2023
Annual Report

Infrastructure and Development Bank of Zimbabwe

"Transforming and Retooling
Towards a DFI of Scale"

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Abbreviations and Definitions

AADFI	African Association of Development Finance Institutions
AFD	French Development Agency/ Agence Française de Développement
AfDB	African Development Bank
BSAC	Bulawayo Students Accommodation Complex
CFF	Climate Finance Facility
CMMD	Compliance Review and Mediation Department
COH	City of Harare.
CSP	Customer Security Programme
DFI	Development Finance Institution,
EOSD	European Organisation for Sustainable Development
EPC+F	Engineering, Procurement, Construction and Financing
ESG	Environmental, Social and Governance
ESIA	Environmental and Social Sustainability Assessment
ESMP	Environmental and Social Management Plans
ESS	Environmental & Social Sustainability
ESSMS	Environmental and Social Sustainability Management System
EXCO	Executive Committee of the IDBZ
GCF	Green Climate Fund
GDP	Gross domestic product
ICT	Information Communication Technology
IDBZ	Infrastructure Development Bank of Zimbabwe
IPP	Independent Power Producer
IRM	Independent Review Mechanism
IVCF	Infrastructure Value Chain Financing and Private Sector Support
LUSAC	Lupane Students Accommodation Complex
MALCO	Management of Assets and Liabilities Committee
MOLAWFRD	Ministry of Lands, Agriculture, Water Fisheries and Rural Development
MTR	Project Mid-Term Reports
NDS1	National Development Strategy 1
NPL	Non- Performing Loan
PCR	Project Completion Reports
PECG Act	Public Entities Corporate Governance Act
POGM	Policies, Operations Guidelines, and Manuals
PPDF	Project Preparation and Development Fund
PPDPA Act	Public Procurement and Disposal of Public Assets Act.
PRAZ	Procurement Regulatory Authority of Zimbabwe
PSGRS	Prudential Standards, Guidelines and Rating System
RBZ	Reserve Bank of Zimbabwe
RMF	Results Measurement Framework
SPOC	Special Procurement Oversight Committee
SSCI	Sustainability Standards and Certification Initiative
SSN	South South North
USSAP	University Students and Staff Accommodation Programme
WASH	Water, Sanitation and Hygiene
WHITE	Water and Sanitation, (ii) Housing, (iii) Irrigation Development (iv) Transport, and (v) Energy
ZDB	Zimbabwe Development Bank
ZINWA	Zimbabwe National Water Authority
ZITF	Zimbabwe International Trade Fair

Corporate Information

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CEO

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Board Member

Ms. Sibusisiwe P. Bango
Board Member

Mr. Tadios Muzoroza
Board Member

Mr. Reginald Mugwara
Board Member

Dr. Nobert O. Mugwagwa
Board Member

Dr. Naomi N. Wekwete
Board Member

Mrs. Arina Manyanya
Board Member

Corporate Management

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CEO

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Director - Finance

Mr. Kennias Kanguru
Bank Secretary

Mr. Daniel Makono
Legal Counsel

Dr. Reggie Dangarembwa
Director - IPD 1

Eng. Nicodimus Chidhakwa
Director - IPD 2

Mr. Norbert Mutasa
Director - Private Sector Operations

Mr. Willing Zvirevo
Director - Resource Mobilisation and Climate Finance

Eng. Irene Kamutero-Goto
Director - Independent Evaluation

Mr. Phillip Tadiwa
Director - Compliance Review and Mediation

Mr. Simbarashe Makombera
Director - Corporate Services and Human Resources

Mr. Takaidza Mabuto
Head - Risk Management

Corporate Management (continued)

Mrs. Jane Gwiza
Acting Head of Audit

Mr. Phillip Chitsika
Chief Economist, Strategy and Performance Monitoring

Eng. Fredy Masuka
Head - Procurement Management Unit

Mr. Weston Nembaware
Executive Assistant to the CEO

Mr. Alexio Mashonganyika
Head - Credit and Policies Department

Mr. Douglas Mapuranga
Head - ICT

Mrs. Priscillah Zvobgo
Chief Communications Officer

2023 Performance Highlights

GOVERNANCE & INSTITUTIONAL EFFICIENCY

Knowledge Generation & Sharing

Five (5)
research papers disseminated

Governance

96.7%
Compliant with Public Entities Corporate Governance Act

GCF
Accredited Entity

B+
rating by AADFI PSGRS

Institutional Efficiency

38.7%
share of staff who are women

95.7%
Staff retention rate

70%
internal ICT projects completion rate

OPERATIONAL PERFORMANCE

Infrastructure Projects

US$346 million
new projects committed to the Pipeline

US$1.1 million
disbursed towards project preparation

US$20 million
Bankable projects

Projects implemented:

- Bulawayo Students Accommodation Complex Project [completed] – 516 rooms
- Waneka Housing Development Phase III Project [completed] – 48 two-bedroomed flats
- Willsgrove Park II Housing Project [complete] - 114 serviced stands
- Sumben Housing Phase 1 Project [completed] – 123 serviced stands
- Lupane University Students AccommodationComplex (LUSAC) (Warden Houses) Project - [completed] – two warden houses
- 07 on Pagomo Cluster Houses Development Project [68% complete]
- Kadoma Cluster Houses Development (Demo Houses) Project [95% complete]

Private Sector Support

US$5.8 million
loan book

US$5.5 million
disbursements

FINANCIAL PERFORMANCE

Resource Mobilisation

A total **US$12 million**
resources mobilised

US$2 million
additional capital raised

US$4.7 million
project implementation finance raised

US$5.5 million
short term lending and placement finance raised

- Climate Finance Facility (CFF) officially registered
- Government has committed to provide US$3 million seed capital in 2024

Financial Sustainability

ZWL1.9 billion
Profit

ZWL180 billion
capitalisation level

ZWL358 billion
asset base

0.42%
non-performing loans

OUTCOMES

Increased stock of sustainable infrastructure | Employment creation | Decent accommodation | Improved learning outcomes | Improved aesthetics and physical appearance of the community | Improved access to students' accommodation and facilities | Improved security of students especially the girlchild | Demonstration effect which crowds in private sector participation | Improved access to water, sanitation, and electricity | Improved access to transport and communication | Improved knowledge in the economy | Improved innovation (new products, business processes and policies)

Chairman's Statement

"The Bank's operations contribute to the acceleration of economic transformation through the creation of employment opportunities, foreign currency generation, and enhancing food security as guided by the National Development Strategy (NDS) 1. "

Background

The Zimbabwean economy has witnessed impressive growth post COVID-19, registering 6.5% in 2022 and 5.5% in 2023. However, the country continued to face headwinds, stemming from macroeconomic instability manifesting through inflationary pressures and exchange rate depreciation. In 2023, the country's blended inflation ended the year at 26.5% from a low of 17.7% registered in August 2023. The official exchange rate depreciated from 1US$: ZWL671.4466 as of 31 December 2022 to ZWL6,104.72 as of 31 December 2023. The country's financial markets remained shallow, hamstrung by high interest rates, and dominated by short-term deposits and tight liquidity. These risks placed a significant drag on the Bank's operations. Nonetheless, the Bank rode the storm through pragmatic execution of its mandate.

The local economy was not spared from the global economic slowdown on the back of lower international commodity prices and tightening monetary policy stance to tame the inflation tide. Further, the local economy took a hit from geopolitical conflicts and growing unilateralism. This has necessitated the review of the Bank's strategic partnerships and engagements to champion investments in infrastructure in the country.

Contribution to Vision 2030

In line with the Country's Vision 2030, the Bank is committed to the reduction of the country's housing backlog through various housing development and student & staff accommodation projects. The Bank funds the development of off-site and onsite infrastructure, cluster homes, flats, and tertiary students and staff accommodation facilities. Working with other Government Departments and Agencies, the Bank also supports players in the infrastructure value chain, including in such critical areas as irrigation development. The IDBZ further responds to the national call for sustainable energy generation, guided by the Nationally Determined Contributions, through the development of renewable energy projects.

The Infrastructure Bonds issued by the Bank contribute to the deepening of capital markets, whilst providing wider investment options. The Bank's operations promote the acceleration of economic transformation through the creation of employment opportunities, foreign currency generation, and enhancing food security as guided by the National Development Strategy (NDS1). Funds mobilised through the Bank's Bond issuances are deployed to support development-oriented projects that lead to the improvement in the standard of living of all Zimbabweans. The Bank will continue to identify, prepare, and develop projects in the focus sectors outlined in the Long-Term Strategy: 2021-2030.

Outlook and Strategy

In recognition of the importance of infrastructure to national development and the attainment of Vision 2030, the Bank continues with its transformational and retooling agenda to become a " *Development Finance Institution (DFI) of Scale by 2030".*

As outlined in its Long-Term Strategy, the Bank's name has been changed from 'The Infrastructure Development Bank of Zimbabwe" to "The Infrastructure and Development Bank of Zimbabwe." This is in recognition of the need to have a name that fully reflects the Bank's broader mandate which incorporates infrastructure and, at the same time, promotes development financing across all sectors of the economy.

The Bank is currently engaged with its shareholders on foundational capitalisation initiatives that are key in anchoring the implementation of its Recapitalisation Programme which targets a capitalisation level of US$ 500 million in the medium term and US$ 1.00 billion by 2030. In order to effectively execute its mandate, the Bank will need to leverage a stronger balance sheet as it pursues project financing, strategic partnerships, public private partnerships, and climate finance initiatives.

The Bank was accredited to the Green Climate Fund (GCF) in September 2022; with its 5-year accreditation period running with effect from 18 January 2023 as a Direct Access Entity (DAE). The Bank is in the final stages of establishing a dedicated Climate Finance Facility (CFF) whose aim is to mobilise resources for financing green projects. To crowd-in investors, the Government of Zimbabwe (GoZ) has committed to inject US$ 3.00 million as seed capital to the CFF. In 2024, the Bank will continue to strengthen its climate finance capabilities to harness available funding for infrastructure development.

The Bank is relentless in its pursuit of the European Organisation for Sustainable Development (EOSD)'s Sustainability Standards Certification Initiative (SSCI) spearheaded by the Reserve Bank of Zimbabwe. The SSCI is a testament to the Bank's commitment to sustainable development, raising funds for green and low-carbon investments, and adopting best-practice Environmental, Social, and Governance (ESG) frameworks.

Appreciation

I would like to express my profound gratitude to the Government of Zimbabwe, the Office of the President and Cabinet, the Ministry of Finance, Economic Development and Investment Promotion, and the Reserve Bank of Zimbabwe for their continued support. For the Bank to successfully deliver on its mandate it highly depends on the continued cooperation of all its stakeholders, inclusive of Development Partners and customers.

The guidance of the IDBZ Board is always cherished and the dedication of Management and Staff to the execution of the Bank's mandate is applauded. My appreciation is also extended to the whole IDBZ Team for their commitment to the development of the country and contribution towards the achievement of Vision 2030.

Dr. Kupukile Mlambo
Chairman of the Board
18 March 2024

Chief Executive Officer's Statement

"Uplifting the livelihoods of all Zimbabweans through sustainable infrastructure development"

The 2023-2025 Work Programme and Budget was guided by the theme "Transforming and Retooling Towards a DFI of Scale". The Bank thrives to ***"Uplift the livelihoods of all Zimbabweans through sustainable infrastructure development."***

Bank Operations

During the year 2023, the Bank raised US$5.83 million from the market towards financing infrastructure projects. The proceeds were applied towards: Willsgrove Park Phase II Housing Project (US$0.23 million); Bulawayo Students Accommodation City (BSAC) (US$1.9 million); Eyestone Quarry Private limited (US$1.3 million) and Trivest Pvt Limited, Blufhill Cluster Homes (US$0.895 million). In addition, the Bank also invested US$1.54 million from its capital towards supporting the 07 on Pagomo Cluster Housing Development (US$0.93 million), Waneka Phase 3 Housing Development Project (US$0.48 million), and Kanyemba Fishing Lodges (US$0.13 million).

To effectively deliver on its mandate of promoting economic growth through championing investments in infrastructure development, the Bank is building a pipeline of projects that are bankable and shovel ready to facilitate resource mobilisation. In 2023, the following projects, with an estimated value of US$345.7 million, were booked to the Bank's Projects Pipeline:

i. Athol House Apartments (Eastlea Flats) (US$3.2 million);
ii. 07 On Pagomo Cluster Houses Development (US$6.2 million);
iii. Dabuka Village Double Storey Apartments (US$9.1 million);
iv. Clipsham View Hotel (US$12.0 million);
v. Ministry of National Housing and Social Amenities (MoNHSA) Shelter Afrique Advisory (US$25 million);
vi. Glen Forest Housing Development (US$6 million);
vii. MONHSA Special Drawing Rights (SDR) Loan Advisory (US$10 million);
viii. Mutare Student Accommodation Project (US$16.2 million);
ix. Nyazura 10MW Solar Power Plant (US$10 million);
x. Kwangu/Ngakwami Presidential Title Deeds Programme Advisory (US$100 million);
xi. Chirundu Border Post Modernisation Advisory (US$89 million);
xii. Ravensus Solar Project (US$49 million); and
xiii. Bindura University (BUSE) Sodium Silicate Project (US$10 million).

Approximately US$1.1 million project preparation and development work were completed in 2023 against a requirement of US$2.21 million funding for the preparation of prioritised pipeline projects. The Bank managed to disburse US$0.14 million from the Bank's Project Preparation and Development Fund (PPDF) due to limited funding. The disbursements were going towards the following projects:

i. Gutu Solar: US$65,627.61 (Bankable Feasibility and ESIA Study Consultants Fees & Disbursements, EMA ESIA review fees);
ii. Lupane University Student Accommodation City (LUSAC): US$13,260.67 (topographic survey, ESIA);
iii. Tjibundule Housing Project US$9,410.54 (stakeholder

consultation, town planning Consultancy Fees);

iv. Catholic University of Zimbabwe (CUZ) Student Accommodation Complex: US$12,096.63 (valuation and designs);
v. Tugwi-Mukosi: US$31,275.90 (Irrigation Feasibility Study Consultant Fee Arrears);
vi. Nyazura Solar Project: US$3,125.80 (Grid Impact Assessment); and
vii. Bindura University of Science Education Student Accommodation: US$4,718.84 (ESIA consultancy fees).

Development Partners and Project Promoters also contributed to project preparation and development on the following projects:

i. Gutu Solar Project- French Development Agency (AFD): US$121,739.00;
ii. 07 On Pagomo Cluster Houses Development (Cape Valley): U$0.62 million;
iii. Kadoma Cluster Houses Development (Dostaro): US$0.19 million; and
iv. Marimba Cluster Houses Development (Nextchir Consortium): US$0.13 million.

In 2023, the Bank developed four projects worth US$19.12 million to bankability, and fundraising activities had commenced by the end of 2023. The approved projects were:

i. 7 On Pagomo Cluster Houses Development (Cape Valley) (US$6.2 million);
ii. Honister Cluster Houses Development (US$9.7 million);
iii. Kadoma Cluster Houses Development (US$2.3 million); and
iv. Marimba Cluster Houses Development (US$0.92 million).

The Bank continues to support players in the infrastructure value chain (IVC). During 2023, disbursements towards IVC projects reached US$5.49 million. The Bank's loan book closed the year at US$5.46 million and was limited by the prevailing macroeconomic conditions.

Bank Capitalisation

In 2023, Government and the Reserve Bank of Zimbabwe injected ZWL2.5 billion (US$1.97 million) into the Bank for capitalisation. The Bank is still in pursuit of its recapitalisation roadmap as outlined in its Long Term Strategy (LTS 2021-2030) in order to achieve a balance sheet capacity of US$500 million in the medium term and US$1.00 billion by 2030 for effectual execution of its mandate. Engagements are ongoing with the Bank's shareholders on short-term capitalisation interventions that are key in providing a firm foundation for successful implementation of the Bank's Recapitalisation Programme.

Financial Performance

During the period under review, the Bank recorded a historical profit before tax of ZWL64 billion compared to a profit of ZWL3.6 billion in the prior year. This improvement was primarily attributed to gains from fair value adjustments on investment properties, as well as profits realized from the disposal of the Bank's investment in the Sumben Housing Development Project, one of the Bank's flagship projects in Mt Pleasant, Harare. The performance was further supplemented by impairment recoveries and effective cost containment measures implemented by Management.

Operating expenses saw a substantial increase of 972% in historical terms during the period, primarily driven by inflationary pressures and exchange rate depreciation affecting both goods and services prices. In response, Management implemented various cost containment measures to align expenses with revenue generation activities.

Total assets increased by 789% in historical terms attributable to a capital injection from shareholders (ZWL2.5 billion) and additional resources raised for infrastructure development and support. The Bank's liquidity position was bolstered through money market deposits, and access to the Reserve Bank of Zimbabwe Medium Term Facility aimed at supporting private sector lending operations which has seen the Bank underwriting a significant loan book compared to the prior period.

To mitigate the threats posed by exchange rate volatility and high inflation, the Bank adopted strategic measures, including investing in projects with returns linked to the USD and restructuring its balance sheet by disposing of underperforming investment properties and assets. The proceeds from these transactions have been reinvested to enhance the Bank's performance.

The Bank remains vigilant in monitoring its liquidity position, controlling costs, and prioritizing projects with shorter revenue cycles to bolster its financial sustainability.

Appreciation

I am deeply grateful to the Government of Zimbabwe, the Ministry of Finance Economic Development and Investment Promotion, the Reserve Bank of Zimbabwe, Investors, Development Partners, and all other stakeholders for their support. My appreciation is also extended to the IDBZ Board for their guidance, and to Management and Staff for their commitment towards mandate execution.

Zondo T. Sakala
Chief Executive Officer
18 March 2024

Blueprints and safety helmet over a table in construction site. *Image Source: Shutterstock*

CHAPTER 01

OPERATING LANDSCAPE: TOWARDS UPPER MIDDLE CLASS ECONOMY

1.1 MACROECONOMIC ENVIRONMENT AND CLIMATE CHANGE

1.1.1 Global

The global economy grew by 2.6% in 2023, a slowdown from 2.9% recorded in 2022. The slowdown is attributed to the lagged effects of the tight international monetary policy and financing conditions resulting in the decline in investment and trade. Global growth is projected at 2.4% in 2024 and 2.7% in 2025. Africa growth is expected to moderate to 4.3% in 2024 from 4.0% in 2023 with Southern Africa projected to register the lowest growth (2.7%) in 2024 from 1.6% in 2023. Risks to growth in many African economies emanate from supply chain disruptions, tightening global financial conditions, subdued global growth, and growing impacts of climate change and extreme weather events.

Global inflation pressures are expected to continue receding to 3.7% in 2024 and 3.4% in 2025 attributable to the weakening of global demand and declining commodity prices. The subdued demand ensues from tight monetary and financing conditions.

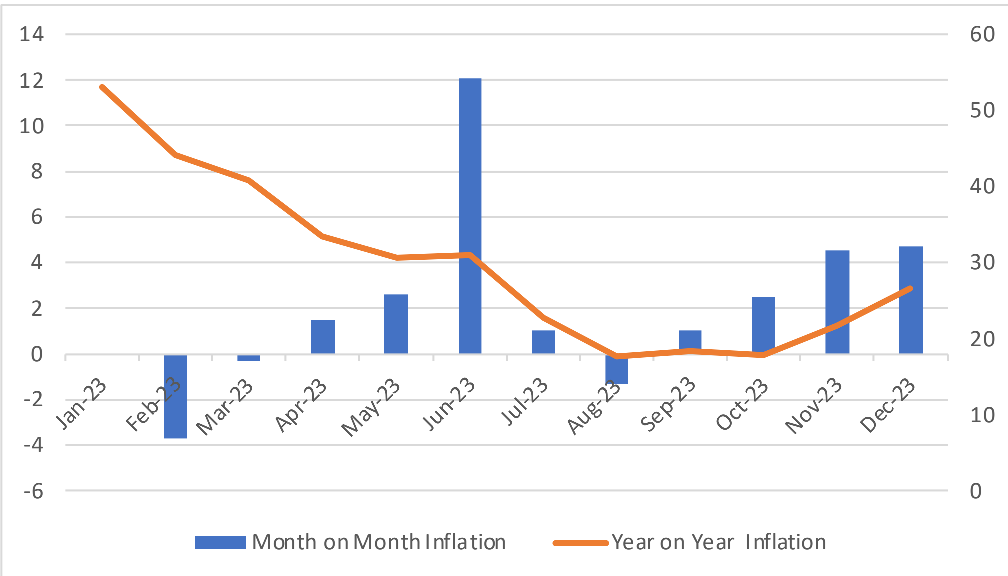
1.1.2 Domestic

In 2023, the country's GDP grew by 5.5% supported by growth in agriculture, mining & quarrying, accommodation & food activities, education, human health & social activities, water supply & waste management. Despite the country posting impressive growth post COVID-19, headwinds remain. Power outages, macroeconomic instability, tight liquidity condition, lack of long-term funding, declining commodity prices and climate variabilities continue to constrain the country's growth.

