations to 8 schools. Beneficiary schools included Kamwa, Masemo and Kahobo Secondary Schools (Gokwe); Chipinda Secondary School and Birirano Primary School (Musikavanhu, Chipinge); Avoca Primary School (Bindura); St Francis Xavier Primary School in Dete, Matabeleland North province and Siganda Primary School (Bubi). The initiative is expected to enhance access to reliable electricity and digital connectivity, thereby improving teaching and learning outcomes at the recipient schools.

ED-UNZA Scholarship Programme – The Bank continued its support for the ED-UNZA Scholarship Programme, with 78 students currently benefiting from the scholarship. Beyond its financial contribution, the Bank also participated in the programme's fundraising golf tournament to further advance the initiative.

Local University Scholarship Funding and Graduation Sponsorship – In support of educational advancement, the Bank continued to fund tuition fees for students under its local university scholarship programme and sponsored graduation ceremonies, awarding top-performing students. Award beneficiaries were encouraged to open Bank accounts to which their cash prizes were deposited as part of the Bank's drive to promote financial inclusion among youths.

Active Participation in the Global Money Week – The Bank actively participated in the Global Money Week commemorations, reaching 45 schools and two colleges with financial education sessions aimed at strengthening financial literacy among learners. The Bank also took part in financial education initiatives led by the Central Bank. Through these engagements, the Bank reached more than 131,000 students with practical financial education on key money management topics.

Environmental Sustainability

Ministry of Women Affairs, Community, Small and Medium Enterprises Development Donation – In commemoration of International Women's Day and the International Day of Rural Women, the Bank partnered with the Ministry of Women Affairs, Community, Small and Medium Enterprises Development to support women-led community projects. Donations were made to women in Munyarari (Mutare, Manicaland) and Murape Village (Seke, Mashonaland East) to strengthen their agro-ecological initiatives and enhance livelihoods. The Bank provided various equipment, including knapsack sprayers, wheelbarrows, mobile phones, gas cookers, and solar lantern sprays, among other items, to improve productivity and bolster climate change resilience within the communities.

Mukando Usina Mutauro

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Environmental Management Agency Clean Schools Competition - As part of promoting environmental management and sustainability, the Bank sponsored the Environmental Management Agency (EMA) Clean Schools Competition, under which participating schools implemented innovative waste recycling solutions in line with the Zero Waste Management Initiative launched by the First Lady, Dr Auxilia Mnangagwa. A total of 2,900 schools participated, resulting in tonnes of waste being recycled. Under the ongoing initiative, the top 20 schools are also set to receive nursery trees for planting as part of reducing carbon emissions, with 1,000 trees earmarked for planting.

Support towards the Sustainable Tobacco Farming and Financing - The Bank sponsored the Sustainable Tobacco Farming and Financing conference as part of promoting the sustainability of one of the country's foreign currency earners.

ACCOLADES TO THE BANK

The Bank's commitment to excellence was recognised during the year through multiple awards as follows:

- World Savings and Retail Banking Institute (WSBI) Sustainable Development Goals (SDG) Awards** - POSB was honoured with three prestigious awards at the inaugural World Savings and Retail Banking Institute (WSBI) Sustainable Development Goals (SDG) Awards, held in Washington, D.C. The Bank was recognised for excellence in the following areas:
 - Inclusive Banking and Social Impact
 - Digital Transformation and Technological Innovation
 - Customer Education
- Outstanding Financial Inclusion Initiatives & Social Impact Award** - The Bank was recognised by ESG Network Zimbabwe (ESGNZ) for its outstanding contribution to sustainable development and inclusive community support through impactful financial inclusion and social investment programmes. Key initiatives underpinning the award included the Bank's participation in Global Money Week, ongoing support for tuition assistance to less privileged students, and support rendered to the Clean Schools Competition, which promotes waste recycling and a zero-waste approach among schools and the unveiling of USD8.7million solar and Starlink facility powering and connecting schools.
- First Runner-up - Most Improved Organisation (Service Excellence Awards)** - The Bank was named First Runner-up in the Most Improved Organisation category at the Service Excellence Awards hosted by the Customer Experience Association of Zimbabwe in Bulawayo. The awards recognise outstanding customer service across various sectors of the economy. This prestigious accolade underscores the Bank's unwavering commitment to continuously enhancing customer experience, service delivery and operational efficiency.
- Top Companies Awards 2025 - Disclosure and Transparency (State Parastatals)** - The Bank emerged as the Winner in the Disclosure and Transparency category under the Top Companies Survey (State Parastatals). The award recognises state entities that demonstrate strong public disclosure practices and a commitment to transparency.
- Legacy of Excellence Award - Mashonaland Central Achievers Awards** - The Bank was recognised for its unwavering commitment and exceptional impact in uplifting communities in Mashonaland Central and beyond, in acknowledgement of its sustained contribution to socio-economic development.
- Chinhoyi Community Excellence Awards** - The Bank was named First Runner-up at the Chinhoyi Community Excellence Awards, which recognise companies, individuals and institutions that are making a positive impact in the Chinhoyi community.
- Mashonaland West Excellence Awards** - Outstanding Financial Institution (Bank) - The Bank was recognised for its exceptional performance and dedication to uplifting communities across Mashonaland West Province.
- Women in Governance, Risk & Compliance Awards 2025 - Best Reporting Entity of the Year (ESG)** - The Bank was recognised for its outstanding performance in the reporting of Environmental, Social and Governance (ESG) matters, reflecting its strong commitment to transparency, accountability and sustainable business practices.

RISK MANAGEMENT

The Bank adheres to a methodical Enterprise Risk Management (ERM) philosophy designed to identify, analyse, and mitigate significant operational risks. This holistic approach ensures long-term value creation and organisational resilience. The framework is anchored by strict compliance with Basel requirements and the Risk Management Prudential Standard. Furthermore, bi-annual internal capital adequacy assessments and periodic stress testing ensure that capital levels remain commensurate with the risk profile, even under severe market conditions.

To safeguard digital transformation efforts, the Bank has intensified its focus on cybersecurity and data privacy. Vulnerability assessments, penetration testing, and independent security audits are utilized to counter increasingly sophisticated, AI-driven threats. This technological fortification is mirrored by a robust Business Continuity and Disaster Recovery Plan, ensuring the integrity of core activities and the protection of data in alignment with the Cyber and Data Protection Act [Chapter 12:07].

The Bank also maintains a rigorous AML/CFT/CPF regime through periodic risk assessments and continuous staff awareness campaigns. Beyond traditional financial risks, Environmental, Social, and Governance (ESG) principles are integrated into the core strategy. Significant progress has been made toward the Sustainability Standards Certification Initiative (SSCI) under the European Organisation for Sustainable Development. Additionally, the Climate Risk Management and Adaptation Strategy Framework is now operational, evidenced by the solarization of 32 service centres to reduce the Bank's carbon footprint. Sustainability standards are a mandatory consideration during client onboarding and subsequent assessment processes.

COMPLIANCE AND FINANCIAL CRIME CONTROL FUNCTION

The Compliance function operates as an independent oversight unit, ensuring the Bank's adherence to statutory and regulatory requirements and alignment with international bestpractice standards. Compliance risk management is embedded in POSB's strategy, governance structures and day-to-day operations, supporting ethical conduct, sound risk management and sustainable value creation.

Externally, the function provides oversight through robust customer due diligence, ongoing transaction monitoring and the prevention and detection of money laundering, terrorism financing and other financial crimes. Internally, it safeguards the Bank by monitoring staff related transactions, managing conflicts of interest and overseeing the protection of sensitive and confidential information.

Simply Possible

This function also drives organisation-wide awareness of regulatory obligations, internal policies, anti-bribery and anti-corruption controls, ethics, conduct risk and overarching governance standards. The Bank continues to strengthen compliance with data protection legislation, reinforcing customer trust in the secure and responsible handling of personal information.

POSB recognises that regulatory compliance is a shared responsibility. The Bank therefore expects its customers to conduct their business in a manner that does not expose them or the institution to legal, regulatory or reputational risk.

OUTLOOK

Looking ahead to 2026, Zimbabwe's economy is expected to maintain positive momentum, with growth projected at around 5%, supported by ongoing recovery in agriculture, mining, manufacturing, and services, as well as continued macroeconomic stabilisation. While fiscal and climate-related risks remain, the outlook reflects resilient production, improved external demand, and prudent monetary policy. In this environment, the People's Own Savings Bank remains confident in the country's prospects and is committed to executing its Digital Transformation Strategy, with continued investment in digital platforms to drive business growth, enhance the customer experience, and position the Bank for sustainable innovation and longterm competitiveness.

APPRECIATION

I extend my sincere appreciation to our shareholder, the Board, management, staff, regulatory authorities, and, most importantly, our customers. Your continued trust and support remain central to our success as we advance our strategic priorities and deliver sustainable growth and long-term value.

GARAINASHE CHANGUNDA
CHIEF EXECUTIVE OFFICER

CORPORATE GOVERNANCE REPORT

The People's Own Savings Bank is established as a savings bank in terms of the People's Own Savings Bank of Zimbabwe Act [Chapter 24:22], which Act remains the Bank's founding legislation. The Bank is a government owned entity that has 100% of its shares vested in the Mutapa Investment Fund which is established in terms of the Sovereign Wealth Fund of Zimbabwe Act [Chapter 22:20]. The Bank has a Board of Directors in place to oversee the Bank's corporate objectives and operations. The current Board of Directors assumed office on the 1st of September 2024 with its first four-year term running up to the year 2028.

