

2025 ANNUAL REPORT

Digital Banking Transformation



Bank, Build & go Beyond

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National Building Society is more than a financial institution, we believe that we are a catalyst for possibility.

Bank with us,
Bank Better !

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National Building Society Limited

A roof does far more than shelter us from the rain...

... It is where stories begin. It watches over first steps, birthday celebrations and family dinners. It protects dreams while they sleep and offers comfort during life's most uncertain moments. Long after it is built, a roof quietly bears witness to generations growing beneath it.

For many, a roof is not simply the final piece of a house, a roof is the beginning of a home.

Every home tells a story of hope, perseverance and the belief that tomorrow can be better than today.

When more families have a place to call their own, communities grow stronger, opportunities multiply and a nation moves forward together.

That belief has always guided National Building Society (NBS).

Throughout 2025, we continued helping Zimbabweans bank with confidence, build with purpose and go beyond what they thought possible. Because every roof we help make possible is more than a structure, it is the foundation of a brighter future.

This Annual Report reflects another year of building that future, one home, one family and one community at a time.

Our Identity

National Building Society is more than a financial institution, we believe that we are a catalyst for possibility. Guided by our purpose to put a roof over every Zimbabwean's head, we create opportunities that enable individuals, families and communities to build lasting futures.

Established in 2016, we were founded with a clear mandate; to expand access to affordable housing while advancing financial inclusion and supporting Zimbabwe's national development agenda. Today, that mandate continues to shape who we are and how we serve. Through innovative banking solutions, accessible housing finance and strategic investments, we help transform aspirations into places people proudly call home.

As a wholly owned subsidiary of the National Social Security Authority (NSSA), our foundation is built on trust, responsibility and a commitment to sustainable socio-economic development.

Our identity is defined by more than the homes we help finance. It is reflected in every relationship we build, every partnership we forge and every solution we create. We believe banking should empower people to achieve more than financial security, it should enable progress, unlock opportunity and inspire confidence for the future.

Driven by innovation and guided by the evolving housing needs of Zimbabweans, we continue to redefine what banking can achieve. We are committed to delivering exceptional customer experiences, creating sustainable societies and helping our customers **Bank and Build, but go Beyond.**

About this Report

Report Boundaries

This Integrated Annual Report for National Building Society Limited (NBS) covers the financial year ended 31 December 2025. It presents the financial and non-financial performance of NBS and its subsidiaries, 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. The Society also complies 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 Societies Act (Chapter 24:02) 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 with reference to the IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2) issued by the International Sustainability Standards Board (ISSB), the Global Reporting Initiative (GRI) Standards (2021), the Reserve Bank of Zimbabwe (RBZ) Climate Risk Management Guidelines, and the Sustainability Accounting Standards Board (SASB) standards for industry-

specific disclosures. We also report on our contribution to the United Nations Sustainable Development Goals (SDGs).

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 Zimbabwe Gold (ZWG). 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.



Vision, Mission and Values



Banking on a
STRONG foundation,
Banking on **VALUE**



Our Vision

To be the preferred Housing and Financial Services provider by 2030



Our Purpose

Transforming Lives for All in Zimbabwe



Our Mission

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



What we Value



– Commitment –
We are honest
and dedicated to
exceeding customer
needs.



– Courage –
We are bold,
inspired and
resourceful.



– Creativity –
We continuously
innovate to deliver
value and services.



– Care –
We are helpful to
everyone and each
other.

Our Footprint

HEAD OFFICE
14th Floor Social Security Centre
Cnr Sam Nujoma Street and Julius Nyerere Way
Harare.

BRANCH NETWORK

Social Security Centre Branch
Social Security Centre
77 Park Lane
Harare.

Samora Machel Branch
Karigamombe Centre
53 Samora Machel Avenue
Harare.

Platinum Pavilion
Alexandra Park
34 Clairwood Road
Harare.

A Milestone in our National Expansion, NBS Chiredzi Branch opening.

The opening of our Chiredzi Branch represents a significant milestone in National Building Society's strategic expansion journey, reinforcing our commitment to extending our footprint and making quality financial services more accessible to communities across Zimbabwe.

Strategically located in one of the country's key agricultural and commercial centres, the branch positions NBS to better serve the region's thriving agribusiness sector while delivering a comprehensive range of banking, housing finance, and digital financial solutions.



Board Chairman Mr Shingai I Mutumbwa
Officially Opening Chiredzi Branch



Bulawayo
73A Joshua Mqabuko Nkomo Street.

Gweru Branch
Corner 5th Street and Robert Mugabe Way.

Mutare Branch
Zimre Centre
Ground Floor
109 Herbert Chitepo Street.

Chinhoyi Branch
65309 Magamba Way.

Masvingo Branch
Ground Floor Trade Centre Building
267 Simon Muzenda Street.

Bindura Branch
Bindura Commercial Centre
Shop number 2
1837 Atherstone Road.

Chiredzi Branch
C269 Chilonga Drive.

Through this presence, we are supporting farmers, agro-processors, small and medium enterprises, corporates, and individuals with financial solutions designed to unlock growth and create lasting value.

The establishment of the Chiredzi Branch underscores our commitment to financial inclusion and regional economic development by bringing affordable housing finance and accessible banking services closer to the communities we serve. As we continue to execute our national expansion strategy, the branch strengthens our ability to fulfil our purpose of contributing to Zimbabwe's development through inclusive financial services, while creating greater opportunities for customers to Bank, Build, and go Beyond.

Corporate & Institutional Banking

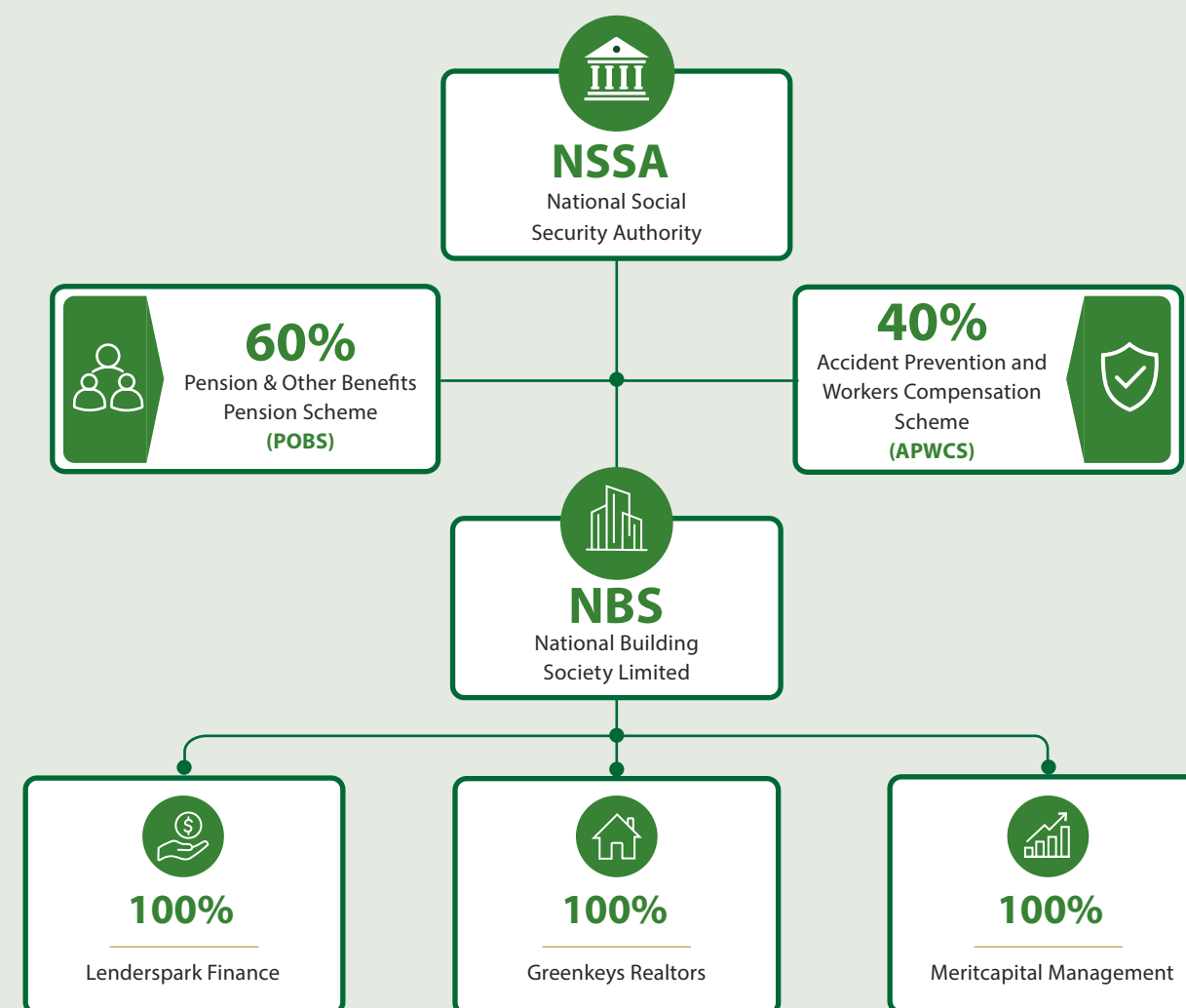
- Relationship Management
- Corporate Transactional Account
- Investment Accounts
- Working Capital Facilities
- Structured Finance
- Money Market
- Bankers Acceptances

Bank with us,
Bank Better!



Bank, Build & go Beyond

Corporate Structure and Operating Framework



Operating Framework

National Building Society (NBS) continues to operate as a purpose-driven financial institution dedicated to advancing Zimbabwe's socio-economic development through affordable housing, inclusive financial services and sustainable banking solutions. Our operating model integrates commercial banking with housing development, enabling us to create lasting value for customers, communities, shareholders and the nation.

As a financially independent institution, NBS funds its operations through internally generated income and prudent financial management rather than direct Treasury support. This self-sustaining approach enables the Society to continually invest in strategic growth initiatives, expand access to financial services and strengthen its housing delivery mandate while maintaining sound financial performance.

The Society generates value through a diversified portfolio of banking, housing finance, treasury, digital banking and corporate financial services. Revenue generated from these activities is reinvested into expanding our service delivery,

enhancing digital capabilities, supporting innovative housing solutions and strengthening financial inclusion across Zimbabwe. This integrated approach ensures that commercial success directly contributes to broader national development objectives.

Our business model is underpinned by strong governance, disciplined risk management, customer-centric innovation and strategic partnerships. Through these foundations, NBS continues to deliver sustainable returns to its shareholder, the National Social Security Authority (NSSA), while supporting the long-term interests of Zimbabwe's pensioners and contributing to national economic resilience.

By aligning financial sustainability with developmental impact, NBS remains committed to creating shared value for all stakeholders. As we grow our business and expand our reach, we continue to position ourselves as a trusted partner in housing delivery, financial empowerment and inclusive economic growth, reinforcing our commitment to building stronger communities and a more prosperous Zimbabwe.

GLAUDINA FLATS



Combined upper & lower
drawer cabinets



4-door built-in wardrobe with
shoe rack & accessory drawer

MATHENDELE RESIDENTIAL STANDS



Approved & ready
to build



Running water
& sewer

The National Building Society Glaudina Flats are situated in the Glaudina medium-density suburb, just off the Harare-Bulawayo Road, approximately 17km west of the Harare Central Business District.



Mathendele

Prime

residential
stands

Mathendele Smart-Sized stands; *affordable luxury!*

DEPOSIT

20%

MATHENDELE PLUMTREE

MATHENDELE PLUMTREE

SIZE: 300SQM

PRICE: \$39.20 per/sqm

PAYMENT TENURE: 5 YEARS

The residential stands are located in Mathendele suburb, Plumtree, Zimbabwe.

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 2025, 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] read together with the Banking Amendment Act Number 12 of 2016, the Building Societies Act [Chapter 24:02] and the Reserve Bank of Zimbabwe Corporate Governance Guidelines.

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 lost one of its Board members, Mrs Pauline Chapendama who passed away on 12 October 2025. Mrs Chapendama was the Chairperson of the Board Audit and Board Loans Review Committees. She was also a member of the Board ICT and Board Risk Committees. Mrs Josephine Takundwa resigned from the Board on 26 June 2025. She was the Chairperson of the Board Credit Committee and a member of the Board Human Resources and Board Finance, Housing and Strategy Committees. The Society’s principals are working towards filling these vacancies. Mr Philip Hamadziripi resigned from the Board with effect from 7 May 2025. The Society appointed Mrs Patience Zenda (Non-Independent Non-Executive Director) to the Board to replace Mr Philip Hamadziripi with effect from 10 July 2025. Given the preceding scenario, the position of the Board Committees as of 31 December 2025 was as follows;

Audit Committee

The Audit Committee comprised of two independent non-executive directors. The members are as follows:

Molly Dingani	Member Chairman (Independent NED)
David Mutemachani	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 two Independent non-executive directors and one non-executive director. The members are as follows;

David Mutemachani	Chairman (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 two independent non-executive directors and one non-executive director. The members are as follows;

Sithokozile Mrewa	Chairman (Independent NED)
Shingai I. Mutumbwa	Member (Independent NED)
Patience Zenda	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 three independent non-executive directors and three non-executive directors. The members are as follows;

David Mutemachani	Chairman (Independent NED)
Shingai I. Mutumbwa	Member (Independent NED)
Sithokozile Mrewa	Member (Independent NED)
Grace Mathe	Member (NED)
Betty Nyereyegona	Member (NED)
Patience Zenda	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 one Independent non-executive director and three non-executive directors. The members are as follows;

Molly Dingani	Chairman (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 two independent non-executive directors, four non-executive directors and two executive directors. The members are as follows;

David Mutemachani	Chairman (Independent NED)
Shingai I Mutumbwa	Member (Independent NED)
Patience Zenda	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, Cyber Security and Digitalisation Committee

The ICT, Cyber Security and Digitalisation Committee consisted of three Independent non-executive directors, two non-executive directors, two executive directors and one executive member of management.

The members are as follows;

Molly Dingani	Chairman (Independent NED)
David Mutemachani	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 two Independent non-executive directors, two non-executive directors, one executive director and one executive member of management. The members are as follows;

Sithokozile Mrewa	Chairman (Independent NED)
Shingai I. Mutumbwa	Member (Independent NED)
Grace Mathe	Member (NED)
Patience Zenda	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 2025 is as noted below:

Main Board

Name	Total meetings	Present	Absent
Shingai Mutumbwa (INED)	7	7	Nil
David Mutemachani (INED)	7	7	Nil
Pauline Chapendama *(INED)	6	5	LOA
Betty Nyereyegona (NED)	7	7	Nil
Grace Mathe (NED)	7	7	Nil
Philip Hamadziripi **(NED)	1	1	Nil
Josephine Takundwa **(INED)	2	2	Nil
Mukai Mahachi (ED)	7	7	Nil
Sifiso Mahlangu (ED)	7	7	Nil
Sithokozile Mrewa (INED)	7	7	Nil
Molly Dingani (INED)	7	5	LOA
Daniel Ngwira (NED)	7	7	Nil
Patience Zenda *** (NED)	4	4	Nil

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

- * Mrs Pauline Chapendama passed away on 12 October 2025.
- ** Mr Philip Hamadziripi and Mrs Josephine Takundwa resigned from the Board with effect from 7 May 2025 and 26 June 2025, respectively.
- *** Mrs Patience Zenda was appointed to the Board with effect from 10 July 2025.

Audit Committee

Name	Total meetings	Present	Absent
Pauline Chapendama	4	4	Nil
David Mutemachani	5	5	Nil
Molly Dingani	5	5	Nil

Credit Committee

Name	Total meetings	Present	Absent
Josephine Takundwa*	2	2	Nil
Shingai Mutumbwa	4	4	Nil
Philip Hamadziripi*	1	1	Nil
Sithokozile Mrewa	4	4	Nil
Patience Zenda**	2	2	Nil

- * Philip Hamadziripi and Josephine Takundwa resigned from the Board with effect from 7 May 2025 and 26 June 2025, respectively
- ** Patience Zenda was appointed to the Board with effect from 10 July 2025.

Loans Review Committee

Name	Total meetings	Present	Absent
Pauline Chapendama	3	3	Nil
David Mutemachani	4	3	LOA
Molly Dingani	4	4	Nil
Daniel Ngwira	4	4	Nil

Risk and Compliance Committee

Name	Total meetings	Present	Absent
Pauline Chapendama*	3	3	Nil
Betty Nyereyegona	4	4	Nil
Grace Mathe	4	4	Nil
Molly Dingani	4	4	Nil
Daniel Ngwira	4	4	Nil

*Mrs Pauline Chapendama passed away on 12 October 2025.

Human Resources and Nominations Committee

Name	Total meetings	Present	Absent
David Mutemachani	5	4	LOA
Shingai Mutumbwa	5	5	Nil
Josephine Takundwa*	3	3	Nil
Grace Mathe	5	5	Nil
Betty Nyereyegona	5	4	LOA
Philip Hamadziripi*	2	2	Nil
Sithokozile Mrewa	5	5	Nil

- * Philip Hamadziripi and Josephine Takundwa resigned from the Board with effect from 7 May 2025 and 26 June 2025, respectively.

ICT, Digitalisation and Innovation Committee

Name	Total meetings	Present	Absent
David Mutemachani	4	3	LOA
Pauline Chapendama	3	3	Nil
Betty Nyereyegona	4	4	Nil
Sifiso Mahlangu	4	3	LOA
Mukai Mahachi	4	4	Nil
Molly Dingani	4	4	Nil
Sithokozile Mrewa	4	4	Nil
Daniel Ngwira	4	4	Nil
Jonathan Muwanga	4	4	Nil

Finance, Housing Projects and Strategy Committee

Name	Total meetings	Present	Absent
David Mutemachani	4	4	Nil
Shingai Mutumbwa	4	4	Nil
Josephine Takundwa*	2	2	Nil
Philip Hamadziripi*	1	1	Nil
Grace Mathe	4	4	Nil
Betty Nyereyegona	4	4	Nil
Sifiso Mahlangu	4	4	Nil
Mukai Mahachi	4	4	Nil
Daniel Ngwira	4	4	Nil
Patience Zenda**	2	2	Nil

- * Philip Hamadziripi and Josephine Takundwa resigned from the Board with effect from 7 May 2025 and 26 June 2025, respectively.
- ** Patience Zenda was appointed to the Committee with effect from 10 July 2025.

Integrity Committee

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

- * Philip Hamadziripi and Josephine Takundwa resigned from the Board with effect from 7 May 2025 and 26 June 2025, respectively.

Board of Directors



Shingai I. Mutumbwa

Board Chairman
Independent
Non-Executive Director



David Mutemachani

Independent
Non-Executive Director



Grace N. Mathe

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



Sifiso Mahlangu
Managing Director



Mukai Mahachi
Finance Director



Samuel Chirindira
Head of Treasury



Rejoice Chipendo
Company Secretary \
Head Legal



Eng. Robert Mukome
Chief Housing Officer



Linda Gorejena
Head of Retail and
SME Banking



Ronald Tapfumaneyi
Head of Human
Resources



Clifford Mtemeri
Head Corporate and
Institutional Banking



Mildret Kujinga
Head of Marketing



Gladys Mutanga
Head of Compliance



Charity Chishawa
Head of Credit



Godwin Kudumba
Head of Internal
Audit



Tendai Nyamadzawo
Head of Risk



Rebecca Kalombo
Head of Operations



Eng. Jonathan Muwanga
Head of ICT



Agribusiness Loan

Be assured of a bumper harvest
with the NBS Agroloan facility



Secure adequate funding for your seasonal requirements from your favourite bank. Facility comes with flexible payment terms mirrored to suite your production cash flow cycle.

Vaka NeNBS

Savings Account...

Every dollar you save lays another brick towards owning property and achieving your long-term financial goals.



Bank, Build & go Beyond

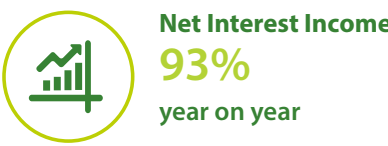
Chairman's Statement



Shingai I. Mutumbwa
Board Chairman

“The Society recorded a comprehensive surplus of ZWG 85.1 million, against an inflation-adjusted loss of ZWG 44.9 million in the comparative period.”

Financial Highlights



Introduction

The esteemed representatives from our shareholder the National Social Security Authority(NSSA), distinguished guests, members of the Board, the Acting Managing Director and your executive team, staff members of the Society, and all who have joined us, welcome to the 11th Annual General Meeting of the National Building Society.

It is my honour, on behalf of the Board of Directors, to present to you the Society's financial results for the full year ended 31 December 2025. These results incorporate Lenderspark Finance, our microfinance subsidiary, which we launched in the second half of 2024 and which has now completed its first full year under our stewardship.

Operating Environment

2025 unfolded against a backdrop of considerable global uncertainties; geopolitical tensions; the reimposition of trade tariffs across major economies; persistent inflationary pressures in developed markets. These factors combined to dampen growth prospects the world over. The World Bank projected global GDP growth at approximately 2.3 % only for the year — the weakest performance since the 2008 financial crisis. Roughly 60 % of developing economies slowed, averaging 3.8 % growth for the year.

And yet, ladies and gentlemen, Zimbabwe's economy demonstrated remarkable resilience.

We saw a strong rebound in agriculture, underpinned by favourable rainfall following the severe El Niño-induced drought of the previous year. Record-high gold prices and sustained platinum and lithium output further strengthened our productive base. Zimbabwe's GDP growth surpassed initial projections, coming in ahead of the earlier forecast of 6.6 % — comfortably above the sub-Saharan African average of approximately 3.7 %. And inflation, long our nation's perennial concern, declined to single-digit levels for the first time in nearly three decades. Foreign exchange stability was

maintained, with only modest depreciation in the ZWG, bringing a level of predictability to our domestic operating environment that we had not enjoyed for some years.

For NBS, this translated into a more predictable operating environment, improved borrower affordability, and growing demand for housing finance. We recalibrated our strategy early in the year to capitalise on these favourable conditions, and the results before you today are a direct result of that work.

Robust Financial Performance

I am proud to report that the National Building Society delivered a robust financial performance for the full year ended 31 December 2025.

The Society recorded a comprehensive surplus of ZWG85.1 million, against an inflation-adjusted loss of ZWG44.9 million in the comparative period. Ladies and gentlemen, that is not simply a number; it is testament to resilience, and creativity, the result of disciplined execution of our growth strategy, with a sustained focus on growing funded income, and continuous deepening of our balance sheet.

The bank registered significant growth in net interest income, up 93% year-on-year, driven by the deliberate expansion of our lending portfolio. Our non-performing loan ratio remained tightly managed, attesting to the quality of our loan book and the rigour of our credit underwriting standards. The balance sheet grew meaningfully, with total loans and advances expanding in line with our strategic targets, positioning the Society for an even stronger 2026.

Chairman’s statement (continued)

Housing Delivery — Fulfilling Our Mandate

Housing delivery remains the heartbeat of the Society's mandate, and 2025 was an exciting year in this regard.

The Society successfully commissioned 124 fully serviced residential stands in Mathendele, Plumtree — a development that exemplifies our commitment to providing quality, affordable housing solutions across all the provinces of Zimbabwe. The Plumtree development was completed to a high standard, with solar street lighting, reflecting our dedication to sustainable, green developments.

In Bulawayo, the Society progressed to Phase Two of the Rangemore housing project, delivering 300 residential housing units under the Accelerated Civil Servants Presidential Housing Scheme. This achievement speaks directly to NBS's role as a catalyst for national development, providing decent homes to Zimbabwe's civil service and supporting Government's broader Vision 2030 housing agenda.

And here in Harare, Phase Two of the Glaudina Flats project, comprising 96 two-bedroom apartments, was executed during the second half of the year, adding further to our growing portfolio of completed residential units.

Through our mortgage portfolio, the Society continued to finance residential purchases, residential construction, and home improvements for thousands of Zimbabweans, reinforcing our position as the country's premier housing finance institution.

Financial Inclusion — Lenderspark Finance

Through Lenderspark Finance, our microfinance subsidiary, the Society made significant inroads in extending formal financial services to previously unbanked and underbanked segments of our population. Lenderspark grew its loan book by 81%, expanding its client base across multiple sectors of the economy — with particular focus on small and medium enterprises, informal traders, and individuals who have historically have not had access to traditional banking credit.

As we scale Lenderspark, we are deepening our data analytics capabilities to better understand and serve this segment, while maintaining the rigorous credit standards that protect both the customer and the Society. We see Lenderspark as a long-term strategic asset, one that will contribute meaningfully to the Society's earnings growth with tremendous social impact. Its growth is a critical pillar of our financial inclusion strategy and of the Society's broader mandate to contribute to inclusive national economic development. This, ladies and gentlemen, aligns directly with Government's Vision 2030 agenda for inclusive economic growth.

Capitalisation — A Strong and Resilient Balance Sheet

The Society closed 2025 with a sound and growing capital base. Our core capital stood at USD57 million as at 31 December 2025, a growth of 45% from the prior year, and significantly above the Reserve Bank of Zimbabwe's regulatory minimum of USD20 million for building societies. This growth was underpinned by a USD14 million capital injection from our shareholder, NSSA, and further bolstered by retained earnings generated by the Society.

Both capital adequacy and liquidity ratios, at 59 % and 46 % respectively, remained comfortably above regulatory minimums throughout the year, confirming the resilience of the Society's financial position and its ability to absorb shocks while continuing to serve our customers and grow our loan book.

This strong capital foundation, ladies and gentlemen, is not merely a regulatory achievement. It is the bedrock upon which we will accelerate our strategic agenda in the years ahead.

