

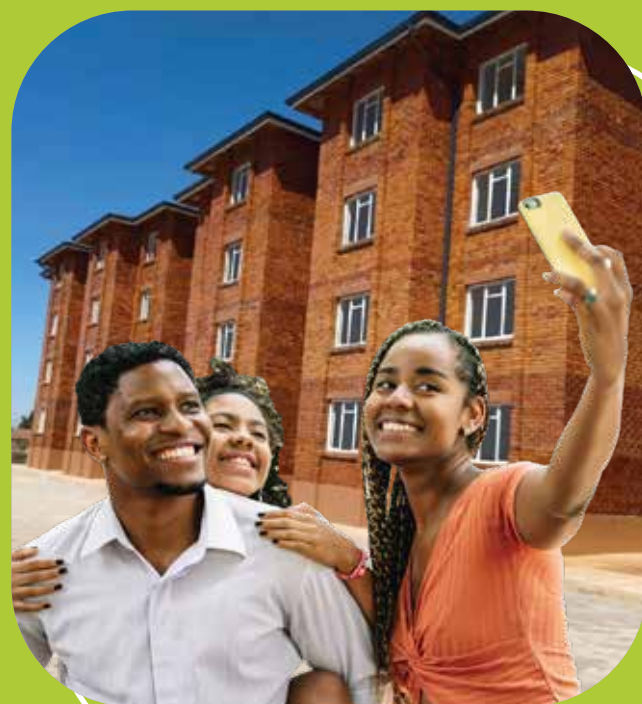


2024 ANNUAL REPORT



Bank, Build & go Beyond

www.nbs.co.zw



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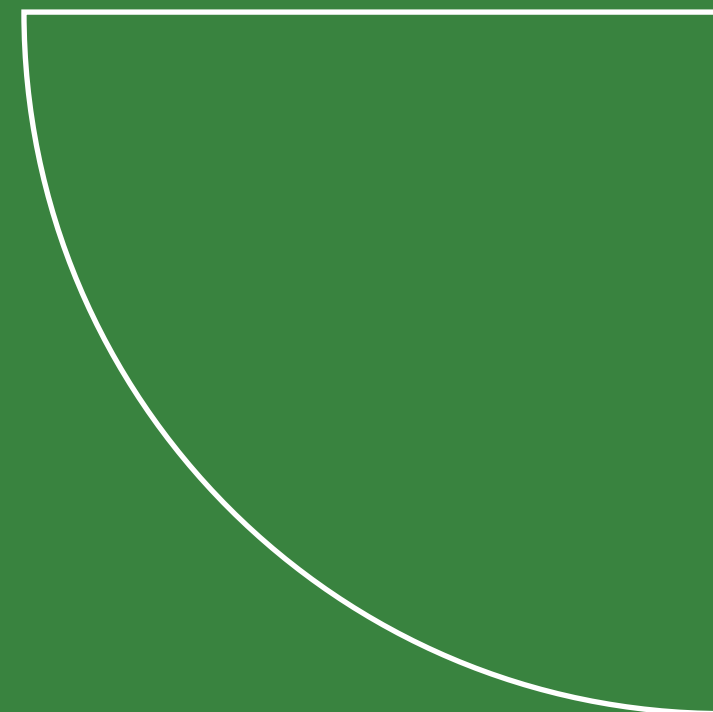
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The Best Trade Finance Services Provider

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Order finance loan Agreement



Corporate &
Institutional
Banking

NATIONAL BUILDING SOCIETY LIMITED

About this Report

Report Boundaries

This Integrated Annual Report for National Building Society Limited (NBS) covers the financial year ended 31 December 2024. It presents the financial and non-financial performance of NBS and its subsidiary Lenderspark Finance(Private) Limited, informing stakeholders and interested parties of our actions, operations and decisions. As part of our ongoing commitment to corporate responsibility, this report outlines NBS's strategies, initiatives and performance concerning material Environmental, Social and Governance (ESG) issues in Zimbabwe. We welcome stakeholder feedback to help enhance our sustainability journey. For further inquiries, please contact us at customercare@nbs.co.zw

Reporting Standards and Responsibilities

Financial Reporting | IFRS

NBS adheres to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and follows the interpretations. We also comply with the regulatory requirements set forth by the Reserve Bank of Zimbabwe (RBZ) and the Companies and Other Business Entities Act (Chapter 24:31), which governs corporate practices and reporting for business entities in Zimbabwe, the Building Society Act (Chapter 14:02) of Zimbabwe and sections of the Banking Act (Chapter 24:20) applicable to Building Societies.

Sustainability Reporting | GRI, IFRS S1 and S2, SDGs, UNGC, SASB

NBS's sustainability reporting is prepared in reference to the IFRS S1, S2 and Global Reporting Initiative (GRI) Standards (2021). We also detail how our activities align with the United Nations Sustainable Development Goals (SDGs) and the Sustainability Accounting Standards Board (SASB).

Data Collection and Verification

The data in this report has been gathered from multiple business units and managed through our internal data systems. All figures, unless otherwise indicated, relate to NBS's activities within Zimbabwe and are reported in Zimbabwean dollars. Grant Thornton has independently audited the financial figures, while the Audit Committee carefully evaluates the Annual Financial Statements (AFS) before submission to the Board of Directors for approval. Our sustainability team has conducted internal verification of the ESG disclosures, with the Board bearing overall responsibility for the integrity of the entire Integrated Annual Report.

Disclaimer – Forward-Looking Statements

This report contains forward-looking statements that involve assumptions and uncertainties. As such, actual future outcomes may differ from projections. These statements were made based on information current at the time of publication and NBS has no obligation to update them post-release.

About National Building Society

Our mission continues to remain steadfast, ensuring every Zimbabwean has access to dignified, affordable and secure housing. Established in 2016 with an unwavering commitment to expand Zimbabwe’s housing landscape, we continue championing the Government’s national development agenda and financial inclusion initiatives. We remain rooted in our core philosophy, transforming every Zimbabwean’s housing dream into reality.

As a proud subsidiary of the National Social Security Authority (NSSA), we remain deeply connected to Zimbabwe’s socio-economic development. Our housing delivery mandate guides our strategic direction as we work tirelessly to provide accessible, low-cost housing solutions that serve all Zimbabweans. We draw our strength from the Pensions & Other Benefits Scheme (POBS) and Accident Prevention and Workers Compensation Scheme (APWCS), whose trust empowers us to create meaningful change while fostering sustainable community development across the nation.

Built on robust capital foundations and comprehensive stakeholder support, we continue positioning ourselves as the market leader in affordable housing development. Our customer-first philosophy ensures we listen, understand and respond to our clients’ diverse needs with innovative, personalised solutions. We do not simply construct houses – we cultivate thriving neighbor hoods and strengthen the social fabric of our communities.

Our collaborative partnerships with key industry players drive our pursuit of excellence in service delivery, financial accessibility and client empowerment. We remain dedicated to creating lasting positive impact through continuous innovation and responsive adaptation to our customer changing aspirations and circumstances.



Housing Delivery

Built on robust capital foundations, we continue positioning ourselves as the market leader in affordable housing development.





Vision,
Mission
and Values



VISION

The Preferred Housing and Financial Services provider by 2030.

PURPOSE

To contribute to National Development and Sustainable Development Goals through fostering Financial Inclusion, provision of affordable Housing and supporting Public and Private sector Businesses.

MISSION

A customer-oriented bank driven to provide inclusive financial services, affordable housing and financial solutions for individuals, Public and Private sector Businesses.

PAY OFF LINE

Bank, Build & go Beyond

OUR VALUES



Commitment

We are dedicated to exceed customer needs and full compliance with regulations.



Creativity

We think differently, like entrepreneurs, so that we deliver value and service.



Courage

We are bold, inspired and resourceful.



Care

We are here to serve, compassionate and support everyone.

Bank, Build & go Beyond



As we conclude another transformative year, our core foundation built around, “Bank, Build & go Beyond,” continues to guide our path forward. This principle stands as both our operational compass and our pledge to the communities we serve across Zimbabwe.

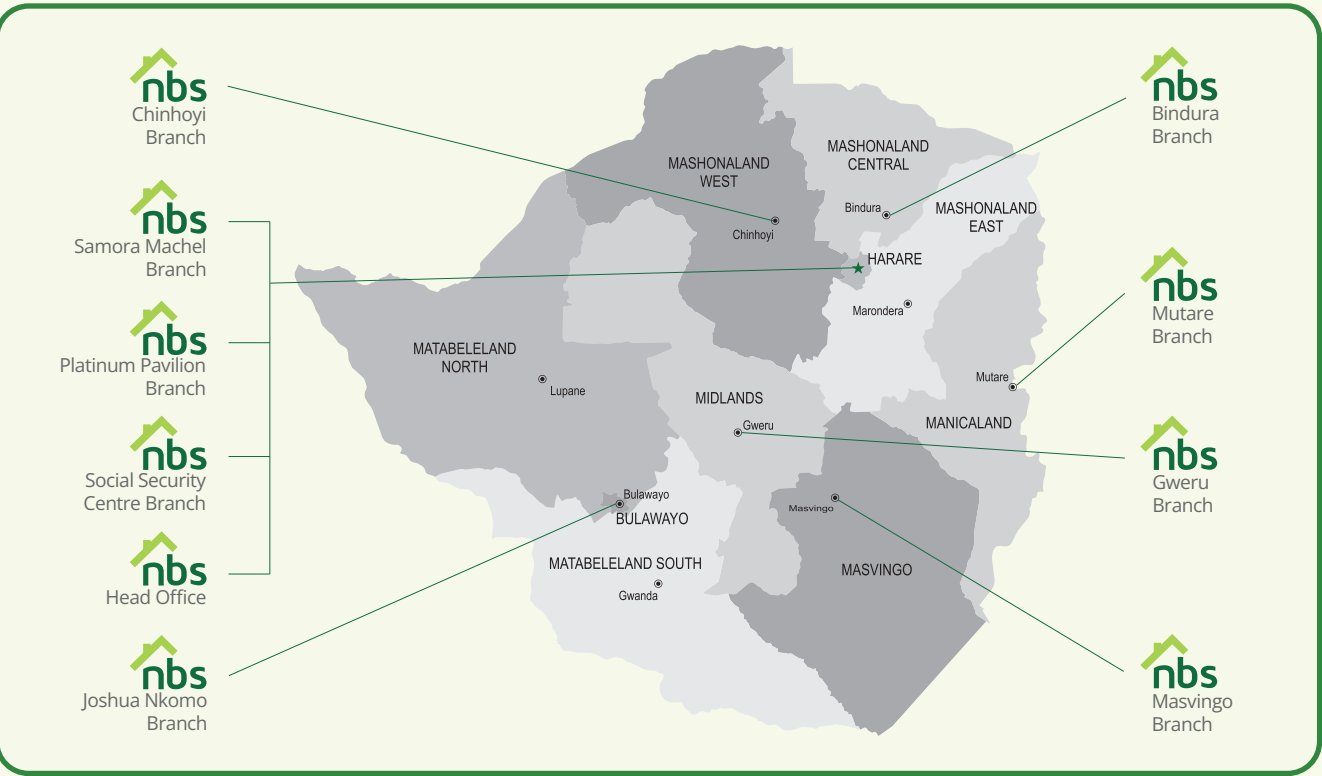
We position ourselves not simply as facilitators of affordable housing and financial solutions, but as visionaries shaping tomorrow’s possibilities. Every initiative we undertake reflects our dedication to creating thriving and sustainable communities that will flourish for generations to come. Our housing developments extend far beyond providing basic accommodation. They establish foundations for equity, economic growth, community strength, employment creation and enhanced quality of life for all Zimbabweans.

Our banking services are far more than routine financial transactions; they embody a collaborative journey toward shared progress. We remain committed to revolutionising Zimbabwe’s financial sector by eliminating traditional obstacles and ensuring comprehensive access to essential financial services. Our dedication to financial inclusion stems from our mission to strengthen individuals, women and small to medium enterprises, enabling them to achieve their highest aspirations.

The principle of going beyond defines our organisational DNA. It captures our determination to challenge conventional limitations, champion cutting-edge tailor-made solutions and pursue excellence in all our activities. We reject mediocrity in favor of exceptional performance, positioning ourselves at the forefront of sustainable development, social responsibility and transformative growth.

“Bank, Build & go Beyond” transcends simple messaging; it represents our covenant with Zimbabwe. A covenant to serve as catalysts for change, pioneers of innovation and collaborative partners building toward a future that is both environmentally sustainable and transformative. This annual report chronicles our progress, honours our accomplishments and reveals the extraordinary tomorrow we are constructing in partnership with our valued stakeholders.

Head Office and Branch Locations



Head office

14th Floor Social Security Centre,
Cnr Sam Nujoma Street and Julius Nyerere Way,
Harare, Zimbabwe

SSC Branch

Social Security Centre, 77 Park Lane, Harare
Tel: +263 86 1128 7195
Contact Centre: +263 772 167 167 /+263 777 209 286

Samora Machel Branch

Karigamombe Centre, 53 Samora Machel Avenue,
Harare Tel: +263 (024) 2770471/2; 2770480/1;
+263 867 700 4601
Contact Centre: +263 772 167 167 /+263 777 209 286

Bulawayo Branch

73A JM Nkomo Street, Bulawayo
Tel:+263 (029) 271221; 271223; 271224
Tel:+263 867 700 4602
Contact Centre: +263 772 167 167 /+263 777 209 286

Gweru Branch

Corner 5th Street and Robert Mugabe Way, Gweru
Tel: +263 (054) 2220427; 2220428
Contact Centre: +263 772 167 167 /+263 777 209 286

Mutare Branch

Ground Floor, Zimre Centre, 109 Herbert Chitepo Street, Mutare
Tel: +263 (020) 2061670; 2061695
Contact Centre: +263 772 167 167 /+263 777 209 286

Chinhoyi Branch

65309 Magamba Way, Chinhoyi,
Tel: +263 (0267) 28404/6
Contact Centre: +263 772 167 167 /+263 777 209 286

Masvingo Branch

Ground Floor Trade Centre Building,
267 Simon Muzenda Street
Tel: +263 (039) 2260910
Contact Centre: +263 772 167 167 /+263 777 209 286

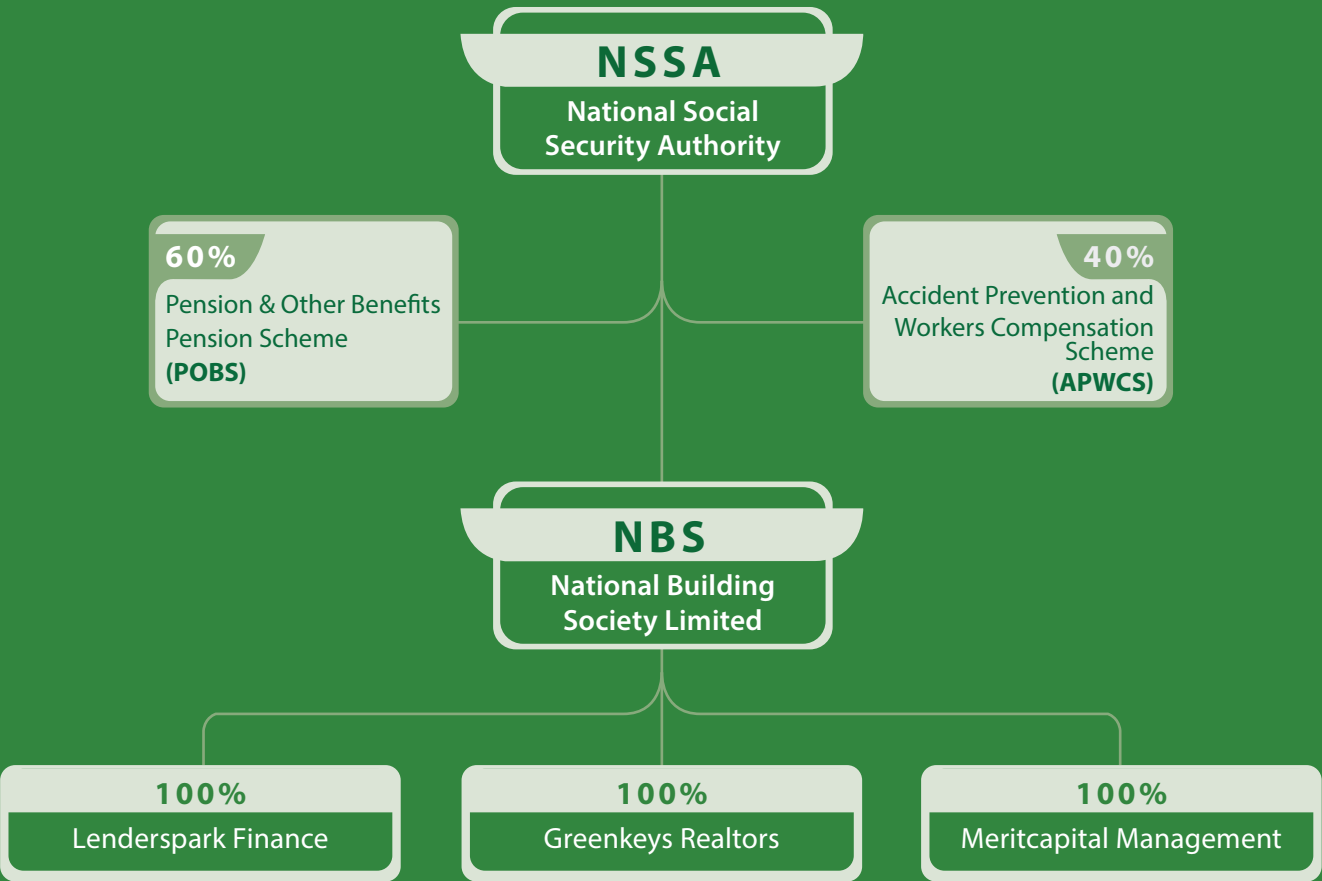
Bindura Branch

Shop number 2 Bindura Commercial Centre, 1837 Atherstone Road,
Bindura

Platinum Pavilion

34 Clairwood Road, Alexandra Park ,Harare
Tel: +263 (024) 2700042; 2700089 VOIP- +263 867004603

Corporate Structure and Business Model



Business Model

The National Building Society (NBS) was conceived with a distinctive mandate to champion Zimbabwe’s developmental trajectory through expansive financial inclusion and transformative housing delivery mechanisms. Throughout 2024, NBS has demonstrated unwavering commitment to this foundational mission, accelerating sustainable economic growth nationwide while maintaining seamless integration with Zimbabwe’s comprehensive national development framework.

As a market-oriented enterprise, NBS operates with complete fiscal autonomy, independent of Treasury funding streams or governmental devolution resources. The Society’s competitive advantage emanates from its robust operational performance, which consistently generates the capital required to advance its developmental portfolio. Earnings from our diversified business operations are strategically channelled back into growth initiatives, empowering NBS to fulfill its national development obligations while concurrently delivering substantial returns to our prime shareholder, Zimbabwe’s pensioners, thus fortifying social security systems and enhancing their long-term financial stability.

The financial surpluses achieved through NBS’s integrated operations provide the cornerstone for ambitious, sustainability-focused programmes that the Society executes throughout its expanding network. This ensures seamless coordination between our commercial achievements and national development mandates, generating transformative value for our comprehensive stakeholder and subsidiary ecosystem. Through this dynamic framework, NBS consistently exceeds its institutional targets while establishing itself as a pivotal force in Zimbabwe’s ongoing economic renaissance and social upliftment.



Corporate Governance Statement

The Board is committed to high standards of Corporate Governance and believes that a sound governance structure engenders a successful company. For the year 2024, the Society has, in the Directors’ opinion, complied fully with the tenets of good Corporate Governance in Zimbabwe as specifically incorporated in the Banking Act [Chapter 24:20], the Building Societies Act [Chapter 24:02] and the Reserve Bank of Zimbabwe Corporate Governance Guidelines. The Society has also embraced the Public Entities Corporate Governance Act Chapter (10:31).

Recognising the pivotal role of an effective Board of Directors, the Board places utmost importance on its composition and functions. Active engagement with our Shareholders is a key priority for the Board, with regular meetings held to solicit and consider the Shareholders’ perspectives and feedback. This two-way communication ensures that the Board remains responsive and aligned with the interests of our Shareholders.

The Board Roles and Responsibilities

The position of the Board Committees as of 31 December 2024 was as follows;

Audit Committee

The Audit Committee comprised of three (3) independent non-executive directors. The members are as follows:

Pauline Chapendama	Chairman (Independent NED)
David Mutemachani	Member (Independent NED)
Molly Dingani	Member (Independent NED)

The Committee meets at least four times a year to review the following:

- The adequacy and appropriateness of the Society’s accounting and internal control systems;
- Significant accounting policies adopted by the Society to ensure compliance with International Financial Reporting Standards and generally accepted accounting principles;
- The scope and results of the work of the external auditor;
- Financial matters relevant to financial reporting in a timely manner;
- The Society’s interim financial statements, annual financial statements, and preliminary announcements prior to their release to ensure that they are complete, reflect appropriate accounting principles, contain appropriate disclosures and are consistent with the information known to Committee members; and
- Making any necessary recommendations to the Board.

Loans Review Committee

The Committee consisted of three (3) Independent non-executive directors and one (1) non-executive director. The members are as follows;

Pauline Chapendama	Chairman (Independent NED)
David Mutemachani	Member (Independent NED)
Molly Dingani	Member (Independent NED)
Daniel Ngwira	Member (NED)

Its terms of reference include:

- To ensure that the lending processes and the loan portfolio conforms to the Society’s credit policy, which has been approved and adopted by the Board;
- To ensure that the lending function is in compliance with Reserve Bank of Zimbabwe guidelines;
- To keep executive officers and the Board adequately informed on lending portfolio risk;
- To ensure that problem loans are identified and classified appropriately in line with Reserve Bank of Zimbabwe guidelines;
- To ensure that adequate provisions are maintained to cover potential loan losses; and
- To ensure that write-offs of bad loans are made in a timeous manner.

Credit Committee

The Committee consisted of three (3) independent non-executive directors and one (1) non-executive director. The members are as follows;

Josephine Takundwa	Chairman (Independent NED)
Shingai I Mutumbwa	Member (Independent NED)
Sithokozile Mrewa	Member (Independent NED)
Philip Hamadziripi	Member (NED)

Its terms of reference include:

- To approve applications that do not expose the Society to undue credit risk;
- To ensure that the Society gets an adequate return for taking credit risk;
- To ensure that the lending process and the loan portfolio conform to the Society’s credit policy, which has been approved and adopted by the Board;
- To ensure that the lending function complies with Reserve Bank of Zimbabwe Guidelines; and
- To ensure responsible lending to the community and general public of Zimbabwe.

Human Resources and Nominations Committee

The Committee comprised of four (4) independent non-executive directors and three (3) non-executive directors. The members are as follows;

David Mutemachani	Chairman (Independent NED)
Shingai I. Mutumbwa	Member (Independent NED)
Josephine Takundwa	Member (Independent NED)
Sithokozile Mrewa	Member (Independent NED)
Grace Mathe	Member (NED)
Betty Nyereyegona	Member (NED)
Philip Hamadziripi	Member (NED)

The Committee is responsible for:

- Overseeing the overall human resources strategy;
- Developing policies on remuneration packages and benefits of directors and senior management;
- The Society’s Reward Policy to include, job alignment and salary benchmarking;
- The appointment of the Executive Management roles incumbents;
- The performance management and discipline of the Managing Director; and
- The evaluation of Board members.

Risk and Compliance Committee

The Risk and Compliance committee consisted of two (2) Independent non-executive directors and three (3) non-executive directors. The members are as follows;

Molly Dingani	Chairman (Independent NED)
Pauline Chapendama	Member (Independent NED)
Betty Nyereyegona	Member (NED)
Grace Mathe	Member (NED)
Daniel Ngwira	Member (NED)

The Committee’s terms of reference include:

- To review and to have oversight of the risk profile of the Society within the context of the Board determined risk/ return profile;
- To assess the material risks faced by the various business units of the Society;
- To make recommendations to the Board concerning the Society’s risk appetite and particular risks or risk management practices of concern to the Committee; and
- To refer in writing to the Board Audit Committee any matters that have come to the attention of the Committee that are relevant for the Board Audit Committee.

Finance, Housing Projects and Strategy Committee

The Committee is comprised of three (3) independent non-executive directors, four (4) non-executive directors and two (2) executive directors. The members are as follows;

David Mutemachani	Chairman (Independent NED)
Shingai I. Mutumbwa	Member (Independent NED)
Josephine Takundwa	Member (Independent NED)
Philip Hamadziripi	Member (NED)
Grace Mathe	Member (NED)
Betty Nyereyegona	Member (NED)
Daniel Ngwira	Member (NED)
Managing Director	Member (Executive)
Finance Director	Member (Executive)

The Committee’s terms of reference include:

- To recommend financial policies, goals and budgets that support the mission, values and strategic goals of the organisation.
- To review the organisation’s financial performance against its goals and proposes major transactions and programmes to the Board.
- To oversee all housing development projects facilitated or financed by NBS and its shareholders.

ICT, Digitalisation and Innovation Committee

The ICT, Digitalisation and Innovation Committee consisted of four (4) Independent non-executive directors, two (2) non-executive directors, two (2) executive directors and one executive management.

The members are as follows;

Molly Dingani	Chairman (Independent NED)
David Mutemachani	Member (Independent NED)
Pauline Chapendama	Member (Independent NED)
Sithokozile Mrewa	Member (Independent NED)
Betty Nyereyegona	Member (NED)
Daniel Ngwira	Member (NED)
Managing Director	Member (Executive)
Finance Director	Member (Executive)
Head ICT	Member (Executive Management)

The Committee’s terms of reference include:

- To review and oversee the overall ICT Governance of the Society;
- To supervise the implementation of ICT, Digitalisation and Innovation strategies, including Digital Banking initiatives of the Bank.

Corporate Governance Statement (continued)

Integrity Committee

The Integrity Committee consisted of four (4) Independent non-executive directors, two (2) non-executive directors, one (1) executive director and one (1) executive management. The members are as follows;

Sithokozile Mrewa	Chairman (Independent NED)
Shingai I. Mutumbwa	Member (Independent NED)
Pauline Chapendama	Member (Independent NED)
Josephine Takundwa	Member (Independent NED)
Philip Hamadziripi	Member (NED)
Grace Mathe	Member (NED)
Managing Director	Member (Executive) ex-officio
Head Human Resources	(Executive Management) ex-officio.

The Committee's terms of reference include:

- To act as a corruption-prevention tool to tackle weaknesses in governance within the Society.
- The Committee is tasked with taking measures to prevent corruption within the Society's sphere of control, through streamlining corruption prevention best practices in liaison with the various divisions to instil good ethical practices in all employees and minimise the occurrence of corruption.

Internal Audit

The Internal Audit department comprises of the Head of department, ICT and Operational auditors. The Head of Audit reports directly to the Audit Committee and administratively to the Managing Director.

Induction and Evaluation of Directors

On appointment, new directors are briefed on their fiduciary duties and responsibilities by executive management. Visits to Society sites and operations are arranged to facilitate understanding of the Society's affairs. Directors are informed of any new relevant legislation and changing commercial risks that affect the Society.

Directors are entitled to seek independent professional advice at the Society's expense about the affairs of the Society and, where necessary, for the furtherance of their duties. The Board conducts regular ongoing assessments to evaluate the effectiveness of its procedures.

The Company Secretary

The Company Secretary is responsible to the Board as a whole and to directors individually, for ensuring compliance with procedures and applicable statutes and regulations.

The Board has unlimited access to the Company Secretary, who advises the Board and its sub-Committees on issues including compliance with Society rules and procedures and statutory regulations. The Company Secretary ensures that the proceedings and affairs of the Directorate, the Society itself and Shareholders

are properly administered. The Secretary assists in developing the annual Board plan and administers all statutory obligations of the Society.

Board and committee attendance

Membership and attendance for the period to December 2024 is as noted below:

Main Board

Name	Total meetings	Present	Absent
Shingai I. Mutumbwa (INED)	6	6	Nil
David Mutemachani (INED)	6	6	Nil
Pauline Chapendama (INED)	6	6	Nil
Betty Nyereyegona (NED)	6	6	Nil
Grace Mathe (NED)	6	6	Nil
Philip Hamadziripi (NED)	6	6	Nil
Josephine Takundwa (INED)	6	5	LOA
Mukai Mahachi (ED)	6	6	Nil
Sifiso Mahlangu (ED)	6	6	Nil
Sithokozile T. Mrewa* (INED)	3	3	Nil
Molly Dingani* (INED)	3	2	LOA
Daniel Ngwira*(NED)	2	2	Nil

INED	- Independent Non-Executive Director
NED	- Non-Executive Director
ED	- Executive Director
LOA	- Leave of Absence granted

* Sithokozile Mrewa and Molly Dingani were appointed to the Board on the 11th of June 2024. Daniel Ngwira was appointed to the Board on the 27th of September 2024.

Audit Committee

Name	Total meetings	Present	Absent
Pauline Chapendama	6	6	Nil
David Mutemachani	6	6	Nil
Molly Dingani*	3	3	Nil

* Molly Dingani was appointed to the Committee with effect from 24 July 2024.

Credit Committee

Name	Total meetings	Present	Absent
Josephine Takundwa	5	5	Nil
Shingai Mutumbwa	5	5	Nil
Philip Hamadziripi	5	5	Nil
Sithokozile Mrewa*	3	3	Nil

* Sithokozile Mrewa was appointed to the Committee with effect from 24 July 2024.

Loans Review Committee

Name	Total meetings	Present	Absent
Pauline Chapendama	4	4	Nil
David Mutemachani	4	4	Nil
Betty Nyereyegona*	2	2	Nil
Molly Dingani*	2	2	Nil
Daniel Ngwira*	1	LOA	LOA

* Betty Nyereyegona was reassigned from the Committee with effect from 24 July 2024 when committees were reconstituted.
* Molly Dingani was appointed to the committee with effect from 24 July 2024.
* Daniel Ngwira was appointed to the committee with effect from 28 October 2024.

Risk and Compliance Committee

Name	Total meetings	Present	Absent
Pauline Chapendama	4	4	Nil
Betty Nyereyegona	4	4	Nil
Grace Mathe	4	4	Nil
Molly Dingani*	2	2	Nil
Daniel Ngwira*	1	1	Nil

* Molly Dingani was appointed to the Committee with effect from 24 July 2024.
* Daniel Ngwira was appointed to the Committee with effect from 28 October 2024.

Human Resources and Nominations Committee

Name	Total meetings	Present	Absent
David Mutemachani	4	4	Nil
Shingai Mutumbwa	4	4	Nil
Josephine Takundwa	4	4	Nil
Grace Mathe	4	4	Nil
Betty Nyereyegona	4	4	Nil
Philip Hamadziripi	4	3	LOA
Sithokozile Mrewa*	3	3	Nil

* Sithokozile Mrewa was appointed to the Committee with effect from 24 July 2024.