The Bank upholds very high standards of corporate governance in line with the Board's commitment to achieve best corporate governance practices appropriate for its business, the operating environment and emerging governance practices ensuring alignment where gaps exist. It continues to infuse sustainability into its values, strategies and operations as it progresses towards sustainability standards certification.

Strategic Transformation of the Bank

The Board embarked on a strategic transformation path at the beginning of the year with the objective of ensuring high-impact transformation, making banking and POSB services accessible and affordable to all Zimbabweans. Ultimately and on full implementation, the transformation is expected to deliver POSB as Zimbabwe's most trusted, inclusive, efficient, and AI-powered financial institution aligned with national priorities. The transformation journey had progressed significantly by the end of the year.

Board Quarterly meetings

The Board is mandated to hold meetings at least once quarterly and in line with its oversight responsibility, had held the prescribed quarterly meetings during the period under report as more detailed in the board meetings attendance schedule for the year disclosed to this report. Overall, the Members' attendance was above 75%.

Annual General Meeting

The Bank held its 11th Annual General Meeting (AGM) on the 31st of July 2025 in Harare and a dividend of USD1,520, 825. 57 was approved and duly paid to the shareholder.

Partial Privatisation of the Bank

The partial privatisation of the Bank remains open and under shareholder consideration and management.

Management Services Fee

The Bank entered into a Management Services Agreement with the Mutapa Investment Fund that obliges the payment of 5% of its total staff costs as management services fees to the shareholder, Mutapa Investment Fund. The fees due and payable quarterly in arrears, were with effect from the 1st of January 2025. The Fund offers expert advice on Strategic Guidance, Performance Monitoring, Risk Management, Capital Allocation, Governance Support, Stakeholder Engagement and Innovation and Transformation. During the year 2025, the total management fees were USD 1,215,615.

Board Remuneration

The remuneration of the Board was paid in compliance with the prevailing Board remuneration framework set in June 2024 at a threshold of 60% USD and 40% ZWG as converted at the bank rate on the date of payment. Further, the Bank also paid the performance bonus to the Board of Directors for the year 2024 in August, 2025. The performance bonus was prorated between the two Boards that had oversight of the Bank during the year 2024.

Annual Board and Directors Evaluations

The Board having assumed office with effect from the 1st of September 2024, applied for and was granted exemption from conducting the annual performance evaluation for the year 2024 as it had to undergo induction during the last quarter of the year 2024. The Board's evaluation for the year 2025 will be conducted and submitted by the 31st of March 2026. The Board resolved to use External Consultants to conduct the 2025 Board evaluation which process had commenced by the end of the year.

Board Capacity Development

The Board capacity development for the year 2025 was implemented as per the approved plan. It focused on the capacitation of members to enhance the skills and effectiveness of each director and ultimately on the Board oversight role.

Board Composition

The Board is duly constituted in terms of the POSB Act and is chaired by a non-executive director. It closed the year with eight members consisting of Mr K. Mafukidze (Chairman), Mrs V. Chiwaridzo (Deputy Chairperson), Mr A. Taruvinga, Ms M. U. Hakata, Dr N. Demba, Dr D. Magaya, Mr G. Changunda, (the Chief Executive Officer) and Ms M. Gunde (Chief Finance Officer).

Dr M.M. Chiura resigned from the Board effective 4 September 2025. Section 5 (1)(d) of the POSB Act was amended to increase the complement of the Board from a maximum of six to nine members (when not including the Chairman, CEO and CFO) thus effectively the full complement was revised from nine to twelve. The appointment of the additional Board members remains under shareholder consideration to improve the Bank's compliance posture particularly in terms of skills mix, regional representation, gender balance and the constitution of Board Committees.

Since the resignation of Dr Chiura, the Board has been engaging the Shareholder, Mutapa Investment Fund, to expedite the appointment of a replacement director in line with Section 11 of the POSB Act [Chapter 24:22].

Conflict of Interests Management

Board members submitted their annual declarations of assets and interests during the year as prescribed and advised of changes in respect of their interests during the course of the year.

The interests declared were reviewed and submitted for Board information and consideration as necessary in line with the Board's Conflict of Interests Policy.

Dr Chiura resigned in September 2025 to pursue private interests in line with his professional development whilst Dr Magaya resigned in March 2026 to pursue private business interests.

Governance Structures

The Bank conducts its business through the governance structures detailed as follows:

The Board

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

Board Committees and Meetings

The Board as a whole is responsible for the oversight of Management on behalf of the shareholder, the Government of Zimbabwe. To exercise its duties, the Board meets quarterly through scheduled meetings and additionally as and when the need arises. To assist the Board in its oversight function, several Board Committees were established in accordance with section 14(1) of the People's Own Savings Bank Act of Zimbabwe [Chapter 24:22]. These are Board Audit Committee, Board Finance & Strategy Committee, Board Credit, Investments & Innovations Committee, Board People, Culture & Governance Committee, Board Loans Review Committee, Board Enterprise-Wide Risk Management and Compliance Committee.

The details of the Board Committees as at 31st December, 2025 are outlined in the following paragraphs and schedules:

Board Audit Committee	Board Finance & Strategy Committee
Mrs Vongai Chiwaridzo (NED) Committee Chairperson Mr Anymore Taruvinga (NED) Dr Dennis Magaya (NED) By Invitation Chief Executive Officer Chief Finance Officer Head Internal Audit Chief Information Officer Chief Risk Officer External Auditors: Auditor General's Office Secretary: Company Secretary or Nominee	Mr Anymore Taruvinga (NED) Committee Chairperson Mrs Vongai Chiwaridzo (NED) Dr Newton Demba (NED) Ms Michelle Hakata (NED) By Invitation Chief Executive Officer Chief Finance Officer Procurement Executive Secretary: Company Secretary or Nominee
Board Credit, Investments & Innovations Committee	Board Loans Review Committee
Dr Dennis Magaya (NED) Committee Chairperson Mrs Vongai Chiwaridzo (NED) Mr Kenias Mafukidze (NED) By Invitation Chief Executive Officer Chief Finance Officer Divisional Director: Retail Banking Divisional Director Corporate & Investment Banking Treasury Executive Chief Information Officer Marketing & Public Relations Executive Secretary: Company Secretary or Nominee	Ms Michelle Hakata (NED) Committee Chairperson Mr Anymore Taruvinga (NED) Dr Munyaradzi Chiura (NED) (resigned 4 Sept 2025) By Invitation Chief Executive Officer Chief Risk Officer Secretary: Company Secretary or Nominee
Board People, Culture & Governance Committee	Board Enterprise Risk Committee
Dr Newton Demba (NED) Committee Chairperson Dr Dennis Magaya (NED) Dr Munyaradzi Chiura (NED) Mr Kenias Mafukidze (NED) Board Chairperson By Invitation Chief Executive Officer Chief Finance Officer Human Capital Executive Secretary: Company Secretary or Nominee	Dr Munyaradzi Chiura (NED) Committee Chairperson Ms Michelle Hakata (NED) Dr Newton Demba (NED) By Invitation Chief Executive Officer Chief Risk Officer Chief Finance Officer Chief Information Officer Chief Compliance Officer Secretary: Company Secretary or Nominee

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2025

1. Board Audit Committee

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

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

At the Annual General Meeting held on 31 July 2025, the Corporate Governance Unit in the Office of the President and Cabinet, advised the Bank to ensure that members of the Finance Committee are not concurrently serving on the Audit Committee, in line with good governance practices. The Bank has since initiated the necessary adjustments through the Shareholder.

According to the People's Own Savings Bank of Zimbabwe Act [Chapter 24:22] as amended, the Auditor General's Office is no longer prescribed as Auditors of the Bank. The Bank is to be audited by one or more persons registered as public accountants under the Public Accountants and Auditors Act [Chapter 27:12]. The Auditors are appointed by the Fund at a cost of Audit to be borne by the Bank.

2. Board Finance & Strategy Committee

The Board Finance Committee is authorised by the Board to guide, oversee and support the financial and tax practices of the Bank including the approval, conformance of financial policies and procedures and the development of the annual strategy, budget and procurement plan, monitor adherence to the strategy, and ensuring accurate tracking and analysis of financial highlights and issues and also ensure conformance to relevant financial and tax rules, regulations and where appropriate, make recommendations of its own to the Board regarding the financial administration of the Bank. Financial risk management oversight including that of its agencies for which POSB has existing legal obligations.

3. Board Credit, Investments and Innovations Committee

The fundamental function of the Committee is to oversee the Bank's operations relating to credit, market and liquidity risk, and in particular to ensure that the Bank has adequate funds to meet its obligations. The Committee also approves all lending and investment policies. Furthermore, the Committee ensures that the approved policies are adequate and that lending and investment activities are conducted in accordance with the established policies and regulations. In line with the Innovation mandate, the Committee shall define, monitor and review the innovation strategy, roadmap, policies and procedures and make recommendations for Board approval. The Committee has the mandate over risks underwritten by the Bank in as far as they affect its overall business.

4. Board People, Culture & Governance Committee

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

5. Board Enterprise-Wide Risk Management and Compliance Committee

The Committee is responsible for overall identification, measurement, management, and monitoring of all risks facing the Bank. The Enterprise-Wide Risk Management and Compliance Committee is responsible for the formulation of high-level risk management policies and for inculcating a risk management culture throughout the Bank. The Committee is also responsible for overseeing the harmonisation and integration of IT processes; for ensuring that the Disaster Recovery Plan is in place and to ensure that other issues relating to IT requirements of the Bank are timeously addressed, including reviewing and approving the Bank's cybersecurity strategies, policy, procedures and guidelines. The Committee is also tasked with the primary responsibility of monitoring the performance of the loan book and ensuring that it is proficiently managed and appropriately diversified to manage concentration risk. It also has the broad responsibility of ensuring that the Bank's potential and specific bad debts are adequately provided for and that the total loan book is in compliance with the 15 lending guidelines and the Bank's Credit policy.