In Memoriam — Mrs Pauline Chapendama

Before I turn to governance matters, I must pause to record, with deep sorrow and a heavy heart, the untimely passing of Mrs Pauline Chapendama, a distinguished member of the NBS Board of Directors, in October 2025. Her contributions to the Board's deliberations were invaluable, and her counsel was always characterised by wisdom, foresight, and a genuine passion for the communities we serve.

On behalf of the Board, Management, staff, and all stakeholders of the National Building Society, I extend our most sincere condolences to her family, her friends, and all who had the privilege of knowing her. May she rest in eternal peace.

Governance

During 2025, Ms Patience Zenda was appointed to the Board of Directors, representing our line ministry, the Ministry of Public Service, Labour and Social Welfare.

The Board also recorded the departure of Mr Philip Hamadziripi and Mrs Josephine Takundwa, following their reassignments. I extend my sincere gratitude to both Mr Hamadziripi and Mrs Takundwa for their dedicated service to the Board, and I wish them every success in their new roles.

Outlook for 2026

Ladies and gentlemen, the Society looks forward to 2026 with confidence and strategic clarity.

Zimbabwe's economic outlook is encouraging. The IMF projects GDP growth of approximately 5 % for 2026, supported by continued momentum in agriculture and mining, a stabilising exchange



rate, and declining inflation. The Ministry of Finance, Economic Development and Investment Promotion has projected even more optimistic growth of between 8.5 and 10 % — which, if realised, would represent the fastest economic expansion in over fourteen years.

This macro environment presents the National Building Society with a compelling opportunity: to deepen our impact on financing and providing housing in Zimbabwe, to expand our balance sheet, and to serve an even larger customer base.

The Board is confident that the Society is well-positioned to capitalise on Zimbabwe's improving economic environment, to contribute meaningfully to the national housing agenda, and to deliver sustained value to our shareholder, our customers, and the communities we serve. As Zimbabwe moves closer to its Vision 2030 goals, NBS will continue to strive to be at the forefront of this journey — building homes, building communities, building the nation of Zimbabwe and going beyond.

Appreciation

On behalf of the Board, I wish to express my profound gratitude to all stakeholders who contributed to the Society's success in 2025.

To our shareholder, the National Social Security Authority (NSSA), we are deeply grateful for the capital and liquidity support, the strategic guidance, and the unwavering confidence you have placed in the Society's leadership and direction.

To the Government of Zimbabwe, we are thankful for the enabling environment and the various measures that have supported macroeconomic stability and housing development.

To the Reserve Bank of Zimbabwe, we extend our gratitude for the constructive engagement, regulatory clarity, and the consistent support that underpins the Society's confidence in operating within a well-regulated financial system.

To my fellow Board members, thank you for your diligence, your commitment, your ethical leadership and the high standard of professionalism you bring to the Society.

To the Acting Managing Director and the entire Management and Staff of the National Building Society, your collective dedication, professionalism, and passion for our mission are the true engine of our success.

And finally, to our customers, your trust, your loyalty, and your continued partnership are the foundation of everything about NBS. We remain deeply humbled by your confidence in the National Building Society, and we renew our commitment to exceed your expectations in the year ahead.

Thank you.



S.I. MUTUMBWA
BOARD CHAIRMAN
National Building Society

31 March 2026

Managing Director's Statement



Sifiso Mahlangu
Managing Director

Introduction

I am honoured to present the Managing Director's Statement for the National Building Society's financial statements for the year ended 31 December 2025. This has been a year of significant strategic execution, operational excellence, and meaningful progress towards our vision of becoming Zimbabwe's premier housing and financial services institution. The results we present today reflect the commitment and effort of every member of the National Building Society team, and I am immensely proud of what we have achieved together.

Financial Performance – Resurgent Profitability

I am delighted to report that in 2025, the Society recorded a comprehensive surplus of ZWG85.1 million reversing an inflation-adjusted loss of ZWG44.9 million recorded in the comparative period.

The profitability was underpinned by robust growth in net interest income, which surged by 97% year on year. This was the direct result of our expansion of the lending portfolio which grew by 70% to ZWG2.41 billion, a clear testament to our continued commitment to supporting economic activity as outlined in the National Development Strategy (NDS1).

Operating expenses were held within budget, and a healthy net interest margin was maintained that underpins the Society's long-term earnings growth strategy. The new tax measures implemented in 2025 broadened the taxable base for building societies resulting in higher income tax base.

The balance sheet expanded by 42%, closing the year at a strong position of ZWG5.67 billion. Furthermore, the loans and advances growth was coupled with the optimisation of our funding base. Our NPL ratio remained tightly managed, closing the year at 1.38%, reflecting the rigour embedded in our credit underwriting standards.

Operational Highlights

The year was defined by three major areas of achievement: housing delivery, technology transformation, branch and channel expansion.

The upgrade of our core banking system to Fusion Essence was the most transformative operational initiative of the year. This world-class platform replaced our legacy infrastructure and has dramatically improved the speed, reliability, and functionality of our digital services. We saw a meaningful uptick in digital transaction volumes following the system go-live, confirming that our customers are embracing the convenience of our improved platform.

Furthermore, we also upgraded our mobile banking application, enhanced the internet banking platform, and deployed next-generation ATMs across our branch network. These strategic digital banking enhancements have all collectively elevated customer experience.

The official opening of our Chiredzi branch brought our total footprint to ten branches, with the branch already playing an important role in supporting the agricultural value chain in the Lowveld and surrounding regions. We also rolled out agency banking in the second half of the year, a critical step in our financial inclusion agenda that enables NBS to extend its reach into communities where physical branches are not economically viable.

Our treasury and risk management functions also benefited from the improved technological infrastructure, enabling more sophisticated liquidity management and real-time monitoring of our financial metrics. These improvements fundamentally strengthen the Society's risk management capabilities and position us for continued growth.

Housing Delivery and Community Impact

The delivery of affordable housing is our key mandate and our most enduring promise to the people of Zimbabwe. In 2025, we continued to deliver on this mandate with tangible, community-changing results. The Mathendele development in Plumtree, comprising 124 fully serviced residential stands, was commissioned. The development was executed to the highest standards, incorporating all the requisite infrastructure such as tarred roads, reticulated water, sewer, electricity and enhanced with solar street lighting. This development stands as a model of sustainable, community-centred housing delivery.

In Bulawayo, the completion of 300 housing units in partnership with our shareholder NSSA, under Phase Two of the Accelerated Civil Servants Presidential Housing Scheme, represents one of the most impactful housing projects delivered by the Society. These are not just statistics, these are families with a secure place to call home, civil servants who can now build equity and stability for their children and their futures.



Housing Delivery and Community Impact - continued

The Glaudina Phase Two project in Harare, comprising 96 two-bedroom flats, was executed and is providing quality urban housing to residents in one of the country's highest-demand areas.

Across all these projects, the Society's mortgage financing portfolio continued to grow, enabling thousands of individual Zimbabweans to purchase, build, and improve their homes, cementing the National Building Society's position as Zimbabwe's premier mortgage financier.

People and Culture

Our people are the foundation of our success, and I want to place on record my deep appreciation for the dedication and professionalism of every NBS employee. In 2025, we invested significantly in staff training and development, with a particular emphasis on digital skills, customer service excellence, and leadership development. The upgrade to Fusion Essence required intensive capacity building across all business units, and I am proud of the way our teams embraced the change and delivered a seamless transition for our customers.

We also continued to build a culture of accountability, high-performance, and customer-centricity. We saw high levels of performance in our customer service and stakeholder engagement indices. We will continue to invest in our people, recognising that the quality of our team is the most important determinant of the Society's long-term success.

Outlook and Strategic Priorities for 2026

Looking into 2026, the operating environment is broadly constructive. The IMF projects Zimbabwe's GDP growth at around 5%, while the Government has expressed ambition for growth of between 8.5% and 10%, potentially the fastest rate of expansion since 2012. Agriculture and mining are expected to remain the primary growth engines, with inflation projected to stay in single digits and the exchange rate expected to remain relatively stable under the IMF's Staff Monitored Programme framework.

For NBS, 2026 presents a significant opportunity to accelerate our growth trajectory. Our strategic priorities for the year include

delivering new housing projects in Masvingo, Bulawayo, Mutare and Harare; scaling our mortgage book and deepening our housing finance market share; further expanding our digital channels and agency banking network; growing Lenderspark Finance's SME and retail portfolio; and continuing to strengthen our capital base and risk management frameworks.

We will also pursue new partnerships with government, development finance institutions, and the private sector, to unlock additional housing funding and expand the supply of affordable homes.

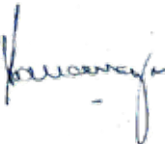
We enter 2026 with an energised team, a healthy balance sheet and a clear strategic agenda.

Appreciation

I wish to express my sincere gratitude to the Board of Directors for their leadership, strategic guidance, and the high standards of governance that they bring to the Society. The Board's support has been instrumental in enabling Management to execute our strategy with clarity and confidence.

To the Management team and staff of NBS: your commitment, creativity, and resilience in 2025 has been extraordinary. To all our banking and business partners, your collaboration and trust are deeply valued.

Lastly to our valued customers, you are at the centre of everything we do and your trust in NBS is our greatest honour. We will continue to Bank, Build, and Go Beyond, for our customers and all the communities we serve across the nation of Zimbabwe.



SIFISO MAHLANGU
MANAGING DIRECTOR

National Building Society
31 March 2026



Swift Cash

Short-term Cash Flow Requirements Loans

Instant cash loans to get the project moving!

Apply now and get same day loan funding into your account, we've got you covered!



Products and Services

Our Markets

At National Building Society (NBS), our customers remain at the centre of everything we do. Guided by our purpose of advancing financial inclusion and delivering affordable housing solutions, we continue to develop products and services that respond to the diverse needs of individuals, businesses and institutions across Zimbabwe.

Our market approach is founded on accessibility, innovation and long-term value creation. By understanding the unique aspirations of every customer segment, we deliver tailored financial solutions that empower communities, stimulate economic activity and contribute to national development.

Our diverse customer base includes:

- 1. Individuals**
 - Low-income earners
 - Middle to upper-income earners
 - Informal traders
 - Students
 - SACCOS and group savings schemes
- 2. Group Schemes**
 - Affordable low-cost housing
 - Deluxe Mortgages
 - Corporate and Group Schemes
 - Housing Finance Products
 - Personal and Micro Loan Schemes
- 3. Academic Institutions**
 - Institutions of Higher Education
 - Primary and Secondary Schools
 - Vocational and Technical Institutions
- 4. Public Private Partnerships (PPPs)**
- 5. Small and Medium Enterprises (SMEs)**
- 6. Key National Development Projects**

7. Corporate and Institutional Banking

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

8. Non-Governmental Organisations (NGOs)

Diaspora Market

- Remittances
- Building Finance and Mortgages
- Savings Solutions

Through this broad market coverage, NBS continues to strengthen its role as Zimbabwe's preferred housing and financial services provider, creating opportunities for customers at every stage of their financial journey.

Retail and Small to Medium Enterprise Banking

NBS Retail and SME Banking provides accessible, customer-focused financial solutions designed to meet the everyday banking needs of individuals, entrepreneurs and growing businesses. Our offering combines convenience, affordability and innovation to enable customers to save, transact, borrow and invest with confidence.

We recognise that every customer has unique financial goals. Our relationship-driven approach allows us to provide tailored solutions that support wealth creation, business growth and improved financial well-being while promoting greater financial inclusion across Zimbabwe.

Products and Services – Continued



Housing Solutions

Our Retail Banking portfolio includes:

- Vaka neNBS Savings Account
- Transactional Accounts
- Call Accounts
- Fixed Deposits
- Housing Loans
- Personal Loans
- Bancassurance
- Remittances
- Swift Mula
- Swift Cash Loans



Payroll Services

From first-time account holders to established professionals and entrepreneurs, our products are designed to provide flexible banking solutions that evolve alongside our customers' changing needs.

1. InstaSave Account

The InstaSave Account is a simple, convenient and accessible banking solution that enables customers to open an account quickly while enjoying immediate access to essential banking services.

Designed to promote financial inclusion, the account removes traditional barriers to banking by providing a fast and seamless onboarding experience for individuals entering the formal financial system.

Key Features and Benefits

The InstaSave Account offers customers:

- Instant ATM/Debit Card issuance
- Access to NBS and Zimswitch Point of Sale (POS) transactions
- Cash deposits and withdrawals
- Secure access to the NBS Transactor digital banking platform

Through NBS Transactor, customers can conveniently:

- Check balances and access account statements
- Purchase airtime across all mobile networks



Currency swaps

- Transfer funds between own accounts, other banks via ZIPIT or RTGS, and mobile wallets
- Purchase ZESA tokens
- Pay bills and approved service providers

The InstaSave Account reflects NBS's commitment to delivering convenient, secure and inclusive banking solutions for every Zimbabwean.

2. Senior Citizens Account

As a subsidiary of the National Social Security Authority (NSSA), NBS remains committed to supporting Zimbabwe's pensioners through banking solutions specifically designed to meet their financial needs.

The Senior Citizens Account recognises the invaluable contribution that retirees have made towards the country's development by providing accessible, affordable and convenient banking services that promote financial security during retirement.

Features and Benefits

- Zero monthly service fees
- Pension-backed Personal and Business Loans
- Free ATM/Debit Card for use on NBS and Zimswitch Point of Sale machines
- Financial literacy programmes
- Complimentary investment advisory services

By removing unnecessary banking costs and providing specialised financial support, NBS continues to enhance the financial well-being of Zimbabwe's senior citizens.

3. Corporate and Institutional Banking

NBS Corporate and Institutional Banking delivers specialised financial solutions that support the growth and sustainability of large organisations, public institutions and strategic national projects.

Our experienced Relationship Managers work closely with clients to understand their operational requirements and develop customised financial solutions that improve efficiency, optimise working capital and support long-term business growth.

Clients benefit from a dedicated banking experience built on trust, discretion, convenience and exceptional service.

Our Corporate and Institutional Banking offering includes:

- Relationship Management
- Corporate Transactional Accounts
- Investment Accounts
- Working Capital Facilities
- Structured Finance
- Agri Finance
- Asset Financing
- Value Chain Financing
- Guarantees
- Invoice, Promissory Notes and Bills Discounting
- Loans
- Corporate Banking Systems
- Value Chain Access
- International Trade Support
- Access to External Funding
- Payroll Services

Through innovative financing structures and strategic partnerships, NBS continues to empower organisations to grow, invest and contribute meaningfully to Zimbabwe's economic development.

4. Platinum Pavilion (Private Banking)

The Platinum Pavilion represents the highest standard of personalised banking at NBS, delivering an exclusive private banking experience tailored to the sophisticated financial needs of high-net-worth individuals.

Our approach combines personalised relationship management with bespoke financial solutions designed to preserve wealth, create investment opportunities and support long-term financial prosperity.

Clients benefit from a dedicated banking experience built on trust, discretion, convenience and exceptional service.

Exclusive Benefits

- Access to the Platinum Pavilion Banking Suite and Private Lounge
- Dedicated Relationship Manager
- Specialist Wealth Management Services
- Investment Portfolio Solutions
- Bespoke Lending Facilities
- Comprehensive Bancassurance Solutions
- Premium Transactional Banking Services

Platinum Pavilion Lifestyle Banking

- Housing for Home and Investment Opportunities
- Lifestyle and Privileges Banking
- Wealth Creation and Preservation
- Investment and Premium Banking Solutions

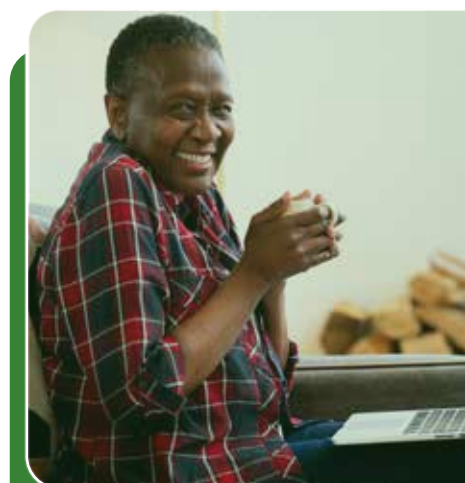
The Platinum Pavilion reflects NBS's commitment to delivering world-class private banking solutions that enable clients to build, preserve and transfer wealth with confidence.



Foreign Currency Accounts



Housing Loans



Senior Citizens Banking



Premium Banking



Sustainability Report

Sustainability Report

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Transforming lives for all in Zimbabwe



At the core of NBS lies a clear and enduring purpose: Transforming lives for all in Zimbabwe. This purpose is not just a statement of intent it is a strategic commitment that guides how the Group creates value for its stakeholders.

Anchored on our vision to become the preferred provider of affordable housing and financial services, our purpose reflects our role in advancing national development priorities while contributing to national and global sustainability outcomes. Through, housing delivery, financial inclusion and support for both public and private sector growth, NBS is positioned as a catalyst for inclusive economic transformation.

Our purpose is brought to life through our mission of delivering customer-oriented, inclusive financial solutions and reinforced by our brand promise bank, build & go beyond, ensuring we continuously innovate to meet evolving societal needs.

Sustainability Report – Continued

2025 at a glance



1. Mid-term national budget business breakfast forum 2025.
2. 62nd Safety and Health at Work Conference.
3. Banks & Banking Survey
4. National Clean up campaign
5. Zimbabwe Agricultural Show 2025
6. Mathendele Stands, Site visit with Honourable Minister of Public Service, Labour and Social Welfare Hon. Edgar Moyo



Shaping a Sustainable Tomorrow, Today

Sustainability at NBS is not a future ambition but a present-day imperative embedded in how we operate, invest, and grow. We recognize that the decisions we make today directly shape the resilience of tomorrow's communities, economy, and environment.

Our approach integrates sustainability into our core mandate of housing delivery and banking activities, ensuring that housing and financial solutions drive positive social and environmental outcomes. Whether through expanding access to housing, enabling Micro Small Medium Enterprises (MSME) growth, or empowering underserved populations, we are actively building a more inclusive and sustainable Zimbabwe.

This forward-looking approach is further strengthened by strategic partnerships, innovation in financing models, and alignment with national and global development frameworks.

Our Sustainability Strategy

Embedding Sustainability into How We Lead

Sustainability is increasingly shaping the expectations placed on financial institutions, influencing how risks are managed, opportunities are identified, and long-term value is created. During the reporting period, we continued to strengthen our governance framework to support the effective oversight of sustainability matters.

This approach enabled NBS to be agile and respond to the dynamic nature of sustainability issues ensuring that sustainability considerations are reflected in our business planning, risk management, operational decision-making, and stakeholder engagement.

NBS embedded sustainability into its organisational structure, enabling a more integrated approach to value creation that balances financial performance with broader social, environmental, and economic outcomes.

Board Oversight and Accountability

Oversight of sustainability matters is exercised through the Board Finance, Housing and Strategy Committee, with a designated Board Champion providing leadership on sustainability related risks, opportunities and strategic priorities.

The Board Champion acts as a focal point for sustainability oversight, facilitating engagement between management and the Board, while supporting the integration of sustainability considerations into strategic discussions and reporting is done quarterly.

This governance approach strengthens accountability for sustainability performance while ensuring that evolving environmental, social and governance considerations receive appropriate attention at the highest levels of the organisation.

Strengthening Governance Through Policy Enhancements

NBS undertook a review of its policy framework to strengthen the integration of environmental, social and governance (ESG) considerations across key areas of the business. This process resulted in sustainability principles being embedded within NBS policies spanning housing, governance, risk management, procurement, human capital management, operational processes, credit and investment, and business activities.

The policy enhancement process sought to ensure that sustainability considerations are incorporated into existing management systems rather than being treated as standalone initiatives. By integrating ESG principles into established policies the Society is strengthening accountability, improving consistency in decision-making, and creating clearer links between strategy, sustainability objectives and operational execution.

These enhancements support the ongoing integration of sustainability into strategic planning, risk management, customer service delivery, people management, procurement practices, and organisational governance. They also provide a stronger foundation for managing emerging risks and opportunities associated with evolving stakeholder expectations, regulatory developments, and sustainable development priorities.

As the sustainability programme continues to mature, policy frameworks will be reviewed periodically to ensure they remain responsive to emerging ESG considerations and aligned with the Society's long-term strategic objectives.

Sustainability Report – Continued

Shaping a Sustainable Tomorrow, Today - continued

Integration of Credit and Environmental & Social Risk

The Society continued to strengthen the integration of Environmental and Social (E&S) considerations into its credit risk management processes during the reporting period. Recognising that sustainability-related risks can influence the long-term viability of borrowers, asset quality, and portfolio resilience, NBS embedded E&S screening requirements into its credit assessment framework to support more informed lending decisions.

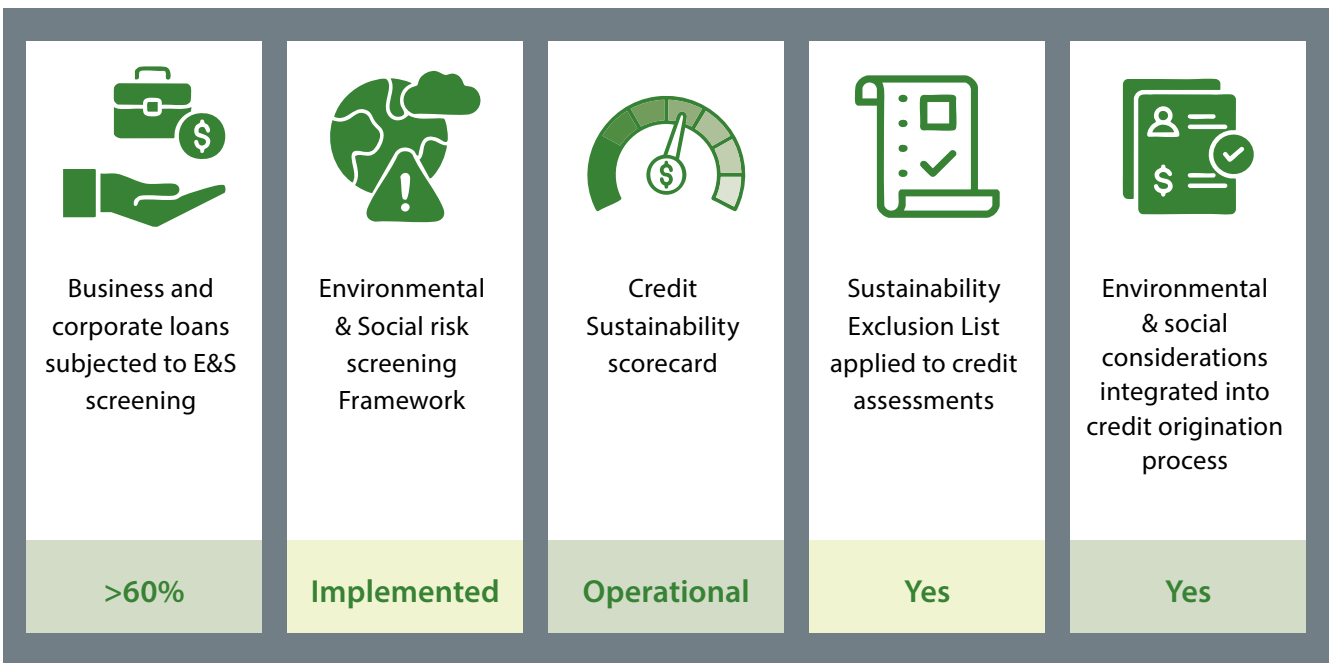
Environmental and social considerations are assessed at credit origination through a structured screening process that evaluates potential risks associated with the borrower's activities, operating environment, geographic location, and sector exposure. The process is supported by an Environmental and Social Risk Screening Guide and Credit Sustainability Scorecard, which assist lending teams in identifying and assessing material sustainability-related risks and opportunities as part of the credit evaluation process.

The screening framework enables the Society to identify potential environmental and social issues early in the credit lifecycle, supporting alignment with the Society's Sustainability Framework, sustainability risk appetite, and exclusion criteria. It also assists in identifying transactions that may require enhanced due diligence or additional mitigation measures before credit facilities are approved.

In 2025, environmental and social risk screening was applied to more than 60% of business and corporate lending facilities originated by the Society, and the target is 100% in 2026. This reflects continued progress in embedding sustainability considerations into core business processes and strengthening the integration of sustainability risk management within lending activities.

Through the ongoing enhancement of credit risk assessment processes, the Society seeks to support responsible lending, strengthen portfolio resilience, and promote sustainable economic development while managing potential environmental and social impacts associated with financing activities.

Integration of Credit and Environmental & Social Risk



Shaping a Sustainable Tomorrow, Today - continued

Our Sustainability Framework

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

PILLAR	NBS SUSTAINABILITY ISSUE	SDGs
Environment (E)	Climate Action and Sustainable Practices	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION 15 LIFE ON LAND
Economic (E)	- Economic Resilience - Digitalization - Inclusive Economic Prosperity and Quality of Life	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
Social (S)	- Financial Inclusion - Housing Delivery - Diversity and Inclusion - Community Engagement - Staff Welfare - Occupational Safety and Health - Supply Chain Sustainability	1 NO POVERTY 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 6 CLEAN WATER AND SANITATION 10 REDUCED INEQUALITIES
Governance (G)	- Ethical Business Practices - Sustainable Operations - Customer Privacy and Data Security - Transparency and Accountability - Risk Management and Compliance - Governance and Growth	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

The Sustainability Framework serves as the guiding structure for integrating sustainability considerations into the Society's strategy, operations, governance, and stakeholder engagement activities. Developed to align business objectives with sustainable development priorities, the framework provides a consistent approach for identifying, managing, and monitoring the environmental, economic, social, and governance issues most relevant to the Society and its stakeholders.

The framework is built around four interconnected pillars- Environment, Economic, Social, and Governance (EESG). Together, these pillars provide a structured lens through which sustainability risks, opportunities, impacts, and performance are assessed and managed across the organisation.