ICT, Digitalisation and Innovation Committee

Name	Total meetings	Present	Absent
David Mutemachani	4	4	Nil
Pauline Chapendama	4	4	Nil
Betty Nyereyegona	4	4	Nil
Sifiso Mahlangu	4	4	Nil
Philip Hamadziripi*	2	2	Nil
Grace Mathe*	2	2	Nil
Mukai Mahachi	4	4	Nil
Molly Dingani*	2	2	Nil
Sithokozile Mrewa*	3	3	Nil
Daniel Ngwira*	1	1	Nil

* Philip Hamadziripi and Grace Mathe were reassigned from the Committee with effect from 24 July 2024 when Committees were reconstituted.
* Molly Dingani and Sithokozile Mrewa were appointed to the Committee with effect from 24 July 2024.
* Daniel Ngwira was appointed to the Committee with effect from 28 October 2024.

Finance, Housing and Strategy Committee

Name	Total meetings	Present	Absent
David Mutemachani	5	5	Nil
Shingai Mutumbwa	5	5	Nil
Josephine Takundwa	5	5	Nil
Philip Hamadziripi	5	5	Nil
Grace Mathe	5	5	Nil
Betty Nyereyegona*	2	2	Nil
Sifiso Mahlangu	5	5	Nil
Mukai Mahachi	5	5	Nil
Daniel Ngwira*	1	1	Nil
Pauline Chapendama*	1	1	Nil

* Betty Nyereyegona was appointed to the Committee with effect from 24 July 2024.
* Pauline Chapendama attended the 20 March 2024 meeting by invitation.
* Daniel Ngwira was appointed to the Committee with effect from 28 October 2024.

Integrity Committee

Name	Total meetings	Present	Absent
David Mutemachani*	2	2	Nil
Shingai Mutumbwa	4	4	Nil
Josephine Takundwa	4	4	Nil
Philip Hamadziripi	4	4	Nil
Grace Mathe	4	3	LOA
Sifiso Mahlangu	4	4	Nil
Pauline Chapendama	4	4	Nil
Ronald Tapfumaneyi	4	4	Nil
Sithokozile Mrewa*	3	3	Nil
Molly Dingani*	1	1	Nil
Betty Nyereyegona*	3	3	Nil

* David Mutemachani was reassigned from the Committee with effect from 24 July 2024 when Committees were reconstituted.
* Sithokozile Mrewa was appointed to the Committee with effect from 24 July 2024.
* Betty Nyereyegona was reassigned from the Committee with effect from 28 October 2024 when Committees were reconstituted.

Board Changes

The Society appointed Mesdames Sithokozile Mrewa and Molly Dingani (Independent Non-Executive Directors) to the Board on the 11th of June 2024. Mr Daniel Ngwira (Non-Independent Non-Executive Director) was appointed to the Board with effect from 27 September 2024.

Board of Directors



Shingai I. Mutumbwa
Board Chairman
Independent
Non-Executive Director



David Mutemachani
Independent
Non-Executive Director



Pauline Chapendama
Independent
Non-Executive Director



Grace N. Mathe
Non-Independent
Non-Executive Director



Philip M. Hamadziripi
Non-Independent
Non-Executive Director



Josephine Takundwa
Independent
Non-Executive Director



Betty I. Nyereyegona
Non-Independent
Non-Executive Director



Daniel Ngwira
Non-Independent
Non-Executive Director



Molly Dingani
Independent
Non-Executive Director



Sithokozile T. Mrewa
Independent
Non-Executive Director



Sifiso Mahlangu
Managing Director



Mukai Mahachi
Finance Director

Executive Management



With unwavering dedication, NBS is proud to have a management team comprising of highly qualified, competent and extensively experienced professionals.

Seated from left to right:

- | | | |
|---|--|--|
| 1. Charity Chishawa
Head of Credit | 2. Mildret Kujinga
Head of Marketing | 3. Linda Gorejena
Head of Retail and SME Banking |
| 4. Rebecca Kalombo
Head of Operations | 5. Mukai Mahachi
Finance Director | 6. Gladys Mutanga
Head of Compliance |
| 7. Rejoice Chipendo
Company Secretary | | |

Standing from left to right:

- | | | |
|--|--|---|
| 1. Godwin Kudumba
Head of Internal Audit | 2. Jonathan Muwanga
Head of ICT | 3. Ronald Tapfumaneyi
Head of Human Resources |
| 4. Samuel Chirindira
Head of Treasury | 5. Sifiso Mahlangu
Managing Director | 6. Robert Mukome
Chief Housing Officer |
| 7. Tendai Nyamadzawo
Head of Risk | | |

Not in the picture:

Clifford Mtemeri
Head Corporate and Institutional Banking

Bank, Build & go Beyond

Glaudina Flats Project

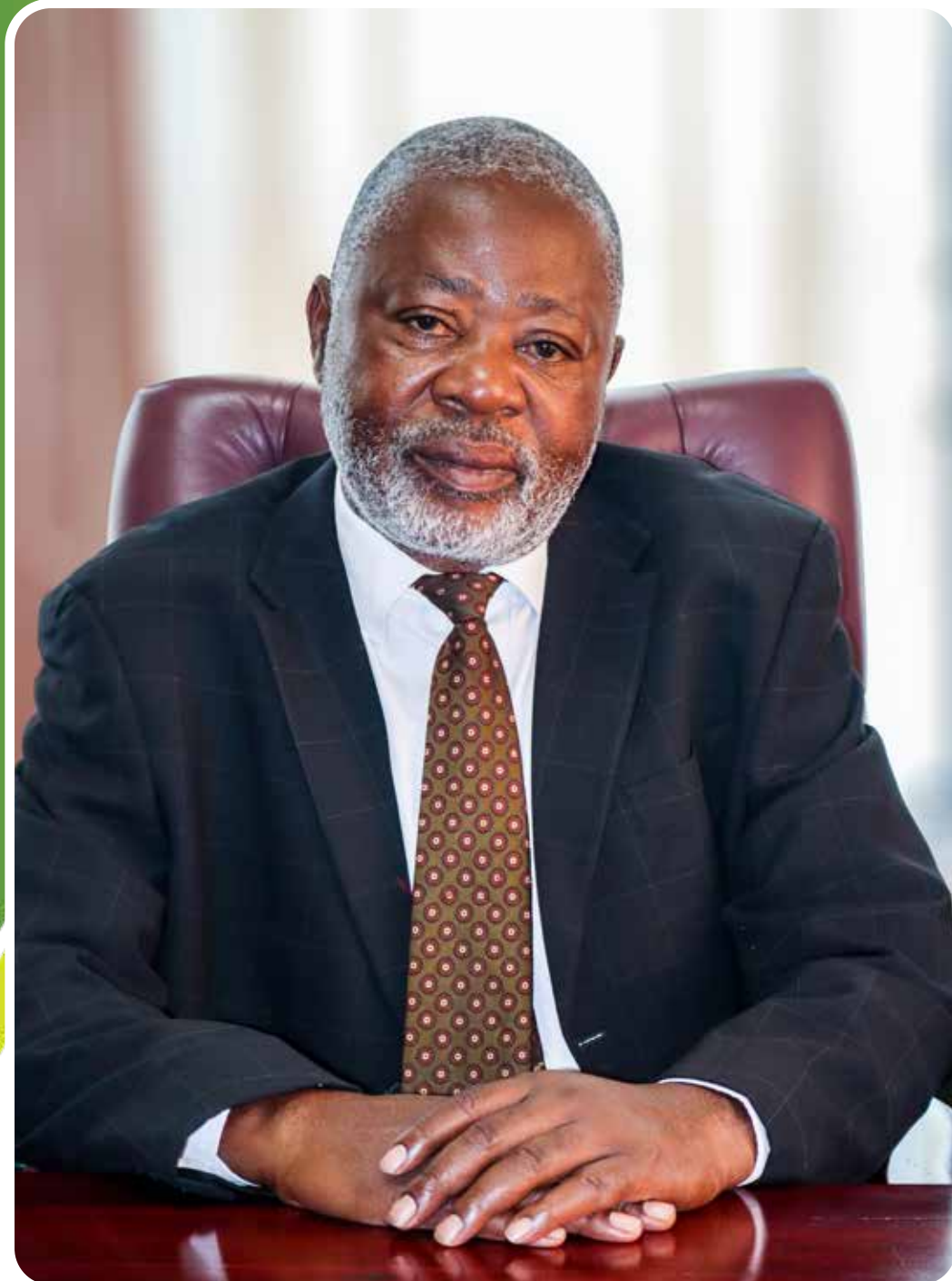
2 Bed Flat, Living Room, Kitchen,
Street View, Car Park



- ✓ Save towards a tangible asset
- ✓ Earn Interest on your savings
- ✓ Increase your chances to access building finance from NBS

Vaka neNBS
Savings Account

Chairman's Statement



Shingai I. Mutumbwa
Board Chairman

Chairman's statement

Financial Highlights



Introduction

Welcome ladies and gentlemen , to the 10th Annual General Meeting of the National Building Society where I will present and share with you the Society's annual report for 2024.

The year had an interplay of opportunities and challenges; challenges included reduced rainfall and the spectre of food insecurity caused by the drought. Furthermore, international commodity prices were unstable negatively impacting on the mining and manufacturing sector.

The introduction of a new currency, the Zimbabwe Gold (ZWG) in April was instrumental in quelling inflation and resulted in currency stability and a more conducive operating environment. The Society's performance during the year under review demonstrates resilience in the face of adversity.

Review of 2024 Financial Performance

The Society recorded inflation adjusted revenue amounting to ZWG 1.44bln for the year. Net interest income grew by 357% to close at ZWG189mln following a significant reduction in interest expense which had adversely affected the previous year. Loans and advances increased by 33% to ZWG1,41bln while deposits grew by 50% to close at ZWG2.39bln. This resulted in a strong 25% full year growth in total assets to ZWG3.9bln vs ZWG3.1bln in December 2023.

Capitalisation

I am pleased to report that the Society continues to build its capital base to ensure that it has adequate capital for it to fulfil its mandate of provision of housing and financial inclusion. In the year under review, the Society's core capital increased to USD30.4m from USD 22.4m recorded in Dec 2023. The Bank's capital level is above the Reserve Bank of Zimbabwe's regulatory minimum threshold of USD20m.

Governance

Following the appointment of four additional directors, Mr Daniel Ngwira, Mrs Sithokozile Mrewa, Mrs Molly Dingani and Ms Patience Zenda the vacancies which had occurred during the previous year have been filled. The Board has the necessary knowledge, diverse skills and motivation to drive the business of the Society. The Management team continues to be led by the Managing director, Mr Sifiso Mahlangu, assisted by the Financial Director, Ms. Mukai Mahachi and other members of the executive team outlined in this report.

Milestones

In the year under review, the Society delivered 723 serviced stands at Batanai (Chinhoyi) and 64 two-bedroom residential flats in Glandina (Harare). The Society has lined up various projects for execution in the current year across the country in its quest to contribute to the national housing stock and to ease the demand for housing. In the current financial year (2025), the Society has completed the servicing of 125 stands at Mathendele (Plumtree) and embarked on Phase Two of the Glandina flats project which comprises of 96 two-bedroom flat units. Work has also begun on Phase Two of the Rangemore project in Bulawayo, Newmara (Mutare) and Runyararo (Masvingo).

Significantly, the Society completed the project to upgrade its core banking system, which went live successfully in April 2025. The upgraded platform has brought operational efficiencies to the Society and will improve the quality of customer experience. The upgrade of the core banking system was also an upgrade of the Bank's hardware and software which has led to an improvement of the Society's cybersecurity in response to the current information security risks.

A notable milestone was the launch of the Society's first subsidiary, Landerspark Finance, a microfinance unit which the Society set up to improve financial inclusion through the provision of microfinance loans to the underserved and excluded segments of the market.

Chairman’s statement (continued)

Lenderspark will not only focus on capacitating micro, small and medium enterprises (MSMEs) with funding, but will also conduct regular financial literacy outreaches to improve financial literacy among these communities.

The opening of two new branches in Bindura and Chiredzi brought the Society’s branch footprint to 10 and bears testimony to the efforts of the Society to ensure that its services are available near the communities it serves, truly leaving no one and no place behind. In the financial services sector, the Society was adjudged by the Banks & Banking Survey as the Building Society of the year. This is a key milestone upon which catapulted the Society to prominence and recognition by the market and its peers.

Sustainability and Corporate Responsibility

NBS remains committed to conducting its business responsibly and sustainably and continues to embed sustainability practices across all its activities to capture sustainability opportunities and to mitigate risks that are inherent to its operations.

The Society’s success is intertwined with the well-being and development of the communities it serves and therefore it will continue to invest in initiatives that create shared value. The Society’s sustainability initiatives are outlined in more detail in the annual report.

Dividend

The board has proposed a dividend of USD495,847 to be paid to the Society’s shareholders, the Accident Prevention and Workers Compensation Scheme (APWCS) and the Pension and Other Benefits Scheme (POBS) through whom the National Social Security Authority (NSSA) holds its investment in NBS.

Outlook

Zimbabwe’s economic outlook is bright, with the agricultural and mining industries expected to significantly recover in 2025. The forecasted increased rainfall will facilitate the recovery in agriculture, which in turn will positively impact household incomes and increase hydro-electric power supply. The economy will also benefit from the expected strong gold and lithium output, on the back of a recovery in international commodity prices.

The tight monetary policy stance by the Government has ensured that the ZIG continues to hold its value and inflation trends downward, as such we remain optimistic about the economy’s growth prospects in 2025. The Society is determined to play a critical role in shaping Zimbabwe’s economic future and continues to position itself as a key catalyst for economic growth, through the continuous provision of innovative financial solutions and affordable quality housing for all citizens.

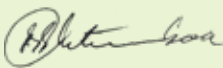
The Society continues to collaborate with its shareholder NSSA and the line Ministry, the Ministry of Public Service, Labor and Social Welfare, on ways to improve accessibility of mortgage financing for every Zimbabwean. In the current year, the Society has reintroduced long tenure mortgages extending up to twenty-five years to improve affordability for its customers.

Appreciation

Finally, on behalf of the National Building Society’s Board of Directors, Executive Management, and all its employees, I would like to thank our shareholders, NSSA, our line ministry, the Ministry of Public Service, Labor and Social Welfare (MoPLSW), our regulators, our valued customers and all other stakeholders for the confidence and trust they continue to repose to NBS. We owe our successes and achievements to them.

I also place on record my sincere appreciation to my fellow colleagues on the Board for their constructive and positive contributions during the year.

With this, I conclude my address, and I look forward to a fruitful Annual General Meeting.



S.I. MUTUMBWA
BOARD CHAIRMAN

25 September 2025



NBS Dual
Currency Debit
Card

- ✓ Swipe
- ✓ Tap
- ✓ & Win

Transact
Uzobona

Managing Director's Statement





Sifiso Mahlangu
Managing Director

Managing Director's Statement

Introduction

I am honoured to be presenting to you the National Building Society Limited's (NBS) financial statements for the Financial Year ended 31 December 2024.

Financial performance

The Society demonstrated resilience and adaptability, delivering solid balance sheet growth. The Society's inflation-adjusted net interest income grew by 335% over the same period in the prior year. This was a direct result of the 27% growth in loans against a reduced cost of funds. Non- funded income was subdued due to the reduced sales of housing stock over the period. Operating expenses reduced from ZWG 701million to ZWG 428million as the key cost metrics that were previously negatively impacted by forex premiums, stabilised post conversion to ZWG.

We continued to enhance our deposit mobilization efforts, resulting in the growth of deposits to ZWG 2.392billion and as a result the Society increased its wallet share of USD denominated assets and liabilities in line with the currency shift in the market.

Impairment costs reduced by 15% from ZWG37.1million recorded in 2023 to ZWG 20.9million. This reduction demonstrates the effectiveness of credit control measures the Society has put in place, which has resulted in the Society restricting its NPL ratio at a commendable level of 1.35%, against an industry benchmark of 5%.

The cost to income ratio in inflation-adjusted and historical terms was 29% and 26% respectively, reflecting the strong increase in our revenues and the concurrent efforts to maintain a tight grip on costs, allowing spending only in areas that create value for stakeholders.

I am proud to say that the efforts by National Building Society Limited in mortgage financing, housing and serviced stands delivery, as well as the financial inclusion drive, are all directly aligned with Vision 2030, which emphasizes the importance of decent housing as a cornerstone of socio-economic development. By providing quality housing and serviced stands, NBS is helping to create sustainable communities and improve the quality of life for Zimbabweans.

Outlook

We have put in place sufficient measures to start and finish off identified Housing Projects which we believe will positively impact our sales income in the coming year.

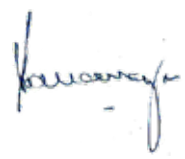
We will continually seek opportunities to promote sustained and inclusive growth that complements Zimbabwe's development objectives embodied in the country's National Development Strategy 1 (2021-2025).

Appreciation

In closing, I wish to express my sincerest gratitude to all our clients for choosing NBS as your preferred housing and financial services partner. We are truly humbled by the trust that you continue to place in us and we commit ourselves to forging partnerships with you that go beyond just transactional interactions.

The Society enjoyed the benefit of strong relationships with all our key stakeholders, Government ministries, the regulators and our shareholder NSSA, whom I would like to thank for their continued belief and support. My gratitude also goes out to the Board, which has always offered valuable counsel and to all NBS staff members who have shown a great level of commitment and hard work.

I am very confident in us all continuing to work together to nurture sustainable solutions that promote the financial wellbeing of the communities we serve, as we continue to **#Bank,BuildandGoBeyond**.



S MAHLANGU
MANAGING DIRECTOR

28 March 2025



**Bank, Build
& go
Beyond**

Vaka neNBS

✓ **Real worth, over time**

Products and Services

Who We Serve – Our Markets

NBS's strategic ambition centres on establishing itself as Zimbabwe's premier destination for accessible housing solutions and comprehensive financial services. Driven by our vision to democratise homeownership and financial empowerment for every Zimbabwean citizen, the Society has institutionalised inclusivity as a cornerstone of our operational philosophy and service delivery framework. This commitment has strategically expanded our market reach to encompass the diverse needs and aspirations of all Zimbabweans, transcending traditional socioeconomic boundaries.

Through deliberate market segmentation and customer-centric service design, we have developed specialised offerings that address the unique requirements of distinct demographic and economic groups. Our comprehensive market portfolio reflects our dedication to universal access and tailored solutions, encompassing dynamic segments that include but are not limited to:

(i) Individuals

- Low-income earners
- Medium to upper income earners
- Informal traders
- Students
- SACCOS and group savings

(ii) Group Schemes

- Affordable low-cost housing
- Deluxe Mortgages
- Corporate and group schemes
- Housing finance products
- Personal and Micro Loan Schemes

(iii) Academic Institutions

- Institutions of Higher Education
- Primary and Secondary Education
- Vocational and Technical Learning Institutions

(iv) Public Private Partnerships

(v) SMEs (Small to Medium Enterprises)

(vi) Key National Projects

(vii) Corporate and Institutional Banking

- Relationship Management
- Corporate Transactional Account
- Investment Accounts
- Working Capital Facilities
- Agri Finance
- Asset Financing
- Value Chain Financing
- Discounting
- RBZ Auction

(viii) Non-Governmental Organizations (NGOs)

(ix) Diaspora Market

- Remittances
- Building Finance and Mortgages
- Savings

(1) Retail and Small to Medium Enterprise Banking

We deliver a comprehensive suite of integrated banking solutions designed to address the full spectrum of financial needs across our diverse customer base. Through our holistic service delivery model and client-focused approach, we provide innovative financial products strategically crafted to unlock opportunities within Zimbabwe's evolving economic landscape.

Our retail banking division encompasses the following specialized offerings:

- Savings Accounts – (Vaka neNBS)
- Transactional Accounts
- Call Accounts
- Fixed deposits
- Housing Loans
- Personal loans
- Bancassurance
- Remittances
- Kaimejenzi Loan (Payday Loan)

We provide tailor-made solutions to serve the mass market to high- value clients.

InstaSave Account

A streamlined banking solution engineered for immediate accessibility, providing customers with instant entry to an extensive portfolio of convenient and cost-effective financial services. This innovative product advances our financial inclusion mandate by specifically targeting and empowering previously underserved market segments across Zimbabwe.

Key Features and Benefits:

The InstaSave Account delivers immediate access to premium banking functionality through instant ATM/Debit card provisioning, enabling seamless transactional capabilities across NBS and Zimswitch Point of Sale networks for comprehensive goods and services payments. The account facilitates flexible cash management through convenient withdrawal and deposit options, while integrating advanced digital banking capabilities via the NBS Transactor platform—our cutting-edge digital banking ecosystem designed for:

- Balance enquiry and access to account statements
- Purchase airtime for all networks
- Transfer funds between own accounts, to other banks via ZIPIT or RTGS, to mobile phone wallet
- Make payments to service providers and beneficiaries including purchase of ZESA tokens

Products and Services (continued)



Senior Citizens Account

As the brain child of the National Social Security Authority of Zimbabwe (NSSA), we recognise the invaluable contributions of Zimbabwe's senior citizens and demonstrate our appreciation through complimentary banking services exclusively designed for this distinguished demographic. Understanding that our elderly citizens have dedicated their lives to building our nation, we are committed to enhancing their retirement experience by providing premium banking solutions at zero cost. This initiative reflects our core philosophy of going beyond conventional service delivery by offering comprehensive complimentary banking through our specialized Pensioners Account framework.

Features and Benefits:

- Zero monthly service fees
- Pension-backed personal and business loans
- Access to a free ATM/Debit card to swipe on NBS & ZimSwitch Point of Sale machines,
- Financial Literacy and free investment advice, Savings

(2) Corporate and Institutional Banking

The Society has strategically expanded its footprint to serve Zimbabwe's premier corporate entities, including corporations, State-Owned Enterprises, governmental institutions and leading private sector organisations. This diversification has positioned NBS as an indispensable cornerstone in Zimbabwe's investment mobilisation ecosystem, facilitating optimal resource allocation while delivering world-class landing and payment infrastructures that our corporate customer's need

Our corporate banking division harnesses cutting-edge solutions to provide sophisticated, efficient banking services tailored to complex institutional requirements. We pride ourselves on maintaining an elite team of extensively trained and seasoned relationship managers who are dedicated to delivering exceptional banking services with integrity and professional excellence. These specialists ensure that our corporate clients receive personalised attention and innovative financial solutions that drive their operational success and strategic growth objectives.

Features and Benefits:

- Relationship Management
- Corporate Transactional Account
- Investment Accounts
- Working Capital Facilities
- Structured Finance
- Money Market
- Bankers Acceptances

- Agri Finance
- Asset Financing
- Value Chain Financing
- Guarantees
- Invoice, Promissory Notes & Bills Discounting
- RBZ Auction
- Loans
- Unique System on Corporate Banking
- Customers Access to the Value Chain and Network
- Access to International Markets
- Access to International Markets with External Funding
- Payroll Services

(3) Platinum Pavilion (Private Banking)

Redefining Luxury Banking Excellence Through Unparalleled Private Banking Experiences

The Platinum Pavilion represents our commitment to merging refined sophistication with transformative wealth management strategies, designed to amplify our discerning clients' financial prosperity while safeguarding their enduring legacy. We deliver an extraordinary level of service that surpasses conventional banking boundaries, where client ambitions are realised through seamless elegance and world-class expertise.

Our distinguished Platinum Pavilion clients enjoy exclusive privileges and exceptional benefits, encompassing:

- Privileged access to our executive Platinum Pavilion banking suite and premium client lounge facilities
- Dedicated Relationship Manager services, complemented by our specialist wealth management team
- Comprehensive investment portfolio options strategically designed for optimal wealth accumulation

Bespoke lending solutions meticulously crafted to fulfill ambitious financial objectives. Comprehensive bancassurance services delivered through strategic partnerships with industry-leading providers. Elite transactional banking capabilities seamlessly integrated across our advanced digital banking ecosystem.

Platinum Pavilion Lifestyle Banking Offerings include:

- Housing for home and Investment Opportunity
- Lifestyle and Privileges Banking
- Wealth Creation and Preservation
- Investment and Premium Banking needs



4) **Mortgages and Housing Loans**

Our foundational mandate centres on democratising access to affordable housing and comprehensive financial services across Zimbabwe. As a pioneering institution, we have achieved remarkable milestones and remain steadfast in our commitment to revolutionising the banking landscape by delivering sustainable homeownership solutions through groundbreaking innovations that serve our diverse market segments.

Our housing finance portfolio features tailored sophisticated delivery models strategically designed to provide complete residential solutions through our integrated in-house development projects and expanded partnership networks. At NBS, we continuously advance housing delivery excellence by cultivating strategic alliances with third-party stakeholders, particularly through dynamic Public-Private Partnership frameworks that amplify our developmental impact.

We maintain our leadership position by delivering specialised products tailored to distinct market segments and customer profiles. Our flagship offerings include progressive block-by-block phased housing delivery solutions, exemplified by our comprehensive building finance loan facilities, innovative Micro mortgages, strategic Corporate Schemes, and transformative Collective House Purchase Products.

In our commitment to advancing financial inclusion, we have launched pioneering savings and financing mechanisms including our famous Vaka neNBS Savings Account and our revolutionary Rent-to-Buy mortgage facility. These initiatives specifically target and empower previously underserved communities, particularly within Zimbabwe's informal economic sector.

NBS has made substantial contributions to Zimbabwe's national housing inventory through our successful delivery of numerous in-house development projects, as demonstrated by completed initiatives such as the Glaudina Flats housing project, which was successfully commissioned in 2024.

Our mandate is to provide affordable housing and financial services. As a Society we have taken major strides, and we are committed to going beyond in shaping the future of banking to deliver roofs over people's heads through offering innovative solutions catering for all the markets we serve. Our products have diversified models and with a deliberate goal to deliver complete houses through our inhouse projects and beyond. At NBS we evolve in housing delivery through fostering partnerships with third parties especially Public, Private Partnerships. We continue to deliver on product bespoke to specified market segments. Some of our key and highly demanded products allow for a block by block phased housing delivery; One such a product is our building finance loan facilities, Micro mortgages, Corporate Schemes and Collective House Purchase Product. We have rolled out a save for your home/asset account, Vaka neNBS Savings Account and a Rent to Buy mortgage facility with an aim to propel inclusion for the underserved especially in the informal space; thus fostering financial inclusion through affordable housing solutions.

Key Products and Features

- Outright Purchase
- Equity Release
- Micro Mortgages
- Building Finance
- Vaka neNBS Savings Account
- Solar Loans Facility
- Construction Value Chain Financing
- Corporate Mortgage Scheme

(5) **Digital Banking**

At the heart of our innovation-driven strategy lies a fully integrated Digital Banking Ecosystem, purpose-built to meet the evolving financial needs and expectations of our diverse clientele across retail and corporate segments. This ecosystem encompasses a suite of secure, convenient and cutting-edge digital channels and solutions, each designed to provide seamless, round-the-clock access to banking services.

Key Products and Features

(i) **NBS Dual Currency Debit Card**

Our debit card supports both local and foreign currency transactions, offering unmatched flexibility for clients who engage in international commerce or travel. Key features include:

- Dual currency functionality (local and USD)
- Tap-and-go contactless payments for speed and convenience
- E-commerce compatibility, enabling safe online shopping worldwide

(ii) **Point of Sale Machines (POS)**

Our POS devices support high-speed, secure transactions with enhanced versatility:

- Dual currency processing for local payments
- Contactless (tap-and-go) payments for faster in-store checkout experiences

(iii) **Corporate and Retail Internet Banking**

Our Internet Banking platform delivers a secure and fully featured online banking experience:

- Instant fund transfers and payments across various banks and platforms
- Advanced session timeout controls for enhanced security
- Virtual Bureau functionality
- Real-time account monitoring and customized transaction alerts

(iv) **USSD**

Designed to provide accessible banking on basic mobile phones without internet access, our USSD service allows customers to manage their finances with ease. Key highlights include:

- Currency swap functionality, enabling real-time exchange between local and foreign currency accounts
- Quick balance checks, transfers, and airtime top-ups, available 24/7

(v) **NBS Transactor Mobile Application**

Our flagship mobile app delivers a powerful, user-friendly experience for managing finances on the go. It features:

- Biometric authentication for secure, hassle-free login
- Real-time alerts, balance inquiries and bill payment services
- Integrated digital marketplace with access to value-added services like utility payments and subscriptions

Strategic Benefits

Our digital banking infrastructure is a strategic pillar of our service delivery model, providing:

- Enhanced convenience, with 24/7 access to services across all platforms
- Robust security protocols, including multi-factor and biometric authentication
- Operational efficiency, reducing reliance on physical branches
- Greater financial control, enabling clients to monitor and manage transactions in real-time

(6) **Treasury**

Our Treasury division delivers sophisticated financial solutions designed to optimise client wealth preservation and growth opportunities. Through strategic market positioning and expert financial management, we provide comprehensive services that align with our clients' risk profiles and financial objectives.

NBS Treasury operations encompass a diversified portfolio of investment instruments and financial products, including:

- **Fixed Deposit Facilities** - Competitive interest-bearing investment options with flexible terms.
- **Treasury Bills** - Government-backed securities offering secure short-term investment opportunities.
- **Bankers Acceptances** - Trade finance instruments facilitating commercial transactions.
- **Premium Savings Deposit Accounts** - High-yield savings solutions with preferential interest rates.
- **Foreign Currency Accounts** - Multi-currency banking services supporting international transactions.
- **Structured Investment Facilities** - Customized investment products tailored to specific client requirements.
- **Professional Investment Advisory Services** - Expert wealth management guidance and portfolio optimisation.
- **Project Finance Solutions** - Specialized funding arrangements for large-scale developmental initiatives.

Our dealers leverage market intelligence and risk management expertise to deliver optimal returns while maintaining prudent investment practices that safeguard client assets and support Zimbabwe's broader economic development objectives.