Following the resignation of Dr. M. Chiura on 4 September 2025, the Board appointed Ms. M. Hakata as the interim Chairperson of the Committee pending the reconstitution of Board Committees. The full complement of the Committee to be achieved after the Shareholder appoints more members.

6. Board Loans Review Committee

The Board Loans Review Committee was established as a separate Committee in line with changes to the Banking Act [Chapter 24:20] with effect from the 1st of June 2017. The primary responsibility of the Committee is to assist the Board in discharging its oversight responsibility on the overall lending policies and lending activities of the Bank. The Committee reviews all lending by the Bank enabling it to monitor performance of the Bank's loan book and that it is proficiently managed and appropriately diversified to manage concentration risk. It is also broadly responsible for ensuring that the Bank's potential and specific bad debts are adequately provided for and that the total loan book is in compliance with the lending guidelines and the Bank's Credit Policy.

Following the resignation of Dr. M. Chiura on 4 September 2025, the Committee now comprises of two non-executive Directors who duly satisfy the quorum in terms of the Committee's Terms of Reference. Full complement of the Committee to be achieved once the Shareholder appoints more Board Members.

7. Management of the Transformation Strategic Projects

The TSP Projects were managed through a TSP Steering Committee consisting of all the Banks executives and appropriate recommendations to the Board as required.

8. Statement of Governance Compliance

Following the resignation of one non-executive director in September 2025, the appointment of his replacement and additional directors was still awaited by the end of the year. The Board continues to engage the shareholder in respect of the Board's composition to enable full board committee constitutions and enhanced oversight of the Board. The Bank also complied with all the regulatory directives on exemption of bank charges, liquidity management, capital adequacy, anti-money laundering as well as prudential lending guidelines. Save for instances where regulatory exemptions were granted and where gaps were identified and rectifications commenced, the Bank complied with all statutory and regulatory requirements governing its operations up to 31 December 2025.

9. Statement of compliance with laws, Banking Act and regulations

Save for instances where regulatory exemptions were granted, the Bank complied with all statutory and regulatory requirements governing its operations up to 31 December 2025. However, the Bank was penalised in the 1st half of the year an amount of ZWG 131,317 due to late submission of Model Risk Management Reports. Going forward management is committed to ensuring that it complies 100% with all regulatory compliance requirements.

BOARD AND BOARD COMMITTEE ATTENDANCE SCHEDULE 2025

BOARD/COMMITTEE MEETINGS AND DATES	KENIAS MAFUKIDZE	VONGAI CHIWARIDZO	NEWTON DEMBA	#MUNYARADZI M. CHIURA	DENNIS MAGAYA	ANYMORE TARUVINGA	MICHELLE U.HAKATA	**GARAINASHE CHANGUNDA	**MARIA GUNDE
AD HOC BOARD MEETING (7) 9/1/2025,17/2/2025,20/2/2025,15/4/2025,20/6/2025, 21/7/2025,11/12/2025	7	7	6	6	7	6	7	7	7
BOARD TSP TRAINING (1) 17/1/2025	1	1	1	1	1	1	1	1	1
BOARD AML / CFT RBZ TRAINING (1) 28/10/2025	1	1	1	0	0*	1	1	1	1
AD HOC BOARD FINANCE & STRATEGY (2) 15/1/2025,11/12/2025	NA	2	2	NA	NA	2	2	2	2
QUARTERLY BOARD CREDIT INVESTMENTS & INNOVATIONS (4) 19/3/2025, 6/5/2025,29/7/2025,11/11/2025	4	4	NA	NA	4	NA	NA	4	3*
AD HOC BOARD CREDIT INVESTMENTS & INNOVATIONS (1) 3/12/2025	1	1	NA	NA	1	NA	NA	NA	NA
QUARTERLY BOARD ENTERPRISE – WIDE RISK & COMPLIANCE (4) 5/3/2025,7/5/2025,30/7/2025,12/11/2025	NA	NA	4	3	NA	NA	4	4	4
BOARD PEOPLE CULTURE & GOVERNANCE (7) 6/3/2025,29/4/2025,8/5/2025,15/7/20 25,21/7/2 025,4/8/2025,13/11/2025	6	NA	7	6	7	NA	NA	7	7
QUARTERLY BOARD LOANS REVIEW (4) 5/3/2025,7/5/2025,30/7/2025,12/11/2025	NA	NA	NA	3	NA	3*	4	4	NA
QUARTERLY BOARD FINANCE & STRATEGY (4) 11/3/2025, 13/5/2025, 18/8/2025,18/11/2025	NA	4	4	NA	NA	4	4	4	4
QUARTERLY BOARD AUDIT (4) 18/3/2025, 15/5/2025,20/8/2025,19/11/2025	NA	4	NA	NA	3	4	NA	4	4
QUARTERLY BOARD MEETING (4) 24/3/2025,30/5/2025, 25/8/2025, 12/12/2025	4	4	4	3	4	4	4	4	3*
ANNUAL GENERAL MEETING (1) 31/7/2025	1	1	1	1	1	1	1	1	1
BOARD STRATEGY REVIEW WORKSHOP (1) 5/12/2025	1	1	1	0	1	1	1	1	1

Key:

NA- Not a member.
*- Leave of absence granted.

**-Executive Director
#-Resigned on 4 September 2025

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2025

AUDIT OPINION

These abridged financial statements should be read in conjunction with the complete set of consolidated financial statements for the year ended 31 December 2025, which have been audited by the Office of the Auditor General and an unqualified opinion issued thereon. The auditor's report is available for inspection at the Bank's registered office.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended December 31, 2025

	Notes	Dec-25 ZWG	Dec-24 ZWG
Interest income	4	459,169,814	199,943,901
Interest expense	5	(60,074,220)	(17,467,028)
Net interest income		399,095,594	182,476,873
Increase in impairment losses on financial assets	10.4	(15,968,027)	(4,134,094)
Net interest income after impairment losses		383,127,567	178,342,779
Fees and commission income	6	1,051,710,587	537,166,162
Dividend income		3,767,159	3,457,429
Fair value gain / (loss) on Investment properties		(21,561,310)	51,577,686
Fair value gain on financial assets measured at fair value through profit or loss		4,781,196	3,646,965
Other operating income	7	15,567,587	282,518,899
Net operating income		1,437,392,786	1,056,709,920
Operating expenses	8	(1,162,375,487)	(627,285,936)
Operating profit for the year		275,017,299	429,423,984
Monetary loss		-	(197,771,642)
Net profit for the year		275,017,299	231,652,342
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value gain on financial assets at fair value through other comprehensive income		24,485,297	23,577,773
Gain / (loss) on revaluation of non-current assets		(86,674,755)	149,917,312
Foreign exchange gains or (losses) on translation to presentation currency		(16,608,297)	194,415,879
Total comprehensive income for the year		196,219,544	599,563,306

STATEMENT OF FINANCIAL POSITION As at December 31, 2025

	Notes	Dec-25 ZWG	Dec-24 ZWG
ASSETS			
Cash and balances with banks	9	672,478,644	537,976,929
Balances with the Central Bank		379,636,562	156,262,985
Financial assets at amortised cost	10	1,812,294,825	987,298,407
Other assets	11	329,189,189	377,140,204
Financial assets at fair value through other comprehensive income	12.1	97,582,039	60,737,052
Financial assets at fair value through profit and loss	12.2	11,766,489	6,985,293
Investment properties	12.3	85,776,840	114,648,930
Property, plant and equipment	13	333,375,383	390,155,309
Right-of-use assets	14	79,643,531	48,648,093
Intangible assets	15	24,029,865	41,174,255
TOTAL ASSETS		3,825,773,367	2,721,027,457
LIABILITIES			
CURRENT LIABILITIES			
Customer Deposits	16.1	1,926,167,814	1,372,823,478
Other liabilities	17.1	437,866,382	177,683,791
		2,364,034,196	1,550,507,269
NON-CURRENT LIABILITIES			
Customer Deposits	16.1	17,750,820	-
Other liabilities	17.1	123,673,985	5,735,972
		141,424,805	5,735,972
Total liabilities		2,505,459,001	1,556,243,241
EQUITY			
Share capital	18.1	46,972,127	46,972,127
Capital contribution	18.2	1,808,791	1,808,791
Fair value reserve	18.3	69,633,029	45,361,908
Revaluation reserve	18.4	213,864,946	300,539,701
Foreign currency translation reserve	18.5	178,523,809	195,132,106
Revenue Reserve	18.6	809,511,664	574,969,583
TOTAL CAPITAL AND RESERVES		1,320,314,366	1,164,784,216
TOTAL EQUITY AND LIABILITIES		3,825,773,367	2,721,027,457

