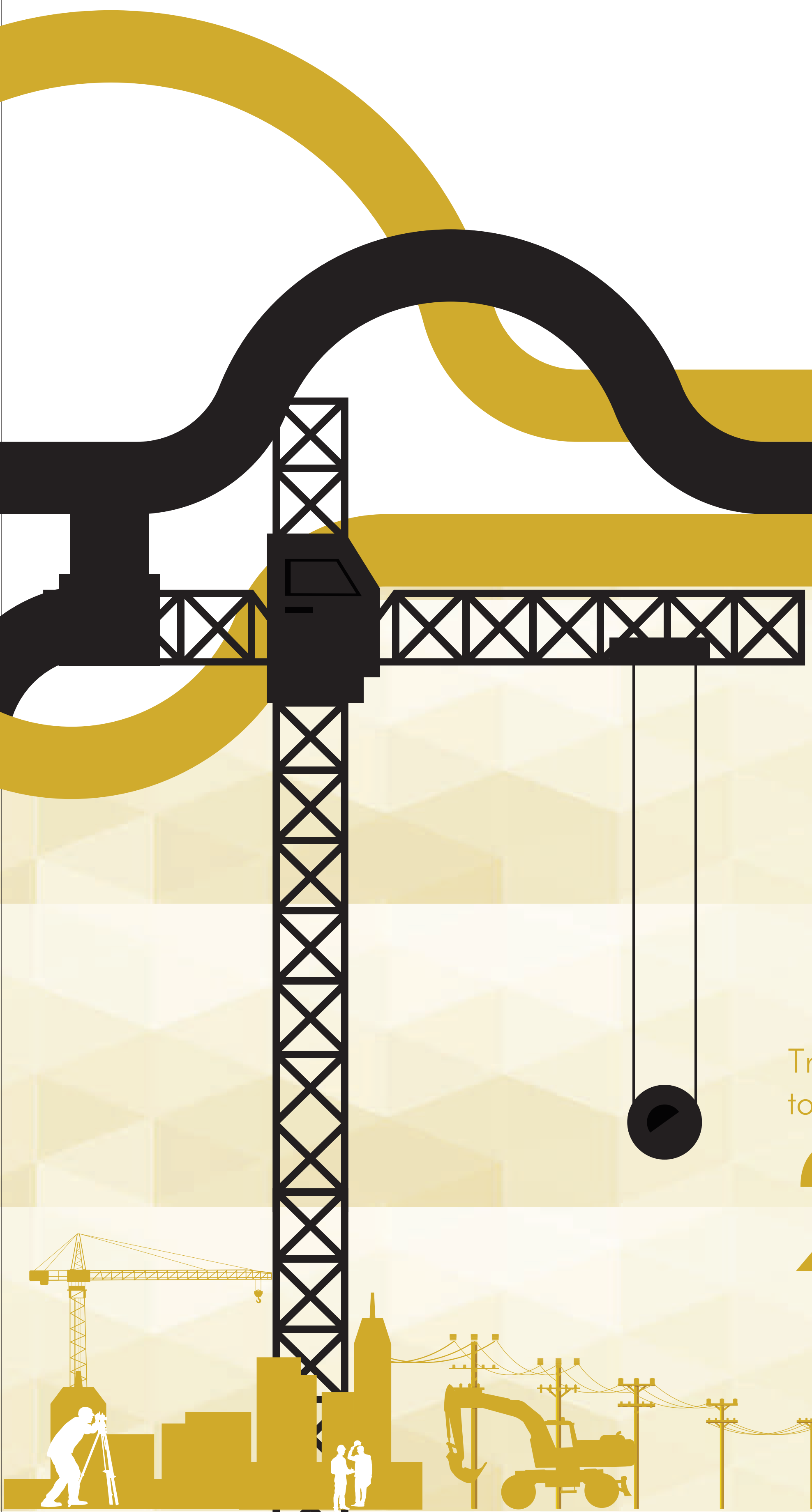
Infrastructure Development Bank of Zimbabwe



Transforming and Retooling towards a DFI of Scale.

2021

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ABBREVIATIONS AND DEFINITIONS

AADFI	African Association of Development Finance Institutions
ACFTA	African Continental Free Trade Area
AFD	French Development Agency/"Agence Française de Développement"
AML	Anti-Money Laundering
BCP	Business Continuity Plan
BSAC	Bulawayo Students Accommodation Complex
CFF	Climate Finance Facility
CFT	Combating the Financing of Terrorism
COMESA	Common Market for Eastern and Southern Africa
COVID-19	Corona Virus Disease of 2019
CPF	Countering Proliferation Financing
CRPD	Credit and Policies Department of the IDBZ
CUT	Chinhoyi University of Technology
CUZ	Catholic University of Zimbabwe
DAE	Direct Access Entity
DFI	Development Finance Institution
EAC	East African Community
EMA	Environmental Management Agency
EOSD	European Organisation for Sustainable Development
ESIA	Environmental and Social Impact Assessment
EXCO	Executive Committee of the IDBZ
FCAS	Foreign Currency Auction System
GCF	Green Climate Fund
GRM	Grievance Redress Mechanism
ICT	Information Communication Technology
IFAD	International Fund for Agricultural Development
IFRS 9	International Financial Reporting Standards 9
IPP	Independent Power Producer
IRBM	Integrated River Basin Management
IVCF	Infrastructure Value Chain Financing
LTS	Long-Term Strategy: 2021-2030
MALCO	Management of Asset and Liability Committee
MOFED	Ministry of Finance and Economic Development
MOPSE	Ministry of Primary and Secondary Education
NDC	Nationally Determined Contribution
NDS1	National Development Strategy 1 (2021-2025)
NPL	Non-Performing Loans
NREP	National Renewable Energy Policy
OMIG	Old Mutual Investment Group
PECG	Public Entities Corporate Governance Act [Chapter 10:33]
POGM	Policies, Operations Guidelines, and Manuals
PPDPA	Public Procurement and Disposal of Public Assets
PPDF	Project Preparation and Development Fund
PPE	Personal Protective Equipment
PPP	Public Private Partnership
PRAZ	Procurement Regulatory Authority of Zimbabwe
PSIP	Public Sector Investment Programme
SGRS	Prudential Standards, Guidelines, and Rating System
RBZ	Reserve Bank of Zimbabwe
RMF	Results Measurement Framework
SADC	Southern African Development Community
SPOC	Special Procurement Oversight Committee
SSCI	Sustainability Standards and Certification Initiative
UDCORP	Urban Development Corporation
USSAP	University Students and Staff Accommodation Programme
WASH	Water, Sanitation, and Hygiene
WHITE	Water and Sanitation, Housing, Irrigation Development, Transport, and Energy
ZESA	Zimbabwe Electricity Supply Authority

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Chairman's **Statement**

Joseph Mutizwa
Chairman of the Board

"...**support growth in 2022** through sustainable and equitable infrastructure development, thus helping to uplift the **livelihoods of Zimbabweans**."

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 IDBZ will contribute to GDP growth in 2022 through sustainable and equitable infrastructure development, thus helping to uplift the livelihoods of Zimbabweans.

"... support of the majority shareholder will be key in **building a firm foundation** for the Bank to attract **strategic partners** as it pursues its ambition..."

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**

Zondo T. Sakala
Chief Executive Officer

"... 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."

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 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.

The 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 revenue decreased by ZWL1.3 billion from ZWL1.2 billion in in 2020, to negative ZWL28.9 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 0.2%, 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

CHAPTER 1:
Operating Landscape –
DEVELOPMENT PROGRESS IN ZIMBABWE

1.1 Macroeconomic Environment and Climate Change

2 The country had an economic rebound registering a 7.8% GDP growth in 2021 from a 5.3% decline in 2020 and is projected to grow by 5.5% in 2022, see Table 1. Supporting this growth was the massive investment in infrastructure by Government. Particularly, there was impressive public sector investment in the transport, and water and sanitation sectors. Significant progress in roads and airport rehabilitation, and dam construction was registered The global economic growth estimated at 5.9% in 2021 from a 3.1% decline in 2020, also supported Zimbabwe's growth.

Table 1: Zimbabwe Economic Growth Status and Forecasts, 2018-2025

Year			2018	2019	2020	2021	2022	2023	2024	2025
Real GDP			5.5	-6.0	-5.3	7.8	5.5	5.2	5.2	5.0
Annual Inflation Average			10.5	237	557.2	143.3	32.6	17.5	9.8	6.8

(Source: MoFED, 2022 Budget).

3 As the country's productive sectors picked, total exports increased by 28.0% in 2021 to reach US$6.32 billion. The recovery of international commodity prices supported the country's mining sector growth whose export increased by 38.4% in 2021 to US$4.4 billion from US$3.7 billion in 2020. In 2022, the mining sector is projected to grow by 8%. The country recorded its highest ever foreign currency receipts of US$9.7 billion in 2021, registering a 53.5% growth from 2020, breaking the 2013 US$7.6 billion record.

4 Inflation declined from 362.6% in January 2021 to 60.7% in December 2021 and it averaged 143.3% in 2021 and is projected to average 32.6% in 2022. The auction market exchange rate moved from an aveage of US$1: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 ZWL110.1in 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. Exchange rate distortions and inflation pressures led to the exhaustion of budgeted project funds, thus negatively impacting project implementation.

5 The agricultural sector presents opportunities for the Bank in support of the National Development Strategy 1 (NDS1)'s key objective of increasing the area under functional irrigation to 350 000ha by 2025 in order to climate-proof agriculture and ensure food security. In 2021, the sector received a boost from the above normal rainfall and timely Government support. The sector's estimated growth in 2021 was 36.2% and is projected to grow by 5.1% in 2022.

6 The economy growth prospects were anchored on the slowdown of the COVID-19 pandemic, recovery of international commodity prices, macroeconomic stability, and normal to above normal rainfall.

7 The Bank's operations will be susceptible to the economy wide risks that include the following:
- (i) macroeconomic instability (inflation pressures, exchange rate instability and foreign currency shortages);
- (ii) resurgence of the COVID-19 pandemic;
- (iii) slow-down in global economic growth and tapering of international commodity prices (geopolitical tension – the Russia-Ukraine conflict);
- (iv) climate extremes (droughts and floods that lead to humanitarian crisis);
- (v) infrastructure bottlenecks (inadequate supply of water and energy, and poor transport infrastructure (rail, road and airports));
- (vi) declining disposable real incomes;
- (vii) increasing sovereign debt and perceived country risk; and
- (viii) declining international capital inflows.

1.2 Infrastructure Development Update

8 The funding requirement for infrastructure and utilities for the NDS1 period (2021-2025) amounts to about US$19.7 billion of which US$4.133 billion is required in 2022. In the 2022 National Budget, the Government allocated about ZWL334.2 billion towards capital expenditure of which ZWL156.4 billion is earmarked for infrastructure delivery. The equivalent amount of about US$1.2 billion investments by the Government in infrastructure is commendable but fell short of the estimated 2022 requirements of US$4.133 billion. To cover the infrastructure deficit, the need to promote private sector investment cannot be over- emphasised. The Bank established a Project Preparation and Development Fund (PPDF) as a mechanism to address the huge gap in the financing of early-stage project development. However, the facility is grossly undercapitalised relative to the demand for project preparation funding. Therefore, at a national level, a critical step towards attracting private sector participation in infrastructure development entails a sharp focus on project preparation and development to increase the stock of bankable and shovel ready projects across sectors. In that regard, under the 2022 National Budget Government allocated ZWL1 billion towards the National

PPDF facility in order to support project preparation in housing, students accommodation, transport, and irrigation development sectors Timely release of these resources and effective coordination of project preparation activities will be key in achieving the desired objective of building a meaningful pipeline of adequately packaged projects for investment promotion.

1.2.1 Water and Sanitation

9 Access to safe water is hugely constrained in Zimbabwe with thousands of women and school-aged children estimated to spend about 8 - 9 hours in search of safe water against a national target that seeks to ensure that no more than 30 minutes for the roundtrip i.e., to and from a water point. In 2019, about 60% of the population had access to basic drinking water, with 92% in urban areas and 51% in rural areas. Due to limited investment towards maintenance and expansion of water treatment and distribution infrastructure, access to water has continued to deteriorate in both urban and rural areas. In rural areas more than 67% of people have no access to safe drinking water. The COVID-19 pandemic has exacerbated the situation with more than 2 million without access to improved sanitation. In 2019, about 37% of the population had acces to basic sanitation facilities. In urban areas sanitation access was 43% while in rural areas it was 34%, in 2019. The situation in urban areas has since deteriorated with the mushrooming of new settlements without access to safe sanitation services, whilst existing sewer treatment plants are now too old and inadequate.

10 Investment in water, sanitation, and hygiene (WASH) has a multiplier effect on the economy and at a global level inadequate WASH services lead to 1.5% loss in GDP. Improved WASH services lead to social gains and outcomes that include; increased school attendance, greater privacy and safety (especially for women, children and the elderly) and greater dignity for all. The Government and Partners estimated that water and sanitation sector required US$60 million in 2019 but only raised US$1.8 million which is equivalent to 3% of the required investment.

11 Water and sanitation authorities are currently finding it hard to mobilise funding for rehabilitation and upgrading of existing infrastructure and new installations. The Government has noted the following critical issues for mobilisation of resources in the WASH sectors:

- maximise the value from existing public funding by incentivising sector performance, improving subsidy targeting, and better sector planning and management;
- mobilise funding through cost recovery policies, tariff reforms and cross- subsidisation;
- increase domestic finance through pooling funds at national, municipal and community levels;
- encourage innovative funding such as climate funds and social impact bonds for WASH; and
- strengthen the regulatory environment and governance structures of the WASH sector.

12 The Bank's water and sanitation sector policy is meant to foster development within the sector for economic growth and development. The Bank recognises the importance of concessional and grant funding for WASH projects given their social nature. Therefore, the Bank's focus is on providing technical support in the preparation of such projects, assist in engagements with Government for implementation financing, as well as advising on opportunities for blended finance.

1.2.2 Housing

13 The national housing backlog hovers around 2 million housing units and this has manifested in the mushrooming of informal settlements around urban areas. The Government of Zimbabwe managed to complete about 569 low-cost units by the first quarter of 2021 towards the 2000 units target of the NDS1. By September 2021, the Government had spent about ZWL7.2 billion towards housing delivery and ZWL27.5 billion is budgeted under the 2022 National Budget. This is against an investment of US$360.7 million required in 2022 for housingdelivery to meet NDS1 targets. The NDS1 envisages the delivery of 220 000 housing units by 2023 and the Government is pushing for the use of alternative technologies to facilitate the efficient and effective housing construction. The Government also managed to secure a US$25 million line of credit from Shelter Afrique for low-cost housing which will be administered by local banks and the Urban Development Corporation (UDCORP). The private sector is estimated to have developed up to 14 432 housing units in 2021 albeit with project completion delays from the COVID-19 related disruptions.

14 Persistent inflation pressures, continued exchange rate volatility and its bearing on construction costs, as well as the return of more than 200 000 Zimbabweans from abroad since the outbreak of the COVID-19 pandemic threatens the investments in low-cost housing in Zimbabwe.The unaffordability and unavailability of mortgage inance in Zimbabwe has been the limiting factor for aspiring homebuyers.

15 The Bank will contribute towards the NDS1 targets through funding development of; off-site and onsite infrastructure, cluster homes, flats, and tertiary students and staff accommodation facilities.

1.2.3 Irrigation

16 It is estimated that 80% of Zimbabwe agricultural land lies in arid/semi-arid regions. Dryland farming is susceptible to frequent dry-spells due to erratic rainfall patterns worsened by climate change. The Government has therefore identified irrigation development as a critical component of climate change adaptation strategy and indispensable in ensuring food security. Pursuant to that, in 2021 the Government secured concessionary loans amounting to US$35.7 million for the smallholder irrigation revitalisation programme funded by the International Fund for Agricultural Development (IFAD). By September 2021, Government had channelled ZWL1.5 billion in support of various irrigation programmes throughout the country and ZWL6 billion has been set aside under the 2022 National Budget. The Government targets to develop 350 000ha of irrigation land during the NDS1 period. The Bank will work with Government in developing irrigation projects to bankability as well as support value chain players in the sector.

1.2.4 Transport

17 Zimbabwe is the hub of the Southern African Development Community (SADC) transport system as it is within the Beira Development Corridor, Limpopo Development Corridor and the North-South Corridor. The North- South Corridor which extends from Durban, South Africa to the Democratic Republic of Congo, serves the SADC, Common Market for Eastern and Southern Africa (COMESA) and East African Community (EAC) regions. Therefore, there is need to upgrade and rehabilitate the transport infrastructure to improve efficiency. However, Zimbabwe transport infrastructure has been facing challenges due to limited investment, natural disasters and recently the adverse impacts of the COVID-19 pandemic. In recognition of that, the Government has allocated to the transport sector programmes ZWL60.8 billion in 2022 (6.3% of the total budget) from about ZWL30 billion in 2021. The Bank will continue to work with stakeholders in the sector to develop the transport sector infrastructure.

18 The Bank's support for the sector is key in fostering economic growth and contributes directly to SDG 9.

1.2.5 Energy

19 It is estimated that in 2017, 40.4% of the total population had access to electricity, with 85.6% in urban areas and 18.9% in rural areas. This translates to about 9.99 million people nationally without access to electricity with 9.23 million in rural areas and the rest in urban areas. Due to the deterioration in energy supply over the years, access to energy in Zimbabwe has worsened in 2020 (AEP, 2020). Power outages averaging 16 hours a day have taken a toll on the efforts to revive the economy. The energy crisis is attributed to low production at Kariba Power Station due to low water levels, and lower production capacity at old thermal power stations.

20 The country is poised for high demand of energy due to the envisaged increased economic activity to attain the Vision 2030. Access to clean, affordable, and reliable energy is a critical enabler towards attainment of this vision. Development finance institutions are showing increased interest in renewable energy development as they recognise its indispensability in development. To accelerate economic growth adequate power supply is a pre-requisite.