2024 Economic Performance And 2025 Outlook

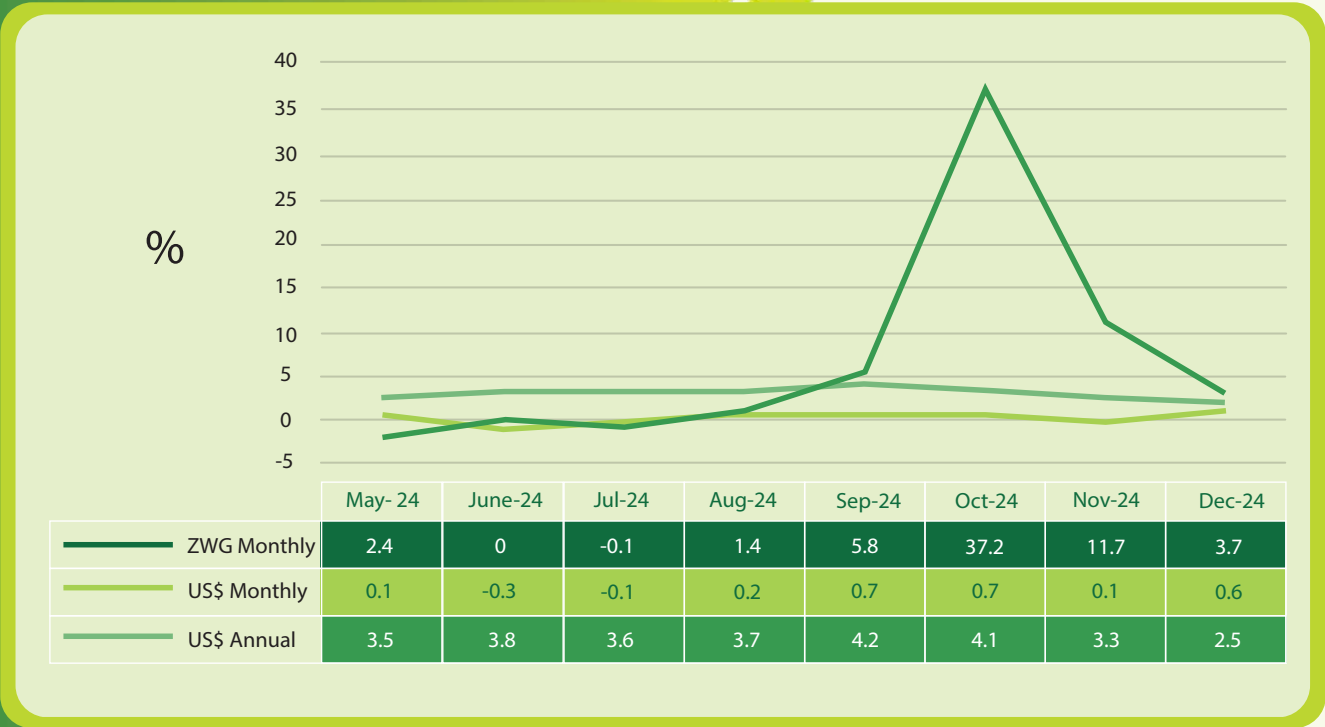


Figure 1: Zimbabwe Inflation Developments, 2024

Zimbabwe’s economic growth slowed to 2% in 2024, from 5% in 2023, impacted by the El Niño weather phenomenon, which led to a decline in agriculture output and manufacturing sector production. Risks associated with exchange rate and price stability persisted over the year, though monetary reforms culminated in the introduction of a new currency, the Zimbabwe Gold “ZWG,” in April 2024, which stabilised the exchange rate between May and August 2024. The local currency depreciated and was devalued by the central bank in September 2024, with a tight monetary stance eventually moderating inflationary pressures by the end of the year. Monthly ZWG inflation, therefore, declined from a peak of 37.2% in October 2024, to 3.7% in December 2024. Figure 1 shows the 2024 inflation trend.

Despite a slowdown in macroeconomic performance, the Zimbabwe banking sector remained resilient and continued to be instrumental in supporting productive sectors of the economy, that constituted about 72.25% of total loans as at 31 December 2024. In addition, all banking institutions reported prudential liquidity ratios which exceeded the regulatory minimum of 30%.

Meanwhile, in line with the country’s development agenda, articulated in the National Development Strategy (NDS) 1, in support of Vision 2030, the Society continued to focus on the sustainability thrust, over the year. The Society empowered Zimbabweans through financial inclusion, having delivered micro-mortgages, free banking pensioner accounts as part of contributing to financial wellbeing for pensioners, among other initiatives. It contributed to the country’s housing market, which is characterised by growing demand against limited supply. The country’s population is projected to increase to 21.2 million in 2042, with an urbanisation rate estimated at about 2.5%, which puts a strain on Zimbabwe’s housing stock.

Outlook

On the global front, uncertainty is impacting 2025 economic prospects, on the back of adverse changes in trade policies and geopolitical tensions. The increased trade-distorting policy measures, primarily in advanced economies, are posing risks to economic activity, with the World Economic Forum (WEF) projecting global growth to drop to 2.8% in 2025 and 3% in 2026 down from 3.3% for both years. The World Bank and the United Nations (UNCTAD) estimate a slowdown of 2.3%, which is below the 2.5% threshold that is often associated with a global recessionary phase. On the regional front, Sub-Saharan Africa’s economic growth projections are 3.7% in 2025. This entails the need for sustainable policy interventions at global and national levels for long-term growth and development. Figure 2 shows actual GDP growth and projections for Zimbabwe, Global and Sub-Saharan Africa.

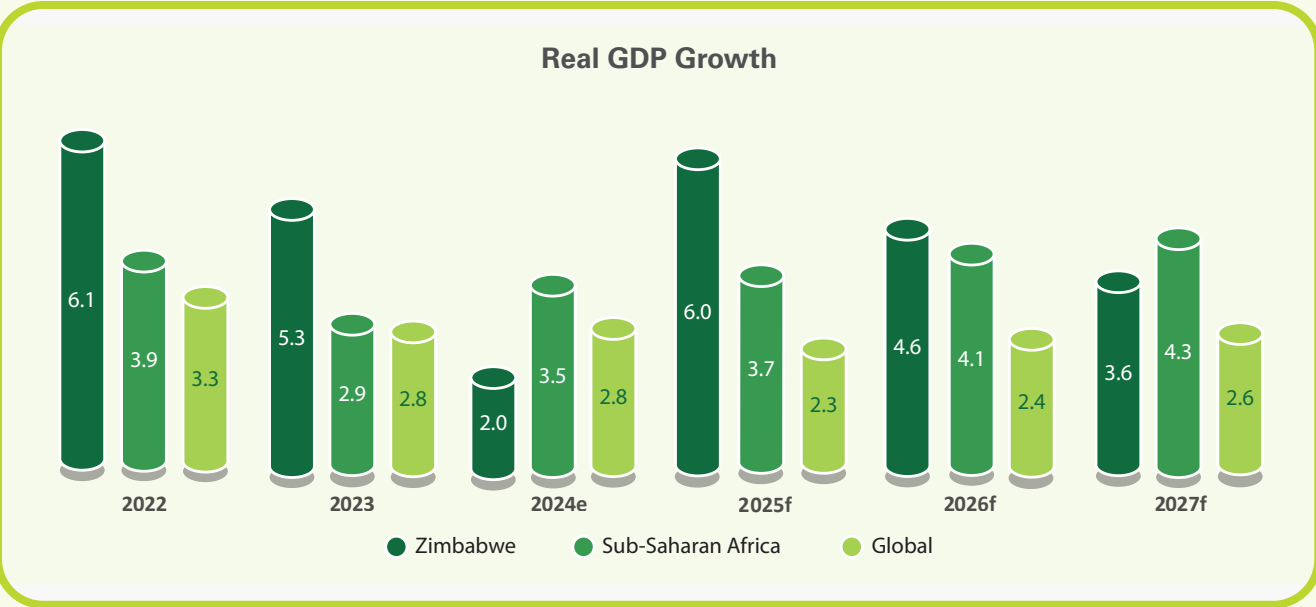


Figure 2: Real GDP Growth, 2022 – 2027f / Source: World Bank

Notwithstanding the expected global economic slowdown, Zimbabwe’s growth is projected at 6%, supported by a rebound in agriculture production, improvements in electricity generation and stability in commodity prices in the mining sector. The projection is higher than larger and more diversified economies such as South Africa (0.7%) and Nigeria (3.6%), that are expected to experience much slower growth in 2025.

The country’s growth projection is expected to be anchored on macroeconomic stability as well as policy consistency, which is essential for sustainable economic growth in the advent of National Development Strategy 2 (2026 – 2030). Despite the limited access to affordable housing finance and global slowdown that often lead to lower investment in infrastructure development, the Society’s 2025 strategy and sustainability initiatives are premised on macroeconomic stability and sustainable economic growth, on the local front. The Society will continue to prioritise sustainability and environmental responsibility for broader sustainable value creation, for citizens, in the provision of affordable and quality housing, as well as financial inclusion.



Sustainability Report

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Shaping a Sustainable Tomorrow, Today

Sustainability Strategy

Our sustainability strategy reflects a deliberate and evolving commitment to embedding responsible business practices across the organisation. It is informed by both our mandate and the broader development priorities of the country, with a strong emphasis on inclusive growth, responsible governance and long-term value creation. National Building Society Limited (NBS) does not treat Sustainability as an isolated objective; but an integral part of how we operate, how we measure performance and how we define success.

National Building Society Limited continued to focus on creating meaningful impact through financial inclusion, affordable housing, and targeted community engagement, recognising the importance of broadening access to opportunity and improving quality of life. Our approach is guided by a robust sustainability framework, which integrates environmental, economic, social, and governance (EESG) priorities across business operations. The NBS Sustainability framework is underpinned by international sustainability standards and is structured in alignment with global reporting frameworks, which include, the Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB) and IFRS Sustainability Disclosure Standards (S1 and S2), while also reinforcing the Society's contribution to the Sustainable Development Goals.

In 2023, we embarked on the Sustainability Standards Certification Initiative (SSCI), aligning with globally recognised benchmarks. Certification-aligned activities have since been embedded into our business functions, supported by internal systems, policies, and cross-functional accountability. We are targeting formal submission for certification in 2025 as we consolidate the systems and data necessary for credible disclosure and assurance.

A key enabler of this strategy has been the institutionalisation of sustainability performance across all departments. Sustainability Key Performance Indicators (KPIs) are now integrated into the Society's performance matrix ensuring that each business unit contributes to sustainability outcomes and is held accountable through structured monitoring and reporting.

NBS successfully established of a sustainable finance framework to guide the structuring of financial solutions that are socially inclusive, environmentally responsible and economically viable. Anchored in our core mandate to support National Development Strategies and the Sustainable Development Goals (SDGs), this framework enables us to

drive financial inclusion, accelerate access to affordable housing and promote the growth of both public and private sector enterprises. It ensures that our products and services including green investments, sustainable mortgages, digital solutions and responsible procurement contribute to resilient communities and adjust transition to a low-carbon economy.

By integrating sustainability into operations, supplier and customer onboarding and strategic partnerships, the framework positions NBS to deliver meaningful impact while mobilising capital through collaborations, capacity building initiatives and innovative financing tools that target underserved populations and support long-term economic empowerment.

Looking ahead, NBS is focused on scaling the integration of sustainability into its culture, products, partnerships, and long-term strategy. By aligning the Society's operations with both stakeholder expectations and global best practices, we continue to strengthen resilience and delivering shared value to stakeholders and sustainable development to the nation.



NBS team with UNDP partners: Sustainability agenda

Strategic by Nature: Unlocking Value Through Sustainability

NBS has deepened the integration of sustainability in its strategy and risk processes, focusing on tangible actions that strengthen accountability, improve decision-making and reinforce long-term resilience.

Sustainability considerations have further been formally embedded in the enterprise-wide risk management framework. In 2024, the Society partnered with United Nations Development Programme (UNDP) to deepen institutional sustainability integration and unlock scalable development outcomes. This collaboration directly supports the rollout of our sustainability strategy by enhancing internal capabilities through targeted training, embedding Environmental Social and Governance and Sustainable Development Goal-aligned standards, and co-developing a comprehensive monitoring and evaluation framework.

UNDP's technical support informs the Society's reporting processes, innovation pipeline and resource mobilisation strategy, laying the groundwork for sustainability-linked financing instruments. The partnership is advancing housing inclusion, SME support, and climate-smart initiatives through structured programmes, while aligning business performance with global sustainability benchmarks.

NBS is leveraging on sustainability to shape business models that are more adaptive, more inclusive, and more attuned to long-term development outcomes. This ranges from designing financial products to collaboration with ecosystem partners; the Society's approach is increasingly opportunity led, grounded in purpose but driven by growth. By scaling this mindset, the Society is being positioned to lead with clarity, serve with impact and grow with integrity.



National Building Society Limited, (NBS) does not treat Sustainability as an isolated objective; but an integral part of how we operate, how we measure performance and how we define success.

Shaping a Sustainable Tomorrow, Today (continued)

Lenderspark Finance

Comprehensive Sustainability and Strategic Impact

Lenderspark Finance stands at the forefront of inclusive microfinance in Zimbabwe, weaving together ambition, purpose and measurable impact. Since its launch in June 2024, the micro finance has navigated market penetration dynamics and forged strategic partnerships to deliver on its mission and commitment to financial inclusion and economic empowerment.

Purpose and Profit in Harmony

Lenderspark differentiates itself from traditional MFIs by combining agility with deep community engagement. Through onboarding on the Loan Management System (LMS) and the streamlining of credit processes, the subsidiary reduces turnaround times, increases process transparency and improves overall client experience. This digital system not only automates and integrates borrower data but also ensures consistent decision-making, faster loan approvals and more reliable client records.

As part of Lenderspark strategy to empower financially excluded segments, the subsidiary actively facilitates NSSA registrations and assists SMEs transition into compliant, credit ready entities. These initiatives collectively help the MFI's customers to build verifiable credit histories, positioning them for more substantial and affordable financing products in the future.

Central to Lenderspark ethos is embedding the following SDGs across all initiatives.

1 NO POVERTY

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

13 CLIMATE ACTION



Don't get stranded,
Lenderspark Finance is
here for you.



COLLATERAL BASED LOANS

Your assets remain yours
we just help unlock their value.

CALL US

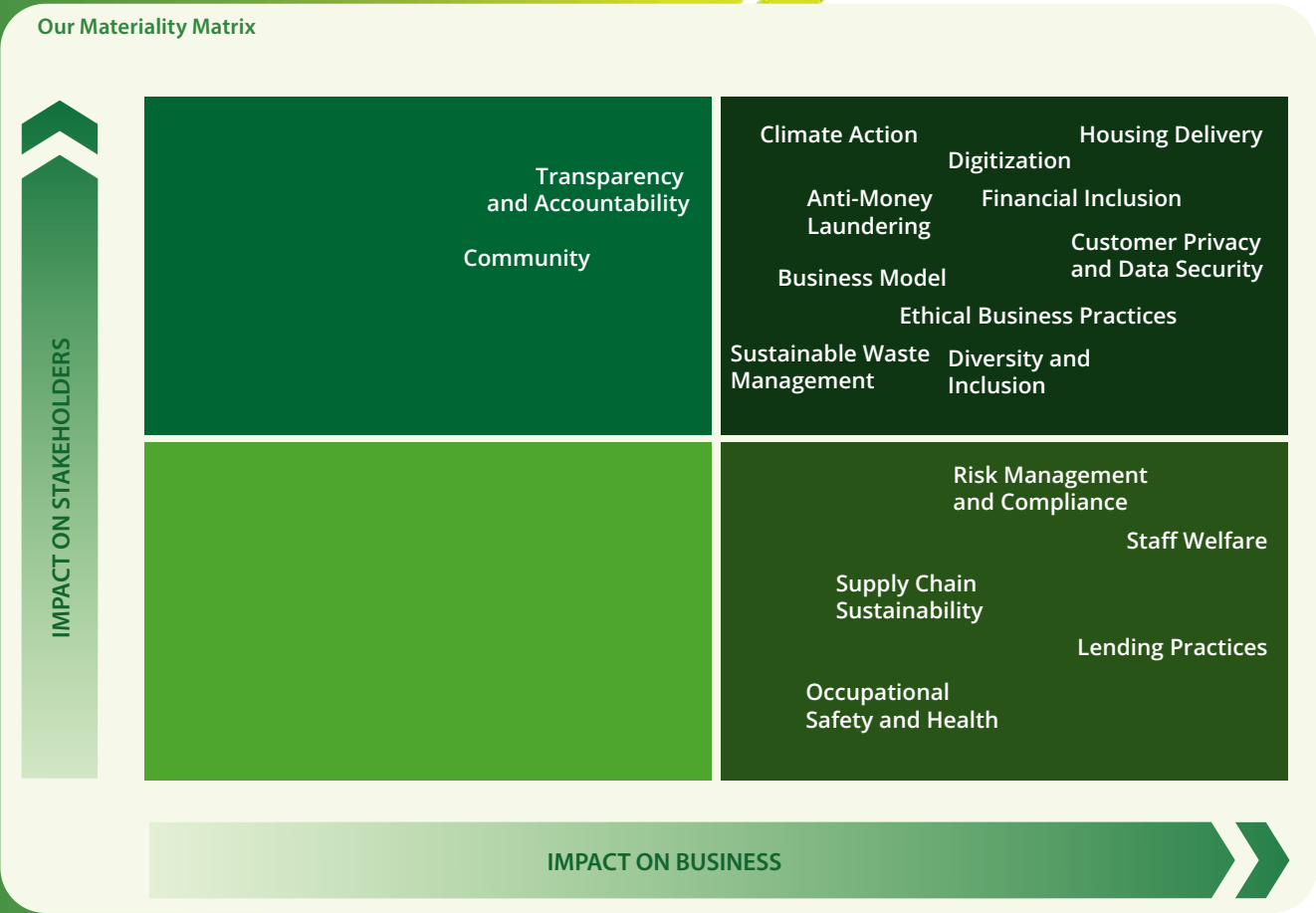
Affordable Rates | Accessible | Reliable | Convenient

nbs

- ✓ Lowest market interest rates
- ✓ Available in all NBS branches
- ✓ Same day loan approval
- ✓ 12 to 24 months repayment period

Lenderspark
Finance

Shaping a Sustainable Tomorrow, Today (continued)



Our Sustainability Framework: Building with Intention

The NBS Sustainability Framework guides the integration of sustainability into the Society’s operations, governance, and decision-making. It is structured to ensure consistency, accountability and alignment with global best practices, national priorities, and long-term business goals.

Over the past year, we have worked to turn sustainability from an ambition into a structured, organisation-wide practice. What began as a commitment to responsible banking has matured into a comprehensive framework that guides decision making, management of risks, product design , and engagements with the world around us.

The framework influences how NBS responds to the pressing sustainability issues of our time including climate action, housing shortages, digital inequality, financial and social exclusion.

The framework encompasses a wide range of critical topics, including:

PILLAR	NBS SUSTAINABILITY ISSUE	SDGs
Environment (E)	Climate Action and Sustainable Practices	
Economic (E)	Economic Resilience Digitalization Inclusive Economic Prosperity and Quality of Life	
Social (S)	Financial Inclusion Housing Delivery Diversity and Inclusion Community Engagement Staff Welfare Occupational Safety and Health Supply Chain Sustainability	
Governance (G)	Ethical Business Practices Sustainable Operations Customer Privacy and Data Security Transparency and Accountability Risk Management and Compliance Governance and Growth	

A Framework That Works

This year, NBS applied the framework in ways that are already changing how it operates:

Housing Delivery

- Housing development has been aligned with sustainable construction practices prioritising energy efficiency and long-term affordability. This approach is reflected in the Society’s commitment to using renewable energy in all new projects, sourcing construction materials sustainably and embedding innovations that reduce carbon footprint.
- By integrating solar solutions, promoting local employment and maintaining zero environmental incidents, we are building homes that are not only affordable but also resilient, efficient and future ready.

Sustainability Financing

- ESG considerations were embedded into our financing activities including investments and lending activities.
- Origination processes provide assurance that our credit decisions support broader sustainability goals.
- By integrating environmental and social safeguards into credit scoring models, piloted in Business Banking and Corporate and Institutional Banking, the Society is promoting responsible lending that balances risk and profitability with impact.
- Credit policies and investment process have been reviewed to reflect sustainability governance principles. These steps mark a shift toward a more inclusive, transparent and sustainability-conscious financing.

People and culture

- NBS People and Culture strategy is focused on embedding sustainability into the fabric of the organisation by aligning performance, engagement and skills development with our long-term goals.
- Sustainability KPIs were integrated into employee performance contracts and the Society’s learning agenda was aligned with identified skills gaps. The Society has enhanced its organisational culture by incorporating sustainability metrics into the upcoming employee engagement survey. These efforts reflect NBS’s commitment to fostering an accountable, capable and sustainability conscious workforce.
- Sustainability capacity building, training and awareness remain the Society’s core tools in creating an enterprise wide sustainability culture.

Digitalization

- NBS’s banking strategy is anchored on innovation, inclusion, and environmental responsibility. In the reporting period, the Society devised initiatives and strategies that align with its sustainability agenda by integrating eco-friendly product design, driving paperless transactions and enhancing access through inclusive digital channels.
- Projects such as automation of internal processes, eco-friendly debit cards, agency banking and mobile wallets are progressing through critical implementation phases, while digitalization efforts continue to be guided by system upgrades and operational priorities.

National Building Society Limited is not just responding to sustainability pressures, but shaping a model of growth that is inclusive, resilient and designed to last.

Shaping a Sustainable Tomorrow, Today (continued)

Aligning with the SDGs:

Translating Strategy into Measurable Impact

The Society maintained its bold commitment to align its operations with the Sustainable Development Goals (SDGs), the National Development Strategy 1 (NDS1) and the aspirations of Agenda 2063. This commitment is not just symbolic, but it is actively shaping how we reimagine housing, redefine financial inclusion and restructure our approach to delivering long-term impact.

The Sustainable Development Goals (SDGs) are central to how we define success at NBS. They provide a shared language that connects the Society's national development aspirations to global sustainability ambitions, focusing on what matters most, inclusive prosperity, responsible growth and lasting impact.

NBS's sustainability strategy explicitly aligns with more than 15 SDGs. These goals are reflected in the KPIs, product development, housing projects, partnerships and institutional reforms. These are not tracked in isolation, but used as tools for coordination, measurement and strengthening our impact across the business.

No Poverty (SDG 1)

The Society's efforts to increase access to financial services for unbanked and underserved populations have taken shape through inclusive banking, micro-mortgages offering and financial literacy interventions. This is being done through building financial safety nets that reduce vulnerability and improve access to basic economic opportunities. NBS is deliberate on not leaving anyone behind and remains committed to ensuring products and services provide for the needs of its customers in an inclusive and responsive manner.

Zero Hunger (SDG 2)

The Society's contribution to food security is evolving with continued exploration of ways to support businesses across the broader food system from agricultural production to processing, distribution, and essential imports. Through targeted financing solutions, we aim to strengthen food supply chains, improve access to nutrition, and build resilience within key economic sectors. NBS's sustainable finance framework remains open to a range of high-impact sectors that support national food security outcomes, including agriculture, manufacturing, retail and logistics.

ZWG+60 mil Invoice Discounting disbursed

Good Health and Well-being (SDG 3)

With its key mandate of contributing positively to housing delivery, the Society understands that building homes forms part of our core business and to ensure we safeguard the health and lives of our valued employees and contractors, we uphold high safety and health standards across all construction and housing projects. NBS maintains a zero-incident policy and actively integrates SHE (Safety, Health, and Environment) oversight into project governance. The Society's commitment to employees' health is our wealth and we have set out wellness programmes intended to culture a healthy workforce. Financing solutions including lending and basic bank accounting holding support the basic need of health and accesses thereof thereby contributing to improved healthcare delivery.

0 Safety Incidents

Quality Education (SDG 4)

Through staff capacity building, sustainability-linked KPIs and internal skills gap assessments, the Society is strengthening sustainability awareness within the organisation. NBS believes education is a key to success and as such have energetically set out to improve the learning experience in Zimbabwean education institutions, through a cocktail of measures with the most notable being asset financing and enabling for institutional growth through provision of essential loans that lever the sustainability of academic institutions.

ZWG +48 mil Schools support disbursed

Gender Equality (SDG 5)

NBS actively supports women through access to mortgage finance, business loans and supplier inclusion. We continue to push for gender-balanced outcomes in Small and Medium-sized Enterprises support, employment generation and community partnerships. The Society has deliberately put processes for effective tracking of its lending activities on reducing inequalities and promoting the inclusion of women and girls into the economic ecosystem.

+46k Female accounts

Clean Water and Sanitation (SDG 6)

NBS housing projects integrate access to clean water solutions, including borehole installations and sustainable sanitation systems. These initiatives support community resilience while improving health outcomes.

Affordable and Clean Energy (SDG 7)

The Society is committed to incorporating renewable energy into all new housing projects. Solar powered lighting, energy efficient designs and branch solarisation efforts contribute to low carbon infrastructure across NBS operations and client offerings. The Society is exploring how to enhance sustainability in NBS housing projects from design phase. Considerations are underway for adoption of green building certification standards.

Decent Work and Economic Growth (SDG 8)

Thorough the Society's Housing projects, NBS prioritises local job creation, with specific targets for increasing community employment. NBS finances Corporates, SMEs, support formalisation of the informal sector and provides inclusive lending solutions that stimulate economic activity.

ZWG +1.3 bil disbursed

Industry, Innovation and Infrastructure (SDG 9)

We continue to invest in innovation-driven projects from housing construction technologies to digital banking platforms and process automation. The Society's housing portfolio promotes sustainable urban infrastructure, while internal upgrades reduce operational inefficiencies.

Reduced Inequalities (SDG 10)

Our work intentionally targets underserved groups including women, youth, persons with disabilities and those operating in informal or rural settings. NBS acknowledges that there were gaps in the collection of some socio demographic categories and have actively set out to develop more stringent processes to monitor the performance of these sustainability issues through its digitalization drive. The Society is building baseline data to track performance across these groups and improve access through tailored financial products and delivery models.

ZWG+230 mil Micro mortgages disbursed

Sustainable Cities and Communities (SDG 11)

With its core mandate to provide housing, the Society contributes to the development of inclusive, affordable and resilient urban communities. NBS housing projects reflect a blend of environmental standards, infrastructure planning and affordability goals that make cities and settlements more sustainable.

300 Housing Units Delivered

Responsible Consumption and Production (SDG 12)

Sustainability has been embedded into procurement, construction, waste management and digitalization. From sourcing materials responsibly to reducing paper use and promoting green procurement criteria, the Society's efforts are beginning to reshape how resources are consumed across our operations.

Climate Action (SDG 13)

NBS has initiated carbon footprint tracking on housing projects, integrating climate resilience into credit origination, policy and aligning new partnerships with green finance standards. This work lays the foundation for future climate disclosures, risk adaptation and climate-linked product innovation.

Scope 1 Emissions 96.83 (tonnes CO₂e)

Shaping a Sustainable Tomorrow, Today (continued)

Life on Land (SDG 15)

NBS operations maintain zero biodiversity and environmental degradation incident policy on its housing projects sites. The Society continues to adopt better construction waste practices and is pursuing partnerships for more sustainable waste and e-waste disposal. In addition the Society has formally extended this responsibility to all our partners and contractors.

0 Environment Incidents

Peace, Justice and Strong Institutions (SDG 16)

The Society integrated sustainability criteria into our governance, policy reviews, legal frameworks and risk processes. This includes embedding sustainability into contracts, Board oversight and compliance structures, supporting stronger institutions through accountable practice.

Partnerships for the Goals (SDG 17)

NBS recognises that meaningful change demands collaboration. Guided by a strong strategic intent, the Society is forging purpose-driven partnerships to mobilise capital, strengthen institutional capacity and co-create solutions that generate long-term, shared value. NBS's approach is anchored in the belief that sustainable progress is best achieved through collective action and aligned purpose.

Environmental, Social and Governance



Financing a Greener Future
The Society is laying the groundwork for a financing ecosystem that supports climate-aligned investments at scale



Strong partnerships for the Goals

NBS recognises that meaningful change demands collaboration

Environment

Built for a Greener Tomorrow

NBS's carbon reporting journey began with a clear goal: to better understand our environmental impact and take meaningful steps to reduce it. Last year, the Society established its first baseline by measuring direct (Scope 1) emissions, using the DEFRA 2023 emissions factors as a reliable foundation. While this initial focus was limited to emissions from sources under our direct control, it marked the beginning of an important shift in how we approach climate accountability.

Throughout the year, efforts remained focused on refining this process and ensuring consistency in gathering and reporting emissions data. In doing so, the Society began to uncover the broader challenges that stand in the way of more comprehensive reporting.

These insights have helped shape NBS priorities for the road ahead. Effort is being put on strengthening internal systems and establishing clearer lines of accountability that will support the collection of Scope 2 data in future cycles. The Society's aim is to build the capacity needed for deeper, more transparent climate reporting that aligns not only with NBS values but also with Zimbabwe's national climate commitments and the global targets of the Paris Agreement.

This stage of our journey is more than that of compliance; but creating the systems and culture required to respond to the climate challenge with purpose and clarity. NBS recognises that credibility in climate reporting comes from consistency, honesty and the willingness to grow and this is the path the Society has committed to following.

Carbon Footprint Report 2024: A Commitment to Sustainability

Scope	Emission Source	2023 Activity Data	2023 GHG Emissions (tonnes CO ₂ e)	2024 Activity Data	2024 GHG Emissions (tonnes CO ₂ e)	% Change
Scope 1	Petrol	2,312.24 Litres	4.86	3,116.04 Litres	6,495.08	+33.65%
Scope 1	Diesel	38,782.57 Litres	97.34	35,949.14 Litres	90,332.64	-7.20%
	Total Scope 1 GHG Emissions		102.20		96.83	-5.26%

Scope 1 GHG Emissions – Greenhouse Gas Emissions from direct owned or control sources

NB: Assuming emission factor for blended petrol is 2.0844 kgCO₂e

NB: Assuming emission factor for blended diesel is 2.51279 kgCO₂e

Environmental, Social and Governance (continued)

Environment (continued)

Carbon Footprint Report 2024: A Commitment to Sustainability (continued)

In 2024, total Scope 1 GHG emissions decreased by 5.26%, reflecting a modest improvement in fuel efficiency and operational controls. Emissions from petrol use increased by 33.65% though quantities were still marginally low. However, this was offset by a 7.20% reduction in diesel related emissions, indicating more efficient use of diesel powered generators and vehicles. Continued focus on fuel monitoring and low-emission technologies will be critical to maintaining this downward trajectory.

Financing a Greener Future

The Society's sustainable financing framework and agenda reflects a strategic shift toward aligning capital flows with sustainable development imperatives. As climate risks intensify and global transitions accelerate, we recognise the critical role of financial institutions in enabling green transformation particularly in emerging markets like Zimbabwe. This approach is grounded in our responsibility to future proof the financial system while supporting national efforts to build climate resilience and unlock inclusive green growth.

Through early-stage collaboration with development partners, the Society is laying the groundwork for a financing ecosystem that supports climate aligned investments at scale. This includes structuring frameworks that enable resource mobilisation for renewable energy, sustainable infrastructure, and other environmentally responsive solutions. NBS's focus is on institutional readiness, strategic alignment with global sustainability standards, and fostering partnerships that can catalyse long-term impact.

As this journey unfolds, environmental financing will become a core pillar of how NBS defines value beyond profit by integrating climate intelligence into financial decision-making and positioning the institution as a trusted enabler of Zimbabwe's green economy transition.

Strategy and Climate Risk Integration

NBS recognises climate change as both a financial risk and a strategic opportunity. The Society is exposed to physical risks, such as droughts and floods, as well as transition risks, including policy shifts, technological disruptions and evolving market preferences.

In 2024, the Society undertook a climate risk profiling exercise to assess exposures. This assessment informs our medium to long-term strategy and positions NBS to align its business model with Zimbabwe's climate goals and global low-carbon transition pathways.

Key highlights from the year include:

- Identification of climate-vulnerable sectors in NBS loan portfolio, including agriculture and mining, which together comprised 13% of total loans and advances.

- Review of branch and operational site locations, showing most are outside high-risk zones, with moderate risk levels in locations such as Mutare and Bindura.

As part of NBS forward-looking strategy, the Society is enhancing resilience through energy diversification, digitization and green financing exploration.

Climate Risk Management

Climate risks are integrated into NBS's overall risk management framework. The Society applies a structured approach to identify, assess and manage both transition and physical risks across its operations and portfolios.

Risk Identification and Assessment

- Physical risks were mapped using national drought and flood probabilities to determine vulnerability of client sectors, properties and branch locations.
- Transition risks were analysed in relation to regulatory, technological and market trends affecting key sectors such as energy, transport and construction.
- Scenario analysis was introduced to estimate potential financial impacts under varying climate outcomes.