STATEMENT OF CHANGES IN EQUITY For the year ended December 31, 2025

	Share capital	Capital contribution Reserve	Fair Value Reserve	Revaluation Reserve	Foreign currency translation reserve	Revenue reserve	Total
	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
Balance at 1 January 2025	46,972,127	1,808,791	45,361,908	300,539,701	195,132,106	574,969,583	1,164,784,216
Profit for the period	-	-	-	-	-	275,017,299	275,017,299
Other comprehensive income							
Fair value gain of financial assets at fair value through other comprehensive income	-	-	24,485,297	-	-	-	24,485,297
Revaluation loss	-	-	-	(86,674,755)	-	-	(86,674,755)
Foreign exchange loss on translation to presentation currency	-	-	-	-	(16,608,297)	-	(16,608,297)
Total other comprehensive income	-	-	24,485,297	(86,674,755)	(16,608,297)	-	(78,797,755)
Subtotal	-	-	24,485,297	(86,674,755)	(16,608,297)	275,017,299	196,219,544
Dividend paid	-	-	-	-	-	(40,689,394)	(40,689,394)
Transfer to distributable reserves	-	-	(214,176)	-	-	214,176	-
Balance at 31 December 2025	46,972,127	1,808,791	69,633,029	213,864,946	178,523,809	809,511,664	1,320,314,366
Balance at 1 January 2024	46,972,127	1,808,791	22,851,082	150,622,389	716,227	350,415,378	573,385,994
Profit for the period	-	-	-	-	-	231,652,342	231,652,342
Other comprehensive income							
Dividend paid	-	-	-	-	-	(8,165,084)	(8,165,084)
Transfer to distributable reserves	-	-	(1,066,947)	-	-	1,066,947	-
Comprehensive Income	-	-	23,577,773	149,917,312	194,415,879	-	367,910,964
Balance at 31 December 2024	46,972,127	1,808,791	45,361,908	300,539,701	195,132,106	574,969,583	1,164,784,216

STATEMENT OF CASH FLOWS For the year ended December 31, 2025

	Dec-25 ZWG	Dec-24 ZWG
Cash flows from operating activities		
Profit for the year	275,017,299	231,652,342
Adjustments:	(257,200,123)	(261,484,001)
Net monetary loss	-	197,771,642
Increase in Impairment loss on financial assets at amortised cost	10.4	15,968,027
Loss on disposal of property, plant and equipment	8	2,629,326
Profit on disposal of financial assets at fair value through other comprehensive income	7	(346,939)
Loss on disposal of financial assets at fair value through other comprehensive income	8	-
Increase/(decrease) in fair value of investment properties	12.3	21,561,310
Increase in fair value of financial assets measured at fair value through profit & loss	12.2	(4,781,196)
Foreign exchange gain	7	(24,639)
Foreign exchange gain on financial assets through other comprehensive income	12.1	(1,050,033)
Depreciation of property, plant and equipment	13	80,247,815
Foreign exchange gain on intangible assets	15	(688,879)
Foreign exchange gain on property, plant and equipment	13	(4,987,890)
Depreciation of right of use assets	14	19,565,219
Amortization of intangible assets	15	9,353,281
Dividend received		(3,767,159)
Net Interest income		(394,361,968)
Interest on lease liability	17.4	3,483,602
Operating cash flow before changes in operating assets and liabilities	17,817,176	(29,831,659)
Changes in operating assets and liabilities	504,453,877	516,368,787
Decrease/(Increase) in financial assets at amortised cost and other assets		(851,473,741)
Increase in deposits and other liabilities		961,565,649
Interest received		451,882,457
Interest paid		(57,520,488)
Net cash flows from operating activities	522,271,053	486,537,128
Cash flows from investing activities	(98,352,857)	(75,916,891)
Proceeds from sale of property, plant and equipment		773,796
Proceeds from sale of financial assets at fair value through other comprehensive income		955,908
Purchase of financial assets at fair value through other comprehensive income	12.1	(11,918,626)
Purchase of financial assets at fair value through profit or loss	12.2	-
Purchase of property, plant and equipment	13	(90,717,467)
Purchase of intangible asset	15	(477,616)
Purchase of investment properties	12.3	(736,011)
Dividend received		3,767,159
Cash flows from financing activities	(66,042,904)	(21,070,092)
Dividend paid		(40,689,394)
Interest on lease liability	17.4	(3,483,602)
Principal payment on Lease liability	17.4	(21,869,908)
Net increase in cash and cash equivalents	357,875,292	389,550,145
Inflation effects on cash and cash equivalents		-
Cash and cash equivalents at the beginning of the year		694,239,914
Cash and cash equivalents at the end of the year	1,052,115,206	694,239,914

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2025

NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2025

1. REPORTING ENTITY AND ITS NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements for the year ended December 31, 2025 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, 2025, were authorised for issue in accordance with a resolution of the Directors on March 18, 2026.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

The functional currency for the year ended December 31, 2025 was USD. However, these financial statements are presented in Zimbabwean dollars (ZWG) being the presentation currency of the entity. 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 monthly average exchange rate.

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

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

2.4.2 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 gain or loss is adjusted through the statement of profit or loss and other comprehensive income.

2.4.3 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 technological changes. No changes to the useful lives and residual values have been considered necessary during the year.

2.4.4 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 22.5. A number of significant judgements are also required in applying the accounting requirements for measuring the expected credit loss, such as:

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.

2.4.5 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 nonavailability of sufficient information to use for defined benefit accounting.

2.4.6 Going concern

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

2.5 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended International financial reporting standards (IFRS) and IFRIC interpretations adopted in 2025:

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

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

2.6 New and amended standards and interpretations not yet effective

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended International financial reporting standard (IFRS) and IFRIC interpretations which is effective 1 January 2027:

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

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

2.7 Events after the reporting period

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

3 MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are consistent with those applied in the financial statements for the year ended 31 December 2024 except as detailed in Note 2.5.

	Dec-25 ZWG	Dec-24 ZWG
4. INTEREST INCOME		
Money market assets	52,330,368	15,214,659
Corporate loans	7,271,103	1,058,946
Individual loans	121,062,669	31,837,786
Mortgage loans	15,162,815	5,545,200
SME & Agribusiness Loans	8,330,260	2,714,379
Microfinance loans	255,012,599	143,572,931
	459,169,814	199,943,901
5. INTEREST EXPENSE		
Individual accounts	4,087,601	1,869,373
Corporate accounts	589,134	197,904
Term deposits	55,239,690	15,348,667
SME & Agribusiness deposits	157,795	51,084
	60,074,220	17,467,028
6. FEES AND COMMISSION INCOME		
Retail banking fees and commission	1,008,239,195	515,759,779
Credit related fees	30,011,025	12,986,955
Money Transfer Agency commission	13,460,367	8,419,428
	1,051,710,587	537,166,162
7. OTHER OPERATING INCOME		
Foreign exchange gain	24,639	271,718,240
Profit on disposal of financial assets at fair value through other comprehensive income	346,939	-
Discount income on treasury bills	12,513,236	8,856,658
Miscellaneous income	2,682,773	1,944,001
	15,567,587	282,518,899

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2025

NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2025 (continued)

8. OPERATING EXPENSES

	Dec-25 ZWG	Dec-24 ZWG
Staff costs	597,602,516	369,353,150
Agency fees	11,642,843	3,101,038
Administration expenses	433,111,166	206,777,583
Audit fees	4,739,719	984,352
Bad debts written off	-	106,103
Finance costs	3,483,602	1,124,183
Depreciation of property, plant and equipment	80,247,815	26,022,504
Depreciation of right of use assets	19,565,219	11,957,187
Amortisation of intangible assets	9,353,281	4,640,601
Loss on disposal of assets	2,629,326	3,163,097
Loss on disposal of shares	-	56,138
	1,162,375,487	627,285,936

9. CASH AND BALANCES WITH BANKS

	Dec-25 ZWG	Dec-24 ZWG
Cash on hand	500,203,905	411,312,983
Balances with other banks	172,274,739	126,663,946
	672,478,644	537,976,929

10. FINANCIAL ASSETS AT AMORTISED COST

	Dec-25 ZWG	Dec-24 ZWG
10.1 LOANS AND ADVANCES		
Individual loans	597,962,464	321,110,189
Corporate Loans	93,566,815	25,708,347
Mortgage Loans	223,895,342	72,899,480
Microfinance loans	222,836,672	271,246,501
SME and Agribusiness Loans	83,190,796	36,184,374
	1,221,452,089	727,148,891
Interest Accrued	508,001	345,140
Gross total	1,221,960,090	727,494,031
Provision for impairment losses	(15,910,290)	(6,106,187)
	1,206,049,800	721,387,844

10.2 MONEY MARKET ASSETS

	Dec-25 ZWG	Dec-24 ZWG
Treasury bills	167,816,772	4,779,250
Agro bills	-	10,000,000
Interbank Placements	412,170,330	183,471,600
Non-negotiable certificate of deposits	26,700,000	70,711,250
	606,687,102	268,962,100
Interest Accrued	9,395,872	2,271,376
Gross total	616,082,974	271,233,476
Provision for impairment losses	(9,837,949)	(5,322,913)
	606,245,025	265,910,563

TOTAL FINANCIAL ASSETS MEASURED AT AMORTISED COST

	Dec-25 ZWG	Dec-24 ZWG
10.3 MATURITY ANALYSIS		
Maturing within 1 year	250,673,433	208,060,655
Maturing after 1 year but within 5 years	971,286,657	519,433,376
	1,221,960,090	727,494,031

10.3 MATURITY ANALYSIS 10.3.1 LOANS AND ADVANCES

	Dec-25 ZWG	Dec-24 ZWG
Maturing within 1 year	250,673,433	208,060,655
Maturing after 1 year but within 5 years	971,286,657	519,433,376
	1,221,960,090	727,494,031

10.3.2 MONEY MARKET ASSETS

	Dec-25 ZWG	Dec-24 ZWG
Maturing within 1 year	472,713,355	266,348,956
Maturing after 1 year but within 5 years	143,369,619	4,884,520
	616,082,974	271,233,476