In 2023, the country experienced a double-digit inflation Year-on-Year averaging 29.81% whilst the ZWL currency depreciated by 1150% and 991% on the interbank and parallel markets respectively. Furthermore, the tight liquidity environment worsened the situation.

The Government implemented tight monetary policy measures to douse inflation and exchange rate pressures.

Figure 1: Zimbabwe Inflation from January 2023 to December 2023



In the outlook, the Zimbabwean economy is projected to grow by 3.5% in 2024 and 5% in 2025. Supporting growth in 2024 will be mining and quarrying (7.6%), human health & social work activities (5.6%), electricity (17.4%), accommodation & food activities (6.9%), ICT (4.8%), transport & storage (4.4%), and finance & insurance activities (4.5%). The projected growth is based on the following assumptions: continued fiscal consolidation, stable exchange rate and inflation, currency certainty, and tight monetary and fiscal policies.

Headwinds to the 2024 growth outlook include:

i. constrained consumer demand;
ii. exchange rate instability;
iii. declining commodity prices;
iv. high country risk;
v. high inflation;
vi. climate change;
vii. pandemic outbreaks; and
viii. geopolitical developments.

1.1.3 Climate Change (RMCF)

The Bank's operations and investments are guided by the principles of sustainable development. In light of this, the Bank ensures that its investments are socially acceptable and environmentally friendly as guided by its Environmental and Social Sustainability Management System (ESSMS). The Bank applies a rigorous environmental and social impact assessment (ESIA) process prior to implementation of projects. Further it undertakes Environmental and Social Management Plan (ESMP) implementation monitoring activities during and after the construction phase of a project. This ensures that project impacts are effectively managed. The Bank values the welfare of communities living in and around its projects and provides the m with a platform for airing their views regarding impacts of project. The Bank encourages its Contractors to always prioritise employment of local people wherever possible as part of the Bank's strategy for empowering local people and enhance the project's social sustainability.

1.2 INFRASTRUCTURE DEVELOPMENT UPDATE

The need for financing infrastructure development remains high for both new projects and the maintenance and rehabilitation of existing infrastructure. It was estimated that Zimbabwe required at least US$3.3 billion annual investment up to 2030 to restore its infrastructure. It is against this background that the Bank seeks to improve capitalisation levels and scale up its operations for efficacious execution of its mandate.

1.2.1 Water and Sanitation

In Zimbabwe, access to basic water supply has significantly improved from 29.7% in 2020 to 77.6% in 2022. However, the sector faces challenges emanating from electricity shortages, lack of chemicals, and limited capacity of water treatment plants. Pollution and climate change have worsened the situation. Additionally, the sprouting of many urban settlements has strained the existing infrastructure. Distribution inefficiencies has led to poor revenue collection. Aged sewer reticulation infrastructure has resulted in serious environmental pollution due to constant sewer bursts. The Bank seeks to find a lasting solution in the sector through working with Development Partners, and public and private sector players.

1.2.2 Housing

During the first half of the NDS1, the Government of Zimbabwe has endeavoured to improve access to sustainable and affordable housing by providing a total of 153,308 housing units and 190,760 serviced stands.

The revised housing delivery targets for the remaining period of the NDS1 is 165,000 housing units and 492,000 serviced stands. An estimated US$1.6 billion is required to meet the set targets. The Bank, working with private sector players will provide both serviced stands and completed housing units.

1.2.3 Irrigation

Zimbabwe has not reached its full potential in terms of irrigation development as only 5% of the cropland is under irrigation. Considering extreme weather events which include prolonged dry spells and droughts, the call to increase irrigable land has become louder. For the year 2024, the Government of Zimbabwe has committed to invest a total of ZWL220.8 billion towards the development of 5,202ha and rehabilitation of existing schemes across the country. However, these resources remain inadequate to meet the NDS1 target. Therefore, there are opportunities for private sector players to participate in irrigation development. The Bank will leverage on available Climate Finance Funds to mobilise funding for irrigation development.

1.2.4 Transport

The country's road network is in urgent need of rehabilitation as most roads have exceeded their useful economic life. In response, the GoZ launched an Emergency Road Rehabilitation Programme which was meant to channel resources towards development of roads. During the first phase of implementing the NDS 1, the GoZ embarked on a road rehabilitation and maintenance programme which covered some trunk roads. A significant portion of the road network is still in a state of disrepair. The funding requirements for the country to have an efficient road transport system is beyond the Government's Budget and therefore, different funding models are being pursued that include structured loans, and public-private partnerships (build operate and transfer arrangements).

Government has committed to the rehabilitation of the rail network and capacitation of the National Railways of Zimbabwe (NRZ). In the 2024 Budget, ZWL56.4 billion was set aside for rail infrastructure rehabilitation and upgrading.

However, in the short to medium term, NRZ requires about US$23 million to undertake critical rail rehabilitation projects that are necessary for the achievement of NDS 1 targets. Government is encouraging private players' participation in the modernisation of the rail sector.

In the aviation sector, Zimbabwe adopted an open sky policy that seeks to increase domestic flight capacity. This should be complemented by upgrading and expansion of facilities to increase traffic. The air transport sector supports tourism and horticulture sectors, therefore, infrastructure projects in the aviation sector have potential to attract private sector participation.

1.2.5 Energy

In 2022, 62% of the country's population had access to electricity an improvement from 48.98% in 2021. In 2023, the commissioning of Hwange 7&8 brought stability to the power supply towards the end of the year. However, electricity supply challenges remain due to depressed output at Kariba Power Station (because of receding water levels in Kariba Dam), and underperformance of other thermal power stations. Power demand is expected to go up because of demand from mining companies, industry, and agriculture. Demand is projected to reach 2400 MW in the near future, against the current production of 1500MW.

The Government has come up with policy measures to encourage investment in the energy sector, that include off-grid renewable energy investment and private sector power-to-mine investment.

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

In 2022, the country's population was 15.2 million and is projected to grow annually by 1.5%. Population growth puts pressure on both economic and social services and related infrastructure that include education, health, and ICT.

Given the movement towards digital economy, ICT is indispensable for the achievement of Vision 2030. Moreso, the outbreak of Covid-19 has underlined the need for an efficient and affordable ICT for the delivery of social services, conducting business, education and health. In Zimbabwe, there have been challenges with regards to access to ICT services partly due to high cost and lack of investment in backbone infrastructure in outlying areas. Moreover, the quality of the services in most cases has proven inadequate to fully support the digital economy. The situation is worse in rural areas compared to urban areas. There are calls for innovation and investments in the ICT sector to resolve these challenges.

Zimbabwe's health sector has encountered significant challenges recently, marked by limited access to healthcare services due to inadequate healthcare infrastructure, and a shortage of medical professionals and supplies. The Government of Zimbabwe (GoZ) acknowledges the vital role of healthcare in the nation's well-being and economic development and has come up with measures to ameliorate the impact of the challenges.

Tourism is one of the country's key economic sectors that is expected to significantly contribute towards the achievement of Vision 2030. Under the National Tourism Recovery and Growth Strategy, earnings from tourism are expected to reach US$5 billion by 2025. Investment opportunities are in the development of tourism infrastructure in existing and new tourism frontiers in all Provincial Capitals, Victoria Falls, Kanyemba, Binga and Tugwi-Mukosi.

1.2.7 Bank's Context in Global, Regional and Domestic Development Landscape

The IDBZ as a National Development Finance Institution (DFI) has a Long-Term Strategy (LTS) that aligns with the country's NDS1, Vision 2030, the AU's Agenda 2063, the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change.

Some of the SDGs seek to eliminate poverty, promote good health and well-being, improve quality of education, enhance the supply of clean water and sanitation, ensure affordable and clean energy, promote sustainable development of cities and communities, and calls for climate action.

IDBZ's investments contributes to the achievement of these SDGs. In all its operations, the Bank endeavours to reduce inequalities and ensures gender equality.

The African Union Agenda 2063 seeks to achieve an integrated prosperous and peaceful Africa driven by its own citizens. The AU Agenda 2063 goals include; promote a high standard of living, quality of life and well-being, health, and well-nourished citizens, transformed economies and job creation, modern agriculture for increased productivity and production, environmentally sustainable climate resilient economies and communities, and world class infrastructure cris-crosses Africa. The IDBZ contributes to the aspirations of Africa Agenda of 'Africa Taking Full Responsibility of Financing Her Development'.

Zimbabwe is in full support of both the SDGs and AU's Agenda 2063 and seeks to achieve Vison 2030 for a Prosperous and Upper Middle-Income Society by 2030. For achievement of this vision, the GoZ produced the NDS1 (2021-2025) whose pillars are;

i. Economic Growth and Stability,
ii. Food & Nutrition Security,
iii. Moving the Economy up the Value Chain and Transformation,
iv. Human Capital Development and Innovation,
v. Infrastructure and Utilities,
vi. Housing and Social Amenities,
vii. Digital Economy,
viii. Health Delivery,
ix. Image Building – Engagement and Re-engagement,
x. Social Protection,
xi. Devolution and Decentralisation,
xii. Youth Sport and Culture,
xiii. Drug and Substance Abuse,
xiv. Environmental Protection,
xv. Climate Resilience and Resource Management, and
xvi. Governance

IDBZ actively contributes to (v), (vi), (vii), (xiv) and (xv), and supports (i), (ii), (iii), (iv) (viii) and (xi) through its interventions in the primary focus sectors of (i) Water and Sanitation, (ii) Housing, (iii) Irrigation Development, (iv) Transport, and (v) Energy, as well as secondary sectors of Health, Education, Tourism, and Information Communication Technology (ICT).

Table 1: IDBZ's Contribution to Global, Regional, and Domestic Development Agenda

IDBZ Focus Sector	SDG	2063 AU Agenda	NDS 1 Sector and Outcome
Water and Sanitation	The interventions of the IDBZ in the water and sanitation sector seeks to improve access to water and sanitation services by all Zimbabweans towards the achievements of SDGs 3, 6, 8, 10 and 13.	• Aspiration 1 – prosperous Africa based on inclusive growth and sustainable development. • Goal 1 – High standard of living, quality of life and well being • Goal 3 – health and well-nourished citizens • Goal 10 - world class infrastructure cris-crosses Africa.	• Sector - Social infrastructure • Outcome - improved infrastructure and access to services (water and sanitation).
Housing	Interventions in the housing sector seeks to improve access to adequate safe and affordable housing and social amenities in support of most SDGs specifically SDG 11 – Sustainable Cities and Communities.		• Sector - Social (Urban and Rural Housing) • Outcome - improved access to affordable and quality housing and social amenities.
Irrigation	Interventions by the Bank in the irrigation sector seeks to enhance agricultural productivity in support of SDG 2 impacting on SDGs 1, 8 and 13.	• Aspiration 1 – prosperous Africa based on inclusive growth and sustainable development. • Goal 5 - modern agriculture for increased productivity and production.	• Sector - Economic Infrastructure • Outcome - improved infrastructure and access to services
Transport	Interventions in the transport sector, the Bank seeks to enhance transport connectivity in fulfilment of SDG 9 – Industry, Innovation, and Infrastructure. The intervention has impact on SDGs 10, 11, and 13.	• Aspiration 1 – prosperous Africa based on inclusive growth and sustainable development. • Goal 4 – transformed economies and job creation. • Goal 10 - world class infrastructure cris-crosses Africa.	• Sector - Economic Infrastructure • Outcome - improved infrastructure and access to services.
Energy	IDBZ investment in the energy sector will lead to improved access to energy for all Zimbabweans answering the call to SDG 7. This supports the achievement of SDGs 9, 10, and 13.	• Aspiration 1 – prosperous Africa based on inclusive growth and sustainable development. • Goal 7 - environmentally sustainable climate resilience economies and communities. • Goal 4 – transformed economies and job creation.	• Sector - Economic Infrastructure Outcome - improved infrastructure and access to services.

The IDBZ has taken a leading role to protect the environment and combat climate change. As such, it encourages environmental protection & sustainability and combating climate change in all its programming as an accredited Green Climate Fund (GCF) entity. The European Organisation for Sustainable Development (EOSD) Sustainability Standards and Certification Initiative (SSCI) also supports the Banks' Sustainability Agenda.

CHAPTER 02

BANK CONTRIBUTION TOWARDS DEVELOPMENT

2.1 RESOURCE MOBILISATION

In 2023, the Bank managed to mobilise resources to a tune of US$12.14 million:
- Project financing (US$4.71 million against a target of US$17 million);
- Capitalisation (US$1.97 million against a target of US$3.0 million); and
- Short term lending and placements (US$5.46 million against a target of US$6.2 million).

The resources mobilisation efforts were negatively impacted-on by lack of multi-sector bankable projects and unstable macroeconomic environment characterised by:
- high inflation;
- high interest rates;
- tight liquidity;
- exchange rate depreciation; and
- policy uncertainty with regards to currency.

In view of the challenging operating environment, the Bank's resource mobilisation had to adapt and provide investors with value preservation options. Therefore, the Bank issued USD-Linked Bonds and structured mezzanine instruments which addressed some of the concerns by investors.

2.1.1 Bank Capitalisation

The Bank continued to pursue its capitalisation drive as per its Long-Term Strategy (2021-2030) to achieve its goal of becoming a "DFI of Scale". Under the Strategy the capitalisation level targets are US$500 million in the medium term and US$1 billion by 2030. This level of capitalisation is a necessary condition for the effectual delivery of the Bank's mandate.

In 2023, Government injected ZWL2 billion capitals into the Bank through the National Budget. The Reserve Bank of Zimbabwe made a ZWL502.8 million capital contribution commensurate with its shareholding in the Bank. The total capital injection was equivalent to US$1.97 million at the prevailing exchange rate.

2.1.2 Project Preparation Funding

In 2016, the Bank established a Project Preparation and Development Fund (PPDF), designed to support the development of projects to bankability. However, the Bank's thin capital base has constrained it to replenish the PPDF. This is limiting the number of projects that could be packaged and developed to bankability for fundraising. To augment the Bank's PPDF the Bank has engaged Development Partners and encouraged Project Promoters to contribute towards project preparation and development.

Approximately US$1.1 million worth of project preparation and development works were completed in 2023 against a requirement of US$2.21 million funding for the preparation of prioritised pipeline projects. The Bank managed to disburse US$0.14 million from the PPDF due to limited funding.

2.1.3 Project Implementation Financing

A total of ZWL7.68 billion (US$4.71 million) was raised towards project financing during the year, being ZWL4.78 billion (US$1.9 million) for the Bulawayo Students Accommodation City (BSAC), ZWL1.53 billion for Eyestone Quarry Mining (US$1.3 million), ZWL635 million (US$0.895 million) for Bluffhill Cluster Housing Project, ZWL186 million (US$0.415 million) for Willsgrove Park Phase II Housing Project and US$0.2 million for Kadoma Cluster Housing Development Project.

Fundraising for the Rooiport Estate Housing Project in Chivhu (US$5.5 million) was suspended following the promoter's withdrawal of the project. Fundraising initiatives for Phase 1 of Lupane Students Accommodation Complex were deferred to facilitate a reappraisal of the project and re-calibration of the proposed project implementation structure.

The Bank's collaboration with Afreximbank as Joint Lead Managers in coordinating the structuring of a proposed US$125 million Sovereign Bond for placement with foreign investors was put on hold following preliminary market sounding.

The Bank continues to work with Government to explore other opportunities for raising capital. In Q3 2023, the Bank launched a US$2 million Vaka/Yakha Zimbabwe Infrastructure Bond which is still on offer. The USD Bond seeks to tap into the available USD.

2.1.4 GCF Accreditation

The Bank's accreditation with the Green Climate Fund (GCF) became effective on the18th of January 2023 for a 5-year period. In 2023, the Bank will be focusing on identification of projects for consideration by the GCF. In this regard, the Bank is working with various stakeholders to develop project Concept Notes for submission to the GCF in 2024. The Bank will also be raising national awareness on the opportunities presented by the GCF accreditation as well as the GCF's investment criteria.

2.1.5 CFF Operationalisation

The Bank made strides in operationalising the Climate Finance Facility (CFF). The CFF is structured as a stand-alone Trust Fund dedicated to financing adaptation and mitigation projects. The Fund has been officially registered and Treasury has committed to provide seed capital of US$3 million to be disbursed in 2024. Development of a detailed CFF Prospectus for use in marketing the facility to prospective funding partners is complete and this will be the guiding document for a planned donor round table set for Q3 2024. The CFF will provide a platform to crowd-in various climate finance sources and, more essentially, private sector capital into mitigation and adaptation investments to promote sustainable development.

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2.1.6 Sustainability Standards Certification Initiative

The Bank continues with participation in the European Organisation for Sustainable Development (EOSD), Sustainability Standards and Certification Initiative (SSCI) which promote sustainability, innovation, climate resilience, and financial inclusion. Participation in the SSCI project demonstrates the Bank's commitment to manage climate and environmental risks, mobilise capital for green investments, and improve ESG disclosure. Upon certification, the Bank's capacity to mobilise green funds will be enhanced, particularly for Water and Sanitation, Irrigation, Energy, Transportation, and Small-to-medium enterprises.

Significant progress was recorded in the overall SSCI Project completion rate which reached 25% in 2023 against a target of 30%. In 2024, the Bank targets to reach a 70% certification level.

2.2 PRIMARY FOCUS SECTORS INTERVENTIONS

2.2.1 Water and Sanitation

In 2023, the Bank partnered with UNICEF and the Ministry of Local Government and Public Works to develop a Concept Note for the expansion and rehabilitation of water and sanitation infrastructure through the proposed IDBZ-UNICEF Green Climate Fund WASH Programme for Small Towns (Plumtree, Beitbridge, Victoria Falls, Shurugwi, Chipinge, and Chiredzi). The Programme is earmarked for GCF funding.

2.2.2 Housing

In 2023, housing projects with an estimated cost of US$143.6 million were committed to the Bank's Pipeline of Projects as shown on Table 2.

Table 2: Housing Projects Committed to the Pipeline.

Project Name	Description	Location	Estimate Cost (US$ millions)
Eastlea Residential Apartments	Multi – Storey 2-bedroom Apartment Block	Harare	3.2
07 Pagomo	Construction of 40 (4) four Bedroom cluster houses	Harare	6.2
Dabuka Village Apartments	152 Double Storey Apartments	Ruwa	9.1
Hornister Cluster Houses	Construction of 42 x 3 bedrooms Cluster house units	Harare	9.7
Clipsham Views Hotel	Hotel	Masvingo	12.0
Kadoma Cluster Houses	Construction of 30 x 3-bedrooms cluster house units	Kadoma	2.3
Shelter Afrique Advisory	MONHSA- Development of Flats under MONHSA Housing Programme	Mutare, Masvingo, Gwanda, Bulawayo, Victoria Falls, Chitungwiza, Norton, Bindura	25
Glen Forest Housing	Development of 209 medium density residential and 16 commercial stands.	Goromonzi	6
Special Drawing Rights Loan Advisory	MONHSA- Development of Flats under MoNHSA Housing Programme.	Victoria Falls and Kwekwe	10
Clipsham Views School	Construction of Primary School	Masvingo	2.1
Mutare Students Accommodation	Construction of Students Hostels to accommodate 10,000 students to be implemented in a phased approach with Phase 1 accommodating 1,000 students.	Mutare	58
Total			**143.6**

Table 3: Projects Developed to Bankability

Project Name	Description	Location	Estimate Cost (US$ millions)
07 On Pagomo Cluster Houses Development	The project entails servicing and construction of ten (10) 4-bedroom housing units.	Monavale, Harare	6.2
Mornington Cluster Houses Development	The project entails construction of a gated community comprising of thirty (30) x 3-bedroomed cluster housing units with supporting infrastructure of water and wastewater reticulation as well as roads and stormwater drainage.	Mornington, Kadoma	2.3
Honister Cluster Houses Development	The project entails construction of a gated community comprising of forty-two (42) x 3-bedroomed cluster housing units with supporting infrastructure of water and wastewater reticulation as well as roads and stormwater drainage under an EPC+F arrangement.	Borrowdale, Harare	9.7
Marimba Cluster Houses Development	The project entails construction of a gated community comprising of fifteen (15) x 3-bedroomed cluster housing units with supporting infrastructure of water and wastewater reticulation as well as roads and stormwater drainage.	Marimba, Harare	0.92
JP Willards Family Trust Cluster Houses Development	The project entails construction of a gated community comprising of twenty (20) cluster housing units with supporting infrastructure of electricity, water and wastewater reticulation		1.2
Total			**20.32**

Table 4: Projects Under Implementation

Project Name	Description	Status
1. 07 on Pagomo Cluster Houses Development	• Project is located in Monavale, Harare. • Project entails construction of 40 (4) bedroom double storey housing units	Project closed the year at 68% completion and expected completion date is May 2024.
2. Kadoma Cluster Houses Development	Project is located in Mornington, Kadoma Project entails construction of 30 three (3) bedroom cluster houses.	3 demo units were under construction at 95% completion against a target of 100%. The delay was a result of cement shortages that were experienced in the fourth quarter of 2023. Expected completion date is March 2024. The main project will be implemented in Q2 2024.
3. Waneka Phase 3 Housing Development Project	• Project is located in Graniteside, Harare • Project entails construction of 2 blocks of flats comprising of 48 x 2 bedroomed housing units.	Project closed the year at 95% completion with civil works ongoing, and the flats will be ready for occupation in April 2024.
4. Sumben Estate Phase 1 Housing Development Project	• Project located in Mt Pleasant, Harare • Project entails servicing of 112 residential stands.	Project was 100% completed in 2023.
5. Bulawayo Students Accommodation City (BSAC)	• Project located in Bulawayo. • Project entails construction of 3 blocks, 560 units accommodating 1032 students and 33 Commercial Shops on the ground floor.	The project was completed in July 2023 and onboarding of students commenced in August 2023 in a phased approach.
6. Willsgrove Park Phase 2 Housing Project	• Project is located in Willsgrove, Bulawayo • Project entails servicing of 114 low density residential stands	The project civil works were completed in June 2023 and now awaiting completion of snags pointed out by Bulawayo City Council which will enable the issuance of a Certificate of Completion
7. Lupane Students Accommodation Complex (LUSAC).	• Project located in Lupane, Matabeleland North. • The project entails the construction of four blocks to accommodate 1836 students and is being implemented in a phased approach. Phase 1 – 1 block and two Warden Houses.	The Warden Houses were completed in May 2023. The Phase 1 project is at tendering stage.

