Abridged Financial Results.
For the year ended 31 December 2021

IDBZ
Infrastructure Development Bank of Zimbabwe

CHAIRMAN'S STATEMENT

There was an improvement in the country's economic performance marked by an estimated 7.8% GDP growth in 2021 from a 5.3% decline in 2020. The country's GDP growth was anchored on strong agricultural and external sector performance, declining inflation, and relative exchange rate stability. Year-on-Year inflation declined from 362.6% in January 2021 to 60.7% in December 2021. The auction market foreign exchange rate depreciated from an average of 1USD: ZWL82.1 in January 2021 to an average of ZWL108.7 in December 2021.

Notwithstanding the progress made in macroeconomic stability, inflation is still considerably high for the sustainability of long-term business. The parallel market exchange rate, which continues to influence pricing of construction services and materials, has negatively impacted cost budgets for projects under implementation. Furthermore, the resurgence of the COVID-19 pandemic in the second half of 2021 posed significant downside risks to both the country's economic growth and the Bank's operations.

The lessons learnt from the COVID-19 pandemic and climate change present opportunities for the Bank to support mitigation, resilience, and adaptation strategies. The Infrastructure Development Bank of Zimbabwe ("IDBZ") will contribute to GDP growth in 2022 through sustainable and equitable infrastructure development, thus helping to uplift the livelihoods of Zimbabweans.

Contribution to Vision 2030

In support of Vision 2030, the Bank has intensified work in its primary sectors of focus, namely Water and Sanitation, Housing, Irrigation Development, Transport, and Energy ("WHITE"). In 2021, the Bank made significant progress on projects under implementation, while the preparation of various projects towards bankability gathered pace. Of note is the significant progress that was registered in housing projects that were under implementation as well as energy projects under preparation. The Bank continues to capacitate players in the infrastructure value chain, particularly irrigation development, manufacturing of construction materials, transport, and health sectors, in line with NDS1 and the Vision 2030.

Recapitalisation Initiatives

As part of its Recapitalisation Programme, which will see the rollout of various capitalisation initiatives over the next five years, the Bank undertook a Rights Issue for ZWL1.75 billion in the last quarter of 2021. The transaction received support from the Bank's shareholders, allowing the injection of critical financial resources to support the Bank's operations. Engagements are currently ongoing for the Bank to secure selected land assets from the Government of Zimbabwe, which will help bolster the Bank's balance sheet. Continued capacitation of the Bank by the Government as the majority shareholder will be key in building a firm foundation for the Bank to attract strategic partners as it pursues its ambition of transforming into a 'DFI of scale'.

Institutional Reforms

The Bank received technical support from the French Development Agency "Agence Française de Développement" (AFD) through the Government of Zimbabwe to develop its Long-Term Strategy 2021-2030 (LTS). The NDS1 and Vision 2030 guide the LTS scheduled for completion by June 2022.

The Bank was accredited to the Green Climate Fund (GCF) in July 2021. The GCF accreditation is a landmark achievement which will help transform the climate finance landscape in the country and allow the Bank to play a pivotal role in mobilising climate finance in support of adaptation and mitigation related infrastructure investments. With further support from the GCF and working in partnership with other Development Partners, the Bank's focus has now shifted towards developing project proposals for funding consideration by the GCF. In addition, significant progress was made towards establishing the Climate Finance Facility (CFF), which is an innovative platform for mobilising climate finance to support green and sustainable infrastructure projects. Ongoing processes include putting in place the institutional framework for the facility, and preparation of the CFF Prospectus to fully articulate the investment case and for use in engaging prospective funding partners.

In 2021, the Bank progressed with the European Organisation for Sustainable Development's (EOSD) Sustainability Standards and Certification Initiative (SSCI) which started in 2018. The SSCI is a global initiative for developing and maintaining universally accepted and executable set of across-the-board sustainability standards. It incorporates sustainability principles, promotes innovation, and fosters climate resilience and financial inclusion. Pursuant to that, in line with its Vision of a "Zimbabwe with a robust and inclusive infrastructure for sustainable growth and development", the Bank defined its Purpose Statement as, "Uplifting livelihoods of all Zimbabweans through sustainable infrastructure development".

Through the initiatives mentioned above, the Bank aims to support the development of sustainable low carbon and resilient economic infrastructure, and inclusive and equitable social infrastructure. In May 2021, the Board approved the Gender Mainstreaming Toolkit and Gender Action Plan which supports mainstreaming of gender in all Bank operations.

Appreciation

I would like to express my sincere appreciation for the support we received from the Government of Zimbabwe through the Ministry of Finance and Economic Development, the Office of the President and Cabinet, and the Reserve Bank of Zimbabwe. The contributions made by various stakeholders that include Development Partners and customers remain invaluable.

I am indebted to the Board, Management and Staff for their unwavering commitment to delivering the Bank's mandate.

Joseph Mutizwa
Chairman of the Board
Date : 24 May 2022

CHIEF EXECUTIVE OFFICER'S STATEMENT

Bank Operations

The Bank's execution of its mandate was guided by the 2021-2023 Work Programme and Budget, whose theme was "Transforming and Retooling Towards a DFI of Scale". To this end, an additional amount of capital equivalent to US$6.62 million (ZWL719.8 million) was raised in 2021 through a ZWL1.75 billion Rights Issue. In respect of this Rights Issue, the Ministry of Finance and Economic Development (MOFED) contributed ZWL500 million while ZWL219.8 million was received from the Reserve Bank of Zimbabwe (RBZ). Treasury has injected a further ZWL450 million in April 2022 and is expected to release the remaining ZWL480 million in 2022 in fulfilment of the Government's capital commitment under the Rights Issue.

To adequately fund projects, the Bank embarked on several fundraising initiatives which included the issuance of USD-linked Bonds. The Bank managed to raise an equivalent of US$9.84 million (ZWL877.9 million) for project implementation. Of this amount, ZWL461.9 million was raised for the Sumben Phase 1 Housing Project and the Elizabeth Park Housing Project through the USD-linked Bonds and other structured instruments. ZWL416 million was raised for the Bulawayo Students Accommodation Complex Project (BSAC).

During the reporting period, the Bank approved private sector projects worth ZWL144 million while applications worth more than ZWL1 billion in respect of energy, mining and irrigation projects were being considered for funding. The Bank's infrastructure value chain loan book closed the year at ZWL192.8 million, up from ZWL93.54 million as at 31 December 2020.

The Bank achieved commendable progress on ongoing projects notwithstanding the macroeconomic pressures and the negative impact of the COVID-19 pandemic on project activities. The Sumben Phase I Housing Project (Harare) reached a 93% completion rate while the BSAC Project reached a 74% overall completion rate over the period under review.

An equivalent of US$2.5 million was needed for project preparation and development in 2021 and an equivalent of US$2.02 million (ZWL200 million) of capital was allocated towards the Bank's Project Preperation and Development Fund ("PPDF") facility in the last quarter of 2021 from the proceeds of the Rights Issue. An equivalent of US$237 600 was disbursed towards project preparation activities over the period. Notwithstanding the limited availability of project preparation funding, project preparatory work continued for the following projects:

- Lupane Students Accommodation Complex Project (Lupane);
- Chinhoyi University of Technology Student Accommodation Project (Chinhoyi);
- Bindura University of Science Education Student Accommodation Project (Bindura);
- Catholic University of Zimbabwe Student Accommodation Project (Harare);
- Getjenge Housing Project (Plumtree);
- Spitzkop Housing Project (Gwanda);
- Baraza Pavilion Cluster Homes Project (Harare);
- Honister Drive Cluster Homes Project (Harare);
- Kanyemba Lodge Project (Kanyemba);
- Waneka Phase 3 Housing Project (Harare);
- Tjibundule Solar Project (Grid Impact Assessment-Plumtree);
- Wilsgrove Phase II Housing Project (Bulawayo);
- The Grange of Toronto Housing Project (Penhalonga, Mutare)
- Rooiport Estate Housing Project (Chivhu); and
- Gutu Solar Project (Gutu);

Progress on project preparation and development activities was hampered by the COVID-19 restrictions, delays in regulatory approvals, protracted negotiations with project sponsors, as well as stakeholder concerns raised on some of the projects most of which have since been resolved.

There Bank has been playing an advisory role in drafting the Tugwi-Mukosi Feasibility Studies targeted for completion in 2022. Detailed soil investigations and social impact scoping reports were completed. A total of 25 365 hectares of land with suitable irrigation soils has been identified as follows; Makosiya (1 038ha), Chingwizi (4 867ha), Tugwi (1 025ha), Masangula West (1 542ha), Masangula (3 581ha), Minaarshof (2 453ha), Chilonga (2 796ha), Babutsa (5 384ha), and Mutirikwe (2 679ha). Technical and engineering studies and preparation of the Concept Design of Infrastructure were underway.

Response to the COVID-19

The COVID-19 pandemic led to general labour shortages, supply chain disruptions, and reduced working hours. In mitigation, the Bank undertook the following measures to combat the negative impacts of the outbreak of the COVID-19 virus to promote staff safety and ensure financial sustainability:

- the Business Continuity Plan (BCP), continued to be applied during the course of the year and on average 40% of the Staff were reporting for duty as per the COVID-19 national guidelines while the rest were working remotely;
- coordination of COVID-19 testing and vaccination of Staff and Board Members, purchasing of oxygen concentrators and oximeters, and provision of health packs;
- provision of Personal Protective Equipment (PPE), and regular fumigation of Bank offices;
- prioritisation of critical skills recruitment; and
- strict adherence to the leave management programme.

Financial Performance

Notwithstanding the positive macroeconomic developments during the year, COVID 19 restrictions slowed down project implementation resulting in a shift of completion dates for several projects. This negatively affected the Bank's financial performance as revenue recognition from the affected projects was deferred to 2022.

The Bank's inflation-adjusted net operating income decreased by ZWL1.3 billion from ZWL1.2 billion in in 2020, to negative ZWL28.87 million in 2021. Interest income was weighed down by subdued effective interest rates.

Fees and commission income was 49% lower than the prior year at ZWL20 million as the Bank was negatively impacted by thin interest margins emanating from the cap placed on interest rates. Operating expenses increased by 95%, driven by a 75% increase in personnel expenses as the Bank aimed at retaining critical staff and matching market remuneration levels. On the other hand, administration expenses shot by 118% mainly driven by inflation and COVID-19 related expenses. Resultantly, during the period under review, the Bank recorded a loss before tax and other comprehensive income of ZWL945.8 million compared to a profit of ZWL 2.5 billion for the same period last year.

Total assets increased by 3 % from the prior year-end level of ZWL9.2 billion to ZWL9.5 billion as at, 31 December 2021.

The Non-Performing Loans (NPL) ratio for the period closed at 0.4%, which is within the regulatory threshold of 5% as debtors gained from inflation and currency depreciation.

Monetary Developments

In 2019, the Government of Zimbabwe introduced the Zimbabwean Dollar (ZWL) at a fixed exchange rate (USD/ZWL 1:1). In June 2020, the country's exchange rate moved from USD/ZWL 1:25 to 1:57.35 following the introduction of the foreign currency auction trading system. The auction market exchange rate moved from an average of USL1: ZWL82 in January 2021 to ZWL108.7 in December 2021. However, the parallel market exchange rate which has been the major source of macroeconomic instability increased from an average of ZWL110.1 in January 2021 to ZWL173.6 in December 2021. The disparity between the auction market exchange rate and the parallel market exchange rate created pricing distortions and continued to pose inflation pressures. This affected both projects' implementation and valuation of the Bank's foreign denominated assets and liabilities. For the purpose of preparation of these financial statements, the Bank applied the auction market exchange rate resulting in the auditors qualifying the accounts.

Outlook

Notwithstanding the negative impact of the COVID-19 pandemic on the Bank's financial performance for 2021, the IDBZ is optimistic that the projects under implementation will be completed in 2022 and more business will be underwritten under the Bank's private sector funding window. This is expected to enhance the Bank's financial performance. Capital preservation, strategic partnerships and recapitalisation will remain central to the financial sustainability of the IDBZ.

Appreciation

I remain thankful to the Ministry of Finance and Economic Development, the Office of the President and Cabinet, the Reserve Bank of Zimbabwe, and the Board of Directors for their continued support and guidance. My appreciation also goes to all our stakeholders, customers, Development Partners, and the Bank Management and Staff for their commitment in transforming and retooling the Bank towards a DFI of scale.

Zondo T. Sakala
Chief Executive Officer
Date: 24 May 2022

CORPORATE GOVERNANCE

Board of Directors

Section 4 (2) of the IDBZ Act, as amended, provides that the size of the IDBZ Board shall be a minimum of 7 and a maximum of 9 Directors. The current Board of Director is comprised of eight (8) non-executive directors and the Chief Executive Officer as ex-officio member.
The duties and responsibilities of the Board are outlined in section 4A of the Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14). The Board is responsible for formulating and implementing policies and strategies necessary for the achievement of the Group's objectives. The IDBZ follows the Board Evaluation Framework developed for Financial Institutions that fall under the supervision of the Central Bank.

Board Attendance Record - FY2021

	Main Board	Audit Committee	Finance, Risk Management & ICT	Human Resources	Corp Govern, Ethics & Sustainability
TOTAL MEETINGS	**8**	**4**	**3**	**5**	**4**
BOARD MEMBER					
Mutizwa Joseph	8	n/a	3	5	4
Mlambo Kupukile	7	n/a	3	n/a	4
Bango Sibusisiwe P	8	4	n/a	5	n/a
Mugwara Reginald	8	3	n/a	5	n/a
Mugwagwa Norbert	7	n/a	3	5	n/a
Mutonga Jeremiah	6	4	n/a	n/a	4
Muzoroza Tadios	7	n/a	n/a	5	4
Ngwerume Luke EM	4	4	3	n/a	n/a
Meeting Dates	23-Mar-20	18-Mar-20	15-Jul-20	3-Mar-20	29-Jul-20
	20-May-20	25-Aug-20	26-Aug-20	22-Jul-20	23-Sep-20
	9-Sep-20	21-Oct-20	13-Oct-20	16-Sep-20	17-Nov-20
	16-Dec-20		25-Nov-20	11-Nov-20	

Board Remuneration

The IDBZ Board Remunerations Framework is determined in accordance with Section 12 of the PECG Act. The Bank adopted the Board Remuneration Guideline for State Enterprises provided by the Office of President and Cabinet.
For the period under review, the non-executive Board Members received remuneration based on a retainer and sitting allowance. The board fees and sitting allowances paid to Board Members in 2021 amounted to ZWL2.69m.
No other benefits were extended to Non-Executive Directors.