10.4 PROVISION FOR IMPAIRMENT LOSSES

	Dec-25 ZWG	Dec-24 ZWG
At 1 January	12,141,001	7,157,950
Monetary Adjustment	-	(4,424,943)
Foreign exchange gain/(loss)	(234,390)	5,273,900
Increase in impairment losses	15,968,027	4,134,094
Corporate Lending	820,388	(960,970)
Individual Lending	9,218,105	1,509,512
Money market assets	4,515,036	2,873,651
Other receivables	1,414,498	711,901
As at 31 December	27,874,638	12,141,001
Specific provisions	27,874,638	12,141,001
	27,874,638	12,141,001

10.4.1 PROVISION FOR IMPAIRMENT LOSSES ON LOANS

	Corporate Lending ZWG	Individual lending ZWG	Total ZWG
Dec-25			
At 1 January 2025	2,678,185	3,428,002	6,106,187
Charge for the period	820,388	9,218,105	10,038,493
Foreign exchange loss	-	(234,390)	(234,390)
As at 31 December 2025	3,498,573	12,411,717	15,910,290
Specific Provisions	3,498,573	12,411,717	15,910,290
	3,498,573	12,411,717	15,910,290
Dec-24			
At 1 January 2024	2,811,268	2,984,154	5,795,422
IAS 29 Adjustment	(1,086,298)	(2,506,744)	(3,593,042)
Charge for the period	(960,970)	1,509,512	548,542
Foreign exchange gain	1,914,185	1,441,080	3,355,265
As at 31 December, 2024	2,678,185	3,428,002	6,106,187
Specific Provisions	2,678,185	3,428,002	6,106,187
	2,678,185	3,428,002	6,106,187

10.4.2. PROVISION FOR IMPAIRMENT LOSSES ON MONEY MARKET ASSETS

	Dec-25 ZWG	Dec-24 ZWG
At January 1	5,322,913	1,362,528
IAS 29 Adjustment	-	(831,901)
Charge for the year	4,515,036	2,873,651
Foreign exchange gain	-	1,918,635
As at 31 December	9,837,949	5,322,913
Specific provisions	9,837,949	5,322,913
	9,837,949	5,322,913

10.4.3. PROVISION FOR IMPAIRMENT LOSSES ON FEES RECEIVABLE

	Dec-25 ZWG	Dec-24 ZWG
At January 1	711,901	-
Charge for the year	1,414,498	711,901
As at 31 December	2,126,399	711,901
Specific provisions	2,126,399	711,901
	2,126,399	711,901

11. OTHER ASSETS

	Dec-25 ZWG	Dec-24 ZWG
Accounts receivable	168,712,697	245,861,476
Prepayments	106,010,406	105,362,289
Inventory	37,269,132	17,210,916
	311,992,235	368,434,681
Fees receivable	19,323,353	9,417,424
Provision for impairment losses	(2,126,399)	(711,901)
	17,196,954	8,705,523
	329,189,189	377,140,204

12. ASSETS MEASURED AT FAIR VALUE

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical assets (Level 1) ZWG	Significant other observable inputs (Level 2) ZWG	Significant unobservable inputs (Level 3) ZWG	Total ZWG
Dec-25				
Recurring fair value measurements				
Equity securities:				
Communication	10,544,351	-	-	10,544,351
Financial services industry	5,967,619	-	3,550,055	9,517,674
Manufacturing industry	65,513,430	-	-	65,513,430
Other	12,006,584	-	-	12,006,584
Total equity securities	94,031,984	-	3,550,055	97,582,039
Gold backed Digital tokens:				
Gold backed Digital token	11,766,489	-	-	11,766,489
Total Gold backed Digital tokens	11,766,489	-	-	11,766,489
Investment properties:				
Residential - Harare	-	3,117,684	-	3,117,684
Commercial - Kwekwe	-	7,846,171	-	7,846,171
Commercial - Harare	-	70,448,227	-	70,448,227
Commercial Masvingo	-	3,403,472	-	3,403,472
Commercial - Chinhoyi	-	961,286	-	961,286
Total investment properties	-	85,776,840	-	85,776,840
Total Recurring fair value measurements	105,798,473	85,776,840	3,550,055	195,125,368

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ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2025

NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2025 (continued)

Fair value measurements at the end of the reporting period using

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

12.1 Financial Assets at Fair Value through Other Comprehensive Income

	Dec-25 ZWG	Dec-24 ZWG
Opening balance	60,737,052	36,101,187
Additions	11,918,626	3,392,213
Disposals	(608,969)	(2,334,120)
Fair value gain	24,485,297	23,577,772
Foreign exchange gain	1,050,033	-
Closing balance	97,582,039	60,737,052

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

12.2 Financial assets at fair value through profit & loss

	Dec-25 ZWG	Dec-24 ZWG
Opening balance	6,985,293	2,938,124
Additions	-	400,204
Fair value gain	4,781,196	3,646,965
Closing balance	11,766,489	6,985,293

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

12.3 Investment properties

	Dec-25 ZWG	Dec-24 ZWG
Opening balance	114,648,930	62,092,752
Additions	736,011	978,492
Transfer to property, plant and equipment	(10,345,453)	-
Transfer from property, plant and equipment	1,064,485	-
Fair value gain/(loss)	(21,561,310)	51,577,686
Foreign exchange gain	1,234,177	-
Closing balance	85,776,840	114,648,930

Investment properties were accounted for using the fair value model. In respect of the closing balances, valuations were carried out as at December 31, 2025 by sworn appraisers, Bard Real Estate and these were based on market values.

13. PROPERTY, PLANT AND EQUIPMENT

	Land ZWG	Buildings ZWG	Motor Vehicles ZWG	Computer Equipment ZWG	Furniture & Fittings ZWG	Office Equipment ZWG	Dec-25 ZWG	Dec-24 ZWG
Opening carrying amount	27,159,000	81,114,000	79,058,960	122,108,721	27,195,871	53,518,757	390,155,309	215,444,335
Gross carrying amount	27,159,000	81,114,000	79,058,960	122,108,721	27,195,871	53,518,757	390,155,309	215,444,335
Accumulated depreciation	-	-	-	-	-	-	-	-
Revaluation loss	(2,650,133)	(27,877,280)	(9,040,854)	(17,536,047)	(9,061,064)	(11,551,773)	(77,717,151)	133,128,299
Foreign exchange gain	-	1,604,987	1,139,137	1,365,813	371,376	506,577	4,987,890	134,962
Disposals	-	-	(3,584,005)	(217,280)	-	-	(3,801,285)	(4,439,764)
Additions at cost	-	-	6,675,143	60,555,060	1,914,180	21,573,084	90,717,467	71,909,981
Transfer to investment properties	-	(1,064,485)	-	-	-	-	(1,064,485)	-
Transfer from investment properties	-	10,345,453	-	-	-	-	10,345,453	-
Depreciation	-	(1,752,082)	(16,075,515)	(44,336,678)	(2,448,448)	(15,635,092)	(80,247,815)	(26,022,504)
Closing carrying amount	24,508,867	62,370,593	58,172,866	121,939,589	17,971,915	48,411,553	333,375,383	390,155,309
Gross carrying amount	24,508,867	62,370,593	58,172,866	121,939,589	17,971,915	48,411,553	333,375,383	390,155,309
Accumulated depreciation	-	-	-	-	-	-	-	-

Property, plant and equipment was accounted for using the revaluation model. In respect of the closing balances, valuations were carried out as at 31 December 2025 by sworn appraisers, Bard Real Estate and these were based on market values.

14. RIGHT OF USE ASSETS

	Dec-25 ZWG	Dec-24 ZWG
Opening Carrying amount	48,648,093	50,651,165
Additions/ modifications	8,147,171	9,954,115
Depreciation	(19,565,219)	(11,957,187)
Foreign exchange gain	42,413,486	-
Closing balance	79,643,531	48,648,093

15. INTANGIBLE ASSETS

	Dec-25 ZWG	Dec-24 ZWG
Opening carrying amount	41,174,255	22,665,486
Revaluation gain/ (loss)	(8,957,604)	16,789,013
Additions	477,616	6,360,357
Amortization charge during the year	(9,353,281)	(4,640,601)
Foreign exchange gain	688,879	-
Closing carrying amount	24,029,865	41,174,255
Gross carrying amount	24,029,865	41,174,255
Accumulated amortisation	-	-

Intangible assets were accounted for using the revaluation model. In respect of the closing balances, valuations were carried out as at 31 December 2025 by sworn appraisers, Bard Real Estate and these were based on market values.