2.2.3 Irrigation

In 2023, the Bank offered advisory services to the Department of Irrigation on the rehabilitation and development of the following irrigation schemes; Manyuchi, Muzhwi, LilStock, Zhovhe, and Kanyemba.

2.2.4 Transport

The Bank through its Agency Agreement with the Ministry of Transport and Infrastructural Development (MOTID) reviewed proposals for modernisation of border posts, upgrade and reconstruction of roads, financial models, feasibility studies and concession agreements. The Bank was involved in the following projects:

- Old Gwanda Road (Upgrading and Tolling)
- Chirundu Boarder Post Modernisation Project

2.2.5 Energy

The focus of the Bank in the energy sector is to partner with Independent Power Producers (IPPs) to develop projects to bankability and raise the implementation funding. The Preparation and Packaging for Gutu 5MW Solar Project was completed in 2023 and licenced in Q4 2023. The following projects were committed to the Bank Project Pipeline for preparation and development and mobilisation of implementation finance:

i. Ravensus Solar Power Project (50MW) in Matabeleland South Province; and
ii. Nyazura Solar Power Project (10 MW) in Manicaland Province.

2.3 SECONDARY FOCUS SECTORS INTERVENTIONS

2.3.1 Health

The IDBZ has tailored its Health Sector thrust to support Government initiatives through mobilising resources for health infrastructure.

2.3.2 Education

In the education sector, the Bank's interventions aim at supporting development of learning facilities, student and staff accommodation facilities across the country.

2.3.3 Tourism

The Bank owns pieces of land across the country which have potential to be developed into tourism facilities. Work has started on others while preparation is on-going on some as shown in Table 5 Once fully developed the projects will generate foreign currency and employment opportunities.

Table 5: Bank Tourism Projects and Facilities

Project Name	Description	Stage
1. Kanyemba Lodge	Phase 1 of Kanyemba Lodges rehabilitation in Mashonaland Central province comprised of: i) Refurbishment of 4 chalets with bed capacity of seven guests and a conference centre. ii) Construction of a 2.5km access road iii) Installation of solar and water systems	Completed
2. Samukele Bulawayo	Guest lodge with 7-bed capacity.	Operational
3. Clipsham Views Hotel and Conference Centre	Construction of a hotel and a conference centre in Masvingo.	Bank is engaging potential partners to jointly develop the property.
4. Willsgrove Hotel and Conference Centre	Construction of a hotel and a conference centre in Bulawayo.	Bank is engaging potential partners to jointly develop the property.
5. Kanyemba Stand	23,153sqm land suitable for a tourism facility.	Bank is engaging potential partners to jointly develop the property.
6. Gwayi Farm	246ha land suitable for a tourism facility.	Bank is engaging potential partners to jointly develop the property.

2.3.4 ICT

In the ICT sector, the Bank will support players to bridge the digital divide and the move towards a digital economy.

2.4 IMPLEMENTATION MONITORING AND EVALUATION FOR BANK SUPPORTED PROJECTS

2.4.1 Implementation Monitoring and Self-Evaluation

The Bank produced Monthly and Quarterly Progress Reports for all projects under implementation which include Bulawayo Students Accommodation City [Bulawayo], Willsgrove Park Phase 2 Housing Project [Bulawayo], Waneka Phase 3 Housing Project-Phase 3 [Harare], 07 on Pagomo Cluster Houses [Harare], Trivest (Pvt) Limited Blufhill Cluster Houses [Harare] and Kadoma Cluster Houses [Kadoma]. This has improved project information availability and made the production of Project Mid-Term Reports (MTR) and Project Completion Reports (PCR) easier.

During the year, one MTR for Waneka Housing Project Phase 3 and four (4) PCRs were produced. The PCRs were for Waneka Housing Development Phase 1 and 2, Glenview Sanitation Project, Cyclone Idai Emergency Response and the Ministry of Primary and Secondary Schools (MoPSE) Schools' Infrastructure Feasibility Study. The MTRs and PCRs are critical for the Bank's effectiveness and efficiency in the execution of the projects. The self-evaluation is important as it provides the Bank with an opportunity to promote learning, fixing problems as they arise, and making sure avoidable mistakes are not repeated.

2.4.2 Independent Evaluations

With the expansion of the Bank's development footprint, independent evaluations are important and necessary to provide impartial, evidence-based assessments and lessons on drivers of success and failure of the Bank's projects/ programmes, thus promoting transparency, effectiveness, and accountability in Bank's operations. The projects and programmes are evaluated in terms of relevance, design, efficiency, effectiveness, sustainability, and impact.

Therefore, the Bank made a strategic decision in October 2023 to operationalise its Independent Evaluation Department (IEVD) as a standalone Department. Operationalisation of the Bank's IEVD is expected to provide feedback on the effectiveness of the Bank's development interventions, enabling the Bank to adjust its strategies and ensure that resources are used in the most effective and efficient way.

2.5 ADVISORY SERVICES

2.5.1 Management of the Public Sector Investment Programme (PSIP)

In 2023, the Bank continued with re-engagement efforts for the management of PSIP projects.

2.6 INFRASTRUCTURE VALUE CHAIN FINANCING AND PRIVATE SECTOR SUPPORT

The Private Sector Lending loan book reached US$5.83 million against a target of US$17.9 million. The high interest rates and tight liquidity affected the projected growth in the loan book. The Bank accessed a sum of ZWL5.44 billion under the RBZ Medium Term Bank Accommodation facility (MTBAF) which was disbursed to the productive sectors. In addition, the Bank secured a Government Guarantee for ZWL25 billion which will be used to secure more funding from the RBZ under the MTBAF and disbursements are expected in Q1 2024.

2.7 DEVELOPMENT EFFECTIVENESS

The Bank continues to offer its support towards infrastructure investments in various sectors. To this end, in 2023, projects worth US$345.7 million were committed to the Bank's pipeline of projects, whilst US$4.71 million was raised towards financing of project implementation activities. US$1.1 million was disbursed towards project preparation and development. A total of US$1.97 million was received towards Bank capitalisation.

Through these interventions, the Bank contributes to the improvement of livelihoods of all Zimbabweans. Implementation of projects creates vast employment opportunities at project site, along the supply chain and during operation of the project. The Bank's activities in the capital market help in widening the investment options. The Bank interventions in the housing sector contribute to the reduction of the housing backlog. Through its social responsibility interventions, the Bank has positively responded to communities affected by disasters (cholera and Cyclone Idai). Support of players in the infrastructure value chain helps in the delivery of infrastructure.

Significant support has been given to players in the construction sector (quarry mining), energy (pre-paid meters and solar projects), housing (contractors), irrigation (land clearance and farmers), and transport (contractors).

Significant strides were made towards establishment of the Climate Finance Fund. The CFF Trust Deed was signed and a commitment of US$3 million was made by MOFEDIP as seed funding to the fund. To promote knowledge generation and sharing, the Bank produced short analytical papers focusing on DFI best practice, water and sanitation, lithium mining, and benefits of the SSCI.

2.7.1 Results Chain

Table 6: Inputs/Activities, Outputs, Outcomes, and Impacts

Activity	Outputs	Outcomes	Impacts
Completion rate of projects under implementation: • Bulawayo Students Accommodation City Project (formerly Bulawayo Students Accommodation Complex)- [100%] • Sumben Housing Development Phase 1 Housing Project, Mt Pleasant Harare- [100%] • Willsgrove Phase II Housing Project, Willsgrove, Bulawayo- [100%] • Lupane Students Accommodation (Warden Houses), Lupane - [100%] • Waneka Phase III Housing Project, Graniteside, Harare - [98%] • Trivest (Pvt) Ltd Blufill Cluster Houses, Bluffhill, Harare – [72%] • Kadoma Cluster Houses, Mornington, Kadoma- [61%] • 7 on Pagomo Cluster Houses, Monavale, Harare- [68%]	• 3 hostel blocks to accommodate 1,032 students116 low density stands measuring minimum of 2,000m^2 each. • 114 low density stands measuring minimum of 4,000m^2. • 4 hostel blocks to accommodate 1,836 students • 2 blocks of flats with 48 2-bedroomed units. • 34 3-bedroomed cluster homes • 30 2-bedroomed cluster homes • 10 2-bedroomed cluster homes	Increased stock of sustainable infrastructure • Employment creation • Decent accommodation • Improved aesthetics and physical appearance. • Improved access to students' accommodation and facilities. • Improved learning outcomes • Improved security of students especially the girlchild. • Demonstration effect which crowds in private sector participation. • Improved access to water, sanitation, and electricity. • Improved access to transport and communication.	• Increase in GDP per capita. • Improved standards of living. • Improved availability of skills.

Model of Mornington Cluster Houses, Kadoma.

CHAPTER

03

STRENGTHENING CAPACITY TO DELIVER

3.1 OPERATIONAL EFFICIENCY

The Bank seeks to optimise its operations to maximise value and maintain agility in a volatile environment. As such, in 2023, the Bank reviewed its internal policies, upgraded its ICT systems, and strengthened its governance structures as it moves towards a value driven organisation that is more resilient and profitable.

3.1.1 Policies

In response to the dynamic operating environment, the Bank reviewed its policies to re-align them with best practice.

3.1.2 Internal Audit

The Internal Audit Unit evaluates the adequacy, and effectiveness of the risk management processes, control mechanisms, compliance and governance systems of the Bank. It gives assurance to the Board and Executive Management on the adequacy of Bank operational systems. To ensure its independence, the Unit functionally reports to the Board Audit Committee and administratively to the Chief Executive Officer.

3.1.3 Information Communication Technology

The Bank's ICT environment remained stable in 2023, with no significant incidents reported. Work to add additional core banking system modules commenced in 2023 and is expected to be completed during the 2024 – 2026 Work Programme and Budget (WP&B). The Bank continuously improves institutional efficiency by adopting appropriate technologies and attendant security solutions to meet stakeholder needs.

In addition, the IDBZ complied with the SWIFT Customer Security Programme (CSP) requirements for 2023; the Bank's ICT general controls were rated satisfactory in audits conducted during the same period. Notably, the cyber environment has increasingly become complex in recent years because of an increasing attack surface caused by the Internet of Things (or IoT) and requiring the Bank to invest more resources towards cybersecurity.

3.1.4 Quality of Bank Operations and Portfolio Performance

The Bank's Non-Performing Loan (NPL) ratio was 0.43% against the regulatory prudential limit of 5% as of 31 December 2023. The positive performance of the Bank's loan portfolio was due to;

i. strict adherence to loan covenants,
ii. consistent monitoring efforts, and
iii. the inflationary environment.

3.1.5 Knowledge Generation and Sharing

The following papers were produced and shared in 2023:

i. DFI Funding Sources for Mandate Delivery – Learning from Experience.
ii. Water and Sanitation Privatisation.
iii. Lithium Mining, Status and Prospect.
iv. Profitability of National Development Finance Institutions.
v. Sustainability Standards and Certification Initiative (SSCI) Benefits to the IDBZ

The Papers highlighted the following:

i. For Development Banks to build clout and to have influence in the market, their capacity is enhanced through administrative measures and public agencies cooperation. As (Xu, Wang, & Ru, 2020) highlighted, such support comes through significant and consistent budgetary transfers, operating subsidies, official development assistance, and capital injection by the central bank. This can be complemented by bond issuances through administrative orders and mandatory deposits by government and quasi-government institutions.
ii. Policymakers can minimize the potential disadvantages of water and sanitation privatization by implementing regulatory frameworks, ensuring transparency and accountability, providing subsidies to low-income households, and involving local communities in decision-making processes. The experiences of Chile, Colombia, and Malaysia provide examples of successful privatization of water and sanitation services.
iii. Lithium has placed Zimbabwe as one of the strategic economies into the future given the energy transition agenda. If the country power situation improves, as plans by Government indicate, the mineral has potential of attracting many industries in the country therefore boosting the country's future economic prospects. The Bank has an opportunity to participate in establishment of local processing and manufacturing of batteries used for solar and electric motor vehicles through the value chain financing.

iv. The critical pillars for National Development Finance Institutions (NDFI) profitability include sustainable funding models, cost efficiency, effective governance and management, a clear and focused mandate, adequate capitalization, robust risk management practices, and supportive regulatory environment.

v. Embracing corporate sustainability is no longer an option but a necessity for DFIs. The SSCI enables the IDBZ to embed sustainable practices into its core operations of infrastructure development, contributing to a more responsible and resilient Bank. Enhanced reputation, increased market opportunities, risk mitigation, improved efficiency, regulatory alignment, and collaborative learning are among the many benefits that the Bank can derive from participating in this initiative. By pursuing SSCI certification, the Bank positions itself as a leader and responsible financier, contributing to the global pursuit of sustainable development.

3.1.6 Social, Environmental and Sustainable Development

Guided by the four sustainability pillars – People, Planet, Purpose and Profit, the Bank strives to focus on profitability but not at the expense of development effectiveness, environmental, social and governance issues. As such, the Bank continuously monitors the environmental and social performance of all Bank supported projects.

The following Bank projects were monitored during 2023:
(i) Sumben Residential Estate Phase 1 Housing Project (Harare);
(ii) Bulawayo Student Accommodation City (Bulawayo);
(iii) Waneka Housing Development Phase 3 (Harare);
(iv) Lupane Students Accommodation Complex (Lupane); and
(v) Willsgrove Park Housing Phase 2 (Bulawayo);
(vi) Winsten Precast (Pvt) Ltd (Chitungwiza);
(vii) Trivest Investments (Pvt) Ltd (Harare); and
(viii) Reeldon Investments (Pvt) Ltd (Mutare).

The Bank supports project implementation for projects with valid ESIA certifications. The Bank offers technical and financial assistance to Promoters to obtain environmental regulatory requirements.

In 2023, the following projects obtained ESIA certification:
(i) Lupane Students Accommodation Complex;
(ii) Gutu Solar;
(iii) Spitzkop Housing; and
(iv) Catholic University of Zimbabwe (CUZ) Students Accommodation.

To impart its values and influence on sustainability issues in the project development cycle, the Bank will continuously conduct awareness for stakeholder groups. These include environmental Consultants, Local Authorities and Private sector players who work with the Bank. The Bank will also continue to prioritise environmental and gender awareness through participation in national and international environmental events such as the Presidential Clean Up Campaign, World Environmental Day, National Tree Planting Day, International Women's Day and International Men's Day.

The IDBZ has adopted and aligns its Sustainability Reports the Global Reporting Initiative (GRI) Standards.

3.1.7 Disability, Gender Equality and Social Inclusion -

The IDBZ Disability and Accessibility Policy was approved by the Board in 2023. The policy aims at ensuring that disability and accessibility issues are mainstreamed in the Bank`s systems, structures and operations in line with the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) Article 27. The Bank is working with the National Association of Societies for the Care of the Handicapped (NASCOH) on an Economic Empowerment project being implemented in partnership with Sightsavers and Federation of Organisations of Disabled People in Zimbabwe (FODPZ).

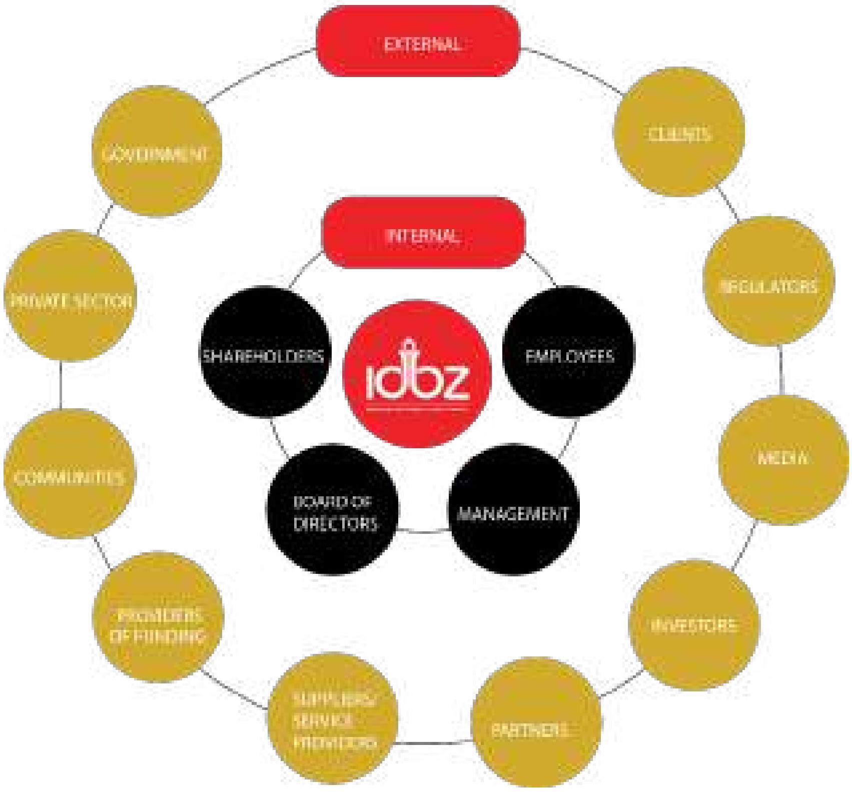
The Bank recognises that a gender lens in infrastructure and development enhances the effectiveness and sustainability of infrastructure investments. The Bank`s gender mainstreaming agenda is guided by its Gender Policy and the Gender Mainstreaming Strategy and Gender Action Plan (2020-2025). Deliberate efforts are made to mainstream the needs of people with disabilities, women, and youths in project design, and implementation of all Bank-supported projects. The Bank is also encouraging its clients to strike a balance between male and female beneficiaries in their projects. Some gender disaggregated data on employment statistics has been generated for some of the projects. Internally, the Bank recorded a reduction in the level of female staff from 39.32% in 2022 to 38.7% as at 31 December 2023 due to staff resignations.

3.1.8 Communications and Corporate Social Investment

The Bank continues to commit to a communication approach that is customer-centric and stakeholder-inclusive. In 2023, the Bank made concerted efforts to ensure that its communication offering created value for its various stakeholders and clients, whilst enhancing brand visibility. The IDBZ cultivates stakeholder relationships which in turn provide authentic social capital necessary for its growth.

The Bank's communication efforts in 2023 were developed according to the different client and stakeholder groups as shown Fig 2.

IDBZ STAKEHOLDER CIRCLE



In additional to traditional communication methods, the Bank also utilises digital platforms for stakeholder engagement which include its website and social media platforms.

3.2 PROCUREMENT

The IDBZ was granted Category "A" Procuring Entity Classification by the Procurement Regulatory Authority of Zimbabwe (PRAZ). The 2023 Annual Procurement and Individual Procurement Plans were approved. The Annual Procurement Plan budget was ZWL21.5 billion (equivalent to US$28.2 million). The Asset Disposal Plan budget, which was equivalent to US$2.5 million was also approved by the PRAZ.