The framework identifies key sustainability issues that are most material to the Society's operations and long-term success. These material issues guide the development of sustainability initiatives, performance monitoring, policy enhancements, and stakeholder engagement activities.

The framework also supports alignment with the United Nations Sustainable Development Goals (SDGs) by connecting the Society's sustainability priorities to broader national and global development outcomes. Through this alignment, NBS seeks to contribute positively to economic development, social well-being, environmental stewardship, and institutional resilience while creating sustainable value for stakeholders.

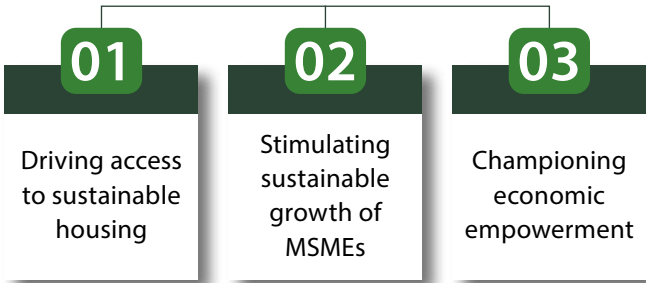
Progress against the framework is monitored through ongoing stakeholder engagement, internal reporting processes, performance reviews, and governance oversight mechanisms. This enables the Society to evaluate emerging sustainability risks and opportunities, assess the effectiveness of sustainability initiatives, and continuously strengthen its approach to sustainable business practices.

To ensure continued relevance and effectiveness, the Sustainability Framework is reviewed periodically, allowing the Society to respond to evolving stakeholder expectations, regulatory developments, sustainability trends, and strategic priorities.

Sustainability Report – Continued

High Impact Goals: Driving Meaningful Change

Our sustainability strategy is anchored on three core pillars; our High Impact Goals (HIGs), which are aligned to our mandate, national development objectives and define where and how we will create the greatest impact:



These pillars are supported by strong governance structures, risk integration, digital transformation, and strategic partnerships.

Driving Access to Sustainable Housing

We are committed to expanding access to affordable, decent and modern sustainable housing across urban, peri-urban, and rural communities; thereby contributing to reducing the national housing backlog of about two million units.

Our approach includes:

- Development of residential stands and housing units
- Provision of affordable housing finance including mortgages, micro-mortgages, and rent-to-buy solutions
- Financing for solar energy and clean water access (e.g. boreholes)
- Strategic partnerships across the housing value chain

This goal directly contributes to infrastructure development, financial inclusion, and improved living standards, while supporting Zimbabwe’s housing mandate under National Development Strategy 2.

Stimulating Sustainable Growth of Micro Small Medium Enterprises (MSMEs)

MSMEs are the backbone of the Zimbabwe economy, as they dominate a significant share of business establishments across the country. The ZIMSTAT 2024 Economic Census preliminary report shows that MSMEs constitute about 98.9% of 204,798 establishments across the country.

NBS is committed to MSMEs growth potential through inclusive financing and capacity building given that a key constraint facing the sector is limited access to affordable and patient capital, particularly for enterprises operating in productive sectors that require significant investment in equipment, technology and working capital.



Key focus areas include:

- Expanding access to finance through innovative lending models (e.g., cashflow-based lending) and prearranged collateral arrangements
- Supporting informal and underserved sectors through tailored products
- Driving digital financial inclusion via mobile wallets and agency banking
- Enhancing operational efficiency and customer experience through digital transformation

Through these efforts, we enable MSMEs to scale, create jobs, and contribute meaningfully to economic growth.

Championing Economic Empowerment

Economic empowerment remains central to our mandate, particularly for under-served and vulnerable populations.

We are focused on:

- Developing sustained Village Based Units (VBUs) to spearhead rural transformation
- Strengthening pensioner livelihoods through targeted financial products and partnerships
- Expanding access for women, youth, and rural communities
- Promoting financial literacy and digital inclusion
- Leveraging the shareholder’s, NSSA, ecosystem to unlock value and broaden participation in the formal economy

This goal ensures that growth is inclusive, equitable, and sustainable.

Aligning with National Development Priorities (NDS2)

Looking ahead, our strategy is closely aligned with Zimbabwe’s National Development Strategy 2 (2026–2030), particularly in the following national priority areas:

- Macroeconomic Stability and Financial Sector Deepening
- Infrastructure Development and Housing

By aligning our initiatives with NDS2, we ensure that our impact contributes directly to national economic transformation.

Materiality

Stakeholder engagement during the reporting period provided valuable insights into the issues that stakeholders consider most important to NBS’s sustainability journey. The feedback reflects strong alignment between stakeholder expectations and the Society’s strategic focus areas, particularly around financial inclusion, affordable housing delivery, responsible governance, and sustainable value creation.

Stakeholders continue to recognise the importance of NBS’s role in expanding access to housing and financial services, while also expecting the Society to develop innovative solutions that respond to evolving customer needs and contribute to inclusive economic development.

Governance remains a key foundation of stakeholder confidence, with expectations centred on ethical conduct, transparency, responsible risk management, regulatory compliance, and the protection of

customer information. Stakeholders emphasised the importance of maintaining trust as NBS continues to enhance its digital capabilities and expand its service offering.

Environmental considerations continue to gain prominence, with stakeholders highlighting the need for increased focus on sustainable financing solutions, renewable energy opportunities, climate resilience, and responsible operational practices. This reinforces the opportunity for NBS to further integrate environmental considerations into its products, services, and operations.

Social expectations focused on creating meaningful and lasting impact through initiatives that support employee well-being, inclusion, community development, and improved access to opportunities. Stakeholders encouraged continued collaboration and partnerships that can amplify NBS’s contribution to societal development.

The feedback also highlighted opportunities to strengthen visibility and implementation of sustainability practices, particularly in areas such as supply chain sustainability and internal sustainability programmes. Going forward, NBS will continue enhancing stakeholder engagement, reporting transparency, and sustainability integration across its operations.

Overall, the insights reaffirm that stakeholders view sustainability as an important enabler of long-term value creation and expect NBS to continue embedding sustainability considerations into its strategy, decision-making, and delivery of its mandate.

Survey Results

Rank	Sustainability Issue	Score (1–5)						
		0	1	2	3	4	5	
1	Customer Privacy & Data Security							4.70
2	Affordable Housing Delivery							4.55
3	Financial Inclusion							4.49
4	Risk Management & Compliance							4.48
5	Ethical Business & Transparency							4.44
6	Digitalization & Innovation							4.40
7	Inclusive Economic Prosperity							4.27
8	Diversity & Inclusion							4.24
9	Adoption of Green Technologies							4.20
10	Economic Resilience & Job Creation							4.17
11	Community Engagement & Welfare							4.12
12	Climate Action & Sustainable Practices							4.02
13	Employee Wellness & Occupational Health and Safety							3.43
14	Sustainable Supply Chain Management							3.16

Sustainability Report – Continued

Aligning with National Development Priorities (NDS2) - continued

Operating Environment

Macroeconomic Landscape

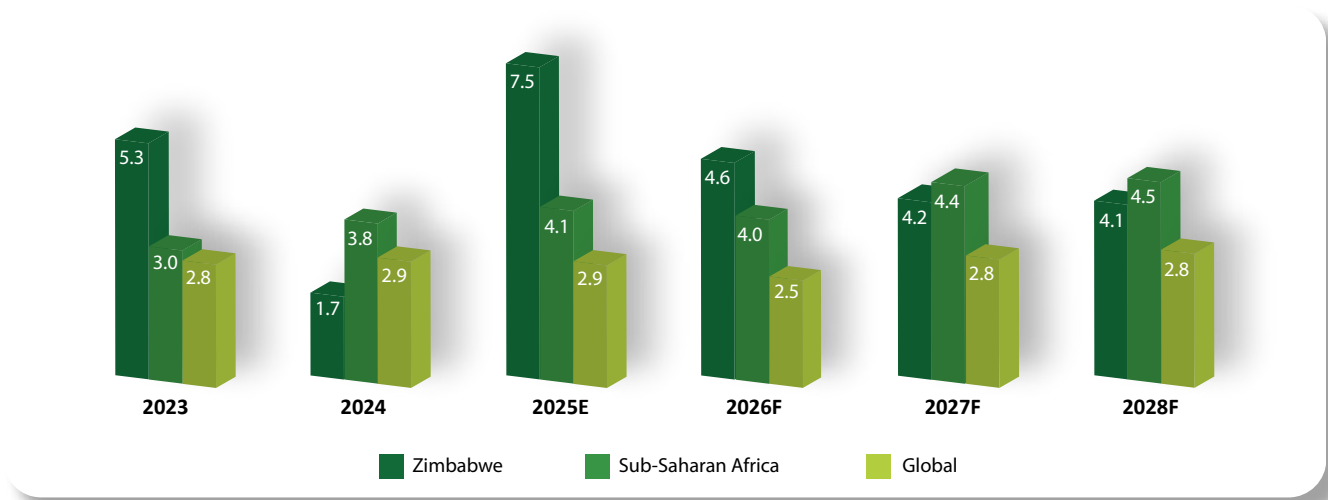
The Zimbabwe economy rebounded in 2025, with real GDP growth estimated at 7.5% compared to about 1.7% in 2024. Growth was underpinned by a strong recovery in agriculture, while mining and financial services continued to provide support to overall economic activity. This was against a backdrop of global uncertainty from adverse shifts in trade policies and persistent geopolitical tensions that impacted global activity.

A tight monetary policy stance continued to stabilise the exchange rate, which averaged between ZWG25 – ZWG27 against the US dollar, and moderated inflationary pressures. In light of the macroeconomic landscape, the Society remained focused on delivering affordable housing and advancing financial inclusion while embedding Sustainability into the strategic and operational framework.

2026 Outlook

2026 Global economic prospects 2026 are expected to be affected by heightened geopolitical tensions, including the US, Iran conflict, rising trade uncertainties and associated spillover effects on fuel prices, capital flows and weaker external demand. Despite these global risks, Zimbabwe's economy is projected to register 4.6% growth in 2026, which is higher than the Sub-Saharan forecast of 4.0%. Growth is expected to be supported by agricultural production, stable currency and exchange rate, and steady international commodity prices.

Real GDP Growth (%), 2023 – 2028f



Source: World Bank

Our Strategic Response

Looking ahead into 2026, the Society will continue to prioritise sustainability as a core strategic imperative. Sustained investment in green housing initiatives, environmentally responsible banking practices, and sustainable financing solutions will remain central to strategy, reinforcing commitment to supporting Zimbabwe's socio-economic development while creating long-term value for stakeholders.

Contribution towards the country's development agenda, under the NDS2 and Vision 2030, will be anchored on fostering financial inclusion, infrastructure development and provision of modernised affordable decent housing, as well as supporting MSMEs, public and private sector businesses. This is in line with the Society's strategic intent to Transform Lives for all in Zimbabwe by championing economic empowerment, stimulating sustainable growth of SMEs through targeted financing solutions that promote entrepreneurship and inclusive economic development and driving access to sustainable decent housing.

Translating Strategy into Impact

Sustainability is embedded within our strategic ambition to deliver meaningful and measurable impact across Zimbabwe's social and economic landscape. Guided by our Purpose, "Transforming Lives for All in Zimbabwe," the Society continues to align its growth strategy with national development priorities and the United Nations Sustainable Development Goals (SDGs).

Translating Strategy into Impact - continued

Our approach is centred on High Impact Goals (HIGs), which translate strategy into targeted developmental outcomes that create shared value for communities, stakeholders, and the broader economy. These High Impact Goals provide the foundation through which the Society channels capital, partnerships, innovation, and financial solutions towards inclusive and sustainable development.

The Society recognises that sustainable finance is increasingly driven by measurable impact. As such, our sustainability framework is designed not only to support long-term institutional resilience, but also to position NBS as a credible platform for SDG-aligned investments capable of unlocking transformative social, environmental, and economic outcomes.

Our impact areas focus on expanding access to sustainable housing, stimulating MSME growth, and advancing financial inclusion across under-served communities. Through these strategic priorities, the Society contributes towards infrastructure development, economic empowerment, climate resilience, inclusive growth, and community well-being.

Rather than viewing sustainability as a standalone initiative, NBS continues to integrate impact-led thinking into financing models, partnerships, product innovation, and operational decision making. This enables the Society to strengthen its contribution towards national development while building scalable solutions that align with evolving sustainable finance and impact investment priorities.

Survey Results

Ref	Goal Description	Sustainable Development Goals Impact
HIG#1	Drive access to sustainable housing. Providing affordable and quality housing to rural, semi-urban and urban communities through development of residential stands, construction of houses, financing construction of houses through issuance of outright mortgages, micro mortgages and rent-to-buy options; offering rental solutions, and home improvement loans; establishment of partnerships with stakeholders in the housing value chain, renewable energy loans and financing access to clean water.	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS
HIG#2	Stimulate sustainable growth of Micro, Small and Medium Enterprises (MSME). Financing MSMEs and transforming these businesses thereby enabling them to contribute to economic growth	1 NO POVERTY 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES
HIG#3	Champion Economic Empowerment Strengthening pensioner livelihoods by growing value created from the National Social Security Authority's investment in NBS, and expanding economic opportunities for under-served individuals through pension responsive products, loans, digital and transactional services, advisory support, and partnerships that drive community income generation; enabling pensioners, women, youth, rural communities, and informal enterprises to increase income and actively participate in the formal economy.	1 NO POVERTY 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES

Sustainability Report

- Continued



Stimulating Sustainable Growth of MSMEs

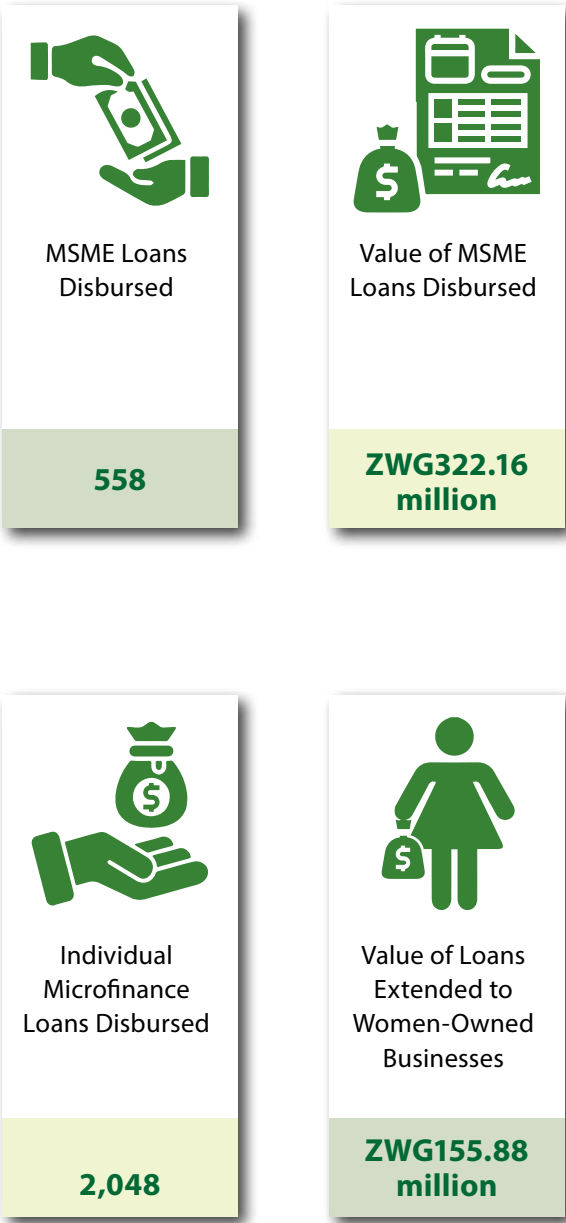
MSMEs remain a critical driver of economic growth, employment creation, innovation, and income generation across Zimbabwe. Through NBS and Lenderspark, the Group continued to provide accessible financing solutions designed to support business growth, strengthen productive sectors, and expand financial inclusion.

Expanding Access to Finance and Economic Opportunity

The Group provided financing to enterprises operating across key sectors of the economy, including manufacturing, agriculture, trading, transport, education, mining, microfinance, and the tobacco value chain. By supporting businesses across these sectors, the Group contributed to enterprise development, value chain strengthening, and broader economic participation.

The Group's financing approach is designed to support both established businesses and emerging entrepreneurs, recognising the important role MSMEs play in creating sustainable livelihoods and resilient local economies. Through Lenderspark, the Group continued to extend access to capital to entrepreneurs and informal sector participants who often face challenges in accessing conventional sources of finance.

Promoting inclusive economic participation remained a key priority during the year. Focus was placed on supporting women-owned enterprises through targeted financing solutions aimed at unlocking economic opportunities, supporting business expansion, and strengthening the contribution of women entrepreneurs to economic development.



MSME Financing and Financial Inclusion Indicators

Stimulating Sustainable Growth of MSMEs - continued

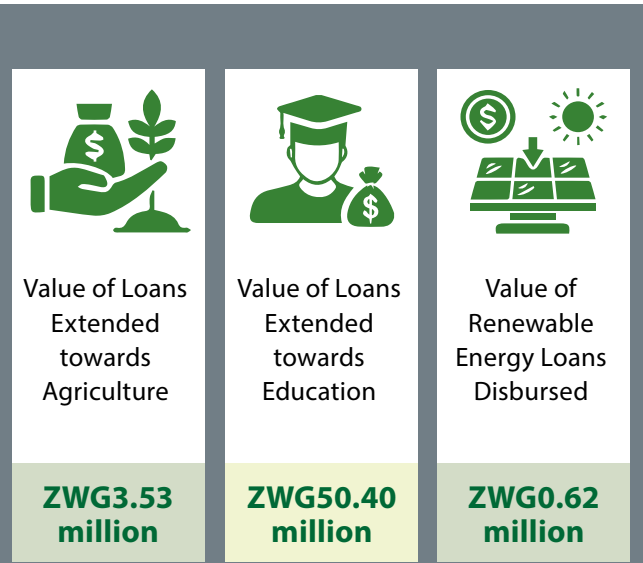
Supporting Sustainable and Productive Sectors

The Group continued to allocate capital towards sectors that contribute to long-term economic development, community well-being, and environmental resilience. Through targeted financing interventions, it supported productive sectors that strengthen livelihoods, improve service delivery, and enhance economic participation across the country.

Agriculture remained an important area of focus, with financing supporting farming activities and agricultural productivity across the value chains. These investments contributed to strengthening food systems, supporting rural livelihoods, and enhancing economic resilience within communities that depend on agricultural activity.

The Group also continued supporting the education sector through financing solutions that enable educational institutions to expand and improve infrastructure and service delivery. By facilitating investment in education, the Group contributes to improved learning environments and broader social development outcomes.

Recognising the growing importance of sustainable energy solutions, the Group continued supporting access to renewable energy financing. While this remains an emerging area of the portfolio, these investments demonstrate the Group's commitment to supporting practical solutions that enhance energy resilience, improve access to reliable power, and contribute to environmental sustainability.



Financial Literacy Initiatives

The Group recognises that sustainable MSME growth requires more than access to finance; financial knowledge, market access, and strong support networks are equally important in helping entrepreneurs build resilient and successful businesses. During the reporting period, the Group conducted a range of financial literacy initiatives reaching more than 550 individuals, including women entrepreneurs, girls, and school learners. These initiatives focused on improving financial management skills, promoting responsible borrowing, encouraging savings, and strengthening entrepreneurship capabilities.

In addition, the Group strengthened its broader enterprise development agenda through strategic partnerships that enhanced access to finance and supported productive sectors. Collaborations with credit guarantee providers, collateral management service providers, agricultural value chains participants, educational institutions, and other industry stakeholders expanded lending opportunities while supporting prudent risk management practices.

Through Lenderspark Finance, partnerships were also established with providers of solar solutions, borehole drilling services, roofing materials, stock feeds, and ICT equipment. These arrangements enable customers to access financing linked to productive assets and essential business inputs, thereby supporting enterprise growth and contributing to broader economic development outcomes.

Looking ahead, the Group will continue to expand its MSME portfolio through relationship-based banking, value-chain financing, revolving funds, digital onboarding platforms, and other innovative financing solutions tailored to the needs of small businesses. This approach will further deepen financial inclusion, strengthen partnerships, and support productive sectors of the economy, creating lasting value for entrepreneurs, communities, and the wider economy.

Driving Access to Sustainable Housing

Affordable Housing Delivery

The Society continued to advance its High Impact Goal of Driving Access to Sustainable Housing through the delivery of affordable residential developments and strategic partnerships aimed at expanding access to dignified housing across Zimbabwe. During the reporting period, the Society collaborated with NSSA and private developers to facilitate the delivery of low-cost residential infrastructure and housing units targeting low-to-middle income households and civil servants.

Sustainability Report – Continued

Driving Access to Sustainable Housing - continued

Affordable Housing Delivery - continued

Key developments that progressed during the year included the Rangemore and Maharba housing projects, which contributed to the completion and handover of over 500 housing units. In Chinhoyi, the Society facilitated the delivery of 723 low-cost residential stands, supporting broader efforts to improve housing accessibility and sustainable urban development.

The Society continued to strengthen long-term housing delivery capacity through planned pipeline developments expected to contribute significantly to future housing stock. These include Rangemore Phase 3, Glaudina Flats Phases 2 and 3, Newmara and Runyararo developments, alongside strategic landbank acquisitions to support future cluster housing projects.



Sustainable Practices

The Society continued to strengthen the integration of sustainability principles across its housing developments through environmentally responsible construction practices and enhanced environmental management systems. During the reporting period, the Mathendele Housing Project demonstrated the Society’s commitment to embedding sustainability considerations throughout the project lifecycle, guided by ongoing environmental monitoring and sustainable construction practices evidenced through quarterly environmental assessments and contractor sustainability reviews.

In support of the Society’s objective to reduce the environmental footprint associated with housing developments, the project incorporated sustainable construction approaches aligned with broader climate resilience and resource efficiency objectives.



Environmental monitoring was conducted throughout the reporting period through quarterly assessments conducted in line with environmental compliance requirements. Monitoring activities focused on ensuring adherence to environmental management standards, minimising construction-related impacts and promoting responsible project implementation practices across the development.

The Society also continued strengthening contractor accountability and environmental awareness through sustainability focused engagements aimed at improving compliance, waste management practices and environmental performance within construction operations.

Sustainable Practices - continued

NBS continued to explore opportunities to improve the environmental performance and resource efficiency of its housing developments through the adoption of alternative construction technologies and renewable energy solutions.

Selected projects incorporated construction approaches designed to reduce material consumption, improve efficiency, and lower the environmental footprint associated with housing delivery. At the Plumtree Project, prefabricated construction materials were utilised for key infrastructure and operational facilities, including precast manhole rings for sewer systems and modular building panels for site offices. The use of these technologies contributed to reduced cement consumption, minimised material wastage, improved construction efficiency, and supported cost-effective delivery of affordable housing units.

Efforts to strengthen energy sustainability within residential developments also progressed during the year. The Plumtree Project introduced solar-powered street lighting infrastructure, reducing reliance on grid-supplied electricity while enhancing energy resilience within the development. Building on this experience, similar renewable energy solutions are planned for incorporation into the upcoming Newmara Housing Project in Mutare.

Recognising the importance of reliable energy access within residential communities, the Glaudina Project established a backup energy plan designed to support approximately 380 residents during Phase 1 and a further 575 residents during Phase 2. These initiatives contribute to the development of more resilient, resource-efficient, and sustainable communities while supporting the Society’s broader objective of integrating sustainability considerations into housing delivery.

Expanding Future Decent Housing Delivery

Indicator	2026
Housing units constructed	• Rangemore Phase 3 = 500 units • Glaudina Flats Phase 2 = 64 units • Glaudina Flats Phase 3 = 128 units • Newmara = 153 units
Serviced stands delivered	• Runyararo = 616 stands
Landbanks acquired	• Lot 1 of Marvel (Strategic land for Clusters) = 8.7Ha

Housing Finance and Accessibility

Access to housing finance remains a critical enabler of home ownership and sustainable community development. During the reporting period, NBS continued to support customers through a range of mortgage and housing finance solutions designed to facilitate property acquisition, residential construction, home improvements, and incremental housing development.

The Society’s housing finance activities contributed to expanding access to affordable housing while supporting broader financial inclusion objectives. Micro mortgage products continued to play an important role in enabling customers to progressively improve and develop residential properties, while project linked financing arrangements supported home ownership within strategic housing developments.

NBS also remained focused on promoting inclusive access to housing finance across different customer segments, reinforcing its commitment to improving housing accessibility and supporting long-term household asset creation. Through continued investment in housing finance, the Society contributes to sustainable home ownership, community development, and inclusive economic growth.

Indicator	2025 Performance
Mortgage Loans Disbursed	• 2,188
Total Value of Mortgage Loans Disbursed	• ZWG740 million
Mortgage Facilities Disbursed to Female Customers	• 33.5%
Mortgage Facilities Disbursed to Youth Customers	• 27.4%

Championing Economic Empowerment

Bancassurance

NBS Multiple Agency (Bancassurance) continued to support the Society’s financial inclusion and customer resilience objectives during 2025 by expanding access to affordable insurance solutions through approved insurance partners. Operating under an IPEC Multiple Agent Licence, the business provides customers with access to life and non-life insurance products that help protect households, borrowers, homeowners, SMEs and farmers against financial shocks.

Residential stands delivered

723 stands in Chinhoyi

Housing units completed

+500 units

To date, NBS has delivered **+2,100** housing units across Zimbabwe through various residential development projects, contributing to increased access to quality housing across urban and emerging communities.

Sustainability Report – Continued

Championing Economic Empowerment - continued

Bancassurance - continued

The Bancassurance offering supports the Society's broader sustainability agenda by addressing protection gaps and strengthening the financial resilience of customers. Through branch, digital, payroll, mortgage, lending and partner channels, NBS provides access to products covering funeral expenses, loan and mortgage obligations, hospitalisation, motor and property risks, SME continuity and agricultural activities.