16. CUSTOMER DEPOSITS

	Dec-25 ZWG	Dec-24 ZWG
Individual accounts	983,309,943	717,828,554
Corporate accounts	343,560,309	342,601,877
Term deposits	617,048,382	312,393,047
1,943,918,634	1,372,823,478	

16.1 MATURITY ANALYSIS OF DEPOSITS

	Dec-25 ZWG	Dec-24 ZWG
Customer Deposits- current	1,926,167,814	1,372,823,478
Customer Deposits- noncurrent	17,750,820	-
1,943,918,634	1,372,823,478	

17. OTHER LIABILITIES

17.1 CURRENT

	Dec-25 ZWG	Dec-24 ZWG
Interest payable on deposits	6,067,796	3,514,064
Accounts payable	380,770,783	123,887,547
Provisions	23,462,622	18,213,973
Deferred fee income	18,989,839	13,610,055
Lease liability- Current	8,575,342	18,458,152
437,866,382	177,683,791	



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NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2025 (continued)

	Dec-25 ZWG	Dec-24 ZWG
17.2 NON-CURRENT		
Lease liability: Non-Current	3,268,891	5,735,972
Loans	120,405,094	-
	123,673,985	5,735,972
TOTAL OTHER LIABILITIES	561,540,367	183,419,763

	Dec-25 ZWG	Dec-24 ZWG
17.3 INTEREST PAYABLE		
Individual accounts	285,583	97,251
Corporate accounts	460,274	23,920
Term deposits	4,582,788	3,392,893
Loans	739,151	-
	6,067,796	3,514,064

	Dec-25 ZWG	Dec-24 ZWG
17.4 LEASE LIABILITY		
Opening balance	24,194,124	18,464,341
Lease modifications	8,147,171	9,954,115
Finance Charge	3,483,602	1,124,183
Principal payment	(21,869,908)	(11,780,825)
Interest payment	(3,483,602)	(1,124,183)
Foreign exchange gain/(loss)	1,372,846	7,556,493
Closing balance	11,844,233	24,194,124

	Dec-25 ZWG	Dec-24 ZWG
17.5 MATURITY ANALYSIS OF LEASE LIABILITY		
Maturing within 1 - 6 Months	6,458,875	8,915,930
6 months - 1 year	2,116,467	9,542,221
1 - 2 years	2,328,442	5,194,360
2 - 3 years	503,194	292,108
Above 3 years	437,255	249,505
	11,844,233	24,194,124

18. SHARE CAPITAL AND RESERVES

	Dec-25 ZWG	Dec-24 ZWG
18.1 Share capital		
Authorised		
50 million Ordinary shares at ZWG1 each	50,000,000	50,000,000
Issued and fully paid		
Opening balance	46,972,127	46,972,127
Closing balance (Ordinary shares at ZWG0.97 each)	46,972,127	46,972,127

Issued and fully paid share capital comprised of 48,349,746 (2024: 48,349,746) ordinary shares at ZWG0.97 each.

18.2 Capital contribution reserve

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

18.3 Fair value reserve

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

18.4 Revaluation reserve

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

18.5 Foreign currency translation reserve

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

	Dec-25 ZWG	Dec-24 ZWG
Opening balance	195,132,106	716,227
Translation to presentation currency	(16,608,297)	194,415,879
Closing balance	178,523,809	195,132,106

18.6 Revenue reserve

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

	Dec-25 ZWG	Dec-24 ZWG
Opening balance	574,969,583	350,415,378
Profit for the year	275,017,299	231,652,342
Dividend paid	(40,689,394)	(8,165,084)
Transfer from fair value reserve	214,176	1,066,947
Closing balance	809,511,664	574,969,583

18.7 Dividend

The Board of Directors approved a dividend of USD1,520,826 which translate to ZWG40,689,394 in the year 2025 (2024: ZWG8,165,084).

	Dec-25 ZWG	Dec-24 ZWG
Opening balance	-	-
Dividend declared	(40,689,394)	8,165,084
Dividend paid	(40,689,394)	(8,165,084)
Dividend payable as at 31 December	-	-

19. PENSION ARRANGEMENTS

19.1 Defined benefit pension plan

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

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

The Bank has accounted for the defined benefit plan as if it were a defined contribution plan because sufficient information is not available to use defined benefit accounting in line with the requirements of IAS 19, as it is not possible for the pension fund to allocate the plan assets to each of the contributing companies separately. The latest Actuarial report provided to the Bank is as at 31 December 2024. The report does not show the following information which is critical for Defined Benefit accounting purposes:

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

In the current year the Bank made contributions amounting to ZWG33,246,911 (2024: ZWG18,969,444).

The expected contributions to the plan for the next annual reporting period are ZWG 37,148,842. The Actuarial Valuation report prepared as at 31 December 2024 does not show the Bank's funding deficit as information on share of assets and share of past service liabilities is not included. The level of participation of the Bank in the plan measured by the Bank's proportion of the total number of active members is also not included.

19.2 NSSA Pension

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

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

The Bank also contributes 1.25% towards Workers' Compensation Insurance Fund (WCIF) on behalf of its employees. Total amount charged through the Statement of profit or loss and other comprehensive income during the year under review amounted to ZWG 5,262,403 (2024: ZWG 2,431,708).

20. EMPLOYEES

The average number of permanent persons employed by the Bank during the reporting period was 520 (December 2024: 524).

21. RELATED PARTY DISCLOSURES

Related parties refer to the non-executive directors and key management personnel of the Bank who consist of the Chief Executive Officer, the Chief Finance Officer, the Chief Risk Officer, the Company Secretary and Legal advisor, the Divisional Director – Retail Banking, the Divisional Director – Corporate and Investments Banking, the Human Capital Executive, the Chief Information Officer, the Chief Compliance Officer, the Head of Internal Audit, the Marketing and Public Relations Executive, the Procurement Executive and the Treasury Executive.

21.1 Compensation to key management personnel

	Dec-25 ZWG	Dec-24 ZWG
Short-term employee benefits	75,333,267	48,969,308
Termination benefits	11,956,286	-
Post-employment benefit	4,850,225	3,913,519
	92,139,778	52,882,827

21.2 Loans to key management personnel of the Bank

	Dec-25 ZWG	Dec-24 ZWG
Mortgage Loans	29,398,009	5,891,898
Personal Loans	10,623,661	14,295,685
	40,021,670	20,187,583

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

21.3 Non-executive directors' fees

	Dec-25 ZWG	Dec-24 ZWG
Fees and other emoluments	5,101,834	2,393,164
	5,101,834	2,393,164

Board fees relate to retainer and sitting fees for seven non-executive directors for the year ended 31 December 2025:

Mr. K. Mafukidze	Chairperson
Mrs.V. Chiwaridzo	Deputy Chairperson
DR.N. Demba	Member
Dr. D. Magaya	Member
Dr. M.M. Chiura	Member (Resigned on 4 September 2025)
Ms. M.U. Hakata	Member
Mr. A. Taruvinga	Member

21.4 Loans to non-executive directors

The Bank had no outstanding loans due from non-executive directors (2024: Nil).

21.5 Terms and Conditions of Related Party Transactions

The above-mentioned outstanding balances arose from the ordinary course of business. Loans to executive directors of the Bank were at the Bank's normal lending rates, terms and conditions. Outstanding balances at year-end were secured. The Bank had no outstanding loans to nonexecutive directors as at 31 December 2025.

22. RISK MANAGEMENT AND CONTROL

22.1 Overview of the Bank's risk management philosophy

The Bank adheres to a methodical Enterprise Risk Management (ERM) philosophy designed to identify, analyse, and mitigate significant operational risks. This holistic approach ensures longterm value creation and organisational resilience. The framework is anchored by strict compliance with Basel requirements and the Risk Management Prudential Standard. Furthermore, bi-annual internal capital adequacy assessments and periodic stress testing ensure that capital levels remain commensurate with the risk profile, even under severe market conditions.

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To safeguard digital transformation efforts, the bank has intensified its focus on cybersecurity and data privacy. Vulnerability assessments, penetration testing, and independent security audits are utilised to counter increasingly sophisticated, AI-driven threats. This technological fortification is mirrored by a robust Business Continuity and Disaster Recovery Plan, ensuring the integrity of core activities and the protection of data in alignment with the Cyber and Data Protection Act [Chapter 12:07].

The Bank also maintains a rigorous AML/CFT/CPF regime through periodic risk assessments and continuous staff awareness campaigns. Beyond traditional financial risks, Environmental, Social, and Governance (ESG) principles are integrated into the core strategy. Significant progress has been made toward the Sustainability Standards Certification Initiative (SSCI) under the European Organisation for Sustainable Development. Additionally, the Climate Risk Management and Adaptation Strategy Framework is now operational, evidenced by the solarization of 32 service centres to reduce the Bank's carbon footprint. Sustainability standards are a mandatory consideration during client onboarding and subsequent assessment processes.

Underpinned by independent compliance and audit functions, the Board of Directors provides continuous oversight through relevant Committees, ensuring the risk culture remains robust and aligned with international best practices. Finally, the Board-approved Risk Appetite Framework ensures the Bank maintains a disciplined and balanced approach to risk, remaining within the designated financial safe zone and capital capacity.

22.2 Risk measurement and reporting systems

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

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

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

22.3 Compliance

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

22.4 Excessive risk concentration

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

22.5 Credit risk

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

22.5.1 Governance and International financial reporting standard (IFRS) 9 project management

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

Impacts on Governance and Controls

As part of the implementation of International financial reporting standard (IFRS) 9, the Bank designed and implemented new controls and governance procedures in several areas that contribute to the calculation of expected credit losses. These include controls over credit risk data and systems, expected credit loss models and calculation engine, forecasts of future macroeconomic variables, design and probability-weighting of future macroeconomic scenarios, and the determination of significant increases in credit risk. In addition, the Bank engaged external consultants to assist with the annual recalibration of the IFRS 9 models and the recalibrated models are reviewed by the Risk Team.

After the adoption of International financial reporting standard (IFRS) 9, expected loss models have been used for both regulatory capital 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 economic downturn conditions. International financial reporting standard (IFRS) 9 LGDs are based on current conditions, adjusted for estimates of future conditions that will impact LGD under several probabilityweighted macroeconomic scenarios.

22.5.2 Exposure to credit risk

The Bank's total exposure to credit risk as of December 31, 2025 was ZWG 1.84 billion (Dec 2024: ZWG998.73 million) before taking account of collateral of ZWG 975.88 million (Dec 2024: ZWG416.24million) net of such protection.