PSGRS – DEVELOPMENT FINANCE INSTITUTIONAL RATING

The Bank was rated under the Prudential Standards, Guidelines, and Rating System (PSGRS). The framework falls under the purview of African Association of Development Finance Institutions (AADFI) and requires independent validation of the rating by an External Auditor. The Bank's PSGRS rating for the financial year ended 31 December 2020 was validated by our External Auditors, Baker Tilly during the 2021 Audit review. An overall rating grade of "B+" was assigned with a score of 87.9% . The rating scale evaluates three critical areas namely: Governance, Financial and Operational Standards. The risk assessment ratings are summarised below;

PSGRS Standard	Maximum possible weight	2021 score	2020 score
Governance	40%	42.62%	38.46%
Financial	40%	29.00%	33.33%
Operational	20%	16.28%	19.03%
Overall Score		90.82%	87.62%
PSGRS rating		A+	A+

AUDITOR'S QUALIFIED OPINION

The abridged audited inflation adjusted consolidated financial results should be read in conjunction with the full set of consolidated financial statements for the year ended 31 December 2021, which have been audited by BDO Zimbabwe Chartered Accountants. A qualified opinion has been issued thereon in respect of fair valuation of investment property and property and equipment and the valuation of deferred revenue.

The audit graded the Bank's IT system as satisfactory.

The audit report also includes a key audit matter. The key audit matter was on loan loss provision on loans and advances. The auditors' report on the inflation adjusted consolidated financial statements is available for inspection at the Bank's registered office.

The engagement partner for the audit is Mr Jonas Jonga (PAAB Practicing Number 0438).

BDO Zimbabwe Chartered Accountants
Zimbabwe

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Inflation Adjusted 31 Dec 2021 ZWL	Inflation Adjusted Restated Note 5 31 Dec 2020 ZWL	Historical Cost 31 Dec 2021 ZWL	Historical Cost Restated Note 5 31 Dec 2020 ZWL
ASSETS					
Cash and bank balances	6	740 876 130	578 619 658	740 876 130	359 977 180
Inventories	12	3 635 522 769	3 008 413 228	770 270 508	259 361 265
Other receivables and prepayments	11	1 194 295 204	1 455 146 019	1 058 652 460	847 113 255
Loans and advances to customers	10	543 369 037	293 535 915	543 369 037	182 617 769
Investment securities	7	68 689 355	38 860 383	68 689 355	24 176 246
Financial assets at fair value through other comprehensive income	8	843 542 306	867 862 731	843 542 306	539 924 240
Treasury bills and other financial assets	9	35 933 235	12 853 384	35 933 235	7 996 488
Assets pledged as collateral	9.1	49 678 000	111 545 653	49 678 000	69 396 000
Investment in associates		126 686 330	130 345 751	556 944	3 392 806
Investment property	13	1 467 403 931	1 879 512 789	1 467 403 931	1 169 303 021
Intangible assets	15	66 580 486	1 954 322	56 856 696	112 378
Property and equipment	14	661 794 951	788 991 051	520 847 100	378 264 079
Rights of use of assets	16	15 471 073	17 658 567	8 488 393	6 778 657
Deferred taxation	17	26 602 739	-	20 019 366	-
Total assets		**9 476 445 546**	**9 185 299 451**	**6 185 183 461**	**3 848 413 384**
EQUITY AND LIABILITIES					
LIABILITIES					
Deposits from customers	23	468 676 938	360 021 541	468 676 938	223 980 533
Local lines of credit and bonds	24	759 534 762	543 645 040	759 534 762	338 218 389
Other liabilities	25	719 442 547	289 664 580	719 442 547	180 257 193
Deferred taxation	17	6 941 776	-	4 848 345	-
Lease liability-Buildings		10 228 354	10 007 197	10 228 354	6 225 786
Total liabilities		**1 964 824 377**	**1 203 338 358**	**1 962 730 946**	**748 681 901**
EQUITY					
Share capital	18	3 768 919	3 345 810	240 647	187 848
Share premium	18	8 516 087 024	1 946 894 389	1 003 522 716	183 767 850
Foreign Currency Translation Reserve	19	2 586 618 275	2 586 618 275	51 967 059	51 967 059
Amounts Awaiting Allotment	18	-	5 754 419 767	-	100 000 000
Preference share capital	22	1 714 604 838	1 714 604 838	38 283 003	38 283 003
Fair value reserve	21	1 008 330 252	1 032 650 677	811 760 202	508 142 136
Revaluation Reserve	20	367 197 207	420 178 266	466 377 641	297 282 774
Retained (loss)/profit		(7 245 000 661)	(5 955 229 830)	1 781 397 841	1 850 099 427
Equity attributable to parent owners of the Group		**6 951 605 854**	**7 503 482 192**	**4 153 549 109**	**3 029 730 097**
Non-controlling interest in equity		**560 015 315**	**478 478 901**	**68 903 406**	**70 001 386**
Total shareholders' equity		**7 511 621 169**	**7 981 961 093**	**4 222 452 516**	**3 099 731 483**
Total equity and liabilities		**9 476 445 546**	**9 185 299 451**	**6 185 183 461**	**3 848 413 384**

These financial statements were approved by the Board of Directors and signed on their behalf by:

Joseph Mutizwa
(Chairman of the Board)
Date: 24 May 2022

Thomas Z. Sakala
(Chief Executive Officer)
Date: 24 May 2022

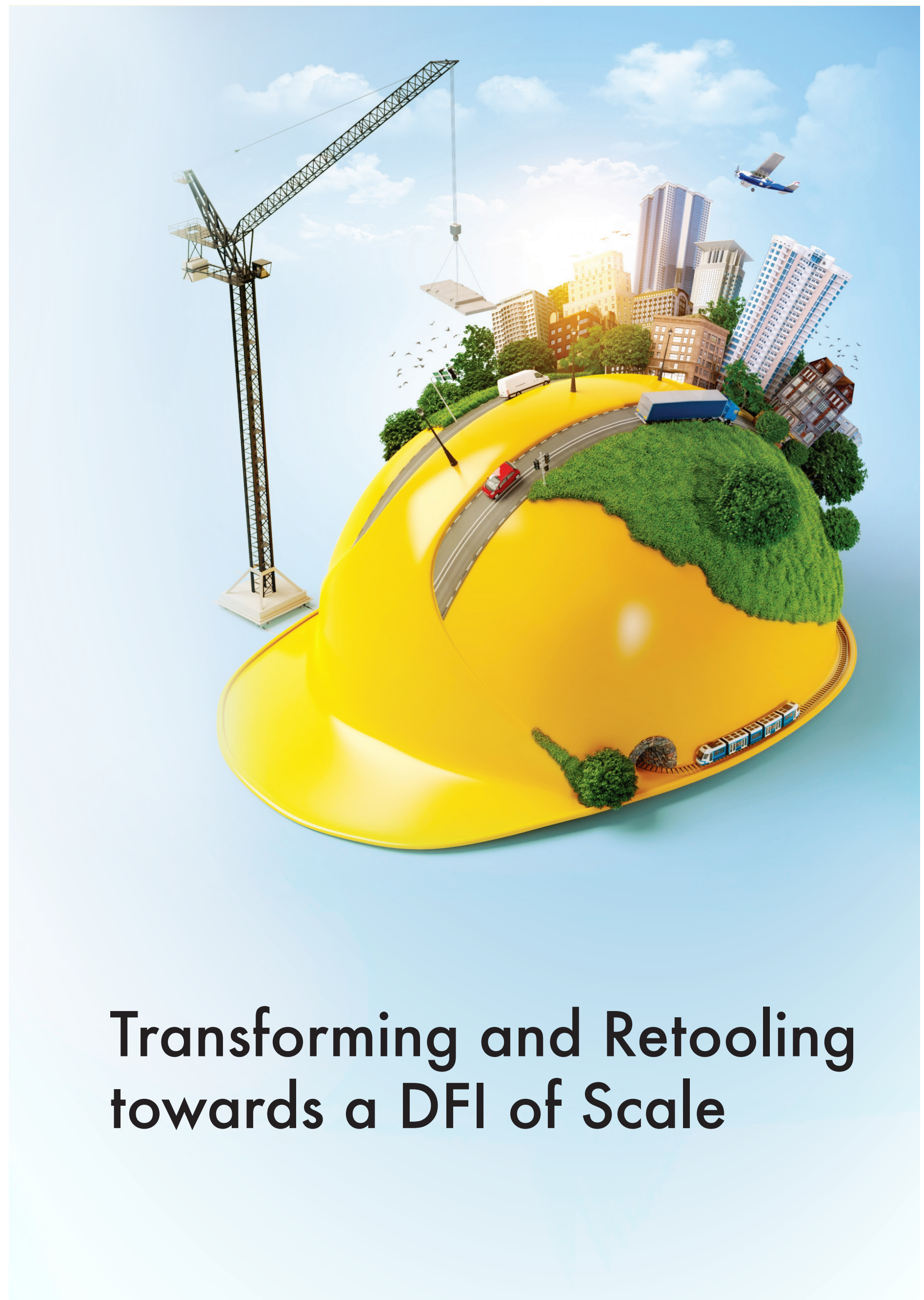
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Inflation Adjusted 31 Dec 2021 ZWL	Inflation Adjusted Restated Note 5 31 Dec 2020 ZWL	Historical Cost 31 Dec 2021 ZWL	Historical Cost Restated Note 5 31 Dec 2020 ZWL
Interest and related income	26.1	64 886 281	73 440 111	54 153 711	25 569 380
Interest and related expense	26.2	(115 437 664)	(98 799 795)	(93 601 632)	(36 589 268)
Net interest (loss)/income		**(50 551 383)**	**(25 359 684)**	**(39 447 921)**	**(11 019 888)**
Property sales		1 552 035	1 258 148 491	1 466 700	782 733 078
Cost of sales		-	(37 383 886)	-	(23 257 671)
Gross profit on property sales	27	1 552 035	1 220 764 605	1 466 700	759 475 407
Fee and commission income	28	20 087 800	39 604 801	16 566 379	12 781 907
Dividend income		44 823	101 665	35 048	58 528
Net Operating Income		**(28 866 725)**	**1 235 111 387**	**(21 379 794)**	**761 295 954**
Other income		14 418 314	44 328 792	6 616 992	20 451 719
Loan impairment charge		(45 276 214)	(8 316 931)	(44 594 774)	(2 468 564)
Debtors impairment charge		(24 893 644)	-	(19 291 285)	-
Treasury Bills impairment charge		(938 158)	-	(938 158)	-
Fair value (loss)/gain on investment property		(407 110 909)	1 218 971 217	300 737 895	858 334 824
Prior period error on Fair value gain on investment property	5	-	160 697 911	-	99 812 367
Net gain on financial assets at fair value through profit or loss		63 578 709	54 626 906	44 513 108	23 512 029
Net foreign exchange gain		302 538 896	157 601 072	272 327 867	64 991 107
Operating expenses		(842 153 647)	(430 900 605)	(657 051 491)	(186 216 407)
Interest expense on lease liabity		(948 125)	(12 895)	(944 559)	(4 776)
Profit on disposal of Investment Property		27 506 231		14 405 779	
Profit on disposal of Available for Sale Financial Asset		-	18 153 332	-	10 502 205
Share of (loss)/ profit of associate		(3 659 421)	1 523 992	(2 835 862)	567 938
(Loss)/profit for the year before taxation		**(945 804 693)**	**2 451 784 178**	**(108 434 281)**	**1 650 778 396**
Income tax expense		19 603 286	(152 863)	(4 504 988)	(46 510)
Income tax credit				19 696 520	
(Loss)/profit for the period		**(926 201 407)**	**2 451 631 315**	**(93 242 749)**	**1 650 731 886**
Loss on net monetary position		**(381 381 187)**	**(3 096 985 532)**	**-**	**-**
(Loss)/ Profit for the period		**(1 307 582 594)**	**(645 354 217)**	**(93 242 749)**	**1 650 731 886**
Other comprehensive income					
Items that may be reclassified to profit and loss					
Net fair value gain/ (loss) on financial assets at fair value through other comprehensive income		(24 320 426)	659 578 963	303 618 066	409 676 374
Prior Period Error on fair value gain		-	(577 420 855)	-	-
Revaluation Surplus on land and buildings		(52 981 059)	394 318 737	136 704 550	290 488 928
Prior Period error on revaluation surplus		-	(351 706 697)	-	-
Other comprehensive (loss)/ income for the year net of tax		**(77 301 485)**	**124 770 148**	**440 322 616**	**700 165 302**
Total comprehensive (loss)/ income for the year		**(1 384 884 079)**	**(520 584 069)**	**347 079 867**	**2 350 897 188**
(Loss) / Profit for the year attributable to:					
Equity holders of the parent entity		(1 289 770 831)	(646 658 803)	(68 701 585)	1 649 588 566
Non-controlling interest		(17 811 763)	1 304 586	(24 541 160)	1 143 320
		(1 307 582 594)	**(645 354 217)**	**(93 242 745)**	**1 650 731 886**
Total comprehensive Profit/ (loss) attributable to:					
Equity holders of the parent entity		(1 416 344 333)	(595 137 641)	347 021 192	2 304 183 409
Non-controlling interest		31 460 254	74 553 573	58 674	46 713 780
		(1 384 884 079)	**(520 584 069)**	**347 079 866**	**2 350 897 189**
Profit/(loss) per share attributable to the equity holders of the Bank during the year (expressed in ZWL cents per share)		-	-	-	-
Basic earnings per share from (loss)/ income for the year attributable to equity holders (ZWL cents)		(5 360)	(3 442)	(285)	8 250