21 The energy transition from fossil-based fuels driven by the need to reduce carbon emissions is key to Zimbabwe's commitment to policy changes in the energy sector towards renewables. The country is a signatory to the Paris Agreement and has committed to the decarbonisation of the energy sector to improve sustainability and mitigate negative impacts of climate change.

22 Through the National Renewable Energy Policy (NREP), the country has committed to getting at least 16.5% of the power generation being accounted for by renewables by 2025 and 26.5% by 2030. The private sector is expected to play a key role towards increasing the envisaged generation capacity, whilst Government through the national power utility (ZESA) will need to strengthen the national grid in order to facilitate the envisaged roll-out of renewable energy projects.

23 Independent Power Producers (IPPs) have not been able to attract affordable and favourable capital for their projects due to perceived high-country risk and the resultant risk premiums charged by investors. As a result, there are over 60 licenced IPP projects which are yet to take off.

24 To catalyse private sector investment in infrastructure, particularly the energy sector, the IDBZ is working in partnership with Old Mutual Investment Group (OMIG) towards the establishment of an Infrastructure Fund to facilitate increased private sector investment in infrastructure. OMIG will be the Fund Manager and IDBZ will be the Technical Advisor, responsible for coordinating project preparation, procurement, and project implementation monitoring.

1.2.6 Secondary Sectors (Education, Tourism, ICT and Health).

25 As Zimbabwe pursued education for all since 1980, universities have increased from eight (8) in 1997 to 24 universities in 2018. This has seen university student's population increasing from 19 285 to 92 262 over the same period. However, the increase in student population has not been matched with increased investment in students acommodation. Students accomodated on campus nationally are estimated at 15% compared to international best practice of 70%.

26 In recognition of this challenge, in 2016 the Bank initiated a programme called the University Students and Staff Accommodation Programme (USSAP) which focuses on the construction of accommodation facilities for students and staff at universities and other tertiary institutions across the country. USSAP is a critical intervention in complementing Government efforts towards alleviating the plight of students by providing secure and affordable accommodation facilities which are conducive for effective learning. For USSAP, the Bank plays a catalytic role through providing technical and financial support towards project preparation and structuring, and then crowding in private sector investors to support project implementation through Joint Venture arrangements.The programme involves the construction of both on and off campus accommodation and support facilities.

27

28 In most Sub-Saharan African countries health service delivery has been highly dependant on development assistance. However, due to growing donor fatigue and the impact of the global pandemic (COVID-19) in donor countries, the inflows have been significantly reduced. This, coupled with natural disasters and declining funding of the health sector from the fiscus have seen deterioration of the health delivery system in most developing coutries. It is in this context that private investment in the health sector is required to augment Government efforts and support from Development Partners. The Bank's interventions in this sector will complement these ongoing efforts.

29 ICT infrastructure is critical for a nation's business competitiveness. For Zimbabwe, the need for adequate ICT infrastructure is more pronounced in order for the country to leverage immense commercial opportunities presented by the African Continental Free Trade Area (ACFTA). The outbreak of COVID-19 pandemic has also called for the acceleration of digitalization in most economic and social spheres. Given the country's youthful population with those under the age of 15 years constituting 40 percent of the population in 2017, the demand for connectivity, social networking, research, and education is very high. This increases demand for video streaming, content downloading and gaming services. Access to affordable socio-economic ICT services throughout the country is a critical imperative for the country to achieve Vision 2030. The Bank will work with players in the sector to support development of back bone infrastructure in the sector and ensure that provision of ICT services is mainstreamed in all its projects.

30 The tourism sector is one of the sectors that have borne the brunt of the COVID-19 pandemic, yet it is critical for foreign currency generation and significantly contributes to the country's growth. Recovery of the sector requires substantial support.

31 Revitalisation of the tourism sector would require focused investment in infrastructure that include ICT and utilities (power, water and sanitation). Tourism is one integrated economic system that makes substantive social, economic and environmental contribution. It can be a means through which the country's most valuable assets can be protected and enhanced. The National Tourism Development Master Plan underpinned the development of the sector on critical investment in infrastructure especially transport (road, rail, airports and service stations) and ICT (connectivity). It has been noted that Zimbabwe has adequate land for the development of aviation infrastructure and Government has taken the view to include the private sector in infrastructure development in cognisant of the limited fiscal space.

32 There are also opportunities in improving sustainability of hotels and lodges by introducing "green building" concepts. Zimbabwe has potential to develop other nature–based tourism hotspots in various parts of the country and construction of hotels and lodges in tourist areas and protected areas. The National Tourism Master Plan had identified the opening of new tourism fronts in Kanyemba, Tugwi-Mukosi, and Kariba as well as the development of new nodes in the Victoria Falls Special Economic Zone which include areas such as Masuwe, Batoka, Gwayi-Shangani Dam, Binga and Sijarira. In that respect, the Bank will play a catalytic role in supporting investment in the sector.

1.3 The Bank's Strategic Thrust

33 The Infrastructure Development Bank of Zimbabwe ("the IDBZ") is a development finance institution (DFI) set up by the Government as a vehicle for the promotion of economic development and growth, and improvement of the living standards of Zimbabweans through the development of infrastructure. Guided by its Long-Term Strategy: 2021-2030 (LTS), the IDBZ will focus on primary sectors which comprise:

(i) Water and Sanitation,
(ii) Housing,
(iii) Irrigation Infrastructure
(iv) Transport, and
(v) Energy (WHITE), and the secondary sectors that include: Health, Education, Tourism, and Information Communication Technology (ICT).

34 During the decade covering 2021-2030, the Bank aims to work towards achieving the LTS Goals, namely:

i) to promote inclusive and equitable development;
ii) to develop resilient and sustainable infrastructure; and
iii) to build and promote institutional capacity, and knowledge generation and sharing.

35 To support the delivery of these strategic goals, the following are the identified strategic priority areas:

a) growing a pipeline of bankable and shovel-ready projects to catalyse infrastructure investments;
b) broadening funding sources through strengthening the Bank's balance sheet and deepening partnerships;
c) scaling up funding support to the private sector, focusing on the infrastructure value chain, agri-businesses, and mining;
d) deepening capacity in the areas of climate finance; project preparation & development, and project management; and
e) enhancing the Bank's ICT platforms to build greater agility, efficiency, and security.

36 Execution of the LTS will be guided by the following key principles;

i. transformational impact;
ii. environmental and social sustainability;
iii. financial sustainability; and
iiii. inclusivity by considering gender equality, people with disabilities (PWDs) and other special interest groups, and geographical coverage.

Chapter 2:
Bank Contribution to Development

2.1 Resource Mobilisation

37 The fragile macroeconomic environment has continued to negatively impact the Bank's resource mobilisation efforts. In the face of high inflation, institutional investors are shunning long-dated financial instruments and have since tilted their capital allocations in favour of real estate and listed equities as they pursue value preservation strategies. This has made it difficult for the Bank to mobilise long-term capital which is suitable for infrastructure investments. The Bank has had to innovate through offering value preserving instruments such as its USD Linked Bonds. However, the domestic market experienced liquidity constraints for the greater part of 2021 which also negatively impacted resource mobilisation activities.

38 As already recognised in various reports, the country has a dearth of bankable projects, and this has been a major impediment to project financing activities. The Bank is addressing this challenge through prioritising the allocation of constrained PPDF resources for improved throughput of bankable projects. The Bank deploys various funding mechanisms including Public Private Partnerships (PPP) arrangements to crowd-in private sector investors into commercially viable projects.

39 The Bank's USD-Linked Bonds under its Vaka/Yakha Zimbabwe Infrastructure Bond Programme which was launched in 2020 continue to receive support from the market, allowing the Bank to raise critical implementation financing for the Sumben Phase 1 Housing Project. More issuances will be made to support projects that demonstrate adequate revenues for debt servicing. The Bank will structure similar indexed instruments as it seeks to respond to value preservation objectives of investors.

40 Replicating the BSAC financing model, the Bank will continue to make use of mezzanine/quasi-equity instruments with participatory rights, such as the Participating Preference Shares. The Bank also seeks to utilise Engineering, Procurement, Construction plus Financing (EPC+F) arrangements initially targeting University Students and Staff Accommodation Programme (USSAP) and other housing projects.

2.1.1 Bank Capitalisation

41 The Bank's ongoing capitalisation initiatives are guided by a roadmap which has received support from the Bank's shareholders and various key stakeholders. The Recapitalisation Programme will be implemented in phases through a series of transactions to be undertaken over the next 5 years in pursuit of the objective of reaching a capitalisation level of US$500 million in the medium term and US$1 billion by 2030.

42 The first phase of the Recapitalisation Programme involved a Rights Issue for ZWL1.75 billion which was undertaken by the Bank in the last quarter of 2021. A total of ZWL719.8 million was received from shareholders in 2021 pursuant to the Rights Issue, being ZWL500 million from the GoZ and ZWL219.8 million from the 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.

43 Treasury is leading engagements within Government which are aimed at having selected land assets transferred to the Bank as a mechanism for bolstering the Bank's balance sheet with real assets. Parallel to this, the Bank is working with its Transaction Advisors who are advising on the structuring and issuance of mezzanine and debt instruments to raise long-term capital on the back of identified project opportunities. Successful execution of these transactions will help the Bank to build the necessary foundation to seek strategic equity partners.

2.1.2 Project Preparation Funding

44 As highlighted in section 1.2, complementing the Government efforts, the Bank allocated an additional ZWL200 million towards its PPDF facility in 2021 against capital injections from the Bank's shareholders. Timely deployment of these resources will go a long way in supporting project preparation and planning activities to enhance throughput of bankable projects.

2.1.3 Project Implementation Financing

45 The Bank raised ZWL877.9 million towards project financing activities during the year. An amount of ZWL461.9 million was raised for the Sumben Phase 1 Housing Project and Elizabeth Park Housing Project through USD-Linked Bonds and other structured instruments, while ZWL416 million was raised for BSAC. By the end of the year, the Bank was fundraising for Willsgrove Phase II Housing Project an equivalent of US$2.86 million, see Table 2.

46 Delays in packaging of priority pipeline projects to bankability due to COVID-19 restrictions, regulatory approvals, protracted negotiations with partners, and other stakeholder concerns negatively affected the Bank's planned project finance initiatives on the following:

- Catholic University of Zimbabwe Students Accommodation (CUZ) (US$12.4 million);
- Chinhoyi University of Technology Students Accommodation (CUT) (US$12.5 million);
- Athol House Medical Facility (US$6 million);
- Spitzkop Housing (US$900,000); and
- Sumben Phase II Housing (US$6 million).

47 The Bank is working with Afreximbank as Joint Lead Arrangers to coordinate the structuring and issuance of a US$100 million Sovereign Bond which will be listed on the Victoria Falls Stock Exchange (VFEX). Once necessary credit enhancements and a secure debt service structure for the instrument are finalised, the Bond will be launched.

2.1.4 GCF Accreditation

48 The Bank's application for accreditation with the GCF as a Direct Access Entity (DAE) was approved by the GCF Board on the 1st of July 2021. This marked the completion of Stage 2 Step 2 (GCF Board Approval) and the commencement of Stage 3 (Finalization of the Accreditation Master Agreement). Execution of the Accreditation Master Agreement awaits a mandatory 'No Objection' by the Risk Management Committee of the GCF Board. GCF accreditation for the Bank is a landmark achievement which will allow the Bank to play a key role in mobilising climate finance resources in support of infrastructure-related adaptation and mitigation projects.

49 With further support from the GCF and working in collaboration with other Development Partners, the Bank's focus has now shifted towards development of project proposals for funding consideration by the GCF.

2.1.5 CFF Establishment

50 Significant progress was made towards the establishment of the Climate Finance Facility (CFF), which is an innovative platform for mobilising climate finance to support green and sustainable infrastructure projects. Key documentation which is necessary for the setting up and operationalisation of the CFF was developed, including the CFF Operational Guidelines, Monitoring & Evaluation Framework, Risk Management Framework, the CFF Trust Deed, Terms of Reference for the CFF Board and High-level investor Term Sheet. Ongoing work is focused on constituting the founding Board of Trustees, registration of the CFF Trust, and preparation of the CFF Prospectus to fully articulate the investment case and for use in engaging prospective Funding Partners. The Bank targets to launch the CFF in 2022.

2.2 Primary Focus Sectors Interventions
2.2.1 Water and Sanitation

51 The Bank's contribution to the water and sanitation sector is currently limited to capacitating both public and private players in project preparation and development to attract patient capital that is suitable for the sector. In the absence of grant funding, most projects in the sector do not pass the financial viability test, therefore, they do not attract funding from the capital market.

2.2.2 Housing

52 In line with the Bank's contribution towards NDS1 as outlined in section 1.2.2, in 2021, housing projects were at different levels of the project cycle activities as shown in Table 2.

Table 2: Housing Projects Scope and Status, 2021

Project Name	Scope & Stage of development	Project Cost US$ million	Location
Sumben Phase 1 Housing Project	Servicing of 92 low density residential stands with roads, storm water drainage, water, sewer, and electricity reticulation. The project ended the year at 95% complete and targeted to be complete in 2022.	4.9	Harare, Mt Pleasant
Sumben Phase 2 Housing Project	2 Housing Project Development of a mixed use (office, commercial & residential) Park on 82.1 hectares of land. Project preparation and development is still underway.	5.6	Harare, Mt Pleasant
Waneka Flats Phase 3 Housing Project	Construction of 2 x 4 storey blocks with a combined total of 48 apartment units. The project is still under planning and development with construction anticipated to commence in Q2 of 2022.	2.1	Harare, Graniteside
Catholic University of Zimbabwe Students Accommodation Project	Construction of 2 hostel blocks with 4 wings and accommodation capacity of 992 students. The project is still under planning and development with construction anticipated to commence in Q3 of 2022.	12.3	Harare, Hatfield
Chinhoyi University of Technology Students Accommodation Project	Construction of five (2x3 storey plus 3x4 storey) new student hostel blocks at Chinhoyi University of Technology with base capacity of 1 512 beds. The project is still under planning stage.	12.5	Harare, Hatfield
Kariba Housing Development (Re-Appraisal) (Baobab and Batonga sites) Project	Servicing of 109 low density and 43 high density residential stands. The project stalled due to budget erosion as a result of inflation pressures. The Bank will carry out a re-appraisal of the outstanding works before resuming construction in 2022.	5.9	Kariba
Wilsgrove Park Phase 2 Housing Project	Servicing of 114 low density stands in Bulawayo. Construction is expected to be complete by the end of 2022	2.86	Bulawayo
Lupane Student Accommodation Complex (LUSAC) Project	Construction of a 1 204 bed student accommodation facility. The project is still under planning and development with construction anticipated to commence in 2022.	17.0	Lupane
Spitzkop Housing Project	Servicing of 133 high density stands on IDBZ owned land. The project is still under planning and development with construction anticipated to commence in 2022.	0.4	Gwanda
Rooiport Estate Housing Project	Servicing of 632 low density stands. The project is still under planning and development with construction anticipated to commence in 2023.	6.3	Chivhu
The Grange of Toronto Housing Project	Servicing of 24 low density residential stands. The project is still under planning and development with construction anticipated to commence in 2022.	1.4	Mutare
Fernhill Special Economic Zone Project	Development of a diamond processing centre and servicing of 53 commercial and institutional stands. The project is still under planning and development with construction anticipated to commence in 2023.	6.5	Mutare

53 The COVID-19 lockdowns hampered the pace of housing projects execution. Servicing of residential stands at Sumben Phase 1 Housing Project and construction of the Bulawayo Students Accommodation Complex (BSAC) Project were greatly affected by these lockdown restrictions.

54 Other challenges faced in housing project delivery included excessive rains that affected implementation of Sumben Phase 1 Housing Project, exchange rate instability that resulted in unstable prices of materials, shortage of construction inputs and high cost of capital.

55 To overcome the challenges, the Bank undertook measures that included pre-purchase of materials, obtaining exemptions during lockdown periods, and advance payments to consultants and contractors.

2.2.3 Irrigation

56 The Bank supported the Government through playing an advisory role on the drafting of the Tugwi-Mukosi Feasibility Studies report which is targeted for completion in 2022. Detailed soil investigations and social impact scoping reports were completed.

57 A total of 25 365 hectares of land with suitable irrigation soils has been identified as shown in Table 3

Table 3: Identified Land Suitable for Irrigation

Area	Hectarage (ha)
Makosiya	1 038
Chingwizi	4 867
Tugwi	1 025
Masangula West	1 542
Masangula	3 581
Minaarshof	2 453
Chilonga	2 796
Babutsa	5 384
Mutirikwe	2 679
TOTAL	**25 365**

58 Technical and engineering studies and preparation of the Concept Design of Infrastructure were underway.

2.2.4 Transport

59 The Bank continues to engage the Ministry of Transport and Infrastructure Development to develop a bankable project pipeline in the transport sector.

2.2.5 Energy

60 For the year under review, the Bank had targeted obtaining generation licenses for the following energy projects: Tjibundule Energy, Gwayi Solar and Gutu Solar. However, due to lack of power evacuation infrastructure close to the project sites, the Bank decided to hold Tjibundule and Gwayi Solar projects in abeyance while engaging other stakeholders on how best to address the issue of power transmission. The application for a Generation License for the Gutu Solar Project will be submitted in 2022. The Bank targets to undertake feasibility and ESIA studies for the project through the AFD capacity building grant to the MOFED.

61 The following projects were earmarked for implementation in 2021; Rufaro Solar Farm, Odzani Mini Hydro, and Osborne Mini Hydro. However, due to lack of project preparation funding for Rufaro Solar Farm and Odzani Mini Hydro, project preparation and development of the projects could not be completed. The Bank is engaging the Government and other Development Partners for project preparation funding. Osborne Mini Hydro Project was dropped from the Bank project pipeline following the cancellation of the IPP Generation License.