22.5.2.1 Concentrations of credit risk

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

Dec-25	Loans and advances	Treasury investments
	ZWG	ZWG
Carrying amount	1,221,960,090	616,082,973
Amount committed	1,221,960,090	616,082,973
Concentration by sector		
Corporate	93,595,089	-
Individual	599,403,722	-
Mortgage	223,906,288	-
Microfinance	222,848,647	-
SME and Agribusiness	82,206,344	-
Government	-	6
Central Bank	-	199,879,500
Other Banks	-	416,203,477
Total	1,221,960,090	616,082,983

Dec-24

Carrying amount

Amount committed

Concentration by sector

Corporate

Individual

Mortgage

Microfinance

SME and Agribusiness

Government

Central Bank

Other Banks

Total

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

22.5.2.2 Significant Increase in Credit Risk

When determining whether the credit 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 2025.

22.5.2.3 Credit Risk Grades

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

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

- Client's 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 and
- Client's employment status, duration of employment and position.

22.5.2.4 Modified Financial Assets

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

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

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

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

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

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

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

22.5.2.5 Definition of Default

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

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

22.5.2.6 Incorporation of Forward-looking Information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Forward-looking information in the form of macroeconomic forecasts was not considered in the determination of ECL and in the determination of significant increase in credit risk as the forward-looking information failed to pass the statistical tests that would enable the Bank to accurately determine the correlations between probability of default changes and changes in macro-economic conditions. The following macro variables were taken into consideration, but failed to pass the statistical test;

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



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22.5.2.7 Measurement of ECL

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

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

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

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

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

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

The table below shows the PD percentages which were applied to each internal credit risk grade as at 31 December 2025.

Internal credit rating table

Internal Credit Rating	Description	Average 12 Months PDs	
		Dec 2025	Dec 2024
1	Pass- Prime Grade	0.01	0.01
2	Pass - Strong	0.01	0.02
3	Pass - Satisfactory	0.002	0.001
4	Special Mention - Moderate	0.06	0.06
5	Special Mention - Fair	0.01	0.01
6	Special Mention - Speculative	0.06	0.05
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 based on shared risk characteristics that include instrument type and risk grading. The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

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

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

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

Dec-25	12-month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
	Gross Carrying Amount	ECL Allowance	Carrying Amount	ECL Allowance	Gross Carrying Amount	ECL Allowance	Gross Carrying Amount	ECL Allowance
LOANS AND ADVANCES	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
At 1 January 2025	704,095,721	411,862	10,817,529	130,152	12,580,781	5,564,173	727,494,031	6,106,187
Transfer to Lifetime ECL (Not Credit-Impaired)	(21,582,503)	(25,877)	-	-	(393,634)	(42,412)	(21,976,137)	(68,289)
Transfer to Lifetime ECL (Credit-Impaired)	(9,488,300)	(17,702)	(1,945,157)	(62,816)	-	-	(11,433,457)	(80,518)
Changes due to Modifications that did not result in derecognition	(130,191,164)	(276,709)	11,470,860	5,096	11,898,048	3,049,054	(106,822,256)	2,777,441
New Financial Assets or originated purchase	854,900,720	7,296,716	14,586,540	158,839	4,764,843	1,857,511	874,252,103	9,313,066
Derecognition	(236,143,480)	(1,513,733)	1,647,481)	(396)	(1,763,233)	(623,468)	(239,554,194)	(2,137,597)
Write-offs	(532,954)	(532,954)	(54,104)	(54,104)	(240,811)	(240,811)	(827,869)	(827,869)
Recoveries of amounts previously written off	532,954	532,954	54,104	54,104	240,811	240,811	827,869	827,869
At 31 December 2025	1,161,590,994	5,874,557	33,282,291	230,875	27,086,805	9,804,858	1,221,960,090	15,910,290

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

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

Dec-25	12-month ECL		Lifetime ECL Not credit impaired		Lifetime ECL Credit impaired		Total	
	Gross Carrying Amount	ECL Allowance	Carrying Amount	ECL Allowance	Gross Carrying Amount	ECL Allowance	Gross Carrying Amount	ECL Allowance
	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
At 1 January 2025	271,233,476	5,322,913	-	-	-	-	271,233,476	5,322,913
Changes due to Modifications that did not result in derecognition	178,491	2,171	-	-	-	-	178,491	2,171
New Financial Assets or originated purchase	584,100,416	9,776,355	-	-	-	-	584,100,416	9,776,355
Derecognition	(239,429,409)	(5,263,490)	-	-	-	-	(239,429,409)	(5,263,490)
At 31 December 2025	616,082,974	9,837,949	-	-	-	-	616,082,974	9,837,949

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

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

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

Category	2025	2024
Loss allowance for financial assets measured at fair value through other comprehensive income	Nil	Nil

22.5.3 Credit quality Analysis

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

22.5.3.1 Credit quality by internal grades

Dec-25	Neither past due nor impaired					Total
	High grade	Standard grade	Substandard grade	Past due but not impaired	Impaired	
Type of financial asset	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
Loans and advances	1,172,370,879	34,094,572	3,548,893	4,788,392	7,157,354	1,221,960,090
Interbank placements	416,223,150	-	-	-	-	416,223,150
Treasury bills	173,159,824	-	-	-	-	173,159,824
Government Bonds	-	-	-	-	-	-
Agro Bills	-	-	-	-	-	-
Non-negotiable certificate of deposits	26,700,000	-	-	-	-	26,700,000
Total credit exposure	1,788,453,853	34,094,572	3,548,893	4,788,392	7,157,354	1,838,043,064

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

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.

22.5.3.2 Credit quality of financial assets measured at amortised cost

Dec-25	12 month ECL					Total
	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Purchased/ Originated Credit impaired	Total		
	ZWG	ZWG	ZWG	ZWG	ZWG	
Financial assets at amortised cost (Loans and advances)						
Grades 1: Standard	1,167,664,485	4,486	4,701,908	-	1,172,370,879	
Grades 2: Special mention	-	30,945,664	3,148,908	-	34,094,572	
Grades 3: Substandard	-	-	3,548,893	-	3,548,893	
Grades 4: Doubtful	-	-	4,788,392	-	4,788,392	
Grades 5: Loss	-	-	7,157,354	-	7,157,354	
Carrying amount	1,167,664,485	30,950,150	23,345,455	-	1,221,960,090	
Financial assets at amortised cost (Treasury investments)						
Grades 1: Standard	616,082,974	-	-	-	616,082,974	
Grades 2: Special mention	-	-	-	-	-	
Grades 3: Substandard	-	-	-	-	-	
Grades 4: Doubtful	-	-	-	-	-	
Grades 5: Loss	-	-	-	-	-	
Carrying amount	616,082,974	-	-	-	616,082,974	

Dec-24	12 month ECL					Total
	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Purchased/ Originated Credit impaired	Total		
	ZWG	ZWG	ZWG	ZWG	ZWG	
Financial assets at amortised cost (Loans and advances)						
Grades 1: Standard	710,043,721	633,723	-	-	710,707,444	
Grades 2: Special mention	120,879	7,821,667	1,116,880	-	9,059,426	
Grades 3: Substandard	-	-	1,036,599	-	1,036,599	
Grades 4: Doubtful	-	-	3,497,938	-	3,497,938	
Grades 5: Loss	-	-	3,192,624	-	3,192,624	
Carrying amount	710,164,600	8,485,390	8,844,041	-	727,494,031	
Financial assets at amortised cost (Loans and advances)						
Grades 1: Standard	271,233,476	-	-	-	271,233,476	
Grades 2: Special mention	-	-	-	-	-	
Grades 3: Substandard	-	-	-	-	-	
Grades 4: Doubtful	-	-	-	-	-	
Grades 5: Loss	-	-	-	-	-	
Carrying amount	271,233,476	-	-	-	271,233,476	

Treasury investments exclude Capitalisation treasury bills

22.5.4 Collateral held and pledged

22.5.4.1 Collateral held

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

Dec-25 Credit exposure per class of financial instrument	Maximum exposure to credit risk	Recognized loss allowance	Collateral held as security	Other credit enhancements	Principal type of collateral held
	ZWG	ZWG	ZWG	ZWG	
Loans and advances	1,221,960,090	15,910,290	419,810,405	-	Mortgage Bonds over immovable property, guarantees and Marketable securities
Treasury investments	616,082,974	9,837,949	556,070,950	-	Marketable securities, Treasury bills.

Dec-24 Credit exposure per class of financial instrument	Maximum exposure to credit risk	Recognized loss allowance	Collateral held as security	Other credit enhancements	Principal type of collateral held
	ZWG	ZWG	ZWG	ZWG	
Loans and advances	727,494,031	6,106,187	173,677,063	-	Mortgage Bonds over immovable property, Cash cover and Marketable securities
Treasury investments	271,233,476	5,322,913	242,564,491	-	Marketable securities, Treasury bills and Savings bonds

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-25 ZWG	Dec-24 ZWG
Mortgage Bond on immovable property	346,333,303	167,110,155
Guarantees	21,515,701	6,566,908
Marketable securities	51,961,401	25,798,500
Treasury Bills	556,070,950	216,765,991
Total	975,881,355	416,241,554

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

22.5.4.2 Collateral Pledged

The Bank pledged collateral against its liabilities.

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

Dec 2025 Type of liability	Liabilities Secured	Collateral Pledged as security	Principal type of collateral pledged
	Certificate of Deposits	567,788,500	159,864,604

Dec 2024 Type of liability	Liabilities Secured	Collateral Pledged as security	Principal type of collateral pledged
	Certificate of Deposits	312,224,299	136,432,142

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-25 ZWG	Dec-24 ZWG
Treasury Bills	159,864,604	136,432,142
Total	159,864,604	136,432,142

22.5.5 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	2025 (Carrying value)	2024 (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: 2024).