Mitigation Measures

- Energy resilience is being enhanced through solar power adoption at select sites to reduce dependence on fossil fuel-powered grid supply.
- Operational continuity planning has been updated to reflect site-specific climate vulnerabilities and contingency supplier arrangements have been initiated to reduce supply chain risks.
- Credit processes now factor climate sensitivity into sectoral risk ratings, with agriculture receiving enhanced monitoring following a drought-driven NPL spike.

Looking ahead to 2025, NBS intends to:

- Expand solar installations across more branches and critical sites.
- Develop climate-linked lending products and explore partnerships for green finance.
- Deepen scenario analysis with stress-testing models.
- Set climate-related performance targets as part of the broader sustainability strategy.

NBS acknowledges that climate change presents material financial risks that require immediate and strategic response. In 2024, the Society laid a strong foundation for climate resilience by profiling exposures, strengthening governance and integrating climate considerations into enterprise risk management. These actions position NBS to manage evolving risks and unlock long-term sustainability opportunities in service of our members, investors and the nation.

Advancing Sustainable Education Through Asset Financing

In line with NBS commitment to sustainable development and inclusive growth, the Society supported the successful implementation of a solar energy solution for a group of schools. Through tailored asset financing, the institution was able to procure and install a 50kV solar system, ensuring a stable and environmentally friendly power supply for its educational facilities.

This project reflects our strategic focus on enabling sustainability in the education sector by facilitating access to clean energy infrastructure. By addressing energy reliability challenges, the initiative strengthens the learning environment and contributes to long-term institutional resilience.

The success of this initiative was further enhanced through collaboration with key value chain partners, whose technical expertise ensured the efficient delivery and installation of the solar system.

The Society's broader portfolio of financial solutions including property financing, vehicle financing and customised asset financing remains central to supporting critical infrastructure projects. We continue to empower educational institutions across the country, fostering a more sustainable and brighter future for learners.

Building an Energy Conscious Digital Backbone

As part of the Society's push for greener operations, 2024 saw continued investment in solar energy installations across selected sites. One site was equipped with solar systems, reducing reliance on fossil fuels and improving operational resilience amid energy supply constraints bringing the cumulative total to six sites.

In addition, groundwork was laid for a phased cloud migration, beginning with non-transactional servers and Active Directory services. These steps will not only reduce our physical infrastructure footprint but also increase our ability to adapt and scale digitally in a sustainable manner.

 6 sites on Solar

Greening Our Card Products

NBS's commitment to climate-conscious banking extended to the design of our financial products. In 2024, groundwork was laid for the transition to eco-friendly debit cards. Engagements with vendors began during the year and the initiative is now progressing towards implementation. The goal is to reduce the environmental footprint of our card products by replacing conventional plastic with more sustainable materials. This innovation reflects the Society's our broader ambition to embed sustainability into every stage of our product lifecycle.

Reducing Our Environmental Footprint

Sustainability was also pursued through operational reforms aimed at reducing paper usage and physical resource dependence. In 2024, we significantly reduced paper-based customer transactions by promoting use of our card payment platforms, USSD services, mobile app and internet banking. These channels enabled customers to access services conveniently while supporting our environmental objectives.

To reduce branch congestion and further limit paper withdrawals, ATMs will continue to be rolled out, improving self-service capability. Internally, we expanded use of Adobe digital solutions and Microsoft 365, minimising paperwork in administrative processes and facilitating more efficient digital document handling.

Lenderspark Finance

Embedding Environmental Stewardship in Strategy

Digital transformation via the Loan Management System will reduce paper usage, energy consumption and travel needs. While there were no formal carbon tracking mechanisms in place during 2024, Lenderspark Finance has committed to initiating structured carbon footprint calculations starting in 2025. Focus will be on establishing foundational baselines across branches and financed activities.

The microfinance is prioritizing the integration of environmental considerations into its lending practices. In 2025, Lenderspark is initiating processes for operationalising and embedding sustainability factors directly into credit scoring and risk management frameworks. The objective is to fully integrate environmental and social screening, laying the groundwork for responsible lending that promotes both economic resilience and ecological balance.





Embedding Stakeholder Voices in Strategy

Our approach is built on the core principles of inclusivity, transparency, responsiveness and impact.

Environmental, Social and Governance (continued)

Social

Putting People at the Centre of Sustainable Progress

Embedding Stakeholder Voices in Strategy

At NBS, we believe that meaningful engagement with our stakeholders is essential to building a sustainable and inclusive future. The Society's approach is built on the core principles of inclusivity, transparency, responsiveness and impact. These guide how we listen, learn and act ensuring that stakeholder input directly informs our strategic direction and decision making.

NBS actively seeks diverse perspectives from the communities we serve, our customers, employees, regulators and partners. Through open dialogue and multiple engagement channels such as consultations, surveys, focus groups and forums we create space for collaboration and ensure no voice is left behind.

Turning Insight into Action

Engagement is not a one-time exercise but a continuous process of learning and improvement. Insights gathered from our stakeholders are used to shape our policies, improve service delivery and respond to emerging needs. This approach not only strengthens accountability but also helps us co-create solutions that are relevant, resilient and inclusive.

Mapping Our Stakeholder Commitments

This report includes a stakeholder engagement table that provides a snapshot of who we engage with, what matters to them, how we engage and how we respond. It reflects the Society's ongoing commitment to building relationships based on trust and mutual value, while ensuring NBS's actions remain grounded in the priorities of the people and communities we serve.



Environmental, Social and Governance (continued)

Social (continued)

Our Approach to Stakeholder Engagement

Stakeholder Group	Engagement Methods	Key Topics	Outcomes and Impact	Future Actions
Customers - Pensioners - Civil Servants - Other individuals - SMEs - Businesses - Corporates and Institutions - Informal sector - Rural and peri urban communities	- Face-to-face interactions - Relationship Management - Customer/field visits - Contact Centre - Marketing campaigns (digital, electronic, print, outdoor) - Hosting at NBS corporate functions - Interaction at events (e.g. exhibitions, conferences, workshops) - Surveys and polls	- Business/ relationship building - Developments in operating environment - Marketing - Compliance & regulatory issues - Customer needs	- Customer satisfaction - Customer loyalty and trust - Brand perception improvement - Business growth opportunities	Enhance engagement methods to: - Build brand - Broaden engagement efforts - Improve customer experience - Loyalty and Customer retention
Government and Authorities - Corporate Governance Unit and Local Authorities - Ministry of Public Service, Labour & Social Welfare - Other government ministries - Local government - State Enterprises - Parastatals - Regulators - Local Authorities - Rural District Councils	- Face-to-face meetings - Hosting at NBS corporate functions - Interaction at events – Conferences, workshops, conferences, exhibitions	- Contribution to national priorities - Compliance with Corporate Governance protocols - Regulatory reporting	- Alignment on national policy and priorities - Determine national solutions - Mutual exchange of information and expertise - Foster synergies for partnership	- Cultivate connection in key offices - Engage in information exchanges - Increase voice in national think tanks
International and Regional Organisations	- Meetings - Conferences and seminars	- Contribution to global priorities - Business Strategy & performance - Opportunities for collaboration - SSCI Sustainability Certification	- Credit line offer - Connections cultivated	Enhance engagement methods to: - Build relationship - Gain insights on opportunities available
Employees	- Employee engagement survey - Open door meetings - Digital platforms - Team building - Training sessions and workshops - Meetings with workers' union and representative bodies - Facilitating participation in health and wellness programmes	- Performance appraisal - Compensation, remuneration and reward - Career progression - Health, safety & wellness - Education, training and personal development	- Improved productivity and performance - Cost of Living Adjustment as per market-to-market salary reviews - Staff welfare programmes – access to loans, medical aid, various allowances and benefits - Improved work culture, living the NBS values - Improved satisfaction and retention	- More effective communication of strategy and organisational developments - Increase opportunities for interactive communication to listen to and act on staff feedback - Greater recognition of accomplishments - Improve workspace environment

Our Approach to Stakeholder Engagement (continued)

Stakeholder Group	Engagement Methods	Key Topics	Outcomes and Impact	Future Actions
Suppliers and Service Providers	- Meetings - Visits - Written correspondence & emails - Marketing Campaigns - Digital and Print publication	- Business engagement policies, procedures and guidelines - Payment terms and conditions - Contract and service agreements	- Receipt of specified items - Benefit from market expertise – innovation, customer service - Improved cost management	Maintain engagement methods.
Competition	- Meetings - Written correspondence and email - Marketing campaigns - Mystery Shopping and other research studies - Interaction at events (e.g. exhibitions, conferences, workshops)	- Query resolution on failed transactions - Industry developments - Information sharing – e.g. problem resolution	- Gain industry insights - Industry networking - Discover potential partnership opportunities	Maintain engagement methods.
Media	- Meetings - Written correspondence and email - Public Relations Campaigns – press releases, editorials, interviews etc. - Hosting at NBS corporate functions	- Organisational developments – e.g. Executive appointments, launches, CSI initiatives - Commentary and responses to questions	- Building brand voice, trust and image - Enhanced public understanding on issues e.g. project hiccups - Promoting awareness of contribution to national interests	- Enhance media relations activities – offering onsite tours, introduction of regular publicity column/slot - Build relationships with business journalists and publications
Local Communities	- Ad hoc meetings and correspondence - Sponsorships and other CSI - Public Relations initiatives in the media - Employment opportunities - Marketing campaigns - Participation in community events	- Corporate Social Investment (CSI) initiatives - Opportunity seeking – business partnership, employment - Stakeholder needs	- Building brand engagement and image - Goodwill in the community - Investing in business sustainability – potential customers and employees	Maintain engagement methods.
Governmental Institutions	- Ad hoc meetings and correspondence - Sponsorships and other CSI - Public Relations initiatives in the media	- Capacity Building - Partnering for sustainable development - Financial Literacy	- Contribute to enhanced relationships with the shareholder, employees, customers and society - Improved investment in social capital and business sustainability	Maintain engagement methods.



Housing Delivery

Environmental, Social and Governance (continued)

Social (continued)

Housing Delivery: Building Inclusive and Sustainable Communities

NBS housing delivery strategy continues to evolve as a central pillar of its national development contribution, linking shelter to dignity, economic empowerment and environmental stewardship. In 2024, NBS focused on laying the groundwork for sustainable housing models that go beyond units delivered embracing integrated, climate-resilient developments that respond to both social needs and environmental responsibility.

Recognising housing as a catalyst for inclusive growth the Society intentionally structures its housing pipeline to reflect a triple-bottom-line approach prioritising affordability, sustainability and community impact. This includes aligning with sustainable construction practices, expanding access to underserved segments and embedding key principles such as circular material use, carbon measurement and renewable energy integration into our project frameworks.

NBS's efforts also reflect a shift toward structured impact reporting. The Society is refining its ability to measure local job creation, community wellbeing, and environmental outcomes across housing sites. While 2024 has been a foundational year for internal alignment, policy reviews and partnership development, our 2025 strategy is positioned to scale implementation anchored in data, cross-sector collaboration and alignment with international sustainability standards.

Going forward, NBS aims at positioning housing delivery as a vehicle for resilience and transformation, where every development not only meets a basic need but contributes meaningfully to Zimbabwe's sustainable future.



Project Name	Location	No. Of Units	Year Completed
Maharba	Bulawayo	236	2024
Glaudina	Harare	64	2024
Tynwald Project (PPP)	Harare	120	2023
KnockMallock	Norton	126	2023
Dzivarasekwa	Harare	500	2022
NBS Park (Merwede)	Harare	100	2021
Amalinda	Harare	60	2019
Stoneridge	Harare	204	2018
Magakooshla	Shurugwi	22	2018
Victoria Range	Masvingo	63	2018
Adelaide Park	Harare	82	2017
Woodbrooke	Bindura	43	2017

Environmental, Social and Governance (continued)



Sustainable Practice and Innovation in Housing

In 2024, sustainability was embedded into project design by prioritising the employment of local labour on developments such as Glaudina high rise flats advancing environmental goals while driving local economic development. The Glaudina project alone engaged over 70 locals, significantly contributing to community wellbeing through increased household incomes and improved living standards. The use of local suppliers for materials and services further extended the economic benefits, promoting inclusive growth. In 2025, this approach will be formalised within contractor tender requirements, with updated procedures mandating sustainability reporting on material sourcing and site-level environmental practices, including in upcoming developments such as Plumtree.

A full review of our recommended housing models (including those for Plumtree demo units and Glaudina stands clients) is underway to ensure design choices incorporate sustainability principles like energy efficiency, density management and sustainable sourcing.

Key innovations planned for 2025 include the adoption of solar-powered street lighting in the Plumtree and Newmara projects, a step toward removing projects from national grid dependency. Additional steps include carbon footprint tracking through periodic contractor reports on usage and disposal.

No environmental incidents or fines were recorded in 2024. Compliance is ensured through the issuance of Environmental Compliance Certificates, backed by standard Safety, Health, Environment, Risk and Quality (SHERQ) protocols and contractual clauses that include penalties for non-compliance (such as lost time and liquidity exposure).

**Over 70 Locals Employed on Glaudina Project**

**0 Environmental Fines**

Inclusive Access and Community Centric Design

Affordability and access remained central to our development approach. In 2024, we continued rent to buy schemes, implemented minimal deposit thresholds and offered longer than market mortgage tenures, improving affordability for previously excluded households. These financial strategies are being scaled in tandem with public procurement mechanisms to ensure inclusion in future large-scale developments.

In response to community input, project designs were adjusted including reducing deposit levels which reinforced our commitment to participatory development. Further to our sustainability drive we are ensuring going forward that new sites include community supportive infrastructure, such as provision for schools, health services and public spaces.

Our projects increasingly serve as platforms for local job creation, as demonstrated by the employment of local labour in developments like Glaudina and Maharba. This local sourcing strategy will be a formalised requirement across all tenders to maximize community economic benefit.

Safety, Health and Workforce Wellbeing

A zero-incident safety record was maintained across all sites in 2024 with no fatalities, injuries or lost time cases reported. This outcome reflects our deep integration of SHERQ principles and strict engineering safety standards from project initiation to final delivery.

Looking ahead, these protocols will be continually reinforced, with a particular focus on site level enforcement, ventilation, occupational health provisions and structured reporting from contractors. NBS's intent is not only to meet legal thresholds but to establish an exemplary standard in construction safety governance.

**0 Safety Incidents**

Unlocking Enterprise Potential to Build Inclusive Local Economies

NBS believes that thriving small businesses are the heartbeat of vibrant communities and resilient economies. The Society's approach goes beyond traditional finance it is a deliberate strategy to unlock opportunities for entrepreneurs, cooperatives, youth-led ventures, and local suppliers across Zimbabwe.

Our model is anchored in two pillars: delivering access to flexible financial solutions and providing the technical support businesses need to scale responsibly. From township enterprises and rural startup to emerging suppliers and formal enterprises, we are helping businesses grow through working capital, asset finance and tailored lending instruments. At the same time, we provide advisory services and business development support that build long-term resilience and encourage formalisation.

We also strengthened our partnerships with government programmes, NGOs and development agencies, extending support to both public and private sector aligned businesses. These collaborations are helping us channel capital to strategic areas amplifying our impact where it matters most.

Through this integrated approach, we are not only creating jobs and supporting service delivery we are building ecosystems where small businesses can thrive sustainably.

Financial Inclusion

Financial inclusion is a core pillar of our purpose. In 2024, we intensified our efforts to deliver appropriate, affordable, sustainable, and quality formal financial services, especially to historically excluded populations. Our approach embeds financial inclusion as a socio-economic empowerment tool that directly supports Vision 2030 and the National Development Strategy 1 (NDS1).

NBS recognises that true inclusion is not only about access, but also about deepening usage and impact. That is why our strategy in 2024 prioritised:

- Increasing active savings accounts, especially among women and youth
- Expanding credit uptake for SMEs
- Accelerating digital product utilization across urban and rural communities

Our interventions were guided by four key pillars of action:

Pillar	NBS 2024 Action Points
1.Financial Innovation	Developed and scaled customer-centric digital solutions such as low tier KYC accounts, agency banking and mobile wallets to serve remote and low-income customers.
2.Consumer Protection & Financial Capability	Rolled out ongoing financial literacy campaigns targeting youth, women and rural clients; strengthened transparency, customer rights awareness and complaint resolution mechanisms.
3. Microfinancing, MSME & Entrepreneurship Development	Designed flexible, cash flow-friendly lending and savings solutions tailored for SMEs and micro mortgage products to bolster inclusion in the financial services space.
4.Devolution and Decentralisation	Expanded our footprint beyond urban centres to provide financial services where they are needed the most.

Our implementation of National Financial Inclusion Strategy II remains people focused, with the goal of an inclusive, sustainable future. We also forged strategic partnerships with NGOs, government programmes and multilateral institutions to extend our reach and align capital with national development needs. These alliances helped us amplify our impact in critical sectors such as agriculture, retail trade, renewable energy and community housing.

Through this inclusive finance agenda, NBS is not only enabling economic participation we are building ecosystems of resilience, dignity and opportunity, where every Zimbabwean has a pathway to contribute to and benefit from sustainable national growth.

Environmental, Social and Governance (continued)

Social (continued)

Financial Literacy

At the core of our financial inclusion strategy is financial literacy, the foundation for informed decision-making, and long-term financial wellbeing. We recognize that providing access to financial products is not enough; people must also understand how to use them effectively.

NBS continues to roll out targeted financial education programmes, focusing on underserved communities, informal traders, pensioners and youth. These initiatives cover essential topics such as:

- The benefits of saving and formal banking
- Building a banking history
- Understanding credit and interest rates
- Insurance awareness and risk protection
- Steps to qualify for a mortgage

By demystifying financial services, we help individuals take control of their financial futures, avoid exploitation, and unlock opportunities such as access to housing finance and income-generating tools.

Financial literacy is not a one-time event but a sustained commitment. Through workshops, community dialogues and digital content, we continue to build a more financially aware and empowered Zimbabwe.

Empowering SMEs through Access to Finance

In response to the evolving needs of the market, NBS together with our shareholder, NSSA launched the SME fund as a strategic initiative to bridge the financial exclusion gap among entrepreneurs. The official launch was held at the Platinum Pavilion, home to the NBS Private Banking Centre, signifying our commitment to inclusive economic participation.

This initiative is designed to provide targeted funding, investment opportunities and financial literacy to Small and Medium Enterprises (SMEs), particularly those operating in underserved segments of the market. With the SME Fund in place, entrepreneurs can now more easily access tailored financial solutions, enabling them to formalise, grow and scale their businesses.

By fostering a stronger, more resilient SME sector, NBS is contributing meaningfully to community level economic development, job creation and the national growth agenda. This aligns with our broader sustainability goals and our mission to build inclusive financial ecosystems where every entrepreneur has a fair opportunity to succeed.



Overview of Outreach and Account Growth

In 2024, the Society intensified its commitment to financial inclusion with new accounts opened across the country. This performance grew the cumulative total number of accounts, reflecting both the trust placed in our institution and our growing relevance to underserved communities.

The Society's strategy centred on multi-channel outreach expanding physical presence where feasible, strengthening agent and merchant networks and enhancing the accessibility of digital platforms. As a result, new accounts were opened across both traditional branches and alternative channels, demonstrating our agility in meeting diverse customer needs.



Digital Financial Services: Reaching the Unreachable

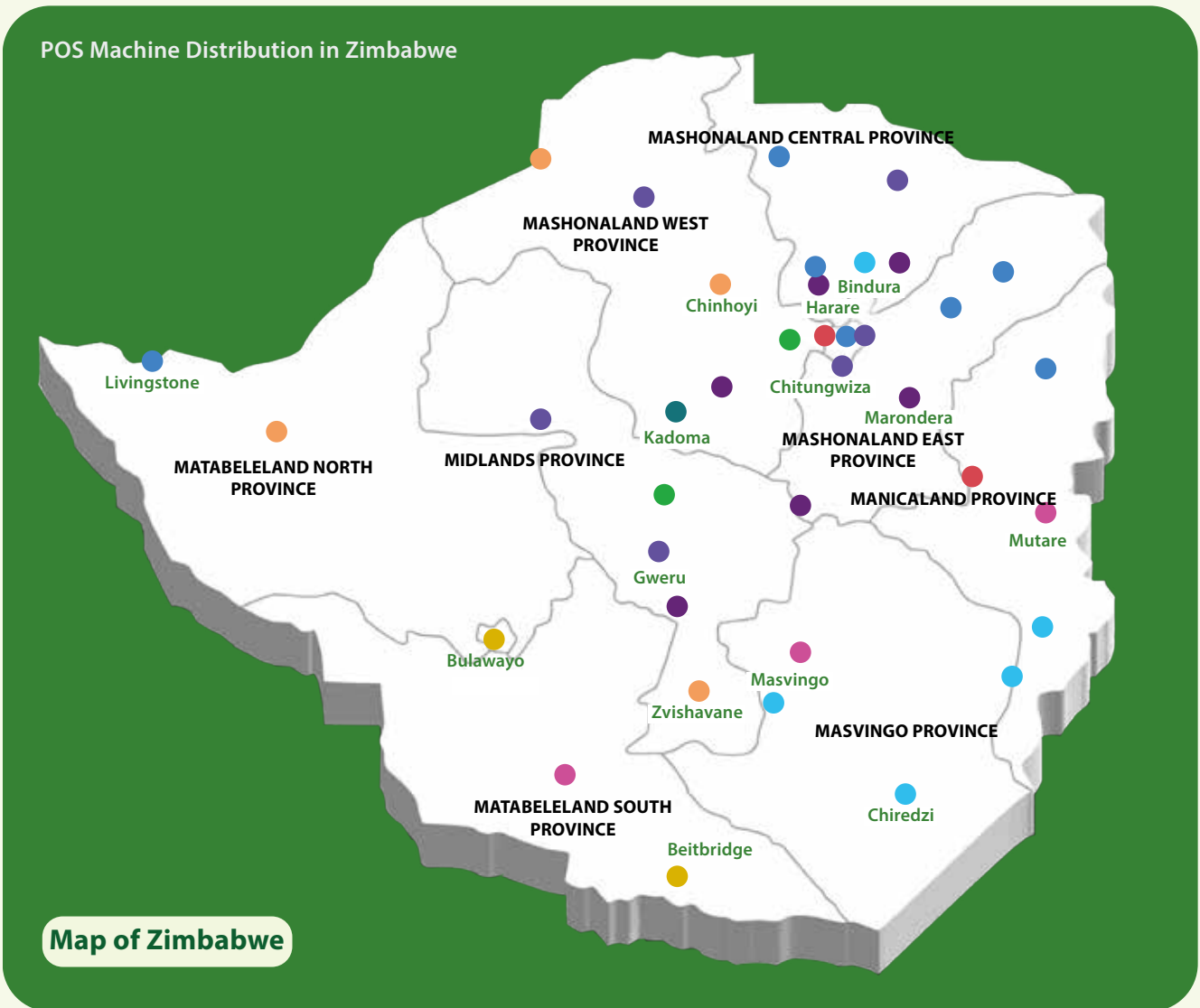
In 2024, Digital Channels transformed the power of digital financial services. With improved onboarding flows, mobile account access and simplified KYC processes, we are now serving clients who may never step into a banking hall. This success signals the viability of a digital strategy, particularly in areas with limited brick and mortar infrastructure.

We advanced several initiatives aimed at expanding reach, especially to communities previously underserved by traditional banking. The design and development of our agency banking and mobile wallet platforms progressed well during the year, with technical work reaching advanced stages. These platforms are set to broaden our financial inclusion footprint in 2025, offering customers affordable and convenient banking options.

Point of Sale (POS) Infrastructure: Enabling Everyday Transactions

Access is meaningless without usability. To close the loop on inclusion, the Society significantly expanded its POS infrastructure nationwide.

POS infrastructure was also extended to sectors such as operations, staff payroll access points and special event pavilions to ensure ubiquitous access. POS availability reduces the need for cash handling facilitates, merchant inclusion and strengthens the local economy through digitalized transactions.



Environmental, Social and Governance (continued)

Empowering Zimbabweans through Financial Inclusion

Micro-Mortgages (SDG 11)

Providing accessible micro-mortgages, enabling low-income families in Zimbabwe to achieve homeownership. Our focus on financial inclusion priority segments, remains unwavering.

2024 ZWG+231 million micro mortgages

Honouring a Lifetime of Service (SDG 10)

The Society's zero rated pensioner accounts are more than just fee-free banking they are a gesture of respect. By removing financial barriers, we help pensioners stay included in the formal financial system while preserving their independence and dignity. It's our way of saying: your contribution matters and we are here to support you.

Banking Without Borders: Taking Finance to the People (SDG 8)

By deploying mobile banking units, we bring essential financial services directly to underserved and remote communities including informal traders, rural dwellers and economically excluded groups. This deliberate outreach allows individuals in the informal sector to open virtual accounts easily, many for the first time. We also leveraged this platform to introduce micro-insurance products, previously out of reach for these populations.

Affordable Protection for All: Expanding Access to Micro-Insurance

In a country where insurance penetration remains critically low, financial shocks from illness or death often leave families vulnerable. At NBS, we are bridging this gap by offering affordable, inclusive insurance products designed to protect the most underserved. Our Funeral Cash Plan (FCP) and Hospital Cash Plan (HCP) were introduced to provide immediate cash payouts during times of crisis, whether due to hospitalization or bereavement. These micro-insurance solutions are low-cost by design, ensuring that coverage is accessible across all income levels, especially for those in the informal sector.



Our Employees

At NBS, our people are the heartbeat of our success. We are committed to fostering a workplace culture that supports professional development.

Our Employees

At NBS, our people are the heartbeat of our success. We are committed to fostering a workplace culture that supports professional development, inclusivity, safety and the wellbeing of all our employees. In 2024, we reinforced our commitment to these principles through initiatives that align with our sustainability strategy and framework.

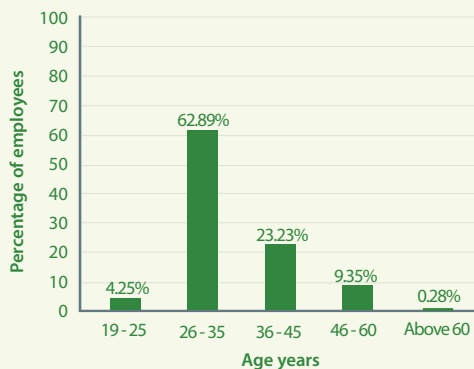
Employee Engagement and Wellbeing

The Society continued to prioritise employee wellbeing through a range of wellness activities. In 2024, we implemented sporting events and team-building exercises to promote work life balance, collaboration and mental health. Employee engagement was assessed through our annual staff survey, yielding a score of 71.7%, reflecting steady levels of satisfaction and alignment with our values.

Diversity and Inclusion

The NBS Group believes diversity drives innovation and growth. In 2024, the Society introduced a formal Diversity and Inclusion Policy, supported by training sessions to build internal awareness and foster a culture of equity. Our approach promotes equal opportunity and supports our broader human rights commitment to non-discrimination.

As at 31 December 2024 we had 253 employees, with the following age and gender distribution:



Females 43%

Males 57%

Human Rights in the Workplace

Our human resources policies are aligned with international human rights principles, ensuring every employee is treated with dignity and respect:

- **Equality and Non-Discrimination:** Our recruitment and promotion policies promote meritocracy, fairness and transparency.
- **Forced/Child labour:** We do not employ forced and child labour in our operations.
- **Right to Adequate Housing:** Through our employee housing loan scheme, we support the right to decent housing for our workforce.

- **Right to Education:** Our educational loan policy and training programmes empower staff to pursue continuous learning.
- **Fair Working Conditions:** The promotion and transfer policy reinforces fairness in career progression.
- **Technological Privacy:** We remain attentive to digital privacy rights in a workplace increasingly shaped by technology.

Career Development and Learning

NBS recognises that investing in people is essential to organisational sustainability. In 2024, we enhanced our learning ecosystem with the introduction of LinkedIn Learning, equipping staff with access to global training content. Training hours totalled 6,761 hours, averaging 27.94 hours per employee. We also supported leadership development, with employees participating in specialised programmes such as Women in Leadership.

Succession planning is woven into our operations strategy ensuring that every department is equipped with capable staff to guarantee business continuity. We aim to create a leadership pipeline that supports both stability and innovation.

Sustainable Human Resources Practices

To align HR with our broader sustainability agenda, recruitment practices were refined to attract candidates who demonstrate a commitment to sustainability. Development programmes now include sustainability awareness as a key focus area.

New policies introduced in FY24 included:

- Sexual Harassment and Workplace Bullying Policy
- Diversity and Inclusion Policy
- Staff Wedding Gifts and Hampers Policy

These initiatives reflect our effort to embed ethical, inclusive and sustainable principles in the everyday experiences of our workforce.

Staff Occupational Safety and Health

NBS remains committed to providing a safe and healthy work environment. In 2024, we maintained zero cases of work-related injuries or fatalities for both employees and contractors. This outcome is a result of our proactive OSH management system, which includes:

- Regular hazard identification and mitigation
- Policy updates to remain compliant with statutory requirements
- Mandatory contractor adherence to our safety protocols
- Ongoing safety briefings and training for all teams

Through these measures, we continue to uphold our duty of care and support a safe, productive workforce.

Environmental, Social and Governance (continued)



IGNITING
GROWTH
TRANSFORMING
LIVES

Social (continued)

Lenderspark Finance

Deepening Social Impact: Inclusion and Community Empowerment

Lenderspark Finance's inclusive outreach is driven by data and lived experiences. From June to December 2024, six branches across Harare, Bindura, Mutare, Gweru, Bulawayo, Masvingo and Chiredzi disbursed over USD 2 million, serving over 220 active women borrowers and 250 SMEs clients. RBZ Collateral Registry participation enabled 185 individuals and 106 SMEs to access secured financing.

The Community-Based Inclusive Growth Initiative (CBIGI) set for launch in 2025 will aim to formalise over 1,000 women in savings groups within a regulated ecosystem, offering credit, digital savings, governance training, market linkages, and mental wellbeing support. This initiative exemplifies alignment with SDGs advancing gender equality, poverty reduction and decent work.

Building on strategy insights, we plan targeted SME and sectoral strategies; identifying target market needs and pain points, designing differentiated products for SMEs, public and private sector clients, and diversifying loan offerings. New products will reflect community feedback and market analysis, ensuring relevance and affordability.



Agri finance

As part of forward-looking agrifinance strategy, the Microfinance supports sugarcane cooperatives and smallholders in Chiredzi with loans aligned to harvest cycles, technical assistance for yield improvement and sustainable practices. Cooperative models mirror CBIGI principles, strengthening governance, collective procurement and market integration. KPIs include number of farmers financed and yield improvements, repayment aligned to harvests and environmental indicators like water efficiency.



Lenderspark Workshop, Small to Medium Enterprise



Empowering Growth through Merchant Financing

Lenderspark's merchant financing model continued to demonstrate its transformative power in enabling access to life-enhancing assets across diverse sectors. Our partnerships with strategically aligned merchants played a critical role in delivering financial inclusion, household resilience and climate-smart consumption.

In 2024, Lenderspark facilitated over 50 asset financing transactions through its merchant ecosystem, unlocking access to vital goods and services for individuals and households that are often excluded from formal credit systems. These transactions spanned across four key thematic areas:

Through merchant partners supplying furniture and household appliances, Lenderspark supported over 30 families in upgrading their living conditions directly contributing to improved quality of life and supporting local manufacturing. In alignment with national goals for a digitally empowered society, Lenderspark enabled clients to acquire ICT tools such as laptops and smart devices, boosting digital access for work, education and entrepreneurship. Approximately 18 clients were supported in this thematic area.