3.2.1 Procurement Contracts Signed in 2023

3.2.2 Awarded Procurement Contracts liable to SPOC Scrutiny

The prescribed financial thresholds for procurement contracts liable to Scrutiny by the SPOC applicable to the Bank, as a Class "A" Entity in terms of section 54 of the PPDPA Act and as set out in the Second Schedule (Section 8(5)) to the Regulations are as follows:

a) Construction Works US$500,000
b) Goods US$250,000
c) Consultancy and Non-Consultancy Services US$100,000

i. Consulting Services
No procurement liable to SPOC scrutiny was conducted during the period under review.
ii. Non-Consulting Services
No procurement liable to SPOC scrutiny was conducted during the period under review.
iii. Works & EPC +F
1) No procurement for Works liable to SPOC scrutiny was conducted during the period under review.
2) A contract for Engineering, Procurement, Construction and Financing (EPC+F) for the development of cluster houses at No. 11 Honister Drive, Borrowdale, Harare was signed with a contract value of US$ 9,700,881.00.
iv. Goods
No procurement liable to SPOC scrutiny was conducted during the period under review.
v. Value of Signed Contracts
Total value for procurement contracts awarded in 2023 above the prescribed thresholds was US$ 9.70 million.

3.2.2 Other Procurement Contracts

i. Consultancy and Non-Consultancy Services
The Bank undertook procurement and implementation of Additional Rubikon Core Banking System Modules, the contract amount was US$169,529.36.
ii. Works
One procurement contract was awarded for Reconstruction and Refurbishment of the Kanyemba Fishing Lodges in Kanyemba Mbire District, Mashonaland Central Province for the contract amount of US$357,048.98.
iii. Goods
One procurement contract was awarded for supply and delivery of three (3) vehicles. The contract value was US$142,650.00.

3.2.3 Purchase Orders

A total of 381 Purchase Orders were placed cumulatively up to 31 December 2023. Total Spend for the period under review was ZWL2.0 billion and US$378,450.98.

3.3 HUMAN CAPITAL MANAGEMENT

Since the adoption of the new Organizational Structure, the Bank continues to resource various functions with key technical skills to deliver on the Bank's mandate. Subsequently, the Bank's staff compliment has been increasing gradually from ninety-six (96) in 2016 to one hundred and twenty (120) as at 31 December 2023.

In an endeavour to ensure adequacy of skills and competencies to support the Bank's Strategy, several training programmes were facilitated for taff in various business functions in 2023.

The Gender Trend Analysis of the Bank has been increasing year on year from 25% share of women in 2016 to 38.7% in 2023. The Bank continues to enjoy a harmonious working environment with its staff members. Staff Retention Index stood at 96% against a target of 95%.

The IDBZ supports and is committed to the overall health and wellbeing of its employees. The Bank recognises the importance of employee wellness in the workplace. To promote and support the physical and psychological health, safety and well-being of employees, the Bank is continuously developing and providing corporate wellness programs to foster a healthy working environment. The Bank undertook the following Corporate Wellness initiatives in 2023:
i. Health Checks;
ii. Zumba Classes;
iii. Sports and Wellness Programmes (monthly social games); and
iv. Stress Management and Mental Health Awareness.

Going forward, the Bank's human capital reforms will continue to focus on creating an agile Bank. Focus will be on maintaining an effective and efficient recruitment process, continuous training and development, career development, Staff wellness, and a performance driven culture.

CHAPTER

04

GOVERNANCE, ETHICS, AND INTEGRITY

Hands of African boys and girls with water pouring from a tap.
Image Source: IStock

4.1 CORPORATE GOVERNANCE STATEMENT

The Infrastructure and Development Bank of Zimbabwe ("IDBZ/the Bank") is a development finance institution which was established through an Act of Parliament, the Infrastructure and Development Bank of Zimbabwe Act [Chapter 24:14]. Its mandate and objectives are as outlined in Section 2.1.6.

In the execution of its mandate, the Bank observes principles and tenets of good corporate governance and ensures that they are embedded in all operations. 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 Architecture, see Sections 1.2, 3.1.1, and 3.3.

4.1.1 Corporate Governance Framework

Infrastructure and Development Bank of Zimbabwe Act [Chapter 24:14]

The IDBZ was established in 2005 as a successor organization to the Zimbabwe Development Bank ("ZDB") and is governed in terms of its establishing Act. The Bank is regulated by the Minister of Finance, Economic Development and Investment Promotion. 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.

Public Entities Corporate Governance Act [Chapter 10:31]

The IDBZ is also governed in terms of the Public Entities Corporate Governance Act [Chapter 10:31] ("the PECG Act"). The PECG Act applies to all public entities notwithstanding anything to the contrary in their enabling instruments. To the extent that there are inconsistencies between the establishing act and the PECG Act, the latter takes precedence. The administration of the PECG Act is vested in the Office of the President and Cabinet (OPC), through the Corporate Governance Unit.

Best Practice Corporate Governance Standards

The Bank also embraces, to the extent possible, the principles of good corporate governance enshrined in other governance standards both locally and internationally.

Board Charter

Section 26 of the PECG Act requires the Board of every entity to prepare a Board Charter, and to conduct the business and affairs of the entity in accordance with that Charter. The Board Charter is required to give effect to the following principles:

i. The promotion and maintenance of a high standard of professional ethics.
ii. Efficient and economic use of available resources.
iii. The provision of services impartially, fairly, equitably and without bias.
iv. Responsiveness to the needs of the people of Zimbabwe, including the prompt and sensitive processing of complaints by members of the public with respect to the entity's interaction with them.
v. Co-operation with governmental institutions and other public entities.
vi. Openness and transparency in the internal workings and procedures of the public entity concerned, and its dealings with the public.
vii. The maximizing of the human resources of the public entity concerned.
viii. Commercial viability, in the case of a public commercial entity.

In line with section 26 of the PECG Act, the Bank's Board Charter was approved by the Minister of Finance, Economic Development and Investment Promotion and submitted to the Corporate Governance Unit.

4.1.2 Code of Conduct and Ethical Framework

Section 26 of the PECG Act obliges boards of public entities to develop a Code of Ethics and stipulates the key principles that shall underpin the Code. Pursuant to this statutory requirement, the Bank has developed a Code of Ethics Policy which provides a framework under which Directors, Management and Staff and people 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.

4.1.3 Board of Directors

The current Board of Directors consists of nine (9) directors, one of whom is an executive director. The size of the Board is considered adequate for the current size of the Bank's operations. The Chairman of the Board is an independent non-executive director. Below is the list of directors and their dates of appointment.

Director	Designation	Date appointed
Kupukile Mlambo (Dr.)	Non-Executive Board Chairman	19 July 2022
Sibusisiwe P Bango (Ms.)	Independent Non-Executive Director	19 July 2022
Norbert O Mugwagwa (Dr.)	Independent Non-Executive Director	19 July 2022
Reginald Mugwara (Mr.)	Independent Non-Executive Director	19 July 2022
Tadios Muzoroza (Mr.)	Independent Non-Executive Director	19 July 2022
Arina Manyanya (Mrs.)	Non-Executive Director	1 Feb 2024
Andries Rukobo (Dr.)	Independent Non-Executive Director	1 Jan 2024
Naomi Wekwete (Mrs.)	Independent Non-Executive Director	1 Jan 2024
Zondo T. Sakala (Mr.)	CEO/Ex-Officio	1 Sept 2020

Notes:

- *All Directors, with the exception of Mrs. A. Manyanya, are independent non-executive directors. Mrs. Manyanya is an official in the Ministry of Finance, Economic Development and Investment Promotion.*
- *Dr. K. Mlambo was appointed Board Chairman on 1 April 2023 following the resignation of Mr J Mutizwa from the IDBZ Board on 31 March 2023.*

4.1.4 Duties and Responsibilities of the Board

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.

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 engaged in by 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.

4.1.5 Board Committees

For the effective discharge of its functions and 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.

- **Audit Committee**
  The purpose of the Committee is to provide assistance to the Board in fulfilling its responsibility to the Bank with respect to the internal controls, internal audit processes, external audit processes and financial governance processes that optimally support the Bank's strategic objectives.

- **Finance, Risk Management and ICT Committee**
  The purpose of the Board Finance, Risk Management & ICT Committee (the Committee) is to provide assistance to the Board in fulfilling its responsibilities to the Bank with respect to financial and operational risk, and ICT governance.

- **Human Resources Committee**
  The purpose of the Human Resources Committee (the 'Committee') is to assist the Board in fulfilling its responsibilities with respect to the human capital required to achieve the corporate objectives of IDBZ.

- **Corporate Governance, Ethics Committee and Sustainability**
  The purpose of the Corporate Governance, Ethics and Sustainability Committee is to provide assistance to the Board in fulfilling its responsibility to the Bank with respect to the corporate governance principles, policies, standards and practices (including independence standards) that optimally support the Bank's strategic objectives.

4.1.6 Board Remuneration

The IDBZ Board Remunerations Framework is determined in accordance with Section 12 of the PECG Act. The Bank's remuneration framework is based on the Board Remuneration Guidelines for State Enterprises developed by the Corporate Governance Unit.

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 are shown in Table 7.

Table 7: Board Members Remuneration

Director	Designation	Total Fees Paid (ZWL)	Total Fees Paid (USD)
Joseph Mutizwa (Mr)	Non-Executive Board Chairman	960 300.00	-
Kupukile Mlambo (Dr)	Deputy Board Chairman	31 552 065.83	2 080.00
Sibusisiwe P Bango (Ms.)	Non-Executive Director	22 642 213.73	1 464.00
Norbert O Mugwagwa (Dr)	Non-Executive Director	25 226 103.76	1 640.00
Reginald Mugwara (Mr)	Non-Executive Director	22 640 462.32	1 528.00
Tadios Muzoroza (Mr)	Non-Executive Director	18 108 562.76	912.00
TOTAL		**121 129 708.40**	**624.00 7**

No other benefits were extended to Non-Executive Directors. Mr J Mutizwa resigned from the Board effective 31 March 2023.

4.1.7 Board Evaluation

The Bank undertakes an annual Board and Director Evaluation exercise which is designed to provide feedback to the Board regarding its performance as well as identifying skills gaps among the Directors which will enable the institution to structure an appropriate training and development programme to close the identified skills gaps.

4.2 BOARD AND BOARD COMMITTEE ATTENDANCE RECORD FOR 2023

Table 8: Board and Board Committee Attendance Record

	Main Board	Audit Committee	Finance, Risk Management & ICT	Human Resources	Corporate Governance, Ethics & Sustainability
BOARD MEMBER	**6**	**4**	**4**	**6**	**3**
Mutizwa Joseph	1	n/a	n/a	2	1
Mlambo Kupukile	6	n/a	4	3	3
Bango Sibusisiwe P.	5	4	n/a	6	1
Mugwara Reginald	6	4	1	6	n/a
Mugwagwa Norbert	6	4	4	6	1
Muzoroza Tadios	1	1	n/a	4	2
Zondo T. Sakala	6	4	4	6	3

- *Mr. J. Mutizwa resigned from the Board on 31 March 2023.*
- *Dr. K. Mlambo was appointed Board Chairman effective 1 April 2024.*
- *Mr. T. Muzoroza was granted special leave of absence by the Board.*

4.3 RISK MANAGEMENT

4.3.1 Risk Spectrum

The Board plays an oversight role in managing the Bank's risk framework.

4.3.1.1 Credit Risk

The Bank is exposed to credit risk arising from potential failure by borrowers and/or counterparties to settle obligations as they fall due. Policies that guide the management of credit risk are in place.

4.3.1.2 Project Risk

The Bank conducts a comprehensive project risk assessments through multidisciplinary Project Teams to effectively manage risk. This approach is augmented by efficient contract management, prudent financial forecasts, project evaluation and monitoring.

4.3.1.3 Liquidity Risk

The Bank prioritises active liquidity management to ensure that there is funding for growth in assets and that at any given time all obligations are optimally settled. The Management Asset and Liabilities Committee (MALCO) is responsible for managing liquidity risk and reports to EXCO.

4.3.1.4 Operational Risk

The Bank's Operational Risk Framework guides operational risk management. Legal Advisory Services, Internal Audit, Risk Management and Compliance functions perform independent reviews and provide assurances on the adequacy of control systems within the Bank's operating environment.

4.3.1.5 Market Risk

Management of market risk falls under the purview of MALCO which is responsible for the implementation of specific strategies to ensure that exposure remains within approved limits. The Bank continues to employ a back-to-back strategy to manage foreign exchange risk.

4.3.1.6 Strategy Risk

The Bank manages strategic risk through formulation and regular reviews of its strategies. As outlined in Section 1.2.6, the Bank is guided by its Long-Term Strategy (LTS) 2021-2030 in all its programming. The Integrated Results Based Management (IRBM) Annual Plans and the Work Program and Budget are the primary tools for implementation of the strategy. Implementation of the Strategy is the responsibility of Management.

4.3.1.7 Reputational Risk

To manage reputational risk, the Bank has put in place a Grievance Redress Mechanism and the Complains Management Policy. These policies provide stakeholders with mechanisms and platforms to communicate with the Bank. Additionally, the Bank manages its reputational risk by ensuring its Staff comply with the Code of Conduct and Code of Ethics.

4.3.1.8 Compliance Risk

The Bank's Credit and Polices epartment is responsible for ensuring compliance with all Bank polices while the Risk epartment ensures that the Bank complies with all risk management frameworks. In terms oof the Enterprise-wide Risk Management Framework, risk is best managed at source, compelling Management to manage risk. The Bank Independent Review Mechanism regularly undertakes a comprehensive compliance review of the Bank.

4.3.2 External Credit Rating

The Bank was rated under the Prudential Standards, Guidelines and Rating System (PSGRS). The framework falls under the purview of Association of African 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 2022 was validated by our External auditors BDO Zimbabwe in 2023. An overall rating grade of "B+" was assigned with a score of 84%. The rating scale evaluates three critical areas namely: Governance, Financial and Operational Standards. The risk assessment ratings are summarised in the Table 9:

Table 9: PSGRS rating

PSGRS Standard	Weighted Contribution per Standard	Rating Year: 2022	Rating Year: 2021	Rating Year: 2020	Rating Year: 2019	Rating Year: 2018
Governance	40%	43%	35%	43%	38%	43%
Financial	40%	25%	20%	29%	33%	28%
Operational	20%	16%	27%	16%	19%	17%
Overall Score		84%	82%	88%	90%	88%
PSGRS rating		B+	B+	B+	A+	A+

4.4 DIRECTORS' REPORT

4.4.1 Business of the Infrastructure and Development Bank of Zimbabwe (IDBZ) Group

The Bank participates in infrastructure and development through resource mobilization, financing, technical and advisory services, and value chain support. The specific primary sectors are: Water and Sanitation, Housing, Irrigation Infrastructure, Transport and Energy. Secondary sectors are: Health, Education, Tourism and ICT. The choice of the sectors is informed by the Bank's mandate as outlined in the IDBZ Act and Government priorities as espoused in NDS1 and Vision 2030.

4.4.2 General Policy Directions of the Minister of Finance, Economic Development and Investment Promotion -

In terms of Section 9A (1) of the IDBZ Act, the Minister of Finance, Economic Development and Investment Promotion 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.

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.

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

Ordinary Share Capital

The Authorized 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. The issued ordinary shares remained unchanged at 30,054,287.

Preference Share Capital

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 the Government of Zimbabwe and carry a 5% dividend payable out of distributable profits.

4.4.4 Investments

Table 10: IDBZ Investments

Investments In Financial Assets	ZWL
Norsad Finance	24 486 156.15
Zimcampus	33 951 818 545.93
Zimbabwe Insurance Brokers	5 997 401 562.62
Total	**39 973 706 264.71**
Investments In Associates	
Investment In Nyamazi Lodge (Anchor Holiday Links)	24 000.00
Mosi A Tunya - Debt to Equity Conversion	-
Kanyemba Lodges	1 276 843 065.92
Total	**1 276 867 065.92**
Investments In Subsidiaries	
Investment In Waneka	7 620 536.74
Investment In Norton Medical Invest	498 604.80
Investment In Clipsham	4 235 293.73
Investment In Kariba Baobab & Batonga	18 401 406.45
Investment In Changamire Inkosi	1 636 898.00
Investment In Samukele Lodges	574 338.55
Total	**32 967 078.27**
Investments In Quoted Entities	2 254 184 584.47
Investment Properties	54 038 088 746.81

4.4.5 Financial Results for the Year

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

4.4.6 Dividends

The Directors do not recommend a dividend for the year ended 31 December 2023 because the Bank made an operating loss.

4.4.7 Compliance with the Public Entities Corporate Governance Act [Chapter 10:31]

The Bank is committed to complying fully with all provisions of the Public Entities Corporate Governance Act and has established a reporting mechanism to monitor and track compliance with the new Act.

For the year ended 31 December 2023, the IDBZ was significantly compliant with the Public Entities Corporate Governance Act [Chapter 10:31]. The Bank fell short in terms of compliance with the Act in the following areas:

i. size of the Board was below the minimum of seven (7) as prescribed under the law.
ii. There was gender imbalance on the Board as there was only one female Board Member.

The non-compliance Board matters were being addressed by the Responsible Authorities.

4.4.8 Going Concern

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) applicable to development finance institutions using appropriate accounting policies, supported by reasonable and prudent judgments and estimates.

With a capital base of ZWL72.9 billion as of the 31st of December 2023, and taking into account the Bank's future business prospects presented by the scope of the IDBZ's mandate, the Directors have a reasonable expectation that the Group has adequate resources to continue as a going concern for the foreseeable future.

4.4.9 Subsidiary and Associate Companies

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

The Board of Directors comprised individuals shown in Table 11. The Directors who were appointed on 19 July 2022 are serving in their second and final term of office. Dr Kupukile Mlambo was appointed Board Chairman in March 2023 following the resignation of Mr Joseph Mutizwa from the IDBZ Board.

Table 11: IDBZ Board of Directors

Name	Position	Date Appointed
Kupukile Mlambo	Independent Non-Executive Chairman	19 July 2022
Sibusisiwe P. Bango	Independent Non-Executive Director	19 July 2022
Reginald Mugwara	Independent Non-Executive Director	19 July 2022
Norbert O Mugwagwa	Independent Non-Executive Director	19 July 2022
Tadios Muzoroza	Independent Non-Executive Director	19 July 2022
Zondo. T. Sakala	Chief Executive/Ex-Officio	September 2015

1.4.10.1 Directors' Interest in the Infrastructure and Development Bank of Zimbabwe

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

1.4.10.2 Declaration of Assets

In line with provisions of the PECG Act, all Directors of the Bank are required to declare their assets on appointment and thereafter annually at the anniversary of their appointment. Copies of the Asset Declarations are available for inspection in the office of Bank Secretary.

1.4.10.3 Directors' Emoluments

Directors' emoluments are disclosed in the notes to the Financial Statements.

1.4.10.4 Interest of Directors and Officers

During the year under review, no Director or Officer of the Bank had any direct or indirect interest in the projects and programmes of the IDBZ.

1.4.11 Auditors

The Auditor General appointed BDO Chartered Accountants (Zimbabwe) as the Bank's Independent Auditor effective the year 2021 for a five (5) year term. For the year under review, the audit fees were pegged at US$150,000 including VAT and disbursement.

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

K. Mlambo	**Zondo T. Sakala**
Board Chairman	**Chief Executive Officer**

4.5 DIRECTORS' RESPONSIBILITY STATEMENT

Financial Statements for the Infrastructure and Development Bank of Zimbabwe

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

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.

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 Bank at the year end.

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.

The responsibility of the Independent Auditor is to report on the Financial Statements. Their report to the members is set out on pages 45 to 47.

The Financial Statements were approved by the Board of Directors on 18 March 2024 and are signed on its behalf by the Chairman and Chief Executive Officer.

Preparer of Financial Statements

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

Cassius Gambinga
Director Finance

Kupukile Mlambo
Board Chairman

Zondo T. Sakala
Chief Executive Officer

CHAPTER

05

FINANCIAL STATEMENTS

Shareholding Structure

Table.12: Shareholding Structure

Shareholder	No. of Ordinary Shares	No. of Preference Shares
Government of Zimbabwe	26 279 200	382 830
Reserve Bank of Zimbabwe	3 775 062	-
Fidelity Life Assurance Company of Zimbabwe	12	-
Finnish Fund for Industrial Cooperation Limited	5	-
African Development Bank	4	-
German Investment and Development Company	3	-
European Investment Bank	1	-
TOTAL	**30 054 287**	**382 830**

Notes:
The par value of each ordinary share is US$0.01
The par value of each preference share is US$100.00

Independent Auditors Report

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REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF INFRASTRUCTURE AND DEVELOPMENT BANK OF ZIMBABWE

Qualified Opinion

We have audited the accompanying consolidated financial statements of INFRASTRUCTURE AND DEVELOPMENT BANK OF ZIMBABWE AND ITS SUBSIDIARIES ('the Group") set out on pages 48 to 104, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 effect of the matters (i) and (ii) discussed under the Basis for Qualified Opinion paragraph, 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 2023, 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 property and equipment and investment property

The Group had property and equipment and investment property with carrying amounts of ZWL24,173,194,643 (2022: ZWL15,545,414,917) and ZWL54,038,088,747 (2022: ZWL40,645,039,812) respectively, as at 31 December 2023. The Group engaged an external valuer to value its property and equipment and investment property in the current year and the prior year using the market approach. The valuations were per-formed in United States Dollars (USD) using USD denominated inputs. The Bank translated the USD values to ZWL using the closing interbank rate.

ii) Valuation of unquoted shares

The Group holds a 4.55% shareholding in a company registered in Botswana with a fair value of ZWL31,286,599,544 (2022: ZWL26,156,566,235) as at 31 December 2023. The valuation was performed in United States Dollars (USD) using USD denominated inputs. The Group translated the USD value to ZWL using the closing interbank rate.