22.5.6 Carrying amount of assets whose terms have been renegotiated

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

22.6 Liquidity risk

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

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

The Bank's management of liquid assets is designed to ensure adequate liquidity even in very 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.

22.6.1 Liquid asset ratio

The Bank is required to keep a minimum regulatory liquidity ratio of 30%, according to Reserve Bank of Zimbabwe guidelines. The liquid asset ratio was 78% as at 31 December 2025 (65%: December 2024). Capitalization treasury bills are excluded from liquid assets.

22.6.2 Liquidity Gap Analysis

The following liquidity gap analysis shows the extent to which the Bank was exposed to liquidity risk as at 31 December 2025;

Dec-25 ASSETS	Up to 1 month ZWG	1 to 3 months ZWG	3 months to 1 year ZWG	1 year to 5 years ZWG	Above 5 years ZWG	Total ZWG
Cash and cash equivalents	1,052,115,206	-	-	-	-	1,052,115,206
Advances	62,541,832	14,343,217	173,788,384	971,286,657	-	1,221,960,090
Investments	428,711,456	44,001,875	-	143,369,643	-	616,082,974
	1,543,368,494	58,345,092	173,788,384	1,114,656,300	-	2,890,158,270
LIABILITIES						
Deposits	1,828,205,116	90,720,057	7,242,642	17,750,819	-	1,943,918,634
Loans	-	-	-	120,405,094	-	120,405,094
	1,828,205,116	90,720,057	7,242,642	138,155,913	-	2,064,323,728
Liquidity gap	(284,836,622)	(32,374,965)	166,545,742	976,500,387	-	825,834,542
Cumulative gap	(284,836,622)	(317,211,587)	(150,665,845)	825,834,542	825,834,542	-

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- POSB offers its business customers the financial support needed to grow their businesses. This includes:
 - Transactional accounts,
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 - Investment solutions
 - Credit facilities for working capital,
 - Capital expenditure,
 - Asset financing or any other business requirement.
- Tailor-made solutions are extended to large corporates as well as small or medium enterprises to suit the banking needs of each customer in relation to the size of their business.

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2025

NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2025 (continued)

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

22.7 Market risk

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

22.8 Price risk

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

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

Dec-25	Fair value at 31-12-2025	10% increase in Price	5% decrease in price
	ZWG	ZWG	ZWG
Financial assets at fair value through other comprehensive income	97,582,039	107,340,243	92,702,937
Increase/(decrease)		9,758,204	(4,879,102)

Dec-24	Fair value at 31-12-2024	10% increase in Price	5% decrease in price
	ZWG	ZWG	ZWG
Financial assets at fair value through other comprehensive income	60,737,052	66,810,757	57,700,199
Increase/(decrease)		6,073,705	(3,036,853)

22.9 Interest rate risk

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

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

22.9.1 Interest Rate Re-pricing Gap Analysis

The following interest rate re-pricing gap analysis shows the extent to which the Bank was exposed to interest rate risk as at 31 December 2025;

Dec-25 ASSETS	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Above 5 years	Non-interest bearing ZWG	Total
	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG	ZWG
Cash and cash equivalents	-	-	-	-	-	1,052,115,206	1,052,115,206
Advances and other assets	62,541,832	14,343,217	173,788,384	971,286,657	-	313,278,899	1,535,238,989
Investments	428,711,455	44,001,875	-	143,369,669	-	185,287,394	801,370,393
Property, plant and equipment	-	-	-	-	-	333,375,383	333,375,383
Right of use assets	-	-	-	-	-	79,643,531	79,643,531
Intangible assets	-	-	-	-	-	24,029,865	24,029,865
	491,253,287	58,345,092	173,788,384	1,114,656,326	-	1,987,730,278	3,825,773,367
LIABILITIES							
Deposits and other liabilities	1,798,712,489	38,963,635	106,332,908	120,314,696	-	441,135,273	2,505,459,001
Reserves	-	-	-	-	-	1,320,314,366	1,320,314,366
	1,798,712,489	38,963,635	106,332,908	120,314,696	-	1,761,449,639	3,825,773,367
Interest rate repricing gap	(1,307,459,202)	19,381,457	67,455,476	994,341,630	-	226,280,639	-
Cumulative gap	(1,307,459,202)	(1,288,077,745)	(1,220,622,269)	(226,280,639)	(226,280,639)	-	-

Dec-24 ASSETS	Up to 1 month ZWG	1 to 3 months ZWG	3 months to 1 year ZWG	1 year to 5 years ZWG	Above 5 years ZWG	Non-interest bearing ZWG	Total ZWG
Cash and cash equivalents	-	-	-	-	-	694,239,914	694,239,914
Advances and other assets	57,756,393	12,623,988	137,680,275	519,433,375	-	370,548,196	1,098,042,227
Investments	255,777,724	-	10,571,232	4,884,520	-	177,534,183	448,767,659
Property, plant and equipment	-	-	-	-	-	390,155,309	390,155,309
Right of use assets	-	-	-	-	-	48,648,093	48,648,093
Intangible assets	-	-	-	-	-	41,174,255	41,174,255
	313,534,117	12,623,988	148,251,507	524,317,895	-	1,722,299,950	2,721,027,457
EQUITY AND LIABILITIES							
Deposits and other liabilities	1,291,920,343	80,903,135	-	-	-	183,419,763	1,556,243,241
Reserves	-	-	-	-	-	1,164,784,216	1,164,784,216
	1,291,920,343	80,903,135	-	-	-	1,348,203,979	2,721,027,457
Interest rate repricing gap	(978,386,226)	(68,279,147)	148,251,507	524,317,896	-	374,095,970	-
Cumulative gap	(978,386,226)	(1,046,665,373)	(898,413,866)	(374,095,970)	(374,095,970)	-	-

22.10 Foreign exchange risk

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

The foreign currency position of the Bank expressed in ZWG as at 31 December 2025 was as follows;

Dec-25	TOTAL	ZWG	USD	ZAR	BWP	GBP	EURO	JPY
Total assets	3,825,773,367	1,395,571,298	2,419,206,692	4,679,632	155,142	2,057	6,158,546	-
Total equity and liabilities	3,825,773,367	1,413,626,116	2,416,677,671	4,630,368	155,142	2,061	(9,317,991)	-
Dec-24	TOTAL	ZWG	USD	ZAR	BWP	GBP	EURO	JPY
Total Assets	2,721,027,457	1,183,370,937	1,517,002,305	17,154,128	415,839	97	3,084,151	-
Total equity and liabilities	2,721,027,457	1,416,803,732	1,302,088,664	6,005,973	415,077	970	(4,286,959)	-

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

	Dec-25	Dec-24
US\$	25.98070	25.79850
ZAR	0.63960	0.72850
Pula	0.52480	0.54140
GBP	34.97520	32.37970
Euro	30.49870	26.84330
JPY	6.02730	6.05540

22.11 Operational risk

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

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

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

22.12 Reputational risk

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

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

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

22.13 Capital risk

This refers to the risk that the Bank's capital may not be adequate to absorb all the losses that it may incur. In this regard, the Bank embarks on risk-based capital planning through the internal capital adequacy assessment process (ICAAP) to come up with a capital level that is commensurate with the nature and extent of risk it faces. The Bank's capital has invariably been above the ICAAP determined capital level over the years, an indication that the Bank maintains a healthy capital base. For assessing capital risk, the loss is assessed in terms of the impact on anticipated earnings (profit) and capital (reserves). The knock-on effects of all other risks that impact on the Bank are also considered.

22.14 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.

22.15 Strategic risk

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

The Bank recognises that the rapidly changing nature of financial markets and the economic environment is such that long term planning is often disrupted 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.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2025 (continued)

23. CAPITAL MANAGEMENT

Capital management is considered key for the Bank as a going concern. The Bank's capital management framework serves to ensure that the Bank is 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 optimising 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.

23.1 Capital Adequacy

The capital adequacy of the Bank as at 31 December 2025 was as follows:

	Dec-25 ZWG	Dec-24 ZWG
Share capital	46,972,127	46,972,127
Capital contribution	1,808,791	1,808,791
Fair value reserves	69,633,029	45,361,908
Revenue reserves	809,511,664	574,969,583
Advances to insiders	-	-
Capital allocated to market and operational risk	-	-
Tier 1 Capital	927,925,611	669,112,409
General provisions	-	-
Revaluation reserve	213,864,946	300,539,701
Foreign currency translation reserve	178,523,809	195,132,106
Tier 2 Capital	392,388,755	495,671,807
Tier 1 & 2 Capital	1,320,314,366	1,164,784,216
Tier 3 Capital allocated for market and operational risk	-	-
Risk weighted assets	3,389,639,577	2,056,279,003
Tier 1%	27.38%	32.54%
Tier 2%	11.58%	24.11%
Tier 3%	0.00%	0.00%
Capital adequacy ratio %	38.96%	56.65%
RBZ Minimum required capital adequacy ratio	12%	12%

23.2 Compliance with minimum core capital requirement.

The Bank had ZWG 927,925,611 core capital as at 31 December 2025 which is equivalent to USD 35,715,958.81 and is above USD 20,000,000 minimum requirement for Tier 2 Banks.

24. EXTERNAL CREDIT RATINGS

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

Rating Scale	2025	2024	2023
Long term	BBB	BB	BB

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