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	**31 Dec 2020 Restated**	**31 Dec 2021**	**31 Dec 2020 Restated**
	ZWL	**ZWL**	**ZWL**	**ZWL**
Cash flow from operating activities				
(Loss)/ Profit for the year	(945 804 693)	2 451 784 178	(108 434 281)	1 650 778 396
Prior period error	-	(160 697 911)	-	(99 812 367)
Adjustments for:				
Depreciation	86 061 993	79 961 408	16 547 878	3 265 722
Amortisation	22 374 974	45 584 453	319 182	114 476
Finance Cost	948 125	15 696	944 559	4 776
Profit on disposal of Investment Property	(27 506 231)	-	(14 405 780)	-
Profit on disposal of Available for Sale Assets	-	(18 153 332)	-	(10 502 205)
Loss on disposal of Computer Hardware	-	909	-	565
Loan impairment charge	45 276 214	8 316 931	44 594 774	2 468 564
Debtors impairment charge	24 893 644	-	19 291 285	-
Treasury Bills impairment charge	938 158	-	938 158	-
Provisions and accruals	2 968 147	1 498 580	2 968 147	932 313
Net (gain) from translation of foreign currency balances	(302 538 896)	(157 601 072)	(272 327 868)	(64 991 107)
Discount on sale of Treasury Bills	-	63 828 922	-	23 192 085
Loss / (Gain) on financial assets measured at fair value through OIC	(303 618 066)	-	(303 618 066)	-
Net (gain) on financial assets at fair value through profit or loss	(63 578 709)	(54 626 906)	(44 513 108)	(23 512 029)
Unrealised fair value (gain) on investment property	(407 110 909)	(1 540 105 402)	(300 737 895)	(958 147 191)
Share of (profit)/ loss of associate	3 659 421	(1 523 992)	2 835 862	(567 938)
	(1 863 036 828)	**1 039 525 422**	**(955 597 152)**	**622 989 915**
Changes in :				
Loans and advances to customers	(248 843 678)	130 427 595	(405 346 042)	(123 818 668)
Treasury bills and other financial assets	(23 079 851)	1 003 605 796	(8 218 747)	132 975 281
Other receivables and prepayments	260 850 815	(1 204 050 325)	(230 830 490)	(813 495 062)
Inventories	(627 109 541)	(347 911 595)	(510 909 243)	(185 811 616)
Deposits from customers	108 603 186	(95 427 541)	244 696 406	160 814 728
Other liabilities	385 793 091	190 250 203	539 185 354	166 469 508
Net cash (used in)/ generated from operating activities	**(2 006 822 806)**	**716 419 555**	**(1 327 019 915)**	**(39 875 915)**
Cash flow from investing activities				
Acquisition of property and equipment	(34 924 590)	(12 005 955)	(20 116 725)	(5 668 287)
Disposal of Available For Sale Assets	-	19 815 170	-	11 463 625
Additions of intangible assets	-	-	-	-
Acquisition of financial assets at fair value through other comprehensive income	-	(67 680 897)	-	(22 240 650)
Proceeds from sale of investment property	63 378 925	207 124	44 673 597	128 858
Acquisition of investment property	(21 183 285)	(2 236 283)	(15 982 891)	464 341
Dividends received	44 823	101 665	35 048	58 528
Net cash generated from/ (used in) investing activities	**7 315 873**	**(61 799 175)**	**8 609 028**	**(15 793 585)**
Cash flow from financing activities				
Payment of dividends	-	-	-	-
Repayment of foreign lines of credit	-	-	-	-
Repayment of lease liabilities	-	-	-	-
Proceeds from issue of bonds	965 543 748	785 143 670	965 543 748	288 606 976
Increase/(Decrease) in Local lines of credit and bonds	215 889 722	(1 354 276 628)	13 958 423	(175 606 255)
Repayment of bonds	-	(29 273 227)	-	(12 530 938)
Rights issue	815 195 976	323 548 143	719 807 665	119 104 685
Net cash generated from/ (used in) financing activities	**1 996 629 446**	**(596 101 001)**	**1 699 309 836**	**219 620 981**
Inflation effect on cash and cash equivalent	165 133 959	-	-	-
Net increase in cash and cash equivalents	162 256 472	58 519 377	380 898 950	163 951 481
Cash and cash equivalents at the beginning of the year	578 619 658	520 100 280	359 977 180	196 025 699
Cash and cash equivalents at end of the year	**740 876 130**	**578 619 658**	**740 876 130**	**359 977 180**



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

Inflation Adjusted	**Ordinary share capital**	**Share premium**	**Amounts Awaiting allotment**	**Foreign Currency Translation Reserve**	**Preference share capital**	**Fair value Reserve**	**Revaluation Reserve**	**Retained Earnings**	**Total before non-controlling interest**	**Non controlling interest**	**Total equity**
	ZWL	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Balance as at 1 January 2020	**2 923 781**	**1 423 607 491**	**5 842 611 484**	**2 610 285 691**	**1 714 604 838**	**949 903 063**	**377 566 227**	**(6 377 331 036)**	**6 544 171 542**	**402 954 061**	**6 947 125 601**
Transfer from FCTR to Retained Earnings on disposal of investments	-	-	-	(22 556 330)	-	-	-	22 556 330	-	-	-
Elimination of Fair Value Loss on Disposal of Chengetedzai Depository Company	-	-	-	-	-	589 506	-	(589 506)	-	-	-
Revaluation of Property and Equipment	-	-	-	-	-	-	394 318 737	-	394 318 737	73 248 985	467 567 722
Transfer to NCI	-	-	-	(1 111 085)	-	-	-	139 817	(971 267)	971 269	1
Issue of share capital	-	-	435 517 209	-	-	-	-	-	435 517 209	-	435 517 209
Allotment of shares	422 029	523 286 898	(523 708 926)	-	-	-	-	-	-	-	-
Net fair value gain on financial assets at fair value	-	-	-	-	-	659 578 963	-	-	659 578 963	-	659 578 963
Profit for the year	-	-	-	-	-	-	-	239 296 654	239 296 654	1 304 586	240 601 240
Balance as at 31 December 2020	**3 345 810**	**1 946 894 389**	**5 754 419 767**	**2 586 618 275**	**1 714 604 838**	**1 610 071 531**	**771 884 964**	**(6 115 927 741)**	**8 271 911 837**	**478 478 901**	**8 750 390 736**
Prior year adjustment						(577 420 855)	(351 706 698)	160 697 911	(768 429 642)		(768 429 642)
Balance at 1 January 2021 (Restated)	**3 345 810**	**1 946 894 389**	**5 754 419 767**	**2 586 618 275**	**1 714 604 838**	**1 032 650 677**	**420 178 266**	**(5 955 229 830)**	**7 503 482 192**	**478 478 901**	**7 981 961 093**
Profit for the period	-	-	-	-	-	-	-	(1 289 770 831)	(1 289 770 831)	(17 811 763)	(1 307 582 594)
Transfer to NCI	-	-	-	-	-	-	-	-	-	-	-
Revaluation of Property and Equipment	-	-	-	-	-	-	(52 981 059)	-	(52 981 059)	99 348 175	46 367 116
Net fair value gain on financial assets at fair value	-	-	-	-	-	(24 320 425)	-	-	(24 320 426)	-	(24 320 426)
Issue of share capital	-	-	815 195 976	-	-	-	-	-	815 195 976	-	815 195 976
Allotment of shares	423 109	6 569 192 635	(6 569 615 743)	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	**3 768 919**	**8 516 087 024**	**-**	**2 586 618 275**	**1 714 604 838**	**1 008 330 252**	**367 197 207**	**(7 245 000 661)**	**6 951 605 855**	**560 015 315**	**7 511 621 170**

Historical Cost Restated	**Ordinary share capital**	**Share premium**	**Amounts Awaiting allotment**	**Foreign Currency Translation Reserve**	**Preference share capital**	**Fair value Reserve**	**Revaluation Reserve**	**Accumulated Losses**	**Total before non-controlling interest**	**Non controlling interest**	**Total equity**
	ZWL	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Balance as at 1 January 2020	**65 281**	**31 785 732**	**130 500 000**	**65 659 316**	**38 283 003**	**98 124 717**	**52 364 305**	**187 721 557**	**604 503 911**	**22 725 700**	**627 229 611**
Profit for the year	-	-	-	-	-	-	-	1 649 588 566	1 649 588 566	1 143 320	1 650 731 886
Transfer from FCTR to Retained Earnings on disposal of investments	-	-	-	(13 049 462)	-	-	-	13 049 462	-	-	-
Elimination of Fair Value Loss on Disposal of Chengetedzai Depository Company	-	-	-	-	-	341 045	-	(341 045)	-	-	-
Transfer to NCI	-	-	-	(642 795)	-	-	-	80 887	(561 908)	561 908	-
Revaluation of Property and Equipment	-	-	-	-	-	-	244 918 469	-	244 918 469	45 570 459	290 488 928
Net fair value gain on financial assets at fair value	-	-	-	-	-	409 676 374	-	-	409 676 374	-	409 676 374
Issue of share capital	-	-	121 604 685	-	-	-	-	-	121 604 685	-	121 604 685
Allotment of shares	122 567	151 982 118	(152 104 685)	-	-	-	-	-	-	-	-
Balance as at 31 December 2020	**187 848**	**183 767 850**	**100 000 000**	**51 967 059**	**38 283 003**	**508 142 136**	**297 282 774**	**1 750 287 060**	**2 929 917 730**	**70 001 386**	**3 099 731 483**
Prior year adjustment								99 812 367	99 812 367		
Balance at 1 January 2021 (Restated)	**187 848**	**183 767 850**	**100 000 000**	**51 967 059**	**38 283 003**	**508 142 136**	**297 282 774**	**1 850 099 427**	**3 029 730 096**	**70 001 386**	**3 099 731 483**
Profit for the period	-	-	-	-	-	-	-	(68 701 585)	(68 701 585)	(24 541 160)	(93 242 746)
Disposal of Hwange Empumalanga stands										(1 230 000)	(1 230 000)
Transfer to NCI	-	-	-	-	-	-	-	-	-	-	-
Revaluation of Property and Equipment	-	-	-	-	-	-	169 094 867	-	169 094 867	24 673 182	193 768 049
Net fair value gain on financial assets at fair value	-	-	-	-	-	303 618 066	-	-	303 618 066	-	303 618 066
Issue of share capital	-	-	719 807 665	-	-	-	-	-	719 807 665	-	719 807 665
Allotment of shares	52 799	819 754 866	(819 807 665)	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	**240 647**	**1 003 522 716**	**-**	**51 967 059**	**38 283 003**	**811 760 202**	**466 377 641**	**1 781 397 841**	**4 153 549 109**	**68 903 406**	**4 222 452 516**

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2021

1 INFRASTRUCTURE DEVELOPMENT BANK GROUP PROFILE AND PRINCIPAL ACTIVITIES

The Infrastructure Development Bank of Zimbabwe ("IDBZ"/ the "Bank"/the Group") is a Development Financial Institution which is incorporated and domiciled in Zimbabwe under the IDBZ Act (Chapter 24:14). The address of the Bank's registered office is IDBZ House, 99 Gamal Abdel Nasser Road, Harare, Zimbabwe. IDBZ and its subsidiaries (together the "Group") are primarily involved in mobilising and providing finance for infrastructure development activities and management of infrastructure development projects.

The consolidated financial statements were approved by the directors on 24 May 2022.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations and in the manner required by the Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14) and the Banking Act (Chapter 24:20) and the Companies Act (Chapter 24:03).

The financial results were prepared based on statutory records that are maintained under the historical cost basis and restated for the changes in the purchasing power (inflation) by applying the closing Consumer Price Index (CPI) at the end of the reporting period in compliance with IAS 29 "Financial Reporting in Hyperinflationary Economies". The financial statements are presented in Zimbabwe Dollars (ZWL), which is the functional currency of the Group.

Impact of inflation of financial reporting

The Bank commenced applying International Accounting Standard 29 "Financial Reporting in HyperInflationary Economies with effect from 01 July 2019 in line with pronouncement 01/2019 issued by The Public Accountants and Auditors Board.

Appropriate adjustments and reclassifications, including restatements for changes and general purchasing power of the Zimbabwean dollar and for the purposes of fair presentation in accordance with IAS 29, have been made in these financial statements to the historical cost financial information for the current year and prior period using the general Consumer Price Index ("CPI"). As a result, the consolidated financial statements and comparatives are stated in terms of the measuring unit current as at 31 December 2021.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Gains or losses on the net monetary position are recognised in profit or loss and included in trading profit.

All items recognised in the statement of comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

Restated retained earnings are derived from all other amounts in the restated statement of financial position.

All components of owners' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

The following All Items CPI indices were used to prepare Inflation Adjusted Financial Statements:

Indices and Conversion factors	All Items CPI	Movement CPI	Conversion Factors
CPI as at 31 December 2021	3,977.46	1,502.96	1.00
CPI as at 31 December 2020	2,474.50	1,922.87	1.61

2.1.1 Basis of Consolidation

The Group's consolidated financial results incorporate the financial statements of the Bank and entities controlled by the Bank. Control is achieved when the Bank has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The results of subsidiaries acquired or disposed of during the year are incorporated from the dates control was acquired and up to the date control ceased.

Subsidiaries

The financial results of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies. All intra-group balances, that are recognised in assets and liabilities and income and expenses are eliminated in full.

Non-Controlling Interest

Non-controlling interests represent the portion of profit and net assets that is not held by the Group and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for land and buildings,investment property and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share - based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3 inputs are unobservable inputs for the asset or liability

Comparative financial information

The financial statements comprise the comparative statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows. The comparative statements are presented together with the comparative notes.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgement was applied on the following in preparing financial statements:
The Group's functional and presentation currency,
Cash generating units for impairment loss computation;
Classification of financial instruments;
Useful lives of assets;
Impairment of assets;
Income taxes;
Allowances for credit losses;
Employee benefits accruals and provisions

2.1.2 Adoption of new and revised International Financial Reporting Standards (IFRSs)

The accounting policies applied in the financial statements are consistent with prior years.
The table below shows new and revised Accounting Standards and effective dates:

Standard	Change	Effective Date
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)	Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy thefollowing criteria: The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change. The reduction is lease payments affects only payments originally due on or before 30 June 2021; and © There is no substantive change to other terms and conditions of the lease	30 June 2021
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).	The amendment requires that all costs that relate directly to the contract, and not only incremental costs be included in calculating the provision.	1 January 2022
IFRS 9 Financial Instruments	The amendment in IFRS 9 clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.	1 January 2022
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2):	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.	1 January 2023
Classification of Liabilities as Current or Non current — Deferral of Effective Date (Amendment to IAS 1).	The ammendments clarifies the criteria in IAS1 for determining and classfying liabilites as current or non-current. Clasification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting periiod.	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates.	1 January 2023

The full impact of the changes to the Group has not been fully assessed.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in the Zimbabwean dollar ("ZWL"), which is the functional and presentation currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

All foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within net foreign exchange gains or losses.