62 In the fourth quarter of 2021, the Bank commenced working on a Home Solar Systems project to help reduce pressure on the national grid. The project is earmarked for implementation in the last quarter of 2022. The Bank's focus in 2022 will be to mobilise resources for project preparation to ensure that projects are developed to bankability.

63 Table 3 indicates projects that are earmarked for development and/or implementation for the period 2022 – 2024.

Table 4: Energy Projects in Bank Projects Pipeline, 2022 - 2024

Project	Capacity (MW)	Project Value (US$ million)	Targeted Milestones In 2022	Location
Rufaro Solar Farm Project	50	71.0	Bankable Feasibility Study and ESIA Certification	Marondera, Mashonaland East Province
Odzani Mini Hydro Project	2.4 MW scalable to 3.6MW	6.3	Bankable Feasibility Study and ESIA Certification	Mutasa, Manicaland Province
Gutu Solar	5MW scalable to 20MW	8.4	Bankable Feasibility Study and ESIA Certification	Gutu, Masvingo Province
Home Solar System	5	4.0	Implementation	Countrywide

2.3 Secondary Focus Sectors Interventions

2.3.1 Health

64 In 2021, the Bank converted one of its residential properties in Bulawayo into a state of the art medical facility (Esihlengweni Medical Chambers) that accommodate eight (8) Medical Doctors. The objective is to increase the stock of health facilities in the country in response to the gaps exposed by the COVID-19 pandemic. In addition, the Bank had initiated procurement processes for accommodation facilities for public sector health staff. The Bank continues to undertake feasibility studies for investment in health facilities throughout the country.

2.3.2 Education

65 The Bank was mandated to undertake feasibility studies for the development of schools' infrastructure by the Ministry of Primary and Secondary Education (MOPSE). The feasibility studies were temporarily shelved due to funding constraints.

2.3.3 Tourism

66 In 2021 the Bank managed to complete the refurbishment of the Kariba Lodges and Samukele Lodges in Bulawayo. In 2022, the Bank targets to develop to bankability the proposed Binga Hotel and Conference Project, refurbish the Kanyemba Lodge, and support the operation of Kariba Lodges. The Bank will work in partnership with private investors and reputable hoteliers in the development and financing of modern hospitality facilities.

2.3.4 ICT

67 In 2021, the Bank was working on development to bankability on the TelOne Broad Band Project. The objective of the project is to broaden broadband coverage countrywide in support of the country's digitisation drive towards a digital economy.

2.4 Management of the Public Sector Investment Programme (PSIP)

68 In 2021, the Bank disbursed funds totalling ZWL28.8 million to projects in various sectors (see Table 4) out of an available envelope of ZWL69.9 million. The remaining balance will be disbursed to various projects in 2022.

Table 5: PSIP Disbursements in 2021

SECTOR	FUND SIZE			2021 DISBURSED (ZWL)
	2020 Balance Brought Forward (ZWL)	2021 Receipts (ZWL)	Total(ZWL)	
TRANSPORT	351	-	351	351
WATER AND SANITATION				
Dams	476,073	5,200,00	5,676,073	5,602,728
Irrigation Feasibility Studies and Rehabilitation	3,793	15,869,400	15,873,193	10,556,511
Local Authorities - Sanitation	11,572,135	8,300,033	19,872,168	-
SOCIAL INFRASTRUCTURE				
Institutional Accommodation	14,912,420	-	14,912,420	-
Health Facilities	40,276	-	40,276	-
Ministry of Youth,Sport & Recreation	602,220	-	602,220	500
Housing (HRF)	10,440,797	2,460,351	12,901,148	12,600,241
GRAND TOTAL	**38,128,666**	**31,829,784**	**69,877,849**	**28,759,980**

2.5 Infrastructure Value Chain Financing and Private Sector Support

69 In 2021, through the Infrastructure Value Chain Financing (IVCF) facility, the Bank attained a loan book size of ZWL192.8 million against a target of ZWL220 million. Total disbursements for the year amounted to ZWL243 million. The bulk of this support to the Private Sector was geared towards funding irrigation infrastructure and energy sectors. The Bank supported the clearance and preparation of 2,000ha of irrigable land in Chiredzi North and Kanyemba.

70 The Zimbabwe Electricity Supply Authority (ZESA) channelled about US$11.25 million towards replacement and repair of vandalized transformers between January 2015 and March 2019. In response, in 2021, the Bank supported the supply and installation of an anti-vandalism system on ZESA's 6,000 electricity transformers countrywide. This project will lead to huge foreign currency savings and supports the uninterrupted electricity supply.

71 Going forward, the Bank will continue to provide innovative solutions/ products to the private sector in the infrastructure value chain. The Bank will also partner other players through syndication.

2.6 Development Effectiveness

72 In 2021, the Bank continued to build a robust multisectoral Project Pipeline and projects worth US$129.8 million were added. The Bank disbursed US$0.24 million towards project preparation and packaging activities albeit resource constraints and other factors as outlined in sections 2.2.2 and 2.2.5. In total, the Bank managed to mobilise ZWL2.2 billion earmarked for Bank capitalisation (section 2.1.1), project preparation and development (section 2.1.2), project implementation (section 2.1.3), and infrastructure value chain support (section 2.5).

73 In 2021, the Bank was accredited by the Green Climate Fund (GCF) Board (section 3.3.1) and the Climate Finance Facility (CFF) Institutional and Operational Structure was approved by the IDBZ Board (section 3.3.2) paving the way for the Bank champion mobilisation of climate finance in support of the country's Nationally Determined Contribution (NDC), and mitigation, adaption, and resilience efforts against climate change.

74 In 2021, there was improvement in project implementation as reflected by the average project completion rate from 70% in 2020 to 84% in 2021. The support to the infrastructure value chain significantly increased in 2021 recording a 1233% jump from 2020. Knowledge generation and sharing initiatives during the year resulted in the dissemination of four research and position papers through the Bank's website and conferences.

2.6.1 Results Chain

75 The Bank has made significant strides in developing a multisectoral suite of bankable and shovel ready projects which will crowd in resources into infrastructure development. The Bank's resource mobilisation efforts have seen substantial support of infrastructure development by institutional and private sector investors and these efforts will result in the deepening of the local capital markets. Significant implementation progress in the housing sector projects will see the delivery of housing stands leading to amelioration of housing backlog. The developed stands will lead to increased access to electricity, water and sanitation, transport, and communication for the beneficiaries. Support in the infrastructure value chain will result in the improved capacity of private players in the delivery of infrastructure projects, employment creation and foreign currency generation. Keeping with the Bank's transformational agenda, the research efforts lead to sharpening and deepening of the Bank's knowledge in the infrastructure sectors, development of new products and improved institutional efficiency.

76 Table 5 summarises the Bank's inputs/activities, outputs, outcomes, and impacts.

INPUTS/ ACTIVITIES	OUTPUTS	OUTCOMES	EXPECTED IMPACT
Project Preparation and Development	• New projects committed to the Pipeline – US$129.76 million • Project studies and preparation funding disbursed – US$0.24 million	• Improved availability of multisectoral bankable and shovel ready projects.	• Wider investment options for investors. • Improved investment in infrastructure.
Resource Mobilisation - Bank capitalisation - Project preparation and development funding - Project implementation financing - Climate finance • Green Climate Fund (GCF) • Climate Finance Facility (CFF)	• Additional Bank capitalistion raised – US$6.62 million (ZWL719.8 million) • Additional project preparation and development funding – US$2.02 million (ZWL200 million) • Resources mobilised for project implementation financing – US$9.84 million (ZWL877.9 million) • Resources mobilised to finance infrastructure value chain – ZWL379.8 million • Milestones towards establishment of climate finance facilities: • The Bank accredited by the GCF Board. • CFF Institutional and Operational Structure was approved by the IDBZ Board	• Increased resources mobilised [increased from ZWL878.3 million in 2020 to ZWL2 177.5 million in 2021] • Increased completion rate on projects implementation [increased from 70% in 2020 to 87% in 2021] • Enhanced the Bank's Climate Finance capability.	• High impact investments • Deeper and wider capital markets. • Increased infrastructure projects outputs • Increased climate finance resources mobilised.
Project Implementation	Completion rate of projects being implemented: - Bulawayo Students Accommodation Complex Project [76%] - Elizabeth Park Housing Project [100%] - Kariba Housing Development Project (Baobab & Batonga) [80%] - Sumben Phase 1 Housing [95%]	Increased stock of sustainable infrastructure • Decent accommodation (37 serviced stands) • Improved access to water, sanitation and electricity. • Improved access to transport and communication.	• Improvement in the standards of living.
	PSIP projects disbursements [ZWL28.8 million; 41.2% disbursement rate]	• Increased project implementation rate	• Employment creation. • Effective and efficient utilisation of Government funds. • Increased transparency in use of Government funds.
Infrastructure Value Chain Financing	• Loan book size (ZWL192.8 million) • 2,000ha of irrigable land • 6,000 electricity transformers with anti-vandalism system	• Increased support towards infrastructure value chain (1233% increase in IVCF disbursements in 2021) • Diversified income streams for the Bank • Increased irrigable land • Improved electricity distribution	• Increased support towards infrastructure value chain (1233% increase in IVCF disbursements in 2021) • Diversified income streams for the Bank • Increased irrigable land • Improved electricity distribution
Knowledge generation and sharing	• 4 research and policy position papers disseminated.	• Increased knowledge in the Bank and the economy. • New Bank products.	• Increased innovation in the economy. • Improved business process efficiency. • Improved Bank's agility.

CHAPTER 3:
STRENGTHENING CAPACITY TO DELIVER

3.1 Operational Efficiency

3.1.1 Policies

77 In 2021, the Bank took steps to ensure that all Bank operations were aligned to the approved Policies, Operations Guidelines, and Manuals (POGM) through strict enforcement by the Credit and Policies Department (CRPD). In line with the need for the Bank to keep abreast with changes in the operating landscape and meet the best practice the POGM is regularly reviewed. Hence, the Environmental and Social Sustainability, Gender, and Financing Policies were reviewed to meet the GCF requirements. In response to the COVID-19 pandemic and the move towards digital economy, the Bank is developing a Remote Working Policy. Additionally, the Bank will improve technology integration in all its operations through appropriate deployment of process automation in line with the POGM to improve efficiency.

3.1.2 Internal Audit

78 The Internal Audit is responsible for evaluating the adequacy and effectiveness of the risk management processes, control mechanisms, compliance, and governance systems, thus supporting the Board and the Executive Management of the Bank in the effective execution of their tasks. Internal Audit covers all Bank activities as well as the activities of its subsidiaries. The Unit's autonomy and independence is guaranteed by its reporting structure where it functionally reports to the Board Audit Committee and administratively reports to the Chief Executive Officer.

3.1.3 Business Continuity Management (BCM)

79 Under the Business Continuity Plan (BCP) arrangement, most Bank staff worked remotely, and only 40% of staff reported for work at the offices in line with COVID-19 pandemic measures. Consequently, operational effectiveness was negatively affected.

80 Lending business was largely subdued in 2021 due to economy wide liquidity constraints. Furthermore, national lockdown measures that were put to contain the spread of the COVID-19 pandemic during the first quarter of 2021 inhibited smooth business operations in terms of business development and monitoring project implementation.

3.1.4 Information Technology

81 The ICT environment remained stable during the period under review, with no significant incidents reported. The system enhancement of the International Financial Reporting Standards (IFRS) 9 platform was completed in December 2021. Meanwhile, the Core Banking System upgrade is scheduled for completion in 2022. The Bank migrated its non-core applications to the cloud and upgraded its connectivity infrastructure. With the continued prevalence of the COVID-19 pandemic, the Bank availed its business applications for remote access, minimising contact and the spread of the virus.

3.1.5 Quality of Bank Operations and Portfolio Performance

82 The loan portfolio continued to perform well as demonstrated by the Non- Performing Loan (NPL) ratio of 0.4% as at 31 December 2021, against the regulatory prudential limit of 5%. Furthermore, the Loan impairment ratio was at 1% and the Bank achieved 98% collection rate on the active book and the Government projects. The impressive loan portfolio performance was due to the gains enjoyed by borrowers from high inflation and exchange rate depreciation, and the Bank's efforts in loan monitoring and strict adherence to loan covenants.

3.2 Knowledge Generation and Sharing

83 The Bank disseminated the following research and policy position papers:

- i. "Impact of COVID-19 in Zimbabwe and SSA".
- ii. "An analysis on Issues and Lessons for the Bank on the Labour Market Diagnostic Analysis Report".
- iii. "Infrastructure Development and Fiscal Decentralisation"; and
- iiii. "Financing Rooftop Solar Projects: Retail and Developer Finance in Zimbabwe".

84 Three research papers were commissioned in 2021 and are expected to be disseminated in 2022. These are:

- i. "Integrated River Basin Management Study for Gwebi River"; and
- ii. "Devolution and Infrastructure Development: Opportunities, Challenges and Lessons from Best Practice".
- iii. "Abandoned Vehicle Objects and Associated Metal Objects Survey in Harare and Bulawayo".

85 The Integrated River Basin Management Study for Gwebi River is aimed at recommending appropriate land uses and conservation initiatives within the basin. The study will be replicated in other prioritised catchments upon successful completion of the Gwebi River Basin Case Study.

86 The paper on Devolution and Infrastructure Development: Opportunities, Challenges and Lessons from Best

Practice will guide the Bank's interventions in support of the National Devolution Agenda through infrastructure development.

87 Survey findings on Abandoned Vehicle Objects and Associated Metal Objects in Harare and Bulawayo will be used to determine the extent of the problem of abandoned vehicle shells in Zimbabwe. The study will make recommendations on how the IDBZ can intervene to bring about a sustainable solution to the problem in the two cities and at national level.

88 Policy position and short analytical papers are among other research papers the Bank will continue to produce to share best practices in infrastructure development and develop new products. The papers will be disseminated using the Bank website, social media platforms, and at workshops.

3.3 Social, Environmental and Sustainable Development

3.3.1 Sustainability Standards and Certification Initiative

89 In 2021, the Bank continued participating in the European Organisation for Sustainable Development's (EOSD) Sustainability Standards and Certification Initiative (SSCI) that 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 foster climate resilience and financial inclusion. Upon certification, the Bank's capacity to mobilise green funds will be enhanced especially towards water and sanitation, irrigation, energy, and small-to-medium enterprises.

90 The SSCI complements the Bank's ongoing sustainability initiatives that started in 2015. The Bank adopted the Results Measurement Framework (RMF) in 2015 which ensured continuous and rigorous monitoring and evaluation of the IDBZ's performance thus enhancing Development Effectiveness. The RMF tracks the Bank's development impact at national level, outcomes, outputs, and efficiency in the execution of its Mandate. It enhances the planning cycle, systematically tracking performance and fostering organisational learning.

91 In terms of progress towards the SSCI, in 2021, the Bank's Purpose Statement and High Impact Goals were approved by the EOSD. Subsequently, the Bank started fulfilling the other tasks including onboarding all its Staff. By 31 December 2021, the Bank had started inputting work into the EOSD S-SIMS system.

3.3.2 Gender Equality and Social Inclusion

92 The GCF accreditation journey strengthened the Bank's internal processes and systems. The Bank enhanced its environmental, social and gender policies and guidelines in line with the international best practice and the GCF accreditation requirements. These policies and guidelines have become the Bank's compass towards transformation into a sustainable Green Bank.

93 Pursuant to that, the Bank has endeavoured to operate within the framework of the "Triple Bottom Line" which requires institutions to focus on the financial sustainability (profit), environmental sustainability (planet), and social sustainability (people).

94 To further entrench sustainability in all its operations, the Bank is continuously monitoring all Bank supported projects to ensure compliance with the Environmental and Social Management Plans (ESMPs). The level of compliance with ESMP requirements was largely satisfactory. The Bank also continued to ensure that all projects are compliant with ESIA requirements before implementation.

95 In the spirit of cultivating a culture of sustainability in pursuit of national economic development, the Bank in collaboration with the Environmental Management Agency (EMA) commissioned the Integrated River Basin Management (IRBM) Study which is focusing on the Gwebi River basin. The study was borne out of the realization that most of the river basins are witnessing tremendous ecological pressures arising from implementation of various socio-economic development activities some of which are incompatible with existing natural conditions. Implementation of these activities is inevitably compromising the conservation status of the river basins. The study is expected to make recommendations on appropriate land uses and conservation initiatives within the basin.

3.3.3 Gender Mainstreaming

96 The Bank remained committed to creating a conducive environment that allows for gender equity and equality guided by its Gender Policy, Gender Mainstreaming Strategy, and Gender Action Plan (2020-2025). To facilitate the rollout and implementation of the Bank's Gender and Development Frameworks, a Gender Mainstreaming Toolkit was developed as a step towards strengthening the institutional and individual capacity of staff to undertake gender mainstreaming at all levels. Additionally, Gender Focal Persons were appointed across the Bank to assist the process of gender mainstreaming in their respective areas of operation.

97 Notable achievements from the Bank's efforts during the year included the increase in the level of female staff which rose from 36% in 2020 to 38% as at 31 December 2021. At project level, gender equality considerations remain central throughout the project cycle. The Bank also started compiling comparative analysis of beneficiaries of its projects to demonstrate the extent to which women and other socially marginalised groups are benefiting. To date, gender disaggregated data is available on beneficiaries of housing stands as well as disaggregated statistics on employment status at some of the ongoing projects.

3.3.4 Communications and Corporate Social Investment

98 During 2021, the Bank made strides in brand visibility, publicity, and external relations as brand mentions increased by 551%. There was an increase in the usage of digital marketing platforms due to the COVID-19 pandemic. Key efforts were made towards e-marketing particularly the increased activity on the social media platforms that included Twitter and Facebook. Using these mediums, the Bank consolidated its online footprint through the sharing of project updates, corporate events, and pertinent infrastructure news from around the globe. This enhanced engagement with stakeholders across geographical boundaries.