In our view the translation from USD to ZWL mentioned above may 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 interbank rate would be the price at which a ZWL denominated transaction would occur.

We were therefore unable to obtain sufficient appropriate audit evidence to support the appropriateness of applying the closing ZWL/USD interbank rate in determining the ZWL fair value of property and equipment, investment property and unquoted shares, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of property and equipment, investment property and unquoted shares in ZWL.

Accordingly, we were unable to determine whether adjustments to the carrying amounts of property and equipment, investment property, revaluation surplus and unquoted shares were appropriate in these circumstances.

Key audit matter

Key audit matters are those matters that in our professional judgement were of most significance in our audited 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.

Key audit matter	Audit response
Expected Credit Loss The Bank's expected credit loss (ECL) on advances and sundry receivables amounted to ZWL10,319,304,391. The determination of the ECL 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 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. We also tested the accuracy and completeness of the receivables aging analysis with regards to the sundry debtors and circulated confirmation letters to confirm balances owed to the Bank. 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, The CEO'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.

Report on legal and regulatory matter

In addition to those matters already addressed on our Basis for Qualified Opinion the Bank is required to have minimum regulatory capital of the ZWL equivalent of USD20,000,000 by the Statutory Instrument 137 of 2020 "Banking (Amendments) Regulations, 2020 (No.4)". At the reporting date the Bank's minimum was a ZWL equivalent of USD11,940,606. This matter is disclosed under note 40 to the financial statements.

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

BDO Zimbabwe Chartered Accountants
3 Baines Avenue,
Harare

18 March 2024

Jonas Jonga CA(Z) (PAAB Practicing Number (0438)
Registered Public Auditor
Partner

Consolidated Statement Of Financial Position

for the year ended 31 December 2023

	Note	Inflation Adjusted 31 Dec 2023 ZWL	Inflation Adjusted 31 Dec 2022 ZWL	Historical Cost 31 Dec 2023 ZWL	Historical Cost 31 Dec 2022 ZWL
ASSETS					
Cash and bank balances	5	24 326 747 240	15 831 097 970	24 326 747 240	3 294 456 788
Inventories	11	67 277 149 473	64 414 260 497	3 967 515 701	1 247 525 472
Other receivables and prepayments	10	37 589 101 946	26 844 011 810	14 502 390 083	4 887 351 833
Loans and advances to customers	9	74 339 360 538	4 972 757 126	74 339 360 538	1 034 832 423
Investment securities	6	911 866 175	491 768 162	911 866 175	102 337 119
Financial assets at fair value through other comprehensive income	7	37 308 487 263	28 645 400 459	37 308 487 263	5 961 117 426
Treasury bills and other financial assets	8	3 573 852 661	56 290 193	3 573 852 661	11 714 008
Assets pledged as collateral	8.1	23 699 685 090	268 336 906	23 699 685 090	55 841 000
Investment in associates	12.4	3 535 731 288	2 222 692 968	1 270 916 691	42 514 516
Investment property	13	54 038 088 747	40 645 039 812	54 038 088 747	8 458 246 393
Intangible assets	16	680 077 934	1 374 883 659	14 234 021	21 326 772
Property and equipment	15	24 173 194 643	15 545 414 917	24 173 194 643	2 711 136 295
Right of use assets	17	194 698 733	328 645 453	85 404 488	15 141 516
Deferred taxation	18	6 844 613 343	3 691 629 170	3 541 385 754	387 827 570
Total		**358 492 655 074**	**205 332 229 102**	**265 753 129 095**	**28 231 369 131**
Non-current assets held for sale	14	-	7 908 279 525	-	1 645 715 617
Total assets		**358 492 655 074**	**213 240 508 627**	**265 753 129 095**	**29 877 084 748**
EQUITY AND LIABILITIES					
LIABILITIES					
Deposits from customers	24	38 843 948 299	16 634 699 498	38 843 948 299	3 461 686 535
Local lines of credit and bonds	25	57 009 144 524	23 561 928 145	57 009 144 524	4 903 245 136
Other liabilities	26	83 063 426 813	17 604 462 157	35 878 798 920	3 530 913 415
Lease liability - buildings		47 628 917	73 515 288	47 628 917	15 298 556
Total liabilities		**178 964 148 553**	**57 874 605 088**	**131 779 520 660**	**11 911 143 642**
EQUITY					
Share capital	19	62 790 136	62 790 136	300 543	300 543
Share premium	19	148 929 740 512	148 929 740 512	1 933 462 820	1 933 462 820
Foreign currency translation reserve	20	42 725 378 431	42 728 214 797	49 130 693	51 967 059
Amounts awaiting allotment	19	16 391 784 754	7 718 846 342	4 002 782 279	1 500 000 000
Preference share capital	23	28 323 469 496	28 323 469 496	38 283 003	38 283 003
Fair value reserve	22	38 217 921 897	30 548 037 079	36 877 128 981	5 828 928 250
Revaluation reserve	21	29 355 577 533	17 324 791 270	24 197 597 573	2 759 280 128
Retained income		(92 672 169 941)	(119 200 486 988)	89 841 262 678	7 178 446 358
Equity attributable to parent owners of the Group		**211 334 492 818**	**156 435 402 644**	**156 939 948 570**	**19 290 668 161**
Non-controlling interest in equity		**(31 805 986 297)**	**(1 069 499 105)**	**(22 966 340 135)**	**(1 324 727 055)**
Total shareholders' equity		**179 528 506 521**	**155 365 903 539**	**133 973 608 435**	**17 965 941 106**
Total equity and liabilities		**358 492 655 074**	**213 240 508 627**	**265 753 129 095**	**29 877 084 748**

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

Dr. Kupukile Mlambo
(Chairman of the Board)

18 March 2024

Thomas Z. Sakala
(Chief Executive Officer)

18 March 2024

The inflation adjusted financial statements are the primary financial statements. Historical Cost financial statements are provided as supplementary information.

Consolidated Statement of Profit or Loss And Other Comprehensive Income

for the year ended 31 December 2023

	Note	Inflation Adjusted 31 Dec 2023 ZWL	Inflation Adjusted 31 Dec 2022 ZWL	Historical Cost 31 Dec 2023 ZWL	Historical Cost 31 Dec 2022 ZWL
Interest and related income	27.1	7 388 975 378	1 203 433 667	4 882 004 895	147 304 460
Interest and related expenses	27.2	(20 385 273 103)	(6 585 497 091)	(10 716 190 969)	(1 115 535 550)
Net interest expense		**(12 996 297 725)**	**(5 382 063 424)**	**(5 834 186 074)**	**(968 231 090)**
Property sales	28	511 754 628	1 186 350 696	260 863 055	240 594 033
Cost of sales	28	(442 689 194)	(187 019 651)	(132 061 705)	(38 183 170)
Net profit on property sales		**69 065 434**	**999 331 045**	**128 801 350**	**202 410 863**
Fee and commission income	29	1 894 837 233	372 317 711	1 313 025 761	42 631 622
Dividend income		100 528 501	73 964 159	68 419 420	11 797 922
Net revenue		**(10 931 866 557)**	**(3 936 450 509)**	**(4 323 939 543)**	**(711 390 683)**
Other income	31	48 490 500 595	1 565 428 571	47 821 094 095	225 167 231
Net loan impairment charge		(1 263 964 442)	(433 372 559)	(2 411 366 071)	(34 498 571)
Rent debtors impairment charge		(194 820 740)	(41 282 751)	(32 417 505)	(6 869 309)
Debtors impairment reversal / (charge)		18 601 731 700	(8 258 965 450)	3 095 264 530	(1 374 263 602)
Treasury bills impairment (charge) / recovery		(3 374 089 189)	430 748	(386 625 733)	49 358
Fair value gain on investment property	13; 32	27 433 068 565	16 971 694 799	48 614 102 178	7 008 050 506
Fair value gain on non-current assets held for sale	14	-	4 143 166 160	-	1 417 788 682
Net gain / (loss) on financial assets at fair value through profit or loss	6 ; 30	420 098 013	(642 907 775)	809 529 056	33 647 764
Net foreign exchange (loss) / gain	33	16 063 957 405	9 879 707 258	4 760 137 495	821 709 618
Operating expenses	34	(60 208 007 020)	(25 040 915 759)	(35 985 057 138)	(3 702 579 728)
Interest expense on lease liability		(17 226 788)	(12 411 073)	(12 304 392)	(2 240 675)
Profit on disposal of investment property		13 407 835 046	74 415 780	2 007 340 097	12 424 660
Profit on disposal of non-current assets held for sale		3 600 562 922	-	270 302 666	-
Profit on disposal of movable assets					
Share of loss of associate	12.4	(508 412 147)	(444 836 519)	(228 606 627)	(74 242 723)
Profit (loss) profit for the period before taxation		**51 519 367 363**	**(6 176 299 079)**	**63 997 453 108**	**3 612 752 528**
Income tax credit	35	3 152 984 175	3 252 179 887	3 152 984 175	372 656 548
Profit /(loss) for the period		**54 672 351 539**	**(2 924 119 192)**	**67 150 437 283**	**3 985 409 076**
Loss on net monetary position		**(52 751 537 194)**	**(7 683 352 698)**	**-**	**-**
(Loss) /profit for the period		**1 920 814 345**	**(10 607 471 890)**	**67 150 437 283**	**3 985 409 076**
Other comprehensive income					
Items that may be reclassified to profit and loss					
Net fair value gain on financial assets at fair value through other comprehensive income	7	7 669 884 818	13 891 481 293	31 048 200 731	5 017 168 048
Revaluation surplus / (loss) on property and equipment	15	12 030 786 264	11 259 079 418	21 662 338 199	2 310 911 466
Other comprehensive income for the period net of tax		**19 700 671 082**	**25 150 560 711**	**52 710 538 930**	**7 328 079 514**
Total comprehensive income for the period		**21 621 485 427**	**14 543 088 820**	**119 860 976 208**	**11 313 488 590**
Profit /(Loss) for the year attributable to:					
Equity holders of the parent entity		26 528 306 326	479 307 847	82 663 055 139	5 397 048 516
Non-controlling interest		(24 607 491 981)	(11 086 779 737)	(15 512 617 856)	(1 411 639 440)
		1 920 814 345	**(10 607 471 890)**	**67 150 437 283**	**3 985 409 076**
Total comprehensive profit attributable to:					
Equity holders of the parent entity		15 579 621 463	25 424 764 792	135 148 449 562	12 707 119 051
Non-controlling interest		6 041 863 964	(10 881 675 972)	(15 287 473 354)	(1 393 630 461)
		21 621 485 427	**14 543 088 820**	**119 860 976 208**	**11 313 488 590**
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 profit/(loss) for the year attributable to equity holders (ZWL cents)	36	88,268	1,595	275,046	17,958

Consolidated Statement of Changes In Equity

for the year ended 31 December 2023

	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	Retained Earnings ZWL	Total before non-controlling interest ZWL	Non controlling interest ZWL	Total equity ZWL
Inflation Adjusted											
Balance at 1 Jan 2022	**62 258 578**	**140 676 805 351**	**-**	**42 728 214 797**	**28 323 469 496**	**16 656 555 787**	**6 065 711 855**	**(119 679 794 834)**	**114 833 221 030**	**9 250 864 305**	**124 084 085 335**
Profit for the period	-	-	-	-	-	-	-	479 307 846	479 307 846	(11 086 779 736)	(10 607 471 890)
Revaluation of property and equipment	-	-	-	-	-	-	11 259 079 415	-	11 259 079 415	766 416 326	12 025 495 741
Net fair value gain on financial assets at fair value	-	-	-	-	-	13 891 481 292	-	-	13 891 481 292	-	13 891 481 292
Issue of share capital	185 787	2 884 488 897	13 087 638 377	-	-	-	-	-	15 972 313 061	-	15 972 313 061
Allotment of shares	345 771	5 368 446 264	(5 368 792 035)	-	-	-	-	-	-	-	-
Balance as at 31 Dec 2022	**62 790 136**	**148 929 740 512**	**7 718 846 342**	**42 728 214 797**	**28 323 469 496**	**30 548 037 079**	**17 324 791 270**	**(119 200 486 988)**	**156 435 402 644**	**(1 069 499 105)**	**155 365 903 539**
Balance at 1 Jan 2023	**62 790 136**	**148 929 740 512**	**7 718 846 342**	**42 728 214 797**	**28 323 469 496**	**30 548 037 079**	**17 324 791 270**	**(119 200 486 988)**	**156 435 402 644**	**(1 069 499 105)**	**155 365 903 539**
Profit for the period	-	-	-	-	-	-	-	26 528 306 326	26 528 306 326	(24 607 491 981)	1 920 814 345
Transfer from investment in subsidiaries	-	-	-	249 540	-	-	-	-	249 540	-	249 540
Derecognition of subsidiary	-	-	-	-	-	-	-	10 721	10 721	-	10 721
Transfer from FCTR	-	-	-	(1 713 828)	-	-	-	-	(1 713 828)	(2 287 638)	(4 001 466)
Transfer to non controlling interest	-	-	-	(1 372 078)	-	-	-	-	(1 372 078)	1 372 078	-
Revaluation of property and equipment	-	-	-	-	-	-	12 030 786 263	-	12 030 786 263	225 144 502	12 255 930 765
Transfer from FCTR to retained earnings											
Net fair value gain on financial assets at fair value	-	-	-	-	-	7 669 884 818	-	-	7 669 884 818	-	7 669 884 818
Allotment of shares	-	-	8 672 938 412	-	-	-	-	-	8 672 938 412	-	8 672 938 412
Dividends paid	-	-	-	-	-	-	-	-	-	(6 350 481 673)	(6 350 481 673)
Transfer from non controlling on disposal of Investment	-	-	-	-	-	-	-	-	-	(2 742 480)	(2 742 480)
Balance as at 31 Dec 2023	**62 790 136**	**148 929 740 512**	**16 391 784 754**	**42 725 378 431**	**28 323 469 496**	**38 217 921 897**	**29 355 577 533**	**(92 672 169 941)**	**211 334 492 818**	**(31 805 986 297)**	**179 528 506 521**

Consolidated Statement of Changes In Equity

for the year ended 31 December 2023

	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	Retained Earnings ZWL	Total before non-controlling interest ZWL	Non controlling interest ZWL	Total equity ZWL
Historical Cost											
Balance at 1 Jan 2022	**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**
Profit for the period	-	-	-	-	-	-	-	5 397 048 516	5 397 048 516	(1 411 639 439)	3 985 409 077
Revaluation of property and equipment	-	-	-	-	-	-	2 292 902 487	-	2 292 902 487	18 008 979	2 310 911 466
Net fair value gain on financial assets at fair value	-	-	-	-	-	5 017 168 048	-	-	5 017 168 048	-	5 017 168 048
Issue of share capital	30 914	479 969 086	1 950 000 000	-	-	-	-	-	2 430 000 000	-	2 430 000 000
Allotment of shares	28 982	449 971 018	(450 000 000)	-	-	-	-	-	-	-	-
Balance as at 31 Dec 2022	**300 543**	**1 933 462 820**	**1 500 000 000**	**51 967 059**	**38 283 003**	**5 828 928 250**	**2 759 280 128**	**7 178 446 358**	**19 290 668 161**	**(1 324 727 055)**	**17 965 941 106**
Balance at 1 Jan 2023	**300 543**	**1 933 462 820**	**1 500 000 000**	**51 967 059**	**38 283 003**	**5 828 928 250**	**2 759 280 128**	**7 178 446 358**	**19 290 668 161**	**(1 324 727 055)**	**17 965 941 106**
Profit for the period	-	-	-	-	-	-	-	82 663 055 139	82 663 055 139	(15 512 617 856)	67 150 437 283
Transfer from investment in subsidiaries	-	-	-	-	-	-	-	(249 540)	(249 540)	-	(249 540)
Derecognition of subsidiary	-	-	-	-	-	-	-	10 721	10 721	-	10 721
Transfer from FCTR	-	-	-	(1 464 288)	-	-	-	-	(1 464 288)	(2 287 638)	(3 751 926)
Transfer to non controlling interest	-	-	-	(1 372 078)	-	-	-	-	(1 372 078)	1 372 078	-
Revaluation of property and equipment	-	-	-	-	-	-	21 438 317 445	-	21 438 317 445	225 144 502	21 663 461 947
Net fair value gain on financial assets at fair value	-	-	-	-	-	31 048 200 731	-	-	31 048 200 731	-	31 048 200 731
Issue of share capital	-	-	2 502 782 279	-	-	-	-	-	2 502 782 279	-	2 502 782 279
Allotment of shares	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(6 350 481 673)	(6 350 481 673)
Transfer from non controlling on disposal of Investment	-	-	-	-	-	-	-	-	-	(2 742 493)	(2 742 493)
Balance as at 31 Dec 2023	**300 543**	**1 933 462 820**	**4 002 782 279**	**49 130 693**	**38 283 003**	**36 877 128 981**	**24 197 597 573**	**89 841 262 678**	**156 939 948 570**	**(22 966 340 135)**	**133 973 608 435**

Consolidated Statement of Cash Flows
for the year ended 31 December 2023

		Inflation Adjusted		Historical Cost	
	Note	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Cash flows from operating activities					
Profit / (loss) for the period		51 519 367 364	(6 176 299 080)	63 997 453 108	3 612 752 528
Adjustments for:					
Depreciation	15;17	2 606 382 120	562 361 186	382 147 121	65 862 516
Amortisation	16	694 805 725	169 770 294	7 092 751	63 896 168
Finance cost		17 226 788	12 411 076	12 304 392	2 240 675
Profit on disposal of investment property		(13 407 835 046)	(74 415 772)	(2 007 340 097)	(12 424 660)
Loss on disposal of motor vehicles		40 291 952	(72 105 871)	26 191 905	(9 555 833)
Loss on disposal of land and buildings		4 130 658 368	-	(2 804 945 608)	-
Profit on disposal of non current assets held for sale		(3 600 562 922)	-	(270 302 666)	-
Profit on disposal of a subsidiary		(44 443 299 732)	-	(44 454 380 006)	-
Loan impairment charge		1 263 964 442	433 372 561	2 411 366 071	34 498 571
Rent debtors impairment charge		194 820 740	41 282 750	32 417 505	6 869 309
Debtors impairment (recovery) / charge		(18 601 731 700)	8 258 965 448	(3 095 264 530)	1 374 263 602
Treasury bills impairment (recovery) / charge		3 374 089 189	(430 749)	386 625 733	(49 358)
Provisions and accruals		2 365 517 825	(918 526 792)	2 231 743 055	(191 145 733)
Net (loss) / gain from translation of foreign currency balances		(16 063 957 405)	(9 879 707 257)	(4 760 137 495)	(821 709 618)
Net (gain) on financial assets at fair value through profit or loss	6	(420 098 013)	642 907 774	(809 529 056)	(33 647 765)
Unrealised fair value gain on investment property	13	(27 433 068 565)	(16 886 243 495)	(48 614 102 178)	(7 008 050 506)
Unrealised fair value gain on non-current assets held for sale		-	(4 143 166 160)	-	(1 417 788 682)
Share of loss of associate		508 412 147	444 836 516	228 606 627	74 242 723
Inflation effect on cash and cash equivalent		23 315 584 890	(19 139 236 918)	-	-
		(33 939 431 833)	**(46 724 224 489)**	**(37 100 053 368)**	**(4 259 746 063)**
Changes in:					
Loans and advances to customers		(69 366 603 412)	4 003 128 163	(33 771 816 424)	(491 463 386)
Treasury bills and other financial assets	8;8.1	(26 948 910 653)	1 089 580 505	(27 592 608 478)	18 056 227
Other receivables and prepayments		(10 745 090 136)	(7 115 510 508)	(4 028 471 372)	(3 828 699 373)
Inventories		(2 862 888 976)	(4 359 246 086)	(2 719 990 229)	(477 254 960)
Deposits from customers		22 209 248 801	8 892 649 167	35 382 261 764	2 993 009 597
Other liabilities		65 458 964 656	5 720 027 573	31 726 632 495	2 150 729 878
Net cash utilised in operating activities		**(56 194 711 553)**	**(38 493 595 675)**	**(38 104 045 612)**	**(3 895 368 080)**
Cash flow from investing activities					
Acquisition of property and equipment	15	(430 912 492)	(707 644 364)	(140 433 165)	(136 764 068)
Acquisition of financial assets at fair value through other comprehensive income	7	(993 201 988)	(819 487 019)	(299 169 105)	(100 407 072)
Proceeds from sale of investment property		22 281 939 771	1 134 165 538	7 136 271 193	150 450 460
Proceeds from sale of non-current assets held for sale		8 496 168 187	-	5 902 531 482	-
Proceeds from sale of a subsidiary		13 049 405 710	-	13 049 405 710	-
Acquisition of investment property	13	(138 068 481)	(270 914 413)	(134 968 129)	(49 838 878)
Investment in associates	25	(254 019 145)	-	(191 098 237)	-
Dividend received		100 528 527	73 964 158	68 419 420	11 797 922
Net cash utilised in investing activities		**42 111 840 089**	**(589 916 100)**	**25 390 959 169**	**(124 761 636)**
Cash flow from financing activities					
Payment of dividends		(6 350 481 673)	-	(6 350 481 673)	-
Proceeds from issue of bonds		11 756 497 679	15 688 589 530	31 671 077 643	3 264 800 734
Increase in local lines of credit and bonds	12.4	33 447 216 379	11 015 212 316	20 434 821 745	878 909 640
Repayment of bonds		(24 947 650 064)	-	(14 512 823 099)	-
Proceeds from issue of shares	19	8 672 938 413	15 972 313 053	2 502 782 279	2 430 000 000
Net cash generated from financing activities		**22 578 520 734**	**42 676 114 899**	**33 745 376 895**	**6 573 710 374**
Net increase in cash and cash equivalents		8 495 649 270	3 592 603 124	21 032 290 452	2 553 580 658
Cash and cash equivalents at the beginning of the year		**15 831 097 970**	**12 238 494 846**	**3 294 456 788**	**740 876 130**
Cash and cash equivalents at the end of the year	5	**24 326 747 240**	**15 831 097 970**	**24 326 747 240**	**3 294 456 788**

Significant Accounting Policies
for the year ended 31 December 2023

1 INFRASTRUCTURE AND DEVELOPMENT BANK GROUP PROFILE AND PRINCIPAL ACTIVITIES

The Infrastructure and Development Bank of Zimbabwe ("IDBZ"/ the "Bank"/the Group'') is a Development Financial Institution which was 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 Board of Directors on 18 March 2024

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 2023 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 and Development Bank of Zimbabwe Act (Chapter 24:14) and the Banking Act (Chapter 24:20).