Recognising the centrality of energy access in development, Lenderspark laid foundational investments in clean energy through merchant engagements in the solar sector. While currently at pilot scale, these interventions mark the beginning of our green asset financing portfolio. Access to roofing materials through select merchants contributed to decent housing solutions and for customers, further embedding financial inclusion into real life improvements.



Environmental, Social and Governance (continued)

Governance

Risk Management

NBS recognises that sound risk management is essential to building a resilient and sustainable institution. In 2024, the Society continued to maintain a robust and integrated risk management framework that safeguards the Society's assets, supports business continuity and reinforces stakeholder confidence.

The Society's approach remains proactive and enterprise-wide, ensuring that risk considerations are embedded into strategic planning, operational execution and policy development across the Society. The framework is anchored in key governance documents including the:

- Policies and Procedure Manuals; and
- Enterprise wide Risk Management Framework

These policies collectively support our ability to identify, assess and mitigate risks across all risk categories including sustainability. These are designed to uphold good governance, regulatory compliance, protect financial health and ensure informed decision-making throughout the organisation.

The Society remains committed to continuous enhancement of our risk practices, including integration of sustainability and climate related risks, deeper scenario analysis and the use of data to strengthen predictive capabilities. Our risk management philosophy remains firmly aligned with our mission to deliver long-term, sustainable value to our stakeholders.

Governance Over Climate-Related Risks and Opportunities

NBS has formalised governance structures for climate-related risks through its Enterprise Risk Management Framework. Oversight resides with the Board, which provides strategic direction and holds accountability for climate risk integration. Management and execution are embedded within the three lines of defence model, with the Risk Management Function providing coordination and the Internal Audit ensuring compliance and effectiveness.

Digital Governance and Innovation for Sustainable Transformation

NBS made significant strides in its digitalisation journey, embedding sustainability and innovation into the fabric of our operations. Our strategy positioned digital transformation not merely as a matter of efficiency, but to empower customers, reduce environmental impact and drive inclusive development. Below are the key highlights of our digital performance in 2024, aligned with relevant SDGs.

Core Banking System Upgrade

The Fusion Essence Core Banking System upgrade, one of our most critical digital infrastructure projects, dominated the digital transformation agenda throughout 2024. This multi-phase implementation focused on modernisation of the Bank's transaction processing environment, streamline digital service integration, and strengthen the Society's capacity to deliver fast, secure and innovative products.

The upgrade lays a groundwork for future innovation, improving our ability to scale sustainably while meeting evolving customer expectations.

Safeguarding the Digital Ecosystem

In the year under review, NBS operated without any cybersecurity breaches a testament to our robust internal controls and continuous monitoring. Security upgrades continued, including a major firewall enhancement to reinforce protection of customer data and institutional systems. These measures ensure that our digital expansion is accompanied by trusted, secure platforms that protect stakeholder interests.

Smarter Communications

The Society pursued resource optimisation in our internal communication systems. In 2024, we began scaling up deployment of One Voice VOIP services, designed to replace traditional telephone handsets. This move reduces hardware usage and operational overheads while streamlining internal communication, further demonstrating our commitment to sustainable business practices.

Local Innovation through Collaboration

Recognising the value of partnerships in driving innovation, NBS in 2024 established a strategic collaboration with the Harare Institute of Technology (HIT). Together, we began working on some integration solution aimed at reducing device redundancy in tollgate and licensing transactions. This is an example of how the Society is co-creating homegrown efficiency-driven solutions that respond directly to national development challenges.

Ethical Governance and Conduct

Ethical governance forms the foundation of our long-term resilience and sustainability. In 2024, the Society strengthened its commitment to institutional integrity by embedding ethical values into every level of our operations. This reinforces stakeholder trust and enhances our ability to respond credibly to sustainability-related risks and opportunities.

Our Code of Ethics remains central to this framework. It articulates the behaviours, principles and responsibilities expected of all NBS employees, aligning closely with our core values of Commitment, Courage, Creativity and Care. These values underpin our service delivery, risk management, innovation and relationships with our customers, regulators, suppliers and communities.

The Code establishes clear ethical standards for conduct across business areas. Employees are expected to act lawfully, avoid conflicts of interest, uphold confidentiality and promote transparency in all transactions. All staff are empowered to report unethical practices through safe, confidential and non-retaliatory channels. In 2024, we reinforced this through internal communication, training and policy reviews to ensure continuous awareness and alignment.

Environmental, Social and Governance (continued)

Governance (continued)

Controls and Prohibitions

NBS enforces a zero-tolerance policy on misconduct, including:

- Fraud and misuse of company resources
- Insider trading and market manipulation
- Discrimination, bullying and harassment
- Bribery, facilitation payments and corrupt practices
- Dissemination of offensive or discriminatory content
- Breaches of confidentiality or manipulation of records

These prohibitions are actively monitored through internal control mechanisms, audits and the Bank’s risk management framework. Our governance systems, including the Audit and Risk Committees regularly assess the effectiveness of ethical controls and escalate material issues for executive oversight or Board consideration.

Whistleblower Mechanism: Safeguarding Integrity and Transparency

The Society’s Whistleblower Policy stands as a critical pillar of our corporate governance framework, reinforcing our commitment to accountability, transparency and legal compliance. It enables employees, customers, suppliers and external stakeholders to safely report suspected unethical behaviour, misconduct, fraud, or breaches of policy without fear of retaliation.

In 2024, NBS continued to strengthen our whistleblowing mechanisms to ensure they remain accessible, trusted and responsive. Reports can be submitted through multiple secure and confidential channels, including a dedicated hotline, anonymous email address and an online reporting platform. These options ensure that every individual, regardless of their position or relationship to the Society, has a protected avenue to raise legitimate concerns.

Each report is handled with the utmost discretion and is subject to rigorous, independent investigation. Allegations are reviewed impartially by appropriate internal authorities, and where misconduct is confirmed, corrective actions are taken in line with the severity and nature of the breach. Throughout the process, the identity and rights of whistleblowers are safeguarded, in accordance with global best practice and local regulatory standards.

Our Whistleblower Policy is more than a compliance tool it is a cornerstone of our ethical culture. By providing a safe environment to speak up, we empower individuals to become active guardians of our values. This reinforces ethical decision-making, strengthens our early warning systems and mitigates reputational, operational and regulatory risks.

Supply Chain Management

Effective supply chain management is critical in the financial services sector for ensuring operational continuity, managing risk and delivering value to customers. At the National Building Society, we recognise that responsible procurement goes hand-in-hand with our development mandate to support Zimbabwe’s national housing goals and sustainable development priorities.

In 2024, our focus was on establishing a solid governance foundation for procurement and disposal processes, embedding key sustainability principles to guide future implementation. This approach positions NBS to integrate ESG considerations across the supply chain in line with national and global best practices.



Whistleblower Mechanism

The Society’s Whistleblower Policy stands as a critical pillar of our corporate governance framework

Procurement Governance and Policies (2024)

Public Procurement and Disposal of Public Assets Act Compliance

NBS aligned its practices with the Act’s key principles of transparency, fairness, competition and value for money while initiating efforts around ESG compliance.

Asset Disposal Policy

A dedicated Disposal Committee was operational in 2024 to ensure assets were disposed of in an environmentally responsible manner, guided by internal controls.

Internal Procurement Controls

Non-compliant suppliers were not engaged unless remediation pathways were agreed upon. The Society began establishing supplier development protocols to improve compliance over time.

Sustainability Initiative	Forward-Looking KPI (2025)
Supplier Diversity & Inclusion	Track inclusion of women, youth and minority owned businesses
Environmental Criteria in Procurement	Minimum 50% of approved bids to include environmental sustainability measures
Policy Integration	Embed ESG requirements in procurement manuals, bid documents and processes
Sustainable Supply Chain Capacity Building	Conduct stakeholder training (suppliers and staff) on sustainable procurement

Tax Governance and Responsible Contribution

At NBS Zimbabwe, we view taxation as a critical driver for economic growth and societal well-being. Our approach to tax management is rooted in a commitment to compliance, transparency, and proactive engagement with regulatory authorities. We operate under the guidance of the Revenue Authority Act (Chapter 23:11) and adhere to regulations set forth by the Zimbabwe Revenue Authority (ZIMRA), ensuring our tax practices are fully compliant and timely.

Our governance framework involves the Board, management, internal and external tax experts working in tandem to oversee tax strategies and compliance. We prioritize clear communication with stakeholders and regularly consult with external advisors to stay ahead of regulatory changes and emerging risks. By implementing thorough tax audits and maintaining open dialogue with tax authorities, we uphold the highest standards of accuracy and accountability. This responsible tax management not only supports national development initiatives but also reinforces our role as a trustworthy corporate citizen dedicated to Zimbabwe’s sustainable future.

Sustainability Governance and Oversight

Sustainability is championed by a Board Champion, and this demonstrates the Society’s steadfast commitment to sustainability.

Supplier Evaluation Enhancements

The Society introduced stronger due diligence mechanisms to evaluate supplier risks financial, environmental, and social. ESG criteria were prepared for inclusion in all major procurement evaluations going forward.

Contract Management Foundation

2024 saw the design of a more robust contract management framework aimed at improving compliance tracking, supplier performance, and dispute resolution.

Supply Chain Sustainability Initiatives

As part of our sustainability roadmap, NBS has developed a series of forward-looking initiatives to be implemented from 2025 onwards. These initiatives are aligned with the UN Sustainable Development Goals (SDGs) and seek to strengthen supplier accountability, promote inclusivity, and enhance environmental stewardship.

With the guidance and oversight of the Board, the Society continued to advance initiatives aligned with statutes, guidelines and standards that relate to sustainability, International Financial Reporting Standards (IFRS) and the Sustainability Standards Certification Initiative.

Board Responsibilities and Policies

Incorporating sustainability into our Board’s Terms of Reference (ToR) represents a cornerstone of our commitment to responsible corporate governance.

Furthermore, NBS’s integration of principles from the Sustainability Standards and Certification Initiative (SSCI) into the Board’s code of conduct and ToR exemplifies our adherence to rigorous sustainability standards. These principles guide our efforts in enhancing environmental stewardship and social responsibility, fostering trust and confidence among stakeholders and investors alike. Through the development and review of our organisational policies, we are embedding sustainability deeply within our governance framework positions us to create lasting value and resilience in a competitive marketplace increasingly influenced by sustainability imperatives.

Environmental, Social and Governance (continued)

Governance (continued)

Role Description and Mandate

Our Executive Management continued to work with the Board to reposition the Society. This initiative guides our comprehensive approach to incorporating sustainability into strategy and our operations, with a specific focus on Environmental and Social assets. This framework extends beyond mere compliance to encompass the management of broader Sustainability and Climate Risk and Opportunity. By adopting these principles at the core of our Board’s governance, the Society is poised to proactively identify and address risks while seizing opportunities for innovation and resilience.

Frequency of Reporting on Sustainability Risks and Opportunities

Structures to provide regular updates and reports to the Board and oversight bodies on sustainability risks and opportunities were developed. The business has set sustainability targets and corporate metrics which allow for the measurement and communication of sustainability impacts to all our stakeholders.

Management Oversight

Executive Management is responsible for formulation and implementation of Sustainability High Impact Goals including continuous engagement with key stakeholders to safeguard their interest. On ongoing basis management focuses on embedding sustainability in the Society’s strategy, operations and systems.

Lenderspark Finance

Risk Oversight, and Accountability in Action

The Microfinance’s governance framework, guided by Integrated Results-Based Management (IRBM), ensures that strategic and impact objectives are monitored and met. Ethical lending, exclusion lists and affordability assessments maintains integrity, with insider loans subject to strict Board scrutiny.

Leveraging Group Synergies for Inclusive Impact

As a strategic arm of the National Building Society (NBS), Lenderspark Finance benefits from an integrated ecosystem that amplifies its impact. Operating within the NBS Group allows us to leverage shared services that optimise efficiency and unlock opportunities that link microfinance clients to broader financial solutions and draw strength from a trusted national brand.

The entity is in the process of developing key sustainability KPIs and priorities for Lenderspark which will measure impact and address stakeholder concerns. Looking ahead, Lenderpark Finance is building on the momentum of 2024 launch to scale further in 2025 and beyond. Priorities include expanding loan disbursements, growing branch footprint and digital outreach and deepening the integration of environmental and social criteria into credit processes.

As the microfinance business evolves, Lenderspark Finance remains committed to being a catalytic force for inclusive, sustainable growth within the NBS Group and across Zimbabwe’s economic landscape.



Staff Occupational Safety
and Health

NBS remains committed
to providing a safe
and healthy work
environment.



Compliance and Finance Reporting



Compliance Statement

The Society remains committed to conducting its operations in strict compliance with all applicable laws, regulations, and supervisory requirements. During the period under review, the bank largely complied with the provisions of the Banking Act [Chapter 24:20], Prudential Standards, and directives issued by the Reserve Bank of Zimbabwe (RBZ), as well as other relevant regulatory authorities.

In line with the objective of promoting resilient and sustainable financial institutions, the Society strengthened its compliance framework across key regulatory areas:

1. Data Protection & Cybersecurity

Progressed implementation of the Data Protection Act under POTRAZ, enhancing data governance and privacy.

2. Corporate Governance

Aligned governance structures with the PECOG Act and CGU requirements to reinforce accountability and transparency.

3. AML/CFT/CPF

Complied with FIU/RBZ directives through timely reporting, stronger monitoring, and staff training to mitigate financial crime risks

4. Procurement Standards

Procurement was aligned with the requirements of Procurement Regulatory Authority of Zimbabwe (PRAZ) promoting fairness, transparency in all procurement processes

The Board and Management remain fully committed to sustaining a robust compliance culture that protects stakeholders, promotes transparency and ethical conduct, and reinforces confidence in the banking sector.

Directors' responsibility

Responsibilities of Management and those charged with governance for the inflation adjusted annual financial statements for the year ended 31 December 2024

It is the Directors' responsibility to ensure that the financial statements fairly present the state of affairs of the Society. The external auditors are responsible for independently reviewing and reporting on the inflation adjusted financial statements.

The Directors have assessed the ability of the Society to continue to operate as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the Society to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

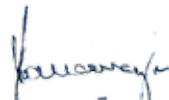
The inflation adjusted financial statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions.

The Society's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring that the Society's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Issues that come to the attention of the Directors have been addressed and the Directors confirm that the system of accounting and internal control is operating in a satisfactory manner.

The Society's inflation adjusted annual financial statements which are set out on pages 80 to 140 were, in accordance with their responsibilities, approved by the Board of Directors on 28 March 2025 and are signed on its behalf by:



Mutumbwa S. I.
Chairman



Mahlangu S.
Managing Director

These inflation adjusted annual financial statements were prepared under the supervision of:



Mahachi M.
Finance Director PAAB Number (05310)



**Bank, Build &
go Beyond**

INDEPENDENT AUDITOR'S REPORT

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To the members of National Building Society Limited (the Society) and its subsidiary

Report on the Audit of the Consolidated Inflation Adjusted Annual Financial Statements

Qualified Opinion

We have audited the consolidated inflation adjusted annual financial statements of National Building Society Limited and its subsidiary set out on 9 to 89 pages, which comprise the consolidated inflation adjusted statement of financial position as at 31 December 2024, and the consolidated inflation adjusted statement of profit or loss and other comprehensive income, the consolidated inflation adjusted statement of changes in equity and the consolidated inflation adjusted statement of cash flows for the year then ended, and the notes to the consolidated inflation adjusted financial statements, including a summary of Group significant accounting policies.

In our opinion, except for the matter described in the *Basis for Qualified Opinion* section of our report, the consolidated inflation adjusted annual financial statements present fairly, in all material respects, the consolidated inflation adjusted statement of financial position of National Building Society Limited and its subsidiary as at 31 December 2024, and its consolidated inflation adjusted financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Valuation of investment property and property and equipment

The determination of fair values for investment property and property & equipment presented in the consolidated inflation adjusted financial statements is affected by the prevailing

economic environment. These consolidated inflation adjusted annual financial statements include investment property and property & equipment that were revalued by independent professional valuers as at 31 December 2024. The investment property and property & equipment valuations were determined in USD and then translated to ZWG using the interbank foreign exchange rate as at 31 December 2024. Although the determined USD values reflected the fair value of the investment property and property & equipment in USD, the converted ZWG fair values were not in compliance with IFRS 13-Fair Value Measurement as they may not reflect the assumptions that market participants would apply in valuing similar items of investment property and property & equipment in Zimbabwe Gold (ZWG).

The opinion for the year ended 31 December 2023 was modified in respect of this matter, and the misstatement has not been corrected in these consolidated inflation adjusted annual financial statements in accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Inflation Adjusted Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters noted below relate to the financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Interest and similar income As at 31 December the Group had interest and similar income amounting to ZWG 300 225 408 inflation adjusted (refer to Note 20). Interest income is a key measure used to evaluate the performance of the Group. There is a presumed fraud risk with regards to revenue recognition as guided by International	Our audit procedures included the following: Our audit procedures include testing of design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of interest and similar income.

Independent Auditor's Report (continued)

Standard on Auditing (ISA 240). There is a risk that the income is presented at amounts higher than what has been actually generated by the Group. This is a significant risk and accordingly a key audit matter.	• We identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review. • The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to external sources (supporting documentation). • Furthermore, we performed analytical procedures and assessed the reasonableness of explanations provided by management. We are satisfied that the Group's interest and similar income recognition criteria is adequate and appropriate.
Loans and advances As at reporting date, the Group had net loans and advances to customer of ZWG 1 407 005 347 (refer to Note 10). The Group uses an Expected Credit Loss (ECL) model to determine the allowance for loans and advances to customers. Loans and advances form a major portion of the Group's assets, and due to the significant judgement using subjective assumptions over both when and how much to record as loan impairment, and estimation of the amount of the impairment provision for loans and advances, this audit area is considered a key audit risk.	Our audit procedures included the following: Our audit procedures include testing of design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of loans and advances. • We obtained understanding of the Group's key credit processes comprising granting, booking, monitoring and provisioning of loans. • We identified key controls involved in the issuance of loans and tested these controls to obtain satisfaction that they were operating effectively for the year under review. • The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which included recomputation of loan balances and reconciling them to loan system balances. • We reviewed the ECL model and assessed the reasonableness of the expected credit loss allowance and reviewed the allowance for credit losses calculations. We are satisfied that the Group's loans and advances recognition criteria is adequate and appropriate, and that the ECL allowance is reasonable.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Chairman's Statement and Company Secretary's Certificate, as required by the Companies and Other Business Entities Act (Chapter 24:31), which we obtained prior to the date of this Auditors' Report. The other information does not include the financial statements and our Auditor's Report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Inflation Adjusted Annual Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated inflation adjusted annual financial statements in accordance with IFRSs, and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) the Building Society Act (Chapter 24:02) and the Banking Act (Chapter 24:20) and for such internal control as is necessary to enable the preparation of Inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Inflation Adjusted Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance

Independent Auditor's Report (continued)

but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

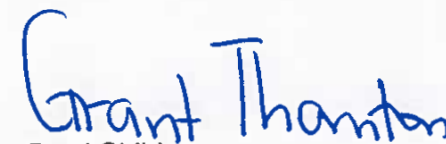
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion, the consolidated inflation adjusted annual financial statements have been properly prepared, in all material respects in accordance with the requirements of the Companies and Other Business Entities Act [Chapter 24:31], the Building Society Act [Chapter 24:02], Microfinance Act, [Chapter 24:29] and the Banking Act [Chapter 24:20].

The engagement partner on the audit resulting in this Independent Auditor's Report is Farai Chibisa.


Farai Chibisa
Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE

14 October 2025

Consolidated statement of financial position

As at 31 December 2024

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Assets					
Cash and cash equivalents	5	1 182 736 828	668 539 759	1 182 736 828	44 248 434
Investment securities held at amortised cost					
	6	526 796 939	374 658 609	526 796 939	24 797 414
Other assets and prepayments	7	49 436 111	123 828 898	45 542 820	6 927 347
Inventory	8	100 691 066	92 120 272	33 842 902	467 555
Capital work-in-progress	9	58 040 067	-	44 929 533	-
Loans and advances	10	1 407 005 347	1 054 803 559	1 407 005 347	69 813 956
Computer software	11	11 904 210	9 986 742	2 727 925	39 257
Investment property	12	465 243 009	661 589 796	465 243 009	43 788 439
Right of use asset	13	65 405 018	63 884 264	2 288 913	1 140 535
Property and equipment	14	87 613 543	104 288 448	77 603 944	6 502 184
Total assets		3 954 872 138	3 153 700 347	3 788 718 160	197 725 121
Equity and liabilities					
Liabilities					
Deposits	15	2 392 070 259	1 592 249 449	2 392 070 259	105 385 721
Borrowings	16	167 676 486	33 745	167 676 486	2 234
Lease liability	13.1	33 683 659	27 418 622	33 683 659	1 814 748
Other liabilities	17	343 347 677	461 331 535	343 347 677	30 534 008
Total liabilities		2 936 778 081	2 081 033 351	2 936 778 081	137 736 711
Shareholder's equity					
Share capital	18.1	475 025 332	222 100 690	3 503 518	19 869
Shares awaiting allotment	18.1	-	252 924 642	-	3 483 649
Revaluation reserve	18.3	31 174 220	49 478 522	61 019 340	5 167 317
Accumulated surplus	18.2	510 119 431	548 163 142	785 642 147	51 317 575
Foreign currency translation reserve		1 775 074		1 775 074	
Total equity		1 018 094 057	1 072 666 996	851 940 079	59 988 410
Total liabilities and equity		3 954 872 138	3 153 700 347	3 788 718 160	197 725 121

Mahlangu S.
Managing Director

Mutumbwa S.I.
Chairman

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2024

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Interest income	20	300 225 408	271 367 165	168 934 965	8 465 084
Interest expense	21	(111 415 120)	(230 109 793)	(80 773 213)	(7 227 314)
Net interest income		188 810 288	41 257 372	88 161 752	1 237 770
Charge for impairment	10.3	(20 928 048)	(37 144 787)	(20 928 048)	(2 458 491)
		167 882 240	4 112 585	67 233 704	(1 220 721)
Non funded income	22	1 273 964 650	2 244 500 200	940 084 630	82 896 855
Total operating income for the year		1 441 846 890	2 248 612 785	1 007 318 334	81 676 134
Operating expenses	23	(427 649 284)	(700 510 094)	(260 533 978)	(29 276 932)
Loss on net monetary position		(1 039 101 831)	(1 064 059 978)		
Surplus before tax		(24 904 225)	484 042 713	746 784 356	52 399 202
Income tax expense	24	(1 425 483)	(66 395 675)	(1 160 775)	(2 581 297)
Surplus for the year		(26 329 708)	417 647 038	745 623 581	49 817 905
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Revaluation of property and equipment		(18 304 302)	22 425 978	55 852 023	4 657 481
Total comprehensive income for the year		(44 634 010)	440 073 016	801 475 604	54 475 386

Consolidated statement of changes in equity

For the year ended 31 December 2024

	INFLATION ADJUSTED					Total ZWG
	Share capital ZWG	Shares awaiting allotment ZWG	Revaluation reserve ZWG	Foreign currency translation reserve ZWG	Accumulated surplus ZWG	
Year ended 31 December 2023						
Balance as at 1 January 2023	222 100 690	252 924 642	27 052 544	-	130 516 104	632 593 980
Total comprehensive income	-	-	22 425 978	-	417 647 038	440 073 016
Balance as at 31 December 2023	222 100 690	252 924 642	49 478 522	-	548 163 142	1 072 666 996
Year ended 31 December 2024						
Balance as at 1 January 2024	222 100 690	252 924 642	49 478 522	-	548 163 142	1 072 666 996
Total comprehensive income	-	-	(18 304 302)	-	(26 329 708)	(44 634 010)
Foreign currency translation reserve	-	-	-	1 775 074	-	1 775 074
Dividend Paid	-	-	-	-	(11 714 003)	(11 714 003)
Shares awaiting allotment	252 924 642	(252 924 642)	-	-	-	-
Balance as at 31 December 2024	475 025 332	-	31 174 220	1 775 074	510 119 431	1 018 094 057
	HISTORICAL COST					Total ZWG
	Share capital ZWG	Shares awaiting allotment ZWG	Revaluation reserve ZWG	Foreign currency translation reserve ZWG	Accumulated surplus ZWG	
Year ended 31 December 2023						
Balance as at 1 January 2023	19 869	3 483 649	509 836	-	1 499 670	5 513 024
Total comprehensive income	-	-	4 657 481	-	49 817 905	54 475 386
Balance as at 31 December 2023	19 869	3 483 649	5 167 317	-	51 317 575	59 988 410
Year ended 31 December 2024						
Balance as at 1 January 2024	19 869	3 483 649	5 167 317	-	51 317 575	59 988 410
Total comprehensive income	-	-	55 852 023	-	745 623 581	801 475 604
Foreign currency translation reserve	-	-	-	1 775 074	-	1 775 074
Dividend paid	-	-	-	-	(11 299 009)	(11 299 009)
Shares awaiting allotment	3 483 649	(3 483 649)	-	-	-	-
Balance as at 31 December 2024	3 503 518	-	61 019 340	1 775 074	785 642 147	851 940 079

Consolidated statement of cash flows

For the year ended 31 December 2024

		INFLATION ADJUSTED		HISTORICAL COST	
		2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Notes					
Cash flows from operating activities					
(Deficit)/Surplus before tax		(24 904 225)	484 042 713	746 784 356	52 399 202
Adjusted for:					
Depreciation	14	21 030 909	11 288 041	1 806 605	284 837
Armotisation of software	11	3 573 442	4 104 700	534 339	3 627
Right of use asset depreciation	13	637 014	8 486 450	481 033	214 143
Loss on net monetary position		1 039 101 831	1 064 059 978	-	-
Unrealised exchange gains		(480 208 640)	(355 215 093)	(362 623 481)	(15 989 507)
Fair value adjustments on investment property	12	196 346 787	(1 241 160 214)	(421 454 570)	(40 326 820)
Fair value adjustments on gold coins and tokens		(4 325 935)	(18 583 383)	(4 325 935)	(1 229 973)
Profit on asset disposal		(23 061)	(34 109)	(2 198)	(718)
Charge for impairment	10.3	20 928 048	37 144 787	20 928 048	2 458 491
Interest expense on lease liability	13.1	1 316 141	4 630 347	993 867	116 840
Net interest income		(188 810 288)	(41 257 372)	(88 161 752)	(1 237 770)
Operating cash flows before changes in operating assets		584 662 023	(42 493 155)	(105 039 688)	(3 307 648)
Changes in net operating assets and liabilities					
Increase in other assets and prepayments		78 718 722	(79 209 657)	(34 289 538)	(5 363 172)
Decrease/(increase) in inventory		(8 570 794)	141 770 486	(33 375 347)	522 657
Decrease/(increase) in capital WIP		(58 040 067)	(5 846 153)	(44 929 533)	10 693
Increase in loans and advances		107 078 804	(219 874 828)	(956 201 475)	(48 790 100)
Increase in deposits		799 820 810	742 332 170	2 286 684 538	93 679 415
Increase in other liabilities		(117 983 858)	347 973 273	312 813 669	28 972 671
Net cash from working capital changes		1 385 685 640	884 652 136	1 425 662 626	65 724 516
Interest received		300 225 408	271 367 165	168 934 965	8 465 084
Interest paid		(111 415 120)	(230 109 793)	(80 773 213)	(7 227 314)
Income tax paid		(1 425 483)	(66 395 675)	(1 160 775)	(2 581 297)
Net cash inflow from operating activities		1 573 070 445	859 513 833	1 512 663 603	64 380 989

Consolidated statement of cash flows (continued)

For the year ended 31 December 2024

Notes	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Cash flows from investing activities				
Purchase of property and equipment	14	(22 767 139)	(26 248 071)	(17 168 486)
Purchase of investment securities	6	(152 138 330)	(375 075 329)	(503 255 817)
Proceeds from disposal of assets		129 890	86 733	68 673
Purchase of computer software	11	(5 490 910)	(1 632 458)	(3 223 007)
Net cashflows from investing activities		(180 266 489)	(523 578 637)	(26 162 740)
Cash flows from financing activities				
Proceeds from borrowings	16	167 676 486	-	167 676 486
Loan repayment	16	(33 745)	(82 984)	(2 234)
Lease payments	13.2	(7 588 637)	(5 725 076)	(5 730 463)
Dividend paid	18	(11 714 003)	-	(11 299 009)
Net cash flows from financing activities		148 340 101	(5 808 060)	(382 822)
Net increase in cash and cash equivalents		1 541 144 057	450 836 648	1 139 729 746
Effects of inflation		(1 025 916 415)	(248 761 788)	-
Cash & cash equivalents at the beginning of the year		668 765 478	466 690 618	44 263 374
Cash & cash equivalents at the end of the year	5	1 183 993 120	668 765 478	1 183 993 120
Comprises of:				
Cash on hand		20 018 511	3 657 596	20 018 511
Foreign bank balances		478 234 789	26 729 876	478 234 789
Banks and money market		685 739 820	638 378 006	685 739 820
Total cash and cash equivalents	5	1 183 993 120	668 765 478	1 183 993 120

Notes to the consolidated financial statements

For the year ended 31 December 2024

1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

1.1 Nature of Business

National Building Society Limited (the Society) and its subsidiary, Lenderspark Finance (Private) Limited (together “the Group”), are companies incorporated and domiciled in Zimbabwe. The Society was registered as a Building Society in terms of the Building Societies Act (Chapter 24:02) of Zimbabwe on 11 September 2015. The principal business of the Society is that of providing mortgage finance including deposit acceptance and investing activities. Lenderspark Finance (Private) Limited, is registered as a credit only microfinance institution in terms of Microfinance Act (Chapter 24:30) and its principal business is provision of microlending services.

2 BASIS OF PREPARATION

2.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Building Society Act (Chapter 24:02) of Zimbabwe, sections of the Banking Act (Chapter 24:20) applicable to Building Societies and the Microfinance Act (Chapter 24:30).

2.2 Functional and Presentation Currency

Management has assessed the functional currency for 2024. In their assessment the considered the primary economic activities, currency of transactions, cashflow patterns and the regulatory environment.

- National Building Society being wholly owned by the National Social Security.
- Authority is a State-Owned Enterprise (SOE) and as such the functional currency is based on Government promulgations

The Monetary Policy Statement (MPS) pronounced on the 5th of April ushered in a change in currency from the previous Zimbabwe Dollar (ZWL) to Zimbabwe Gold (ZWG). This was put into law with the promulgation of Statutory Instrument 60 (SI 60) of 2024. In the MPS a rate of USD1:ZWL 30 674 was given as the United States Dollar (USD) exchange rate of the day. Further to that the rate of ZWG1: ZWL 2 498.72 was given as being the rate to convert all balances in ZWL to ZWG.

Adoption of the IAS 29 Financial Reporting in Hyperinflationary Economies

Prior to 5 April 2024, the economy was hyperinflationary and IAS29 was applied to both the current and prior year numbers and the resultant numbers divided by the ZWG TO ZWL rate of 1:2 498.72

The change in currency was conducted as per the requirements of International Accounting Standard (IAS) 21, Effects of Changes in Foreign Exchange Rates. IAS 21 requires that the change in functional currency of a hyperinflationary currency be inflated up to the point of the change.