99 In terms of Corporate Social Responsibility, the Bank made two interventions to: the Design4All Competition; and Shashane Adventist Primary School. In 2020, the Bank was approached to give financial support for the Design4All Competition by PowerAfrika. The Design4All Competition by PowerAfrika brought together architectural designers and urban planners to compete in making accessible infrastructure designs that can be used as templates for construction of inclusive infrastructure for Persons with Disabilities (PWDs). The aim of the PowerAfrika initiative tie-in with the Bank's aim of ensuring development of inclusive infrastructure. The Bank donated US$20 000 towards this initiative. In 2021, the Bank made a further donation of a stand valued at US$21 550 for the purpose of building the demonstration house to exhibit and bring to life the winning design template.

100 The Bank also provided financial support for the drilling of a borehole and installation of solar panels to power the borehole for Shashane Adventist Primary School in Kezi, Matobo District, Matabeleland South. The borehole is now a source of water for the school and the surrounding community.

3.4 Procurement

101 During the period under review, the Procurement Regulatory Authority of Zimbabwe (PRAZ) approved the IDBZ's 2021 Annual Procurement Plan. The Plan constituted procurement activities amounting to US$32 million.

102 Whilst implementing the Procurement Plan, the Bank secured 100% 'No Objections' (Prior Review Approvals) for applications made to the Special Procurement Oversight Committee (SPOC) for procurement proceedings especially for sensitive or valuable contracts conducted in line with section 54 of the Public Procurement and Disposal of Public Assets (PPDPA) Act. The IDBZ submitted seven (7) applications to SPOC through the PRAZ, which were granted 'No Objections' as follows:

i. Technical Proposals(T) for ESIA for the Bindura University of Science Education Student Accommodation Project (RFP No. 44 of 2020);
ii. Combined Technical and Financial Proposals for the Human Resources Consultants(RFP No.IDBZ 9(b) of 2020);
iii. Combined Technical and Financial Proposals (T+F) for ESIA for the Bindura University of Science Education Student Accommodation Project (RFP No. 44 of 2020);
iiii. Project Development and Funding for Solar Energy Projects (Feasibility Study and ESIA) for Tjibundule (Plumtree) and Gwayi;
v. EPC+F Partners for the Catholic University of Zimbabwe Students Accommodation Complex Project;
vi. Expressions of Interest for the EPC +F Cluster Homes Developments; and
vii. Direct engagement of Hualong Construction (Pvt) Ltd for Waneka Flats Phase 3 Housing Project.

103 However, the IDBZ later cancelled the procurement proceedings for the tender in (v) above, i.e., the EPC+F Partners for the Catholic University of Zimbabwe Students Accommodation Complex Project in line with section 42(1) (a) and (c) of the PPPDA Act and the project will be implemented through a revised project structure.

104 The Bank's procurement function was also involved in procurement activities that were donor funded. These projects are; the Biri Irrigation Development Feasibility Study, the Technical Support on the development of the IDBZ Long-Term Strategy (2021-2030), and the Gutu Solar Feasibility Study.

105 The IDBZ, in partnership with the Ministry of Lands, Agriculture, Fisheries, Water, and Rural Resettlement through the Department of Irrigation ("the Ministry/the Implementing Agent"), flighted a tender for Feasibility Study and Environmental and Social Impact Assessment (ESIA) for the Biri Irrigation Development situated in the Makonde District of Mashonaland West Province, Zimbabwe ("the Project"). The AFD availed EUR100,000 towards the co-financing of the project. However, the procurement proceedings ended at the Financial Proposals stage because the fees were above the AFD budget. The tender is set to be re-launched upon mobilisation of sufficient resources.

106 The AFD also availed financing of EUR30,000 towards the Development of the IDBZ's Long-Term Strategy (2021-2030). The resources are part of the technical support availed to the IDBZ through the MOFED.

107 Following the cancellation of initial procurement proceedings for the Biri Irrigation Development the AFD reallocated the funds towards financing of the proposed 5MW Gutu Solar Project's Feasibility Study and ESIA including ESMP. The Terms of Reference and Procurement Plan were submitted to AFD for 'No Objection' and the procurement process is expected to commence in first quarter of 2022.

3.4.1 Procurement Contracts signed in 2021

108 The IDBZ signed contracts for Services, Works and Goods valued at an equivalent of US$600 thousand which were payable in ZWL at RBZ auction rate, see detail in Table 7.

109 The allotment of major contracts signed by value is equivalent to the following in USD:

- Works – US$80,216.87 (13% of all contracts);
- Services – US$381,549.11 (64% of all contracts); and
- Goods – US$137,844.04 (23% of all contracts),

Table 7: Contracts signed in 2021

S/N	Project and Contract Title	Project Description.	Category Type	Contract Value (USD): Payable in ZWL at RBZ Auction Rate	Name of Service Provider	Service Provider's Nationality	Service Provider's Physical Address	Date Contract Signed (MM/DD/YY)
1	Contract for Supply and Delivery of 60 new Core i5 Laptops. Contract No: IDBZ/ICTU/83A/2021	Supply and Delivery of 60 new Core i5 Laptops.	Goods	71,592.99	Venturecom (Pvt) Ltd	Zimbabwe	45 Sandford Crescent, Eastlea, Harare	5-Nov-21
2	Contract for Supply and Delivery of ICT Gadgets. Contract No: IDBZ/ICTU/83D/2021	Supply and Delivery of ICT Gadgets.	Goods	20,320.11	Trickmut (Pvt) Ltd	Zimbabwe	Shop 2 Lintas,46 Kwame Nkrumah Avenue, Harare	29-Oct-21
3	Contract for Consultancy Services for Project Management Services for Waneka Housing Project Phase 3-Including Environmental and Social Impact Assessment (ESIA) IDBZ 32 of 2021	Project Management Services Including ESIA for Waneka Housing Project Phase 3	Consulting Services	171,578.25	Craftview Consultants (Pvt) Ltd T/A Promanint International	Zimbabwe	110 Longchen Plaza, Samora Machel, Harare	12-Oct-21
4	Supply and Installation of Perpetual Virtual Environment Backup and Replication Solution at IDBZ Head Office Harare: Contract No: IDBZ/ICTU/85/2021	Supply and Installation of Perpetual Virtual Environment Backup and Replication Solution at IDBZ Head Office Harare	Non-Consulting Services	20,441.86	LogikMind (Pvt) Ltd	Zimbabwe	29 Mazowe Street, 3rd Floor, Travel Plaza, Harare	13-Aug-21
5	ABM SWIFT CSP Audit Services: Contract No. IDBZ/ICTD/187/2021	SWIFT CSP Audit Services	Non-Consulting Services	5,939.50	ABM Global Banking Services (Pvt) Ltd	Zimbabwe	Bechara El-Khonry, Jamilar Center, Block A - 10th Floor, Beirut-Lebanon	30-Jul-21
6	FRS 9 System Recalibration and Upgrade	IFRS 9 System Recalibration and Upgrade. Addition of foreign currencies portfolio on all products. Addition of rent debtors products	Non-Consulting Services	34,350.00	Modworld Consulting (Pvt) Ltd	Zimbabwe	201 Block 1, Longcheng Plaza, Belvedere, Harare.	22-Jul-21
7	Emergency Renovations of IDBZ Westbourne Flats in BYO - Labour Only - IDBZ/CSHD.2/121/2021	Emergency Renovations of IDBZ Westbourne Flats in BYO - Labour Only	Works	39,856.82	Tekyad (Pvt) Ltd	Zimbabwe	135 JMN Nkomo Street	18-Jul-21
8	Supply of Hardware Server at IDBZ Head Office Harare: Contract No: IDBZ/ICTU/84/2021	Supply of Hardware Server at IDBZ Head Office Harare	Goods	32,193.19	Omni-Africa (Pvt) Ltd	Zimbabwe	No. 27 Chiremba Road, Hillside Harare	02-Jul-21
9	Renovations of IDBZ Property at No. 19 Liverpool Road, BYO - IDBZ/CSHD.2/106/2021	Renovations of IDBZ Property at No. 19 Liverpool Road, BYO	Works	40,360.05	Kundiso Civil Works (Pvt) Ltd	Zimbabwe	Construction House, 110 Leopold Takawira Street, 3rd Floor Harare	16-Jun-21
10	Consultancy Services Consultant for Integrated River Basin Management Study for Gwebi River (Contract No. IDBZ 41 of 2020)	Integrated River Basin Management Study for Gwebi River	Consulting Services	42,206.25	ATEG Resources (Pvt) Ltd	Zimbabwe	Agriculture House, 1 Adylinn Road, Malborough, Harare, Zimbabwe	10-May-21
11	Consultancy Services Contract for Environmental and Social Impact Assessment Study for Bindura University of Science Education (Contract No. IDBZ 44 of 2020)	Environmental and Social Impact Assessment Study for Bindura University of Science Education	Consulting Services	12,298.25	BN Environmental Consultancy (Pvt) Ltd	Zimbabwe	16 Coltman Road, Mount Pleasant, Harare, Zimbabwe	30-Apr-21
12	Supply and Delivery of Stationery and Office Supplies (IDBZ/CSAL/77 of 2020)	Supply and Delivery of Stationery and Office Supplies	Goods	13,737.04	Parplex Computer Systems (Pvt) Ltd	Zimbabwe	5th Floor Room 501, Mercury House Cnr George Silundika and 1st Street Harare	15-Feb-21
13	Brand Management Services (Contract No. IDBZ/MPRO/144/2020)	Brand Management Services	Consulting Services	88,295.00	Adrenalin Advertising and Design (Pvt) Ltd	Zimbabwe	13 Bath Road Belgravia, Harare	05-Feb-21
14	Consultancy Services Contract for ICT Network Vulnerability Assessment (Contract No: IDBZ/ICTU/145/2020)	ICT Network Vulnerability Assessment	Consulting Services	6,440.00	Acute Cyber-Security Services (Pvt) Ltd	Zimbabwe	42 C/O LAM Chartered Accountants, 42 Fereday Drive, Eastlea, Harare	15-Jan-21

3.4.2 Purchase Orders

The Bank placed 608 Purchase Orders with a cumulative value of ZWL157 million. The ratios for Purchase Orders in terms of values for Goods, Works and Services is 65%, 7% and 28% respectively. Table 8 summarises the Purchase Orders by category of purchase:

Table 8: Summary of Purchase Orders (POs) in 2021

Month	Goods	Works	Services (Consulting and Non-consulting)	Monthly Total (ZWL)	No of POs
January	1,391,330.39	1,339,368.40	0.00	2,730,698.79	12
February	3,427,442.69	376,062.75	729,643.39	4,533,148.83	24
March	4,785,698.24	786,528.07	2,294,274.87	7,866,501.18	47
April	9,864,251.34	1,035,536.18	185094.86	11,084,882.38	32
May	7,349,100.34	298011.13	2195164.51	9,842,275.98	55
June	9,968,045.74	1,078,334.71	6,379,390.66	17,425,771.11	79
July	8,686,086.96	495,835.00	2,243,947.64	11,425,869.60	70
August	6,886,913.84	1,454,171.14	3,223,398.15	11,564,483.13	41
September	8,398,389.69	915,214.60	2,670,421.10	11,984,025.39	56
October	3509861.34	756690.22	6650333.765	10916885.33	73
November	22683939.49	1117573.52	7397561.17	31199074.18	81
December	15255675.95	634157.56	10738128.77	26627962.28	38
Cumulative Total	102,206,736.01	10,287,483.28	44,707,358.89	157,201,578.18	608.00
Percentage of Total (%)	65%	7%	28%		

110 The Bank obtained 100% compliance level with the PPDPA Act in Q3 of 2021 from PRAZ and was among the best performing Parastatal Procurement Entities.

111 High inflation and exchange rate instability posed the following challenges to procurement activities:

- cancellation of the procurement proceedings – invariably, no bids were received by bid submission deadlines leading to cancellation of tenders.
- Most bidders could not hold their offer prices constant during bid validity periods and other bidders overpriced their products to hedge against high inflation.

112 The COVID-19 pandemic continues to negatively impact on procurement processes. The Bank adopted electronic submissions for proposals to minimise the spread of COVID-19 virus. Working online proved challenging due to unreliable supply of electricity and intermittent internet connectivity.

113 Going forward, the Bank will continue to ensure 100% compliance with the PPDPA Act and Regulations. The turnaround for procurement activities for goods, works and services will be closely monitored for the Bank to achieve value for money in all its procurement.

3.5 Human Capital Management

114 To mitigate the effects of the COVID-19 pandemic in 2021, the Bank instituted the following measures to ensure staff safety and financial sustainability:

- operating under the Business Continuity Plan (BCP) wherein a reduced number of personnel were reporting physically for work at the office while the rest of staff members were working from home or were on leave.
- COVID-19 mitigation and containment strategies that included:
  - inoculation of regular Staff Members, Board Members and Contract Staff, and administration of the COVID-19 Booster Shots;
  - regular PCR testing of Staff members;
  - purchasing of oxygen concentrators and oximeters for use by Staff in case of severe COVID-19 attack;
  - decongestion of offices;
  - provision of health packs and PPE; and fumigation of IDBZ offices.
  - Prioritisation of critical recruitments; and

- Strict staff leave management programme to enable flexi working hours thereby reducing leave liability.

115 Since the adoption of the new Organizational Structure, the Bank has been resourcing various functions with key technical skills in order to support efficient business delivery and enhance the capacity to deliver on the Bank's mandate. This has seen the Bank`s staff complement increasing from ninety-six (96) recorded in 2016 to one hundred and seventeen (117) recorded by end of 2021. Three key positions of Director IPD1.0, Director IPD2.0 and Manager Structured Finance were filled in 2021.

116 In an endeavour to ensure adequacy of skills and competencies to support the Bank's Strategy, several training programmes were facilitated for staff in various business functions in 2021 and achieved 23.47 manhours against a target of 24 manhours per employee. Furthermore, the Bank implemented a Mentorship Programme focusing more on multiskilling of staff members.

117 Efforts were made to develop and introduce the Bank's Career Development Plans in line with its Human Resources Strategy (HRS). By close of Q4, 2021 the Bank had engaged a Human Resources Individual Expert to review and validate the HR Policies, Procedure Manuals, and Career Development Plans. The exercise will be implemented in 2022.

118 The industrial relations environment in the Bank was generally subdued in the first half of the year owing to the salary levels that were not in line with the high cost of living due to the ever-increasing prices of basic goods. However, the industrial relations environment in the Bank continued to improve due to the weighted average salary increase of 89.16% that was awarded to all Staff Members in December and backdated to 1st October 2021.

119 The Bank's Staff Retention Index for 2021 was 92% against an annual target of 95%. This was due to increased staff resignations witnessed during the period under review.

120 Going forward, the Bank human capital reforms will continue to focus on creating an agile Bank which has an open and conducive working environment, which supports efficient business delivery, as well as developing a robust staff retention strategy. This will be through proactive initiatives and interventions that include effective and efficient recruitment, continuous training and development, effective talent management and career development, harmonious working environment, staff wellness, and performance driven culture.

3.6 Corporate Governance Statement for FY2021

121 The Infrastructure Development Bank of Zimbabwe ("IDBZ/the Bank") is a development finance institution charged with a mandate to champion infrastructure development and financing. Its main objectives are to promote economic development and growth and to improve the living standards of Zimbabweans through the development of infrastructure. In pursuit of these objectives, the IDBZ focuses primarily on the key economic development enablers as outlined in section 1.3.

122 In the execution of its statutory mandate, the Bank observes principles and tenets of good corporate governance and ensures that these are embedded in all the business processes thus ensuring effective and efficient product and service delivery in an economically, socially, and environmentally sustainable manner. Compliance with legal and regulatory requirements and conformance to international best practice governance standards and guidelines forms the bedrock of the Bank's corporate governance framework.

123 Corporate governance in the IDBZ is anchored on the principles of fairness, transparency, accountability, financial sustainability, and environmental, social and corporate (ESG), principles. These governance principles are the foundation upon which the Bank strives to build a profitable, socially responsible, economically viable and environmentally sustainable business that serves the interest of all stakeholders.

CHAPTER 4:
GOVERNANCE, ETHICS AND INTEGRITY

4.1.1Corporate Governance Framework

124 The IDBZ was established in 2005 as a successor organization to the Zimbabwe Development Bank ("ZDB") and is governed in terms of an Act of Parliament, the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14] ("the IDBZ Act"). The Bank is regulated by the Minister of Finance and Economic Development. This role is shared with the Reserve Bank of Zimbabwe through the Finance Act Number 3 of 2014 which amended the Banking Act [Chapter 24:20] to bring IDBZ under the supervisory purview of the apex bank.

125 Whilst the IDBZ Act is the anchor in the institutional governance matrix, a superior governance instrument has since been enacted to which the Bank, as a public entity, is required to comply to. The Public Entities Corporate Governance Act [Chapter 10:33] ("the PECG Act"), promulgated in June 2018, supersedes any other enactment on Corporate Governance. To the extent that there are inconsistencies between the Establishing Act and the PECG Act, the latter takes precedence. To underline the importance, Government attaches to Corporate Governance in the public sector, the administration of the PECG Act is vested in the Office of the President and Cabinet (OPC).

126 The Bank also embraces to the extent possible the principles of good corporate governance enshrined in other governance standards both locally and internationally, and it recognises the various legal and statutory provisions that State Enterprises and Parastatals in Zimbabwe are required to abide by as they discharge their mandates.

4.1.2 Code of Conduct and Ethical Framework

127 In the conduct of its business, the Bank has a special responsibility to ensure that all operations and activities are conducted on the highest ethical plane. The Bank endeavours to be at the forefront in promoting ethical business practices and processes that meet international best practice. To that end, the IDBZ is constantly reviewing and strengthening policies and procedures that govern Staff interactions with government, suppliers, customers, and other stakeholders. The Code of Ethics Policy provides a framework under which Directors, Management and Staff, and Stakeholders who interact with the Bank are expected to conduct themselves. The Code is designed to promote honest and ethical conduct and is founded on the Bank's core values of integrity, professionalism, innovation, service orientation, sustainability, and knowledge generation and sharing. A Code of Conduct is a key requirement under the PECG Act.