Key Products and Sustainability Impact

The Bancassurance portfolio includes funeral, loan protection/credit life, mortgage protection, hospital cash, motor, property and home, keyman/SME continuity and agriculture insurance.

These solutions contribute to:

- **Financial inclusion** by improving access to affordable insurance, including microinsurance solutions.
- **Customer protection** by reducing the financial impact of death, illness, accidents, property loss and other unexpected events.
- **Sustainable home ownership** through mortgage and property protection.
- **SME resilience** by protecting businesses against the loss of key individuals and other operational risks.
- **Agricultural and climate resilience** through insurance solutions supporting farmers and agricultural value chains exposed to drought, floods, hail, fire and other climate-related events.
- **Responsible lending** through loan and mortgage protection that safeguards borrowers and their families while reducing credit-related risks.

The Society also facilitates vehicle licensing services through its role as an authorised ZINARA agent, supporting access to licensing services while contributing to the broader transport infrastructure ecosystem.

Portfolio Impact

The Bancassurance portfolio demonstrated meaningful scale in protecting customers and financial exposures during the year:

Key Indicator	2025
Loan protection / micro-mortgage policies or transactions	13,452
USD-denominated policies or transactions	10,004
ZWG-denominated policies or transactions	3,448
Value of USD loans protected	USD34.8 million
Value of ZWG loans protected	ZWG189.7 million

Number of Individuals with Mortgage Life Protection	4719
Value of USD Mortgage Portfolio with Life Protection	USD 52.86million
Value of ZWG Mortgage Portfolio with Life Protection	ZWG 1.37billion

These figures demonstrate the role of Bancassurance in protecting customer borrowing, supporting sustainable home ownership and strengthening financial resilience. The Society is working to further enhance its systems and reporting capabilities to enable improved measurement of active policies, customers insured, claims supported, complaints resolved and product-level sustainability outcomes.

Responsible Business and Climate Resilience

Bancassurance activities are supported by the Society's risk management, customer protection, AML/CFT, data privacy, information security, conflict-of-interest and complaints-handling frameworks. These controls promote responsible product distribution, transparent customer communication, secure handling of personal information and appropriate management of customer complaints and claims.

Climate-related risks are particularly relevant to agriculture, property, motor and business interruption insurance. The Society continues to work with insurance partners to strengthen underwriting and risk management while exploring opportunities to expand climate-responsive and affordable insurance solutions that can improve resilience among farmers, businesses and households.

Going forward, NBS will continue to strengthen Bancassurance as a strategic platform for financial inclusion, customer protection and resilience. Priorities include expanding access to affordable insurance, improving customer awareness and financial literacy, strengthening insurer and partner management, enhancing digital distribution, and improving data capabilities to measure customer and sustainability outcomes.

Through responsible insurance distribution, NBS Multiple Agency will continue to complement the Society's core financial services by helping customers, households and businesses better manage financial shocks, protect assets and build long-term resilience.

Digital Channels

Digital Channels continued to play a key role in advancing the Society's digital transformation agenda during 2025, providing customers with secure, convenient and accessible banking services while supporting financial inclusion and operational efficiency. The Society continued to invest in digital platforms, payment infrastructure, customer experience and strategic partnerships to expand access to banking services beyond traditional branch channels.

Digital Adoption and Performance

The Society recorded strong growth across its key digital channels during the year, reflecting increased customer adoption of self-service and cash-lite banking solutions.

Key Indicator	2024	2025	Growth
Registered USSD users	100,821	160,000	⬆️ 58.70%
Registered Internet Banking users	12,708	20,228	⬆️ 59.18%
Registered card users	165,746	200,295	⬆️ 20.84%
POS devices deployed	1,352	2,619	⬆️ 93.71%

The significant expansion in POS infrastructure strengthened the Society's merchant acquiring capabilities and supported increased adoption of electronic payments. Growth in USSD, Internet Banking and card registrations further demonstrates the increasing preference for convenient, accessible and secure digital banking services.

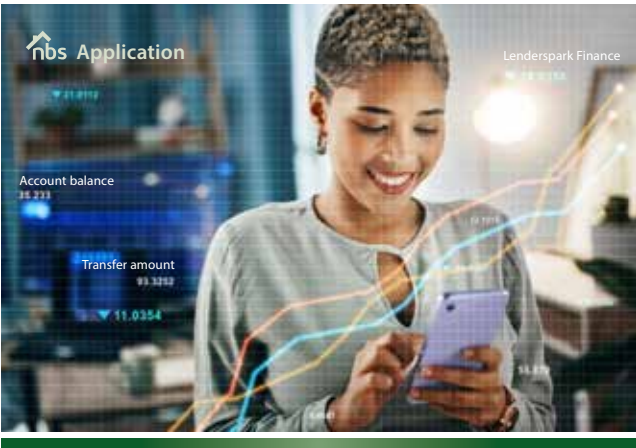
Digital channels also continued to support significant transaction activity during the year. POS transactions processed ZWG38.40 million and USD2.03 million in deposits, while Mobile Banking transactions amounted to ZWG23.86 million and card transactions to ZWG17.79 million. These platforms continue to serve as important enablers of customer convenience, payment efficiency, cash-lite commerce and business growth.

Innovation and Customer Experience

During 2025, the Society continued to enhance its digital banking ecosystem through improvements to Internet Banking, USSD Banking, Swift Mula Wallet, Agency Banking, ZIPIT, WhatsApp Banking, Mastercard services and merchant payment solutions. The introduction and enhancement of capabilities such as Wallet-on-POS, dual-currency POS functionality and expanded payment interoperability provided customers and merchants with greater flexibility and convenience.

Strategic partnerships with payment, technology and mobile network ecosystem participants continued to support the expansion and reliability of digital services. These collaborations strengthened payment interoperability, merchant acceptance, customer engagement and access to digital financial services.

Customer awareness and digital literacy initiatives, including branch-based awareness campaigns, customer onboarding, product demonstrations and cybersecurity education, complemented the Society's technology investments and supported greater customer confidence and adoption of digital banking services.



Financial Inclusion and Strategic Impact

Digital Channels remained an important enabler of financial inclusion by extending access to banking services for individuals and businesses, including SMEs, entrepreneurs, youth, pensioners, informal sector participants and customers in under-served communities. By enabling customers to transact remotely, make payments and transfer funds without visiting a branch, digital banking contributed to reduced transaction costs, improved convenience and greater participation in the digital economy.

The Society maintained 100% availability of its core V-Suite banking platform during the year, despite intermittent outages affecting certain third-party services. Continued investment in infrastructure resilience, cybersecurity, service monitoring and vendor management supported the reliability and security of the Society's digital banking ecosystem.

In 2026, the Society will continue to focus on increasing active digital banking customers, expanding Agency Banking and merchant acquiring, enhancing Mobile and Internet Banking, strengthening WhatsApp Banking and Swift Mula Wallet capabilities, improving payment interoperability, and enhancing cybersecurity and digital customer onboarding. These priorities will support the Society's continued digital transformation, financial inclusion objectives and delivery of a more convenient, resilient and customer-centric banking experience.

Local Economic Empowerment

The Society continued contributing towards local economic empowerment through local employment creation and strategic partnerships supporting sustainable housing development. Housing projects prioritised the utilisation of local labour for general construction activities, contributing towards income generation and community participation within project areas.

Sustainability Report – Continued

Championing Economic Empowerment - continued

Local Economic Empowerment - continued

During the reporting period, the Plumtree Project incorporated local labour for general works of approximately 41 workers, while the Glaufina Project engaged approximately 60 local workers. Similar local employment approaches are expected to be implemented within upcoming developments including Newmara and Runyararo. Strategic collaboration remained a key enabler of sustainable housing delivery.



+100

Local Workers

Financial Inclusion

NBS continued to expand access to financial services through innovative digital solutions and targeted initiatives aimed at under-served customer segments. The introduction and enhancement of digital banking channels, including wallets, QR code account onboarding and WhatsApp Banking, improved convenience while supporting broader financial inclusion. Strategic partnerships with organisations representing youth, miners and the informal sector also laid the foundation for expanding access to tailored financial solutions.

2025 Highlights

	2025	2024
Individual customer accounts	90,000	72,000
Wallet accounts opened	10,000	-

- Partnership engagements with the Ministry of Youth Empowerment, Development & Vocational Training and the Zimbabwe Miners Federation to support financial inclusion programmes.

Inclusive Lending

The Society continued to provide accessible financing solutions that support household resilience, entrepreneurship and agricultural productivity. Product enhancements focused on improving affordability and faster access to finance through longer loan tenures and new digital lending solutions.

2025 Highlights

Individual loans disbursed	10,767
Loans provided to individual customers	ZWG +383 million

- Personal loan tenure extended to 36 months.
- Instant SwiftCash Personal Loan introduced.
- Agro Loan Scheme launched to support farmers.

Inclusive Financial Education

NBS continued to promote financial capability through education programmes and community engagement initiatives aimed at empowering customers to make informed financial decisions. These programmes complemented the Society's financial inclusion strategy by improving awareness and encouraging the uptake of formal financial services.

2025 Highlights

- Financial literacy programmes delivered through:
 - Global Money Week schools programme.
 - Informal sector savings programme.
 - Bulawayo Vendors Association financial literacy programme.
 - Chiredzi Sugarcane Farmers budgeting workshop.
 - ATS Private Schools Financial Literacy Symposium.
- Customer engagement initiatives included:
 - Agency banking campaigns.
 - Digital banking onboarding drives.
 - Pension fund partnerships supporting micro-mortgages.
 - Willing Buyer Willing Seller programme.



Climate Change

Climate change is increasingly influencing the resilience of economies, communities, infrastructure, and financial systems, creating both risks and opportunities for financial institutions. For NBS, climate-related impacts extend across lending activities, housing developments, operational infrastructure, investment properties, and the communities served by the Society.

Recognising the importance of building long-term resilience, the Society continued to strengthen its approach to climate risk management during the reporting period through enhanced governance structures, climate risk assessments, operational resilience initiatives, and capacity building efforts. These initiatives form part of the Society's broader sustainability journey and support the progressive integration of climate considerations into risk management, strategic planning, and decision-making processes.

Climate Governance and Strategic Oversight

Climate-related risks are managed through the Enterprise-wide Risk Management Framework and integrated into the Society's existing governance structures. Oversight is provided through the three-lines-of-defence model, ensuring that climate-related risks are identified, assessed, monitored, and managed alongside other strategic, operational, financial, and compliance risks.

Ultimate oversight resides with the Board of Directors, supported by a Board Champion responsible for promoting the integration of sustainability and climate-related considerations into strategic planning, policy development, and investment decision-making processes. As the Society's sustainability programme continues to mature, efforts remain focused on strengthening climate governance, enhancing institutional capacity, and improving climate-related reporting and monitoring practices.

Understanding Our Climate Exposure

The Society evaluated exposure to both physical and transition climate risks across operations, lending activities, deposits, investment properties, housing developments, and supporting infrastructure.

Physical risks assessed included droughts, flooding, extreme weather events, heat stress, and energy disruptions that may affect operational continuity, asset performance, and customer resilience. Transition risks considered included evolving environmental regulations, technological developments, changing market expectations, and broader economic shifts associated with the transition to a more sustainable economy.

Sustainability Report – Continued

Climate Change - continued

Understanding Our Climate Exposure - continued

The assessment identified exposure within several climate-sensitive sectors, including agriculture, construction and property, transport and logistics, hospitality, retail distribution, and energy. These sectors remain important contributors to economic activity and form part of the Society's lending and depositor base, reinforcing the importance of ongoing climate risk monitoring and assessment

Building Operational and Portfolio Resilience

Strengthening resilience across operations and the portfolio remained a key focus during the year. Climate risk assessments and scenario analysis were undertaken to improve understanding of potential climate-related impacts under different future conditions and to support informed decision-making.

The Society continued monitoring climate-sensitive lending exposures, depositor concentrations, operational sites, and

investment properties to strengthen visibility of emerging risks and vulnerabilities. Operational resilience initiatives also progressed during the year, including the deployment of solar backup systems at selected operational sites to reduce vulnerability to energy disruptions and support business continuity.

Carbon Footprint Report 2025

The Society recognises that its operations contribute to greenhouse gas emissions through the consumption of fuel and purchased electricity. During the reporting period, total operational greenhouse gas emissions amounted to 217.50 tCO₂e, comprising 181.97 tCO₂e of Scope 1 emissions from fuel combustion and 35.53 tCO₂e of Scope 2 emissions from purchased electricity. The increase in Scope 1 emissions reflects higher climate-related disclosures. This enhanced understanding of our operational carbon footprint will support future initiatives to improve energy efficiency, optimise resource use, and reduce greenhouse gas emissions, reinforcing the Society's commitment to responsible environmental stewardship and sustainable operations.

Carbon Footprint Table

Scope	Emission Source	2023 Activity Data	2023 GHG Emissions		2024 GHG Emissions		2025 GHG Emissions	2025 GHG Emissions	% Change
			(tCO ₂ e)	Activity Data	(tCO ₂ e)	% Change	Activity Data	(tCO ₂ e)	% Change
1	Petrol	2,312.24 Litres	4.78	3,116.04 Litres	6.45	+34.95%	24,096.46 Litres	49.86	+672.88%
1	Diesel	38,782.57 Litres	99.70	35,949.14 Litres	92.42	-7.30%	51,389.01 Litres	132.11	+42.95%
	Total Scope 1 GHG Emissions		104.48		98.87	-5.37%		181.97	+84.05%
2	Purchased Electricity	-	-	-	-	-	200,740 kWh	35.53	Base Year
	Total Scope 1 & 2 GHG Emissions		-		-	-		217.50	+119.98%*

Carbon Footprint Report 2025 - continued

Notes to the Carbon Footprint Table

- Methodology: Greenhouse gas (GHG) emissions were calculated in accordance with the GHG Protocol using the 2025 UK Department for Environment, Food & Rural Affairs (DEFRA) Greenhouse Gas Conversion Factors for fuel combustion.
- Emission Factors Applied:
 - Petrol: 2.06916 kgCO₂e per litre
 - Diesel: 2.57082 kgCO₂e per litre
- Scope Boundary: Scope 1 emissions include direct emissions from the combustion of petrol and diesel used in the Society's owned and controlled vehicles and standby generators.
- Units: Fuel consumption is reported in litres (L), while greenhouse gas emissions are reported in tonnes of carbon dioxide equivalent (tCO₂e).
- Year-on-Year Performance: Total Scope 1 emissions increased by 84.05% in 2025 compared with 2024, primarily due to a significant increase in petrol and diesel consumption rather than changes in the emission factors used.
- Scope 2 emissions include indirect greenhouse gas emissions from purchased electricity consumed across the Society's operations.
- Electricity consumption is reported in kilowatt-hours (kWh) and greenhouse gas emissions in tonnes of carbon dioxide equivalent (tCO₂e).
- 2025 is NBS's base year for Scope 2 reporting, reflecting the continued enhancement of its greenhouse gas inventory and carbon accounting processes.

Tree Planting and Environmental Stewardship

The Society continued to promote environmental stewardship by distributing 500 tree seedlings to employees and Board members as part of its tree planting initiative. The programme encouraged participation in ecosystem restoration and environmental conservation by supporting tree planting at homes, communities and other suitable locations. Beyond contributing to increased tree cover over time, the initiative sought to foster environmental awareness and a culture of shared responsibility for climate action among employees and leadership.

Climate Risk Profile Highlights

Indicator	2025
Overall Climate Risk Rating	• Moderate
Climate-sensitive Lending Exposure	• 16.04%
Climate-sensitive Sector Exposure	• ZWG379.57 million
Climate-sensitive Sector NPL Ratio	• 2.63%
Operational Sites Supported by Solar Backup Systems	• 3
Climate Scenario Analysis Conducted	• Yes



Sustainability Report – Continued



Climate Change - continued

Strengthening Climate Readiness

The reporting period focused on establishing the foundations required for more comprehensive climate-related risk management and disclosure. This included enhancing climate risk assessment methodologies, strengthening environmental data collection processes, improving institutional awareness of climate-related risks, and engaging contractors and service providers on sustainability-related data requirements.

While the Society has not yet adopted science-based emissions reduction targets or formal net-zero commitments, foundational work has commenced to support future emissions measurement, climate reporting, and transition planning initiatives.

Looking ahead, priority areas include strengthening climate related policies and operational frameworks, enhancing climate risk monitoring capabilities, expanding renewable energy and resource efficiency initiatives, improving sustainability related data management, and exploring opportunities to support climate-responsive financing solutions aligned with national development priorities.

Through these efforts, NBS seeks to strengthen institutional resilience, support sustainable development, and enhance its capacity to respond to evolving climate-related risks and opportunities.

Stakeholder Engagement

Stakeholder Engagement as a Driver of Sustainable Value

At NBS, we recognise that creating sustainable value depends on understanding and responding to the needs and expectations of our stakeholders. Meaningful stakeholder engagement is therefore embedded in our governance, strategic planning, and decision-making processes, ensuring that the perspectives of those we serve help shape our priorities and long-term direction.



Stakeholder Engagement Approach

At NBS, we recognise that meaningful stakeholder relationships are fundamental to delivering sustainable value and achieving our strategic objectives. We engage with a diverse range of stakeholders who influence, and are influenced by, our operations, including customers, employees, government authorities, suppliers, communities, partners, and industry participants.

Our engagement approach is designed to facilitate open dialogue, understand stakeholder expectations, address emerging concerns, and identify opportunities for collaboration. Through various engagement channels, including consultations, surveys, meetings, digital platforms, and stakeholder forums, NBS gathers insights that inform decision-making, improve service delivery, strengthen relationships, and enhance our sustainability initiatives.

Stakeholder Engagement Approach - continued

The stakeholder engagement summary below outlines our key stakeholder groups, engagement methods, priority areas of interest, outcomes achieved, and future actions to further strengthen these relationships.

Stakeholder Group	Engagement Methods	Key Topics	Outcomes and Impact	Future Actions
Customers • Pensioners • Civil Servants • Other individuals • SMEs • Individuals • Sole traders • 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 thinktanks
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

Sustainability Report – Continued

Stakeholder Engagement Approach - continued

Stakeholder Group	Engagement Methods	Key Topics	Outcomes and Impact	Future Actions
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
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.



Our People: Enabling Sustainable Performance

Our Employees

People are the Society's greatest asset and remain fundamental to delivering sustainable financial solutions, exceptional customer service and long-term organisational resilience. During the reporting period, we continued to strengthen our human capital through strategic recruitment, employee development, competitive benefits and employee well-being initiatives, while maintaining employment practices aligned with labour legislation, sound governance and responsible business conduct.

Our Human Resources framework governs recruitment, onboarding, performance management, employee relations, remuneration, learning and development, employee engagement and wellness. Employment relationships are managed through formal contracts that clearly define roles, responsibilities, remuneration and conditions of service. The Society also promotes responsible labour practices throughout its value chain by incorporating labour and employment expectations into supplier and procurement arrangements.

People Performance Highlights

Indicator	2025
New employees recruited	45
Employees under 30 recruited	24
Employees aged 30–50 recruited	21
Employees over 50 recruited	0
Female recruits	19
Male recruits	26

Indicator	2025
Total employee turnover	37
Employee turnover – Under 30	28
Employee turnover – 30–50	9
Employee turnover – Over 50	0
Female turnover	13
Male turnover	24
Employees entitled to parental leave	275
Female employees entitled to parental leave	122
Male employees entitled to parental leave	153
Employees who took parental leave	3
Female employees taking parental leave	2
Male employees taking parental leave	1
Return-to-work rate	100%
Retention rate after parental leave	100%

Building Organisational Capability

The Society recruited 45 new employees during the reporting period to strengthen operational capacity and support future growth. Recruitment remained focused on attracting both emerging and experienced talent, with 24 employees (53%) recruited below the age of 30 through graduate trainee and internship programmes, while 21 employees aged between 30 and 50 filled key operational and professional positions. No employees above the age of 50 were recruited during the reporting period.



Sustainability Report – Continued



Our People: Enabling Sustainable Performance - continued

Building Organisational Capability - continued

Recruitment continued to promote equal employment opportunities, resulting in the appointment of 19 female and 26 male employees across the organisation. The Society also successfully filled approved vacancies across its branch network, ensuring business continuity and maintaining service delivery standards.

Employee Movement

Total employee turnover during the year was 37 employees. Workforce movement was primarily attributable to the conclusion of structured employment programmes rather than permanent staff attrition.

Of the total exits:

completion of internship contracts	24
completion of relief contracts	4
voluntary resignations	9

Employee movement was concentrated within the younger workforce, with 28 employees under the age of 30 exiting during the reporting period. This trend reflects the completion of graduate trainee and internship placements, which form part of the Society's broader talent development pipeline. Employee turnover among employees aged 30–50 totalled 9, while no turnover was recorded among employees above the age of 50.

Turnover by gender comprised 13 female employees and 24 male employees.

The Society continues to monitor employee movement through exit management processes to identify emerging trends, strengthen retention strategies and inform workforce planning.

Employee Benefits and Well-being

The Society remains committed to providing a competitive employee value proposition that supports employee well-being, financial security and long-term engagement.

Permanent employees are eligible for a comprehensive range of benefits, including:

	Medical aid
	Life insurance
	Disability and invalidity cover
	Retirement savings
	Parental wellness and support programmes
	Employee wellness and support programmes

Temporary employees receive benefits in accordance with their approved employment terms and contractual arrangements. These benefits contribute to attracting, motivating and retaining skilled employees while supporting a healthy and productive workplace.

Supporting Families Through Inclusive Employment Practices

The Society recognises the importance of supporting employees through key life stages and continues to promote a family-friendly workplace.

During the reporting period:

- 275 employees were entitled to parental leave, comprising 122 female and 153 male employees.
- Three employees utilised parental leave, consisting of two female employees and one male employee.
- All three employees returned to work, resulting in a 100% return-to-work rate.
- All three employees remained employed twelve months after returning, resulting in a 100% retention rate following parental leave.

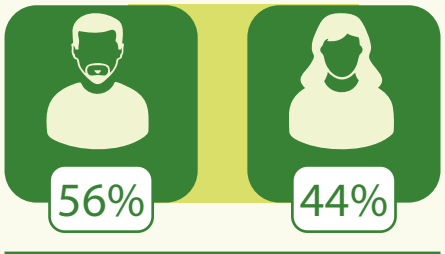
Diversity and Inclusion

Diverse and inclusive workplaces strengthen organisational effectiveness by bringing together different perspectives, experiences, backgrounds, and ideas. For a financial institution serving diverse communities and customer segments, inclusion also supports a deeper understanding of stakeholder needs and expectations.

NBS seeks to foster a workplace environment where employees are treated fairly, provided with equal opportunities, and empowered to contribute fully regardless of gender, age, disability, ethnicity, religion, or other personal characteristics protected by law and organisational policy.

Employment-related decisions, including recruitment, development, promotion, and performance management, are guided by principles of fairness, merit and equal opportunity, in line with our Human Resources policies. These policies and principles contribute to building a workforce that reflects the diversity of the communities served while supporting innovation, collaboration, and organisational resilience.

As workplace expectations continue to evolve, NBS remains focused on strengthening inclusive practices that promote belonging, respect, and equitable participation across all levels of the organisation.



Occupational Health and Safety

The Society is committed to providing all employees with a safe, healthy, and supportive work environment. Occupational health and safety is a core part of its people management approach, reflecting the belief that employee well-being is essential to organisational performance, productivity, and long-term sustainability.

As a financial institution, the Society's occupational health and safety focus areas include workplace safety, employee wellness, ergonomics, mental health, and the prevention of work-related injuries and illnesses. The Society seeks to identify and manage workplace risks through appropriate controls, awareness programmes and continuous engagement with employees to promote a culture where health, safety and well-being are shared responsibilities.

Employee wellness remained a key priority during the reporting period. The Society implemented various health promotion and awareness initiatives aimed at encouraging preventative healthcare and supporting employee well-being. These included health screening and awareness programmes covering conditions such as hypertension, diabetes, breast cancer and prostate cancer. Through these initiatives, employees were encouraged to proactively manage their health and seek early intervention where necessary.



The Society also recognises the growing importance of mental health and well-being in the workplace. Efforts continued to promote awareness of mental health issues, reduce stigma and foster an inclusive working environment that supports employees in managing both personal and work-related challenges.

Occupational health and safety matters are communicated through established employee engagement structures, ensuring that employees are informed of workplace health and safety requirements and have opportunities to raise concerns and contribute to the identification and mitigation of workplace risks. The Society further promotes awareness through health and safety communication and employee education initiatives designed to strengthen workplace safety culture.

The Society remains committed to maintaining effective systems for identifying workplace hazards, assessing risks and implementing appropriate mitigation measures. This preventative approach supports the creation of a safe and healthy working environment while contributing to employee well-being and operational resilience.

During the reporting period, the Society recorded no work-related fatalities, no high-consequence work-related injuries and no recordable occupational injuries.

People Performance Highlights	2025
Employee fatalities resulting from work-related injuries	0
High-consequence work-related injuries (excluding fatalities)	0
Recordable work-related injuries	0
Lost-time injury frequency rate (LTIFR)	0
Days lost due to work-related injuries	0

Sustainability Report – Continued



Whistleblower Mechanism: Safeguarding Integrity

Maintaining a culture of integrity, accountability, and ethical conduct remains fundamental to the Society's governance framework. The Whistleblower Policy provides employees, customers, suppliers, and other stakeholders with secure and confidential channels to report suspected misconduct, unethical behaviour, fraud, regulatory breaches, or violations of internal policies without fear of retaliation.