Year	Month	CPI	Conversion Factor
2023	Dec	65 703	9.08
2024	5-Apr	596 916	1
2024	30-Apr	100	1.66
2024	31-Dec	166.30	1

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

2 BASIS OF PREPARATION (CONTINUED)

2.3 New and Amended Standards and Interpretations

2.3.1 The following standards came into effect on 1 January 2024

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments will not have a significant impact on these financial statements

2.4 New and revised IFRS Standards in issue but not yet effective

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 ‘Presentation and Disclosure in Financial Statements’
- IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’

3 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical judgements in applying the entity’s accounting policies

In the process of applying the Society’s accounting policies, which are described in the notes, management has made the following critical judgements that have the most significant effect on the amounts recognised in the financial statements in the following areas:

- Impairment of financial instruments: key assumptions used in estimating recoverable cash flows (Note 4.15.2);
- Valuation of assets (Note 4.7) and fair value hierarchy (Note 3.2.3)
- Deferral of earnings on loan products using the effective interest rate method (Note 4.1.1).
- Restatement to comply with IAS 29 (Note 2.2)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below:

3.2.1 Useful lives and residual values of property and equipment

As indicated in note 4.4, depreciation is provided on qualifying property and equipment over the useful life of the asset in order to progressively write the asset down to its residual value. The useful lives of the assets are reviewed on an annual basis.

3.2.2 Useful lives of software intangible assets

As indicated in note 4.5 amortisation is provided on software intangible assets over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial period-end.

3 CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

3.2.3 Fair value hierarchy

IFRS 13 (Fair Value Measurement) establishes a framework for measuring fair value based on the following hierarchy.

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Society has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value.

4 MATERIAL ACCOUNTING POLICIES

4.1 Recognition of revenue and related expenditure

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

4.1.1 Interest income and expense

Interest income and expenses were recognised in the statement of profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the asset or liability (or where appropriate a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income and expense presented in the statement of comprehensive income include interest on financial assets and financial liabilities and all fees received and paid measured at amortised cost calculated on an effective interest rate basis.

4.1.2 Fees and commission income

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

Other fee and commission income – including account service fees, sales commission and placement fees are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Society’s financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised in equity or in other comprehensive income. The income tax expense for the year is the tax payable or receivable on the current period’s taxable income or assessed loss, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributed to temporary differences. For items recognised directly in equity, the respective tax is also recognised directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

In terms of the third schedule paragraph 2(c) of the Income Tax Act (Chapter 23:06), the Society is exempt from income tax. The exemption only applies if the Society is providing services promulgated in their article of association. The society engages in the sale of fully serviced stands building plans and tenders to third parties which invoked income tax in terms of section 8 of the Income Tax Act (Chapter 23:06). However, the Society is subject to capital gains tax on the sale of specified assets per the Capital Gains Tax Act (Chapter 23:01).

International Accounting Standard 12 (IAS 12) requires the provision of deferred tax on all temporary differences. Since the Society is exempt from income tax, only deferred capital gains tax is provided on certain qualifying temporary differences. Deferred capital gains tax is provided on those temporary differences which are expected to reverse as a result of the Society’s intention to sell the specified assets. A deferred capital gains tax contingent liability is calculated and disclosed for those temporary differences where the Society is uncertain on the manner of the reversal of the difference.

4.3 Impairment of non-financial assets

Recognition and initial measurement

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset or Cash Generating Unit’s fair value less costs of disposal and its value in use. Where the carrying amount of an asset or Cash Generating Unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted shares or prices for publicly traded subsidiaries or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset or Cash Generating Unit’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in profit or loss.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.4 Property and equipment

Leasehold improvements are measured at cost less accumulated depreciation and accumulated impairment whilst furniture and equipment, office equipment, motor vehicles and computer equipment are measured using the revaluation model.

Costs include expenditures that are directly attributable to the acquisition of the asset. The cost of the self-constructed asset includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. The cost also includes dismantling, removal of the items and restoration of the site on which they are located. Purchased software that is an integral part to the functionality of the related equipment is capitalised as part of the equipment. Where items of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount. The gain or loss is recognised on a net basis in profit or loss.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent expenditure is capitalised when it will result in probable future economic benefits and has a cost which can be measured reliably. Expenditure incurred to replace a separate component of an item of property or equipment is capitalised to the cost of the item and the component replaced is derecognised. All other expenditure is recognized in the statement of profit or loss when incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation reserves in shareholders’ equity. Decreases that offset previous increases of the same assets are charged against revaluation reserves directly in equity; all other decreases are charged to the profit or loss statement. The reserve is recycled to retained earnings on disposal of the land and buildings.

On derecognition of property or equipment, any gain or loss on disposal, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the statement of profit or loss in the period of derecognition. In the case of owner-occupied property, any surplus in the revaluation reserve in respect of the individual property is treated as other comprehensive income.

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the period the asset is derecognised.

Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line method over the estimated useful lives of each part of an item of property and equipment at such rates as are considered appropriate to write off the cost or valuation of such assets over the expected useful lives.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.4 Property and equipment (continued)

Depreciation (continued)

Leased assets are depreciated over the shorter of the lease term or their useful life. Land and work in progress are stated at cost and are not depreciated. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows

Buildings	40 years
Computer equipment	3-7 years
Motor vehicles	5 years
Office furniture and equipment	10 years

Depreciation method, useful lives and residual values are reassessed at each financial year end and adjusted if appropriate.

Reclassification of owner-occupied property to investment property

When an item of property and equipment is transferred to investment property following a change in use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of an item the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in the statement of profit or loss.

4.5 Computer software

The Group's intangible assets comprise of the core-banking system and other computer software. An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Society. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over their useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial period-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation of computer software is calculated using the straight-line method to write down the cost of the software intangible asset to its residual values over the estimated useful lives of 15 years for the core-banking system and 5 years for the other computer software.

4.5.1 Software development costs

Costs associated with implementation and or development of computer software programs are capitalised. Furthermore, if material expenditure is incurred that enhances and extends the benefits of existing computer software programs beyond their original specification and useful life, such expenditure would be recognised as a capital improvement. Any computer software development cost capitalised is amortised over its useful life but not exceeding a period of fifteen years.

4.6 Property in possession

Properties in possession are stated at the lower of cost of repossession and net realisable value.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7 Investment property

Investment property comprises of properties which are held either to earn rental income or for capital appreciation, or for both. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the statement of financial position date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and, where relevant, associated costs. A yield which reflects the specific risks inherent in the cash flows is then applied to the net annual rentals to arrive at the property valuation.

Reclassification of investment property to owner occupied property

If an investment property becomes owner occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. When the Group begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on the fair value model, and is not reclassified as property and equipment during redevelopment.

The Group shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. Examples of evidence of a change in use include: (a) commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property; (b) commencement of development with a view to sale, for a transfer from investment property to inventories; (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; and (d) inception of an operating lease to another party, for a transfer from inventories to investment property.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. Transfers are made to or from investment property only when there is a change in its use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to date of change in use.

4.8 Share capital

(i) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the shareholders. Dividends for the period that are declared after the statement of financial position date are dealt within the events after the reporting date note.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Employee benefits

4.9.1 Termination benefits

Termination benefits are employee benefits which are payable as a result of the Group's decision to terminate employment before normal retirement date or contractual date or an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

4.9.2 Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment. Defined contribution funds are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions if the fund does not have sufficient assets to pay all employee benefits relating to employees' services in current and prior four months.

The Group provides for retirement benefit obligations in respect of its employees as follows:

- Defined Contribution Fund
- National Social Security Authority Fund (NSSA)

The Defined Contribution Fund is funded at agreed fixed rates of contribution of 3.5% and 3.5% of pensionable salary by the Group and eligible employees respectively. The Group's contribution is charged to the statement of comprehensive income in the period to which it relates. Contributions by the Group are charged to the statement of comprehensive income in the period to which they relate.

4.10 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

4.11 Inventories

Inventories comprise largely costs for the construction of houses for sale under housing projects. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. The cost of inventories is based on the first in first out principle (except for houses for sale) and includes borrowing costs capitalised in accordance with the Society's accounting policies and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

4.12 Housing prepayments

Housing prepayments comprise cash advances made to housing developers under contract for the delivery of housing units within agreed upon timelines.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.13 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including: cash and non-restricted balances with central bank, treasury bills and other eligible bills, loans and advances to Building Societies/Banks, amounts due from other Building Societies/Banks and short-term government securities. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment or other purposes.

4.14 Related party disclosures

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making operating decisions. The Group has related party relationships with its shareholder and key management employees and their close family members.

4.15 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Assets under the scope of the standard are not split but instead, the whole hybrid instrument is assessed for classification. For an explanation of how the Society classifies financial assets under IFRS 9, see Note 4.15.1.

4.15.1 Classification – Financial assets

IFRS 9 contains a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the debt instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling debt instruments; and
- the contractual terms give rise on specified debt to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.15 Financial Instruments (continued)

4.15.1 Classification – Financial assets (continued)

On initial recognition of an equity investment that is not held for trading, the Society may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Society may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset is classified into one of these categories on initial recognition. For financial assets held at initial application, the business model assessment is based on facts and circumstances at that date.

Business model assessment

The Group has made an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information that was considered included:

- The stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of assets;
- How the performance of the portfolio is evaluated and reported to the Group’s management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated- e.g. whether compensation is based on the fair value of assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of transactions in prior periods, the reasons for such transactions and expectations about future transactions activity. However, information about transaction activity is not considered in isolation, but as part of an overall assessment of how the Group’s stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Society has considered the contractual terms of the instrument. This would include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Society considered:

- The borrowers can prepay the loans without significant penalties;
- Leverage features, prepayment and extension terms;
- Terms that limit the Group’s claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and
- Features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

Interest rates on certain retail loans made by the Group are based on standard variable rates (SVRs) that are set at the discretion of the Group. SVRs are generally based on a central bank rate and include a discretionary spread. In these cases, the Group will assess whether the discretionary feature is consistent with the SPPI criterion by considering several factors, including whether:

- The borrowers can prepay the loans without significant penalties;
- The market competition ensures that interest rates are consistent between banks; and
- Any regulatory or customer protection framework is in place that requires banks to treat customers fairly.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.15 Financial Instruments (continued)

4.15.2 Classification – Financial liabilities

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs. The Group’s financial liabilities include trade and other payables, overdrafts, borrowings and deposits.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest expense in profit or loss.

Financial liabilities are derecognised when the financial liability is extinguished that is, when the obligation is discharged, cancelled or expires.

4.15.3 Impairment – Financial assets, loan commitments and financial guarantee contracts

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ model. This requires considerable judgment over how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

The new impairment model applies to the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments;
- Lease receivables; and
- Loan commitments and financial guarantee contracts issued (previously, impairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

Under IFRS 9, no impairment loss is recognized on equity investments.

IFRS 9 requires a loss allowance to be recognized at an amount equal to either 12-months ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Society recognises a loss allowance at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognized will be 12- month ECLs:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

The assessment of whether credit risk on a financial asset has increased significantly is one of the critical judgements in implementing the impairment model of IFRS 9.

The impairment requirements of IFRS 9 are complex and require management judgments, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- Assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- Incorporating forward-looking information into the measurement of ECLs.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.15 Financial Instruments (continued)

4.15.4 Measurement of ECLs

ECLs are a probability weighted estimate of credit losses and are measured as follows:

- Financial assets that are not credit impaired at the reporting date: the present value of all cash short falls i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expect to receive;
- Financial assets that are credit impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the present value of the expected payment to reimburse the holder less any amounts that the Group expects to recover.

Under IFRS 9, the Group considers financial assets to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- The borrower is more than 90 days past due on any material credit obligation to the Group. Overdrafts are considered past due once the customer has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding. This definition is largely consistent with the definition that is used for regulatory purposes. In assessing whether a borrower is in default, the Group considers indicators that are:
- Qualitative: e.g. breaches of covenant;
- Quantitative; e.g. overdue status and non-payment of another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Transition

The following assessments have been made based on the facts and circumstances that existed at the date of initial application:

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- For financial liabilities designated as at FVTPL, the determination of whether presenting the effects of changes in the financial liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

If a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that credit risk on the asset had not increased significantly since its initial recognition.

4.15.5 Credit risk

For the definition of credit risk and information on how credit risk is mitigated by the Group, see Note 25.1.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.15 Financial Instruments (continued)

4.15.5 Credit risk (continued)

i. Credit quality analysis

The following table sets out information about the credit quality of loans and advances measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	2024			2023	
	Stage 1 ZWG	Stage 2 ZWG	Stage 3 ZWG	Total ZWG	Total ZWG
Loans and advances					
Grade 1-6: Low- fair risk	1 296 284 891	-	-	1 296 284 891	66 758 322
Grade7-9: Higher risk	-	110 028 722	-	110 028 722	4 705 774
Grade 12: Loss	-	-	21 937 615	21 937 615	1 042 721
Total	1 296 284 891	110 028 722	21 937 615	1 428 251 228	72 506 817
Bank balances					
Grade 1-6: Low- fair risk	2 592 569 782	220 057 444	43 875 230	2 856 502 456	145 013 634
	1 183 993 120	-	-	1 183 993 120	44 263 374
Investment securities					
Grade 1-6: Low- fair risk	437 700 874	-	-	437 700 874	24 862 423

ii. Collateral held and other credit enhancements

The Group holds collateral and other credit enhancements against certain of its credit exposures. Other types of collateral and credit enhancement.

iii. Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group 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 Group's historical experience and expert credit assessment and including forward- looking information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Society uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in Probability of Default (PD);
- qualitative indicators; and
- a backstop of 30 days past due, except for which a backstop of 15 days past due is applied.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.15 Financial Instruments (continued)

4.15.5 Credit risk (continued)

Credit risk grades

The Group 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 judgement. 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. Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3. Each exposure is allocated to a credit risk grade on 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 typically involves use of the following data.

Retail exposures	All exposures
- Internally collected data on customer behaviour – e.g. utilisation of credit card facilities; - Affordability metrics; and - External data from credit reference agencies, including industry standard.	- Payment record – this includes overdue status as well as a range of variables about payment ratios; - Utilisation of the granted limit; - Requests for and granting of forbearance; and - Existing and forecast changes in credit scores business, financial and economic conditions.

Loans Grading	12-month weighted	IFRS 9 stage
Grades 1–6:	Low–fair risk	1
Grades 7–9:	Higher risk	2
Grades 10–12:	Substandard, doubtful, loss	3

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. For some portfolios, information acquired from external credit reference agencies is also used.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining whether credit risk has increased significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region. What is considered significant differs for different types of lending, in particular between wholesale and retail.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group’s credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgment and relevant historical experiences.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due or days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.15 Financial Instruments (continued)

4.15.5 Credit risk (continued)

Determining whether credit risk has increased significantly (continued)

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up- to-date payment performance against the modified contractual terms.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognized and the renegotiated loan recognized as new loan at fair value.

Under IFRS 9, 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 remaining lifetime PD at the reporting date based on the modified terms; with
- The remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

The Group renegotiates loans to customers in financial difficulties (referred to as ‘forbearance activities’) to maximise collection opportunities and minimise the risk of default.

Under the Group’s forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

For financial assets modified as part of the Group’s forbearance policy, the estimate of PD will reflect whether the modification has improved or restored the Society’s ability to collect interest and principal and the Group’s previous experience of similar forbearance action. As part of this process, the Group will evaluate the borrower’s payment performance against the modified contractual terms and consider various behavioural indicators.

Generally, forbearance is a qualitative indicator of default and credit impairment and expectations of forbearance are relevant to assessing whether there is a significant increase in credit risk. Following forbearance, a customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be in default/credit-impaired or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECLs.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.15 Financial Instruments (continued)

4.15.6 Inputs into measurement of ECLs

The key inputs into the measurement of ECLs are the term structures of the following variables:

- PD;
- loss given default (LGD); and
- exposure at default (EAD).

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

PD estimates are estimates at a certain date, which 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 rating classes, this leads to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Group 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, loan-to-value (LTV) ratios are likely to be a key parameter in determining LGD. LGD estimates are calibrated 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 Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset are the gross carrying amount at default. For lending commitments and financial guarantees. The EAD considers the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets. The Group determines EAD 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 Group measures ECLs 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 Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

For retail overdrafts and credit card facilities and certain corporate revolving facilities that include both a loan and an undrawn commitment component, the Group measures ECLs over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group'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 Group can cancel them with immediate effect, but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated considering the credit risk management actions that the Group expects to take and that serve to mitigate ECLs. These include a reduction in limits and cancellation of the facility.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.15 Financial Instruments (continued)

4.15.6 Inputs into measurement of ECLs

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk gradings;
- collateral type;
- LTV ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular Society remain appropriately homogeneous.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro- economic variables and credit risk and credit losses. These key drivers include interest rates, unemployment rates and GDP forecasts. Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 10 to 15 years.

4.15.7 Forward-looking information

Under IFRS 9, the Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECLs. The Group formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the modelling team and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information may include economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates and selected private sector and RBZ website. The key drivers for of credit risk were determined to be inflation and movements in the exchange rates against major currencies. The base case represents a most-likely outcome and be aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios would represent more optimistic and more pessimistic outcomes. The Group also periodically carries out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios.

4.16 Leases

Background

IFRS 16 replaces the former IAS 17 on Leases. The new standard places emphasis on reporting leases on the Statement of Financial Position (SOPF), measurement of the lease liability and right of use thereof without necessarily classifying them into operating and finance leases. Previously, under IAS 17 when a lease was determined to be economically similar to purchasing the underlying asset, the lease was classified as a finance lease and reported on the Statement of Financial Position. All other leases were classified as operating leases and not reported on a company's Statement of Financial Position (they were 'off balance sheet leases').

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.16 Leases (continued)

Background (continued)

IFRS 16 eliminates the classification of leases as either an operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to the application of finance leases under IAS 17. Leases are ‘capitalised’ by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements will be an increase in lease assets and financial liabilities. Accordingly, for companies with material off balance sheet leases, there will be a change to key financial metrics derived from the company’s reported assets and liabilities (for example, leverage ratios).

4.16.1 Exemptions

IFRS 16 does not require a lessee to recognise assets and liabilities for (a) short-term leases (i.e. leases of 12 months or less). The Group has opted to apply the exemption in paragraph 16.6 for its low value and short term leases. The Group’s leases were entered for periods of 5 years. They have a remaining period ranging 23 to 41 months at the beginning of 2023 with an option to renew or extend the leases for indefinite periods. As such the exemptions are not applicable to the Group

4.16.2 Effect on Statement of Comprehensive Income (SOCl)

For companies with material off balance sheet leases, IFRS 16 changes the nature of expenses related to those leases. IFRS 16 replaces the straight-line operating lease expense for those leases applying IAS 17 with a depreciation charge for the lease asset (included within operating costs) and an interest expense on the lease liability (included in finance costs). This change aligns the lease expense treatment for all leases. Although the depreciation charge is typically even, the interest expense reduces over the life of the lease as lease payments are made. This results in a reduction of total expense as each individual lease matures. The difference in the expense profile between IFRS 16 and IAS 17 is expected to be insignificant for many companies holding a portfolio of leases that start and end in different reporting periods.

4.16.3 Accounting for lessee

Lessee recognises right of use asset and lease liability.

4.16.4 Lease liability

The present value of Lease payments not paid at commencement which include fixed payments and discounted at 25% which is the current rate being used by our bankers when offering commercial mortgages. Inflation is prevalent in the economy and as such lease payments vary triggered by inflationary factors. Our computations are based on the latest payments made towards leases The Group’s leases do not contain any residual guarantees so there are no amounts expected to be payable under residual value guarantees.

4.16.5 Subsequent measurement:

After lease commencement, the Group shall measure the right-of-use asset using a cost model. Under the cost model the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The revaluation model under IAS16 or fair value model under IAS40 (Investment property) may also be used however, the Group has decided to use the cost less depreciation model as it best represents the activities pertaining to the leases.

4.17 Gold coins and tokens

The Reserve Bank of Zimbabwe (RBZ) introduced the Mosi-oa-Tunya gold coins in 2023. In 2023 they introduced the Digital gold token. These were introduced as methods to preserve value and relieve demand on the United States Dollar. The RBZ specified the nature, features and procedures of holding the instruments. The instruments are initially measured at cost including transaction charges. Subsequently, the instruments are measured at fair value with the gains or losses being included in the statement of profit or loss in the period in which they arise.

5 CASH AND CASH EQUIVALENTS

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Balance with the RBZ	578 915 829	310 518 747	578 915 829	20 552 208
Interbank placements	479 308 376	94 757 869	479 308 376	6 271 710
Balances with other banks	105 750 404	259 831 266	105 750 404	17 197 372
Cash on hand	20 018 511	3 657 596	20 018 511	242 084
	1 183 993 120	668 765 478	1 183 993 120	44 263 374
Reserve Bank of Zimbabwe	578 915 829	310 518 747	578 915 829	20 552 208
Interbank placements	479 308 376	94 757 869	479 308 376	6 271 710
Bank balances	105 750 404	259 831 266	105 750 404	17 197 372
	1 163 974 609	665 107 882	1 163 974 609	44 021 290
Stage 1 -ECL allowance (Note 10.3)	(1 256 292)	(225 719)	(1 256 292)	(14 940)
Cash on hand	20 018 511	3 657 596	20 018 511	242 084
Net carrying amounts of cash and cash equivalents	1 182 736 828	668 539 759	1 182 736 828	44 248 434

Cash and cash equivalents comprise balances denoted in Zimbabwean Dollars (ZWG) and foreign balances converted at the closing official exchange rate applicable as at 31 December 2024 of USD 1: ZWG 25.7985. The Group does not hold any encumbered balances.

6 INVESTMENT SECURITIES HELD AT AMORTISED COST

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Treasury bills	437 700 874	375 640 816	437 700 874	24 862 423
Interbank placements	90 294 750	-	90 294 750	-
Less: Stage 1 ECL allowance	(1 198 685)	(982 207)	(1 198 685)	(65 009)
Net carrying amount	526 796 939	374 658 609	526 796 939	24 797 414
Maturity analysis - Gross				
Less than 1 month	30 958 200	-	30 958 200	-
3 to 6 months	348 435 164	-	348 435 164	-
6 months to 1 year	91 521 142	-	91 521 142	-
1 year to 5 years	57 081 118	375 640 822	57 081 118	24 862 423
Balance at the end of the year	527 995 624	375 640 822	527 995 624	24 862 423

The fair values of these investment securities have been disclosed under Note 19.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

7 OTHER ASSETS AND PREPAYMENTS

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Interest income accrued	9 802 484	28 691 361	9 802 484	1 898 986
Collateral deposits	13 938 181	13 483 722	13 938 181	892 443
Gold coins and tokens	5 693 227	46 364 242	5 693 227	3 068 696
Sundry assets	20 002 219	35 289 573	16 108 928	1 067 222
	49 436 111	123 828 898	45 542 820	6 927 347
Non current	35 497 930	110 345 176	31 604 639	892 443
Current	13 938 181	13 483 722	13 938 181	6 034 904
	49 436 111	123 828 898	45 542 820	6 927 347
Included in sundry assets are prepaid expenses and accounts receivables.				
Gold coins and tokens				
At cost At cost	46 364 242	27 780 859	3 068 696	1 838 723
Disposal	(1 701 404)	-	(1 701 404)	-
Fair valuation	4 325 935	18 583 383	4 325 935	1 229 973
Effects of inflation	(43 295 546)	-	-	-
Fair value cost	5 693 227	46 364 242	5 693 227	3 068 696

8 INVENTORY

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Finished units				
Dzivarasekwa Housing Project	-	15 844 806	-	119 981
Sunset Villa's	20 413 856	40 827 712	346 726	181 952
NBS Park and Stoneridge Housing Development	23 788 671	22 511 231	931 506	18 469
Transfer to investment property	-	(1 372 251)	-	(81 427)
	44 202 527	77 811 498	1 278 232	238 975
Work-in-progress				
Newmara housing development	13 101 195	9 492 182	2 926 825	3 301
Glaudina housing project	41 305 506	2 403 433	29 205 018	159 075
Plumtree project	2 081 838	2 413 159	432 827	66 204
Transfer to investment property	-	-	-	-
	56 488 539	14 308 774	32 564 670	228 580
	100 691 066	92 120 272	33 842 902	467 555

8 INVENTORY (CONTINUED)

8.1 Finished units

NBS Park and Stoneridge housing development

NBS Park residential stands were sold out in 2020 and remaining is the NBS demo house. Six (6) housing units were repossessed on the Stoneridge housing development following failure to pay mortgage obligations by the customers.

Dzivarasekwa hosuing project

The Dzivarasekwa project was completed in October 2023. All units were sold by the end of the year.

8.2 Work in progress

Newmara Project

On 3rd November 2017, National Building Society and Globeny Construction (Private) Limited entered into a Housing Offtake Agreement for the construction of 400 housing units. In terms of the Agreement, NBS purchased the 400 housing units from Globeny at a fixed price of USD 11 million (Eleven Million United States Dollars). The project was supposed to be completed in six months. National Building Society paid the USD 10.2 million to Globeny who substantially breached the terms of the Agreement by failing to obtain the necessary permits, approvals and consents under Clause 8.1 of the agreement and failing to construct and deliver the 400 housing units within the timeline prescribed under the agreement. During the 2021 financial year, the Society was awarded certain portions of the projects through court settlements.

Sunset Villas

The Society entered into an agreement with Naldline Investments in which they jointly undertook to develop Sunset Villas in Tynwald Harare. The full number of units that the Society will receive will be determined upon project completion.

8.3 Transfer to investment property

Works undertaken for Glaudina were transferred to investment property in the prior year following the transfer of the land on which the Glaudina project was being developed to the Society from the shareholders as part of the shareholders share capital contribution. Upon receiving the land management's intention is to complete the project and earn rentals from the completed units as opposed to sale. In the previous year, certain units under the Dzivarasekwa Project were transferred to investment property in line with the Society's strategy.

9 CAPITAL WORK-IN-PROGRESS

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Opening balance	-	776 353	-	10 693
Additions	58 040 067	16 946 848	44 929 533	427 629
Transfer to property and equipment	-	(17 723 201)	-	(438 322)
Closing balance	58 040 067	-	44 929 533	-

Work in progress is made up of branch refurbishments, payments towards automated teller machines, and the core banking system upgrade.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

10 LOANS AND ADVANCES

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Personal loans	336 309 894	152 771 278	336 309 894	10 111 425
Mortgage loans	949 217 937	642 085 733	949 217 937	42 497 530
Corporate lending	90 517 991	13 684 082	90 517 991	905 704
Other advances	52 205 406	286 948 296	52 205 406	18 992 158
Gross loans and advances	1 428 251 228	1 095 489 389	1 428 251 228	72 506 817
Impairment provision (note 10.2)	(21 245 881)	(40 685 830)	(21 245 881)	(2 692 861)
Net loans and advances	1 407 005 347	1 054 803 559	1 407 005 347	69 813 956
10.1 Maturity analysis				
Less than 1 month	95 153 106	51 411 467	95 153 106	3 402 755
1 month to 3 months	69 892 054	79 159 449	69 892 054	5 239 302
3 months to 6 months	171 485 976	97 779 735	171 485 976	6 471 717
6 months to 1 year	354 721 550	348 544 095	354 721 550	23 068 980
1 year to 5 years	380 077 723	226 325 682	380 077 723	14 979 748
More than 5 years	356 920 819	292 268 961	356 920 819	19 344 315
	1 428 251 228	1 095 489 389	1 428 251 228	72 506 817

Maturity analysis is based on the remaining period from 31 December 2024 to contractual maturity date.

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
10.2 Loan impairment allowance				
Exposure to credit – gross loans and advances				
Loans and advances subject to stage 1	1 296 284 891	1 008 636 661	1 296 284 891	66 758 322
Loans and advances subject to stage 2	110 028 722	71 098 490	110 028 722	4 705 774
Loans and advances subject to stage 3	21 937 615	15 754 238	21 937 615	1 042 721
Gross loans and advances	1 428 251 228	1 095 489 389	1 428 251 228	72 506 817
Loan impairment charge				
Stage 1	8 930 132	5 343 491	8 930 132	353 668
Stage 2	5 876 972	10 949 201	5 876 972	724 692
Stage 3	6 438 777	24 393 138	6 438 777	1 614 501
Impairment loss	21 245 881	40 685 830	21 245 881	2 692 861
Net loans and advances	1 407 005 347	1 054 803 559	1 407 005 347	69 813 956
Impairment allowances				
Portfolio impairment	19 337 117	20 292 546	19 337 117	1 343 097
Specific impairment	1 908 764	20 393 284	1 908 764	1 349 764
Total impairment loss	21 245 881	40 685 830	21 245 881	2 692 861
10.3 Impairment provision				
Opening balance	40 685 831	22 695 698	2 692 861	312 599
Charge to profit and loss	18 553 020	35 962 851	18 553 020	2 380 262
Effects of changes in inflation	(37 992 970)	(17 972 718)	-	-
Balance at the end of the year	21 245 881	40 685 831	21 245 881	2 692 861

10 LOANS AND ADVANCES (CONTINUED)

10.3 Impairment provision (continued)

	INFLATION ADJUSTED			Total ZWG
	Cash and cash equivalents ZWG	Loans and advances ZWG	Investment securities ZWG	
ECL allowance movement				
2024				
Balance at the beginning of the year 2024	225 719	40 685 831	982 207	41 893 757
Charge to profit and loss for the year	1 241 352	18 553 020	1 133 676	20 928 048
Effects of changes in inflation	(210 779)	(37 992 970)	(917 198)	(39 120 947)
Balance as at 31 December 2024	1 256 292	21 245 881	1 198 685	23 700 858
Balance at the beginning of the year 2023	103 962	22 695 698	20 928	22 820 588
Charge to profit and loss for the year	204 084	35 962 851	977 852	37 144 787
Effects of changes in inflation	(82 327)	(17 972 718)	(16 573)	(18 071 618)
Balance as at 31 December 2023	225 719	40 685 831	982 207	41 893 757

	HISTORICAL COST			Total ZWG
	Cash and cash equivalents ZWG	Loans and advances ZWG	Investment securities ZWG	
ECL allowance movement				
2024				
Balance at the beginning of the year 2024	14 940	2 692 861	65 009	2 772 810
Charge to profit and loss for the year	1 241 352	18 553 020	1 133 676	20 928 048
Balance as at 31 December 2024	1 256 292	21 245 881	1 198 685	23 700 858
Balance at the beginning of the year 2023	1 432	312 599	288	314 319
Charge to profit and loss for the year	13 508	2 380 262	64 721	2 458 491
Balance as at 31 December 2023	14 940	2 692 861	65 009	2 772 810

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

10 LOANS AND ADVANCES (CONTINUED)

10.3 Impairment provision (continued)

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Increase in loan impairment charge on loans and advances for the period	18 098 016	16 464 844	18 098 016	1 089 754
Impairment allowance on account balance in excess	455 004	19 498 006	455 004	1 290 509
Impairment charges on cash and cash equivalents and investment securities	2 375 028	1 181 937	2 375 028	78 228
Net impairment charge to statement of profit and loss	20 928 048	37 144 787	20 928 048	2 458 491

10.4 Sectoral analysis

Corporates	90 517 991	300 632 378	90 517 991	19 897 862
Individuals	1 337 733 237	794 857 011	1 337 733 237	52 608 955
	1 428 251 228	1 095 489 389	1 428 251 228	72 506 817

11 COMPUTER SOFTWARE

Cost/ valuation				
Opening balance	21 170 457	19 537 999	44 426	4 271
Additions	5 490 910	1 632 458	3 223 007	40 155
Closing balance	26 661 367	21 170 457	3 267 433	44 426
Amortisation				
Opening balance	11 183 715	7 079 015	5 169	1 542
Charge to profit or loss	3 573 442	4 104 700	534 339	3 627
Closing balance	14 757 157	11 183 715	539 508	5 169
Net book value	11 904 210	9 986 742	2 727 925	39 257

12 INVESTMENT PROPERTY

Opening balance	661 589 796	289 966 172	43 788 439	3 539 267
Fair value adjustments	558 116 438	1 241 160 214	421 454 570	40 326 820
Transfer to inventory	-	(2 403 433)	-	(159 075)
Transfer from inventory	-	1 372 251	-	81 427
Effects of inflation	(754 463 225)	(868 505 408)	-	-
Closing balance	465 243 009	661 589 796	465 243 009	43 788 439

12 INVESTMENT PROPERTY (CONTINUED)

Investment property is mostly comprised of properties received from the shareholders as consideration for a rights issue as follows:

- Stand 19208 of stand 19206 of Harare Township measuring 4 378 square metres held under deed transfer number 4332/2011.
- Part of stand 4459 Glaudina Township of lot 2 Gillingham measuring 1 9562 hectares held under deed of transfer no. 4560/17.
- Lot 28 of New Christmas Gift in Gweru district measuring 628 4923 hectares held under deed of transfer No. 268/2013.