4.1.3 Board of Directors

128 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 Directors comprises of eight (8) non-executive directors and the Chief Executive Officer as ex-officio member. It is noteworthy that of the eight Non-Executive Directors, seven of them are Independent Non-Executive Directors. The Chairman is an Independent Non-Executive Director.

4.1.4 Duties and Responsibilities of the Board

129 The duties and responsibilities of the Board are outlined in section 4A of the IDBZ Act [Chapter 24:14], as read together with section 60 of the PECG Act.

130 The duties and functions of the Board are codified in a Board Charter that complies with section 27 of the PECG Act – Principles and contents of board charters and codes of ethics.

131 The Board is responsible for formulating and implementing policies and strategies necessary for the achievement of the Bank's objectives. The Board supervises the overall activities of the IDBZ and ensures that the institution and its subsidiaries have adequate control systems to monitor and manage risk, and further that there is an efficient and economic use of the resources consistent with the principle of "achieving more with less".

132 As an overarching responsibility, section 4A (e) of the IDBZ Act requires that the Board formulates and enforces rules of good corporate governance and ethical practices for the IDBZ Directors, Management and Staff.

133 To effectively discharge its oversight and stewardship role, the Board meets regularly, at least once every quarter.

4.1.5 Board Committees

134 For the effective discharge of its functions and in order to enhance oversight on the various areas of the Group's operations, the Board constituted and appointed four (4) Committees which operate under clearly defined areas of responsibility and terms of reference. These are:

- Audit Committee;
- Finance, Risk Management, and ICT Committee;
- Human Resources Committee; and
- Corporate Governance, Ethics, and Sustainability Committee.

135 In the discharge of their respective terms of reference, the Board Committees ensure transparency, full reporting and disclosure of key decisions and recommendations to the main Board.

4.1.6 Board Remuneration

136 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.

137 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 are given in Table 9.

Table 9: The IDBZ Board Members Remuneration

Director	Designation	Total Fees Paid (ZWL)
Mutizwa Joseph (Mr)	Non-Executive Board Chairman	463 680.00
Mlambo Kupukile (Dr)	Non-Executive Deputy Board Chairman	352 980.00
Bango P Sibusisiwe (Ms)	Non-Executive Director	333 900.00
Mugwagwa O Norbert (Dr)	Non-Executive Director	313 740.00
Mugwara Reginald (Mr)	Non-Executive Director	322 560.00
Mutonga Jeremiah (Mr)	Non-Executive Director.	308 700.00
Muzoroza Tadios (Mr)	Non-Executive Director	323 820.00
Ngwerume EM Luke (Mr)	Non-Executive Director	273 420.00
TOTAL		**2 692 800.00**

138 No other benefits were extended to Non-Executive Directors.

4.2 Board and Board Committee Attendance Record for 2021

Table 10: Board and Board Committee Attendance Record for 2021

Name	Main Board	Audit Committee	Finance, Risk Management & ICT	Human Resources	Corporate, Governance, Ethics, & Sustainability
Total Meetings	8	4	3	5	4
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

4.3 Risk Management

139 The Bank subscribes to an Enterprise-wide management approach in the identification, measurement, controlling and monitoring of risks. The Board is responsible for the approval of Bank risk management and internal control policies whilst management ensures implementation of same. The Board is kept apprised of risk management issues through the various relevant Board Committees in place.

4.3.1 Risk Spectrum

140 The Bank remains exposed to various risks that present a threat to achievement of its mandate. The primary risks which the Bank was exposed to in 2021 were as follows:

4,..1.1 Credit Risk

141 Potential failure by clients/counterparties to settle obligations on time remains the main source of credit risk. The continued fragile operating environment and the COVID-19 pandemic increased the Bank's credit risk. To neutralize the inflation induced losses on lending, the Bank developed structured lending products. In 2021, the Bank carried out a recalibration of the IFRS 9 system to ensure that impairments remain adequately provided for.

142 The Bank strives to maintain a high-quality loan portfolio by ensuring a comprehensive credit management process including reviews of lending policies. The Bank continued to ensure that there is segregation of duties between business development and credit appraisal functions to manage adverse selection risk.

4.3.1.2 Project Risk

143 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.

4.3.1.3 Liquidity Risk

144 The Bank's capital structure, escalating of project material costs, and lack of long-term funding in the financial markets were the key drivers of liquidity risk. The Management of Assets and Liabilities Committee (MALCO) is responsible for formulation and monitoring implementation of liquidity management strategies. Risk monitoring and control has been mainly through limits and regular reports. The Bank has at its disposal instruments to mobilise appropriate funding to support infrastructure development see section 2.1.

4.3.1.4 Operational Risk

145 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.

146 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.

4.3.1.5 Market Risk

147 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.

4.3,.1.6 Strategy Risk

148 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.

4.3.1.7 Reputational Risk

148 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.

4.3.1.8 Legal & Compliance Risk

150 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.

151 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.

4.3.2 External Credit Rating

152 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 in Table 11:

PSGRS Standard	Weighted Contribution per Standard	Rating Year: 2021	Rating Year: 2020	Rating Year: 2019	Rating Year: 2018
Governance	40%	42.62%	38.46%	42.62%	36.4%
Financial	40%	29.00%	33.33%	27.83%	27.3%
Operational	20%	16.28%	19.03%	17.17%	18.7%
Overall Score		87.90%	90.82%	87.62%	82.4%
PSGRS Rating		B+			

4.4 Directors' Report
4.4.1 Business of the Infrastructure Development Bank of Zimbabwe (IDBZ)

153 The Bank is involved in infrastructure development and financing, resource mobilization and supporting the infrastructure value chain. The specific primary sectors in the infrastructure space that the Bank focuses on are: water and sanitation; housing; irrigation infrastructure; transport; and energy. Secondary areas of focus are: Health; Education; Tourism; and ICT. These sectors have been identified as having the greatest positive socio-economic impact.

4.4.2 General Policy Directions of the Minister of Finance and Economic Development

154 In terms of Section 9A (1) of the IDBZ Act, the Minister of Finance and Economic Development may give the Board general directions regarding the policy it is to observe in the exercise of its functions, and the Board shall take all necessary steps to comply with every such direction.

155 Section 9A (3) of the IDBZ Act requires the Board to set out in its Annual Report, the terms of every direction given to it in terms of this provision by the Minister and any views or comments the Board expressed on such direction.

156 During the year under review the Minister did not issue any directive of a policy nature to the Board.

4.4.3 Authorised and Issued Share Capital
4.4.3.1 Ordinary Share Capital

157 The authorised share capital of the Bank remained at ZWL$1 500 000 comprised of 150 000 000 ordinary shares at a nominal value of ZWL$0.01 (one cent) per share. There was no change in the number of shares in issue, which remained at 24 064 721 ordinary shares.

4.4.3.2 Preference Share Capital

158 The Preference Shares remained unchanged at 382,830 with a nominal value of ZWL$100.00 per share. The non-cumulative, non-redeemable preference shares were issued to Government of Zimbabwe and carry a 5% dividend payable out of distributable profits.

4.4.4 Investments

159 As at the year end, the Group had the following sizeable investments:

Subsidiaries		
Waneka Properties (Private) Limited	-	70%
Manellie Investments (Private) Limited (Dormant)	-	100%
Norton Medical Investments (Private) Limited	-	60%
Mazvel Investments (Private) Limited	-	50.7%
Samukele Lodge (Private) Limited	-	100%
Changamire Inkosi Investments (Private) Limited	-	60%
Associates		
Mosi Oa Tunya Development Company (Private) Limited	-	20.60%

4.4.5 Financial Results for the Year

160 The results for the year are fully dealt with in the Financial Statements forming part of the Annual Report.

4.4.6 Dividends

161 The Directors do not recommend a dividend for the year ended 31 December 2021 because the Bank made a loss.

4.4.7 Compliance with the Public Entities Corporate Governance Act [Chapter 10:33]

162 The Public Entities Corporate Governance Act [Chapter 10:33] ("the PECG Act") became law in June 2018. It supersedes all other enactments, including establishment legislation for all State Enterprises and Parastatals, on matters of corporate governance. The Bank is committed to complying fully with all provisions of the PECG Act and has established a reporting mechanism to monitor and track compliance with the new Act.

163 The Bank participated in the Compliance Assessment Survey Report for 2020 conducted by the OPC/Corporate Governance Unit and it was placed 5th among the top ten Commercial State Enterprises with the Highest Compliance. The Bank will continue to work hard to improve on the rating.

4.4.8 Going Concern

164 The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to Development Finance Institutions using appropriate Accounting Policies, supported by reasonable and prudent judgments and estimates.

165 With a capital base of ZWL4.2 billion as of the 31st of December 2021, and taking into account the Bank's future business prospects presented by the scope, breadth and width of the IDBZ's mandate, the Directors have a reasonable expectation that the Group has adequate resources to continue as a going concern in the foreseeable future.

4.4.9 Subsidiary and Associate Companies

166 Information regarding the Group's subsidiary and associate companies as well as special purpose entities is given in the notes to the Financial Statements.

4.4.10 Directorate

167 The current Board of Directors was appointed on 24 June 2019 for a three (3) year term of office. Table 12 shows the Board Members.

Table 12: Current Bank Board Members

Mutizwa Joseph	Independent Non-Executive Chairman
Bango Sibusisiwe P	Independent Non-Executive Director
Mlambo Kupukile	Non-Executive Director
Mugwara Reginald	Independent Non-Executive Director
Mugwagwa Norbert O	Independent Non-Executive Director
Mutonga Jeremiah	Independent Non-Executive Director
Muzoroza Tadios	Independent Non-Executive Director
Ngwerume Luke EM	Independent Non-Executive Director
Sakala Zondo T	Chief Executive/Ex-Officio

4.4.10.1 Directors' Interest in Infrastructure Development Bank of Zimbabwe

168 During the year, there was no Director who held either directly or indirectly any interest in the share capital of the Infrastructure Development Bank of Zimbabwe.

4.4.10.2 Declaration of Assets

169 In line with provisions of the PECG Act, all directors of the Bank declared their assets to the Minister of Finance and Economic Development. Copies of the asset declarations are available for inspection in the Bank Secretary's Office.

4.4.10.3 Directors' Emoluments

170 Directors' emoluments are disclosed in the Corporate Governance Statement as well as in the notes to the Financial Statements.

4.4.10.4 Interest of Directors and Officers

171 One Director declared his interest in one of the housing projects that the Bank is undertaking in Masvingo in a Joint Venture with a private promoter. The declaration was made to the Minister before confirmation of the Directors' appointment to the Board of IDBZ. The declaration of interest disclosure was accordingly recorded by the Bank and is on file.

4.4.11 Auditors

172 The Auditor General appointed BDO Zimbabwe Chartered Accountants as the Bank's independent auditor effective the year 2021. For the year under review, the audit fees was pegged at ZWL22 554 299 including VAT and disbursement. The Auditors were appointed for a five (5) year term.

173 The Directors' Report is made in accordance with a Resolution of the Board.

J Mutizwa
Board Chairman

Zondo T Sakala
Chief Executive Officer

INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE

4.5 Directors' Responsibility Statement

174 The directors are responsible for the preparation and integrity of the Financial Statements and other information contained in this Annual Report.

175 To enable the Directors to meet these responsibilities, systems of accounting and internal controls are maintained that are aimed at providing reasonable assurance that assets are safeguarded and that the risk of error, fraud or loss is controlled in a cost-effective manner. The Group's Internal Audit function, which has unrestricted access to the Audit Committee, regularly evaluates these systems and makes recommendations for improvements where necessary.

176 The Financial Statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") and the Directors are of the opinion that they fairly present the results of operations for the year and the financial position of the company at the year end.

177 The Financial Statements have been prepared on the going concern basis and the Board has no reason to believe, based on available information and cash resources, that it is not appropriate.

178 The responsibility of the Independent Auditors is to report on the Financial Statements. Their report to the members is set out from page 47 to 49 of this report.

179 The Financial Statements were approved by the Board of Directors on 24 May 2022 and are signed on its behalf by the Chairman and the Chief Executive Officer.

4.5.1 Financial Statements for the Infrastructure Development Bank of Zimbabwe

Preparer of Financial Statements

180 The Financial Statements were prepared under the supervision of C. Gambinga and they have been audited in terms of the IDBZ Act [Chapter 24:14].

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C. Gambinga
Director Finance

....

J Mutizwa
Board Chairman

....

Zondo T Sakala
Chief Executive Officer

CHAPTER 5:
FINANCIAL STATEMENTS

Shareholder	No. of Ordinary Shares	No. of Preference Shares
Government of Zimbabwe	20 289 634	382 830
Reserve Bank of Zimbabwe	3 775 062	0
Fidelity Life Assurance Company of Zimbabwe Ltd	12	0
Finnish Fund for Industrial Cooperation Limited (Finn-fund)	5	0
African Development Bank (AfDB)	4	0
German Investments & Development Company (DEG)	3	0
European Investments Bank (EIB)	1	0
TOTAL	**24 064 721**	**382 830**

Notes:
The par value of each ordinary share is ZWL0.01
The par value of each preference share is ZWL100.00

BDO Zimbabwe Chartered Accountants

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Zimbabwe

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Infrastructure Development Bank of Zimbabwe ("IDBZ")

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE AND ITS SUBSIDIARIES ('the Bank") set out on pages 51 to 121, which comprise of the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the matters discussed in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE AND ITS SUBSIDIARIES as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

i) Valuation of investment property and property and equipment

The Bank engaged an external valuer to value its investment property and property and equipment as at 31 December 2021 using the market approach. The valuations were performed in USD and were subjected to certain caveats as disclosed in the valuer's report. The Bank converted the USD values to ZWL using the Reserve Bank of Zimbabwe auction exchange rate. In our considered view this does not give a reasonable indication of fair value as defined by International Financial Reporting Standard 13, "Fair Value Measurement", (IFRS 13). IFRS 13 paragraph 2 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In the current environment, it is not likely that the ZWL price derived from translating the USD value at the Reserve Bank of Zimbabwe auction exchange rate would be the price at which a ZWL denominated transaction would occur. Accordingly, we were unable to determine whether adjustments to the carrying amounts of investment property, property and equipment and revaluation surplus were appropriate in these circumstances.

ii) Fair valuation of deferred revenue

The Bank recognised deferred revenue from stand sales in the consolidated financial statements amounting to ZWL306,738,352. Stands are sold in USD and for recording purposes converted to ZWL at the Reserve Bank of Zimbabwe auction exchange rate on the date of the transaction which may not necessarily reflect a fair value in terms of International Financial Reporting Standard 15, "Revenue from contracts with Customers", (IFRS15). In terms of IFRS 15, para 73, the objective when allocating the transaction price is for an entity to allocate the transaction price to a performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer. The Reserve Bank of Zimbabwe auction exchange rate applied in recognising deferred revenue may not meet the requirements of IFRS 15, para 73 as the auction exchange rate may not reflect the fair exchange rate for a willing buyer and willing seller in the context of sales to third parties. In addition, it may not fairly represent the amount that would be obtained if the stands were to be sold in ZWL.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B), together with other ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key audit matters

Key audit matters are those matters that in our professional judgment were of most significance in our audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion, we have determined the matter described below to be the key audit matter to be communicated in our report: -

Key audit matter	**Audit response**
Loan loss provision Loans and advances expected credit loss amounted to ZWL 46,199,686 The appropriateness of loan loss provisions is a key area of judgement for management. The identification of impairment and the determination of the recoverable amount are an inherently uncertain process involving various assumptions and factors including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices. The use of different modelling techniques and assumptions could produce significantly different estimates of loan loss provisions.	We assessed and tested the design and operating effectiveness of the controls over individual and collective impairment calculations including the quality of underlying data and systems. For loan loss provisions calculated on an individual basis we tested the assumptions underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral and estimates of recovery on default. This included taking into consideration the impact of forbearance. For loan loss provisions calculated on a collective basis we tested, supported by our specialists, the underlying models including the model approval and validation process. We also tested the appropriateness and accuracy of the inputs to those models, such as recovery and cure rates, and where available, compared data and assumptions made to external benchmarks. Finally, we assessed and tested the design and operating effectiveness of the controls over related disclosures including forbearance and cover values.

Other information

The Directors are responsible for other information. The other information comprises of the Chairman's Statement, Report of the Directors, Corporate Governance Statement, Director's Responsibility Statement. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

Responsibilities of the directors for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on the financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue operating as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jonas Jonga.