2.3 Consolidation

(a) Subsidiaries

The nature of project finance requires the creation of Special Purpose Vehicles (SPVs) to ring fence certain risks. The IDBZ Act allows the Bank to create SPVs to achieve its objectives. Some of these SPVs satisfy the definition of subsidiaries for financial reporting purposes.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to on or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of the investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquires identifiable net assets.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group entities are eliminated. Profits or losses resulting from transactions with Group entities that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is,as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Loss of Control

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates and Joint Ventures

Associates and Joint Ventures are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount isincreased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of an associate' in the statement of comprehensive income.

Profits or losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains or losses arising in investments in associates or joint ventures are recognised in the statement of comprehensive income.

The Bank discontinues the use of equity method when it ceases to have significant influence over an Associate. From that point, the investment is accounted for in accordance with IFRS 9 provided the associate does not become a subsidiary. On the loss of significant influence the Bank measures any remaining investment in the associate at fair value. Any difference between the sum total of the fair value of the retained investment and proceeds from disposing of part of the investment compared to the total carrying amount of the investment at the date when significant influence or loss is recognised in profit and loss.

(e) Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to assets and obligations for the liabilities, relating to the arrangement.

The Group's joint operations are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. The Group's interest in joint operation is accounted for in the consolidated financial statements using proportionate consolidation.

Proportionate consolidation involves combining the Group's share of the joint operation' income and expenses, assets and liabilities and cash flows of the jointly-controlled entities on a line-by-line basis with similar items in the Group's financial statements. When the Group sells assets to a joint operation, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other operators. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The Group accounts for the assets; liabilities ;revenues and expenses relating to its interest in a joint operation in accordance with the IFRS applicable to the particular assets ;liabilities; revenues and expenses.

Refer to note 13 for a detailed analysis of the Group.

When the Group purchases assets from a joint operation, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Deferred tax

The Bank is exempt from paying income tax and Capital gains tax. Deferred tax is recognised using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences arising out of the initial recognition of assets or liabilities and temporary differences on initial recognition of business combinations that affect neither accounting nor taxable profit are not recognised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

In determining the amounts used for taxation purposes the directors referred to applicable effective exchange rates at the date of acquisition of assets or incurring of liabilities. The Zimbabwe Revenue Authority (ZIMRA), announced methods to account for the deferred tax arising on assets purchased in USD. These methods require the preparer to first estimate the equivalent ZWL value of those assets at the time of purchase. Since the measurement of transactions in Zimbabwe dollars in the prior periods is affected by several economic variables such as mode of payment and hyperinflation this is an area where the directors have had to apply their judgement and acknowledge there could be significant variations in the results achieved depending on assumptions made.

2.5 Financial assets and liabilities

2.5.1 Date of recognition

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

2.5.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Note 2.5.6. Financial instruments are initially measured at their fair value as defined in Note 2.1.1, except in the case of financial assets and financial liabilities recorded at Fair Value through Profit or Loss (FVPL) wherein transaction costs are added to, or subtracted from, this amount Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

2.5.3 Day 1 profit or loss

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

2.5.4 Measurement categories of financial assets and liabilities

The Bank classified all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost,
- FVOCI; and
- FVPL

The Bank classifies and measures its derivative and trading portfolio at FVPL. The Bank may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied.

2.5.5 Balances due from other banks, loans and advances to customers and financial investments at amortised cost

Before 1 January 2018, balances due from other banks and loans and advances to customers , included non–derivative financial assets with fixed or determinable payments that were not quoted in an active market, other than those:

- That the Bank intended to sell immediately or in the near term
- That the Bank, upon initial recognition, designated as at FVPL or as available-for-sale
- For which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration, which were designated as available-for-sale.

From 1 January 2018, the Bank only measures balances due from other banks, loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

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

2.5.6 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument -by-instrument basis , but at a higher level of aggregated portfolios and is based on observable factors such as:

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

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

2.5.7 The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of financial instruments to identify whether they meet the Solely Payments of Principal and interest (SPPI) test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

2.5.8 Financial assets or financial liabilities held for trading

The Bank classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established. Included in this classification are debt securities, equities, short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

2.5.9 Debt instruments at FVOCI

The Bank applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

These instruments largely comprise assets that had previously been classified as financial investments available- for-sale under IAS 39.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2.5.10 Equity instruments at FVOCI

Upon initial recognition , the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains arerecorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

2.5.11 Debt issued (bonds) and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

2.5.12 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

Or

- The liabilities are part of a group of financial liabilities , which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Or

- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument.

Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

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2.6 Reclassification of financial assets and liabilities
From 1 January 2018, the Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line or there is a change in business model for a group of financial instruments.

2.7 Derecognition of financial assets and liabilities
Derecognition due to substantial modification of terms and conditions .
The Bank derecognises a financial asset, such as a loan to a customer , when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:
- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

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

2.8 Derecognition other than for substantial modification

2.8.1 Financial assets
A financial asset (or, where applicable , a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.
The Bank has transferred the financial asset if, and only if, either:
- The Bank has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement:

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:
- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:
- The Bank has transferred substantially all the risks and rewards of the asset or;
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.
When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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

2.9. Impairment of financial assets

2.9.1. Overview of the ECL principles
The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2 ,Stage 3 and POCI, as described below:
- **Stage 1:** When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- **Stage 3:** These are loans that are considered credit -impaired. The Bank records an allowance for the LTECLs.
- **POCI:** Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

2.9.2. The calculation of ECLs
The Bank calculates ECL s based on probability -weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:
- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2')).

Each of these is associated with different PDs, EADs and LGDs, as set out above. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and thevalue of collateral or the amount that might be received for selling the asset.With the exception of revolving facilities, for which the treatment is separate, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below :
- Stage 1: The 12months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For loans considered credit -impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- POCI POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit- adjusted EIR.

Treatment of loan commitments, financial guarantees and other off-balance sheet exposures
- Loan commitments and letters of credit.
- Financial guarantee contracts.

When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios.
The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.
For revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions. The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

2.9.3. Debt instruments measured at fair value through OCI
The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

2.9.4. Purchased or originated credit impaired financial assets (POCI)
For POCI financial assets, the Bank only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

2.9.5. Forward looking information
In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:
- GDP growth
- Unemployment rates
- Inflation

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

2.10. Collateral valuation
To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Bank's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same as it was under IAS 39. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed when market fundamentals change significantly. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

2.11. Collateral repossessed
The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Bank's policy.

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the Statement of Financial Position.

2.12. Write-offs
The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

2.13. Forborne and modified loans
The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the

Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

The Bank also reassesses whether there has been a significant increase in credit risk. The Bank also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 24-month probation period . In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:
- All of its facilities has to be considered performing
- The probation period of two years has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
- The customer does not have any contract that is more than 30 days past due

2.14 Taxes

All the receipts and accruals of the Group are exempt from income tax in terms of paragraph 2 of the Third Schedule of the Income Tax Act (Chapter 23:06) and by virtue of Section 10 of the Capital Gains Tax Act (Chapter 23:01) from capital gains tax with the exception of two subsidiaries, Mazvel Investments (Private) Limited and Samukele Lodges (Private Limited).

Changes in tax rates

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period. If the tax rate increases, deferred taxes will also increase, i.e. deferred tax assets and liabilities will increase. Similarly, if the tax rate decreases, deferred taxes also decrease. The effect of the change in tax rates is shown separately on the tax rate reconciliation and is accounted for in the Statement of profit or loss.

2.14.1 Income tax

Income tax expenses comprise current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(a) Current

Current tax comprises expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using rates enacted or substantively enacted at the reporting date in the country where the Bank operates and generates taxable income and any adjustment to tax payable in respect of previous years.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities.

(b) Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Bank has not rebutted this presumption.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2.15 Other receivables

Other receivables and prepayments are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non current assets.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.16 Inventories

Inventories comprise substantially of properties under construction, for development and completed units. All inventories are valued at the lower of cost or net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

2.16.1 Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

The cost or fair value of properties under development for sale comprises specifically identified cost, including the acquisition cost of land or fair value as it relates to land received as part of a government grant, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised. Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

2.16.2 Completed property held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property. The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2.17 Investment property

Property that is held for long-term rental yields or for capital appreciation or both; and that is not occupied by the entities in the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices in less active markets or discounted cash flow projections. Valuations are performed as at the statement of financial position date by professional valuators who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

These valuations form the basis for the carrying amounts in the consolidated financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Fair value measurement of property under construction is only applied if the fair value is considered to be reliably measurable. It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract;
- The stage of completion;
- Whether the project/property is standard (typical for the market) or non-standard;
- The level of reliability of cash inflows after completion;
- Past experience with similar constructions;
- The development risk specific to the construction; and
- Status of construction permits.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognised in the consolidated financial statements.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those rational market participants would take into account when determining the value of the investment property. policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income. Changes in fair value are recognised in the statement of comprehensive income. Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no economic benefit is expected from its disposal.

Where the Group disposes of an investment property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of comprehensive income within net gain from fair value adjustment on investment property. If an investment property becomes owner-occupied, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of the transfer is treated in the same way as revaluation under IAS 16,'Property, Plant and Equipment'. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment, with any remaining increase recognised in other comprehensive income and increases directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to statement of comprehensive income.

2.18 Property and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset If the recognition criteria for a provision are met.

Property and equipment transferred from customers are initially measured at fair value at the date on which control is obtained. Land and Buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

• Buildings	50 years
• Furniture and fittings	7 years
• Motor vehicles	5 years
• Office equipment	5 years
• Computer hardware and software equipment	3- 5 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.19 Intangible assets

Software licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives. Software has a maximum expected useful life of 4 years. The Group also applies value in use where the asset continues in use after its useful life.

Amortisation

Computer software costs recognised as intangible assets are amortised on the straight-line basis over their estimated useful lives.

2.20 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, intangible assets not ready to use - are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ***(cash-generating units)***. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.21 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of tax from the proceeds.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the company's option, and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings and accordingly dividends thereon are recognised on an accrual basis in profit or loss as part of finance costs.

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and bonus.

2.23 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or customers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interestmethod.

2.24 Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Revenue recognition (Continuation)

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

2.25 Related parties
Related party transactions and outstanding balances with key management and other entities in the Group are disclosed.

2.26 Revenue recognition
Revenue is derived substantially from the business of banking, Bank's own projects, project advisory services and related activities, and comprises of net interest income and non-interest income. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the group activities as described below.

The Group bases its estimate of return on historical results taking into consideration the type of customer, type of transaction and the specifics of each arrangement.

2.26.1 Recognition of interest income

The effective interest rate method
Under both IFRS 9 , interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and financial instruments designated at FVPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. The EIR (and therefore , the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges). If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk . The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the income statement.

Interest and similar income
The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit -impaired and is, therefore , regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis. For purchased or originated credit -impaired (POCI) financial assets, the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset.The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets. Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate in net trading income and Net gains/(losses)on financial assets at fair value through profit or loss, respectively.

2.26.2 Non-interest income
Non-interest income includes advisory and arrangement fees, net revenue from foreign exchange trading and net gains on the realisation or revaluation of investment properties. All such commissions and fees including service fees, investment management fees, placement and syndication fees are recognised as the related services are performed.

2.26.3 Dividend income
Dividend income is recognised when the right to receive income is established. Usually this is at the ex-dividend date for equity securities. Dividends are reflected as a component of non-interest income based on the underlying classification of the equity instruments.

2.26.4 Rental income
Rental income from the investment property is accounted for on an accrual basis.

2.26.5 Government grants
Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grant will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.26.6 Property sales
Gross profit arising from the sale of property is recognised on legal completion of the sale that is the point at which both parties signs the agreement of sale and the property is handed over to the purchaser.

2.27 Employee benefits

2.27.1 Pension scheme
The Group subscribes to two defined contribution pension plans; one is the Infrastructure Development Bank of Zimbabwe's group pension scheme and the other plan is the National Social Security Authority Scheme covering substantially all of its employees, A defined contribution plan, is a plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions should the fund at any time not hold sufficient assets to pay all employees the benefits relating to their service in the current and prior periods. The Group's obligations for contributions to these scheme is recognised as an expense in the statement of comprehensive income as they are incurred.

2.27.2 Termination 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 either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

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

2.28 Earnings per share
The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. The diluted EPS figure is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of outstanding shares for the effects of all potentially dilutive ordinary shares.

2.29 Dividend distribution
Dividend distribution to the Group's shareholders is recognised as a liability in the period in which the dividends are declared by the Bank's directors.

2.30 Fiduciary activities
The Group manages, on behalf of the Ministry of Finance and Economic Development, loan (and collection thereof) and fiscal funding disbursements to implementing agencies for infrastructure projects. The assets and income arising thereon are excluded from these consolidated financial statements as they are not assets of the Group.

2.27 Employee benefits

2.27.1 Pension scheme
The Group subscribes to two defined contribution pension plans; one is the Infrastructure Development Bank of Zimbabwe's group pension scheme and the other plan is the National Social Security Authority Scheme covering substantially all of its employees, A defined contribution plan, is a plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions should the fund at any time not hold sufficient assets to pay all employees the benefits relating to their service in the current and prior periods. The Group's obligations for contributions to these scheme is recognised as an expense in the statement of comprehensive income as they are incurred.

2.27.2 Termination 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 either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

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

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2.31 Critical accounting estimates and key sources of estimation uncertainty
The Group's financial position and its financial results are influenced by assumptions, estimates and management judgment, which necessarily have to be made in the course of the preparation of the financial statements. The Group makes estimates and assumptions concerning the future. The resulting estimates will, by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of carrying a material adjustment to the carrying amount of assets and liabilities within the next financial year addressed below:

2.31.1 Impairment on loans and advances

(a) Determination of impairment allowance
The measurement of the expected credit loss allowance is an area of significant judgement. The process requires the interaction of complex LGD, EAD and PD models requires as well as the use of human judgement about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 2.9.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:
- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Determining criteria for default;

(b) Significant increase in credit risk
The Bank defines significant increase in credit risk as a significant increase in the probability of a default occurring since initial recognition. Credit risk would have increased significantly when contractual payments are more than 30 days past due. All accounts with significant material impact are placed on watch list from 15 days past due. This increase in credit risk is determined, on a continuous basis. In this case, the Bank performs the assessment on appropriate groups or portions of a portfolio of financial instruments. The Bank applies a rebuttable presumption that the credit risk has increased significantly when contractual payments are more than 30 days past due.