Also included in investment property is Block 2, Block 3A and Block 3B all measuring 48.5 hectares of the remaining extent of Newmara of Hillandale held under deed of Transfer No, 537/2018 dated 30 January 2018. The portions of land were received as part of an arbitration award following a breach of contract by Globeny Construction (Private) Limited on the Newmara project.

During the previous year, the Society transferred certain properties from inventory to investment property. These were 63 properties from the Dzivarasekwa development and 3 from NBS Park.

13 RIGHT OF USE ASSET

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Balance at the beginning of the year	79 740 980	30 246 703	1 371 849	122 933
Additions	2 157 768	1 732 600	1 629 411	43 720
Remeasurement (modifications)	-	47 761 677	-	1 205 196
Closing balance	81 898 748	79 740 980	3 001 260	1 371 849
Accumulated depreciation				
Balance at the beginning of the year	15 856 716	7 370 266	231 314	17 171
Charge for the year	637 014	8 486 450	481 033	214 143
Closing balance	16 493 730	15 856 716	712 347	231 314
Carrying amount at 31 December 2024	65 405 018	63 884 264	2 288 913	1 140 535
13.1 Lease liability				
Opening balance	27 418 622	8 812 534	1 814 748	121 379
Additions	2 157 768	1 732 601	1 629 411	43 720
Remeasurement (modifications)	-	47 761 676	-	1 205 196
Interest expense	1 316 141	4 630 347	993 867	116 840
Repayments	(7 588 637)	(5 725 076)	(5 730 463)	(378 924)
Exchange loss on lease liability	34 976 096	10 674 912	34 976 096	706 537
Effects of inflation	(24 596 331)	(40 468 372)	-	-
	33 683 659	27 418 622	33 683 659	1 814 748

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

13 RIGHT OF USE ASSET (CONTINUED)

		INFLATION ADJUSTED		HISTORICAL COST	
		2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
13.2	Lease expense in profit or loss				
	Lease interest expense	1 316 141	4 630 347	993 867	116 840
	Depreciation	637 014	356 130	481 033	214 143
		1 953 155	4 986 477	1 474 900	330 983
	Total cashflows relating to leases				
	Cash payments for lease liability	7 588 637	5 725 076	5 730 463	378 924

14 PROPERTY AND EQUIPMENT

No items of property and equipment were pledged as collateral as at 31 December 2024. Office equipment, furniture and fittings, motor vehicles and computer equipment were revalued at 31 December 2023 by Entradev Valuation Surveyors, registered independent valuers. The valuation was undertaken on a market value basis. Market value is the estimated amount for which an asset can be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing assuming:

- the plant and equipment will be used at the premise for the foreseeable future; and
- the assets are fit for the purposes for which they are intended to be used and comply with all the relevant by laws and statutory regulations.

		INFLATION ADJUSTED				
		Leasehold improvements ZWG	Office equipment ZWG	Furniture and fittings ZWG	Motor vehicles ZWG	Computer hardware ZWG
Year ended 31 December 2024						
Cost						
	Opening balance	15 667 972	2 753 365	8 692 991	48 827 203	36 049 410
	Additions	4 322 200	3 222 412	1 002 418	4 605 826	9 614 283
	Disposals	-	(241)	(3 076)	-	(115 213)
	Revaluation gain	-	(56 096)	(4 449 972)	(13 151 944)	(22 005 283)
	Closing balance	19 990 172	5 919 440	5 242 361	40 281 085	23 543 197
Accumulated depreciation						
	Opening balance	5 547 983	22 167	42 850	-	2 089 493
	Charge for the year	1 814 729	393 008	939 218	10 019 787	7 864 167
	Disposals	-	(18)	(231)	-	(11 448)
	Revaluation	-	(415 157)	(981 837)	(10 019 787)	(9 942 212)
	Closing balance	7 362 712	-	-	-	-
	Carrying amount	12 627 460	5 919 440	5 242 361	40 281 085	23 543 197

14 PROPERTY AND EQUIPMENT (CONTINUED)

		INFLATION ADJUSTED				
		Leasehold improvements ZWG	Office equipment ZWG	Furniture and fittings ZWG	Motor vehicles ZWG	Computer hardware ZWG
Year ended 31 December 2023						
Cost						
	Opening balance	9 047 397	1 688 391	3 016 126	28 677 717	23 390 329
	Additions	-	897 219	3 943 988	1 574 163	19 832 701
	Transfer from work in-progress	6 622 507	-	-	-	-
	Disposals	(1 932)	(9 020)	(11 917)	-	(48 834)
	Revaluation gain	-	176 775	1 744 794	18 575 323	(7 124 786)
	Closing balance	15 667 972	2 753 365	8 692 991	48 827 203	36 049 410
Accumulated depreciation						
	Opening balance	5 487 403	-	-	-	-
	Charge for the year	65 772	668 525	586 791	2 985 790	6 981 163
	Disposal	(5 192)	(3 072)	(2 959)	-	(7 856)
	Revaluation	-	(643 286)	(540 982)	(2 985 790)	(4 883 814)
	Closing balance	5 547 983	22 167	42 850	-	2 089 493
	Carrying amount	10 119 989	2 731 198	8 650 141	48 827 203	33 959 917
		HISTORICAL COST				
		Leasehold improvements ZWG	Office equipment ZWG	Furniture and fittings ZWG	Motor vehicles ZWG	Computer hardware ZWG
Year ended 31 December 2024						
Cost						
	Opening balance	439 768	145 941	419 861	3 154 163	2 385 991
	Additions	2 330 527	3 082 374	420 026	4 545 311	6 790 248
	Disposals	-	(208)	(2 656)	-	(65 809)
	Revaluation gain	-	2 691 333	4 405 130	32 581 611	14 432 767
	Closing balance	2 770 295	5 919 440	5 242 361	40 281 085	23 543 197
Accumulated depreciation						
	Opening balance	2 221	2 911	4 564	-	33 844
	Charge for the year	150 213	66 215	64 257	743 261	782 659
	Disposals	-	(16)	(442)	-	(6 513)
	Revaluation	-	(69 110)	(68 379)	(743 261)	(809 990)
	Closing balance	152 434	-	-	-	-
	Carrying amount	2 617 861	5 919 440	5 242 361	40 281 085	23 543 197

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

14 PROPERTY AND EQUIPMENT (CONTINUED)

	HISTORICAL COST					
	Leasehold improvements ZWG	Office equipment ZWG	Furniture and fittings ZWG	Motor vehicles ZWG	Computer hardware ZWG	Total ZWG
Year ended 31 December 2023						
Cost						
Opening balance	1 574	23 255	41 543	394 992	322 166	783 530
Additions	-	23 089	105 540	34 444	748 012	911 085
Transfer from work in-progress	438 322	-	-	-	-	438 322
Disposals	(128)	(501)	(789)	-	(2 088)	(3 506)
Revaluation gain	-	100 098	273 567	2 724 727	1 317 901	4 416 293
Closing balance	439 768	145 941	419 861	3 154 163	2 385 991	6 545 724
Accumulated depreciation						
Opening balance	634	-	-	-	-	634
Charge for the year	1 660	16 869	14 807	75 342	176 159	284 837
Disposal	(73)	(170)	(196)	-	(304)	(743)
Revaluation	-	(13 788)	(10 047)	(75 342)	(142 011)	(241 188)
Closing balance	2 221	2 911	4 564	-	33 844	43 540
Carrying amount	437 547	143 030	415 297	3 154 163	2 352 147	6 502 184

15 DEPOSITS

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Transactional and savings deposits	1 148 475 295	736 395 366	1 148 475 295	48 739 572
Term deposits	1 243 594 964	855 854 083	1 243 594 964	56 646 149
	2 392 070 259	1 592 249 449	2 392 070 259	105 385 721
15.1 Deposits by source				
Corporates	1 514 312 501	1 007 981 781	1 514 312 501	66 714 978
Individuals	877 757 758	478 965 030	877 757 758	38 670 743
	2 392 070 259	1 486 946 811	2 392 070 259	105 385 721
15.2 Maturity analysis				
Less than 1 month	812 703 957	376 723 219	812 703 957	24 934 063
1 month to 3 months	102 916 385	205 270 918	102 916 385	13 586 203
3 months to 6 months	41 645 478	95 093 223	41 645 478	6 293 906
6 months to 1 year	13 485 449	975 769	13 485 449	64 583
1 year to 5 years	482 603 600	114 085 864	482 603 600	7 550 966
More than 5 years	938 715 390	800 100 456	938 715 390	52 956 000
	2 392 070 259	1 592 249 449	2 392 070 259	105 385 721

Maturity analysis is based on the remaining period from 31 December 2024 to contractual maturity.

15 DEPOSITS (CONTINUED)

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
15.3 Sectorial Analysis				
Individuals	877 757 758	478 965 030	877 757 758	38 670 743
Manufacturing	3 950 401	2 629 528	3 950 401	174 040
Transport and distribution	3 815 483	2 539 723	3 815 483	168 096
Energy and minerals	238 066 392	158 465 691	238 066 392	10 488 320
Financial Services	975 364 157	649 238 047	975 364 157	42 970 918
Construction and property	53 832 187	35 832 670	53 832 187	2 371 646
Trade and services	239 283 881	264 578 760	239 283 881	10 541 958
	2 392 070 259	1 592 249 449	2 392 070 259	105 385 721
16 BORROWINGS				
Opening balances	33 745	445 191	2 234	6 132
Additions	167 676 486	-	167 676 486	-
Repayment	(2 234)	(3 898)	(2 234)	(3 898)
Effects of inflation	(31 511)	(407 548)	-	-
Current portion	167 676 486	33 745	167 676 486	2 234

	Nominal interest facility rate	Year of maturity	INFLATION ADJUSTED		HISTORICAL COST	
			Carrying amount 2024	Carrying amount 2023	Carrying amount 2024	Carrying amount 2023
Secured shareholder loan	12%	2029	128 978 736	-	128 978 736	-
Unsecured shareholder loan	10%	2029	38 697 750	-	38 697 750	-
Unsecured shareholder loan	2%	2033	-	33 715	-	2 234
			167 676 486	33 715	167 676 486	2 234

17 OTHER LIABILITIES

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Deferred income	26 780 007	15 024 106	26 780 007	994 396
Accrued interest	3 078 226	496 285	3 078 226	32 847
Provisions-(Note 17.1)	6 663 323	6 039 622	6 663 323	399 743
Other liabilities	306 826 121	439 771 522	306 826 121	29 107 022
	343 347 677	461 331 535	343 347 677	30 534 008

Deferred income consists of loan origination fees that are received in advance and recognised using the effective interest rate method over the average life of the underlying asset. Other liabilities consist of suspense accounts, trade payables and other payables.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

17 OTHER LIABILITIES (CONTINUED)

17.1 Provisions

	INFLATION ADJUSTED		
	Audit fee ZWG	Bonus ZWG	Total ZWG
Balance at 1 January 2024	1 236 269	4 803 353	6 039 622
Provisions made during the year	3 030 650	10 052 531	13 083 181
Provisions paid during the year	(1 854 669)	(4 910 282)	(6 764 951)
Effects of change in inflations	(1 154 444)	(4 540 085)	(5 694 529)
Balance at 31 December 2024	1 257 806	5 405 517	6 663 323
Balance at 1 January 2023	3 653 598	-	3 653 598
Provisions made during the year	4 608 280	9 136 449	13 744 729
Provisions paid during the year	(4 132 326)	(4 333 096)	(8 465 422)
Effects of change in inflations	(2 893 283)	-	(2 893 283)
Balance at 31 December 2023	1 236 269	4 803 353	6 039 622
	HISTORICAL COST		
	Audit fee ZWG	Bonus ZWG	Total ZWG
Balance at 1 January 2024	81 825	317 918	399 743
Provisions made during the year	3 030 650	10 052 531	13 083 181
Provisions paid during the year	(1 854 669)	(4 964 932)	(6 819 601)
Balance at 31 December 2024	1 257 806	5 405 517	6 663 323
Balance at 1 January 2023	50 323	-	50 323
Provisions made during the year	305 007	604 711	909 718
Provisions paid during the year	(273 505)	(286 793)	(560 298)
Balance at 31 December 2023	81 825	317 918	399 743

18 EQUITY AND RESERVES

18.1 Share movement

	2024	2023
Authorised ordinary shares	1 000 000 000	1 000 000 000
Issued and fully paid ordinary shares	511 479 060	508 929 600
Unissued ordinary shares	488 520 940	491 070 400

In 2022, the Group received investment property valued at USD 12 720 000 (ZWG 152 085 383) from the shareholders as consideration for a rights issue transaction. The shares were allotted during the 2024 financial year.

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Issued share capital				
Issued share capital	475 025 332	222 100 690	3 503 518	19 869
Shares awaiting allotment	-	252 924 642	-	3 483 649
	475 025 332	475 025 332	3 503 518	3 523 387

18.2 Accumulated surplus

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Opening balance	548 163 142	130 516 104	51 317 575	1 499 670
Surplus for the year	(26 329 708)	417 647 038	745 623 581	49 817 905
Dividend paid	(11 714 003)	-	(11 299 009)	-
	510 119 431	548 163 142	785 642 147	51 317 575

18.3 Revaluation reserve

Opening balance	49 478 522	27 052 544	5 167 317	509 836
Movement for the year	(18 304 302)	22 425 978	55 852 023	4 657 481
Closing balance	31 174 220	49 478 522	61 019 340	5 167 317

18.4 Foreign currency translation reserve

Movement for the year	1 775 074	-	1 775 074	-
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Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

19 CATEGORIES OF FINANCIAL INSTRUMENTS

	INFLATION ADJUSTED		HISTORICAL COST	
	Amortised cost ZWG	Total carrying amount ZWG	Amortised cost ZWG	Total carrying amount ZWG
31 December 2024				
Financial assets				
Cash on hand	20 018 511	20 018 511	20 018 511	20 018 511
Bank balances	684 666 233	684 666 233	684 666 233	684 666 233
Interbank placements	479 308 376	479 308 376	479 308 376	479 308 376
Investment securities	526 796 939	526 796 939	526 796 939	526 796 939
Loans and advances	1 407 005 347	1 407 005 347	1 407 005 347	1 407 005 347
Total	3 117 795 406	3 117 795 406	3 117 795 406	3 117 795 406
Financial liabilities				
Deposits	2 392 070 259	2 392 070 259	2 392 070 259	2 392 070 259
Borrowings	167 676 486	167 676 486	167 676 486	167 676 486
Total	2 559 746 745	2 559 746 745	2 559 746 745	2 559 746 745
31 December 2023				
Financial assets				
Cash on hand	3 657 596	3 657 596	242 082	242 082
Bank balances	570 350 013	570 350 013	37 749 580	37 749 580
Interbank placements	94 757 869	94 757 869	6 271 710	6 271 710
Investment securities	374 658 609	374 658 609	24 797 414	24 797 414
Loans and advances	1 054 803 556	1 054 803 556	634 259 803	634 259 803
Total	2 098 227 643	2 098 227 643	703 320 589	703 320 589
Financial liabilities				
Deposits	1 592 249 449	1 592 249 449	105 385 721	105 385 721
Borrowings	33 745	33 745	2 234	2 234
Total	1 592 283 194	1 592 283 194	105 387 955	105 387 955

19 CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

19.1 Financial instruments measured at fair value (continued)

	INFLATION ADJUSTED			Total carrying amount ZWG
	Level 2 ZWG	Level 3 ZWG	Total fair value ZWG	
31 December 2024				
Financial assets				
Cash on hand	20 018 511	-	20 018 511	20 018 511
Bank balances	684 666 233	-	684 666 233	684 666 233
Interbank placements	-	479 308 376	479 308 376	479 308 376
Investment securities	-	526 796 939	526 796 939	526 796 939
Loans and advances	1 407 005 347	-	1 407 005 347	1 407 005 347
Total	2 111 690 091	1 006 105 315	3 117 795 406	3 117 795 406
Financial liabilities				
Deposits	2 392 070 259	-	2 392 070 259	2 392 070 259
Borrowings	-	167 676 486	167 676 486	167 676 486
Total	2 392 070 259	167 676 486	2 559 746 745	2 559 746 745
31 December 2023				
Financial assets				
Cash on hand	3 657 596	-	3 657 596	3 657 596
Bank balances	570 350 013	-	570 350 013	570 350 013
Interbank placements	-	94 757 869	94 757 869	94 757 869
Investment securities	-	374 658 609	374 658 609	374 658 609
Loans and advances	1 054 803 556	-	1 054 803 556	1 054 803 556
Total	1 628 811 165	469 416 478	2 098 227 643	2 098 227 643
Financial liabilities				
Deposits	1 592 249 449	-	1 592 249 449	1 592 249 449
Borrowings	-	33 745	33 745	33 745
Total	1 592 249 449	33 745	1 592 283 194	1 592 283 194
	HISTORICAL COST			Total carrying amount ZWG
	Level 2 ZWG	Level 3 ZWG	Total fair value ZWG	
31 December 2024				
Financial assets				
Cash on hand	20 018 511	-	20 018 511	20 018 511
Bank balances	684 666 233	-	684 666 233	684 666 233
Interbank placements	-	479 308 376	479 308 376	479 308 376
Investment securities	-	526 796 939	526 796 939	526 796 939
Loans and advances	1 407 005 347	-	1 407 005 347	1 407 005 347
Total	2 111 690 091	1 006 105 315	3 117 795 406	3 117 795 406
Financial liabilities				
Deposits	2 392 070 259	-	2 392 070 259	2 392 070 259
Borrowings	-	167 676 486	167 676 486	167 676 486
Total	2 392 070 259	167 676 486	2 559 746 745	2 559 746 745
31 December 2023				
Financial assets				
Cash on hand	242 084	-	242 084	242 084
Bank balances	37 749 580	-	37 749 580	37 749 580
Interbank placements	-	-	-	-
Investment securities	-	-	-	-
Loans and advances	69 813 956	-	69 813 956	69 813 956
Total	107 805 620	-	107 805 620	107 805 620
Financial liabilities				
Deposits	105 385 721	-	105 385 721	105 385 721
Borrowings	-	2 234	2 234	2 234
Total	105 385 721	2 234	105 387 955	105 387 955

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

19 CATEGORIES OF FINANCIAL INSTRUMENTS

19.2 Financial instruments not measured at fair value

	INFLATION ADJUSTED			Total carrying amount ZWG
	Level 2 ZWG	Level 3 ZWG	Total fair value ZWG	
31 December 2024				
Financial assets				
Cash on hand	20 018 511	-	20 018 511	20 018 511
Bank balances	684 666 233	-	684 666 233	684 666 233
Interbank placements	-	479 308 376	479 308 376	479 308 376
Investment securities	-	526 796 939	526 796 939	526 796 939
Loans and advances	1 407 005 347	-	1 407 005 347	1 407 005 347
Total	2 111 690 091	1 006 105 315	3 117 795 406	3 117 795 406
Financial liabilities				
Deposits	2 392 070 259	-	2 392 070 259	2 392 070 259
Borrowings	-	167 676 486	167 676 486	167 676 486
Total	2 392 070 259	167 676 486	2 559 746 745	2 559 746 745
31 December 2023				
Financial assets				
Cash on hand	3 647 596	-	3 647 596	3 647 596
Bank balances	570 350 013	-	570 350 013	570 350 013
Interbank placements	-	94 757 869	94 757 869	94 757 869
Investment securities	-	374 658 609	374 658 609	374 658 609
Loans and advances	1 054 803 559	-	1 054 803 559	1 054 803 559
Total	1 628 801 168	469 416 478	2 098 217 646	2 098 217 646
Financial liabilities				
Deposits	1 592 249 449	-	1 592 249 449	1 592 249 449
Borrowings	-	33 745	33 745	33 745
Total	1 592 249 449	33 745	1 592 283 194	1 592 283 194
	HISTORICAL COST			Total carrying amount ZWG
	Level 2 ZWG	Level 3 ZWG	Total fair value ZWG	
31 December 2024				
Financial assets				
Cash on hand	20 018 511	-	20 018 511	20 018 511
Bank balances	684 666 233	-	684 666 233	684 666 233
Interbank placements	-	20 018 511	20 018 511	20 018 511
Investment securities	-	684 666 233	684 666 233	684 666 233
Loans and advances	1 407 005 347	-	1 407 005 347	1 407 005 347
Total	2 111 690 091	704 684 744	2 816 374 835	2 816 374 835
Financial liabilities				
Deposits	2 392 070 259	-	2 392 070 259	2 392 070 259
Borrowings	-	167 676 486	167 676 486	167 676 486
Total	2 392 070 259	167 676 486	2 559 746 745	2 559 746 745
31 December 2023				
Financial assets				
Cash on hand	242 084	-	242 084	242 084
Bank balances	37 749 580	-	37 749 580	37 749 580
Interbank placements	-	6 271 710	6 271 710	6 271 710
Investment securities	-	24 797 414	24 797 414	24 797 414
Loans and advances	69 813 956	-	69 813 956	69 813 956
Total	107 805 620	31 069 124	138 874 744	138 874 744
Financial liabilities				
Deposits	105 385 721	-	105 385 721	105 385 721
Borrowings	-	2 234	2 234	2 234
Total	105 385 721	2 234	105 387 955	105 387 955

19 CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

19.2 Financial instruments not measured at fair value (continued)

The carrying amount of the financial instruments not measured at fair value approximates their fair value since the carrying amount is net of the expected credit losses disclosed in note 10.3. The table below indicates the valuation techniques used in measuring Level 3 fair values for investment securities and the significant unobservable inputs used.

Financial instrument valuation technique	Range of estimate	Interrelationship between significant unobservable inputs and fair value measurements
Instrument Investment Securities	5%-12%	- the estimated fair value would increase with an increase in projected cash flows or decrease with a decrease in projected cash flows.
Valuation technique Discounted cash flow method		- an increase in the loan tenure would lead to an increase in the projected cash flows, and a decrease in the loan tenure would lead to a decrease in the projected cash flows

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
20 INTEREST INCOME				
Loans and advances	171 509 025	178 278 952	104 889 665	6 101 593
Money market placements	128 716 383	93 088 213	64 045 300	2 363 491
Total	300 225 408	271 367 165	168 934 965	8 465 084
21 INTEREST EXPENSE				
Money market placements	108 210 719	230 055 251	77 892 761	7 226 493
Borrowings	3 203 842	7 946	2 880 443	160
Savings deposits	559	46 596	9	661
Total	111 415 120	230 109 793	80 773 213	7 227 314
22 NON FUNDED INCOME				
Net commission and fee income	165 379 957	206 083 878	102 950 918	8 008 077
Property sales	9 277 896	319 680 353	7 006 086	12 546 838
Realised exchange gains	60 006 947	50 904 321	45 313 487	2 305 495
Unrealised exchange gains	480 208 640	355 215 093	362 623 481	15 989 507
Fair value adjustment on investment property	558 116 438	1 241 160 214	421 454 570	40 326 820
Other operating income	974 772	71 456 341	736 088	3 720 118
Total	1 273 964 650	2 244 500 200	940 084 630	82 896 855

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

23 OPERATING EXPENSES

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Staff costs	242 055 308	260 708 718	147 713 654	10 587 530
Defined contribution plan	6 453 549	6 286 988	4 873 316	291 279
Right of use asset depreciation (Note 13)	637 014	8 486 451	481 033	214 143
Depreciation of property and equipment (Note 14)	21 017 289	11 288 043	1 829 489	284 837
Amortisation of computer software (Note 11)	3 573 442	4 104 699	534 339	3 627
Other expenses	153 912 682	409 635 195	105 102 147	17 895 516
	427 649 284	700 510 094	260 533 978	29 276 932
Remuneration of directors and key management personnel				
Fees for services as directors	2 479 927	2 448 022	1 872 685	97 881
Short term benefits of executive staff	32 362 804	19 662 878	24 438 362	790 127
Post employment benefits	1 906 251	748 063	1 439 481	34 655
	36 748 982	22 858 963	27 750 528	922 663

Other expenses include subscriptions, travel expenses, legal and audit fees, printing and stationery, telecommunication expenses, lease expenses, cleaning, cost of sales and advertising and promotion expenses. The Group leases a number of buildings under operating leases. The buildings are mainly used by the Group for its branches. The leases run for a period of 4-5 years with an option to renew the lease after the expiry date.

24 INCOME TAX EPENSE

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Current income tax charge	1 437 867	66 395 675	1 173 159	2 581 297
Deferred tax	(12 384)	-	(12 384)	-
	1 425 483	66 395 675	1 160 775	2 581 297

Income tax expense include income tax for Lenderspark Finance and the Society’s various projects which attracted income tax in terms of section 8 of the Income Tax Act (Chapter 23:06) from sale of properties during the year. In terms of the third schedule paragraph 2(c) of the Income Tax Act (Chapter 23:06), the Society is exempt from Income tax. The exemption only applies if the Society is providing services promulgated in their Articles of association.

24 INCOME TAX EPENSE (CONTINUED)

24.1 Tax reconciliation

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Accounting profit	4 243 148	257 847 282	3 215 156	10 024 454
Income tax calculated @25.75%	1 092 611	66 395 675	827 903	2 581 297
Tax effects of :				
Intermediated money transfer tax	332 872	-	332 872	-
	1 425 483	66 395 675	1 160 775	2 581 297
Tax paid reconciliation				
Balance at the beginning of the year	-	-	-	-
Current tax for the year recognised in profit or loss	(1 425 483)	(66 395 675)	(1 160 775)	(2 581 297)
Tax paid reconciliation	1 425 483	66 395 675	1 160 775	2 581 297
Balance at the end of the year	-	-	-	-

25 RELATED PARTY DISCLOSURES

The Group is a wholly owned subsidiary of National Social Security Authority (NSSA) through its two funds National Pension Scheme Fund and Workers Compensation Insurance Fund. NSSA diverse business interests across various economic sectors.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and money market investments.

25.1 The following is a list of related parties to the Society:

Name of related party	Nature of relationship
First Mutual Life Group	Common shareholder
National Social Security Authority	Shareholder
Zimre Holdings Limited	Common shareholder
OK Zimbabwe	Common shareholder
Rainbow Tourism Group Limited	Common shareholder
FBC Building Society	Common shareholder
Lenderspark Microfinance	Subsidiary
Directors	Key management personnel

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

25 RELATED PARTY DISCLOSURES (CONTINUED)

25.2 Transactions with related parties

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Interest on term deposits				
NSSA	193 684 139	44 855 173	146 258 128	1 131 854
FBC	-	492 897	-	12 438
FBC Building Society	30 842	15 195 549	23 290	383 437
	193 714 981	60 543 619	146 281 418	1 527 729
Deposits received during the year				
NSSA	1 023 799 103	393 198 706	1 023 799 103	26 024 521
FBC Bank	-	187 916	-	12 438
FBC Building Society	-	242 752 256	-	16 066 968
	1 023 799 103	636 138 878	1 023 799 103	42 103 927
Borrowings				
Borrowings from NSSA	167 676 486	33 745	167 676 486	2 234
Rent expense				
Rent expense to NSSA	5 153 803	11 112 272	3 891 829	6 681 877

25.3 Balances with related parties

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Deposits				
Term deposit with NSSA	562 596 319	272 624 250	562 596 319	18 044 097
Transactional deposits with NSSA	487 227 306	9 170 547	487 227 306	606 968
Transactional deposits with Zimre Holdings	1 521 325	71 809	1 521 325	4 753
Transactional deposits Nicoz Diamond	605 878	193 007	605 878	12 774
	1 051 950 828	282 059 613	1 051 950 828	18 668 592
Loans and advances				
Loans to directors, key management and employees	11 517 276	2 962 360	11 517 276	1 781 285

25 RELATED PARTY DISCLOSURES (CONTINUED)

25.4 Included in loans and advances are loans to Executive Directors and key management.

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Opening balance	1 781 285	304 846	1 781 285	183 306
Advances made during the year	9 904 277	2 768 454	9 904 277	1 664 688
Repayments during the year	(168 286)	(110 940)	(168 286)	(66 709)
Closing balance	11 517 276	2 962 360	11 517 276	1 781 285

26 RISK MANAGEMENT

The Group is exposed to various types of risks including credit, interest rate, foreign exchange rate, liquidity, operational, legal, compliance, strategic and reputation risks. The key objective of the risk management framework at the Group is to ensure that these risks are measured, mitigated and monitored on an ongoing basis as guided by internal policies and procedures established to address such risks.

26.1 Credit risk

This is risk of potential loss that arises when a borrower, or client, or counterparty, may fail to meet obligations in accordance with agreed credit terms and conditions. This includes failing to meet interest and capital repayments, settlements and collateral risk. The Group is exposed to credit risk due to its involvement in lending business.

26.1.1 Credit risk management framework

Credit Risk is managed through a comprehensive processes of credit origination, credit approval, credit monitoring and review. There is comprehensive segregation of duties between credit origination, approval and review processes.

The Group continues to prudently maintain an impairment allowance on its credit exposures to cushion itself from problematic exposures.

Undesirable characteristics within the credit portfolio that include concentration risk are managed through a framework of approved limits which are monitored and reviewed by the Loans Review Committee set by the Board.

The Group also applies credit risk stress testing methodologies which are generally meant to assess vulnerability from impact of changing economic conditions on asset quality, earnings performance and capital adequacy.

The Group, thus, manages its credit risk by adhering to credit policies and procedure manuals and monitors risk exposure against the set thresholds. These Credit policies are reviewed annually to align with developing trends in the market and business strategic objectives.

The Board through its Board Credit Committee and the Board Loans Review Committee maintains oversight over the credit risk profile of the institution. Management structures supported by the Management Credit Committee and Management Loans Review Committee actively manage credit risk profile of the Society.