BDO Zimbabwe

BDO Zimbabwe Chartered Accountants
3 Baines Avenue,
Harare

24 May 2022

Jonas Jonga CA(Z) (PAAB Practicing Number 0438)

Registered Public Auditor
Partner

CHAPTER 5:

Financial Statements

Consolidated Statement of **Financial Position**

FOR THE YEAR ENDED 31 DECEMBER 2021

		Inflation Adjusted		Historical Cost	
			Restated Note 4		Restated Note 4
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	Notes	ZWL	ZWL	ZWL	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	13,3	126 686 330	130 345 751	556 944	3 392 806
Investment property	14	1 467 403 931	1 879 512 789	1 467 403 931	1 169 303 021
Intangible assets	16	66 580 486	1 954 322	56 856 696	112 378
Property and equipment	15	661 794 951	788 991 051	520 847 100	378 264 079
Right of use of assets	17	15 471 073	17 658 567	8 488 393	6 778 657
Deferred taxation	18,2	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	24	468 676 938	360 021 541	468 676 938	223 980 533
Local lines of credit and bonds	25	759 534 762	543 645 040	759 534 762	338 218 389
Other liabilities	26	719 442 547	289 664 580	719 442 547	180 257 193
Deferred taxation	18	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	19	3 768 919	3 345 810	240 647	187 848
Share premium	19	8 516 087 024	1 946 894 389	1 003 522 716	183 767 850
Foreign Currency Translation Reserve	20	2 586 618 275	2 586 618 275	51 967 059	51 967 059
Amounts awaiting allotment	19	-	5 754 419 767	-	100 000 000
Preference share capital	23	1 714 604 838	1 714 604 838	38 283 003	38 283 003
Fair value reserve	22	1 008 330 252	1 032 650 677	811 760 202	508 142 136
Revaluation reserve	21	367 197 207	420 178 266	466 377 641	297 282 774
Retained (loss)/ profit		(7 245 000 661)	(5 955 229 830)	1 781 397 842	1 850 099 427
Equity attributable to parent owners of the Group		**6 951 605 854**	**7 503 482 192**	**4 153 549 110**	**3 029 730 097**
Non-controlling interest in equity		560 015 315	478 478 901	68 903 405	70 001 386
Total shareholders' equity		**7 511 621 169**	**7 981 961 093**	**4 222 452 515**	**3 099 731 483**
Total equity and liabilities		**9 476 445 546**	**9 185 299 451**	**6 185 183 461**	**3 848 413 384**

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

		Inflation Adjusted		Historical Cost	
		31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	Note	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Interest and related income	27.1	64 886 281	73 440 111	54 153 711	25 569 380
Interest and related expense	27.2	(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	28	1 552 035	1 220 764 605	1 466 700	759 475 407
Fee and commission income	29	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	31	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	32	(407 110 909)	1 218 971 217	300 737 895	858 334 824
Prior period error on Fair value gain on investment property	4	-	160 697 911	-	99 812 367
Net gain on financial assets at fair value through profit or loss	30	63 578 709	54 626 906	44 513 108	23 512 029
Net foreign exchange gain	33	302 538 896	157 601 072	272 327 867	64 991 107
Operating expenses	34	(842 153 647)	(484 820 755)	(657 051 490)	(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)**	**2 397 864 028**	**(108 434 281)**	**1 650 778 396**
Income tax expense	35	-	(152 863)	(4 504 988)	(46 510)
Income tax credit		19 603 286	-	19 696 520	-
(Loss)/profit for the period		**(926 201 407)**	**2 397 711 165**	**(93 242 749)**	**1 650 731 886**
Loss on net monetary position		**(381 381 187)**	**(3 043 065 382)**	**-**	**-**
(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	(24 541 164)	1 143 320
		(1 307 582 594)	**(645 354 217)**	**(93 242 749)**	**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	74 553 572	58 675	46 713 779
		(1 384 884 079)	**(520 584 069)**	**347 079 867**	**2 350 897 188**
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)	8 782

Consolidated Statement of **Changes In Equity**

FOR THE YEAR ENDED 31 DECEMBER 2021

Inflation Adjusted	**Ordinary share capital ZWL**	**Share premium ZWL**	**Amounts Awaiting allotment ZWL**	**Foreign Currency Translation Reserve ZWL**	**Preference share capital ZWL**	**Fair value Reserve ZWL**	**Revaluation Reserve ZWL**	**Accumulated Losses ZWL**	**Total before non-controlling interest ZWL**	**Non controlling interest ZWL**	**Total equity ZWL**
Balance as at 1 January 2020	**2 923 781**	**1 423 607 491**	**5 842 611 485**	**2 610 285 691**	**1 714 604 838**	**949 903 063**	**377 566 227**	**(6 377 331 036)**	**6 544 171 540**	**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	-	-	-	(1 111 086)	-	-	-	139 817	(971 269)	971 269	(0)
Issue of share capital	-	-	435 517 209	-	-	-	-	-	435 517 209	-	435 517 209
Allotment of shares	422 029	523 286 898	(523 708 927)	-	-	-	-	-	-	-	-
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**	**1 610 071 532**	**771 884 964**	**(6 115 927 741)**	**8 271 911 834**	**478 478 901**	**8 750 390 735**
Prior year adjustment (Note 4)	-	-	-	-	-	(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)
Revaluation of Property and Equipment	-	-	-	-	-	-	(52 981 059)	-	(52 981 059)	99 348 177	46 367 118
Net fair value gain on financial assets at fair value	-	-	-	-	-	(24 320 425)	-	-	(24 320 425)	-	(24 320 425)
Issue of share capital	-	-	815 195 977	-	-	-	-	-	815 195 977	-	815 195 977
Allotment of shares	423 109	6 569 192 635	(6 569 615 744)	-	-	-	-	-	-	-	-
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)**	**6 951 605 854**	**560 015 315**	**7 511 621 169**

Historical Cost	**Ordinary share capital ZWL**	**Share premium ZWL**	**Amounts Awaiting allotment ZWL**	**Foreign Currency Translation Reserve ZWL**	**Preference share capital ZWL**	**Fair value Reserve ZWL**	**Revaluation Reserve ZWL**	**Accumulated Losses ZWL**	**Total before non-controlling interest ZWL**	**Non controlling interest ZWL**	**Total equity 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	-	-	-	-	-	-	-	1 549 776 199	1 549 776 199	1 143 320	1 550 919 519
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	45 570 458	290 488 927
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**	**2 999 919 116**
Prior year adjustment								99 812 367	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**	**3 029 730 097**	**70 001 386**	**3 099 731 483**
Profit for the year	-	-	-	-	-	-	-	(68 701 585)	(68 701 585)	(24 541 164)	(93 242 749)
Disposal of Hwange Empumalanga stands										(1 230 000)	(1 230 000)
Revaluation of Property and Equipment	-	-	-	-	-	-	169 094 867	-	169 094 867	24 673 183	193 768 050
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**	**1 781 397 842**	**4 153 549 110**	**68 903 405**	**4 222 452 515**

Consolidated Statement of **Cash Flows**

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Inflation Adjusted		Historical Cost	
		31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Cash flow from operating activities					
(Loss)/ Profit for the year		(945 804 693)	2 397 864 028	(108 434 281)	1 650 778 396
Prior period error	4		(160 697 911)		(99 812 367)
Adjustments for:					
Depreciation	15;17	86 061 993	79 961 408	16 547 879	3 265 722
Amortisation	16	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)	-	(14 405 779)	-
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		2 968 145	1 498 580	2 968 145	932 313
Net (gain) from translation of foreign currency balances		(302 538 896)	(157 601 072)	(272 327 867)	(64 991 107)
Discount on sale of Treasury Bills	27	-	63 828 922	-	23 192 085
Loss / (Gain) on financial assets measured at fair value through OCI		(303 618 066)	-	(303 618 066)	-
Net (gain) on financial assets at fair value through profit or loss	7	(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)	(858 334 824)
Share of (profit)/ loss of associate		3 659 421	(1 523 992)	2 835 862	(567 938)
		(1 863 036 828)	**664 362 312**	**(955 597 153)**	**623 036 427**
Changes in :					
Loans and advances to customers	10	(249 833 122)	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	11	260 850 815	(1 204 050 325)	(230 830 490)	(813 495 062)
Inventories	12	(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		**(2 007 812 250)**	**341 256 445**	**(1 327 019 915)**	**(39 829 402)**
Cash flow from investing activities					
Acquisition of property and equipment	15	(34 924 590)	(12 005 955)	(20 116 725)	(5 668 287)
Disposal of Available For Sale Assets		-	19 815 170	-	11 463 625
Acquisition of financial assets at fair value through other comprehensive income	8	-	(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
Dividents received		44 823	101 665	35 048	58 528
Net cash generated from/ (used in) investing activities		**7 315 873**	**(61 799 176)**	**8 609 029**	**(15 793 585)**
Cash flow from financing activities					
Proceeds from issue of bonds		965 543 748	785 143 670	965 543 748	288 606 979
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	19	815 195 977	323 548 143	719 807 665	119 104 685
Net cash generated from/ (used in) financing activities		**1 996 629 446**	**(274 858 042)**	**1 699 309 836**	**219 574 468**
Inflation effect on cash and cash equivalent		166 123 401	(839 398 180)	-	-
Net increase in cash and cash equivalents		**162 256 470**	**(834 798 953)**	**380 898 950**	**163 951 482**
Cash and cash equivalents at the beginning of the year		**578 619 658**	**1 413 418 611**	**359 977 180**	**196 025 699**
Cash and cash equivalents at end of the year	6	**740 876 130**	**578 619 658**	**740 876 130**	**359 977 180**

Significant **Accounting Policies**

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:
31-Dec-21

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 the following 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.	
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. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	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.

SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2021

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 is increased 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.

2.5.10Equity 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 are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

2.5.11Debt 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.

2.5.12Financial 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.

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 the value 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 amountof 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
- Furniture and fittings
- Motor vehicles
- Office equipment
- Computer hardware and software equipment

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 interest method.

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.

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.

2.26.2Non-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.

2.26.3Dividend 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.

2.26.4Rental income

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

2.26.5Government 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.

2.26.6Property 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.

2.31 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.

2.31.2Key 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.

2.31.3Useful 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 depreciationcharges 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

	Inflation adjusted		Historical Cost	
	Maximum Exposure	**Maximum Exposure**	**Maximum Exposure**	**Maximum Exposure**
Credit risk exposure relating to on-balance sheet assets are as follows:	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**
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	589 772 241	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**	**2 474 912 066**	**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	400 000	35 191 126
Maximum exposure to credit risk	**2 612 954 810**	**2 512 516 721**	**477 312 066**	**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 large financial institutions with sound financial and capital cover. The fair value of cash and cash equivalents at the reporting date approximates the carrying amount.

	Inflation adjusted		Historical Cost	
	31 Dec 2021 ZWL	**31 Dec 2020 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**
Loans and advances (including assets pledged as collateral) are summarised as follows:				
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 in case of a major market upset.

3.3 Liquidity risk (continued)

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 unforeseen interruption 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.

3.3 Liquidity risk (continued)

Inflation Adjusted

	Up to 1 months	1 to 3 months	3 to 9 months	9 to 12 months	over 12 months	Total
As at 31 December 2021	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZW L**	
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	-	-	-	-	10 228 355	10 228 355
Total	**502 908 028**	**240 617 125**	**202 806 558**	**739 074 323**	**272 476 568**	**1 957 882 602**
Gap	**380 777 309**	**(133 205 444)**	**(125 039 789)**	**(544 757 839)**	**746 431 224**	**324 205 461**
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)**	**746 431 223**	**321 805 461**
Total cumulative gap	**245 171 865**	**245 171 865**	**120 132 076**	**(424 625 763)**	**321 805 461**	**-**

3.3 Liquidity risk (continued)

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**	**272 476 567**	**1 957 882 601**
Gap	**380 777 309**	**(133 205 444)**	**(125 039 789)**	**(544 757 839)**	**746 431 225**	**324 205 461**
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)**	**746 431 225**	**321 805 462**
Total cumulative gap	**378 377 309**	**245 171 865**	**120 132 076**	**(424 625 763)**	**321 805 462**	**-**

3.3 Liquidity risk (continued)

Inflation Adjusted

As at 31 December 2020	Up to 1 month	1 to 3 months	3 to 9 months	9 to 12 months	over 12 months	Total
Assets	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
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 tocustomers	43 980 207	32 351 556	-	145 655 912	71 548 240	293 535 915
Assets pledged as collateral	-	-	-	-	111 545 653	111 545 653
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		174 593 766	360 021 541
Bonds	2 549 417	-	6 072 705	3 523 288	466 126 591	478 272 001
Local Lines of Credit	65 373 039	-	-	-	-	65 373 039
Other liabilities	-	-	-	289 664 580		289 664 580
Lease Liability					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	**461 882 336**	**(21 034 698)**	**(6 458 770)**	**(147 531 956)**	**413 082 454**	**699 939 366**
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)**	**413 082 454**	**643 373 899**
Total cumulative gap	**405 316 869**	**384 282 171**	**377 823 401**	**230 291 445**	**643 373 899**	**-**

3.3 Liquidity Risk (continued)

Historical Cost

As at 31 December 2020	**Up to 1 month**	**1 to 3 months**	**3 to 9 months**	**9 to 12 months**	**over 12 months**	**Total**
Assets	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
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**	**-**

3.4.1 Interest rate repricing gap analysis

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Interest rate repricing gap analysis

Inflation Adjusted

	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Non interest bearing ZWL	Total ZWL
As at 31 December 2021							
Assets							
Cash and bank balances	740 876 130	-	-	-	-	-	740 876 130
Investment securities	-	-	-	-	-	68 689 355	68 689 355
Loans and advances to customers	74 119 852	107 411 681	-	194 316 484	167 521 020	-	543 369 037
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
Non-current assets held for sale	-	-	-	-	-	-	-
Trading assets pledged as collateral			45 078 000		4 600 000		49 678 000
Total assets	**814 995 982**	**107 411 681**	**77 766 769**	**194 316 484**	**175 365 486**	**912 231 661**	**2 282 088 063**
Equity and 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
Lease Liability-Buildings	-	-	-	-	719 442 547		719 442 547
Other liabilities	-	-	-	-		10 228 354	10 228 354
Total equity and liabilities	**502 908 028**	**240 617 125**	**202 806 558**	**19 631 776**	**981 690 760**	**10 228 354**	**1 957 882 601**
Total interest repricing gap	**312 087 954**	**(133 205 444)**	**(125 039 789)**	**174 684 708**	**(806 325 274)**	**902 003 307**	**324 205 462**
Total cumulative gap	**312 087 954**	**178 882 510**	**53 842 721**	**228 527 429**	**(577 797 845)**	**324 205 462**	**-**

3.4.1 Interest rate repricing gap analysis (continued)

Historical Cost

	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Non interest bearing ZWL	Total ZWL
As at 31 December 2021							
Assets							
Cash and bank							
Cash and bank balances	740 876 130	-	-	-	-	-	740 876 130
Investment securities	-	-	-	-	-	68 689 355	68 689 355
Loans and advances to customers	74 119 852	107 411 681	-	194 316 484	167 521 020	-	543 369 037
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
Non-current assets held for sale	-	-	-	-	-	-	-
Trading assets pledged as collateral	-	-	45 078 000	-	4 600 000	-	49 678 000
Total assets	**814 995 982**	**107 411 681**	**77 766 769**	**194 316 484**	**175 365 486**	**912 231 661**	**2 282 088 063**
Equity and 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 equity and liabilities	**502 908 028**	**240 617 125**	**202 806 558**	**19 631 776**	**981 690 760**	**10 228 354**	**1 957 882 601**
Total interest repricing gap	**312 087 954**	**(133 205 444)**	**(125 039 789)**	**174 684 708**	**(806 325 274)**	**902 003 307**	**324 205 462**
Total cumulative gap	**312 087 954**	**178 882 510**	**53 842 721**	**228 527 429**	**(577 797 845)**	**324 205 462**	**-**

3.4.1 Interest rate repricing gap analysis (continued)

Inflation Adjusted

	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Non interest bearing ZWL	Total ZWL
As at 31 December 2020							
Assets							
Cash and bank balances	578 619 658	-	-	-	-	-	578 619 658
Investment securities	-	-	-	-	-	38 860 383	38 860 383
Loans and advances to customers	43 980 207	32 351 556	-	145 655 914 -	71 548 238	-	293 535 915
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
Non-current assets held for sale	-	-	-	-	-	-	-
Trading assets pledged as collateral	-	-	-	-	111 545 653	-	111 545 653
Total assets	**622 599 865**	**32 351 556**	**-**	**145 655 914**	**195 947 275**	**906 723 114**	**1 903 277 724**
Equity and liabilities							
Deposits from customers	131 655 456	53 386 254	386 065	-	174 593 763	-	360 021 538
Bonds	2 549 417	-	6 072 705	3 523 288	466 126 591	-	478 272 001
Local Lines of Credit	65 373 039						65 373 039
Other liabilities	-	-	-	-	289 664 580		289 664 580
Lease Liability	-	-	-	-		10 007 197	10 007 197
Total equity and liabilities	**199 577 912**	**53 386 254**	**6 458 770**	**3 523 288**	**930 384 934**	**10 007 197**	**1 203 338 355**
Total interest repricing gap	**423 021 953**	**(21 034 698)**	**(6 458 770)**	**142 132 626**	**(734 437 659)**	**896 715 917**	**699 939 369**
Total cumulative gap	**-423 021 953**	**401 987 255**	**395 528 485**	**537 661 111**	**(196 776 548)**	**699 939 369**	**-**

3.4.1 Interest rate repricing gap analysis (continued)

Historical Cost

	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Non interest bearing ZWL	Total ZWL
As at 31 December 2020							
Assets							
Cash and bank balances	359 977 180	-	-	-	-	-	359 977 180
Investment securities	-	-	-	-	-	24 176 246	24 176 246
Loans and advances to customers	27 361 446	20 126 903	-	90 617 048	44 512 372	-	182 617 769
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
Non-current assets held for sale	-	-	-	-	-	-	-
Trading assets pledged as collateral	-	-	-	-	69 396 000	-	69 396 000
Total assets	**387 338 626**	**20 126 903**	**-**	**90 617 048**	**121 904 860**	**564 100 486**	**1 184 087 923**
Equity and 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
Lease Liability-Buildings	40 670 589	-	-	-	-	-	40 670 589
Other liabilities	-	-	-	-	180 257 193		180 257 193
Lease Liability	-	-	-	-		6 225 786	6 225 786
Total equity and liabilities	**124 163 590**	**33 213 239**	**4 018 201**	**2 191 946**	**578 869 139**	**6 225 786**	**748 681 901**
Total interest repricing gap	**263 175 036**	**(13 086 336)**	**(4 018 201)**	**88 425 102**	**(456 964 279)**	**557 874 700**	**435 406 022**
Total cumulative gap	**263 175 036**	**250 088 700**	**246 070 499**	**334 495 601**	**(122 468 678)**	**435 406 022**	**-**

3.4.3 Interest risk sensitivity analysis

The table below indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, and the impact on the Group's statement of comprehensive income. The rates used for the sensitivity are approved by the Management Assets and Liabilities Committee (MALCO).