(c) Default
According to the Bank's policies, default arises when an obligor/ borrower fails to meet debt service obligations within 90 days of commitment either owing to lack of capacity or unwillingness to pay. This mirrors the 90 days past due rebuttable presumption contained in the Standard.

2.31.2 Key sources of estimation uncertainty
Impairment of financial assets at fair value through other comprehensive income. This note relates to other financial assets other than debt instruments at fair value through other comprehensive income. The Group determines that financial assets at FVTOCI are impaired when there is a significant or prolonged decline in the fair value below its costs. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

2.31.3 Useful lives and residual values of property and equipment
The Group's management determines the estimated useful lives, residual values and related depreciation charges of its property and equipment. The estimate is based on projected life cycles for these assets. Management will increase the depreciation charges where useful lives are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned.

2.31.4 Fair value measurements and valuation processes
Some of the Group's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group uses market observable data to the extent that it is available. Where this is not available, the Group uses third party qualified valuators to perform the valuation. The Group recognized Treasury Bills as capital for regulatory purposes at nominal value. For financial reporting purposes, valuation intricacies ensued due to:.
a) the lack of an active market to use as a reference point from which to draw a "market value" or a "market discount rate" and,
b) the high level of sensitivity to interest parameters which one could possibly apply in a valuation model resulting in a wide dispersion in the possible fair values.

Treasury bills are valued using Time Value of Money basis by applying market discount rate to future cash-flows in order to determine the present value of cash flows. In the absence of a market, IFRS 13 allows for the development of a valuation model using inputs which can either be verifiable or are not verifiable with the extent of verifiability determining whether the valuation model belongs under Level 2 or Level 3 of the valuation input scale.

Revaluation of land and buildings and investment properties
The Group carries its land and buildings and investment properties at fair value, with changes in fair value of investment properties and land and buildings being recognised in the statement of profit or loss and other comprehensive income respectively. For land and buildings and investment properties, a valuations have been undertaken using three methods; the Comparison approach, Income approach and the Cost approach. These approaches are used for fair value estimates as these are acceptable in that they maximise market inputs in active markets even if the asset being measured is not exchanged in an active market.

Income Approach
The investment method involves the capitalisation of current and expected rental income by an appropriate yield.

Comparison Approach
This entails using evidence of past sales of comparable properties, held under similar interest which are analysed on the basis of yield, rental return, voids and arrears. The obtained comparative statistics were then applied to the subject properties being valued with adjustments made to cater for property specific peculiarities.

Gross Replacement Costs
In computing the cost of replacement, rates obtained from Quantity Surveying Consultant firms were applied. Inferences were made from Turner and Townsend South Africa where construction is more active than in Zimbabwe at the moment. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2020 for the investment properties and land and buildings.

2.31.5 Going concern
After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the consolidated financial statements. Additional information on the going concern assumption is disclosed in Note 41.

3 RISK MANAGEMENT

3.1 Risk Management Policies

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including fair value interest rate risk, cash flow interest rate risk, foreign exchange risk, and price risk).
Risk management is a key function of management. The dynamism characterising the financial services sector has increased the importance of risk management. The Group has put in place a risk management framework to identify the type and areas of risk and to measure and assess all risks to enable management to make sound judgements and decisions and thereby limit losses.

The Board of Directors has overall responsibility for setting policies for risk management. The implementation and monitoring of the risk policies is through appropriate risk management structures with delegated authority from the Board. The Risk Management and Compliance Units independently monitors risk throughout the Group according to set risk policies and provides advice and support on compliance matters. The Group manages risk within applicable laws. Each department is responsible for ensuring that its conduct complies with all the applicable laws and regulations. In addition, the Group Internal Audit Unit is responsible for independent review of risk management and control environment; and the Group Legal Counsel provides advice and support on legal matters.

A Finance and Risk Management Committee has been set at Board level and it consists of non-executive directors to ensure the importance of this function is emphasized at a higher level.

3.2 Credit risk

Credit risk is the possibility of loss arising from the inability of a client or a counter party to meet its commitments to the Group. It is inherent in most banking products and activities. Credit risk management and control within the Group is guided by the Group's credit policy. The credit policy outlines procedures for accurate assessment, proper approval and consistent monitoring of credit risk.

Maximum exposure to credit risk before collateral held or other credit enhancement
Credit risk exposure relating to on-balance sheet assets are as follows:

	Inflation adjusted		Historical Cost	
	Maximum Exposure 31 Dec 2021 ZWL	Maximum Exposure 31 Dec 2020 ZWL	Maximum Exposure 31 Dec 2021 ZWL	Maximum Exposure 31 Dec 2020 ZWL
Credit risk exposure relating to on balance sheet assets are as follows:				
Cash and bank balances	740 876 130	578 619 658	740 876 130	359 977 180
Treasury bills and other financial assets	35 933 235	12 853 384	35 933 235	7 996 488
Gross loans and advances to customers	589 772 241	297 786 540	589 772 242	185 262 214
Assets pledged as collateral	49 678 000	111 545 653	49 678 000	69 396 000
Other receivables and prepayments	1 194 295 204	1 455 146 019	1 058 652 460	847 113 255
	2 610 554 810	2 455 951 254	2 474 912 067	1 469 745 137
Credit risk exposure relating to off-balance sheet assets are as follows:				
Loan commitments and guarantees	2 400 000	56 565 467	2 400 000	35 191 126
Maximum exposure to credit risk	2 612 954 812	2 512 516 721	2 477 312 067	1 504 936 263

Financial guarantees. Financial guarantees principally represent guarantees that require the Group to make certain payments if guarantee holders fail to meet their financial obligations. There was no potential obligation resulting from these guarantees

There is no significant risk with respect to cash and cash equivalents as the Group holds bank accounts with largeinancial institutions with sound financial and capital cover. The fair value of cash and cash equivalents at the reporting date approximates the carrying amount. Loans and advances (including assets pledged as collateral) are summarised as follows:

	Inflation Adjusted		Historical Cost	
Loans and advances (including assets pledged as collateral) are summarised as follows:	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Stage 1	484 394 561	290 778 765	484 394 561	180 902 461
Stage 2	93 115 213	864 685	93 115 213	537 947
Stage 3	12 262 467	6 143 090	12 262 467	3 821 806
Gross	**589 772 241**	**297 786 540**	**589 772 241**	**185 262 214**
Less: allowance for impairment	(46 403 204)	(4 250 625)	(46 403 204)	(2 644 445)
Net	543 369 037	293 535 915	543 369 037	182 617 769

3.3 Liquidity risk

Liquidity risk is the possibility that the Group may fail to cover its financial obligations as they fall due. The risk arises as a result of mismatches between the maturities of assets and liabilities.

Management manages liquidity risk through cash flow and maturity mismatch management. They meet regularly to set and review the Group's strategies. The treasury department has the responsibility to implement and maintain a liquidity management strategy to ensure that the Group has sufficient liquidity to meet its daily liquidity obligations .The Group has developed a comprehensive contingency liquidity plan to ensure that the Group does not get affected incase of a major market upset. The Group uses the following strategies in its liquidity risk management:
- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers.
- Maintains a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseeninterruption to cash flow;
- Monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements;
- Diversification of liabilities to achieve a stable funding base and avoid excessive reliance on any one counter party;
- Maturity mismatch limits for its cumulative funding positions; and
- Access to inter-bank markets.

Contract maturity analysis
Sources of liquidity are regularly reviewed by a separate team in Treasury function to maintain a wide diversification by provider, product and term.

Inflation Adjusted

As at 31 December 2021	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Total ZW
Assets						
Cash and bank balances	740 876 130	-	-	-	-	740 876 130
Investment securities	68 689 355	-	-	-	-	68 689 355
Financial assets at fair value through other comprehensive income	-	-	-	-	843 542 306	843 542 306
Treasury Bills and other financial assets	-	-	32 688 769	-	3 244 466	35 933 235
Loans and advances to customers	74 119 852	107 411 681	-	194 316 484	167 521 020	543 369 037
Assets pledged as collateral	-		45 078 000		4 600 000	49 678 000
Total	**883 685 337**	**107 411 681**	**77 766 769**	**194 316 484**	**1 018 907 792**	**2 282 088 063**
Liabilities						
Deposits from customers	446 692 945	21 681 380	302 613	-	-	468 676 938
Bonds	1 586 071	218 935 745	202 503 945	19 631 776	262 248 213	704 905 750
Local Lines of Credit	54 629 012	-	-	-	-	54 629 012
Other liabilities	-	-	-	719 442 547	-	719 442 547
Lease Liability	-	-	-	-	10 228 354	10 228 354
Total	**502 908 028**	**240 617 125**	**202 806 558**	**739 074 323**	**272 476 566**	**1 957 882 600**
Gap	380 777 309	(133 205 444)	(125 039 789)	(544 757 839)	746 431 226	324 205 463
Contingent liabilities:						
Loan commitments and guarantees	(2 400 000)	-	-	-	-	(2 400 000)
Total gap	**378 377 309**	**(133 205 444)**	**(125 039 789)**	**(544 757 839)**	**746 431 226**	**321 805 463**
Total cumulative gap	**378 377 309**	**245 171 865**	**120 132 076**	**(424 625 763)**	**321 805 463**	**-**

Historical Cost

As at 31 December 2021	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Total ZWL
Assets						
Cash and bank balances	740 876 130	-	-	-	-	740 876 130
Investment securities	68 689 355	-	-	-	-	68 689 355
Financial assets at fair value through other comprehensive income	-	-	-	-	843 542 306	843 542 306
Treasury Bills and other financial assets	-	-	32 688 769	-	3 244 466	35 933 235
Loans and advances to customers	74 119 852	107 411 681	-	194 316 484	167 521 020	543 369 037
Assets pledged as collateral	-	-	45 078 000	-	4 600 000	49 678 000
Total	**883 685 337**	**107 411 681**	**77 766 769**	**194 316 484**	**1 018 907 792**	**2 282 088 063**
Liabilities						
Deposits from customers	446 692 945	21 681 380	302 613	-	-	468 676 938
Bonds	1 586 071	218 935 745	202 503 945	19 631 776	262 248 213	704 905 750
Local Lines of Credit	54 629 012					54 629 012
Other liabilities	-	-	-	719 442 547		719 442 547
Lease Liability	-	-	-		10 228 354	10 228 354
Total	**502 908 028**	**240 617 125**	**202 806 558**	**739 074 323**	**272 476 566**	**1 957 882 601**
Gap	380 777 309	(133 205 444)	(125 039 789)	(544 757 839)	746 431 226	324 205 463
Contingent liabilities:						
Loan commitments and guarantees	(2 400 000)	-	-	-	-	(2 400 000)
Total gap	**378 377 309**	**(133 205 444)**	**(125 039 789)**	**(544 757 839)**	**746 431 226**	**321 805 463**
Total cumulative gap	**378 377 309**	**245 171 865**	**120 132 076**	**(424 625 763)**	**321 805 463**	**-**

Inflation Adjusted

As at 31 December 2020	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Total ZWL
Assets						
Cash and bank balances	578 619 658	-	-	-	-	578 619 658
Investment securities	38 860 383	-	-	-	-	38 860 383
Financial assets at fair value through other comprehensive income	-	-	-	-	867 862 731	867 862 731
Treasury Bills and other financial assets	-	-	-	-	12 853 384	12 853 384
Loans and advances to customers	43 980 207	32 351 556	-	145 655 912	71 548 240	293 535 915
Assets pledged as	-	-	-	-	111 545 653	111 545 653
collateral	-	-	-	-	-	-
Total	**661 460 248**	**32 351 556**	**-**	**145 655 912**	**1 063 810 008**	**1 903 277 724**
Liabilities						
Deposits from customers	131 655 456	53 386 254	386 065	3 523 288	174 593 766	360 021 541
Bonds	2 549 417	-	6 072 705	-	466 126 591	478 272 001
Local Lines of Credit	65 373 039	-	-	289 664 580	-	65 373 039
Other liabilities	-	-	-			289 664 580
Lease Liability				293 187 868	10 007 197	10 007 197
Total	**199 577 912**	**53 386 254**	**6 458 770**	**293 187 868**	**650 727 554**	**1 203 338 358**
Gap	461 882 337	(21 034 698)	(6 458 770)	(147 531 956)	413 082 455	699 939 367
Contingent liabilities:						
Loan commitments	(56 565 467)					(56 565 467))
Guarantees	-	-	-	-	-	
Total gap	**405 316 869**	**(21 034 698)**	**(6 458 770)**	**(147 531 956)**	**413 082 455**	**643 373 900**
Total cumulative gap	**405 316 869**	**384 282 171**	**377 823 401**	**230 291 445**	**643 373 900**	**-**

Historical Cost

As at 31 December 2020	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Total ZWL
Assets						
Cash and bank balances	359 977 180	-	-	-	-	359 977 180
Investment securities	24 176 246	-	-	-	-	24 176 246
Financial assets at fair value through other comprehensive income	-	-	-	-	539 924 240	539 924 240
Treasury Bills and other financial assets	-	-		-	7 996 488	7 996 488
Loans and advances to customers	27 361 446	20 126 903	-	90 617 048	44 512 372	182 617 769
Assets pledged as collateral	-	-	-	-	69 396 000	69 396 000
Total	**411 514 872**	**20 126 903**	**-**	**90 617 048**	**661 829 100**	**1 184 087 923**
Liabilities						
Deposits from customers	81 906 930	33 213 239	240 183	-	108 620 181	223 980 533
Bonds	1 586 071	-	3 778 018	2 191 946	289 991 765	297 547 800
Local Lines of Credit	40 670 589					40 670 589
Other liabilities	-	-	-	180 257 193		180 257 193
Lease Liability	-	-	-		6 225 786	6 225 786
Total	**124 163 590**	**33 213 239**	**4 018 201**	**182 449 139**	**404 837 732**	**748 681 901**
Gap	287 351 282	(13 086 336)	(4 018 201)	(91 832 091)	256 991 368	435 406 022
Contingent liabilities:						
Loan commitments and guarantees	(35 191 126)	-	-	-	-	(35 191 126)
Total gap	**252 160 156**	**(13 086 336)**	**(4 018 201)**	**(91 832 091)**	**256 991 368**	**400 214 896**
Total cumulative gap	**252 160 156**	**239 073 820**	**235 055 619**	**143 223 528**	**400 214 896**	**-**

3.4 Project Risk

Project completion risk was aggravated by the COVID-19 pandemic due to reduced working hours and supply chain constraints, see section 2.2.2. The Bank remained awake to the risks that affected projects under implementation. Monitoring and evaluation of projects under implementation remained the responsibility of the multi-disciplinary teams under Executive Committee (EXCO) supervision and the Board providing overall oversight.