The Society continues to strengthen its whistleblowing framework to ensure that reporting mechanisms remain accessible, trusted, and effective. Concerns may be raised through multiple reporting channels, including dedicated hotlines, electronic reporting platforms, and other confidential communication mechanisms designed to facilitate the timely reporting of concerns.

All reports received are assessed and investigated in accordance with established procedures, ensuring independence, objectivity, and appropriate oversight. Where misconduct is substantiated, corrective action is implemented in line with internal disciplinary processes, regulatory requirements, and the severity of the matter. The confidentiality of whistleblowers is protected throughout the process, reinforcing confidence in the integrity of the reporting framework.

Beyond supporting regulatory compliance, the whistleblowing mechanism serves as an important governance tool that strengthens risk management, enhances transparency, and supports the early identification of potential issues before they escalate. By encouraging a speak-up culture, the Society reinforces ethical decision-making and promotes responsible conduct across its operations and stakeholder relationships.

Ethics

NBS is committed to conducting its business with the highest standards of integrity, professionalism and ethical behaviour. Our Code of Ethics provide the foundation for ethical decision-making across the Society and applies to all Board members, Executive Management and employees. It reinforces our values while promoting a culture of accountability, transparency and responsible conduct.

The Code establishes clear expectations regarding honesty, integrity, confidentiality, conflict of interest management, anti-bribery and anti-corruption, fair treatment of customers, responsible use of organisational assets, compliance with applicable laws and regulations, and the protection of stakeholder interests. Employees and Board members are required to declare potential conflicts of interest, report unethical conduct without fear of retaliation, and uphold the reputation of the Society in all their professional engagements.

Ethical conduct is supported through annual acknowledgement of the Code of Ethics, onboarding requirements for new employees and Board members, ongoing compliance oversight, and established reporting channels, including anonymous whistleblowing mechanisms. Reported breaches are investigated in accordance with the Society's governance and disciplinary processes, with appropriate corrective action taken where necessary.

By embedding ethical principles into our governance framework, business operations and organisational culture, NBS strengthens stakeholder trust, supports sound risk management and reinforces its commitment to sustainable and responsible banking.

Supply Chain Governance and Sustainable Procurement

NBS recognises procurement as a strategic function that creates economic, environmental and social value beyond the acquisition of goods and services. During the reporting period, the Society continued to strengthen its sustainable procurement practices by integrating environmental, social and governance (ESG) considerations into supplier selection and procurement decision-making, in line with its Sustainable Procurement Framework.

The Society maintained a strong commitment to supporting the local economy, with 100% of procurement expenditure directed to local suppliers. This approach contributes to local enterprise development, job creation and the strengthening of domestic value chains while reducing supply chain risks.



Supply Chain Governance and Sustainable Procurement - continued

To embed sustainability into procurement processes, 95% of Internal Procurement Requisitions (IPRs) and tender bids underwent Environmental and Social (E&S) criteria screening before approval. The screening process enables the Society to identify and manage potential environmental and social risks while encouraging suppliers to align with responsible business practices and the Society's sustainability commitments.

NBS remains committed to maintaining procurement processes that are transparent, competitive, ethical and compliant with applicable legislation. Supplier due diligence, conflict of interest declarations and ESG requirements continue to support responsible sourcing and strengthen supply chain resilience.

Cybersecurity

As digital technologies continue to transform financial services, maintaining the confidentiality, integrity and availability of information remains a critical priority for the Group. Effective cybersecurity and data protection practices are essential to safeguarding customer information, maintaining operational resilience, and preserving stakeholder trust.

The Group applies a structured, risk-based approach to identifying, assessing, and managing cybersecurity and data security risks across its operations. This approach incorporates periodic risk assessments, vulnerability scans, vulnerability assessments and penetration testing, enabling the proactive identification and remediation of potential security weaknesses. Information assets are classified according to their sensitivity to ensure that appropriate controls are applied and maintained.

Recognising that cybersecurity is both a technology and people challenge, the Group continues to strengthen employee awareness through mandatory training programmes, phishing simulations, and ongoing security awareness campaigns designed to promote a strong security culture and responsible information handling practices.

During the reporting period, the threat landscape continued to evolve, with increased levels of phishing attempts, credential-based attacks, and automated scanning activities observed across the financial services sector. These threats frequently originated from geographically distributed sources, including automated botnet networks. The Group maintained continuous monitoring and preventative controls aimed at detecting, mitigating and responding to emerging cyber threats.

Sustainability Report – Continued



Cybersecurity - continued

The Group maintains a formal incident response and data breach management framework aligned with applicable regulatory requirements. In the event of a confirmed data breach, established procedures guide the assessment of the incident, determination of its scope and impact, notification of relevant regulators within prescribed timelines, and communication with affected customers where required. Post-incident reviews are conducted to identify lessons learned and strengthen controls.

Cybersecurity and data protection activities are guided by applicable legal and regulatory requirements, including the Cyber and Data Protection Act [Chapter 12:07], Reserve Bank of Zimbabwe guidelines, and directives issued by the Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ). The Group remains committed to continuously strengthening its cybersecurity capabilities and protecting the information entrusted to it by customers and stakeholders.

Cybersecurity and Data Privacy Indicators

Indicator	2025 Performance
Number of Data Breaches	0
Percentage of Data Breaches Involving Personal Data	0%
Number of Account Holders Affected by Data Breaches	0
Regulatory Sanctions or Fines Relating to Data Security	0
Mandatory Cybersecurity Awareness Training Conducted	All Staff
Vulnerability Assessments and Penetration Testing	Conducted
Cybersecurity Monitoring and Threat Detection Activities	Ongoing

Digital Transformation

During 2025, the Society continued to leverage technology to improve operational efficiency while reducing its environmental footprint. Automation of selected internal processes, including system alerts and log monitoring through FortiSIEM, enhanced system oversight and reduced the need for manual intervention, supporting more efficient ICT operations.

The upgrade of the Mobile and Internet Banking platforms encouraged greater adoption of digital banking channels, improving customer convenience while reducing branch visits, paper-based transactions, and stationery consumption. As part of its commitment to sustainable technology practices, the Society also adopted the Qrent laptop rental model, extending the useful life of ICT equipment and promoting more responsible management of technology assets.

The Society also progressed plans to migrate its Internet Banking and Mobile Banking platforms, together with selected testing environments, to the cloud. This initiative is expected to enhance system resilience, scalability, and operational efficiency while supporting more sustainable ICT infrastructure over the longer term.

To further modernise internal operations, NBS implemented the OneVoice communication platform, replacing the traditional PABX telephone system with a unified digital communication solution that improves collaboration and operational effectiveness.

In support of responsible resource consumption, printer usage monitoring was introduced across the organisation to track printing volumes, promote responsible printing behaviour, and reduce unnecessary paper consumption. These initiatives form part of the Society's broader digital transformation agenda, which seeks to enhance customer experience, improve operational resilience, and minimise environmental impacts through the adoption of sustainable digital solutions.



Sustainability Report – Continued



Tax Governance, Risk Management and Compliance

Approach to Tax and Tax Governance

NBS manages its tax affairs through the Finance Department, with responsibility for tax compliance, reporting and remittance assigned to a designated Tax Officer. The Tax Officer serves as the custodian of tax compliance processes and is responsible for ensuring that the Society meets its statutory tax obligations in accordance with applicable tax legislation and regulatory requirements.

Tax Governance Structure

The Tax Officer acts as the primary liaison between the Society and the Zimbabwe Revenue Authority (ZIMRA), overseeing tax computations, reconciliations and engagements with tax authorities. Tax-related activities are coordinated within the Finance Department to support effective management of the Society's tax obligations and compliance requirements.

Tax Risk Management

NBS adopts a risk-based approach to tax management. This approach focuses on understanding the nature and requirements of each tax type, identifying potential areas of tax risk and benchmarking practices against industry norms to promote compliance and consistency. Through this approach, the Society seeks to identify and address tax-related risks in a timely manner.

Internal Controls

The Society maintains internal controls to support the accuracy and completeness of tax calculations and reporting. Tax computations are reviewed by the Financial Accountant before submission, to strengthen compliance oversight and ensure the integrity of tax-related information.

Risk Identification and Escalation

The Tax Officer conducts periodic desktop tax health checks to assess compliance with statutory tax requirements and identify potential areas of concern. Where tax risks or compliance issues are identified, these are escalated to the Head of Finance for review and appropriate action.

Tax Compliance, Monitoring and Engagement

The Tax Officer is responsible for the timely computation, filing and remittance of all applicable taxes and manages ongoing engagement with ZIMRA. This includes coordinating responses to audits, assessments, queries and other tax-related matters raised by the tax authority.

Tax Compliance Assurance

NBS maintains ongoing monitoring and compliance assurance processes through regular reconciliations, validations and compliance reviews. Reconciliations are performed across all applicable tax heads to support the accuracy, completeness and consistency of tax reporting and payments.

Compliance Philosophy

The Society adopts a proactive approach to tax compliance based on a sound understanding of applicable legislation, effective risk management practices and benchmarking against industry standards. This approach supports compliance with statutory obligations and the effective management of tax-related risks.

Compliance and Finance Reporting



Bank, Build & go Beyond

Compliance Statement

EXECUTIVE SUMMARY

On behalf of Compliance Management, we submit the Annual Compliance Report of the National Building Society ("the Society") covering the financial year ended 31 December 2025. This report provides shareholders, the Board, regulators and other stakeholders with assurance regarding the Society's adherence to applicable legislation, regulatory requirements, governance standards, internal policies and ethical obligations.

Over the reporting period the Society sustained a satisfactory compliance profile and further strengthened its compliance management framework, consistent with its statutory mandate. No material regulatory sanctions were incurred during the year under review, save for one administrative penalty disclosed under "Compliance Breaches" below.

The compliance function operated independently of business units during the year, with unimpeded access to the Board Risk and Compliance Committee, consistent with the Basel Committee's principles on compliance and the compliance function in banks.

INTRODUCTION

The Board of Directors of the Society is committed to maintaining the highest standards of regulatory compliance, corporate governance and ethical conduct. This report provides shareholders and the Board with an overview of the Society's compliance status during the financial year ended 31 December 2025, and outlines the Society's compliance with applicable laws, regulations, prudential standards and internal policies governing building societies and banking institutions in Zimbabwe.

COMPLIANCE GOVERNANCE AND INDEPENDENCE OF THE COMPLIANCE FUNCTION

Consistent with international best practice, the Society's compliance function operates as an independent second line of defence, distinct from risk-taking business units and from internal audit (the third line of defence).

- A Board-approved Compliance Charter sets out the mandate, standing, authority and independence of the compliance function;
- The Head of Compliance has unrestricted access to the Board Risk and Compliance Committee and reports functionally on compliance matters independent of business-line management;
- The compliance function is adequately resourced and staffed with individuals of appropriate seniority, skill and standing to engage with business units, senior management and regulators;
- A risk-based annual compliance monitoring plan, approved by the Board Risk and Compliance Committee, guides the function's monitoring, testing and reporting activities.

REGULATORY COMPLIANCE

During the reporting period, the Society conducted its operations substantially in compliance with key legislation and regulations, including:

- The Building Societies Act [Chapter 24:02];
- The Banking Act [Chapter 24:20];
- Companies and Other Business Entities Act [Chapter 24:31];
- National Payment Systems Act [Chapter 24:23];
- Money Laundering and Proceeds of Crime Act [Chapter 9:24];
- Exchange Control Regulations;
- Cyber and Data Protection Act [Chapter 12:07];
- Labour Act [Chapter 28:01];
- Consumer Protection Act [Chapter 14:14];
- Deposit Protection Corporation Act [Chapter 24:29];
- Public Procurement and Disposal of Public Assets Act [Chapter 22:23]; and
- Applicable prudential standards, circulars and guidelines issued by the Ministry of Finance, Economic Development and Investment Promotion, the RBZ, and the Corporate Governance Unit in the Office of the President and Cabinet

The Board and Management confirm that the Society remained appropriately licensed throughout the reporting period and was substantially compliant with regulatory requirements applicable to its operations.

Compliance Statement – Continued

For the year ended 31 December 2025

CORPORATE GOVERNANCE

The Society maintained a governance framework consistent with regulatory requirements and international banking practice. The Board met regularly during the year and exercised effective oversight over strategic direction, financial performance, risk management, regulatory compliance, internal controls, corporate ethics and conduct, and human resources management.

Board committees remained functional and operated under approved charters, and included:

- Finance, Housing Projects and Strategy Committee;
- Human Resources and Nominations Committee;
- Loans Review Committee;
- Integrity Committee;
- Credit Committee;
- Audit Committee;
- ICT, Cyber Security and Digitalisation Committee; and
- Risk and Compliance Committee.

The Society confirms substantial compliance with the National Code on Corporate Governance (Zimbabwe) during the year under review.

AML/CFT/CPF COMPLIANCE

The Society maintained a comprehensive Anti-Money Laundering, Countering the Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) framework, aligned to the Money Laundering and Proceeds of Crime Act and guidance issued by the RBZ and the Financial Intelligence Unit (FIU). Key compliance measures implemented included:

- Know-Your-Customer (KYC) and Customer Due Diligence (CDD);
- Enhanced Due Diligence (EDD) for high-risk customers and Politically Exposed Persons;
- Ongoing transaction monitoring and suspicious transaction reporting to the FIU;
- Sanctions and Targeted Financial Sanctions screening against relevant watchlists;
- An independent AML/CFT/CPF Institutional risk assessment updated during the year; and
- Board, Management and staff training and awareness programmes.

Internal audit conducted a review of the AML/CFT/CPF programme to assess the adequacy and effectiveness of controls; the outcome was satisfactory, with nil high-risk findings.

DATA PROTECTION AND CYBERSECURITY

The Society continued to strengthen its cybersecurity and information security framework in line with the Cyber and Data Protection Act [Chapter 12:07], through:

- Appointment of a designated Data Protection Officer;
- Renewal of the Data Controller licence with the Cyber and Data Protection authority;
- Access control measures and privileged-access reviews;
- Cybersecurity monitoring and incident-response systems;
- Data encryption for data at rest and in transit;
- Disaster recovery and business continuity testing; and
- Board, Management and staff training on data protection and cyber-security.

No data breaches requiring regulatory sanction were recorded during the reporting period.

ETHICS, CONDUCT AND WHISTLEBLOWING

The Society maintained a Code of Ethics and Conduct applicable to the board, management and staff. training was provided on anti-corruption measures and whistleblowing procedures, and an independent, confidential whistleblowing channel remained available to staff and external stakeholders throughout the year, with reported matters escalated to the Integrity Committee for investigation and resolution.

The Society has established a Management Integrity Committee, in line with the requirements of the Zimbabwe Anti-Corruption Commission (ZACC), to promote the highest standards of integrity, ethics and compliance within the institution.

COMPLIANCE BREACHES AND REMEDIAL ACTION

A limited number of operational and compliance incidents were recorded during the reporting period. The Society is committed to full transparency and accountability regarding its regulatory standing.

- During the period under review, the Society incurred penalties of ZWG175,506 arising from delayed settlement of RBZ annual fees and omitted entries on Exchange Control returns. Management took immediate remedial action, addressed the identified gaps and tightened internal controls to prevent recurrence.
- No compliance breaches occurred that threatened the Society's licence to operate.

REGULATORY ENGAGEMENT AND COMPLAINTS HANDLING

The Society maintained constructive, ongoing engagement with its regulators, including the Reserve Bank of Zimbabwe, the Deposit Protection Corporation, the Financial Intelligence Unit and the Cyber and Data Protection authority, through routine prudential returns, on-site and off-site examinations, and ad-hoc regulatory requests.

Customer complaints relating to compliance and conduct matters were logged, investigated and resolved through the Society's complaints-handling framework within established turnaround times, with root causes fed back into policy and process improvements.

COMPLIANCE TRAINING AND AWARENESS

The Society conducted regular training programmes for the Board, Management and Staff covering AML/CFT/CPF obligations, data protection, cybersecurity, ethics and anti-corruption. Participation rates in training and awareness campaigns were satisfactory.

OVERALL COMPLIANCE RISK RATING

The Society's overall compliance risk profile for the year under review was assessed as **SATISFACTORY**. The Society maintained substantial compliance with applicable laws, regulations, prudential standards and internal policies, with no material regulatory breaches, penalties or sanctions recorded during the reporting period, other than the matter disclosed above.

Compliance monitoring activities identified minor control weaknesses and compliance gaps, all of which were addressed through management action plans. Key compliance risks remain associated with the evolving regulatory environment, AML/CFT/CPF obligations, data protection requirements, and Environmental, Social and Governance (ESG) standards applicable to our business operations. The Board is satisfied that the Society's compliance management framework remains effective and that residual compliance risk is within the Society's risk appetite.

OUTLOOK

The Society will continue to strengthen its compliance culture during the coming year through:

- Enhanced, technology-driven compliance monitoring systems;
- Continued regulatory engagement and readiness for evolving prudential requirements;
- Ongoing training and awareness across the Board, Management and Staff; and
- Progressive alignment of the compliance framework with ESG and sustainability reporting expectations.

COMPLIANCE STATEMENT

As Compliance Management, and representing the other assurance functions of the Society, we are satisfied that the Society maintained an effective compliance management framework during the year ended 31 December 2025.

To the best of Compliance Management's knowledge and belief, the Society complied in all material respects with the laws, regulations and prudential standards applicable to its operations.

Directors' responsibility

Responsibilities of Management and those charged with governance for the annual financial statements for the year ended 31 December 2025

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 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.

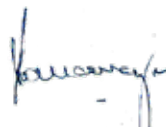
The financial statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB and Standing Interpretations 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 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 31 March 2026 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 with us,
Bank Better!

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 and Separate Annual Financial Statements

Qualified Opinion

We have audited the consolidated and separate annual financial statements of National Building Society Limited and its subsidiary set out on 9 to 83 pages, which comprise the consolidated and separate statement of financial position as at 31 December 2025, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including material accounting policies.

In our opinion, except for the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate statement of financial position of National Building Society Limited and its subsidiary as at 31 December 2025, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Qualified Opinion

Change In Functional Currency

Unexplained functional currency translation reserve on change in functional currency

The Society changed its functional currency from Zimbabwe Gold (ZWG) to United States Dollar (USD) with effect from 1 January 2024. ZWG inflation adjusted amounts for the previously stated

comparative inflation adjusted financial statements were translated to USD at the closing rate at the date of change in functional currency as required by International Accounting Standard (IAS) 21 – *The Effect of Changes in Foreign Exchange Rates* and International Accounting Standard (IAS) 29 – *Financial Reporting in Hyperinflationary Economies*. Notwithstanding this, a functional currency translation reserve of **USD 866 634** has been recognised in the statement of changes in equity. The recognition of such a reserve is inconsistent with the requirements of IAS 21. We were unable to obtain sufficient appropriate audit evidence to explain the nature and basis of the reserve, and, accordingly could not determine whether adjustments are required for compliance with IAS 21.

Potential overstatement of opening balances of non-monetary assets

The opening balances of non-monetary assets, specifically leasehold improvements and capital work in progress, were determined by translating Zimbabwe Gold (ZWG) inflation-adjusted amounts into United States Dollars (USD) following the change in functional currency.

Management did not perform an impairment assessment or any other valuation procedures to determine whether these opening balances were stated at amounts not exceeding their recoverable amounts. In the absence of such an assessment, we were unable to obtain sufficient appropriate audit evidence regarding the appropriateness and recoverability of these opening balances. As a result, the balances may contain misstatements arising from the translation of ZWG balances as at 1 January 2025 to USD on change of the functional currency of the Society.

Consequently, we could not determine whether any adjustments were necessary to the carrying amounts of these assets as at the beginning of the period.

The effects of the above matters have been determined as material but not pervasive to the consolidated financial statements, taken as a whole.

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 and Separate 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.

Independent Auditor's Report (continued)

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 2025 the Group had interest and similar income amounting to USD 21 422 381 (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 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.	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. • 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 31 December 2025, the Group had net loans and advances to customers of USD 92 589 788 (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.
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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 and separate annual 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 and separate annual 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 and Separate Annual Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate 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 the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate 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

Independent Auditor's Report (continued)

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 and Separate 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 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 matters described in the Basis for Qualified Opinion, the consolidated and separate 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.

Grant Thornton

Farai Chibisa
Partner
Registered Public Auditor (PAAB No: 0547)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE

17 June 2026

Consolidated statement of financial position

As at 31 December 2025

		Group		Society	
		2025	2024	2025	2024
	Notes	ZWG	ZWG	ZWG	ZWG
Assets					
Cash and cash equivalents	5	1 536 406 999	1 191 089 819	1 531 135 326	1 178 465 771
Investment securities	6	594 300 943	530 517 403	594 300 943	530 517 403
Other assets and prepayments	7	263 879 226	49 785 249	343 901 421	116 497 882
Inventory	8	90 056 945	101 402 189	90 056 945	101 402 189
Capital work-in-progress	9	18 995 547	58 449 971	18 995 547	58 449 971
Loans and advances	10	2 405 547 476	1 416 942 220	2 291 379 034	1 354 120 619
Computer software	11	26 276 902	11 988 283	26 276 902	11 988 283
Investment property	12	479 356 186	468 528 753	479 356 186	468 528 753
Right of use asset	13	21 095 955	65 866 936	21 095 955	65 866 936
Property and equipment	14	151 942 466	88 232 306	150 084 008	87 770 655
Total assets		5 587 858 645	3 982 803 129	5 546 582 267	3 973 608 462
Equity and liabilities					
Liabilities					
Deposits	15	3 560 454 538	2 408 964 079	3 560 454 538	2 408 964 079
Borrowings	16	168 874 548	168 874 548	168 874 548	168 874 548
Lease liability	13.1	29 523 249	33 921 547	29 523 249	33 921 547
Deferred tax liability		17 789 504	-	17 838 817	-
Other liabilities	17	331 305 186	345 772 545	326 434 147	342 569 878
Total liabilities		4 107 947 025	2 957 532 719	4 103 125 299	2 954 330 052
Shareholder's equity					
Share capital	18.1	842 109 920	478 380 163	842 109 920	478 380 163
Revaluation reserve	18.3	49 836 662	31 394 385	49 657 313	31 408 389
Accumulated surplus	18.2	564 484 276	513 708 252	529 173 983	509 489 858
Foreign currency translation reserve	18.4	23 480 762	1 787 610	22 515 752	-
Total equity		1 479 911 620	1 025 270 410	1 443 456 968	1 019 278 410
Total liabilities and equity		5 587 858 645	3 982 803 129	5 546 582 267	3 973 608 462



Mahlangu S.
Managing Director



Mutumbwa S.I.
Chairman

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2025

	Notes	Group		Society	
		2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Interest income	20	557 859 952	302 345 728	501 974 159	292 797 508
Interest expense	21	(189 414 143)	(112 201 981)	(189 414 143)	(112 201 981)
Net interest income		368 445 809	190 143 747	312 560 016	180 595 527
Charge for impairment	10.3	(11 642 083)	(21 075 851)	(9 241 871)	(20 109 526)
		356 803 726	169 067 896	303 318 145	160 486 001
Non funded income	22	455 364 554	1 282 961 931	436 944 111	1 278 855 950
Total operating income for the year		812 168 280	1 452 029 827	740 262 256	1 439 341 951
Operating expenses	23	(682 177 967)	(430 683 385)	(655 589 314)	(424 195 563)
Loss on net monetary position		-	(1 046 440 411)	-	(1 046 454 413)
Surplus/(Deficit) before tax		129 990 313	(2 5093 969)	84 672 942	(31 308 025)
Income tax credit (expense)	24	(63 324 155)	(1 435 551)	(49 098 683)	560 111
Surplus/(Deficit) for the year		66 666 158	(26 529 520)	35 574 259	(30 747 914)
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Revaluation of property and equipment		24 838 083	(1 8433 575)	24 577 675	(18 419 571)
Deferred tax		(6 395 806)	-	(6 328 751)	-
Net gain		18 442 277	(1 8433 575)	18 248 924	(18 419 571)
Total comprehensive income for the year		85 108 435	(44 963 095)	53 823 183	(49 167 485)

Consolidated statement of changes in equity

For the year ended 31 December 2025

	Group				Total ZWG
	Share capital ZWG	Revaluation reserve ZWG	Foreign currency transation reserve ZWG	Accumulated surplus ZWG	
Year ended 31 December 2024					
Balance as at 1 January 2024	478 380 163	49 827 960	-	552 034 504	1 080 242 627
Total comprehensive income	-	(1 8433 575)	-	(2 6529 520)	(4 4963 095)
Foreign currency translation reserve	-	-	1 787 610	-	1 787 610
Dividend paid	-	-	-	(11 796 732)	(1 1796 732)
Balance as at 31 December 2024	478 380 163	31 394 385	1 787 610	513 708 252	1 025 270 410
Year ended 31 December 2024					
Balance as at 1 January 2025	478 380 163	31 394 385	1 787 610	513 708 252	1 025 270 410
Issue of share capital	363 729 757	-	-	-	363 729 757
Total comprehensive loss	-	18 442 277	-	66 666 158	85 108 435
Foreign currency translation reserve	-	-	21 693 152	-	21 693 152
Dividend paid	-	-	-	(15 890 134)	(1 5890 134)
Balance as at 31 December 2025	842 109 920	49 836 662	23 480 762	564 484 276	1 479 911 620

Statement of changes in equity

For the year ended 31 December 2025

	Society				Total ZWG
	Share capital ZWG	Revaluation reserve ZWG	Foreign currency transation reserve ZWG	Accumulated surplus ZWG	
Year ended 31 December 2024					
Balance as at 1 January 2024	478 380 163	49 827 960	-	552 034 504	1 080 242 627
Dividend				(1 1796 732)	(1 1796 732)
Total comprehensive income	-	(1 8419 571)	-	(3 0747 914)	(4 9167 485)
Balance as at 31 December 2024	478 380 163	31 408 389	-	509 489 858	1 019 278 410
Year ended 31 December 2025					
Balance as at 1 January 2025	478 380 163	31 408 389	-	509 489 858	1 019 278 410
Total comprehensive income	-	18 248 924	-	35 574 259	53 823 183
Shares issued during the year	363 729 757	-	-	-	363 729 757
Foreign currency translation reserve	-	-	22 515 752	-	22 515 752
Dividend paid	-	-	-	(15 890 134)	(15 890 134)
Balance as at 31 December 2025	842 109 920	49 657 313	22 515 752	529 173 983	1 443 456 968