	Inflation Adjusted		Historical Cost	
Interest rate change	**Effect on profit for the year 2021 ZWL**	**Effect on profit for the year 2020 ZWL**	**Effect on profit for the year 2021 ZWL**	**Effect on profit for the year 2020 ZWL**
5% increase / (decrease)	3 494 021	2 054 984	2 707 686	1 278 469
10% increase / (decrease)	6 988 043	4 109 968	5 415 371	2 556 938

3.4.3 Foreign exchange risk

Concentration of currency risk on off-balance sheet financial instruments as at 31 December was as follows:

Inflation Adjusted

	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
As at 31 December 2021							
Assets							
Cash and bank balances	395 197 999	344 372 166	843 447	7 685	260 140	194 693	740 876 130
Investment securities	68 689 355	-	-	-		-	68 689 355
Loans and advances to customers	358 488 564	184 880 473	-	-	-	-	543 369 037
Treasury bills and other financial assets	35 933 235	-	-	-	-	-	35 933 235
Assets Pledged as collateral	49 678 000	-	-	-	-	-	49 678 000
Financial assets at fair value through other comprehensive income	843 542 306	-	-	-	-	-	843 542 306
Other receivables and prepayments	1 194 295 204	-		-	-	-	1 194 295 204
	2 945 824 663	**529 252 639**	**843 447 -**	**7 685**	**260 140**	**194 693**	**3 476 383 267**
Equity and liabilities							
Deposits from customers	412 031 963	56 632 980	11 995	-	-	-	468 676 938
Bonds	21 738 688	683 167 062					704 905 750
Local lines of credit	54 629 012	-	-	-	-	-	54 629 012
Lease Liability	10 228 354						10 228 354
Other liabilities	719 442 547	-	-	-	-	-	719 442 547
	1 218 070 564	**739 800 042**	**11 995**	**-**	**-**	**-**	**1 957 882 601**
Net foreign exchange position	**1 727 754 099**	**(210 547 403)**	**831 452**	**7 685**	**260 140**	**194 693**	**1 518 500 666**

3 RISK MANAGEMENT (continued)

3.4.3 Foreign exchange risk (continued)

Historical Cost

	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
As at 31 December 2021							
Cash and bank balances	395 197 999	344 372 166	843 447	7 685	260 140	194 693	740 876 130
Investment securities	68 689 355	-	-	-	-	-	68 689 355
Loans and advances to customers	358 488 564	184 880 473	-	-	-	-	543 369 037
Treasury bills and other financial assets	35 933 235	-	-	-	-	-	35 933 235
Assets pledged as collateral	49 678 000						49 678 000
Financial assets at fair value through other comprehensive income	843 542 306	-	-	-	-	-	843 542 306
Other receivables and prepayments	1 058 652 460	-	-	-	-	-	1 058 652 460
	2 810 181 919	**529 252 639**	**843 447**	**7 685**	**260 140**	**194 693**	**3 340 740 523**
Equity and liabilities							
Deposits from customers	412 031 963	56 632 980	11 995	-	-	-	468 676 938
Bonds	21 738 688	683 167 062	-	-	-	-	704 905 750
Local lines of credit	54 629 012	-	-	-	-	-	54 629 012
Lease Liability	10 228 354					-	10 228 354
Other liabilities	719 442 547	-	-	-	-	-	719 442 547
	1 218 070 564	**739 800 042**	**11 995**	**-**	**-**	**-**	**1 957 882 601**
Net foreign exchange position	**1 592 111 355**	**(210 547 403)**	**831 452**	**7 685**	**260 140**	**194 693**	**1 382 857 922**

3.4.3 Foreign exchange risk (continued)

Inflation Adjusted

As at 31 December 2020

	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
Assets							
Cash and bank balances	435 634 854	141 939 961	510 088	10 107	317 477	207 171	578 619 658
Investment securities	38 860 383	-	-	-	-	-	38 860 383
Loans and advances to customers	293 535 915	-	-	-	-	-	293 535 915
Treasury bills and other financial assets	12 853 384	-	-	-	-	-	12 853 384
Assets Pledged as collateral	111 545 653	-	-	-	-	-	111 545 653
Financial assets at fair value through other comprehensive income	867 862 731	-	-	-	-	-	867 862 731
Other receivables and prepayments	3 215 438 939	-	-	-	-	-	3 215 438 939
	3 215 438 939	**141 939 961**	**510 088**	**10 107**	**317 477**	**207 171**	**3 358 423 743**
Equity and liabilities							
Deposits from customers	340 097 894	19 731 663	183 270	-	-	8 714	360 021 541
Bonds	9 794 006	468 477 992	-	-	-	-	478 271 998
Local lines	65 373 042	-	-	-	-	-	65 373 042
of credit	40 670 589	-	-	-	-	-	40 670 589
Lease Liability	10 007 197	-	-	-	-	-	10 007 197
Other liabilities	289 741 580	-	-	-	-	-	289 741 580
	715 013 718	**488 209 655**	**183 270**	**-**	**-**	**8 714**	**1 203 415 357**
Net foreign exchange position	**2 500 425 221**	**(346 269 694)**	**326 818**	**10 107**	**317 477**	**198 457**	**2 155 008 386**

3.4.3 Foreign exchange risk (continued)

Historical Cost

As at 31 December 2020

	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
Assets							
Cash and bank balances	271 021 909	88 305 239	317 342	6 288	197 512	128 890	359 977 180
Investment securities	24 176 246	-	-	-	-	-	24 176 246
Loans and advances to customers	182 617 769	-	-	-	-	-	182 617 769
Treasury bills and other financial assets	7 996 488	-	-	-	-	-	7 996 488
Financial assets at fair value through other comprehensive income	539 924 240	-	-	-	-	-	539 924 240
Other receivables and prepayments	847 113 255	-	-	-	-	-	847 113 255
	1 872 849 907	**88 305 239**	**317 342**	**6 288**	**197 512**	**128 890**	**1 961 805 178**
Equity and liabilities							
Deposits from customers	211 585 418	12 275 676	114 018	-	-	5 421	223 980 533
Bonds	6 093 156	291 454 644	-	-	-	-	297 547 800
Local lines of credit	40 670 589	-	-	-	-	-	40 670 589
Lease Liability	6 225 786	-	-	-	-	-	6 225 786
Other liabilities	180 257 193	-	-	-	-	-	180 257 193
	444 832 142	**303 730 320**	**114 018**	**-**	**-**	**5 421**	**748 681 901**
Net foreign exchange position	**1 428 017 765**	**(215 425 081)**	**203 324**	**6 288**	**197 512**	**123 469**	**1 213 123 277**

The Group had no off balance sheet foreign currency exposure as at 31 December 2021 (31 December 2020 - ZWLnil).

Foreign exchange risk
The table below indicates the extent to which the Group is exposed to foreign exchange risk as at 31 December 2021.

	Inflation Adjusted		Historical Cost	
Exchange rate change	**Effect on profit for the year 2020 ZWL**	**Effect on profit for the year 2020 ZWL**	**Effect on profit for the year 2020 ZWL**	**Effect on profit for the year 2020 ZWL**
5% appreciation/(depreciation)	(13 501 123)	7 131 100	(10 462 672)	4 436 478
10% appreciation/(depreciation)	(27 002 247)	14 262 200	(20 925 343)	8 872 955

4 RESTATEMENT OF FINANCIALS

4.1 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

4.2 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 ZWL 814 563 209.13

	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	(76 8429 642)
(Decrease) in total comprehensive income	(81 4563 209)
Effect on the Balance Sheet	
(Decrease) in Assets	(81 4563 209)
Decrease in Equity	(81 4563 209)

5 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES

5.1.1 Fair value estimation

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

At 31 December 2021	Inflation Adjusted Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Historical Cost 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	-	-	867 862 731	-	-	539 924 240
Total assets	**38 860 383**	**-**	**867 862 731**	**24 176 246**	**-**	**539 924 240**

5.1.2 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	Fair value 31 Dec 2021 ZWL	Carrying value 31 Dec 2020 ZWL	Fair value 31 Dec 2020 ZWL
Financial assets :				
Treasury bills and other financial assets	35 933 235	35 933 235	12 853 384	12 853 384
Loans and advances to customers	543 369 037	543 369 037	293 535 915	293 535 915
Assets pledged as collateral	49 678 000	49 678 000	111 545 653	111 545 653
Financial liabilities:				
Deposits from customers	468 676 938	468 676 938	360 021 541	360 021 541
Bonds and local Lines of credit	759 534 762	759 534 762	543 645 040	543 645 040

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

5 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES (continued)

5.1.2 Financial instruments not measured at fair value (continued)

Historical Cost

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

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

(a) Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. As the loans and advances are issued at variable rates, the carrying amount approximates fair value.

(b) Deposits from customers

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. All deposits are in this category therefore the carrying amount approximates fair value.

5.1.3 Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, and industry sector are approved by the Board of Directors.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers tomeet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below:

a) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties; and
- Charges over business assets such as premises, inventory and trade receivables.
- Sinking funds with ring fenced cashflows.

Longer-term finance and lending to corporate entities are generally secured. In addition, in order to minimize the credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer when required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions - are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amounts of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

5.2 Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades.
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

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	24 176 246	4 789 254	24 176 246	664 217
Additions	-	-		
Net gain through profit or loss	44 513 109	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
OTHER COMPREHENSIVE INCOME				
At 1 January	867 862 731	175 153 866	539 924 240	108 968 636
		-		
Additions	-	35 749 148	-	22 240 650
	-	-		
Disposals	-	(1 545 367)	-	(961 420)
		-		
Net fair value gains on financial assets at fair value through other comprehensive income	(24 320 425)	658 505 084	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		Related Liability	
	Inflation Adjusted		Inflation Adjusted	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	ZWL	ZWL	ZWL	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		Related Liability	
	Historical Cost		Historical Cost	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	ZWL	ZWL	ZWL	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 05**

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		Historical Cost	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
LOANS AND ADVANCES TO CUSTOMERS	ZWL	ZWL	ZWL	ZWL
Individual				
- term loans and mortgages	339 031 272	256 370 886	339 031 272	159 496 255
Corporate				
- corporate customers	250 740 969	41 415 654	250 740 969	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

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	ZWL	**ZWL**	**ZWL**	**ZWL**
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		1 536 596	-
Stage 3- Lifetime Expected Credit Loss Allowance credit impaired	1 284 476	4 137 097	1 284 476	2 573 815
Net loan impairment loss	**46 403 204**	**4 250 625**	**46 403 204**	**2 644 445**

10.1.1 Maturity analysis of loans and advances to customers

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	ZWL	**ZWL**	**ZWL**	**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 December

	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**

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

	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				Historical Cost			
	Per-cent-age (%)	31 Dec 2021 ZWL	Per-cent-age (%)	31 Dec 2020 ZWL	Per-cent-age (%)	31 Dec 2021 ZWL	Per-cent-age (%)	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%	-	0%	9 321 831	0%	-	0%	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%	260 879 324	10%	28 487 003	44%	260 879 324	10%	17 722 645
Gross value of loans and advances	**100%**	**589 772 241**	**100%**	**297 786 540**	**100%**	**589 772 241**	**100%**	**185 262 214**
				-				
Less allowance for impairment		(46 403 204)		(4 250 625)		(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		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	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
Amounts due by group companies	-		-	-
Other	-		-	-
	1 194 295 204	**1 455 146 019**	**1 058 652 460**	**847 113 255**

12 INVENTORIES

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	ZWL	ZWL	ZWL	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 INVESTMENTS IN SUBSIDIARIES, JOINT OPERATION AND ASSOCIATES

The Group enters into business arrangement with various entities/parties noteably in the area of housing development. Judgement is applied in the assessment of the underlying agreements so as to determine whether the arrangements result in subsidiaries, joint operations, joint ventures or associates. Notes 2.3 (a) – (e) describe the Group's accounting policies on how these business arrangements are evaluated.

13.1 Investment in subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows.

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			as at 31 Dec 2021	as at 31 Dec 2020
			%	%
Waneka Properties (Private) Limited	Property development	Zimbabwe	70	70
Manellie Investments (Private) Limited	Agriculture	Zimbabwe	100	100
Norton Medical Investments (Private) Limited	Medical services	Zimbabwe	60	60
Hwange Empumalanga West Housing Project	Property development	Zimbabwe	90	90
Kariba Housing Development Project	Property development	Zimbabwe	90	90
Mazvel Investments (Private) Limited	Property development	Zimbabwe	42,83	42,83
Samukele Lodges	Hospitality	Zimbabwe	100	100
Changamire Inkosi	Property Investment	Zimbabwe	60	60
Special purpose entities				
Clipsham Views Housing Project	Joint Operation	Zimbabwe	83	83

Clipsham Views Housing Project was completed in the financial year ended 31 December 2017 and the stands have been sold out.

Municipality of Kariba and IDBZ formed an unincorporated Project Vehicle named Kariba Housing Project for the sole purpose of carrying out the development and construction of offsite and onsite infrastructure of low, medium and high density suburbs in Kariba. During the year 2020 the Bank sold the high density section (Kasese) to the Ministry of National Housing and Social Amenities sold its stands to the Ministry for USD 5 556 202. 10% of this amount was received in 2021.

Hwange Local Board and IDBZ formed an unincorporated Project Vehicle, Empumalanga West Housing & Waste Water Treatment Plant Rehabilitation Project for the sole purposes of carrying out the development of housing stands. During the year 2020 the Bank approached the Ministry of National Housing and Social Amenities for USD 4 227 962. 10% of this amount was received in 2021.

In the year 2017 the Bank partnered a private promoter, Markaram Investments (P/L) through an incorporated project vehicle, Mazvel Investments P/L to develop 119.2593 hectares of land into 356 low density residential stands, 1 commercial stand, 1 shopping centre, 1 institutional stand and 2 cluster homes stands. The Bank acquired a 51% shareholding in the partnership.

During the period ended 2020 ,the Parties further agreed to value the Project considering improvements made and value addition done to date. This resulted in a value uplift of 17.36% based on the value of the JV Land and project preparation and development costs as of 31 July 2020, resulting in a Project Value of USD 8 500 000 (Eight Million Five Hundred Thousand United States Dollars).

Resultantly IDBZ shareholding decreased by 8.17%, and Mazvel now has the majority shareholding however IDBZ still has got control over Mazvel since it has majority votes on the Board and controls the relevant activities of the joint venture.

Samukele Lodges

The Bank owns a 100% stake in Samukele Lodges. The Bank is mandated by the Act to invest in all forms of infrastructure. Samukele is in the tourism sector and operates lodges in
Bulawayo and Harare.

Changamire Inkosi

The Bank owns a 60% shareholding in Changamire Inkosi. Changamire Inkosi owns a property in Harare which is being developed into a healthcare facility.

All subsidiaries have been consolidated in these financial statements.

13.2 Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

The amounts disclosed below do not reflect the elimination of intergroup transactions.

Historical Cost

Name of subsidiary	interest and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2021	2020	2021	2020	2021	2020
	%	%	ZWL	ZWL	ZWL	ZWL
Waneka Properties (Private) Limited	30	30	415 874	835 701	1 523 795	1 107 921
Norton Medical Investments (Private) Limited	40	40	(141 132)	-	509 055	650 187
Hwange Empumalanga West Housing Project	10	10	-	-	-	1 230 000
Kariba Housing Development Project	10	10	-	-	-	946 776
Mazvel Investments (Private) Limited	57	57	(23 700 841)	566 020	(14 789 596)	8 964 010
Samukele Lodges	100	100	-	-	-	-
Changamire Inkosi	40	40	(1 188 409)	(258 400)	81 660 153	57 183 380
Total			**(24 614 507)**	**1 143 321**	**68 903 407**	**70 082 274**

13.3 Carrying amount of the Investment in Associates

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	ZWL	**ZWL**	**ZWL**	**ZWL**
Balance as at 1 January	130 345 751	128 821 712	3 392 806	2 824 866
Acquisition of associates	-	1 524 039		
Share of loss from associates	(3 659 421)	-	(2 835 862)	567 940
Other comprehensive income		-	-	-
Balance as at 31 December	**126 686 330**	**130 345 751**	**556 944**	**3 392 806**

14 INVESTMENT PROPERTY

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	ZWL	**ZWL**	**ZWL**	**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
			-	-
Net gain from fair value adjustment				
Reclassification of BSAC previously recognised as Investment Property	-		-	-
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**	**36 322 462**	**33 333 353**	**16 118 241**

15 PROPERTY AND EQUIPMENT

Inflation Adjusted

	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	560 678 678	143 026 703	88 393 354	64 659 953	92 427 772	949 186 460
Additions	97 482	11 790 578	-	117 895	-	12 005 955
Foreign Currency Translation	-	-	-	-	-	-
Revaluation gains	464 603 644	-	-	-	-	464 603 644
Disposals	(435 764 178)	(3 556)	-	-	-	(435 767 734)
At 31 December 2020	**589 615 626**	**154 813 725**	**88 393 354**	**64 777 848**	**92 427 772**	**990 028 325**
At 01 January 2021	589 615 626	154 813 725	88 393 354	64 777 848	92 427 772	990 028 325
Additions	-	30 415 409	-	6 144 287	-	36 559 696
Foreign Currency Translation	-	-	-	-	-	-
Revaluation loss	(96 271 985)	-	-	-	-	(96 271 985)
Loss in monetary value	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 December 2021	**493 343 641**	**185 229 134**	**88 393 354**	**70 922 135**	**92 427 772**	**930 316 036**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 01 Janaury 2020	-	62 065 089	43 097 616	32 027 011	24 185 318	161 375 034
Charge for the year	6 977 524	22 919 732	10 998 447	5 746 708	-	46 642 411
Eliminated on Disposals	-	-	-	-	-	-
Eliminated on revaluation	(6 977 524)	-	-	-	-	(6 977 524)
Disposals	-	(2 647)	-	-	-	(2 647)
At 31 December 2020	**-**	**84 982 174**	**54 096 063**	**37 773 719**	**24 185 318**	**201 037 274**
At 01 Janaury 2021	-	84 982 174	54 096 063	37 773 719	24 185 318	201 037 274
Charge for the year	11 792 313	40 349 380	17 678 672	9 457 406	-	79 277 771
Eliminated on Disposals	-	-	-	-	-	-
Eliminated on revaluation	(11 792 313)	(1 647)	-	-	-	(11 793 960)
At 31 December 2021	**-**	**125 329 907**	**71 774 735**	**47 231 125**	**24 185 318**	**268 521 085**
CARRYING AMOUNT						
Cost at 31 December 2020	589 615 626	154 813 725	88 393 354	64 777 848	92 427 772	990 028 325
Accumulated depreciation at 31 December 2020	-	(84 982 174)	(54 096 063)	(37 773 719)	(24 185 318)	(201 037 274)
Carrying amount at 31 December 2020	**589 615 626**	**69 831 551**	**34 297 291**	**27 004 129**	**68 242 454**	**788 991 051**
Cost at 31 December 2021	493 343 641	185 229 134	88 393 354	70 922 135	92 427 772	930 316 036
Accumulated depreciation at 31 December 2021	-	(125 329 907)	(71 774 735)	(47 231 125)	(24 185 318)	(268 521 085)
Carrying amount at 31 December 2021	**493 343 641**	**59 899 227**	**16 618 619**	**23 691 010**	**68 242 454**	**661 794 951**