3.5 Operational Risk

Primary sources of operational risk are external event and/ or inadequacies of internal processes, people, or systems. Owing to the continued COVID-19 pandemic, the majority of Bank staff operated remotely. The Bank continued to strengthen its Business Continuity Management to ensure alignment of Bank activities and processes with the new reality of remote working. The Bank provided Staff with required work tools to facilitate remote working, see section 3.1.3 and 3.5.

3.5 Operational Risk (Continued)

The Bank through the use of risk registers continuously tracks and analyses main operational risks and their internal controls with the aim of improving management strategies. Implementation of policies and procedures and ensuring adequate management information systems remain critical in management of operational risk. The Board Finance, Risk and ICT Committee is apprised on operational risk issues through the Enterprise-wide Risk Management reports.

3.6 Market Risk

The Bank's earnings and capital is exposed to losses resulting from adverse movements in the level and volatility of market rates or prices (interest rates and foreign exchange rates). Cashflows and income streams have been affected by high inflation leading to negative real returns. To mitigate against the impacts of interest rate risk, the Bank uses inflation hedging financial instruments and seeks to minimise mismatches between rate sensitive assets and rate sensitive liabilities. Depreciation of the ZWL against the USD exposed the Bank to currency valuation risk. The Bank has continued to access foreign currency for settling its USD denominated obligations through the Foreign Currency Auction System (FCAS). For the management of forex exchange rate risk, the Bank has been resorting to transacting through open positions.

3.7 Strategy Risk

Events that hamper the successful implementation of the Bank strategy exposes the Bank to strategy risk. Management under the oversight of the Board of Directors is responsible for formulation and implementation mechanisms that ensure accomplishment of Bank strategy. The Bank's Long-Term Strategy is implemented through the Board approved Annual Work Programmes and Budgets.

3.8 Reputational Risk

Project completion risk was the major source of the Bank's reputational risk. The use of a website linked complaints management framework remains critical in maintaining channels of engagements with stakeholders and a Grievance Redress Mechanism is in place to cater for project related people risks.

3.9 Legal & Compliance Risk

Legal risk results from uncertainty due to legal actions or uncertainty in the applicability or interpretation of contracts, laws or relevant regulations and policy frameworks. To manage this risk, Legal Counsels are readily available to provide legal advice.

Compliance risk is the current and prospective risk of damage to the organisation's business model or objectives, reputation and financial soundness arising from non-adherence to policy, legal and regulatory requirements. Compliance risk exposes the organisation to fines, penalties, civil claims, inability to enforce contracts and also leads to reputational damage. The Bank has an independent compliance function which is responsible for identifying, assessing, and monitoring all compliance issues to ensure the Bank complies with all policy, regulatory and statutory requirements. The compliance function includes Anti-Money Laundering, Countering Terrorist Financing and Criminalisation of Proliferation Financing (AML/CFT/CPF). It also administers the Bank's Grievance Redress Mechanism (GRM) through providing people adversely affected by Bank supported projects with a platform for lodging project related complaints. This is done to support sustainable implementation of projects.

3.10 Statement of Compliance

During the reporting period, the Bank was largely compliant with applicable laws and regulatory requirements.

4 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES

4.1.1 Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2021.

	Inflation Adjusted			Historical Cost		
At 31 December 2021	**Level 1 ZWL**	**Level 2 ZWL**	**Level 3 ZWL**	**Level 1 ZWL**	**Level 2 ZWL**	**Level 3 ZWL**
Investment securities	68 689 355	-	-	68 689 355		
Financial assets at fair value through other comprehensive income	-	-	843 542 306			843 542 306
Total assets	**68 689 355**	**-**	**843 542 306**	**68 689 355**	**-**	**843 542 306**
At 31 December 2020	**Inflation Adjusted**			**Historical Cost**		
Investment securities	38 860 383	-	-	24 176 246		
Financial assets at fair value through other comprehensive income	-	-	867 862 732			539 924 240
Total assets	**38 860 383**	**-**	**867 862 732**	**24 176 246**	**-**	**539 924 240**

4.1.2 Financial instruments not measured at fair value

The table below summarises the carrying amounts of those financial assets and liabilities presented in the Group's statement of financial position. The fair value of the financial instruments approximates carrying amount.

	Inflation Adjusted	
	Carrying value 31 Dec 2021 ZWL	**Carrying value 31 Dec 2020 ZWL**
Financial assets :		
Treasury bills and other financial assets	35 933 235	12 853 384
Loans and advances to customers	543 369 037	293 535 915
Assets pledged as collateral	49 678 000	111 545 653
Financial liabilities:		
Deposits from customers	468 676 938	360 021 543
Bonds and local Lines of credit	759 534 762	543 645 040

It is assessed that the carrying amounts approximates their fair values.

	Historical Cost	
	Carrying value 31 Dec 2021 ZWL	**Carrying value 31 Dec 2020 ZWL**
Financial assets :		
Treasury bills and other financial assets	35 933 235	7 996 488
Loans and advances to customers	543 369 037	182 617 769
Assets pledged as collateral	49 678 000	69 396 000
Financial liabilities:		
Deposits from customers	468 676 938	223 980 533
Bonds and local Lines of credit	759 534 762	338 218 389

5 RESTATEMENT OF FINANCIALS

5.1 Investment Property adjustment on Kwekwe Land.

In 2021, the Bank undertook physical assets valuation as opposed to desktop in the prior years as it sought to capture market developments and assets conditions in its values. During our annual valuation of Investment properties it was noted that one of our pieces of land in Kwekwe was erroneously measured at 1.3 hectares in 2020 during a desktop valuation. During physical valuation the land size was confirmed as 13 hectares. The restatement will increase the fair value gain for 2020, Profit, Investment Property and Equity by ZWL99,812,367 in both Historical Costs and Inflation Adjusted terms.

	Effect on 31 December 2020 Inflation adjusted	**Effect on 31 December 2020 Historical Cost**
Increase in fair value gain for the year	160 697 911	99 812 367
Increase in Profit	160 697 911	99 812 367
Increase in Investment Property	160 697 911	99 812 367
Increase in Equity	160 697 911	99 812 367

5.2 Application of consistent accounting principles

In order to align with the computations adopted in current year which best reflects the impact of inflation on depreciation, amortisation, revaluation and gain/loss on the fair value reserves, the 2020 inflation adjusted accounts were restated for consistency in the application of the adopted accounting principles resulting in the increase of Inflation Adjusted expenses by ZWL46,133,567 and an aggregated reduction in Equity of ZWL404,696,842.

	Effect on 31 December 2020 Inflation adjusted
Effect on Profit:	
(Increase) in expenses	(46 133 567)
(Decrease) in profit	(46 133 567)
(Decrease) in other comprehensive income	(768 429 642)
(Decrease) in total comprehensive income	(814 563 209)
Effect on the Balance Sheet	
(Decrease) in Assets	(814 563 209)
Decrease in Equity	(814 563 209)

6 CASH AND BANK BALANCES

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	**31 Dec 2020 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**
Cash on hand	145 328 588	74 719 433	145 328 588	46 485 269
Balances with banks	595 547 542	503 900 225	595 547 542	313 491 911
	740 876 130	**578 619 658**	**740 876 130**	**359 977 180**
Balances with banks				
Balance with the Central Bank	53 181 359	142 775 346	53 181 359	88 824 958
Bank Deposits	301 154 117	353 817 959	301 154 117	220 121 092
Placements with other banks	241 212 066	7 306 920	241 212 066	4 545 861
Net Placements due	**595 547 542**	**503 900 225**	**595 547 542**	**313 491 911**

7 INVESTMENT SECURITIES

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	**31 Dec 2020 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**
At 1 January	38 860 383	4 789 254	24 176 246	664 217
Additions	-	-		
Net gain through profit or loss	29 828 972	34 071 129	44 513 109	23 512 029
At 31 December	68 689 355	38 860 383	68 689 355	24 176 246

Changes in fair value of investment securities are presented as non-cash adjustments to cash flows from operating activities in the statement of cash flows. Changes in fair values of investment securities are recorded in statement of profit or loss and other comprehensive income. The fair value of all equity securities is based on their current bid prices in an active market, the Zimbabwe Stock Exchange ("ZSE").

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	**31 Dec 2020 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**
At 1 January	867 862 731	175 153 866	539 924 240	108 968 636
Additions	-	35 749 147	-	22 240 650
Disposals	-	(1 545 367)	-	(961 420)
Net fair value gains on financial assets at fair value through other comprehensive income	(24 320 426)	658 505 083	303 618 066	409 676 374
At 31 December	**843 542 306**	**867 862 731**	**843 542 306**	**539 924 240**

Financial assets at fair value through other comprehensive income include the following;

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	**31 Dec 2020 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**
Unlisted securities:				
Equity securities - Zimbabwe	81 821 855	45 284 756	81 821 855	28 173 047
Equity securities - Botswana	761 720 451	822 577 975	761 720 451	511 751 193
	843 542 306	**867 862 731**	**843 542 306**	**539 924 240**

Net fair value gain on financial assets at fair value through other comprehensive income are all denominated in ZWL.

9 TREASURY BILLS AND OTHER FINANCIAL ASSETS

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	**31 Dec 2020 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**
Treasury bills as substitution for debt instruments	3 250 489	2 299 201	3 250 489	1 430 404
Capitalisation Treasury Bills	15 968 034	916 261	15 968 034	570 034
Treasury bills acquired from the market	2 500 000	-	2 500 000	-
Accrued Interest	15 152 870	9 637 922	15 152 870	5 996 050
Less Impairment allowances	(938 158)	-	(938 158)	-
	35 933 235	**12 853 384**	**35 933 235**	**7 996 488**

It is the Group's intention to hold these treasury bills to maturity and use these financial assets as collateral in raising money market deposits.

9.1 Assets pledged as collateral

The nature and carrying amounts of the assets pledged as collateral are as follows:

	Assets Inflation Adjusted		Related Liability Inflation Adjusted	
	31 Dec 2021 ZWL	**31 Dec 2020 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**
Treasury bills	49 678 000	111 545 653	75 500 000	126 455 789
Current	49 678 000	111 545 653	75 500 000	126 455 789

	Assets Historical Cost		Related Liability Historical Cost	
	31 Dec 2021 ZWL	**31 Dec 2020 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**
Treasury bills	49 678 000	69 396 000	75 500 000	78 672 056
Current	49 678 000	69 396 000	75 500 000	78 672 056

Assets pledged as collateral are financial assets purchased or acquired which are subsequently pledged as collateral for fixed deposits and bankers acceptances from other financial institutions.

10	LOANS AND ADVANCES TO CUSTOMERS	Inflation Adjusted 31 Dec 2021 ZWL	Inflation Adjusted 31 Dec 2020 ZWL	Historical Cost 31 Dec 2021 ZWL	Historical Cost 31 Dec 2020 ZWL
	Individual				
	- term loans and mortgages	339 031 273	256 370 886	339 031 274	159 496 255
	Corporate				
	- corporate customers	250 740 968	41 415 654	250 740 968	25 765 959
	Gross loans and advances to customers	589 772 241	297 786 540	589 772 241	185 262 214
	Less: allowance for impairment (Note 10.1.2)	(46 403 204)	(4 250 625)	(46 403 204)	(2 644 445)
	Net loans and advances to customers	**543 369 037**	**293 535 915**	**543 369 037**	**182 617 769**
	Current	375 848 016	221 987 677	375 848 016	138 105 398
	Non-current	167 521 021	71 548 238	167 521 021	44 512 371
		543 369 037	**293 535 915**	**543 369 037**	**182 617 769**
10.1	**Loan impairment charge**				
	Stage 1- 12 Month Expected Credit Loss Allowance charge	43 582 132	113 528	43 582 132	70 630
	Stage 2- Lifetime Expected Credit loss Allowance not credit impaired	1 536 596	-	1 536 595	-
	Stage 3- Lifetime Expected Credit Loss Allowance credit impaired	1 284 476	4 137 096	1 284 476	2 573 815
	Net loan impairment loss	**46 403 205**	**4 250 624**	**46 403 203**	**2 644 445**

10.1.1 Maturity analysis of loans and advances to customers

	Inflation Adjusted 31 Dec 2021 ZWL	Inflation Adjusted 31 Dec 2020 ZWL	Historical Cost 31 Dec 2021 ZWL	Historical Cost 31 Dec 2020 ZWL
Up to one month	74 119 852	43 980 207	74 119 852	27 361 446
Up to three months	107 411 681	32 351 556	107 411 681	20 126 903
Up to one year	194 316 484	145 655 914	194 316 484	90 617 048
Up to 3 years	79 335 311	52 519 803	79 335 311	32 674 194
Up to 5 years	20 973 651	707 515	20 973 651	440 167
Later than 5 years	67 212 058	18 320 920	67 212 058	11 398 011
	543 369 037	**293 535 915**	**543 369 037**	**182 617 769**

10.1.2 Analysis of ECL in relation to loans and advances as at 31 December 2021

Inflation Adjusted

	Stage1	Stage 2	Stage 3	Total
Loans and advances subject to Stage 1:12 month ECL	484 394 561	-	-	484 394 561
Loans and advances subject to Stage 2:Life ECL not credit impaired	-	93 115 213	-	93 115 213
Loans and advances subject to Stage 3:Life ECL credit impaired	-	-	12 262 467	12 262 467
Gross loans and advances	**484 394 561**	**93 115 213**	**12 262 467**	**589 772 241**
Less Impairment allowances	-	-	-	-
Stage 1:12 month ECL	(43 582 133)	-	-	(43 582 133)
Stage 2:Life ECL not credit impaired	-	(1 536 595)	-	(1 536 595)
Stage 3:Life ECL credit impaired	-	-	(1 284 476)	(1 284 476)
Net Loans and advances to client	**440 812 428**	**91 578 618**	**10 977 991**	**543 369 037**