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 Total Consumption Poverty Line ("TCPL") as published by ZIMSTAT 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 the Total Consumption Poverty Line ("TCPL") as published by ZIMSTAT. As a result, the consolidated financial statements and comparatives are stated in terms of the measuring unit current as at 31 December 2023.

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 December 2023

Indices and conversion factors	All Items CPI	Movement CPI	Conversion Factors	Movement Conversion Factor
CPI as at 31 December 2023	65 703.44	52 030.53	1.00	3.81
CPI as at 31 December 2022	13 672.91	9 695.45	4.81	11.71
CPI as at 31 December 2021	3 977.46	1 502.96	16.52	10.03

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, transactions, income and expenses, profits and losses resulting from intra-group transactions 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.

In the process of applying the Bank's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

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;
- Use of exchange rates;
- Impairment of assets;
- Useful lives of assets;
- Income taxes;
- Allowances for credit losses; and
- Employee benefits accruals and provisions.

2.1.2 New standards, interpretations and amendments effective and not yet effective

New standards, interpretations and amendments effective from 1 January 2023.

Changes in accounting policies

a) New standards, interpretations and amendments not yet effective

The following amendments are effective for the period beginning 1 January 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and
- International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) (effective immediately upon the issue of the amendments and retrospectively).

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2023. See the applicable notes for further details on how the amendments affected the Group.

IFRS 17 Insurance Contracts

IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for annual reporting period beginning on or after 1 January 2023.

IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous accounting approaches to be followed.

Since IFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurers such as the Bank. The Group carried out an assessment of its contracts and operations and concluded that the adoption of IFRS 17 has had no effect on the annual consolidated financial statements of the Group.

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the Consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments had no effect on the consolidated financial statements of the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)
In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

New standards, interpretations and amendments not yet effective

IAS 8:30. When an entity has not applied a new IFRS that has been issued but is not yet effective, it should
(a) this fact; and
(b) known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the entity's financial statements in the period of initial application.

IAS 8:31. In complying with IAS 8:30, an entity should consider disclosing:
(a) the title of the new IFRS;
(b) the nature of the impending change or changes in accounting policy;
(c) the date by which application of the IFRS is required;
(d) the date at which it plans to apply the IFRS initially; and
(e) either:
(i) a discussion of the impact expected; or
(ii) if that impact is not known or reasonably estimable, that fact.

The following amendments are effective for the period beginning 1 January 2024:
- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning 1 January 2025:
- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

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. The Group carried out an assessment and concluded that the ZWL was the functional currency.

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

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

2.3 Consolidation

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

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Control is achieved when the Group:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

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

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

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

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

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

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

Goodwill

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

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

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

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

(c) Loss of control

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

(d) Associates and joint ventures

Associates and joint ventures are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount 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 12 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

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; or
- 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; and
- 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; and
- The contractual terms of the financial asset meet the SPPI test.

These instruments largely comprise assets that had previously been classified as financial investments available- for-sale under IAS 39. FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2.5.10 Equity instruments at FVOCI

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

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

2.5.11 Debt issued (bonds) and other borrowed funds

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

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

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

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, Or
- The liabilities are part of a group of financial liabilities , which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, Or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited. Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

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 wh ereby 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, AIDS levy and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(a) Current

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

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

(b) Deferred taxation

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

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

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

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

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

2.15 Other receivables

Other receivables and prepayments are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non current assets. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.16 Inventories

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

2.16.1 Property development

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

2.16.2 Completed property held for sale

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

2.17 Investment property

Property that is held for long-term rental yields or for capital appreciation or both; and that is not occupied by the entities in the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

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

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

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

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

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

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

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those rational market participants would take into account when determining the value of the investment property. policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

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

Where the Group disposes of an investment property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of comprehensive income within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

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

2.18 Property and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Property and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

Property and equipment are carried at the fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

Valuations are performed yearly to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. At the date of the revaluation, accumulated depreciation is restated proportionately with the change in gross carrying amount so that the carrying amount after revaluation equals its revalued amount.

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

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

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

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

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

2.19 Intangible assets

Software licences

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

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

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

2.21 Share capital

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

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

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

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

2.23 Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or customers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non current liabilities.

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

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

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

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

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

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

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

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

2.27 Employee benefits

2.27.1 Pension scheme

The Group subscribes to two defined contribution pension plans; one is the Infrastructure and 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.

2.31.2 Key sources of estimation uncertainty

Impairment of financial assets at fair value through other comprehensive income

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

2.31.3 Useful lives and residual values of property and equipment

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

2.31.4 Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group uses market observable data to the extent that it is available. Where this is not available, the Group uses third party qualified valuators to perform the valuation.

The Group recognized Treasury Bills as capital for regulatory purposes at nominal value. For financial reporting purposes, valuation intricacies ensued due to:

a) the lack of an active market to use as a reference point from which to draw a "market value "or a "market discount rate" and,
b) the high level of sensitivity to interest parameters which one could possibly apply in a valuation model resulting in a wide dispersion in the possible fair values.

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

Revaluation of land and buildings and investment properties

The Group carries its land and buildings and investment properties at fair value, with changes in fair value of investment properties and land and buildings being recognised in the statement of profit or loss and other comprehensive income respectively. For land and buildings and investment properties, a valuations have been undetaken 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 maximse 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 specifi peculiarities.

Gross Replacement Costs

In comptuing 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 42.

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 31 Dec 2023 ZWL	**Maximum Exposure 31 Dec 2022 ZWL**	**Maximum Exposure 31 Dec 2023 ZWL**	**Maximum Exposure 31 Dec 2022 ZWL**
Credit risk exposure relating to on-balance sheet assets are as follows:				
Cash and bank balances	24 326 747 240	15 831 097 970	24 326 747 240	3 294 456 788
Treasury bills and other financial assets	3 573 852 661	56 290 193	3 573 852 661	11 714 008
Gross loans and advances to customers	77 147 165 361	5 394 925 323	77 147 165 361	1 122 685 766
Assets pledged as collateral	23 699 685 090	268 336 906	23 699 685 090	55 841 000
Other receivables and prepayments	37 589 101 946	26 844 011 810	14 502 390 083	4 887 351 833
	166 336 552 298	**48 394 662 202**	**143 249 840 435**	**9 372 049 395**
Credit risk exposure relating to off-balance sheet assets are as follows:				
Loan commitments and guarantees	-	11 532 898	-	2 400 000
Maximum exposure to credit risk	**166 336 552 298**	**48 406 195 100**	**143 249 840 435**	**9 374 449 395**

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 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Loans and advances (including assets pledged as collateral) are summarised as follows:				
Stage 1	71 289 520 151	2 305 247 862	71 289 520 151	479 722 852
Stage 2	2 651 207 700	942 697 195	2 651 207 700	196 175 602
Stage 3	3 206 437 510	2 146 980 265	3 206 437 510	446 787 312
Gross	**77 147 165 361**	**5 394 925 322**	**77 147 165 361**	**1 122 685 766**
Less: allowance for impairment	(2 807 804 823)	(422 168 196)	(2 807 804 823)	(87 853 343)
Net	**74 339 360 538**	**4 972 757 126**	**74 339 360 538**	**1 034 832 423**

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.

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 RISK MANAGEMENT (continued)

3.3 Liquidity risk (continued)

As at 31 December 2023	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
Inflation Adjusted						
Assets						
Cash and bank balances	24 326 747 240	-	-	-	-	24 326 747 240
Investment securities	911 866 175	-	-	-	-	911 866 175
Financial assets at FVOCI	-	-	-	-	37 308 487 263	37 308 487 263
Treasury bills and other financial assets	-	-	-	-	3 573 852 661	3 573 852 661
Trading assets pledged as collateral	-	-	-		23 699 685 090	23 699 685 090
Non-current						
Assets Held for Sale						-
Loans and advances to customers	9 698 076 689	8 306 556 799	-	40 943 037 218	15 391 689 832	74 339 360 538
Total	**34 936 690 104**	**8 306 556 799**	**-**	**40 943 037 218**	**79 973 714 846**	**164 159 998 967**
Liabilities						
Deposits from customers	32 693 836 950	404 081 907	5 746 029 442	-	-	38 843 948 299
Bonds	-	8 328 856 109	8 884 095 121	17 212 951 231	1 214 881 666	35 640 784 127
Local lines of credit	21 368 360 397	-	-	-	-	21 368 360 397
Other liabilities	-	-	-	83 063 426 813	-	83 063 426 813
Lease Liability	-	-	-	-	47 628 917	47 628 917
Total	**54 062 197 347**	**8 732 938 016**	**14 630 124 563**	**100 276 378 044**	**1 262 510 583**	**178 964 148 553**
Gap	**(19 125 507 243)**	**(426 381 217)**	**(14 630 124 563)**	**(59 333 340 826)**	**78 711 204 263**	**(14 804 149 586)**
Contingent liabilities:						
Loan commitments and guarantees	-	-	-	-	-	-
Total gap	**(19 125 507 243)**	**(426 381 217)**	**(14 630 124 563)**	**(59 333 340 826)**	**78 711 204 263**	**(14 804 149 586)**
Total cumulative gap	**(19 125 507 243)**	**(19 551 888 460)**	**(34 182 013 023)**	**(93 515 353 849)**	**(14 804 149 586)**	**-**

As at 31 December 2022

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	Total ZWL
Assets						
Cash and bank balances	24 326 747 240	-	-	-	-	24 326 747 240
Investment securities	911 866 175	-	-	-	-	911 866 175
Financial assets at FVOCI	-	-	-	-	37 308 487 263	37 308 487 263
Treasury bills and other financial assets	-		-	-	3 573 852 661	3 573 852 661
Trading assets						
pledged as collateral	-	-	-	-	23 699 685 090	23 699 685 090
Loans and advances to customers	9 698 076 689	8 306 556 799	-	40 943 037 218	15 391 689 832	74 339 360 538
Total	**34 936 690 104**	**8 306 556 799**	**-**	**40 943 037 218**	**79 973 714 846**	**164 159 998 967**
Liabilities						
Deposits from customers	32 693 836 950	404 081 907	5 746 029 442	-	-	38 843 948 299
Bonds	-	8 328 856 109	8 884 095 121	17 212 951 231	1 214 881 666	35 640 784 127
Local lines of credit	21 368 360 397					21 368 360 397
Other liabilities	-	-	-	35 878 798 920	-	35 878 798 920
Lease Liability	-	-	-	-	47 628 917	47 628 917
Total	**54 062 197 347**	**8 732 938 016**	**14 630 124 563**	**53 091 750 151**	**1 262 510 583**	**131 779 520 660**
Gap	**(19 125 507 243)**	**(426 381 217)**	**(14 630 124 563)**	**(12 148 712 933)**	**78 711 204 263**	**32 380 478 307**
Contingent liabilities:						
Loan commitments and guarantees	-	-	-	-	-	-
Total gap	**(19 125 507 243)**	**(426 381 217)**	**(14 630 124 563)**	**(12 148 712 933)**	**78 711 204 263**	**32 380 478 307**
Total cumulative gap	**(19 125 507 243)**	**(19 551 888 460)**	**(34 182 013 023)**	**(46 330 725 956)**	**32 380 478 307**	**-**

3 RISK MANAGEMENT (continued)

3.3 Liquidity risk (continued)

As at 31 December 2023	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
Inflation Adjusted						
Assets						
Cash and bank balances	15 831 097 970	-	-	-	-	15 831 097 970
Investment securities	491 768 162	-	-	-	-	491 768 162
Financial assets at FVOCI	-	-	-	-	28 645 400 459	28 645 400 459
Treasury bills and other financial assets	-	-	18 083 902	-	38 206 291	56 290 193
Trading assets pledged as collateral	-	-	246 232 184	-	22 104 722	268 336 906
Non-current assets held for sale	-	2 423 140 729	5 485 138 796	-	-	7 908 279 525
Loans and advances to customers	1 528 907 314	612 287 775	-	749 563 556	2 081 998 481	4 972 757 126
Total	**17 851 773 446**	**3 035 428 504**	**5 749 454 882**	**749 563 556**	**30 787 709 953**	**58 173 930 341**
Liabilities						
Deposits from customers	13 809 637 022	2 822 934 262	2 128 214	-	-	16 634 699 498
Bonds	-	3 538 846 853	-	9 740 982 386	5 796 096 264	19 075 925 503
Local lines of credit	4 486 002 642	-	-	-	-	4 486 002 642
Other liabilities	-	-	-	17 604 462 157	-	17 604 462 157
Lease Liability	-	-	-	-	73 515 288	73 515 288
Total	**18 295 639 664**	**6 361 781 115**	**2 128 214**	**27 345 444 543**	**5 869 611 552**	**57 874 605 088**
Gap	**(443 866 218)**	**(3 326 352 611)**	**5 747 326 668**	**(26 595 880 987)**	**24 918 098 401**	**299 325 253**
Contingent liabilities:						
Loan commitments and guarantees	(11 532 898)	-	-	-	-	(11 532 898)
Total gap	**(455 399 116)**	**(3 326 352 611)**	**5 747 326 668**	**(26 595 880 987)**	**24 918 098 401**	**287 792 355**
Total cumulative gap	**(455 399 116)**	**(3 781 751 727)**	**1 965 574 941**	**(24 630 306 046)**	**287 792 355**	**-**
As at 31 December 2022						
Historical Cost						
Assets						-
Cash and bank balances	3 294 456 788	-	-	-	-	3 294 456 788
Investment securities	102 337 119	-	-	-	-	102 337 119
Financial assets at FVOCI	-	-	-	-	5 961 117 426	5 961 117 426
Treasury bills and other financial assets	-	-	3 763 266	-	7 950 742	11 714 008
Trading assets pledged as collateral	-	-	51 241 000	-	4 600 000	55 841 000
Non-current assets held for sale		504 256 397	1 141 459 220	-	-	1 645 715 617
Loans and advances to customers	318 166 124	127 417 291	-	155 984 427	433 264 581	1 034 832 423
Total	**3 714 960 031**	**631 673 688**	**1 196 463 486**	**155 984 427**	**6 406 932 749**	**12 106 014 381**
Liabilities						
Deposits from customers	2 873 790 088	587 453 565	442 882	-	-	3 461 686 535
Bonds	-	736 435 215	-	2 027 101 696	1 206 169 573	3 969 706 484
Local lines of credit	933 538 652	-	-	-	-	933 538 652
Other liabilities	-	-	-	3 530 913 415	-	3 530 913 415
Lease Liability	-	-	-	-	15 298 556	15 298 556
Total	**3 807 328 740**	**1 323 888 780**	**442 882**	**5 558 015 111**	**1 221 468 129**	**11 911 143 642**
Gap	**(92 368 709)**	**(692 215 092)**	**1 196 020 604**	**(5 402 030 684)**	**5 185 464 620**	**194 870 739**
Contingent liabilities:						
Loan commitments and guarantees	(2 400 000)	-	-	-	-	(2 400 000)
Total gap	**(94 768 709)**	**(692 215 092)**	**1 196 020 604**	**(5 402 030 684)**	**5 185 464 620**	**192 470 739**
Total cumulative gap	**(94 768 709)**	**(786 983 801)**	**409 036 803**	**(4 992 993 881)**	**192 470 739**	**-**

3.4.3 Interest rate risk

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.

3 RISK MANAGEMENT (continued)

Interest rate repricing gap analysis

As at 31 December 2023	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
Inflation Adjusted							
Assets							
Cash and bank balances	24 326 747 240	-	-	-	-	-	24 326 747 240
Investment securities	-	-	-	-	-	911 866 175	911 866 175
Loans and advances to customers	9 698 076 689	8 306 556 799	-	40 943 037 218	15 391 689 832	-	74 339 360 538
Financial assets at FVOCI	-	-	-	-	-	37 308 487 263	37 308 487 263
Treasury bills and other financial assets	-	-	-	-	3 573 852 661	-	3 573 852 661
Trading assets pledged as collateral			-	-	23 699 685 090	-	23 699 685 090
Total assets	**34 024 823 929**	**8 306 556 799**	**-**	**40 943 037 218**	**42 665 227 583**	**38 220 353 438**	**164 159 998 967**
Equity and liabilities							
Deposits from customers	32 693 836 950	404 081 907	5 746 029 442	-	-	-	38 843 948 299
Bonds	-	8 328 856 109	8 884 095 121	17 212 951 231	1 214 881 666	-	35 640 784 127
Local lines of credit	21 368 360 397	-	-	-	-	-	21 368 360 397
Lease liability - buildings	-	-	-	-	-	47 628 917	47 628 917
Other liabilities	-	-	-	-	83 063 426 813	-	83 063 426 813
Total equity and liabilities	**54 062 197 347**	**8 732 938 016**	**14 630 124 563**	**17 212 951 231**	**84 278 308 479**	**47 628 917**	**178 964 148 553**
Total interest repricing gap	**(20 037 373 418)**	**(426 381 217)**	**(14 630 124 563)**	**23 730 085 987**	**(41 613 080 896)**	**38 172 724 521**	**(14 804 149 586)**
Total cumulative gap	**(20 037 373 418)**	**(20 463 754 635)**	**(35 093 879 198)**	**(11 363 793 211)**	**(52 976 874 107)**	**(14 804 149 586)**	**-**

As at 31 December 2022	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
Historical Cost							
Assets							
Cash and bank balances	24 326 747 240	-	-	-	-	-	24 326 747 240
Investment securities	-	-	-	-	-	911 866 175	911 866 175
Loans and advances to customers	9 698 076 689	8 306 556 799	-	40 943 037 218	15 391 689 832	-	74 339 360 538
Financial assets at FVOCI fair value through other comprehensive income	-	-	-	-	-	37 308 487 263	37 308 487 263
Treasury bills and other financial assets	-	-	-	-	3 573 852 661	-	3 573 852 661
Trading assets pledged as collateral	-	-	-	-	23 699 685 090	-	23 699 685 090
Total assets	**34 024 823 929**	**8 306 556 799**	**-**	**40 943 037 218**	**42 665 227 583**	**38 220 353 438**	**164 159 998 967**
Equity and liabilities							
Deposits from customers	32 693 836 950	404 081 907	5 746 029 442	-	-	-	38 843 948 299
Bonds	-	8 328 856 109	8 884 095 121	17 212 951 231	1 214 881 666	-	35 640 784 127
Local lines of credit	21 368 360 397	-	-	-	-	-	21 368 360 397
Other liabilities		-	-	-	35 878 798 920	-	35 878 798 920
Lease Liability	-	-	-	-	-	47 628 917	47 628 917
Total equity and liabilities	**54 062 197 347**	**8 732 938 016**	**14 630 124 563**	**17 212 951 231**	**37 093 680 586**	**47 628 917**	**131 779 520 660**
Total interest repricing gap	**(20 037 373 418)**	**(426 381 217)**	**(14 630 124 563)**	**23 730 085 987**	**5 571 546 997**	**38 172 724 521**	**32 380 478 307**
Total cumulative gap	**(20 037 373 418)**	**(20 463 754 635)**	**(35 093 879 198)**	**(11 363 793 211)**	**(5 792 246 214)**	**32 380 478 307**	**-**