Consolidated statement of cash flows

For the year ended 31 December 2025

	Notes	Group		Society	
		2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Cash flows from operating activities					
(Deficit)/Surplus before tax		129 990 313	(25 093 969)	84 672 942	(31 308 025)
Adjusted for:					
Depreciation	14	30 062 763	21 179 438	29 852 433	21 126 047
Armotisation of software	11	4 561 621	3 598 679	4 561 621	3 598 679
Right of use asset depreciation	13	15 876 785	641 513	15 876 785	641 513
Loss on net monetary position		-	1 046 440 411	-	1 046 454 413
Unrealised exchange gains		(22 486 622)	(483 600 078)	(22 486 622)	(483 600 078)
Fair value adjustments on investment property	12	(16 364 209)	(562 058 094)	(16 364 209)	(562 058 094)
Transfer from investment property		-			
Fair value adjustments on gold coins and tokens	7	(3 858 336)	(4 356 487)	(3 858 336)	(4 356 487)
Profit on asset disposal		11 428 280	23 224	11 428 280	23 224
Charge for impairment	10.3	11 642 083	21 075 851	9 241 871	20 109 526
Interest expense on lease liability	13.1	1 467 182	1 325 436	1 467 182	1 325 436
Net interest income		(368 445 809)	(190 143 747)	(312 560 016)	(180 595 527)
Operating cash flows before changes in operating assets		(206 125 949)	(170 967 823)	(198 168 069)	(168 639 373)
Changes in net operating assets and liabilities					
Increase in other assets and prepayments		(187 749 019)	79 274 667	(201 058 581)	12 562 035
Decrease/(increase) in inventory		16 882 020	(8 631 325)	16 882 020	(8 631 325)
Decrease/(increase) in capital WIP		39 454 424	(58 449 971)	39 454 424	(58 449 971)
Increase in loans and advances		(1000 150 043)	107 835 040	(946 402 990)	(311 977 113)
Increase in deposits		1 151 490 459	805 469 485	1 151 490 459	1 289 069 563
Increase in other liabilities		(14 467 359)	(118 817 110)	(16 135 731)	(122 019 777)
Net cash from working capital changes		(200 665 467)	635 712 963	(15 3938 468)	631 914 039
Interest received		557 859 952	302 345 728	501 974 159	292 797 508
Interest paid		(189 414 143)	(112 201 981)	(189 414 143)	(112 201 981)
Income tax paid		(51 930 457)	(1 435 551)	(37 588 617)	560 111
Net cash inflow from operating activities		115 849 885	824 421 159	121 032 931	813 069 677

Consolidated statement of cash flows (continued)

For the year ended 31 December 2025

	Notes	Group		Society	
		2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Cash flows from investing activities					
Purchase of property and equipment	14	(72 033 837)	(22 927 930)	(70 687 108)	(22 398 884)
Purchase of investment securities	6	(63 783 540)	(153 212 796)	(63 783 540)	(153 212 796)
Proceeds from disposal of assets		-	130 807	-	130 807
Purchase of computer software	11	(27 179 523)	(5 529 689)	(27 179 523)	(5 529 689)
Net cashflows from investing activities		(162 996 900)	(181 539 608)	(161 650 171)	(181 010 562)
Cash flows from financing activities					
Issue of Share capital		363 729 757	-	363 729 757	-
Proceeds from borrowings	16	-	168 874 548	-	168 874 548
Loan repayment	16	-	(33 983)	-	(33 983)
Lease payments	13.2	(17 435 388)	(7 642 231)	(17 435 388)	(7 642 231)
Dividend paid	18	(15 890 134)	(11 796 732)	(15 890 134)	(11 796 732)
Net cash flows from financing activities		330 404 235	149 401 602	330 404 235	149 401 602
Net increase in cash and cash equivalents		283 257 220	792 283 153	289 786 995	781 460 717
Effects of inflation		-	(273 416 755)	-	(275 218 367)
Effects of changes in foreign currency		62 157 256		62 979 856	
Cash & cash equivalents at the beginning of the year		1 192 354 983	673 488 585	1 179 730 935	673 488 585
Cash & cash equivalents at the end of the year	5	1 537 769 459	1 192 354 983	1 532 497 786	1 179 730 935
Comprises of:					
Cash on hand		256 855 128	20 159 890	256 855 128	20 139 989
Foreign bank balances		478 234 789	16 072 837	478 234 789	16 072 837
Banks and money market		802 679 542	1 156 122 256	797 407 869	1 143 518 109
Total cash and cash equivalents	5	1 537 769 459	1 192 354 983	1 532 497 786	1 179 730 935

Notes to the consolidated financial statements

For the year ended 31 December 2025

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

Following the promulgation of SI 218 of 2023 in which the multi-currency regime was extended to 2030, inflationary pressure and tight liquidity led to the extensive use of the USD. The Monetary Policy Statement (MPS) pronounced on the 5th of April 2024, 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. The MPS introduced further measures to mop up ZWG liquidity such as increased statutory reserves, NNCD’s and treasury bills which further increased the use of USD in 2024.

An assessment of the Group’s functional currency was conducted by the Directors in light of this change in currency. Guided by International Accounting Standard 21 (IAS 21), The effects of Changes in Foreign Exchange Rates, the following factors were considered:

- a. The currency that mainly influences sales prices for goods and services.
- b. The currency used by its competitive forces and regulations that mainly determine the sales prices of its goods and services.
- c. The currency that mainly influences labor, material and other costs of providing goods.
- d. The currency in which funds from financing activities are generated.
- e. The currency in which receipts from operating activities are usually retained.

After extensive considerations, the Directors concluded that there has been an increase in use of USD within the Group, however a decision was made to continuously monitor the effects of the new currency on the Group’s activities. Throughout the period under review there have been fluctuations between the use of ZWG and USD within the Group. Management opted to maintain the ZWG as the functional currency in line with the regulatory environment and whilst also considering that the ZWG being a new currency, might stabilise in the long term. The Directors continue to monitor the economy and policy statements to assess their effect on the functional currency of the Group.

2.3 Adoption of the IAS 29 (Financial Reporting in Hyperinflationary Economies)

The consolidated financial statements have been prepared in accordance with the prescription of IAS 29. This follows the pronouncement by the PAAB, in October 2020 that IAS 29 should be applied to Zimbabwean entities for reporting periods on or after 1 July 2020. The Zimbabwe Consumer Price Index (CPI) has been adopted as the restatement factor which is the measuring unit that the financial statements in a hyperinflationary economy must be adjusted by.

Following the introduction of the ZWG currency on 5 April 2024, the PAAB issued further guidance on 8 October 2024, indicating that it is premature to determine whether the economy is non hyperinflationary. In line with this guidance, management has continued to apply IAS 29 during the 2024 financial year. Monetary assets and liabilities and non-monetary assets and liabilities at fair value were not restated as they were presented at measuring unit that was current at reporting date. Income statement transactions were restated by the application of the CPI from the dates that the transactions were initially recorded in the financial statements.

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

2 BASIS OF PREPARATION - Continued

2.3 Adoption of the IAS 29 (Financial Reporting in Hyperinflationary Economies) - continued

Non-monetary assets and liabilities that were not carried at amounts current at 31 December 2019 and components of shareholder's equity are restated by applying the change in the index from the date of the transaction or, if applicable, from the date of their most recent revaluation to 31 December 2024 or, if the transaction date was before 31 December 2020, they are restated from 1 January 2020, being the date of initial application of IAS 29. The approach was taken since the Group considered changes in the index in the years preceding 31 December 2019 to be immaterial to the carrying values.

Property and equipment is restated by applying the change in the index from the date of purchase to 31 December 2024. Depreciation amounts are based on restated costs. Owner occupied buildings and -investment properties are revalued annually at the reporting date and therefore are being carried at amounts current at the reporting date. The depreciation amounts are based on the revalued amounts for depreciable assets. Restated amounts are tested for impairment using valuations done as at 31 December 2024.

The effect of inflation on the net monetary position of the Group is included in the income statement as a loss or gain on monetary position. The monetary loss was derived from the difference arising from the restatement of non-monetary assets, shareholder's equity, and items in the statement of comprehensive income and the adjustment of index linked assets and liabilities.

Comparative information was restated by application of the change in the index from 31 December 2023 to 31 December 2024.

Year	Month	Indices	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

2.4 New and Amended Standards and Interpretations

2.4.1 At the date of authorisation of these financial statements, several new but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020 the IASB published 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' which clarify the Standard's guidance on whether a liability should be classified as either current or non-current. IAS 1 requires an entity that has an unconditional right to delay settlement of a liability for at least 12 months from the end of the reporting period, then it can be classified as non-current, if not it is classified as current. Some preparers have found this statement confusing and consequently similar liabilities have been classified differently, making comparisons by investors difficult. The IASB therefore issued amendments to IAS 1 to clarify its previously issued guidance and rectify the above issue.

The amendments

The amendments include clarifying that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. The IASB further stated that management's expectations around whether they will defer settlement or not does not impact the classification of the liability. Further guidance about lending conditions and how these can impact classification, including requirements for liabilities that can be settled using an entity's own instruments was also included in the amendments.

2 BASIS OF PREPARATION - Continued

2.4 New and Amended Standards and Interpretations - continued

Effective date

The amendment is effective for annual reporting periods beginning on or after 1 January 2024.

Non-current Liabilities with Covenants (Amendments to IAS 1)

On 31 October 2022, the IASB issued amendments 'Non-current liabilities with covenants' to IAS 1, 'Presentation of financial statements'. These amendments were in response to concerns raised on applying previous amendments to the classification of liabilities as current or non-current that would have become effective for reporting periods beginning on or after 2023. The IASB wants these amendments to enable investors to understand the risk that such debt could become repayable early and therefore improving the information being provided on the long-term debt. The amendments affect entities with borrowing arrangements so therefore the impact could be widespread. These amendments could have a significant impact on an entity's presentation of their borrowings which in turn could impact important financial ratios.

The amendments

The amendments state that at the reporting date, the entity does not consider covenants that will need to be complied with in the future, when considering the classification of the debt as current or non-current. Instead, the entity should disclose information about these covenants in the notes to the financial statements.

Effective date

The amendment is effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

On 22 September 2022, the IASB issued ""Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)"" with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. Previously IFRS 16 only included guidance on how to account for sale and leaseback transactions at the date of the transaction itself. However, the Standard did not specify any subsequent accounting when reporting on the sale and lease back transaction after that date. As a result, without further requirements, when the payments include variable lease payments there is a risk that a modification or change in the leaseback term could result in the seller-lessee recognising a gain on the right of use they retained even though no transaction or event would have occurred to give rise to that gain.

The amendments

The IASB decided to include subsequent measurement requirements for sale and leaseback transactions to IFRS 16, as amendments affect entities accounting for a sale and leaseback transaction.

Effective date

The amendment is effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

On 25 May 2023, the IASB issued the amendments to IAS 7 and IFRS 7 which address the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

2 BASIS OF PREPARATION - Continued

2.4 New and Amended Standards and Interpretations - continued

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) - continued

The amendments

The amendments add new disclosure requirements and “signposts” within existing disclosure requirements, prompting entities to provide qualitative and quantitative information about supplier finance arrangements. These additional disclosure requirements address investors wanting more visibility around supplier finance arrangements, which in some jurisdictions around the world are better known as reverse factoring arrangements. The amendments apply to all entities that engage in supplier financing arrangements. The amendments will require new disclosures to be prepared with more detailed information provided on their supplier finance arrangements. Depending on the complexity or volume of such arrangements this may result in significantly more disclosures. They require entities to disclose:

- the terms and conditions of the arrangement;
- the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities are included on the statement of financial position;
- ranges of payment due dates; and
- liquidity risk information

Effective date

The amendment is effective for annual reporting periods beginning on or after 1 January 2024.

IAS 21 - Lack of Exchangeability (Amendments to IAS 21)

In August 2023, the IASB issued “Lack of Exchangeability (Amendments to IAS 21)” to address situations where a currency cannot be exchanged into another, clarifying how to assess exchangeability and determine exchange rates when it’s lacking, and providing additional disclosure requirements.

The amendments

- Introduce a definition of whether a currency is exchangeable, and the process by which an entity should assess this exchangeability.
- Provide guidance on how an entity should estimate a spot exchange rate in cases where a currency is not exchangeable; and
- Require additional disclosures in cases where an entity has estimated a spot exchange rate due to a lack of exchangeability, including the nature and financial impact of the lack of exchangeability, and details of the spot exchange rate used and the estimation process.
- The additional disclosure requirements provide useful information about the additional level of estimation uncertainty, and risks arising for the entity due to the lack of exchangeability.

Effective date

The amendments are effective for accounting periods beginning on or after 1 January 2025, with earlier application permitted.

IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information)

The objective is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose, financial reports in making decisions relating to providing resources to the entity.

2 BASIS OF PREPARATION - Continued

2.4 New and Amended Standards and Interpretations - continued

The requirements includes:

The Group shall apply this Standard in preparing and reporting sustainability-related financial disclosures in accordance with IFRS Sustainability Disclosure Standards. Sustainability-related risks and opportunities that could not reasonably be expected to affect an entity’s prospects are outside the scope of this Standard.

Fair presentation requires disclosure of relevant information about sustainability-related risks and opportunities that could reasonably be expected to affect the entity’s prospects, and their faithful representation in accordance with the principles set out in this Standard. To achieve faithful representation, an entity shall provide a complete, neutral and accurate depiction of those sustainability-related risks and opportunities.

Materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates, in the context of the entity’s sustainability-related financial disclosures.

Effective date

The amendment is effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

IFRS S2 (Climate-related Disclosures)

In June 2023 the ISSB issued IFRS S2 Climate-related Disclosures. The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity. These requirements includes:

- a) the governance processes, controls and procedures the entity uses to monitor, manage and oversee climate-related risks and opportunities;
- b) the entity’s strategy for managing climate-related risks and opportunities;
- c) the processes the entity uses to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity’s overall risk management process; and
- d) the entity’s performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

Effective date

The amendment is effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 - Presentation and Disclosure in Financial Statements was issued by the International Accounting Standards Board (IASB) in April 2024. This standard replaces IAS 1 and aims to improve how information is communicated in financial statements. The standard was issued to set out requirements for the presentation and disclosure of information in general purpose financial statements, ensuring they provide relevant information that faithfully represents an entity’s financial position and performance. IFRS 18 applies to all financial statements prepared and presented in accordance with IFRS.

The requirements includes:

Presentation requirements which specifies how financial statements should be structured, including the statement of financial position, statement of profit or loss, statement of changes in equity, and statement of cash flows. Disclosure requirements which includes requirements for disclosing management-defined performance measures, specified expenses by nature, and other critical financial information. Aggregation and disaggregation requirements which provides guidelines on how to aggregate and disaggregate financial information to enhance clarity and usefulness.

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

2 BASIS OF PREPARATION - Continued

2.4 New and Amended Standards and Interpretations - continued

Effective date

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

IFRS 19 - Subsidiaries without Public Accountability: Disclosures is a standard issued by the International Accounting Standards Board (IASB) in May 2024. IFRS 19 enables eligible subsidiaries to apply the same recognition and measurement requirements in IFRS accounting standards as their parent company. Importantly, it removes the requirement for disclosures that are not aimed at users of financial statements of companies without public accountability.

The standard was issued to simplify the disclosure requirements for subsidiaries that do not have public accountability, making it easier for them to prepare financial statements while still complying with IFRS. A subsidiary can apply IFRS 19 if it does not have public accountability. And has a parent that produces consolidated financial statements available for public use under IFRS.

Certain disclosures from other IFRS standards are still required, especially if they are crucial for understanding the financial statements.

The standard is voluntary, allowing subsidiaries to opt in or out as needed.

Effective date

The standard is effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

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 Group'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

3.2.3 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 Group 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 Group'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 2025

4 MATERIAL ACCOUNTING POLICIES - Continued

4.2 Income tax

International Accounting Standard 12 (IAS 12) requires the provision of deferred tax on all temporary differences. Since the Group 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 Group's intention to sell the specified assets. A deferred capital gains tax contingent liability is calculated and disclosed for those temporary differences where the Group is uncertain on the manner of the reversal of the difference.

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 for the Group and the income tax for its subsidiary 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 Group's intention to sell the specified assets. A deferred capital gains tax contingent liability is calculated and disclosed for those temporary differences where the Group 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.

4.4 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.

4 MATERIAL ACCOUNTING POLICIES - Continued

4.4 Property and equipment - continued

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.

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. 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.

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

4 MATERIAL ACCOUNTING POLICIES - Continued

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 Group. 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.

4.7 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.

4 MATERIAL ACCOUNTING POLICIES - Continued

4.7 Investment property - continued

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 Group’s 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.

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.

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

4 MATERIAL ACCOUNTING POLICIES - Continued

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 Group'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.

4.13 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.

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 Group 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.

4 MATERIAL ACCOUNTING POLICIES - Continued

4.15 Financial Instruments - continued

4.15.1 Classification – Financial assets - continued

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.

On initial recognition of an equity investment that is not held for trading, the Group 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 Group 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 Group 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.

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

4 MATERIAL ACCOUNTING POLICIES - Continued

4.15 Financial Instruments - continued

4.15.1 Classification – Financial assets - continued

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

In making the assessment, the Group 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.

4.15.2 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.

4 MATERIAL ACCOUNTING POLICIES - Continued

4.15 Financial Instruments - continued

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

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 Group 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.

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.

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

4 MATERIAL ACCOUNTING POLICIES - Continued

4.15 Financial Instruments - continued

4.15.4 Measurement of ECLs - continued

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.

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.

	2025			Total ZWG	2024
	Stage 1 ZWG	Stage 2 ZWG	Stage 3 ZWG		Total ZWG
Loans and advances					
Grade 1-6: Low- fair risk	2 177 176 120	-	-	2 177 176 120	1 290 045 098
Grade7-9: Higher risk	-	106 114 101	-	106 114 101	68 233 189
Grade 12: Loss	-	-	38 609 668	38 609 668	16 271 935
Total	2 177 176 120	106 114 101	38 609 668	2 321 899 889	1 374 550 222
Bank balances	4 354 352 240	212 228 202	77 219 336	4 643 799 778	2 749 100 444
Grade 1-6: Low- fair risk	1 532 497 786	-	-	1 532 497 786	1 179 730 935
Investment securities					
Grade 1-6: Low- fair risk	594 561 417	-	-	594 561 417	531 724 554

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.

4 MATERIAL ACCOUNTING POLICIES - Continued

4.15 Financial Instruments - continued

4.15.5 Credit risk - continued

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 Group 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.

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.

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

4 MATERIAL ACCOUNTING POLICIES - Continued

4.15 Financial Instruments - continued

4.15.5 Credit risk - continued

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.

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.

4 MATERIAL ACCOUNTING POLICIES - Continued

4.15 Financial Instruments - continued

4.15.5 Credit risk - continued

Modified financial assets - continued

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. The Group Credit Committee regularly reviews reports on forbearance activities.

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 Group’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.

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.

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

4 MATERIAL ACCOUNTING POLICIES - Continued

4.15 Financial Instruments - continued

4.15.6 Inputs into measurement of ECLs - continued

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.

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.

The economic scenarios used are approved by the Group’s Credit Committee.

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.

4 MATERIAL ACCOUNTING POLICIES - Continued

4.15 Financial Instruments - continued

4.15.7 Forward-looking information - continued

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’).

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.

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

4 MATERIAL ACCOUNTING POLICIES - Continued

4.16 Leases - continued

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

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Balance with the RBZ	660 289 930	583 004 379	660 289 930	583 004 379
Interbank placements	605 603 943	482 693 456	605 603 943	482 693 456
Balances with other banks	15 016 444	106 497 258	9 748 785	93 893 111
Cash on hand	256 859 142	20 159 890	256 855 128	20 139 989
	1 537 769 459	1 192 354 983	1 532 497 786	1 179 730 935
Reserve Bank of Zimbabwe	660 289 930	583 004 379	660 289 930	583 004 379
Interbank placements	605 603 943	482 693 456	605 603 943	482 693 456
Bank balances	15 016 444	106 497 258	9 748 785	93 893 111
	1 280 910 317	1 172 195 093	1 275 642 658	1 159 590 946
Stage 1 -ECL allowance (Note 10.3)	(1 362 460)	(1 265 164)	(1 362 460)	(1 265 164)
Cash on hand	256 859 142	20 159 890	256 855 128	20 139 989
Net carrying amounts of cash and cash equivalents	1 536 406 999	1 191 089 819	1 531 135 326	1 178 465 771

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 2025 of USD 1: ZWG 25.9807. The Group does not hold any encumbered balances.

6 INVESTMENT SECURITIES HELD AT AMORTISED COST

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Treasury bills	594 561 417	440 792 104	594 561 417	440 792 104
Interbank placements	-	90 932 450	-	90 932 450
Less: Stage 1 ECL allowance (Note 10.3)	(260 474)	(1207 151)	(260 474)	(1 207 151)
Net carrying amount	594 300 943	530 517 403	594 300 943	530 517 403
Maturity analysis - Gross				
Less than 1 month	369 310 490	31 176 840	369 310 490	31 176 840
3 to 6 months	61 757 926	350 895 962	61 757 926	350 895 962
6 months to 1 year	163 493 001	92 167 503	163 493 001	92 167 503
1 year to 5 years	-	57 484 249	-	57 484 249
Balance at the end of the year	594 561 417	531 724 554	594 561 417	531 724 554

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

7 OTHER ASSETS AND PREPAYMENTS

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Interest income accrued	70 711 793	9 871 713	70 711 793	9 871 713
Investment in subsidiary		-	77 942 100	51 961 400
Collateral deposits	9 902 258	14 036 618	9 902 258	14 036 618
Gold coins and tokens	9 591 771	5 733 435	9 591 771	5 733 435
Sundry assets	173 673 404	20 143 483	175 753 499	34 894 716
	263 879 226	49 785 249	343 901 421	116 497 882
Non current	253 362 844	35 748 631	333 999 163	102 461 264
Current	10 516 382	14 036 618	9 902 258	14 036 618
	263 879 226	49 785 249	343 901 421	116 497 882
Included in sundry assets are prepaid expenses and accounts receivables.				
Gold coins and tokens				
Opening balance	5 733 435	46 691 686	5 733 435	46 691 686
Disposal	-	(1 713 420)	-	(1 713 420)
Fair valuation	3 858 336	4 356 487	3 858 336	4 356 487
Effects of inflation	-	(43 601 318)	-	(43 601 318)
Fair value cost	9 591 771	5 733 435	9 591 771	5 733 435

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

8 INVENTORY

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Finished units				
Plumtree	19 155 568	-	19 155 568	-
Sunset Villa's	-	20 558 027	-	20 558 027
Glaudina	34 329 708		34 329 708	
NBS Park and Stoneridge Housing Development	919 551	23 956 677	919 551	23 956 677
	54 404 827	44 514 704	54 404 827	44 514 704
Work-in-progress				
Newmara housing development	15 695 688	13 193 721	15 695 688	13 193 721
Glaudina housing project	19 956 430	41 597 223	19 956 430	41 597 223
Plumtree project	-	2 096 541	-	2 096 541
	35 652 118	56 887 485	35 652 118	56 887 485
	90 056 945	101 402 189	90 056 945	101 402 189

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.

Mathendele housing development project (Plumtree)

Mathendele is a project of 124 units in Plumtree 8 units were sold in 2025 and 116 were remaining

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.

Glaudina

This is the Society's project in Glaudina. The Society is developing 9 high rise blocks. In 2025 the first 2 blocks were completed and construction of 3 more blocks commenced.

9 CAPITAL WORK-IN-PROGRESS

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Opening balance	58 449 971	-	58 449 971	-
Additions		58 449 971		58 449 971
Transfer to property and equipment	(39 454 424)	-	(39 454 424)	-
Closing balance	18 995 547	58 449 971	18 995 547	58 449 971

Work in progress is made up of branch refurbishments, payments towards Automated Teller Machines and the core banking system upgrade.