Analysis of ECL in relation to loans and advances as at 31 Dec 2020

	Stage1	Stage 2	Stage 3	Total
Loans and advances subject to Stage 1:12 month ECL	290 778 767	-	-	290 778 767
Loans and advances subject to Stage 2:Life ECL not credit impaired	-	864 685	-	864 685
Loans and advances subject to Stage 3:Life ECL credit impaired	-	-	6 143 088	6 143 088
Gross loans and advances	**290 778 767**	**864 685**	**6 143 088**	**297 786 540**
Less Impairment allowances				
Stage 1:12 month ECL	(113 528)	-	-	(113 528)
Stage 2:Life ECL not credit impaired	-	-	-	-
Stage 3:Life ECL credit impaired	-	-	(4 137 097)	(4 137 097)
Net Loans and advances to client	**290 665 239**	**864 685**	**2 005 991**	**293 535 915**

Historical Cost

	Stage1	Stage 2	Stage 3	Total
Loans and advances subject to Stage 1:12 month ECL	484 394 561	-	-	484 394 561
Loans and advances subject to Stage 2:Life ECL not credit impaired	-	93 115 213	-	93 115 213
Loans and advances subject to Stage 3:Life ECL credit impaired	-	-	12 262 467	12 262 467
Gross loans and advances	**484 394 561**	**93 115 213**	**12 262 467**	**589 772 241**
Less Impairment allowances				
Stage 1:12 month ECL	(43 582 133)	-	-	(43 582 133)
Stage 2:Life ECL not credit impaired	-	(1 536 595)	-	(1 536 595)
Stage 3:Life ECL credit impaired	-	-	(1 284 476)	(1 284 476)
Net Loans and advances to client	**440 812 428**	**91 578 618**	**10 977 991**	**543 369 037**

Analysis of ECL in relation to loans and advances as at 31 December 2020

	Stage1	Stage 2	Stage 3	Total
Loans and advances subject to Stage 1:12 month ECL	180 902 461	-	-	180 902 461
Loans and advances subject to Stage 2:Life ECL not credit impaired	-	537 947	-	537 947
Loans and advances subject to Stage 3:Life ECL credit impaired	-	-	3 821 806	3 821 806
Gross loans and advances	**180 902 461**	**537 947**	**3 821 806**	**185 262 214**
Less Impairment allowances				
Stage 1:12 month ECL	(70 630)	-	-	(70 630)
Stage 2:Life ECL not credit impaired	-	-	-	-
Stage 3:Life ECL credit impaired	-	-	(2 573 815)	(2 573 815)
Net Loans and advances to client	**180 831 831**	**537 947**	**1 247 991**	**182 617 769**

10.1.3 Sectorial analysis of loans and advances to customers

	Inflation Adjusted Percentage (%)	31 Dec 2021 ZWL	Percentage (%)	31 Dec 2020 ZWL	Historical Cost Percentage (%)	31 Dec 2021 ZWL	Percentage (%)	31 Dec 2020 ZWL
Manufacturing	0%	-	0%	764 900	0%	-	0%	475 868
Retail	0%	-	0%	40 184	0%	-	0%	25 000
Agro processing	0%	-	3%	9 321 831	0%	-	3%	5 799 399
Financial Services	0%	-	0%	57 269	0%	-	0%	35 629
Transport	10%	58 253 904	0%	-	10%	58 253 904	0%	-
Construction	7%	43 211 315	1%	3 043 007	7%	43 211 315	1%	1 893 149
Energy	7%	41 483 623	4%	12 558 210	7%	41 483 623	4%	7 812 851
Mortgages	32%	185 944 075	82%	243 514 136	32%	185 944 075	82%	151 497 673
Individuals and other services	44%	260 879 326	11%	28 487 002	44%	260 879 326	11%	17 722 645
Gross value of loans and advances	100%	589 772 243	100%	297 786 539	100%	589 772 241	100%	185 262 214
Less allowance for impairment		(46 403 204)		(4 250 624)		(46 403 204)		(2 644 445)
		543 369 037		293 535 915		543 369 037		182 617 769

11	OTHER RECEIVABLES AND PREPAYMENTS	Inflation Adjusted 31 Dec 2021 ZWL	Inflation Adjusted 31 Dec 2020 ZWL	Historical Cost 31 Dec 2021 ZWL	Historical Cost 31 Dec 2020 ZWL
	Receivables	987 402 871	1 317 676 657	973 761 021	819 767 391
	Less Impairment Loss	(4 982 901)	(2 548 065)	(4 982 901)	(1 585 230)
	Net receivables	982 419 970	1 315 128 592	968 778 120	818 182 161
	Pre-payments	211 875 234	140 017 427	89 874 340	28 931 094
		1 194 295 204	1 455 146 019	1 058 652 460	847 113 255

12	INVENTORIES	Inflation Adjusted 31 Dec 2021 ZWL	Inflation Adjusted 31 Dec 2020 ZWL	Historical Cost 31 Dec 2021 ZWL	Historical Cost 31 Dec 2020 ZWL
	Inventory - housing units	13 579 781	13 579 781	1 651 927	1 651 927
	Inventory - serviced stands	1 197 628 642	1 190 157 426	24 240 659	16 769 444
	Work in progress	2 414 724 120	1 795 396 487	741 995 621	238 755 787
	Consumables and materials	9 590 226	9 279 534	2 382 301	2 184 107
		3 635 522 769	3 008 413 228	770 270 508	259 361 265

Included in work in progress are land developmemt costs for stands situated in Kariba, Mt Pleasant and Ruwa.These are qualifying costs for capitalisation in accordance with IAS 2.

13	INVESTMENT PROPERTY	Inflation Adjusted 31 Dec 2021 ZWL	Inflation Adjusted 31 Dec 2020 ZWL	Historical Cost 31 Dec 2021 ZWL	Historical Cost 31 Dec 2020 ZWL
	Balance as at 1 January	1 879 512 789	1 718 814 878	1 169 303 021	226 010 000
	Additions during the year			16 010 359	464 341
	Disposals for the year			(18 647 344)	(218 511)
	Prior period error				99 812 367
	Reclassification of Elizabeth Park Stands to Work In Progress			-	(15 100 000)
	Net fair value on Investment Property	(412 108 858)	160 697 911	300 737 895	858 334 824
	Balance as at 31 December	1 467 403 931	1 879 512 789	1 467 403 931	1 169 303 021
	Analysis by nature				
	Residential properties	497 364 282	329 522 750	497 364 282	205 006 292
	Commercial and industrial properties	970 039 649	1 549 990 039	970 039 649	964 296 729
		1 467 403 931	1 879 512 789	1 467 403 931	1 169 303 021

No investment properties are pledged as collateral security for fixed term deposits.

Included in the consolidated statement of profit or loss and other comprehensive income are the following amounts which relate to investment properties held by the Group.

Rental income	41 356 733	36 322 461	33 055 898	16 022 727

14 PROPERTY AND EQUIPMENT

Historical Cost

	Freehold Land and buildings ZWL	Computer and office equipment ZWL	Motor vehicles ZWL	Fixtures and fittings ZWL	Capital work in progress ZWL	Total ZWL
COST						
At 01 January 2020	77 760 000	4 506 156	2 219 308	1 971 797	2 690 000	89 147 261
Additions	13 820	5 630 446	-	24 021	-	5 668 287
Revaluation gains	289 044 293	-	-	-	-	289 044 293
Disposals	-	(2 213)	-	-	-	(2 213)
At 31 December 2020	**366 818 113**	**10 134 389**	**2 219 308**	**1 995 818**	**2 690 000**	**383 857 628**
At 01 January 2021	366 818 113	10 134 389	2 219 308	1 995 818	2 690 000	383 857 627
Additions	-	14 592 528	-	5 524 197	-	20 116 725
Revaluation gains	126 525 527	-	-	-	-	126 525 527
Disposals	-	-	-	-	-	-
At 31 December 2021	**493 343 640**	**24 726 917**	**2 219 308**	**7 520 015**	**2 690 000**	**530 499 880**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 01 Janaury 2020	-	1 710 485	965 976	812 690	540 000	4 029 151
Charge for the year	1 444 636	932 146	429 200	204 699	-	3 010 681
Eliminated on Disposals	-	(1 647)	-	-	-	(1 647)
Eliminated on revaluation	(1 444 636)	-	-	-	-	(1 444 636)
At 31 December 2020	**-**	**2 640 984**	**1 395 176**	**1 017 389**	**540 000**	**5 593 549**
At 01 Janaury 2021	-	2 640 984	1 395 176	1 017 389	540 000	5 593 549
Charge for the year	10 179 023	3 305 995	384 307	368 928	-	14 238 253
Eliminated on Disposals	-	-	-		-	-
Eliminated on revaluation	(10 179 023)	-	-	-	-	(10 179 023)
At 31 December 2021	**-**	**5 946 979**	**1 779 483**	**1 386 318**	**540 000**	**9 652 779**
CARRYING AMOUNT						
Cost at 31 December 2020	366 818 113	10 134 389	2 219 308	1 995 818	2 690 000	383 857 628
Accumulated depreciation at 31 December 2020	-	(2 640 984)	(1 395 176)	(1 017 389)	(540 000)	(5 593 549)
Carrying amount at 31 December 2020	**366 818 113**	**7 493 405**	**824 132**	**978 429**	**2 150 000**	**378 264 079**
Cost at 31 December 2021	493 343 640	24 726 917	2 219 308	7 520 015	2 690 000	530 499 880
Accumulated depreciation at 31 December 2021	-	(5 946 979)	(1 779 483)	(1 386 318)	(540 000)	(9 652 780)
Carrying amount at 31 December 2021	**493 343 640**	**18 779 938**	**439 825**	**6 133 697**	**2 150 000**	**520 847 100**

15 INTANGIBLE ASSETS

COMPUTER SOFTWARE	Inflation Adjusted ZWL	Historical Cost ZWL
COST		
At 01 January 2020	55 925 707	1 403 244
Additions	-	-
Foreign Currency Translation	-	-
Disposals	-	-
At 31 December 2020	**55 925 706**	**1 403 244**
At 01 January 2021	55 925 706	1 403 244
Additions (Revaluation of Rubikon System)	87 001 139	57 063 500
Derecognition of fully depreciated software	(1 609 825)	(1 055 874)
Foreign Currency Translation	-	-
At 31 December 2021	**141 317 020**	**57 410 870**
ACCUMULATED DEPRECIATION AND IMPAIRMENT		
At 01 January 2020	51 132 988	1 176 390
Charge for the year	2 838 398	114 476
At 31 December 2020	**53 971 386**	**1 290 866**
At 01 Janaury 2021	53 971 385	1 290 866
Charge for the year	22 374 973	319 182
Derecognition of fully depreciated software	(1 609 825)	(1 055 874)
At 31 December 2021	**74 736 533**	**554 174**
CARRYING AMOUNT		
Cost at 31 December 2020	55 925 706	1 403 244
Accumulated depreciation at 31 December 2020	(53 971 384)	(1 290 866)
Carrying amount at 31 December 2020	**1 954 322**	**112 378**
Cost at 31 January 2021	141 317 020	57 410 870
Accumulated depreciation at 31 December 2021	(74 736 534)	(554 174)
Carrying amount at 31 December 2021	**66 580 486**	**56 856 696**

16 RIGHTS OF USE ASSETS

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Cost	ZWL	ZWL	ZWL	ZWL
At 01 January	17 658 567	13 305 035	7 145 646	1 957 211
Remeasurements / Adjustments	5 186 619	8 339 779	4 019 361	5 188 435
Balance	22 845 186	21 644 814	11 165 007	7 145 646
Accumulated Depreciation				
At 01 January	589 890	882 194	366 989	111 948
Charge for the year	6 784 223	3 104 053	2 309 625	255 041
Balance	7 374 113	3 986 247	2 676 614	366 989
Carrying Amount Balance	**15 471 073**	**17 658 567**	**8 488 393**	**6 778 657**

17 DEFERRED TAXATION

17.1 Deferred Tax Asset

Deferred tax asset is the amount of income taxes recoverable in future years in respect of deductible temporary differences, unused tax losses and unused tax credits.

	Inflation Adjusted		Historical Cost	
	2021	2020	2021	2020
Opening Balance	1 186 175	229 860	322 846	31 879
Assessed Losses	25 416 565	956 315	19 696 520	290 967
Closing Balance	26 602 739	1 186 175	20 019 366	322 846

17.2 Deferred Tax Liability

Deferred tax liability represents the amount of income taxes payable in future years in respect of taxable temporary differences.

	Inflation Adjusted		Historical Cost	
	2021	2020	2021	2020
Opening Balance	1 128 499	1 128 499	343 356	343 356
Property and Equipment	5 813 273	-	4 504 989	-
Closing Balance	6 941 776	1 128 499	4 848 345	343 356

18 SHARE CAPITAL AND SHARE PREMIUM

Authorised share capital

150 000 000 ordinary shares with a nominal value of ZWL0,01.

The directors are authorised to issue an unlimited number of preference shares as approved by shareholders.