3 RISK MANAGEMENT (continued)

Interest rate repricing gap analysis

As at 31 December 2023	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
Inflation Adjusted							
Assets							
Cash and bank balances	15 831 097 970	-	-	-	-	-	15 831 097 970
Investment securities	-	-	-	-	-	491 768 162	491 768 162
Loans and advances to customers	1 528 907 314	612 287 775	-	749 563 556	2 081 998 481	-	4 972 757 126
Financial assets at FVOCI	-	-	-	-	-	28 645 400 459	28 645 400 459
Treasury bills and other financial assets	-	-	18 083 902	-	38 206 291	-	56 290 193
Trading assets pledge d as collateral	-	-	246 232 184	-	22 104 722	-	268 336 906
Total assets	**17 360 005 284**	**612 287 775**	**264 316 086**	**749 563 556**	**2 142 309 494**	**29 137 168 621**	**50 265 650 816**
Equity and liabilities							
Deposits from customers	13 809 637 022	2 822 934 262	2 128 214	-	-	-	16 634 699 498
Bonds	-	3 538 846 853	-	9 740 982 386	5 796 096 264	-	19 075 925 503
Local lines of credit	4 486 002 642	-	-				4 486 002 642
Other liabilities	-	-	-	17 604 462 157	-	-	17 604 462 157
Lease liability	-	-	-	-	73 515 288	-	73 515 288
Total equity and liabilities	18 295 639 664	6 361 781 115	2 128 214	27 345 444 543	5 869 611 552	-	57 874 605 088
Total interest repricing gap	**(935 634 380)**	**(5 749 493 340)**	**262 187 872**	**(26 595 880 987)**	**(3 727 302 058)**	**29 137 168 621**	**(7 608 954 272)**
Total cumulative gap	**(935 634 380)**	**(6 685 127 720)**	**(6 422 939 848)**	**(33 018 820 835)**	**(36 746 122 893)**	**(7 608 954 272)**	**-**
As at 31 December 2022							
Historical Cost							
Assets							
Cash and bank balances	3 294 456 788	-	-	-	-	-	3 294 456 788
Investment securities	-	-	-	-	-	102 337 119	102 337 119
Loans and advances to customers	318 166 124	127 417 291	-	155 984 427	433 264 581	-	1 034 832 423
Financial assets at FVOCI	-	-	-	-	-	5 961 117 426	5 961 117 426
Treasury bills and other financial assets	-	-	3 763 266	-	7 950 742	-	11 714 008
Trading assets pledged as collateral	-	-	51 241 000	-	4 600 000	-	55 841 000
Total assets	**3 612 622 912**	**127 417 291**	**55 004 266**	**155 984 427**	**445 815 323**	**6 063 454 545**	**10 460 298 764**
Equity and liabilities							
Deposits from customer	2 873 790 088	587 453 565	442 882	-	-	-	3 461 686 535
Bonds	-	736 435 215	-	2 027 101 696	1 206 169 573	-	3 969 706 484
Local lines of credit	933 538 652	-	-	-	-	-	933 538 652
Other liabilities	-	-	-	3 530 913 415	-	-	3 530 913 415
Lease liability	-	-	-	-	15 298 556	-	15 298 556
Total equity and liabilities	**3 807 328 740**	**1 323 888 780**	**442 882**	**5 558 015 111**	**1 221 468 129**	**-**	**11 911 143 642**
Total interest repricing gap	**(194 705 828)**	**(1 196 471 489)**	**54 561 384**	**(5 402 030 684)**	**(775 652 806)**	**6 063 454 545**	**(1 450 844 878)**
Total cumulative gap	**(194 705 828)**	**(1 391 177 317)**	**(1 336 615 933)**	**(6 738 646 617)**	**(7 514 299 423)**	**(1 450 844 878)**	**-**

3 RISK MANAGEMENT (continued)

3.4 Interest rate risk (continued)

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 2023 ZWL	Effect on profit for the year 2022 ZWL	Effect on profit for the year 2023 ZWL	Effect on profit for the year 2022 ZWL
5% increase / (decrease)	244 100 245	19 318 728	244 100 245	7 365 223
10% increase / (decrease)	488 200 490	38 637 456	488 200 490	14 730 446

3.4.4 Foreign exchange risk

The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk as at 31 December.

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

As at 31 December 2023	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
Inflation Adjusted							
Assets							
Cash and bank balances	8 550 935 843	15 735 945 402	13 201 724	376 516	16 691 411	9 596 344	24 326 747 240
Investment securities	911 866 175	-	-	-	-	-	911 866 175
Loans and advances to customers	8 619 418 545	65 719 941 993	-	-	-	-	74 339 360 538
Treasury bills and other financial assets	3 573 852 661	-	-	-	-	-	3 573 852 661
Assets pledged as collateral	23 699 685 090						23 699 685 090
Financial assets at FVOCI	37 308 487 263	-	-	-	-	-	37 308 487 263
Other receivables and prepayments	37 589 101 946	-	-	-	-	-	37 589 101 946
	120 253 347 523	**81 455 887 395**	**13 201 724**	**376 516**	**16 691 411**	**9 596 344**	**201 749 100 913**
Equity and liabilities							
Deposits from customers	37 089 534 165	1 754 158 659	255 475	-	-	-	38 843 948 299
Bonds	-	35 640 784 128	-	-	-	-	35 640 784 127
Local lines of credit	21 368 360 397	-	-	-	-	-	21 368 360 397
Lease Liability	47 628 917	-	-	-	-	-	47 628 917
Other liabilities	83 063 426 813	-	-	-	-	-	83 063 426 813
	141 568 950 292	**37 394 942 787**	**255 475**	**-**	**-**	**-**	**178 964 148 553**
Net foreign exchange position	**(21 315 602 769)**	**44 060 944 608**	**12 946 249**	**376 516**	**16 691 411**	**9 596 344**	**22 784 952 359**

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3 RISK MANAGEMENT (continued)

As at 31 December 2022	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
Historical Cost							
Assets							
Cash and bank balances	8 550 935 843	15 735 945 402	13 201 724	376 516	16 691 411	9 596 344	24 326 747 240
Investment securities	911 866 175	-	-	-	-	-	911 866 175
Loans and advances to customers	8 619 418 545	65 719 941 993	-	-	-	-	74 339 360 538
Treasury bills and other financial assets	3 573 852 661	-	-	-	-	-	3 573 852 661
Assets pledged as collateral	23 699 685 090	-					23 699 685 090
Financial assets at FVOCI	37 308 487 263	-	-	-	-	-	37 308 487 263
Other receivables and prepayments	14 502 390 083	-	-	-	-	-	14 502 390 083
	97 166 635 660	**81 455 887 395**	**13 201 724**	**376 516**	**16 691 411**	**9 596 344**	**178 662 389 051**
Equity and liabilities							
Deposits from customers	37 089 534 165	1 754 158 659	255 475	-	-	-	38 843 948 299
Bonds	-	35 640 784 127	-	-	-	-	35 640 784 127
Local lines of credit	21 368 360 397	-	-	-	-	-	21 368 360 397
Lease Liability	47 628 917	-	-	-	-	-	47 628 917
Other liabilities	35 878 798 920	-	-	-	-	-	35 878 798 920
	94 384 322 399	**37 394 942 786**	**255 474**	**-**	**-**	**-**	**131 779 520 660**
Net foreign exchange position	**2 782 313 261**	**44 060 944 609**	**12 946 250**	**376 516**	**16 691 411**	**9 596 344**	**46 882 868 392**

As at 31 December 2023	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
Inflation Adjusted							
Assets							
Cash and bank balances	14 934 987 975	857 092 100	25 746 532	208 818	8 184 956	4 877 589	15 831 097 970
Investment securities	491 768 162	-	-	-	-	-	491 768 162
Loans and advances to customers	3 441 926 831	1 530 830 295	-	-	-	-	4 972 757 126
Treasury bills and other financial assets	56 290 193	-	-	-	-	-	56 290 193
Assets pledged as collateral	268 336 906						268 336 906
Financial assets at FVOCI	28 645 400 459	-	-	-	-	-	28 645 400 459
Other receivables and prepayments	26 844 011 810	-	-	-	-	-	26 844 011 810
	74 682 722 336	**2 387 922 395**	**25 746 532**	**208 818**	**8 184 956**	**4 877 589**	**77 109 662 626**
Equity and liabilities							
Deposits from customers	15 628 019 181	1 006 488 659	191 658	-	-	-	16 634 699 498
Bonds	-	19 075 925 503	-	-	-	-	19 075 925 503
Local lines of credit	4 486 002 642	-	-	-	-	-	4 486 002 642
Lease liability	73 515 288	-	-	-	-	-	73 515 288
Other liabilities	17 604 462 157	-	-	-	-	-	17 604 462 157
	37 791 999 268	**20 082 414 162**	**191 658**	**-**	**-**	**-**	**57 874 605 088**
Net foreign exchange position	**36 890 723 068**	**(17 694 491 767)**	**25 554 874**	**208 818**	**8 184 956**	**4 877 589**	**19 235 057 538**

3 RISK MANAGEMENT (continued)

As at 31 December 2022	USD ZWL	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	ZWL equivalent	Total ZWL
Historical Cost							
Assets							
Cash and bank balances	3 107 975 998	178 361 153	5 357 862	43 455	1 703 292	1 015 028	3 294 456 788
Investment securities	102 337 119	-	-	-	-	-	102 337 119
Loans and advances to customers	716 266 126	318 566 297	-	-	-	-	1 034 832 423
Treasury bills and other financial assets	11 714 008	-	-	-	-	-	11 714 008
Assets pledged as collateral	55 841 000	-	-	-	-	-	55 841 000
Financial assets at FVOCI	5 961 117 426	-	-	-	-	-	5 961 117 426
Other receivables and prepayments	4 887 351 833	-	-	-	-	-	4 887 351 833
	14 842 603 510	**496 927 450**	**5 357 862**	**43 455**	**1 703 292**	**1 015 028**	**15 347 650 597**
Equity and liabilities							
Deposits from customers	3 252 196 024	209 450 627	39 884	-	-	-	3 461 686 535
Bonds	-	3 969 706 484	-	-	-	-	3 969 706 484
Local lines of credit	933 538 652	-	-	-	-	-	933 538 652
Lease liability	15 298 556	-	-	-	-	-	15 298 556
Other liabilities	3 530 913 415	-	-	-	-	-	3 530 913 415
	7 731 946 647	**4 179 157 111**	**39 884**	**-**	**-**	**-**	**11 911 143 642**
Net foreign exchange position	**7 110 656 863**	**(3 682 229 661)**	**5 317 978**	**43 455**	**1 703 292**	**1 015 028**	**3 436 506 955**

The Group had no off balance sheet foreign currency exposure as at 31 December 2023 (31 December 2022 - ZWLnil).

The table below indicates the extent to which the Group is exposed to foreign exchange risk as at 31 December 2023.

	Inflation Adjusted		Historical Cost	
Exchange rate change	**Effect on profit for the year 2023 ZWL**	**Effect on profit for the year 2022 ZWL**	**Effect on profit for the year 2023 ZWL**	**Effect on profit for the year 2022 ZWL**
5% appreciation	2 205 027 756	(481 858 477)	2 205 027 756	(183 707 495)
10% appreciation	4 410 055 513	(963 716 957)	4 410 055 513	(367 414 991)

4 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES

4.1.1 Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2023.

	Inflation Adjusted			Historical Cost		
	ZWL Level 1	Level 2	ZWL Level 3	ZWL Level 1	Level 2	ZWL Level 3
At 31 December 2023						
Investment securities	911 866 175	-	-	911 866 175	-	-
Financial assets at FVOCI	-	-	37 308 487 263	-	-	37,308,487,263
Total assets	**911 866 175**	**-**	**37 308 487 263**	**911 866 175**	**-**	**37 308 487 263**
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**
At 31 December 2022						
Investment securities	491 768 162	-	-	102 337 119	-	-
Financial assets at FVOCI	-	-	28 645 400 459	-	-	5 961 117 426
Total assets	**491 768 162**	**-**	**28 645 400 459**	**102 337 119**	**-**	**5 961 117 426**
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**

4.1.2 Financial instruments not measured at fair value

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

	Carrying value 31 Dec 2023 ZWL	Fair value 31 Dec 2023 ZWL	Carrying value 31 Dec 2022 ZWL	Fair value 31 Dec 2022 ZWL
Inflation Adjusted				
Financial assets:				
Treasury bills and other financial assets	3 573 852 661	3 573 852 661	56 290 193	56 290 193
Loans and advances to customers	74 339 360 538	74 339 360 538	4 972 757 126	4 972 757 126
Assets pledged as collateral	23 699 685 090	23 699 685 090	268 336 906	268 336 906
Financial liabilities:				
Deposits from customers	38 843 948 299	38 843 948 299	16 634 699 498	16 634 699 498
Bonds and local lines of credit	57 009 144 524	57 009 144 524	23 561 928 145	23 561 928 145
Historical Cost				
Financial assets:				
Treasury bills and other financial assets	3 573 852 661	3 573 852 661	11 714 008	11 714 008
Loans and advances to customers	74 339 360 538	74 339 360 538	1 034 832 423	1 034 832 423
Assets pledged as collateral	23 699 685 090	23 699 685 090	55 841 000	55 841 000
Financial liabilities:				
Deposits from customers	38 843 948 299	38 843 948 299	3 461 686 535	3 461 686 535
Bonds and local lines of credit	57 009 144 524	57 009 144 524	4 903 245 136	4 903 245 136

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

4 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES (continued)

(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.

4.1.3 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 to meet 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.

4.2 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

4 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES (continued)

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

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
5 CASH AND BANK BALANCES				
Cash on hand	13 026 465 454	865 218 517	13 026 465 454	180 052 263
Balances with banks	11 300 281 786	14 965 879 453	11 300 281 786	3 114 404 525
	24 326 747 240	**15 831 097 970**	**24 326 747 240**	**3 294 456 788**
Balances with banks				
Balance with the Central Bank	4 286 832 359	2 849 798 250	4 286 832 359	593 043 970
Bank deposits	3 085 570 901	2 194 349 886	3 085 570 901	456 644 946
Placements with other banks	3 927 878 526	9 921 731 317	3 927 878 526	2 064 715 609
Net placements due	**11 300 281 786**	**14 965 879 453**	**11 300 281 786**	**3 114 404 525**
6 INVESTMENT SECURITIES				
At 1 January	491 768 162	1 134 675 935	102 337 119	68 689 355
Additions	-	-	-	-
Net gain through profit or loss	420 098 013	(642 907 773)	809 529 056	33 647 764
Gain / (loss) on net monetary position	-	-	-	-
At 31 December	**911 866 175**	**491 768 162**	**911 866 175**	**102 337 119**

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").

	Inflation Adjusted		Historical Cost	
7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
At 1 January	28 645 400 459	13 934 432 146	5 961 117 426	843 542 306
Additions	993 201 986	819 487 020	299 169 106	100 407 072
Net fair value gains on financial assets at fair value through other comprehensive income	7 669 884 818	13 891 481 293	31 048 200 731	5 017 168 048
At 31 December	**37 308 487 263**	**28 645 400 459**	**37 308 487 263**	**5 961 117 426**
Financial assets at fair value through other comprehensive income include the following;				
Unlisted securities:				
Equity securities - Zimbabwe	6 021 887 719	2 488 834 224	6 021 887 719	517 927 235
Equity securities - Botswana	31 286 599 544	26 156 566 235	31 286 599 544	5 443 190 191
	37 308 487 263	**28 645 400 459**	**37 308 487 263**	**5 961 117 426**

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8 TREASURY BILLS AND OTHER FINANCIAL ASSETS

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZW
Treasury bills as substitution for debt instruments	50 489	37 724 538	50 489	7 850 489
Capitalisation Treasury Bills	3 426 281 664	-	3 426 281 664	-
Treasury bills acquired from the market	-	19 985 552	-	4 159 000
Accrued Interest	535 035 042	2 851 120	535 035 042	593 318
Less Impairment allowances	(387 514 534)	(4 271 017)	(387 514 534)	(888 799)
	3 573 852 661	**56 290 193**	**3 573 852 661**	**11 714 008**

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.

8.1 Assets pledged as collateral

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

	Assets		Related Liability	
Inflation Adjusted	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Treasury bills	23 699 685 090	268 336 906	20 694 425 045	362 805 759
Current	23 699 685 090	268 336 906	20 694 425 045	362 805 759

	Assets		Related Liability	
Historical Cost	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Treasury bills	23 699 685 090	55 841 000	20 694 425 045	83 244 776
Current	23 699 685 090	55 841 000	20 694 425 045	83 244 776

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.

9 LOANS AND ADVANCES TO CUSTOMERS

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Individual				
- term loans and mortgages	11 702 108 460	3 391 647 739	11 702 108 460	705 803 030
Corporate				
- corporate customers	65 445 056 901	2 003 277 584	65 445 056 901	416 882 736
Gross loans and advances to customers	77 147 165 361	5 394 925 323	77 147 165 361	1 122 685 766
Less: allowance for impairment (Note 9.1.2)	(2 807 804 823)	(422 168 197)	(2 807 804 823)	(87 853 343)
Net loans and advances to customers	**74 339 360 538**	**4 972 757 126**	**74 339 360 538**	**1 034 832 423**
Current	58 947 670 706	2 890 758 650	58 947 670 706	601 567 843
Non-current	15 391 689 832	2 081 998 476	15 391 689 832	433 264 580
	74 339 360 538	**4 972 757 126**	**74 339 360 538**	**1 034 832 423**

9.1 Loan impairment allowance

Stage 1-12 Month expected credit loss allowance charge	2 432 433 162	30 354 761	2 432 433 162	6 316 836
Stage 2- Lifetime expected credit loss allowance not credit impaired	185 023 294	2 831 379	185 023 294	589 211
Stage 3- Lifetime expected credit loss allowance credit impaired	190 348 367	388 982 057	190 348 367	80 947 296
Net loan impairment loss	**2 807 804 823**	**422 168 197**	**2 807 804 823**	**87 853 343**

	Inflation Adjusted		Historical Cost	
9 LOANS AND ADVANCES TO CUSTOMERS (continued)	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
9.1.1 Maturity analysis of loans and advances to customers				
Up to one month	9 698 076 689	1 528 907 314	9 698 076 689	318 166 124
Up to three months	8 306 556 799	612 287 775	8 306 556 799	127 417 291
Up to one year	40 943 037 218	749 563 556	40 943 037 218	155 984 427
Up to 3 years	15 296 929 067	163 767 608	15 296 929 067	34 080 094
Up to 5 years	72 251 933	36 156 395	72 251 933	7 524 158
Later than 5 years	22 508 832	1 882 074 478	22 508 832	391 660 329
	74 339 360 538	**4 972 757 126**	**74 339 360 538**	**1 034 832 423**

9.1.2 Analysis of ECL in relation to loans and advances as at 31 December 2023

	Stage1	Stage 2	Stage 3	Total
Inflation Adjusted				
Loans and advances subject to Stage 1:12 month ECL	71 289 520 151	-	-	71 289 520 151
Loans and advances subject to Stage 2: Life ECL not credit impaired	-	2 651 207 700	-	2 651 207 700
Loans and advances subject to Stage 3: Life ECL credit impaired	-	-	3 206 437 510	3 206 437 510
Gross loans and advances	**71 289 520 151**	**2 651 207 700**	**3 206 437 510**	**77 147 165 361**
Less impairment allowances				
Stage 1: 12 month ECL	(2 432 433 162)	-	-	(2 432 433 162)
Stage 2: Life ECL not credit impaired	-	(185 023 294)	-	(185 023 294)
Stage 3: Life ECL credit impaired	-	-	(190 348 367)	(190 348 367)
Net loans and advances to customers	**68 857 086 989**	**2 466 184 406**	**3 016 089 143**	**74 339 360 538**
Analysis of ECL in relation to loans and advances as at 31 December 2022				
Loans and advances subject to Stage 1:12 month ECL	2 305 247 863	-	-	2 305 247 863
Loans and advances subject to Stage 2: Life ECL not credit impaired	-	942 697 195	-	942 697 195
Loans and advances subject to Stage 3: Life ECL credit impaired	-	-	2 146 980 265	2 146 980 265
Gross loans and advances	**2 305 247 863**	**942 697 195**	**2 146 980 265**	**5 394 925 323**
Less impairment allowances				
Stage 1: 12 month ECL	(30 354 762)	-	-	(30 354 762)
Stage 2: Life ECL not credit impaired	-	(2 831 379)	-	(2 831 379)
Stage 3: Life ECL credit impaired	-	-	(388 982 056)	(388 982 056)
Net loans and advances to customers	**2 274 893 101**	**939 865 816**	**1 757 998 209**	**4 972 757 126**