26.1.2 Credit risk mitigation

Where possible, the Group takes collateral as a secondary recourse to the borrower. the Group has put in place policies to determine the eligibility of collateral for credit risk mitigation. In times of difficulty, the Group reviews customers' specific facts and circumstances to assist them in restructuring their repayment liabilities. However, should the need arise, disposal and recovery processes are in place for disposal of collateral held by the Group.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

26 RISK MANAGEMENT (CONTINUED)

26.1 Credit risk (continued)

26.1.3 Non-performing loans and advances

The Group classifies its Loans and advances into performing and nonperforming loans in accordance with the RBZ guidelines.

26.1.4 Credit risk exposure

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Cash and cash equivalents	1 183 993 120	668 765 478	1 183 993 120	44 263 374
Investment securities	527 995 624	375 640 822	527 995 624	24 862 423
Loans and advances	1 428 251 228	1 095 489 387	1 428 251 228	72 506 817
Total	3 140 239 972	2 139 895 687	3 140 239 972	141 632 614

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not maximum risk exposure that could arise in the future as a result of changes in value.

26.1.5 Aging analysis of past due but not impaired loans and advances (Special mention loans)

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
1 to 3 months	69 040 418	71 098 490	69 040 418	4 705 774

Past due but not impaired loans relate to loans in the special mention category.

26.1.6 Sectoral analysis of the Society's advances before and after considering collateral held is:

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Sector				
Private	1 428 251 228	1 095 489 389	1 428 251 228	72 506 817
Collateral analysis				
Mortgage loans	698 902 535	642 085 733	698 902 535	42 497 530

The Group holds collateral against loans and advances to customers in the form of mortgage bonds over property. Estimates of property fair values are based on the values of collateral assessed at the time of borrowing and are regularly aligned with trends in the market in compliance with the Group's Credit Policy. Issued mortgage loans constitute about 51% of the gross maximum exposure and of this, 8% were secured by mortgage bonds (2023: 8%). In the event of default, the Group has the right to sell the property in order to recover the value of the mortgage.

26 RISK MANAGEMENT (CONTINUED)

26.1 Credit risk (continued)

26.1.7 Credit quality per class of financial assets (gross)

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of asset for the Group's loan book:

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
Pass	1 277 385 448	984 698 855	1 277 385 448	65 173 958
Special mention	69 040 418	71 195 359	69 040 418	4 712 185
Substandard	11 178 494	15 107 111	11 178 494	999 890
Doubtful	6 917 288	298 394	6 917 288	19 750
Loss	63 729 580	24 189 670	63 729 580	1 601 034
Total	1 428 251 228	1 095 489 389	1 428 251 228	72 506 817

26.2 Market risk

Market risk is defined as the risk of a loss resulting from the fluctuation of the market prices of financial instruments. The Group's transactions are mainly exposed to the following risk categories:

- Interest rate risk
- Foreign exchange risk

26.2.1 Market risk management framework

The Board through the Board Risk and Compliance Committee has oversight over Market Risk and sets the Group's risk appetite for market risk. Management structures supported by ALCO are in place to identify, measure and monitor market risk on an ongoing basis against set benchmarks and through the use of daily, weekly and monthly risk dashboards and reports highlighting inherent market risk and assessed against key market risk metrics.

Sensitivity analysis is employed to quantify the impact of a specified potential changes in individual market parameters on the value of the Group's positions. Stress testing is also used to show the market risk under extreme but plausible conditions. Documented stress scenarios are constructed regularly for key balance sheet risk drivers across all portfolios. These are guided by the relevant policies that have been approved by the Board.

26.3 Interest rate risk

This arises from the possibility that changes in interest rates will affect the current and future cash flows of the Group's interest bearing instruments. The Group employs several methods that enable it to identify, measure and monitor interest rate risk. Margin analysis, interest rate repricing gaps and sensitivity analysis are employed on a regular basis to assess the Group's exposure to interest rate risk.

These are guided by the relevant NBS policies that have been approved by the Board.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

26 RISK MANAGEMENT (CONTINUED)

26.3 Interest rate risk (continued)

26.3.1 Interest rate repricing gap analysis

	INFLATION ADJUSTED							Total ZWG
	Less than 1 month ZWG	1 to 3 months ZWG	3 to 6 months ZWG	6 to 12 months ZWG	1 to 5 years ZWG	5 years and above ZWG	Non interest bearing ZWG	
2024								
Assets								
Cash and cash equivalents	478 052 084	-	-	-	-	-	704 684 744	1 182 736 828
Investment securities	30 958 200	-	348 435 164	91 521 142	55 882 433	-	-	526 796 939
Loans and advances	95 153 106	69 892 054	171 485 976	354 721 550	380 077 723	335 674 938	-	1 407 005 347
Other assets and prepayments	-	-	-	-	-	-	49 436 111	49 436 111
Inventory	-	-	-	-	-	-	100 691 066	100 691 066
Work in progress	-	-	-	-	-	-	58 040 067	58 040 067
Computer software	-	-	-	-	-	-	11 904 210	11 904 210
Investment property	-	-	-	-	-	-	465 243 009	465 243 009
Right of use asset	-	-	-	-	-	-	65 405 018	65 405 018
Property and equipment	-	-	-	-	-	-	87 613 543	87 613 543
Total assets	604 163 390	69 892 054	519 921 140	446 242 692	435 960 156	335 674 938	1 543 017 768	3 954 872 138
Liabilities								
Deposits	812 703 957	102 916 385	41 645 478	13 485 449	482 603 600	938 715 390	-	2 392 070 259
Borrowings	-	-	-	-	167 676 486	-	-	167 676 486
Lease liability	-	-	-	-	-	-	33 683 659	33 683 659
Other liabilities	-	-	-	-	-	-	343 347 677	343 347 677
Equity and reserves	-	-	-	-	-	-	1 018 094 057	1 018 094 057
Total liabilities	812 703 957	102 916 385	41 645 478	13 485 449	650 280 086	938 715 390	1 395 125 393	3 954 872 138
Periodic gap	(208 540 567)	(33 024 331)	478 275 662	432 757 243	(214 319 930)	(603 040 452)	147 892 375	-
Cumulative gap	(208 540 567)	(241 564 898)	236 710 764	669 468 007	455 148 077	(147 892 375)	-	-

26 RISK MANAGEMENT (CONTINUED)

26.3 Interest rate risk (continued)

26.3.1 Interest rate repricing gap analysis (continued)

	HISTORICAL COST							Total ZWG
	Less than 1 month ZWG	1 to 3 months ZWG	3 to 6 months ZWG	6 to 12 months ZWG	1 to 5 years ZWG	5 years and above ZWG	Non interest bearing ZWG	
2024								
Assets								
Cash and cash equivalents	478 052 084	-	-	-	-	-	704 684 744	1 182 736 828
Investment securities	30 958 200	-	348 435 164	91 521 142	55 882 433	-	-	526 796 939
Loans and advances	95 153 106	69 892 054	171 485 976	354 721 550	380 077 723	335 674 938	-	1 407 005 347
Other assets and prepayments	-	-	-	-	-	-	45 542 820	45 542 820
Inventory	-	-	-	-	-	-	33 842 902	33 842 902
Work in progress	-	-	-	-	-	-	44 929 533	44 929 533
Computer software	-	-	-	-	-	-	2 727 925	2 727 925
Investment property	-	-	-	-	-	-	465 243 009	465 243 009
Right of use asset	-	-	-	-	-	-	2 288 913	2 288 913
Property and equipment	-	-	-	-	-	-	77 603 944	77 603 944
Total assets	604 163 390	69 892 054	519 921 140	446 242 692	435 960 156	335 674 938	1 376 863 790	3 788 718 160
Liabilities								
Deposits	812 703 957	102 916 385	41 645 478	13 485 449	482 603 600	938 715 390	-	2 392 070 259
Borrowings	-	-	-	-	167 676 486	-	-	167 676 486
Lease liability	-	-	-	-	-	-	33 683 659	33 683 659
Other liabilities	-	-	-	-	-	-	343 347 677	343 347 677
Equity and reserves	-	-	-	-	-	-	851 940 079	851 940 079
Total liabilities	812 703 957	102 916 385	41 645 478	13 485 449	650 280 086	938 715 390	1 228 971 415	3 788 718 160
Periodic gap	(208 540 567)	(33 024 331)	478 275 662	432 757 243	(214 319 930)	(603 040 452)	147 892 375	-
Cumulative gap	(208 540 567)	(241 564 898)	236 710 764	669 468 007	455 148 077	(147 892 375)	-	-

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

26 RISK MANAGEMENT (CONTINUED)

26.3 Interest rate risk (continued)

26.3.1 Interest rate repricing gap analysis (continued)

	INFLATION ADJUSTED						Non interest bearing ZWG	Total ZWG
	Less than 1 month ZWG	1 to 3 months ZWG	3 to 6 months ZWG	6 to 12 months ZWG	1 to 5 years ZWG	5 years and above ZWG		
2023								
Assets								
Cash and cash equivalents	10 430 145	-	-	-	-	-	658 109 614	668 539 759
Investment securities	-	-	-	-	374 658 609	-	-	374 658 609
Loans and advances	51 411 469	79 159 450	97 779 734	348 544 094	226 325 685	251 583 127	-	1 054 803 559
Other assets and prepayments								
Inventory	-	-	-	-	-	-	123 828 898	123 828 898
Computer software	-	-	-	-	-	-	9 986 742	9 986 742
Right of use asset	-	-	-	-	-	-	63 884 264	63 884 264
Investment property	-	-	-	-	-	-	661 589 796	661 589 796
Property and equipment	-	-	-	-	-	-	104 288 448	104 288 448
Total assets	61 841 614	79 159 450	97 779 734	348 544 094	600 984 294	251 583 127	1 713 808 034	3 153 700 347
Liabilities								
Deposits	376 723 218	205 270 923	95 093 227	975 770	114 085 868	800 100 443	-	1 592 249 449
Borrowings	-	-	-	33 745	-	-	-	33 745
Lease liability	-	-	-	-	27 418 622	-	-	27 418 622
Other liabilities	-	-	-	-	461 331 535	-	-	461 331 535
Equity and reserves	-	-	-	-	-	-	1 072 666 996	1 072 666 996
	376 723 218	205 270 923	95 093 227	1 009 515	602 836 025	800 100 443	1 072 666 996	3 153 700 347
Periodic gap	(314 881 604)	(126 111 473)	2 686 507	347 534 579	(1 851 731)	(548 517 316)	641 141 038	-
Cumulative gap	(314 881 604)	(440 993 077)	(438 306 570)	(90 771 991)	(92 623 722)	(641 141 038)	-	-

26 RISK MANAGEMENT (CONTINUED)

26.3 Interest rate risk (continued)

26.3.1 Interest rate repricing gap analysis (continued)

	HISTORICAL COST							Total ZWG
	Less than 1 month ZWG	1 to 3 months ZWG	3 to 6 months ZWG	6 to 12 months ZWG	1 to 5 years ZWG	5 years and above ZWG	Non interest bearing ZWG	
2023								
Assets								
Cash and cash equivalents	6 271 710	-	-	-	-	-	37 976 724	44 248 434
Investment securities	-	-	-	-	24 797 414	-	-	24 797 414
Loans and advances	3 402 755	5 239 302	6 471 717	23 068 980	14 979 748	16 651 454	-	69 813 956
Other assets and prepayments							6 927 347	6 927 347
Inventory	-	-	-	-	-	-	467 555	467 555
Computer software	-	-	-	-	-	-	39 257	39 257
Right of use asset	-	-	-	-	-	-	1 140 535	1 140 535
Investment property	-	-	-	-	-	-	43 788 439	43 788 439
Property and equipment	-	-	-	-	-	-	6 502 184	6 502 184
Total assets	9 674 465	5 239 302	6 471 717	23 068 980	39 777 162	16 651 454	96 842 041	197 725 121
Liabilities								
Deposits	24 934 063	13 586 203	6 293 906	64 583	7 550 966	52 956 000	-	105 385 721
Borrowings	-	-	-	2 234	-	-	-	2 234
Lease liability	-	-	-	-	1 814 748	-	-	1 814 748
Other liabilities	-	-	-	30 534 008	-	-	-	30 534 008
Equity and reserves	-	-	-	-	-	-	59 988 410	59 988 410
	24 934 063	13 586 203	6 293 906	30 600 825	9 365 714	52 956 000	59 988 410	197 725 121
Periodic gap	(15 259 598)	(8 346 901)	177 811	(7 531 845)	30 411 448	(36 304 546)	36 853 631	-
Cumulative gap	(15 259 598)	(23 606 499)	(23 428 688)	(30 960 533)	(549 085)	(36 853 631)	-	-

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

26 RISK MANAGEMENT (CONTINUED)

26.4 Foreign Exchange Risk

Foreign exchange risk refers to potential adverse impact on earnings and economic value of assets and liabilities of the Group as a result of exchange rate movements or volatility. The Group monitors its foreign currency denominated assets and liabilities on an ongoing basis as guided by thresholds to maximum exposures per currency and stop loss limits which were approved by the Board.

26.5 Liquidity Risk

Liquidity risk is the risk that the Group may fail to fund increases in assets and meet obligations as they fall due, without incurring unacceptable losses. The Group is exposed to credit risk due to its involvement in lending business.

The Group is exposed to both funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that the Society may not be able to meet its obligations as they fall due. Market liquidity risk is the risk that the Group will be unable the sell its assets and settle positions, without incurring an unacceptable loss.

The Group focuses on ensuring that at any given time, there is sufficient liquidity to meet its obligations and sets aside sufficient buffer to cater for unforeseen stress events that can arise in the normal course of business. The Group's liquidity risk framework ensures that there are triggers in place for monitor the liquidity risk profile, thereby taking appropriate actions depending on the direction of indicators of liquidity risk. As an integral part of its risk management, the Society applies stress testing methodologies to its liquidity risk profile on a regular basis to unearth underlying liquidity vulnerabilities.

26 RISK MANAGEMENT (CONTINUED)

Liquidity Risk (continued)

Liquidity gap analysis

	INFLATION ADJUSTED						Total ZWG
	Less than 1 month ZWG	1 to 3 months ZWG	3 to 6 months ZWG	6 to 12 months ZWG	1 to 5 years ZWG	5 years and above ZWG	
2024							
Assets							
Cash and cash equivalents	690 892 934	479 308 376	-	-	-	-	1 170 201 310
Investment securities	30 958 200	-	348 435 164	91 521 142	55 882 433	-	526 796 939
Loans and advances	95 153 106	69 892 054	171 485 976	354 721 550	380 077 723	335 674 938	1 407 005 347
Other assets and prepayments	-	-	-	49 436 111	-	-	49 436 111
Inventory	-	-	-	-	100 691 066	-	100 691 066
Work in progress	-	-	-	-	58 040 067	-	58 040 067
Computer software	-	-	-	-	11 904 210	-	11 904 210
Right of use asset	-	-	-	-	65 405 018	-	65 405 018
Investment property	-	-	-	-	465 243 009	-	465 243 009
Property and equipment	-	-	-	-	87 613 543	-	87 613 543
Total assets	817 004 240	549 200 430	519 921 140	495 678 803	1 224 857 069	335 674 938	3 942 336 620
Liabilities							
Deposits	812 703 957	102 916 385	41 645 478	13 485 449	482 603 600	938 715 390	2 392 070 259
Borrowings	-	-	-	-	167 676 486	-	167 676 486
Lease liability	711 487	1 875 100	1 844 626	3 759 004	25 493 442	-	33 683 659
Other liabilities	-	-	-	343 347 677	-	-	343 347 677
Total liabilities	813 415 444	104 791 485	43 490 104	360 592 130	675 773 528	938 715 390	2 936 778 081
Periodic gap	3 588 796	444 408 945	476 431 036	135 086 673	549 083 541	(603 040 452)	1 005 558 539
Cumulative gap	3 588 796	447 997 741	924 428 777	1 059 515 450	1 608 598 991	1 005 558 539	-

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

26 RISK MANAGEMENT (CONTINUED)

26.5 Liquidity Risk (continued)

26.5.1 Liquidity gap analysis (continued)

	HISTORICAL COST						Total ZWG
	Less than 1 month ZWG	1 to 3 months ZWG	3 to 6 months ZWG	6 to 12 months ZWG	1 to 5 years ZWG	5 years and above ZWG	
2024							
Assets							
Cash and cash equivalents	690 892 934	479 308 376	-	-	-	-	1 170 201 310
Investment securities	30 958 200	-	348 435 164	91 521 142	55 882 433	-	526 796 939
Loans and advances	95 153 106	69 892 054	171 485 976	354 721 550	380 077 723	335 674 938	1 407 005 347
Other assets and prepayments	-	-	-	45 542 820	-	-	45 542 820
Inventory	-	-	-	-	33 842 902	-	33 842 902
Work in progress	-	-	-	-	44 929 533	-	44 929 533
Computer software	-	-	-	-	2 727 925	-	2 727 925
Right of use asset	-	-	-	-	2 288 913	-	2 288 913
Investment property	-	-	-	-	465 243 009	-	465 243 009
Property and equipment	-	-	-	-	77 603 944	-	77 603 944
Total assets	817 004 240	549 200 430	519 921 140	491 785 512	1 062 596 382	335 674 938	3 776 182 642
Liabilities							
Deposits	812 703 957	102 916 385	41 645 478	13 485 449	482 603 600	938 715 390	2 392 070 259
Borrowings	-	-	-	-	167 676 486	-	167 676 486
Lease liability	711 487	1 875 100	1 844 626	3 759 004	25 493 442	-	33 683 659
Other liabilities	-	-	-	343 347 677	-	-	343 347 677
Total liabilities	813 415 444	104 791 485	43 490 104	360 592 130	675 773 528	938 715 390	2 936 778 081
Periodic gap	3 588 796	444 408 945	476 431 036	131 193 382	386 822 854	(603 040 452)	839 404 561
Cumulative gap	3 588 796	447 997 741	924 428 777	1 055 622 159	1 442 445 013	839 404 561	

26 RISK MANAGEMENT (CONTINUED)

26.5 Liquidity Risk (continued)

26.5.1 Liquidity gap analysis (continued)

	INFLATION ADJUSTED						Total ZWG
	Less than 1 month ZWG	1 to 3 months ZWG	3 to 6 months ZWG	6 to 12 months ZWG	1 to 5 years ZWG	5 years and above ZWG	
2023							
Assets							
Cash and cash equivalents	573 781 890	94 757 869	-	-	-	-	668 539 759
Investment securities	-	-	-	-	374 658 609	-	374 658 609
Loans and advances	51 411 469	79 159 450	97 779 734	348 544 094	226 325 685	251 583 127	1 054 803 559
Other assets and prepayments	-	-	-	123 828 898	-	-	123 828 898
Inventory	-	-	-	-	92 120 272	-	92 120 272
Computer software	-	-	-	-	9 986 742	-	9 986 742
Right of use asset	-	-	-	-	63 884 264	-	63 884 264
Investment property	-	-	-	-	661 589 796	-	661 589 796
Property and equipment	-	-	-	-	104 288 448	-	104 288 448
Total assets	625 193 359	173 917 319	97 779 734	472 372 992	1 532 853 816	251 583 127	3 153 700 347
Liabilities							
Deposits	376 723 218	205 270 923	95 093 227	975 770	114 085 868	800 100 443	1 592 249 449
Borrowings	-	-	-	33 745	-	-	33 745
Lease liability	846 515	2 539 544	2 775 512	5 993 244	15 263 808	-	27 418 622
Other liabilities	-	-	-	461 331 535	-	-	461 331 535
Total Liabilities	377 569 733	207 810 467	97 868 739	468 334 294	129 349 676	800 100 443	2 081 033 351
Periodic gap	247 623 626	(33 893 148)	(89 005)	4 038 698	1 403 504 140	(548 517 316)	1 072 666 996
Cumulative gap	247 623 626	213 730 479	213 641 473	217 680 172	1 621 184 312	1 072 666 996	-

Notes to the consolidated financial statements (continued)

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26 RISK MANAGEMENT (CONTINUED)

26.5 Liquidity Risk (continued)

26.5.1 Liquidity gap analysis (continued)

	HISTORICAL COST						Total ZWG
	Less than 1 month ZWG	1 to 3 months ZWG	3 to 6 months ZWG	6 to 12 months ZWG	1 to 5 years ZWG	5 years and above ZWG	
2023							
Assets							
Cash and cash equivalents	37 976 724	6 271 710	-	-	-	-	44 248 434
Investment securities	-	-	-	-	24 797 414	-	24 797 414
Loans and advances	3 402 755	5 239 302	6 471 717	23 068 980	14 979 748	16 651 454	69 813 956
Other assets and prepayments	-	-	-	6 927 347	-	-	6 927 347
Inventory	-	-	-	-	467 555	-	467 555
Computer software	-	-	-	-	39 257	-	39 257
Right of use asset	-	-	-	-	1 140 535	-	1 140 535
Investment property	-	-	-	-	43 788 439	-	43 788 439
Property and equipment	-	-	-	-	6 502 184	-	6 502 184
Total assets	41 379 479	11 511 012	6 471 717	29 996 327	91 715 132	16 651 454	197 725 121
Liabilities							
Deposits	24 934 063	13 586 203	6 293 906	64 583	7 550 966	52 956 000	105 385 721
Borrowings	-	-	-	2 234	-	-	2 234
Lease liability	56 028	168 084	183 702	396 673	1 010 261	-	1 814 748
Other liabilities	-	-	-	30 534 008	-	-	30 534 008
Total Liabilities	24 990 091	13 754 287	6 477 608	30 997 498	8 561 227	52 956 000	137 736 711
Periodic gap	206 385 438	(75 831 722)	1 615 418	6 032 283	836 628 233	(329 827 362)	645 002 288
Cumulative gap	206 385 438	130 553 716	132 169 134	138 201 417	974 829 650	645 002 288	-

26 RISK MANAGEMENT (CONTINUED)

26.6 Operational Risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events.

The NBS Operational Risk Management Framework defines minimum expected standards and processes, responsibilities and governance structure for operational risk management practice across the Society. The Society has adopted the following classification of operational risk events for easy of monitoring and analysis of impact. management of operational risk.

- Internal Fraud;
- External Fraud;
- Business Disruption and System Failures;
- Client Products and Business Practices;
- Employment Practices and Workplace Safety;
- Execution Delivery and process management; and
- Damage to Physical Assets.

Key Risk indicators, Loss incident reporting framework and RCSA (Risk and Control Self Assessments) are being used across all risk centres for identifying, assessing, monitoring and managing key risks within a department and evaluating the effectiveness of the controls that are in place to manage these risks.

26.7 Compliance and Legal Risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with laws, rules, regulations, prescribed practices, internal policies and procedures, or ethical standards.

Legal risk is the risk of loss due to litigation and is primarily manifesting through:

- Contract risks;
- Claims by other parties on failed fiduciary responsibilities or failed obligations
- Changes in the law, which could magnify legal risk exposure.

Compliance and legal risk management framework of the Society ensures participation of all bank units in the identification, assessment, controlling, and monitoring of compliance and legal risks. All bank units are responsible and accountable for compliance and legal risk management in their respective contexts. The Society has a zero tolerance principle to which is part of the Board approved risk appetite framework.

26.8 Strategic risk

Strategic risk refers to the current and/or prospective impact on the Society's earnings, capital or business viability arising from adverse business decisions and implementation of strategies which are inconsistent with internal factors and not responsive to the external environment.

The Society has put in place structures and procedures to identify, measure and monitor strategic risk on a regular basis and effectiveness is evaluated against the Society's strategic objectives.

In implementing the Society's strategy, the Board and Senior management determine and allocate financial and operating targets to departments. Monitoring of progress against the action plans is done on an ongoing basis basis and risk mitigation is applied accordingly.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

26 RISK MANAGEMENT (CONTINUED)

26.9 Reputational risk

Reputational risk is the risk of loss due to the damage to the name of the institution. Such potential value destruction occurs in a situation of negative public opinion on an institution. It can be a result of factors such as service delivery, performance, strategy execution, brand positioning and competitiveness. It normally results in loss of sales, share value and breakdown of relationships.

In line with the Board approved reputational risk management policy, Group management has the primary responsibility for reputational risk identification, assessment, and mitigation. Communication of information about the Group to the public or press releases is done in line with the provisions of the communications policies. Any exposures to reputational risk dealt with as provided in the overall Enterprise-wide Risk Management framework of the Group.

26.10 Capital management

National Building Society adopted the Internal Capital Adequacy Assessment Policy (ICAAP) which details the Society's approach, assessment and management of risk and capital from an internal perspective that is over and above the minimum regulatory rules and capital requirements of Basel II. The primary objective of the Society's capital management is to ensure that the Society complies with externally imposed capital requirements and that the Society maintains strong credit ratings and healthy capital ratios in order to support its business and maximise shareholder value. ICAAP incorporates a capital management framework designed to satisfy the needs of key stakeholders i.e. depositors, regulators, rating agencies who have specific interest in its capital adequacy and optimal risk taking to ensure its going concern status (solvency). The focus is also targeted at meeting the expectations of those stakeholders i.e. shareholder, analysts, investors, clients and the general public who are interested in looking at the profitability of the Society vis-à-vis assumed levels of risk.

26.10.1 Capital adequacy

Capital adequacy is computed in line with guidelines provided by the Reserve Bank of Zimbabwe.

The Society's regulatory capital is managed by the Society and comprises three tiers:

- Tier 1 Capital: comprises contributed capital and accumulated profits.
- Tier 2 Capital: comprises impairment allowance and revaluation reserve.
- Tier 3 Capital: comprises operational and market risk capital.

26 RISK MANAGEMENT (CONTINUED)

26.10 Capital management (continued)

26.10.1 Capital adequacy (continued)

	31 December 2024 ZWG	31 December 2023 ZWG
Risk weighted assets	3 209 459 051	384 199 142
Tier 1		
Share capital	3 503 518	19 869
Shares awaiting allotment	-	3 483 649
Accumulated profit	785 642 147	51 317 575
Core capital	789 145 665	54 821 093
Tier 2		
Borrowings	167 676 486	2 234
Revaluation reserve	61 019 340	5 167 317
	228 695 826	5 169 551
Tier 3		
Foreign exchange exposures	34 394 925	4 217 683
Commodity exposures	4 487 127	558 644
Capital allocated for operational risk	74 083 542	14 474 501
	112 965 594	19 250 828
Core capital		
Tier 1 ratio	9	26
Tier 2 ratio	1	3
Tier 3 ratio	6	3
	16	31

Capital adequacy ratio

Regulatory capital consists solely of Tier 1 capital which comprises share capital, share premium and shares awaiting allotment, general reserve and accumulated deficit/surplus. Tier 2 capital consists of loans from the shareholder. Tier 3 capital consist of foreign exchange exposure, commodity exposure and capital allocated for operational risk.

27 CAPITAL COMMITMENTS

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 ZWG	2022 ZWG	2023 ZWG	2022 ZWG
Authorised but not yet contracted for	-	91 015	-	6 024

The Group's board has authorised ZWG1,4 billion for the coming year. the Group plans to expand its land banks in its quest to deliver affordable housing.

The expenditure is to be funded by internal resources, equity and unitisation.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

28 RATINGS

28.1 Reserve Bank of Zimbabwe ratings

The Reserve Bank of Zimbabwe conducted a risk based on-site examination of National Building Society from 14 March to 28 April 2023, utilising data as at 31 December 2022. The examination report was dated 31 March 2023.

The examination was conducted in line with CAMELS and Risk Assessment System (RAS) methodologies and primarily focused on the adequacy of strategic management capabilities, business operating systems and processes and the effectiveness of risk management and internal control systems.

The composite CAMELS rating assigned to National Building Society is ‘3’ i.e. ‘fair’

The table below shows ratings assigned to each of the CAMELS components.

CAMELS Components	Rating
Capital	3 – Fair
Asset Quality	3 – Fair
Management	3 – Fair
Earnings	4 – Weak
Liquidity	3 – Fair
Sensitivity to Market Risk	2 – Satisfactory
Composite Rating	3 – Fair

In terms of the Risk Assessment System (RAS) the level of overall composite risk of NBS was considered moderate and the direction stable. The level of overall aggregate inherent risk was rated moderate and the quality of overall aggregate risk management systems was considered acceptable.

Type of Risk	Level of Aggregate Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Credit	Moderate	Weak	High	Increasing
Liquidity	Moderate	Acceptable	Moderate	Stable
Interest Rate	Moderate	Acceptable	Moderate	Stable
Foreign Exchange	Moderate	Acceptable	Moderate	Stable
Operational	Moderate	Acceptable	Moderate	Stable
Legal	Low	Acceptable	Moderate	Stable
Compliance	High	Acceptable	High	Increasing
Reputation	Moderate	Acceptable	Moderate	Stable
Strategic	Moderate	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

28 RATINGS (CONTINUED)

28.1 Reserve Bank of Zimbabwe ratings (continued)

Interpretation of risk matrix

Level of inherent risk

Low - reflects a lower than average probability of an adverse impact on a banking institution’s capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the banking institution’s overall financial condition.

Moderate - could reasonably be expected to result in a loss which could be absorbed by a banking institution in the normal course of business.

High - reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the institution.

Weak - risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution’s risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects particularly as indicated by continued control exceptions or by the failure to adhere to written policies and procedures.

Acceptable - management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses, these have been recognized and are being addressed. Management information systems are generally adequate.

Strong - management effectively identifies and controls all types of risk posed by the relevant functional areas or per inherent risk. The board and senior management are active participants in managing risk and ensure appropriate polices and limits are put in place. The policies comprehensively define the bank’s risk tolerance, responsibilities and accountabilities are effectively communicated.

Overall Composite Risk

Low - would be assigned to low inherent risk areas. Moderate risk areas may be assigned a low composite risk where internal controls and risk management systems are strong and effectively mitigate much of the risk.

Moderate - risk management systems appropriately mitigate inherent risk. For a given low risk area, significant weaknesses in the risk management systems may result in a moderate composite risk assessment. On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organization.

High - risk management systems do not significantly mitigate the high inherent risk. Thus, the activity could potentially result in a financial loss that would have a significant impact on the bank’s overall condition.

Direction of Overall Composite Risk

Increasing - based on the current information, risk is expected to increase in the next twelve months.

Decreasing - based on current information, risk is expected to decrease in the next twelve months.

Stable - based on the current information, risk is expected to be stable in the next twelve months.

28.2 External credit ratings

The Group subscribes to a global credit rating agency, Global Credit Rating Company and the rating for the year is B (2023: B), long term rating. The rating expires on 30 November 2023.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

29 GOING CONCERN

The Group has reported on a going concern basis on the back of positive financial performance which saw a balance sheet growth 39%. The 2023 balance sheet grew from ZWG 3.2 billion to ZWG 3.9 billion. The Group’s Core Banking System upgrade is underway and expected to be completed in Q2 2025. This upgrade will improve operational efficiency and scalability to the bank’s processes.

The Group continued to receive considerable support for its strategic initiatives from its Shareholder, the National Social Security Authority (NSSA). The Society is going to receive an additional capital injection of USD 14m subsequent to year end.

The Reserve Bank of Zimbabwe requires Building Societies to maintain a minimum Core Capital of USD 20 million and the Society is compliant with this requirement with Core Capital of USD 28million up from USD 22.5 million as at 31 December 2023.



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