10 LOANS AND ADVANCES

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Personal loans	1 690 549 879	338 685 058	1 653 266 886	324 222 795
Mortgage loans	443 917 355	955 921 719	443 917 355	955 921 719
Corporate lending	304 967 634	91 157 268	224 715 648	41 831 605
Other advances	-	52 574 103	-	52 574 103
Gross loans and advances	2 439 434 868	1 438 338 148	2 321 899 889	1 374 550 222
Impairment provision (note 10.2)	(33 887 392)	(21 395 928)	(30 520 855)	(20 429 603)
Net loans and advances	2 405 547 476	1 416 942 220	2 291 379 034	1 354 120 619

10.1 Maturity analysis

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Less than 1 month	92 034 537	95 825 118	52 898 415	83 854 483
1 month to 3 months	196 040 738	70 385 661	168 839 864	56 527 659
3 months to 6 months	254 462 579	172 697 083	222 784 343	149 691 794
6 months to 1 year	479 284 664	357 226 745	462 544 831	349 244 174
1 year to 5 years	1 175 912 103	382 761 994	1 173 132 189	375 790 566
More than 5 years	241 700 247	359 441 547	241 700 247	359 441 546
	2 439 434 868	1 438 338 148	2 321 899 889	1 374 550 222

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

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

10 LOANS AND ADVANCES - Continued

10.2 Loan impairment allowance

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Loans and advances subject to stage 1	2 280 631 657	1 305 439 807	2 177 176 120	1 290 045 098
Loans and advances subject to stage 2	115 690 967	110 805 792	106 114 101	68 233 189
Loans and advances subject to stage 3	43 112 244	22 092 549	38 609 668	16 271 935
Gross loans and advances	2 439 434 868	1 438 338 148	2 321 899 889	1 374 550 222
Loan impairment charge	-	-	-	-
Stage 1	14 164 177	8 993 200	13 268 507	8 884 004
Stage 2	5 770 269	5 918 478	5 541 689	5 225 755
Stage 3	13 952 946	6 484 250	11 710 659	6 319 844
Impairment loss	33 887 392	21 395 928	30 520 855	20 429 603
Net loans and advances	2 405 547 476	1 416 942 220	2 291 379 034	1 354 120 619
Impairment allowances				
Portfolio impairment	19 934 446	19 473 684	18 810 196	18 671 763
Specific impairment	13 952 946	1 922 244	11 710 659	1 757 840
Total impairment loss	33 887 392	21 395 928	30 520 855	20 429 603
10.3 Impairment provision	-	-	-	-
Opening balance	21 395 928	40 973 172	20 429 603	40 973 172
Charge to profit and loss	12 491 464	18 684 049	10 091 252	17 717 724
Effects of changes in rates/inflation		(38 261 293)		(38 261 293)
Balance at the end of the year	33 887 392	21 395 928	30 520 855	20 429 603
	Group		Society	
	Cash and cash equivalents ZWG	Loans and advances ZWG	Investment securities ZWG	Total ZWG
ECL allowance movement				
Balance at the beginning of the year 2025	1 265 164	21 395 928	1 207 151	23 868 243
Charge to profit and loss for the year	97 296	12 491 464	(946 677)	11 642 083
Effects of changes in inflation	-	-	-	-
Balance as at 31 December 2025	1 362 460	33 887 392	260 474	35 510 326
Balance at the beginning of the year 2024	227 313	40 973 172	989 144	42 189 629
Charge to profit and loss for the year	1 250 119	18 684 049	1 141 683	21 075 851
Effects of changes in inflation	(212 268)	(38 261 293)	(923 676)	(39 397 237)
Balance as at 31 December 2024	1 265 164	21 395 928	1 207 151	23 868 243

10 LOANS AND ADVANCES - Continued

10.3 Impairment provision - Continued

	Society			Total ZWG
	Cash and cash equivalents ZWG	Loans and advances ZWG	Investment securities ZWG	
ECL allowance movement				
Balance at the beginning of the year 2025	1 265 164	20 429 603	1 207 151	22 901 918
Charge to profit and loss for the year	97 296	10 091 252	(946 677)	9 241 871
Balance as at 31 December 2024	1 362 460	30 520 855	260 474	32 143 789
Balance at the beginning of the year 2024	227 313	40 973 172	989 144	42 189 629
Charge to profit and loss for the year	1 250 119	17 717 724	1 141 683	20 109 526
	(212 268)	(38 261 293)	(923 676)	(39 397 237)
Balance as at 31 December 2024	1 265 164	20 429 603	1 207 151	22 901 918
	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Increase in loan impairment charge on loans and advances for the period	10 719 067	18 225 830	8 318 855	17 259 506
Impairment allowance on account balance in excess	1 772 397	458 219	1 772 397	458 219
Impairment charges on cash and cash equivalents and investment securities	(849 381)	2 391 802	(849 381)	2 391 801
Net impairment charge to statement of profit and loss	11 642 083	21 075 851	9 241 871	20 109 526
10.4 Sectoral analysis				
Corporates	304 967 634	91 157 268	224 715 648	41 831 605
Individuals	2 134 467 234	1 347 180 880	2 097 184 241	1 332 718 617
	2 439 434 868	1 438 338 148	2 321 899 889	1 374 550 222
11 Computer software				
Cost/ valuation				
Opening balance	26 849 661	21 319 972	26 849 661	21 319 972
Additions	27 179 523	5 529 689	27 179 523	5 529 689
Disosals	(1 9378 069)		(19 378 069)	-
Closing balance	34 651 115	26 849 661	34 651 115	26 849 661
Amortisation				
Opening balance	14 861 378	11 262 699	14 861 378	11 262 699
Charge to profit or loss	4 561 621	3 598 679	4 561 621	3 598 679
Disposals	(1 1048 786)		(11 048 786)	-
Closing balance	8 374 213	14 861 378	8 374 213	14 861 378
Net book value	26 276 902	11 988 283	26 276 902	11 988 283

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

12 INVESTMENT PROPERTY

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Opening balance	468 528 753	666 262 225	468 528 753	666 262 225
Fair value adjustments	16 364 209	562 058 094	16 364 209	562 058 094
Transfer to inventory	(5 536 776)	-	(5 536 776)	-
Transfer from inventory	-	-	-	-
Effects of inflation	-	(759 791 566)	-	(759 791 566)
Closing balance	479 356 186	468 528 753	479 356 186	468 528 753

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 Gladina 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.

13 RIGHT OF USE ASSET

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Balance at the beginning of the year	82 477 152	80 304 145	82 477 152	80 304 145
Effects of changes in functional currency	(36 050 677)		(36 050 677)	
Additions	11 978 455	2 173 007	11 978 455	2 173 007
Remeasurement (modifications)	(408 547)	-	(408 547)	-
Closing balance	57 996 383	82 477 152	57 996 383	82 477 152
Accumulated depreciation				
Balance at the beginning of the year	16 610 216	15 968 703	16 610 216	15 968 703
Charge for the year	4 413 427		4 413 427	
	15 876 785	641 513	15 876 785	641 513
Closing balance	36 900 428	16 610 216	36 900 428	16 610 216
Carrying amount at 31 December 2024	21 095 955	65 866 936	21 095 955	65 866 936

13.1 Lease liability

Opening balance	33 921 547	27 612 264	33 921 547	27 612 264
Additions	11 978 455	2 173 007	11 978 455	2 173 007
Remeasurement (modifications)	(408 547)	-	(408 547)	-
Interest expense	1 467 182	1 325 436	1 467 182	1 325 436
Repayments	(17 435 388)	(7 642 231)	(17 435 388)	(7 642 231)
Exchange loss on lease liability	-	35 223 112	-	35 223 112
Effects of inflation	-	(24 770 041)	-	(24 770 041)
	29 523 249	33 921 547	29 523 249	33 921 547

13 RIGHT OF USE ASSET - Continued

13.2 Lease expense in profit or loss

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Lease interest expense	1 467 182	1 325 436	1 467 182	1 325 436
Depreciation	15 876 785	641 513	15 876 785	641 513
	17 343 967	1 966 949	17 343 967	1 966 949
Total cashflows relating to leases				
Cash payments for lease liability	17 435 388	7 642 231	17 435 388	7 642 231

14 Property and equipment

No items of property and equipment were pledged as collateral as at 31 December 2025. Office equipment, furniture and fittings, motor vehicles and computer equipment were revalued at 31 December 2025 by Dawn Property Consultancy (Pvt) Ltd, 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.

	Group					Total ZWG
	Leasehold improvements ZWG	Office equipment ZWG	Furniture and fittings ZWG	Motor vehicles ZWG	Computer hardware ZWG	
Year ended 31 December 2025						
Cost						
Opening balance	20 131 351	5 961 245	5 279 385	40 565 567	23 709 468	95 647 016
Additions	11 367 609	8 409 461	1 724 738	5 472 030	45 059 999	72 033 837
Disposals	-	(215354)	(246115)	(3543767)	(285918)	(4291 154)
Revaluation gain	-	1 587 855	3 512 573	(4039 271)	(2520 581)	(1 459 424)
Closing balance	31 498 960	15 743 207	10 270 581	38 454 559	65 962 968	161 930 275
Accumulated depreciation						
Opening balance	7 414 710	-	-	-	-	7 414 710
Charge for the year	2 573 099	1 559 832	1 863 960	10 889 559	13 176 313	30 062 763
Disposals	-	(53303)	(70842)	(956955)	(111057)	(1192 157)
Revaluation	-	(1506 529)	(1793 118)	(9932 604)	(13065 256)	(26 297 507)
Closing balance	9 987 809	-	-	-	-	9 987 809
Carrying amount	21 511 151	15 743 207	10 270 581	38 454 559	65 962 968	151 942 466
Year ended 31 December 2024						
Cost						
Opening balance	15 778 626	2 772 810	8 754 385	49 172 042	36 304 006	112 781 869
Additions	4 352 725	3 245 170	1 009 498	4 638 354	9 682 183	22 927 930
Disposals	-	(243)	(3 098)	-	(116 027)	(119 368)
Revaluation gain	-	(56 492)	(4 481 400)	(13 244 829)	(22 160 694)	(39 943 415)
Closing balance	20 131 351	5 961 245	5 279 385	40 565 567	23 709 468	95 647 016
Accumulated depreciation						
Opening balance	5 587 165	22 324	43 153	-	2 104 250	7 756 892
Charge for the year	1 827 545	395 784	945 851	10 090 551	7 919 707	21 179 438
Disposal	-	(18)	(233)	-	(11 529)	(11 780)
Revaluation	-	(418 090)	(988 771)	(10 090 551)	(10 012 428)	(21 509 840)
Closing balance	7 414 710	-	-	-	-	7 414 710
Carrying amount	12 716 641	5 961 245	5 279 385	40 565 567	23 709 468	88 232 306

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

14 PROPERTY AND EQUIPMENT - Continued

	Society					Total ZWG
	Leasehold improvements ZWG	Office equipment ZWG	Furniture and fittings ZWG	Motor vehicles ZWG	Computer hardware ZWG	
Year ended 31 December 2025						
Cost						
Opening balance	20 131 351	5 634 070	5 144 909	40 565 567	23 709 468	95 185 365
Additions	11 367 609	8 409 461	1 390 964	4 729 007	44 790 067	70 687 108
Disposals	-	(215 354)	(246 115)	(3 543 767)	(285 918)	(4291 154)
Revaluation gain	-	1 587 855	3 403 324	(3 958 757)	(2 541 924)	(1 509 502)
Closing balance	31 498 960	15 416 032	9 693 082	37 792 050	65 671 693	160 071 817
Accumulated depreciation						
Opening balance	7 414 710	-	-	-	-	7 414 710
Charge for the year	2 573 099	1 559 832	1 839 507	10 806 324	13 073 671	29 852 433
Disposals	-	(53 303)	(70 842)	(956 955)	(111 057)	(1192 157)
Revaluation	-	(1 506 529)	(1 768 665)	(9 849 369)	(12 962 614)	(26 087 177)
Closing balance	9 987 809	-	-	-	-	9 987 809
Carrying amount	21 511 151	15 416 032	9 693 082	37 792 050	65 671 693	150 084 008
Year ended 31 December 2024						
Cost						
Opening balance	15 778 626	2 772 810	8 754 385	49 172 042	36 304 006	112 781 869
Additions	4 352 725	2 858 759	866 863	4 638 354	9 682 183	22 398 884
Disposals	-	(243)	(3 098)	-	(116 027)	(119 368)
Revaluation gain	-	2 744	(4 473 241)	(13 244 829)	(22 160 694)	(39 876 020)
Closing balance	20 131 351	5 634 070	5 144 909	40 565 567	23 709 468	95 185 365
Accumulated depreciation						
Opening balance	5 587 165	22 324	43 153	-	2 104 250	7 756 892
Charge for the year	1 827 545	350 707	937 537	10 090 551	7 919 707	21 126 047
Disposal	-	(18)	(233)	-	(11 529)	(11780)
Revaluation	-	(373 013)	(980 457)	(10 090 551)	(10 012 428)	(21456 449)
Closing balance	7 414 710	-	-	-	-	7 414 710
Carrying amount	12 716 641	5 634 070	5 144 909	40 565 567	23 709 468	87 770 655

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
15 DEPOSITS				
Transactional and savings deposits	1 427 224 463	1 156 586 317	1 427 224 463	1 156 586 317
Term deposits	2 133 230 075	1 252 377 762	2 133 230 075	1 252 377 762
	3 560 454 538	2 408 964 079	3 560 454 538	2 408 964 079
15.1 Deposits by source				
Corporates	3 319 405 535	1 525 007 221	3 319 405 535	1 525 007 221
Individuals	241 049 003	883 956 858	241 049 003	883 956 858
	3 560 454 538	2 408 964 079	3 560 454 538	2 408 964 079

15 DEPOSITS - Continued

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
15.2 Maturity analysis				
Less than 1 month	1 824 104 088	818 443 619	1 824 104 088	818 443 619
1 month to 3 months	484 766 492	103 643 224	484 766 492	103 643 224
3 months to 6 months	232 011 196	41 939 596	232 011 196	41 939 596
6 months to 1 year	412 788 346	13 580 689	412 788 346	13 580 689
1 year to 5 years	493 858 445	486 011 952	493 858 445	486 011 952
More than 5 years	112 925 971	945 344 999	112 925 971	945 344 999
	3 560 454 538	2 408 964 079	3 560 454 538	2 408 964 079

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

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
15.3 Sectorial Analysis				
Individuals	241 997 181	883 956 857	241 997 181	883 956 857
Manufacturing	16 784 786	3 978 300	16 784 786	3 978 300
Transport and distribution	34 834 652	3 842 430	34 834 652	3 842 430
Energy and minerals	579 057 325	239 747 718	579 057 325	239 747 718
Financial Services	1 872 061 431	982 252 594	1 872 061 431	982 252 594
Construction and property	26 773 762	54 212 373	26 773 762	54 212 373
Trade and services	788 945 399	240 973 806	788 945 399	240 973 806
	3 560 454 538	2 408 964 078	3 560 454 538	2 408 964 078
16 Borrowings				
Opening balances	168 874 548	33 983	168 874 548	33 983
Additions	-	168 874 548	-	168 874 548
Repayment	-	(33 983)	-	(33 983)
Effects of inflation	-	-	-	-
Current portion	168 874 548	168 874 548	168 874 548	168 874 548

	Nominal interest facility rate	Year of maturity	Group		Society	
			Carrying amount 2025	Carrying amount 2024	Carrying amount 2025	Carrying amount 2024
Secured shareholder loan	12%	2029	129 903 499	129 903 499	129 903 499	129 903 499
Unsecured shareholder loan	10%	2029	38 971 049	38 971 049	38 971 049	38 971 049
			168 874 548	168 874 548	168 874 548	168 874 548

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

17 OTHER LIABILITIES

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Deferred income	78 534 122	26 969 139	78 534 122	26 969 139
Accrued interest	27 213 358	3 099 966	27 213 358	3 099 966
Provisions-(Note 17.1)	9 782 027	6 710 382	9 035 083	6 241 171
Other liabilities	215 775 679	308 993 058	211 651 584	306 259 602
	331 305 186	345 772 545	326 434 147	342 569 878

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.

17.1 Provisions

	Audit fee	Bonus	Totals
GROUP			
Balance at 1 January 2025	1 266 690	5 443 692	6 710 382
Provisions made during the year	2 139 121	11 745 848	13 884 969
Provisions paid during the year	(1 266 690)	(9 546 634)	(10 813 324)
Balance at 31 December 2025	2 139 121	7 642 906	9 782 027
Balance at 1 January 2024	1 245 000	4 837 276	6 082 276
Provisions made during the year	3 052 054	10 123 526	13 175 580
Provisions paid during the year	(1 867 767)	(4 944 961)	(6 812 728)
Effects of change in inflations	(1 162 597)	(4 572 149)	(5 734 746)
Balance at 31 December 2024	1 266 690	5 443 692	6 710 382
SOCIETY			
Balance at 1 January 2025	1 266 690	5 443 692	6 710 382
Provisions made during the year	1 911 790	11 226 234	13 138 024
Provisions paid during the year	(1 266 689)	(9 546 634)	(10 813 323)
Effects of change in inflation	-	-	-
Balance at 31 December 2025	1 911 791	7 123 292	9 035 083
Balance at 1 January 2024	1 245 000	4 837 276	6 082 276
Provisions made during the year	3 052 054	10 123 526	13 175 580
Provisions paid during the year	(1 867 767)	(4 944 961)	(6 812 728)
	(1 162 597)	(4 572 149)	(5 734 746)
Balance at 31 December 2024	1 266 690	5 443 692	6 710 382

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Deferred tax				
Deferred tax liability on reval	17 789 504	-	17 838 817	-

18 EQUITY AND RESERVES

18.1 Share movement

	2025	2024
Authorised ordinary shares	1 000 000 000	1 000 000 000
Issued and fully paid ordinary shares	514 279 060	511 479 060
Unissued ordinary shares	485 720 940	488 520 940

In 2022, the Society 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.

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Issued share capital				
Issued share capital	478 380 163	478 380 163	478 380 163	478 380 163
New Issue of share capital	363 729 757		363 729 757	
	842 109 920	478 380 163	842 109 920	478 380 163
18.2 Accumulated surplus				
Opening balance	513 708 252	552 034 504	509 489 858	552 034 504
Surplus for the year	66 666 158	(26 529 520)	35 574 259	(30 747 914)
Dividend paid	(15 890 134)	(11 796 732)	(15 890 134)	(11 796 732)
	564 484 276	513 708 252	529 173 983	509 489 858
18.3 Revaluation reserve				
Opening balance	31 394 385	49 827 960	31 408 389	49 827 960
Movement for the year	18 442 277	(18 433 575)	18 248 924	(18 419 571)
Closing balance	49 836 662	31 394 385	49 657 313	31 408 389
18.4 Foreign currency translation reserve				
Opening alance	1 787 610	-	-	-
Movement for the year	21 693 152	1 787 610	22 515 752	-
Closing balance	23 480 762	1 787 610	22 515 752	-

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

19 CATEGORIES OF FINANCIAL INSTRUMENTS

	Group		Society	
	Amortised cost ZWG	Total carrying amount ZWG	Amortised cost ZWG	Total carrying amount ZWG
31 December 2025				
Financial assets				
Cash on hand	256 859 142	256 859 142	256 855 128	256 855 128
Bank balances	675 306 374	675 306 374	670 038 715	670 038 715
Interbank placements	605 603 943	605 603 943	605 603 943	605 603 943
Investment securities	594 300 943	594 300 943	594 300 943	594 300 943
Loans and advances	2 405 547 476	2 405 547 476	2 291 379 034	2 291 379 034
Total	4 537 617 878	4 537 617 878	4 418 177 763	4 418 177 763
Financial liabilities				
Deposits	3 560 454 538	3 560 454 538	3 560 454 538	3 560 454 538
Borrowings	168 874 548	168 874 548	168 874 548	168 874 548
Total	3 729 329 086	3 729 329 086	3 729 329 086	3 729 329 086
31 December 2024				
Financial assets				
Cash on hand	20 159 890	20 159 890	20 139 989	20 139 989
Bank balances	15 016 444	15 016 444	9 748 785	9 748 785
Interbank placements	105 232 094	105 232 094	604 241 483	604 241 483
Investment securities	530 517 403	530 517 403	530 517 403	530 517 403
Loans and advances	1 416 942 220	1 416 942 220	1 354 120 619	1 354 120 619
Total	2 087 868 051	2 087 868 051	2 518 768 279	2 518 768 279
Financial liabilities				
Deposits	2 408 964 079	2 408 964 079	2 408 964 079	2 408 964 079
Borrowings	168 874 548	168 874 548	168 874 548	168 874 548
Total	2 577 838 627	2 577 838 627	2 577 838 627	2 577 838 627

19.1 Financial instruments measured at fair value

	Level 2 ZWG	Level 3 ZWG	Total fair value ZWG	Total carrying amount ZWG
GROUP				
31 December 2025				
Financial assets				
Cash on hand	256 859 142	-	256 859 142	256 859 142
Bank balances	675 306 374	-	675 306 374	675 306 374
Interbank placements	-	605 603 943	605 603 943	605 603 943
Investment securities	-	594 300 943	594 300 943	594 300 943
Loans and advances	2 405 547 476	-	2 405 547 476	2 405 547 476
Total	3 337 712 992	1 199 904 886	4 537 617 878	4 537 617 878
Financial liabilities				
Deposits	3 560 454 538	-	3 560 454 538	3 560 454 538
Borrowings	-	168 874 548	168 874 548	168 874 548
Total	3 560 454 538	168 874 548	3 729 329 086	3 729 329 086
31 December 2024				
Financial assets				
Cash on hand	20 159 890	-	20 159 890	20 159 890
Bank balances	15 016 444	-	15 016 444	15 016 444
Interbank placements	-	105 232 094	105 232 094	105 232 094
Investment securities	-	530 517 403	530 517 403	530 517 403
Loans and advances	1 416 942 220	-	1 416 942 220	1 416 942 220
Total	1 452 118 554	635 749 497	2 087 868 051	2 087 868 051
Financial liabilities				
Deposits	2 408 964 079	-	2 408 964 079	2 408 964 079
Borrowings	-	168 874 548	168 874 548	168 874 548
Total	2 408 964 079	168 874 548	2 577 838 627	2 577 838 627

19 CATEGORIES OF FINANCIAL INSTRUMENTS - Continued

19.1 Financial instruments measured at fair value - continued

	Level 2 ZWG	Level 3 ZWG	Total fair value ZWG	Total carrying amount ZWG
SOCIETY				
31 December 2025				
Financial assets				
Cash on hand	256 855 128	-	256 855 128	256 855 128
Bank balances	670 038 715	-	670 038 715	670 038 715
Interbank placements	-	605 603 943	605 603 943	605 603 943
Investment securities	-	594 300 943	594 300 943	594 300 943
Loans and advances	2 291 379 034	-	2 291 379 034	2 291 379 034
Total	3 218 272 877	1 199 904 886	4 418 177 763	4 418 177 763
Financial liabilities				
Deposits	3 560 454 538	-	3 560 454 538	3 560 454 538
Borrowings	-	168 874 548	168 874 548	168 874 548
Total	3 560 454 538	168 874 548	3 729 329 086	3 729 329 086
31 December 2024				
Financial assets				
Cash on hand	20 139 989	-	20 139 989	20 139 989
Bank balances	9 748 785	-	9 748 785	9 748 785
Interbank placements	-	604 241 483	604 241 483	604 241 483
Investment securities	-	-	-	-
Loans and advances	1 354 120 619	-	1 354 120 619	1 354 120 619
Total	1 384 009 393	604 241 483	1 988 250 876	1 988 250 876
Financial liabilities				
Deposits	2 408 964 079	-	2 408 964 079	2 408 964 079
Borrowings	-	168 874 548	168 874 548	168 874 548
Total	2 408 964 079	168 874 548	2 577 838 627	2 577 838 627

19.2 Financial instruments not measured at fair value

	Level 2 ZWG	Level 3 ZWG	Total fair value ZWG	Total carrying amount ZWG
GROUP				
31 December 2025				
Financial assets				
Cash on hand	256 859 142	-	256 859 142	256 859 142
Bank balances	675 306 374	-	675 306 374	675 306 374
Interbank placements	-	605 603 943	605 603 943	605 603 943
Investment securities	-	594 300 943	594 300 943	594 300 943
Loans and advances	2 405 547 476	-	2 405 547 476	2 405 547 476
Total	3 337 712 992	1 199 904 886	4 537 617 878	4 537 617 878
Financial liabilities				
Deposits	3 560 454 538	-	3 560 454 538	3 560 454 538
Borrowings	-	168 874 548	168 874 548	168 874 548
Total	3 560 454 538	168 874 548	3 729 329 086	3 729 329 086
31 December 2024				
Financial assets				
Cash on hand	20 159 890	-	20 159 890	20 159 890
Bank balances	15 016 444	-	15 016 444	15 016 444
Interbank placements	-	105 232 094	105 232 094	105 232 094
Investment securities	-	530 517 403	530 517 403	530 517 403
Loans and advances	1 416 942 220	-	1 416 942 220	1 416 942 220
Total	1 452 118 554	635 749 497	2 087 868 051	2 087 868 051
Financial liabilities				
Deposits	2 408 964 079	-	2 408 964 079	2 408 964 079
Borrowings	-	168 874 548	168 874 548	168 874 548
Total	2 408 964 079	168 874 548	2 577 838 627	2 577 838 627

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

19 CATEGORIES OF FINANCIAL INSTRUMENTS - Continued

19.2 Financial instruments not measured at fair value - continued

	Level 2 ZWG	Level 3 ZWG	Total fair value ZWG	Total carrying amount ZWG
SOCIETY				
31 December 2025				
Financial assets				
Cash on hand	256 855 128	-	256 855 128	256 855 128
Bank balances	670 038 715	-	670 038 715	670 038 715
Interbank placements	-	605 603 943	605 603 943	605 603 943
Investment securities	-	594 300 943	594 300 943	594 300 943
Loans and advances	2 291 379 034	-	2 291 379 034	2 291 379 034
Total	3 218 272 877	1 199 904 886	4 418 177 763	4 418 177 763
Financial liabilities				
Deposits	3 560 454 538	-	3 560 454 538	3 560 454 538
Borrowings	-	168 874 548	168 874 548	168 874 548
Total	3 560 454 538	168 874 548	3 729 329 086	3 729 329 086
31 December 2024				
Financial assets				
Cash on hand	20 139 989	-	20 139 989	20 139 989
Bank balances	9 748 785	-	9 748 785	9 748 785
Interbank placements	-	604 241 483	604 241 483	604 241 483
Investment securities	-	530 517 403	530 517 403	530 517 403
Loans and advances	1 354 120 619	-	1 354 120 619	1 354 120 619
Total	1 384 009 393	1 134 758 886	2 518 768 279	2 518 768 279
Financial liabilities				
Deposits	2 408 964 079	-	2 408 964 079	2 408 964 079
Borrowings	-	168 874 548	168 874 548	168 874 548
Total	2 408 964 079	168 874 548	2 577 838 627	2 577 838 627

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.