Inflation Adjusted

Issued share capital	Number of shares	Share capital ZWL	Share premium ZWL	Amounts Awaiting Allotment ZWL	Total ZWL
At 1 January 2020	6 528 190	2 923 782	1 423 607 492	5 842 611 484	7 269 142 759
Issue of shares				435 517 209	435 517 209
Allotment of shares		422 028	523 286 897	(523 708 926)	(2)
At 31 December 2020	**6 528 190**	**3 345 810**	**1 946 894 389**	**5 754 419 767**	**7 704 659 966**
At 1 January 2021	**6 528 190**	**3 345 810**	**1 946 894 389**	**5 754 419 767**	**7 704 659 966**
Issue of share capital				815 195 976	815 195 976
Allotment of shares	12 256 623	423 109	6 569 192 635	(6 569 615 744)	
At 31 December 2021	**18 784 813**	**3 768 919**	**8 516 087 024**	**-**	**8 519 855 942**

Historical Cost

Issued share capital	Number of shares	Share capital ZWL	Share premium ZWL	Amounts Awaiting Allotment ZWL	Total ZWL
At 1 January 2020	6 528 190	65 281	31 785 732	130 500 000	162 351 013
Issue of shares				121 604 685	121 604 685
Allotment of shares	12 256 623	122 567	151 982 118	(152 104 685)	-
At 31 December 2020	**18 784 813**	**187 848**	**183 767 850**	**100 000 000**	**283 955 698**
At 1 January 2021	18 784 813	187 848	183 767 850	100 000 000	283 955 698
Issue of share capital		-	-	719 807 665	719 807 665
Allotment of shares	5 279 908	52 799	819 754 866	(819 807 665)	-
At 31 December 2021	**24 064 721**	**240 647**	**1 003 522 716**	**-**	**1 003 763 363**

19 FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)

The reserve arose from the net effect of restatement of assets and liabilities previously denominated in the Zimbabwe dollar to the United States dollars following the introduction of the multi-currency regime in the Zimbabwean economy on 1 January 2009 as well as due to the change of functional currency from the United States Dollar (USD) to Zimbabwe Dollar (ZWL) and the introduction of exchange rate between the United States Dollars and the ZWL dollars on 21 February 2019.

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
At the beginning of the year	2 586 618 275	2 610 285 690	51 967 059	65 659 316
Charge for the year		-	-	-
Transfer from FCTR to Retained Earnings on disposal of investments	-	(22 556 331)	-	(13 049 462)
Transfer to NCI		(1 111 084)	-	(642 795)
At the end of the year	2 586 618 275	2 586 618 275	51 967 059	51 967 059

20 REVALUATION RESERVE

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
At the beginning of the year	420 178 266	377 566 227	297 282 774	52 364 305
Charge for the year	(52 981 059)	42 612 039	169 094 867	244 918 469
At the end of the year	367 197 207	420 178 266	466 377 641	297 282 774

21 FAIR VALUE

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
At the beginning of the year	1 032 650 677	949 903 064	508 142 136	98 124 717
Charge for the year	(24 320 425)	82 158 107	303 618 066	409 676 374
Elimination of Fair Value Loss on Disposal of Chengetedzai Depository Company		589 506	-	341 045
At the end of the year	1 008 330 252	1 032 650 677	811 760 202	508 142 136

22 PREFERENCE SHARE CAPITAL

The preference shares are 5% non-cumulative, non-redeemable and paid up preference shares with a par value of ZWL100.00 per share. A dividend is payable at the discretion of Directors and is paid out of distributable profits.

No dividend has been declared during the financial year.

Inflation Adjusted

Issued preference share capital	Number of shares	Preference Share capital ZWL	Total ZWL
At 1 January 2020	382 830	1 714 604 838	1 714 604 838
Issue of shares	-	-	-
At 31 December 2020	382 830	1 714 604 838	1 714 604 838
At 1 January 2021	382 830	1 714 604 838	1 714 604 838
At 31 December 2021	382 830	1 714 604 838	1 714 604 838

Historical Cost

Issued preference share capital	Number of shares	Preference Share capital ZWL	Total ZWL
At 1 January 2020	382 830	38 283 003	38 283 003
Issue of shares	-	-	-
At 31 December 2020	382 830	38 283 003	38 283 003
At 1 January 2021	382 830	38 283 003	38 283 003
Issue of shares	-	-	-
At 31 December 2021	382 830	38 283 003	38 283 003

23 DEPOSITS FROM CUSTOMERS

Deposits from customers are primarily comprised of amounts payable on demand and term deposits.

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Large corporate customers	435 081 871	333 771 020	435 081 871	207 649 273
Retail customers	33 595 067	26 250 521	33 595 067	16 331 260
	468 676 938	**360 021 541**	**468 676 938**	**223 980 533**

23.1 Maturity analysis of deposits from customers

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Up to one month	446 692 945	306 249 222	446 692 945	190 527 111
Up to three months	21 681 380	53 386 254	21 681 380	33 213 239
Above six months	302 613	386 065	302 613	240 183
	468 676 938	**360 021 541**	**468 676 938**	**223 980 533**

Deposits due to customers only include financial instruments classified as liabilities at amortised cost.
The fair value of the deposits approximate the fair value due to their short tenure.

23.2 Sectorial analysis of deposits from customers

		Inflation Adjusted				Historical Cost		
	Percentage (%)	31 Dec 2021 ZWL	Percentage (%)	31 Dec 2020 ZWL	Percentage (%)	31 Dec 2021 ZWL	Percentage (%)	31 Dec 2020 ZWL
Financial markets	0,4072	190 859 977	25%	90 013 208	41%	190 859 977	25%	56 000 000
Fund managers and pension funds	0,0686	32 158 620	7%	26 335 487	7%	32 158 620	7%	16 384 121
Individuals	0,0720	33 732 396	7%	26 427 854	7%	33 732 396	7%	16 441 585
Government and public sector institutions	0,2573	120 590 313	16%	58 078 907	26%	120 590 313	16%	36 132 684
Other services	0,1949	91 335 632	44%	159 166 085	19%	91 335 632	44%	99 022 143
	100%	468 676 938	100%	360 021 541	100%	468 676 938	100%	223 980 533

24 LOCAL LINES OF CREDIT AND BONDS

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Bonds	704 905 750	478 272 001	704 905 750	297 547 800
Lines of credit	54 629 012	65 373 039	54 629 012	40 670 589
Total	**759 534 762**	**543 645 040**	**759 534 762**	**338 218 389**
Current	497 286 548	77 518 450	497 286 548	48 226 625
Non current	262 248 214	466 126 589	262 248 214	289 991 764
	759 534 762	**543 645 040**	**759 534 762**	**338 218 389**

The movement in the balances during the year was as follows;

	Inflation Adjusted		Historical Cost	
	Bonds 31 Dec 2021 ZWL	Lines of credit 31 Dec 2021 ZWL	Bonds 31 Dec 2021 ZWL	Lines of credit 31 Dec 2021 ZWL
At 1 January	297 547 800	40 670 589	297 547 800	40 670 589
New issues/funding	407 357 950	46 645 271	407 357 950	46 645 271
Repayments/Disbursements	-	(32 686 848)	-	(32 686 848)
At 31 December	**704 905 750**	**54 629 012**	**704 905 750**	**54 629 012**

The movement in the balances during the year was as follows;

	Inflation Adjusted		Historical Cost	
	Bonds 31 Dec 2020 ZWL	Lines of credit 31 Dec 2020 ZWL	Bonds 31 Dec 2020 ZWL	Lines of credit 31 Dec 2020 ZWL
At 1 January	34 513 253	388 582 536	21 471 762	241 749 211
New issues/funding	463 900 711	694 241 136	288 606 976	431 908 877
Repayments/Disbursements	(20 141 964)	(1 017 450 633)	(12 530 938)	(632 987 499)
At 31 December	**478 271 999**	**65 373 039**	**297 547 800**	**40 670 589**

Lines of credit and bonds are recognised initially at fair value, net of transaction costs incurred. Lines of credit and bonds are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

25 OTHER LIABILITIES

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Accruals	9 357 947	4 311 960	9 357 947	2 682 604
Provision for outstanding employee leave	9 047 397	(3 741 291)	9 047 397	(2 327 573)
Dividend payable	156 112	250 931	156 112	156 112
Withholding Tax Services	347 174	1 394 123	347 174	867 327
IMT Tax 2 Percent	2 238 786	1 942 411	2 238 786	1 208 434
Sundry Creditors-Internal	671 813 747	272 463 000	671 813 747	169 507 657
Projects Accounts payable	3 375 000	5 424 903	3 375 000	3 375 000
Deferred income	36 170	209 716	36 170	130 471
Other	23 070 214	7 408 827	23 070 214	4 657 161
	719 442 547	**289 664 580**	**719 442 547**	**180 257 193**

26 NET INTEREST INCOME

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
26.1 Interest and related income:				
Loans and advances to large corporates	33 954 425	21 637 655	29 469 838	7 103 989
Loans and advances to individuals	4 423 644	2 859 313	3 649 797	879 714
Treasury bills and other financials assets	12 595 325	26 219 402	9 768 730	8 221 077
Placements with local banks	85 739	707 921	70 172	234 100
Mortgages	8 090 716	9 415 898	6 209 088	3 787 111
Cash and bank balances	5 736 432	12 599 922	4 986 086	5 343 389
	64 886 281	**73 440 111**	**54 153 711**	**25 569 380**
26.2 Interest and related expense:				
Bonds	(73 598 521)	(10 548 046)	10 180 392	(4 578 771)
Deposits from large corporates	(625 659)	(23 911 865)	(103 225 381)	(8 588 251)
Discount on sale of Treasury Bills	-	(63 828 922)	-	(23 192 085)
Deposits from individuals	(41 213 484)	(510 962)	(556 643)	(230 161)
	(115 437 664)	**(98 799 795)**	**(93 601 632)**	**(36 589 268)**

27 SALES

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Property sales	1 552 035	1 258 148 491	1 466 700	782 733 078
Cost of construction of property	-	(37 383 886)	-	(23 257 671)
Gross profit	**1 552 035**	**1 220 764 605**	**1 466 700**	**759 475 407**

28 FEE AND COMMISSION INCOME

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Advisory and management fees	16 195 185	36 321 132	13 415 741	11 651 627
Banking service fees	3 892 615	3 283 669	3 150 638	1 130 280
	20 087 800	**39 604 801**	**16 566 379**	**12 781 907**

29 RELATED PARTIES

Key management includes directors (executive and non-executive) and members of the Executive Committee. The compensation paid or payable to key management for employee services is shown below:

	Inflation Adjusted		Historical Cost	
	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
Salaries and other short-term employee benefits	81 172 934	64 552 065	62 904 821	19 640 520
Post-employment benefits	2 080 844	2 124 790	1 612 546	646 486
Termination benefits	-	1 999 214	-	608 277
Total	**83 253 778**	**68 676 069**	**64 517 367**	**20 895 283**

30 EARNINGS PER SHARE

Basic and diluted loss per share

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Bank by the number of ordinary shares in issue during the year.

No dilutive instruments were held during the year. (2020 - ZWLnil)

The calculation of basic earnings per share at 31 December was based on the following:

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Profit/(Loss) attributable to equity holders	(1 289 770 831)	(646 658 803)	(68 701 585)	1 649 588 566
Weighted average number of issued ordinary shares	24 064 721	18 784 813	24 064 721	18 784 813
Basic profit / (loss) per share (ZWL cents)	(5 360)	(3 442)	(285)	8 782

31 CONTINGENCIES

Contingent assets

The Group, through its loan recovery efforts, foreclosed on agricultural farms in Zimbabwe with an approximate fair value of ZWL372 500 000. However, there has been severe challenges in obtaining vacant possession of the agricultural farms due to circumstances beyond the Group's control, whether legal or otherwise. As such, no economic benefits are yet to be derived from the agricultural farms and hence, the Group has not recognised these assets in the financial statements. A contigent asset has been recognised in anticipation of receipt of compensation with respect to the loss of control of the land.

32 COMMITMENTS AND GUARANTEES

Loan commitments, guarantees and other financial facilities

At 31 December 2021, the Group had contractual amounts for off-statement of financial position financial instruments that commit it to extend guarantees and loans as follows:

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Guarantees/Loan Commitments	2 400 000	56 565 467	2 400 000	35 191 126

33 FUNDS UNDER MANAGEMENT

Government funds under management

The Government of Zimbabwe disburses, through the Group, fiscal allocations to parastatals and government infrastructure projects. The funds are being managed by the Group for a fee and with no credit risk residual to the Group.

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Held on behalf of:				
Government of Zimbabwe	348 941 905	540 613 841	348 941 905	336 332 586
Represented by:				
Sinking fund	-			-
Amounts awaiting disbursement	54 629 012	540 613 841	54 629 012	40 670 589
Loans and advances to parastatals and government implementing agencies	294 312 893	475 240 801	294 312 893	295 661 997
	348 941 905	1 015 854 642	348 941 905	336 332 586

34 GOING CONCERN

The Infrastructure Development Bank of Zimbabwe (the Bank) prepared its financial statements on a going concern basis. During 2021 Financial year, the Bank made a loss of ZWL56 million in Historical Cost terms mainly due to deferement of projects comlpetion as a result of Covid 19 pandemic induced lockdowns. The Bank invoked its Business Continuity Plan (BCP) with limited number of employees physically reporting for duty with the rest working from home.

The Bank also faced a number of challenges during 2021 which included a thin capital base until the situation improved when shareholders released capital towards the end of the year, high inflation that eroded project budgets and employees' salaries. A number of measures were put in place to mitigate the adverse effects and ensure the survival of the Bank:

"1. Capitalisation"

The Bank has embarked on the process of recapitalisation targeting USD500 million in the medium term. During 2021 shareholders injected ZWL720m in new capital and approved a Rights Issue which will see an additional ZWL980m being released in 2022.

"2. Project Budgets"

To lessen the impact of price escalation, the Bank is funding projects from USD-linked Bond issuances and pre-purchasing of the project materials. Furthermore, to maintain value and hedge against inflation the Bank is now selling its projects in USD.

"3. Liquidity"

The Bank expects an improvement in the liquidity position on the back of new capital injection by shareholders in 2022, increase in deposits to ZWL1billion on the back of a bigger loan book and growth in mortgages and the repayment of the Ministry of National Housing debt which will inject USD8.8m in new funds.

Outlook

Riding on the measures highlighted above and the planned implementation of projects in 2022, the Bank forecast to grow its assets by 21% (to ZWL6.2billion) and record an operating profit of ZWL75 million. In its work programme, the Bank will finish Bulawayo Students Accommodation Complex, Sumben Housing Project, Elizabeth Park Housing Project, and build a number of cluster- houses. It will also grow its loan book through the structured finance business and and infrastructure value chain funding to ensure financial sustainability.

Management believes the Bank's performance will greatly improve in 2022 and assure a sustainable growth into the future. The Bank is continuing in business for the foreseeable future and has neither the intention, nor the need, to liquidate or curtail materially the scale of its operations.

Rethink, Reimagine, Reinvent

idbz

Infrastructure Development Bank of Zimbabwe