15 PROPERTY AND EQUIPMENT (Continued)

Historical Cost

	Freehold Land and buildings	Computer and office equipment	Motor vehicles	Fixtures and fittings	Capital work in progress	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	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	383 857 628
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)
Disposals	-	-	-	-	-	-
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	368 929	-	14 238 254
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**	**9 652 780**
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**

16 INTANGIBLE ASSETS

	Inflation Adjusted ZWL	Historical Cost ZWL
COMPUTER SOFTWARE		
COST		
At 01 January 2020	55 925 706	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	-	-
Revaluation gains	-	-
Disposals	-	-
At 31 December 2021	**141 317 020**	**57 410 870**
ACCUMULATED DEPRECIATION AND IMPAIRMENT		
At 01 January 2020	51 132 986	1 176 390
Charge for the year	2 838 398	114 476
Disposals	-	-
At 31 December 2020	**53 971 384**	**1 290 866**
At 01 Janaury 2021	53 971 384	1 290 866
Charge for the year	22 374 973	319 182
Eliminated on Disposals	-	-
Eliminated on changes in accounting estimates	-	-
Eliminated on revaluation	-	-
Derecognition of fully depreciated software	(1 609 823)	(1 055 874)
At 31 December 2021	**74 736 534**	**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**

17 RIGHT 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**

18 DEFERRED TAX

18.1 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	1 186 174	229 860	322 846	31 879
Assessed Losses	25 416 565	956 314	19 696 520	290 967
Closing Balance	**26 602 739**	**1 186 174**	**20 019 366**	**322 846**

18.2 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	1 128 503	1 128 503	343 356	343 356
Property and Equipment	5 813 273	-	4 504 989	-
Closing Balance	**6 941 776**	**1 128 503**	**4 848 345**	**343 356**

19 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**	**Share premium**	**Amounts Awaiting Allotment**	**Total**
		ZWL	**ZWL**	**ZWL**	**ZWL**
At 1 January 2020	**6 528 190**	**2 923 781**	**1 423 607 492**	**5 842 611 484**	**7 269 142 757**
Issue of shares	-	-	-	435 517 209	435 517 209
Allotment of shares	-	422 029	523 286 897	(523 708 926)	-
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	-	-	-	815 195 977	815 195 977
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**	**-**	**8 519 855 943**

			Historical Cost		
Issued share capital	**Number of shares**	**Share capital**	**Share premium**	**Amounts Awaiting Allotment**	**Total**
		ZWL	**ZWL**	**ZWL**	**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**

20 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	31 Dec 2020	31 Dec 2021	31 Dec 2020
	ZWL	ZWL	ZWL	ZWL
At the beginning of the year	2 586 618 275	2 610 285 691	51 967 059	65 659 316
Charge for the year	-	-	-	-
Transfer from FCTR to Retained Earnings on disposal of investments	-	(22 556 330)	-	(13 049 462)
Transfer to NCI	-	(1 111 086)	-	(642 795)
At the end of the year	**2 586 618 275**	**2 586 618 275**	**51 967 059**	**51 967 059**

21 REVALUATION RESERVE

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	ZWL	ZWL	ZWL	ZWL
At the beginning of the year (Restated)	420 178 266	377 566 227	297 282 774	52 364 305
Prior Period Error	-	(351 706 698)	-	-
Charge for the year	(52 981 059)	394 318 737	169 094 867	244 918 469
At the end of the year	**367 197 207**	**420 178 266**	**466 377 641**	**297 282 774**

22 FAIR VALUE

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 020
	ZWL	ZWL	ZWL	ZWL
At the beginning of the year (Restated)	1 032 650 677	949 903 063	508 142 136	98 124 717
Prior Period Error	-	(577 420 855)	-	
Charge for the year	(24 320 425)	659 578 963	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**

23 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	
		Preference	
	Number	Share capital	Total
Issued preference share capital	**of shares**	**ZWL**	**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	
		Preference	
	Number	Share capital	Total
Issued preference share capital	**of shares**	**ZWL**	**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**

24 DEPOSITS FROM CUSTOMERS

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

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	ZWL	ZWL	ZWL	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**

24.1 Maturity analysis of deposits from customers

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.

24.2 Sectorial analysis of deposits from customers

	Inflation Adjusted				Historical Cost			
	Per-cent-age	31 Dec 2021	Per-cent-age	31 Dec 2020	Per-cent-age	31 Dec 2021	Per-cent-age	31 Dec 2020
	(%)	ZWL	(%)	ZWL	(%)	ZWL	(%)	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**

25 LOCAL LINES OF CREDIT AND BONDS

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	ZWL	**ZWL**	**ZWL**	**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	77 518 451	497 286 548	48 226 625
Non current	262 248 214	466 126 589	262 248 214	289 991 764
Total	**759 534 762**	**543 645 040**	**759 534 762**	**338 218 389**

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

	Bonds	**Lines of credit**	**Bonds**	**Lines of credit**
	31 Dec 2021	31 Dec 2021	31 Dec 2021	31 Dec 2021
	ZWL	ZWL	ZWL	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;

	Bonds	**Lines of credit**	**Bonds**	**Lines of credit**
	31 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 2020
	ZWL	ZWL	ZWL	ZWL
At 1 January	34 513 254	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	**478 272 001**	**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.

26 OTHER LIABILITIES

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	ZWL	**ZWL**	**ZWL**	**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**

27 NET INTEREST INCOME

27.1 Interest and related income:

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	ZWL	**ZWL**	**ZWL**	**ZWL**
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**

27.2 Interest and related expense:

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	ZWL	**ZWL**	**ZWL**	**ZWL**
Bonds	(41 213 484)	(10 548 046)	(33 000 287)	(4 578 771)
Deposits from large corporates	(73 650 732)	(23 911 865)	(60 098 913)	(8 588 251)
Discount on sale of Treasury Bills	-	(63 828 922)	-	(23 192 085)
Deposits from individuals	(625 658)	(510 962)	(504 432)	(230 161)
	(115 437 664)	**(98 799 795)**	**(93 601 632)**	**(36 589 268)**

28 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**

29 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**

30 NET GAINS/ (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH

	Inflation Adjusted		Historical Cost	
PROFIT OR LOSS	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Listed equity securities (Note 6)	**63 578 709**	**54 626 906**	**44 513 108**	**23 512 029**

31 OTHER INCOME

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Rental income	41 356 733	36 322 462	33 333 353	16 118 241
Bad debts (written off) recovered	(4 451 125)	4 238 535	(3 342 328)	2 344 628
Sundry income	4 453 723	3 767 795	3 566 984	1 988 850
Hondius Capital Management write off	(26 941 017)	-	(26 941 017)	-
	14 418 314	**44 328 792**	**6 616 992**	**20 451 719**

32 FAIR VALUE LOSS ON INVESTMENT PROPERTY

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	ZWL	ZWL	ZWL	ZWL
Net gain/(loss) from fair value adjustment	(407 110 909)	1 058 273 306	300 737 895	758 522 457
Prior period error		160 697 911		99 812 367
Unrealised gain/(loss) from fair value adjustment of investment property	**(407 110 909)**	**1 218 971 217**	**300 737 895**	**858 334 824**

33 NET FOREIGN EXCHANGE GAINS/(LOSSES)

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	ZWL	ZWL	ZWL	ZWL
Net realised gains from foreign currency trade	-	-	-	-
Net unrealised gains/(losses) from translation of foreign currency balances	302 538 896	157 601 072	272 327 867	64 991 107

34 OPERATING EXPENSES

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	ZWL	**ZWL**	**ZWL**	**ZWL**
Repairs and maintenance	23 288 210	16 694 814	19 878 427	7 613 513
Employee benefit costs (Note 32.1)	387 000 312	221 733 060	357 221 262	85 764 942
Telecommunication and postage	6 364 979	2 856 953	5 515 963	1 291 617
IT and software costs	84 122 895	46 550 584	68 176 256	21 034 067
Directors remuneration:				
- for services as directors	3 321 067	3 593 235	2 692 800	1 963 480
Water, electricity and rates	8 394 651	3 008 910	6 842 341	1 293 625
Legal and Professional fees	27 094 558	36 213 782	23 182 151	18 952 219
Audit fees	6 549 760	2 958 967	4 473 118	1 791 728
Depreciation	79 277 769	46 642 411	14 238 254	3 010 681
Depreciation of Right of use assets	6 784 224	3 104 053	2 309 625	255 040
Amortisation	22 374 974	2 838 398	319 182	114 476
Fuel and lubricants	42 336 996	24 489 439	35 910 988	8 961 810
BusinessTravel	16 523 440	3 347 344	14 712 298	1 122 522
Donations ,Marketing and public relations	31 039 217	8 352 601	26 092 349	4 404 349
Insurance and security	23 490 277	17 651 323	19 204 348	8 002 300
Subscriptions	13 304 613	12 131 846	10 608 325	5 603 366
Printing and stationery	4 095 238	1 985 842	3 352 966	682 261
Bank charges	6 080 889	3 592 054	4 706 897	1 535 483
Staff training	34 228	555 113	30 600	259 051
Refreshments	1 802 455	1 536 072	1 469 079	522 857
Other administrative costs	48 872 895	24 983 954	36 114 261	12 037 020
	842 153 647	**484 820 755**	**657 051 490**	**186 216 407**

34.1 Employee benefit costs

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	31 Dec 2020 ZWL	31 Dec 2021 ZWL	31 Dec 2020 ZWL
Salaries and bonuses	242 381 152	112 881 941	202 602 697	39 054 169
Pension costs	27 979 056	13 396 290	23 303 514	4 782 167
Post employment medical benefits	26 149 459	13 212 289	20 968 948	5 807 620
Leave pay expense	(31 700 762)	1 424 217	11 565 074	(2 679 735)
Retrenchment expenses	-	977 733	-	608 278
Other staff expenses	122 191 407	79 840 590	98 781 029	38 192 443
	387 000 312	**221 733 060**	**357 221 262**	**85 764 942**

Post employment benefits

Pension Fund

The Group operates a defined contribution plan for all permanent employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are paid to a separately administered fund on a mandatory basis. Contributions to this fund are charged against income when incurred. The Group has no further obligations once the contributions have been paid.

Contributions for the year	27 979 056	13 396 290	23 303 514	4 782 167

National Social Security Authority Scheme The Group and all its employees contribute to the National Social Security Authority Scheme, which was promulgated under the National Social Security Act (Chapter 17:04). The Group's obligations under the scheme are limited to specific contributions legislated from time to time.

Contributions for the year	4 232 428	124 770 146	3 279 912	681 848

35 TAXATION

	Inflation Adjusted		Historical Cost	
	31 Dec 2021 ZWL	**31 Dec 2020 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2020 ZWL**
Income tax expense				
Current tax expense/(credit)	(25 416 562)	(152 863)	(19 696 520)	(46 510)
Deferred tax	5 813 276		4 504 988	-
Tax expense/ (Credit)	**(19 603 286)**	**(152 863)**	**(15 191 532)**	**(46 510)**
Reconciliation of income tax credit				
Based on results for the period at a normal rate of 24.72% (2020-25.75%)				
Arising due to:				
Accounting profit/ (loss)	**(79 301 320)**	**(618 379)**	**(61 454 417)**	**(180 619)**
Tax Credit/ (Expense) at 24.72% (2020-25.75%)	**(19 603 286)**	**(152 863)**	**(15 191 532)**	**(46 510)**
Non-deductible expenses	-	-	-	-
Non-taxable income	-	-	-	-
Tax rate differential on capital gains	-	-	-	-
Tax Credit/ (Expense)	**(19 603 286)**	**(152 863)**	**(15 191 532)**	**(46 510)**
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
The aggregate tax relating to items that are charged or credited directly to equity	(19 603 286)	(152 863)	(15 191 532)	(46 510)
Current tax	(19 603 286)	(152 863)	(15 191 532)	(46 510)
Deferred tax	-	-	-	-

36 EARNINGS PER SHARE

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
Basic and diluted loss per share	**ZWL**	**ZWL**	**ZWL**	**ZWL**
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:				
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

IFRS 16 IMPACT

37 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.

38 COMMITMENTS AND GUARANTEES

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
Loan commitments, guarantees and other financial facilities	**ZWL**	**ZWL**	**ZWL**	**ZWL**
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:				
Guarantees/Loan Commitments	2 400 000	56 565 467	2 400 000	35 191 126

39 FUNDS UNDER MANAGEMENT

	Inflation Adjusted		Historical Cost	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	ZWL	**ZWL**	**ZWL**	**ZWL**
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.				
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**

40 RELATED PARTIES

Related party transactions are a normal feature of business and are disclosed in terms of IAS 24: Related Party Disclosures. Related party transactions may affect the assessment of operations, risk and opportunity facing the organisation.

Identity of related parties
The Bank has a related party relationship with its major shareholders, associates and key management personnel.

The following transactions were carried out with related parties:
A number of banking transactions are entered into with related parties in the normal course of business. For the year ended 30 June 2021, these included:

a) Sales and purchases of goods and services
There were no sales and purchases of goods and services with any related parties.

b) Key management compensation
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 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	ZWL	**ZWL**	**ZWL**	**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**

c) Loans and advances to related parties

	Inflation Adjusted			
	Directors and other key management personnel 31 Dec 2021 ZWL	Associated companies 31 Dec 2021 ZWL	Directors and other key management personnel 31 Dec 2020 ZWL	Associated companies 31 Dec 2020 ZWL
Loans outstanding	57 464 587	-	6 878 825	-
Interest income earned	2 155 209	-	746 041	-
Loans and advances to related parties				
	Historical Cost			
Loans outstanding	57 464 587	-	4 279 529	-
Interest income earned	1 670 175	-	226 989	-

The loans issued to directors and other key management personnel are secured except for personal loans, carry fixed interest rates and are payable on reducing balance.

d) Deposits from related parties

	Inflation Adjusted			
	Directors and other key management personnel 31 Dec 2021 ZWL	Associated companies 31 Dec 2021 ZWL	Directors and other key management personnel 31 Dec 2020 ZWL	Associated companies 31 Dec 2020 ZWL
Deposits at 31 December	15 322	-	151 871	-
Interest expense on deposits	-	-	-	-
	Historical Cost			
Deposits from related parties				
Deposits at 31 December	15 322	-	94 484	-
Interest expense on deposits	-	-	-	-

The above deposits are unsecured, carry fixed interest rates and are repayable on maturity date.

e) Director's shareholdings

As at 31 December 2021, the Directors did not hold directly and indirectly any shareholding in the Group.

41 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.

Notice to **Shareholders**

Infrastructure Development Bank of Zimbabwe

NOTICE TO SHAREHOLDERS

37TH ANNUAL GENERAL MEETING

Notice is hereby given that the 37th Annual General Meeting of Members of the Infrastructure Development Bank of Zimbabwe (IDBZ) will be held remotely on Thursday 14th of July at 11:00 hours to transact the following business:

1. To receive, consider and adopt the Annual Audited Financial Statements and Reports of the Directors and Auditors for the year ended 31 December 2021

2. To approve the remuneration of the auditors for the year ended 31 December 2021

3. To note the Appointment of BDO Zimbabwe Chartered Accountants as Auditors of the Infrastructure Development Bank of Zimbabwe with effect from FY2021 for a five (5) year term

4. To approve the remuneration of the Directors for the year ended 31 December 2021. To transact any other business that may be transacted at the Annual General Meeting.

A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote in his stead. A proxy need not be a Member of the Bank. Proxy forms must be lodged at the Registered Office of the Bank not less than 48 hours before the time appointed for the meeting.

By Order of the Board

K Kanguru
Bank Secretary

TBA

Registered Office:
99 Gamal Abdel Nasser Road (formerly Rotten Row Road)
Harare Zimbabwe
Telephone 263 (024) 2774226/7, 2750171 - 8
Fax: 263 (024) 2749012

Proxy **Form**

PROXY FORM

I/WE ....

of ....

being the registered holder of ....

Ordinary Shares in the Infrastructure Development Bank of Zimbabwe

hereby appoint..

of ....
or, failing him, the Chairman of the meeting as my/our proxies, to vote for me/us and on my/our behalf at the **ANNUAL GENERAL MEETING** of the Bank to be held remotely on **Thursday 14th of July 2022** commencing at 11:00 hours and at any adjournment thereof.

Signed this.. day of 2022

Signature of Member ....

NOTE:
A member entitled to attend and vote at the meeting may appoint any person or persons to attend, speak and vote in his stead. A proxy need not be a Member of the Bank. Proxy forms must be lodged with the Secretary not less than forty-eight (48) hours before the time appointed for the meeting.

Registered Office:
99 Gamal Abdel Nasser Road (formerly Rotten Row Road)
Harare Zimbabwe
Telephone 263 (024) 2774226/7, 2750171 - 8
Fax: 263 (024) 2749012

Infrastructure Development Bank of Zimbabwe

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Fax: +263 242 749012

Website: www.idbz.co.zw