20 INTEREST INCOME

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Loans and advances	320 568 977	172 720 295	264 683 184	163 172 075
Money market placements	237 290 975	129 625 433	237 290 975	129 625 433
Total	557 859 952	302 345 728	501 974 159	292 797 508

21 INTEREST EXPENSE

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Money market placements	168 028 179	108 974 949	168 028 179	108 974 949
Borrowings	19 727 191	3 226 469	19 727 191	3 226 469
Savings deposits	1 658 773	563	1 658 773	563
Total	189 414 143	112 201 981	189 414 143	112 201 981
22 NON FUNDED INCOME				
Net commission and fee income	213 073 512	166 547 941	201 735 926	162 441 960
Property sales	49 557 488	9 343 420	49 557 488	9 343 420
Realised exchange gains	2 512 467	60 430 742	2 512 467	60 430 742
Unrealised exchange gains	22 486 622	483 600 078	22 486 622	483 600 078
Fair value adjustment on investment property	16 364 209	562 058 094	16 364 209	562 058 094
Other operating income	151 370 256	981 656	144 287 399	981 656
Total	455 364 554	1 282 961 931	436 944 111	1 278 855 950
23 OPERATING EXPENSES				
Staff costs	272 497 772	243 764 806	262 400 408	240 487 216
Defined contribution plan	14 041 040	6 499 127	14 041 040	6 499 127
Right of use asset depreciation (Note 13)	16 610 216	641 513	16 610 216	641 513
Depreciation of property and equipment (Note 14)	29 852 433	21 165 722	29 852 433	21 126 048
Amortisation of computer software (Note 11)	4 561 621	3 598 679	4 561 621	3 598 679
Other expenses	344 614 885	155 013 538	328 123 596	151 842 980
Remuneration of directors and key management personnel	682 177 967	430 683 385	655 589 314	424 195 563
Fees for services as directors	6 898 342	2 497 441	5 011 214	2 497 441
Short term benefits of executive staff	42 631 453	32 591 364	42 631 453	32 591 364
Post employment benefits	4 790 967	1 919 714	4 790 967	1 919 714
Total	54 320 762	37 008 519	52 433 634	37 008 519

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 Society leases a number of buildings under operating leases. The buildings are mainly used by the Society for its branches. The leases run for a period of 4-5 years with an option to renew the lease after the expiry date.

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

24 INCOME TAX EPENSE

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Current income tax (credit)/charge	51 930 457	1 448 022	37 588 617	560 111
Deferred tax	11 393 698	(12 471)	11 510 066	-
	63 324 155	1 435 551	49 098 683	560 111

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.

24.1 Tax reconciliation

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Accounting profit	129 990 313	4 273 115	84 672 942	10 024 454
Income tax calculated @25.75%	33 472 506	1 100 327	21 803 283	2 581 297
Tax effects of :				
Disallowable deductions	119 446 490	-	118 375 372	-
Exempt income	(89 594 841)	-	(91 079 972)	-
	63 324 155	1 100 327	49 098 683	2 581 297
Tax paid reconciliation				
Balance at the beginning of the year	-	-	-	-
Current tax for the year recognised in profit or loss	(63 324 155)	(1 100 327)	(49 098 683)	2 581 297
Tax paid reconciliation	58 598 870	1 435 551	45 298 219	-
Balance at the end of the year	(4 725 285)	335 224	(3 800 464)	2 581 297

25 RELATED PARTY DISCLOSURES

The Group is a wholly owned subsidiary of National Social Security Authority (NSSA) through its two funds Pension and other Benefits Fund and Accident Prevention and Workers Compensation 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 group:

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

25 RELATED PARTY DISCLOSURES - Continued

25.2 Transactions with related parties

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Interest on term deposits				
NSSA	20 933 214	195 052 019	20 933 214	195 052 019
First Mutual Life Group	2 252 204	-	2 252 204	-
Rainbow Tourism Group	1 120	-	1 120	-
FBC Building Society	-	31 060	-	31 060
	23 186 538	195 083 079	23 186 538	195 083 079
Deposits received during the year				
NSSA	1 018 543 132	1 031 029 609	1 018 543 132	1 031 029 609
First Mutual Life Group	134 896 404	-	134 896 404	-
	1 153 439 536	1 031 029 609	1 153 439 536	1 031 029 609
Borrowings				
Borrowings from NSSA	168 874 548	168 874 548	168 874 548	168 874 548
Rent expense				
Rent expense to NSSA	12 376 073	5 190 201	12 376 073	5 190 201
Balances with related parties				
Deposits				
Term deposit with NSSA	1 401 022 276	566 569 614	1 401 022 276	566 569 614
Transactional deposits with NSSA	725 968 366	490 668 313	725 968 366	490 668 313
Transactional deposits with Zimre Holdings Limited	6 254 901	1 532 069	6 254 901	1 532 069
Term deposit with First Mutual Life Group	137 148 609	-	137 148 609	-
Transactional deposits Nicos Diamond	3 564 888	610 157	3 564 888	610 157
Term deposits Rainbow Tourism Group Limited	19 895	-	19 895	-
Transactional deposits with Rainbow Tourism Group Limited	36 816	-	36 816	-
	2 274 015 751	1 059 380 153	2 274 015 751	1 059 380 153
Loans and advances				
Loans to directors, key management and employ-ees	45 723 757	11 598 615	45 723 757	11 598 615
Loans to OK Zimbabwe Limited	56 126 177	-	56 126 177	-
Loans to Rainbiw Tourism Group Limited	65 942 827	-	65 942 827	-
	167 792 761	11 598 615	167 792 761	11 598 615
Included in loans and advances are loans to Executive Directors and key management.				
Opening balance	11 598 615	1 793 865	11 598 615	1 793 865
Advances made during the year	37 184 365	9 974 225	37 184 365	9 974 225
Repayments during the year	(3059 223)	(169 475)	(3 059 223)	(169 475)
Closing balance	45 723 757	11 598 615	45 723 757	11 598 615

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

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 Group.

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.

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

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Cash and cash equivalents	1 537 769 459	668 765 478	1 532 497 786	1 179 730 935
Investment securities	594 561 417	375 640 822	594 561 417	531 724 554
Loans and advances	2 439 434 868	1 095 489 387	2 321 899 889	1 374 550 222
Total	4 571 765 744	2 139 895 687	4 448 959 092	3 086 005 711

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 RISK MANAGEMENT - Continued

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

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
1 to 3 months	136 353 301	69 622 384	109 152 427	69 528 011
Past due but not impaired loans relate to loans in the special mention category.				
26.1.6 Sectoral analysis of the Group’s advances before and after considering collateral held is:				
Sector				
Private	2 439 434 868	1 438 338 148	2 321 899 889	1 374 550 222
Collateral analysis				
Mortgage loans	858 008 417	703 838 483	858 008 417	703 838 483

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 36% of the gross maximum exposure and of this, 8% were secured by mortgage bonds (2024: 8%). In the event of default, the Group has the right to sell the property in order to recover the value of the mortgage.

26.1.7 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:

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Pass	2 215 290 141	1 288 634 986	2 176 154 019	1 286 406 888
Special mention	136 353 301	69 622 384	109 152 427	69 528 011
Substandard	52 835 786	11 287 230	21 157 550	11 257 441
Doubtful	19 534 475	7 026 832	2 794 642	6 966 141
Loss	15 421 165	61 766 716	12 641 251	391 741
Total	2 439 434 868	1 438 338 148	2 321 899 889	1 374 550 222

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.

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

26 RISK MANAGEMENT - Continued

26.2.1 Market risk management framework - continued

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.

26 RISK MANAGEMENT - Continued

26.3 Interest rate risk - continued

26.3.1 Interest rate repricing gap analysis

	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	Total ZWG
GROUP 2025								
Assets								
Cash and cash equivalents	256 859 142	-	-	-	-	-	1 279 547 857	1 536 406 999
Investment securities	369 310 490	-	61 757 926	163 232 527	-	-	-	594 300 943
Loans and advances	92 034 537	196 040 738	254 462 579	479 284 664	1 175 912 103	207 812 855	-	2 405 547 476
Other assets and prepayments	-	-	-	-	-	-	263 879 226	263 879 226
Inventory	-	-	-	-	-	-	90 056 945	90 056 945
Work in progress	-	-	-	-	-	-	18 995 547	18 995 547
Computer software	-	-	-	-	-	-	26 276 902	26 276 902
Investment property	-	-	-	-	-	-	479 356 186	479 356 186
Right of use asset	-	-	-	-	-	-	21 095 955	21 095 955
Property and equipment	-	-	-	-	-	-	151 942 466	151 942 466
Total assets	718 204 169	196 040 738	316 220 505	642 517 191	1 175 912 103	207 812 855	2 331 151 084	5 587 858 645
Equity and liabilities								
Deposits	1 824 104 088	484 766 492	232 011 196	412 788 346	493 858 445	112 925 971	-	3 560 454 538
Borrowings	-	-	-	-	168 874 548	-	-	168 874 548
Lease liability	-	-	-	-	-	-	29 523 249	29 523 249
Other liabilities	-	-	-	-	-	-	349 094 690	349 094 690
Equity and reserves	-	-	-	-	-	-	1 479 911 620	1 479 911 620
Total equity and liabilities	1 824 104 088	484 766 492	232 011 196	412 788 346	662 732 993	112 925 971	1 858 529 559	5 587 858 645
Periodic gap	(1 105 899 919)	(288 725 754)	84 209 309	229 728 845	513 179 110	94 886 884	472 621 525	-
Cumulative gap	(1 105 899 919)	(1 394 625 673)	(1 310 416 364)	(1 080 687 519)	(567 508 409)	(472 621 525)	(. 016 784)	-

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

26 RISK MANAGEMENT - Continued

26.3 Interest rate risk - continued

26.3.1 Interest rate repricing gap analysis - continued

	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	Total ZWG
GROUP 2024								
Assets								
Cash and cash equivalents	20 159 890	-	-	-	-	-	1 170 929 929	1 191 089 819
Investment securities	31 176 840	-	350 895 962	92 167 503	56 277 098	-	-	530 517 403
Loans and advances	95 825 118	70 385 661	172 697 083	357 226 745	382 761 994	338 045 619	-	1 416 942 220
Other assets and prepayments	-	-	-	-	-	-	49 785 249	49 785 249
Inventory	-	-	-	-	-	-	101 402 189	101 402 189
Work in progress	-	-	-	-	-	-	58 449 971	58 449 971
Computer software	-	-	-	-	-	-	11 988 283	11 988 283
Investment property	-	-	-	-	-	-	468 528 753	468 528 753
Right of use asset	-	-	-	-	-	-	65 866 936	65 866 936
Property and equipment	-	-	-	-	-	-	88 232 306	88 232 306
Total assets	147 161 848	70 385 661	523 593 045	449 394 248	439 039 092	338 045 619	2 015 183 616	3 982 803 129
Equity and liabilities								
Deposits	818 443 619	103 643 224	41 939 596	13 580 689	486 011 952	945 344 999	-	2 408 964 079
Borrowings	-	-	-	-	168 874 548	-	-	168 874 548
Lease liability	-	-	-	-	-	-	33 921 547	33 921 547
Other liabilities	-	-	-	-	-	-	345 772 545	345 772 545
Equity and reserves	-	-	-	-	-	-	1 025 270 410	1 025 270 410
Total equity and liabilities	818 443 619	103 643 224	41 939 596	13 580 689	654 886 500	945 344 999	1 404 964 502	3 982 803 129
Periodic gap	(671 281 771)	(33 257 563)	481 653 449	435 813 559	(215 847 408)	(607 299 380)	610 219 114	-
Cumulative gap	(671 281 771)	(704 539 334)	(222 885 885)	212 927 674	(2 919 734)	(610 219 114)	-	-

26 RISK MANAGEMENT - Continued

26.3 Interest rate risk - continued

26.3.1 Interest rate repricing gap analysis - continued

	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	Total ZWG
SOCIETY 2025								
Assets								
Cash and cash equivalents	256 855 128	-	-	-	-	-	1 274 280 198	1 531 135 326
Investment securities	369 310 490	-	61 757 926	163 232 527	-	-	-	594 300 943
Loans and advances	52 898 415	168 839 864	222 784 343	462 544 831	1 173 132 189	211 179 392	-	2 291 379 034
Other assets and prepayments	-	-	-	-	-	-	343 901 421	343 901 421
Inventory	-	-	-	-	-	-	90 056 945	90 056 945
Work in progress	-	-	-	-	-	-	18 995 547	18 995 547
Computer software	-	-	-	-	-	-	26 276 902	26 276 902
Right of use asset	-	-	-	-	-	-	21 095 955	21 095 955
Investment property	-	-	-	-	-	-	479 356 186	479 356 186
Property and equipment	-	-	-	-	-	-	150 084 008	150 084 008
Total assets	679 064 033	168 839 864	284 542 269	625 777 358	1 173 132 189	211 179 392	2 404 047 162	5 546 582 267
Liabilities								
Deposits	1 824 104 088	484 766 492	232 011 196	412 788 346	493 858 445	112 925 971	-	3 560 454 538
Borrowings	-	-	-	168 874 548	-	-	-	168 874 548
Lease liability	-	-	-	-	-	-	47 362 066	47 362 066
Other liabilities	-	-	-	-	-	-	326 434 147	326 434 147
Equity and reserves	-	-	-	-	-	-	1 443 456 968	1 443 456 968
Total equity and liabilities	1 824 104 088	484 766 492	232 011 196	581 662 894	493 858 445	112 925 971	1 817 253 181	5 546 582 267
Periodic gap	(1 145 040 055)	(315 926 628)	52 531 073	44 114 464	679 273 744	98 253 421	586 793 981	-
Cumulative gap	(1 145 040 055)	(1 460 966 683)	(1 408 435 610)	(1 364 321 146)	(685 047 402)	(586 793 981)	-	-

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

26 RISK MANAGEMENT - Continued

26.3 Interest rate risk - continued

26.3.1 Interest rate repricing gap analysis - continued

	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	Total ZWG
SOCIETY 2024								
Assets								
Cash and cash equivalents	20 139 989	-	-	-	-	-	1 158 325 782	1 178 465 771
Investment securities	31 176 840	-	350 895 962	92 167 503	56 277 098	-	-	530 517 403
Loans and advances	83 854 483	56 527 659	149 691 794	349 244 174	375 790 566	339 011 943	-	1 354 120 619
Other assets and prepayments	-	-	-	-	-	-	116 497 882	116 497 882
Inventory	-	-	-	-	-	-	101 402 189	101 402 189
Work in progress	-	-	-	-	-	-	58 449 971	58 449 971
Computer software	-	-	-	-	-	-	11 988 283	11 988 283
Right of use asset	-	-	-	-	-	-	65 866 936	65 866 936
Investment property	-	-	-	-	-	-	468 528 753	468 528 753
Property and equipment	-	-	-	-	-	-	87 770 655	87 770 655
Total assets	135 171 312	56 527 659	500 587 756	441 411 677	432 067 664	339 011 943	2 068 830 451	3 973 608 462
Liabilities								
Deposits	818 443 619	103 643 224	41 939 596	13 580 689	486 011 952	945 344 999	-	2 408 964 079
Borrowings	-	-	-	168 874 548	-	-	-	168 874 548
Lease liability	-	-	-	-	-	-	33 921 547	33 921 547
Other liabilities	-	-	-	-	-	-	342 569 878	342 569 878
Equity and reserves	-	-	-	-	-	-	1 019 278 410	1 019 278 410
	818 443 619	103 643 224	41 939 596	182 455 237	486 011 952	945 344 999	1 395 769 835	3 973 608 462
Periodic gap	(683 272 307)	(47 115 565)	458 648 160	258 956 440	(53 944 288)	(606 333 056)	673 060 616	-
Cumulative gap	(683 272 307)	(730 387 872)	(271 739 712)	(12 783 272)	(66 727 560)	(673 060 616)	-	-

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 Society as a result of exchange rate movements or volatility. The Society 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 Group 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 Group applies stress testing methodologies to its liquidity risk profile on a regular basis to unearth underlying liquidity vulnerabilities.

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

26 RISK MANAGEMENT - Continued

26.5 Liquidity Risk - continued

26.5.1 Liquidity gap analysis

	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	Total ZWG
GROUP 2025							
Assets							
Cash and cash equivalents	256 859 142	-	-	-	1 279 547 857	-	1 536 406 999
Investment securities	369 310 490	-	61 757 926	163 232 527	-	-	594 300 943
Loans and advances	92 034 537	196 040 738	254 462 579	479 284 664	1 175 912 103	207 812 855	2 405 547 476
Other assets and prepayments	-	-	-	-	263 879 226	-	263 879 226
Inventory	-	-	-	-	90 056 945	-	90 056 945
Work in progress	-	-	-	-	18 995 547	-	18 995 547
Computer software	-	-	-	-	26 276 902	-	26 276 902
Right of use asset	-	-	-	-	479 356 186	-	479 356 186
Investment property	-	-	-	-	21 095 955	-	21 095 955
Property and equipment	-	-	-	-	151 942 466	-	151 942 466
Total assets	718 204 169	196 040 738	316 220 505	642 517 191	3 507 063 187	207 812 855	5 587 858 645
Liabilities							
Deposits	1 824 104 088	484 766 492	232 011 196	412 788 346	493 858 445	112 925 971	3 560 454 538
Borrowings	-	-	-	-	168 874 548	-	168 874 548
Lease liability	-	-	-	-	29 523 249	-	29 523 249
Other liabilities	-	-	-	-	349 094 690	-	349 094 690
Total liabilities	1 824 104 088	484 766 492	232 011 196	412 788 346	1 041 350 933	112 925 971	4 107 947 025
Periodic gap	(1 105 899 919)	(288 725 754)	84 209 309	229 728 845	2 465 712 255	94 886 884	1 479 911 620
Cumulative gap	(1 105 899 919)	(1 394 625 673)	(1 310 416 364)	(1 080 687 519)	1 385 024 736	1 479 911 620	-

26 RISK MANAGEMENT - Continued

26.5 Liquidity Risk - continued

26.5.1 Liquidity gap analysis - continued

	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	Total ZWG
GROUP 2024							
Assets							
Cash and cash equivalents	20 159 890	-	-	-	1 170 929 929	-	1 191 089 819
Investment securities	31 176 840	-	350 895 962	92 167 503	56 277 098	-	530 517 403
Loans and advances	95 825 118	70 385 661	172 697 083	357 226 745	382 761 994	338 045 619	1 416 942 220
Other assets and prepayments	-	-	-	-	49 785 249	-	49 785 249
Inventory	-	-	-	-	101 402 189	-	101 402 189
Work in progress	-	-	-	-	58 449 971	-	58 449 971
Computer software	-	-	-	-	11 988 283	-	11 988 283
Right of use asset	-	-	-	-	468 528 753	-	468 528 753
Investment property	-	-	-	-	65 866 936	-	65 866 936
Property and equipment	-	-	-	-	88 232 306	-	88 232 306
Total assets	147 161 848	70 385 661	523 593 045	449 394 248	2 454 222 708	338 045 619	3 982 803 129
Liabilities							
Deposits	818 443 619	103 643 224	41 939 596	13 580 689	486 011 952	945 344 999	2 408 964 079
Borrowings	-	-	-	-	168 874 548	-	168 874 548
Lease liability	-	-	-	-	33 921 547	-	33 921 547
Other liabilities	-	-	-	-	345 772 545	-	345 772 545
Total liabilities	818 443 619	103 643 224	41 939 596	13 580 689	1 034 580 592	945 344 999	2 957 532 719
Periodic gap	(671 281 771)	(33 257 563)	481 653 449	435 813 559	1 419 642 116	(607 299 380)	1 025 270 410
Cumulative gap	(671 281 771)	(704 539 334)	(222 885 885)	212 927 674	1 632 569 790	1 025 270 410	-

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

26 RISK MANAGEMENT - Continued

26.5 Liquidity Risk - continued

26.5.1 Liquidity gap analysis - continued

	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	Total ZWG
SOCIETY 2025							
Assets							
Cash and cash equivalents	256 855 128	-	-	-	1 274 280 198	-	1 531 135 326
Investment securities	369 310 490	-	61 757 926	163 232 527	-	-	594 300 943
Loans and advances	52 898 415	168 839 864	222 784 343	462 544 831	1 173 132 189	211 179 392	2 291 379 034
Other assets and prepayments	-	-	-	-	343 901 421	-	343 901 421
Inventory	-	-	-	-	90 056 945	-	90 056 945
Work in progress	-	-	-	-	18 995 547	-	18 995 547
Computer software	-	-	-	-	26 276 902	-	26 276 902
Right of use asset	-	-	-	-	21 095 955	-	21 095 955
Investment property	-	-	-	-	479 356 186	-	479 356 186
Property and equipment	-	-	-	-	150 084 008	-	150 084 008
Total assets	679 064 033	168 839 864	284 542 269	625 777 358	3 577 179 351	211 179 392	5 546 582 267
Liabilities							
Deposits	1 824 104 088	484 766 492	232 011 196	412 788 346	493 858 445	112 925 971	3 560 454 538
Borrowings	-	-	-	168 874 548	-	-	168 874 548
Lease liability	-	-	-	-	47 362 066	-	47 362 066
Other liabilities	-	-	-	-	326 434 147	-	326 434 147
	1 824 104 088	484 766 492	232 011 196	581 662 894	867 654 658	112 925 971	4 103 125 299
Periodic gap	(1 145 040 055)	(315 926 628)	52 531 073	44 114 464	2 709 524 693	98 253 421	1 443 456 968
Cumulative gap	(1 145 040 055)	(1 460 966 683)	(1 408 435 610)	(1 364 321 146)	1 345 203 547	1 443 456 968	-

26 RISK MANAGEMENT - Continued

26.5 Liquidity Risk - continued

26.5.1 Liquidity gap analysis - continued

	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	Total ZWG
SOCIETY 2024							
Assets							
Cash and cash equivalents	20 139 989	-	-	-	1 158 325 782	-	1 178 465 771
Investment securities	31 176 840	-	350 895 962	92 167 503	56 277 098	-	530 517 403
Loans and advances	83 854 483	56 527 659	149 691 794	349 244 174	375 790 566	339 011 943	1 354 120 619
Other assets and prepayments	-	-	-	-	116 497 882	-	116 497 882
Inventory	-	-	-	-	101 402 189	-	101 402 189
Work in progress	-	-	-	-	58 449 971	-	58 449 971
Computer software	-	-	-	-	11 988 283	-	11 988 283
Right of use asset	-	-	-	-	65 866 936	-	65 866 936
Investment property	-	-	-	-	468 528 753	-	468 528 753
Property and equipment	-	-	-	-	87 770 655	-	87 770 655
Total assets	135 171 312	56 527 659	500 587 756	441 411 677	2 500 898 115	339 011 943	3 973 608 462
Liabilities							
Deposits	818 443 619	103 643 224	41 939 596	13 580 689	486 011 952	945 344 999	2 408 964 079
Borrowings	-	-	-	168 874 548	-	-	168 874 548
Lease liability	-	-	-	-	33 921 547	-	33 921 547
Other liabilities	-	-	-	-	342 569 878	-	342 569 878
	818 443 619	103 643 224	41 939 596	182 455 237	862 503 377	945 344 999	2 954 330 052
Periodic gap	(683 272 307)	(47 115 565)	458 648 160	258 956 440	1 638 394 738	(606 333 056)	1 019 278 410
Cumulative gap	(683 272 307)	(730 387 872)	(271 739 712)	(12 783 272)	1 625 611 466	1 019 278 410	-

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

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 Group 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 Group 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 Group’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 Group has put in place structures and procedures to identify, measure and monitor strategic risk on a regular basis and effectiveness is evaluated against the Group’s strategic objectives. In implementing the Group’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.

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.

	31 December 2025 ZWG	31 December 2024 ZWG
Risk weighted assets	3 004 116 583	3 232 125 618
Tier 1		
Share capital	842 109 920	478 380 163
Accumulated profit	529 173 983	509 489 858
Core capital	1 371 283 903	987 870 021
Tier 2		
Borrowings	168 874 548	168 874 548
Revaluation reserve	49 657 313	31 408 389
	218 531 861	200 282 937
Tier 3		
Foreign exchange exposures	18 076 806	34 637 833
Commodity exposures	7 093 258	451 882
Capital allocated for operational risk	163 096 736	74 606 750
	188 266 800	109 696 465
Core capital		
Tier 1 ratio	46	31
Tier 2 ratio	7	6
Tier 3 ratio	6	3
	59	40

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

26 RISK MANAGEMENT - Continued

26.10.1 Capital adequacy - continued

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.

	Group		Society	
	2025 ZWG	2024 ZWG	2025 ZWG	2024 ZWG
Authorised but not yet contracted for	88 334 380	-	88 334 380	-

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.

27 RATINGS

27.1 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

27 RATINGS - Continued

27.1 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.

Notes to the consolidated financial statements – Continued

For the year ended 31 December 2025

27 RATINGS - Continued

27.2 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 2025.

28 GOING CONCERN

The Group has reported on a going concern basis on the back of positive financial performance which saw a balance sheet growth 40%. The balance sheet grew from USD153 million to USD216 million. During 2025, the Core Banking System went live on the 5th of April and we expect it to be in use for the next 8 years. The implementation of the USD as functional was done in line with the Directors assessment of the underlying transactions governing the Society's activities. This enables a more accurate and stable base for reporting that supports the core activities of the Society.

The National Social Security Authority injected USD14 million worth of capital undelying their confidence and support of NBS's activities.

The Society has exceeded its regulatory requirements in terms of minimum capital of USD 20 million, closing the year with a core capital balance of USD53 million.

In line with its core mandate of providing affordable housing, the Society continues to explore opportunities to develop its land banks and provide a pipeline of housing stock. Currently selling fully developed stands in Plumtree and highrise flats in Gaudina Harare.



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