9.1.2 Analysis of ECL in relation to loans and advances as at 31 December 2023 (continued)

	Stage1	Stage 2	Stage 3	Tota
Historical Cost				
Loans and advances subject to Stage 1: 12 month ECL	71 289 520 151	-	-	71 289 520 151
Loans and advances subject to Stage 2: Life ECL not credit impaired	-	2 651 207 700	-	2 651 207 700
Loans and advances subject to Stage 3: Life ECL credit impaired	-	-	3 206 437 510	3 206 437 510
Gross loans and advances	**71 289 520 151**	**2 651 207 700**	**3 206 437 510**	**77 147 165 361**
Less impairment allowances				
Stage 1: 12 month ECL	(2 432 433 162)	-	-	(2 432 433 162)
Stage 2: Life ECL not credit impaired	-	(185 023 294)	-	(185 023 294)
Stage 3: Life ECL credit impaired	-	-	(190 348 367)	(190 348 367)
Net loans and advances to customers	**68 857 086 989**	**2 466 184 406**	**3 016 089 143**	**74 339 360 538**

Analysis of ECL in relation to loans and advances as at 31 December 2022

	Stage1	Stage 2	Stage 3	Tota
Loans and advances subject to Stage 1:12 month ECL	479 722 852	-	-	479 722 852
Loans and advances subject to Stage 2: Life ECL not credit impaired	-	196 175 602	-	196 175 602
Loans and advances subject to Stage 3: Life ECL credit impaired	-	-	446 787 312	446 787 312
Gross loans and advances	**479 722 852**	**196 175 602**	**446 787 312**	**1 122 685 766**
Less impairment allowances				
Stage 1: 12 month ECL	(6 316 836)	-	-	(6 316 836)
Stage 2: Life ECL not credit impaired	-	(589 211)	-	(589 211)
Stage 3: Life ECL credit impaired	-	-	(80 947 296)	(80 947 296)
Net loans and advances to customers	**473 406 016**	**195 586 391**	**365 840 016**	**1 034 832 423**

9.1.3 Sectorial analysis of loans and advances to customers

	Percentage (%)	31 Dec 2023 ZWL	Percentage (%)	31 Dec 2022 ZWL
Inflation Adjusted				
Manufacturing	-	-	-	-
Retail	-	-	-	-
Agro processing	3	2 528 107 315	2	161 327 611
Financial services	-	-	-	-
Transport	-	-	-	1 431 422 421
Construction	9	7 031 035 301	49	-
Energy	1	1 039 199 632	-	-
Mortgages	18	13 409 262 377	36	2 765 457 098
Individuals and other services	69	53 139 560 736	13	1 036 718 193
Gross value of loans and advances	100	77 147 165 361	100	5 394 925 323
Less allowance for impairment		(2 807 804 823)		(422 168 197)
		74 339 360 538		**4 972 757 126**
Historical Cost				
Manufacturing	-	-	-	-
Retail	-	-	-	-
Agro processing	3	2 528 107 315	2	33 572 330
Financial services	-	-	-	
Transport	-	-	-	
Construction	9	7 031 035 301	49	297 879 485
Energy	1	1 039 199 632	-	
Mortgages	18	13 409 262 377	36	575 492 548
Individuals and other services	69	53 139 560 736	13	215 741 403
Gross value of loans and advances	100	77 147 165 361	100	1 122 685 766
Less allowance for impairment		(2 807 804 823)		(87 853 343)
		74 339 360 538		**1 034 832 423**

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
10 OTHER RECEIVABLES AND PREPAYMENTS				
Receivables	35 343 798 883	28 807 727 726	17 141 345 882	5 994 897 785
Less impairment loss	(7 511 499 568)	(7 015 386 329)	(5 490 270 850)	(1 459 904 244)
Net receivables	27 832 299 315	21 792 341 397	11 651 075 032	4 534 993 541
Pre-payments	9 756 802 631	5 051 670 413	2 851 315 051	352 358 292
	37 589 101 946	**26 844 011 810**	**14 502 390 083**	**4 887 351 833**
11 INVENTORIES				
Inventory - housing units	224 323 699	224 323 699	1 651 927	1 651 927
Inventory - serviced stands	19 886 231 435	19 816 705 804	2 145 130 306	17 344 294
Work in progress	46 880 430 341	44 146 258 597	1 626 491 815	1 204 044 180
Consumables and materials	286 163 998	226 972 397	194 241 653	24 485 071
	67 277 149 473	**64 414 260 497**	**3 967 515 701**	**1 247 525 472**

Included in work in progress are land development costs for stands situated in Mt Pleasant and Waneka. These are qualifying costs for capitalisation in accordance with IAS 2.

12 INVESTMENTS IN SUBSIDIARIES, JOINT OPERATION AND ASSOCIATES

The Group enters into business arrangements with various entities/parties notably 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.

As at 31 December 2023 the Bank had the following investments in associates

- Mosi Oa Tunya - 20.6% shareholding. The total amount of share of loss was $697m. However, as per IAS 28 paragraph 38, the share of loss recognised was limited to the carrying amount of the investment.
- Nyamazi Lodges - 28% shareholding. Historical value ZWL24,000
- Kanyemba Lodges - 36% shareholding. Historical value ZWL1,3billion

12.1 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	Place of Proportion of ownership interest and voting power held by the Group as at 31 Dec 2023 %	as at 31 Dec 2022 %
Waneka Properties (Private) Limited	Property development	Zimbabwe	70	70
Norton Medical Investments (Private) Limited	Medical services	Zimbabwe	60	60
Kariba Housing Development Project	Property development	Zimbabwe	90	90
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

12 INVESTMENTS IN SUBSIDIARIES, JOINT OPERATION AND ASSOCIATES (continued)

12.2 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.

	interest and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests	
Name of subsidiary	2023 %	2022 %	2023 ZWL	2022 ZWL
Inflation Adjusted				
Waneka Properties (Private) Limited	30	30	114 348 353	18 924 229
Norton Medical Investments (Private) Limited	40	40	(9 259 722)	(1 532 449)
Kariba Housing Development Project	10	10	19 614 895	3 246 193
Mazvel Investments (Private) Limited	57	57	(25 883 273 191)	(4 663 130 720)
Samukele Lodges	100	100	-	-
Changamire Inkosi	40	40	5 996 411 489	992 383 812
Total			**(19 762 158 176)**	**(3 650 108 935)**

12.3 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.

	interest and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulate non-controlling interests	
Name of subsidiary	2023 %	2022 %	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Historical Cost						
Waneka Properties (Private) Limited	30	30	69 115 052	7 214 821	77 915 680	10 939 812
Norton Medical Investments (Private) Limited	40	40	1 113 507 559	(584 243)	33 006 425	(75 188)
Kariba Housing Development Project	10	10	-	1 237 604	1 703 545	3 464 361
Mazvel Investments (Private) Limited	57	57	(18 346 679 071)	(1 779 842 810)	(20 163 506 462)	(1 817 069 340)
Samukele Lodges	100	100	-	-	-	-
Changamire Inkosi	40	40	1 651 438 602	378 344 167	(2 915 459 323)	478 013 300
Total			**(15 512 617 856)**	**(1 393 630 461)**	**(22 966 340 135)**	**(1 324 727 055**

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
12.4 Carrying amount of the investment in associates				
Balance as at 1 January	2 222 692 968	2 092 724 994	42 514 516	556 944
Acquisition of associate - Kanyemba Lodges	-	52 414 620	-	10 907 500
Equity contribution for Associate Companies	1 821 450 467	522 389 871	1 457 008 802	105 292 795
Share of loss from associates	(508 412 147)	(444 836 517)	(228 606 627)	(74 242 723)
Balance as at 31 December 2023	**3 535 731 288**	**2 222 692 968**	**1 270 916 691**	**42 514 516**

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZW
13 INVESTMENT PROPERTY				
Balance as at 1 January	**40 645 039 812**	**24 239 970 373**	**8 458 246 393**	**1 467 403 931**
Additions during the year	138 068 481	270 914 413	134 968 129	49 838 878
Disposals for the year	(15 016 991 692)	(150 747 364)	(3 343 804 069)	(30 643 812)
Transfer to non-current assets held for sale	-	(601 341 108)	-	(36 403 110)
Transfer from non current assets held for sale	838 903 583	-	174 576 116	-
Net gain from fair value adjustment	27 433 068 563	16 886 243 498	48 614 102 178	7 008 050 506
Balance as at 31 December 2023	**54 038 088 747**	**40 645 039 812**	**54 038 088 747**	**8 458 246 393**
Analysis by nature				
Residential properties	11 123 940 974	8 202 057 106	11 123 940 974	1 706 850 830
Commercial and industrial properties	42 914 147 773	32 442 982 706	42 914 147 773	6 751 395 563
	54 038 088 747	**40 645 039 812**	**54 038 088 747**	**8 458 246 393**

The Bank's investment properties comprise commercial and residential properties that are rented out to third parties and land held for future projects development. The investment properties were measured at fair value as per valuations made by a registered external valuer as per our valuation has been prepared in accordance with the RICS Valuation – Professional Standards (9th Edition) published by the Royal Institution of Chartered Surveyors and in accordance with IVSC International Valuation Standard 1 (IVS 1, 2011) on the basis of Fair Value for financial reporting.

Documentation of ownership such as title deeds, agreements of sales, and lease agreements and documentantion such as change of use, development permits, tenancy, rental and occupancy schedules were analyzed to gauge how they fare with the market rentals, and market occupancy levels. The comparison and investment/income approach was mainly utilized to arrive at the market rentals which were capitalized to arrive at the market values. With regards to land, the comparison and residual method was applied to arrive at the market values taking into consideration the permissible land use, location, surrounding developments, and extent of the land size.

The properties were considered as if free and clear of all encumbrances, i.e. easements, pre-emption clauses, liens or any other restrictions on title. We have not taken into account any liability of the property portfolio regarding taxes, single or recurring public or private charges, local taxes and costs

Measurement of fair value
The fair value for the Bank's investment properties was categorised under level 3 in the fair value hierarchy based on the inputs used for the valuation technique explained above.

No investment properties were 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.

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Rental income (Note 31)	1 033 757 869	1 299 552 196	373 852 696	183 174 862

14 NON-CURRENT ASSETS HELD FOR SALE

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Balance as at 1 January	**7 908 279 525**	**-**	**1 645 715 617**	**-**
Transfer from investment properties	-	601 341 108	-	36 403 110
Transfer from property and equipment	-	3 163 772 257	-	191 523 825
Disposals for the year	(6 397 534 186)	-	(1 471 139 501)	-
Net gain from fair value adjustment	-	4 143 166 160	-	1 417 788 682
Transfer to Investment properties	(838 903 583)	-	(174 576 116)	-
Loss on monetory value	(671 841 756)	-	-	-
Balance as at 31 December 2023	**-**	**7 908 279 525**	**-**	**1 645 715 617**

15 PROPERTY AND EQUIPMENT

	Freehold Land and buildings ZWL	Computer and office equipment ZWL	Motor vehicles ZWL	Fixtures and fittings ZWL	Capital work in progress ZWL	Total ZWL
Inflation Adjusted						
COST						
At 01 January 2022	**8 149 518 344**	**3 059 790 574**	**1 460 165 286**	**1 171 559 105**	**1 526 809 629**	**15 367 842 938**
Additions	45 478 822	278 056 371	318 152 270	65 956 900	-	707 644 363
Revaluation gain	3 876 842 513	1 248 141 240	2 218 490 838	307 419 597	-	7 650 894 188
Transfer to assets held for sale	(3 231 086 560)	-	-	-	-	(3 231 086 560)
At 31 December 2022	**8 840 753 119**	**4 585 988 185**	**3 996 808 394**	**1 544 935 602**	**1 526 809 629**	**20 495 294 929**
At 01 January 2023	**8 840 753 119**	**4 585 988 185**	**3 996 808 394**	**1 544 935 602**	**1 526 809 629**	**20 495 294 929**
Additions	-	429 289 767	-	-	-	429 289 767
Capitalisations	-	-	-	1 622 724	-	1 622 724
Revaluation gain /(loss)	8 259 657 425	(2 879 389 815)	225 089 461	(797 824 973)	-	4 807 532 098
Disposals	-	-	(33 735 246)	-	(1 526 809 629)	(1 560 544 875)
At 31 December 2023	**17 100 410 544**	**2 135 888 137**	**4 188 162 609**	**748 733 353**	**-**	**24 173 194 643**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 01 January 2022	**-**	**2 070 318 308**	**1 185 643 176**	**780 208 533**	**399 516 032**	**4 435 686 046**
Charge for the year	48 984 419	249 743 173	171 256 241	93 194 552	-	563 178 385
Eliminated on Disposals	(21 791 805)	-	-	-	-	(21 791 805)
Eliminated on revaluation	(27 192 614)	-	-	-	-	(27 192 614)
At 31 December 2022	**-**	**2 320 061 481**	**1 356 899 417**	**873 403 085**	**399 516 032**	**4 949 880 012**
At 01 January 2023	**-**	**2 320 061 481**	**1 356 899 417**	**873 403 085**	**399 516 032**	**4 949 880 012**
Charge for the year	176 815 062	987 467 072	799 198 238	312 232 565	-	2 275 712 937
Eliminated on Disposals	-	-	-	-	(399 516 032)	(399 516 032)
Transfer to assets held for sale	-					-
Eliminated on revaluation	(176 815 062)	(3 307 528 553)	(2 156 097 655)	(1 185 635 650)	-	(6 826 076 920)
At 31 December 2023	**-**	**-**	**-**	**-**	**-**	**-**
CARRYING AMOUNT						
Cost at 31 December 2022	8 840 753 119	4 585 988 185	3 996 808 394	1 544 935 602	1 526 809 629	20 495 294 929
Accumulated depreciation at 31 December 2022	-	(2 320 061 481)	(1 356 899 417)	(873 403 085)	(399 516 032)	(4 949 880 012)
Carrying amount at 31 December 2022	**8 840 753 119**	**2 265 926 704**	**2 639 908 980**	**671 532 517**	**1 127 293 597**	**15 545 414 917**
Cost at 31 December 2023	**17 100 410 544**	**2 135 888 137**	**4 188 162 609**	**748 733 353**	**-**	**24 173 194 643**
Accumulated depreciation at 31 December 2023	-	-	-	-	-	-
Carrying amount at 31 December 2023	**17 100 410 544**	**2 135 888 137**	**4 188 162 609**	**748 733 353**	**-**	**24 173 194 643**

15 PROPERTY AND EQUIPMENT (continued)	Freehold Land and buildings ZWL	Computer and office equipment ZWL	Motor vehicles ZWL	Fixtures and fittings ZWL	Capital work in progress ZWL	Total ZWL
Historical Cost						
COST						
At 01 January 2022	**493 343 640**	**24 726 917**	**2 219 308**	**7 520 015**	**2 690 000**	**530 499 880**
Additions	7 567 520	24 898 366	61 560 072	42 738 114	-	136 764 072
Revaluation gain	1 534 451 324	249 120 384	442 795 471	61 358 831	-	2 287 726 010
Transfer to assets held for sale	(195 598 800)	-	-	-	-	(195 598 800)
At 31 December 2022	**1 839 763 684**	**298 745 667**	**506 574 851**	**111 616 960**	**2 690 000**	**2 759 391 162**
At 01 January 2023	**1 839 763 684**	**298 745 667**	**506 574 851**	**111 616 960**	**2 690 000**	**2 759 391 162**
Additions	-	140 433 165	-	-	-	140 433 165
Capitalisations	-	-	-	168 845	-	168 845
Revaluation gain	15 260 646 859	1 698 740 295	3 715 323 005	636 947 546	-	21 311 657 705
Disposals	-	(2 030 988)	(33 735 246)	-	(2 690 000)	(38 456 234)
At 31 December 2023	**17 100 410 543**	**2 135 888 139**	**4 188 162 610**	**748 733 351**	**-**	**24 173 194 643**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 01 January 2022	**-**	**5 946 979**	**1 779 483**	**1 386 318**	**540 000**	**9 652 780**
Charge for the year	9 506 813	21 173 563	29 023 596	6 158 544	-	65 862 516
Eliminated on transfer to assets held for sale	(4 074 975)	-	-	-	-	(4 074 975)
Eliminated on revaluation	(5 431 838)	(12 381 793)	(1 671 063)	(3 700 762)	-	(23 185 456)
At 31 December 2022	**-**	**14 738 749**	**29 132 016**	**3 844 100**	**540 000**	**48 254 865**
At 01 January 2023	**-**	**14 738 749**	**29 132 016**	**3 844 100**	**540 000**	**48 254 865**
Charge for the year	34 367 383	100 701 211	154 920 097	22 472 108	-	312 460 799
Eliminated on disposals	-	(874 701)	(7 496 721)	-	(540 000)	(8 911 422)
Eliminated on revaluation	(34 367 383)	(114 565 259)	(176 555 392)	(26 316 208)	-	(351 804 242)
At 31 December 2023	**-**	**-**	**-**	**-**	**-**	**-**
CARRYING AMOUNT						
Cost at 31 December 2022	**1 839 763 684**	**298 745 667**	**506 574 851**	**111 616 960**	**2 690 000**	**2 759 391 162**
Accumulated depreciation at 31 December 2022	-	(14 738 749)	(29 132 016)	(3 844 102)	(540 000)	(48 254 867)
Carrying amount at 31 December 2022	**1 839 763 684**	**284 006 918**	**477 442 835**	**107 772 858**	**2 150 000**	**2 711 136 295**
Cost at 31 December 2023	**17 100 410 543**	**2 135 888 139**	**4 188 162 610**	**748 733 351**	**-**	**24 173 194 643**
Accumulated depreciation at 31 December 2023	-	-	-	-	-	-
Carrying amount at 31 December 2023	**17 100 410 543**	**2 135 888 139**	**4 188 162 610**	**748 733 351**	**-**	**24 173 194 643**

16 INTANGIBLE ASSETS

Computer Software	Inflation Adjusted ZWL	Historical Cost ZWL
COST		
At 01 January 2022	**2 334 408 608**	**57 410 870**
Additions	444 814 316	28 366 244
At 31 December 2022	**2 779 222 924**	**85 777 114**
At 01 January 2023	**2 779 222 924**	**85 777 114**
Additions	-	-
Revaluation gain	-	-
Disposals	-	-
At 31 December 2023	**2 779 222 924**	**85 777 114**
ACCUMULATED ARMOTISATION		
At 01 January 2022	**1 234 568 965**	**554 174**
Charge for the year	169 770 300	63 896 168
At 31 December 2022	**1 404 339 265**	**64 450 342**
At 01 January 2023	**1 404 339 265**	**64 450 342**
Charge for the year	694 805 725	7 092 751
At 31 December 2023	**2 099 144 990**	**71 543 093**
CARRYING AMOUNT		
Cost at 31 December 2022	**2 779 222 924**	**85 777 114**
Accumulated amortisation at 31 December 2022	(1 404 339 265)	(64 450 342)
Carrying amount at 31 December 2022	**1 374 883 659**	**21 326 772**
Cost at 31 December 2023	**2 779 222 924**	**85 777 114**
Accumulated amortisation at 31 December 2023	(2 099 144 990)	(71 543 093)
Carrying amount at 31 December 2023	**680 077 934**	**14 234 021**

17 RIGHT OF USE ASSETS

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Cost				
At 01 January	474 815 654	377 378 456	20 073 806	11 165 007
Remeasurements / Adjustments	196 722 458	97 437 198	139 949 294	8 908 799
At 31 December	**671 538 112**	**474 815 654**	**160 023 100**	**20 073 806**
Accumulated Depreciation				
At 01 January	146 170 201	121 812 596	4 932 290	2 676 614
Charge for the year	330 669 178	24 357 605	69 686 322	2 255 676
At 31 December	**476 839 379**	**146 170 201**	**74 618 612**	**4 932 290**
Carrying Amount	**194 698 733**	**328 645 453**	**85 404 488**	**15 141 516**

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
18 DEFERRED TAXATION				
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.				
Opening Balance	3 691 629 170	439 449 283	387 827 570	20 019 366
Charge for the year	3 152 984 173	3 366 850 729	3 153 558 184	372 656 548
Transfer from deferred tax liability	-	(114 670 842)	-	(4 848 344)
Closing Balance	**6 844 613 343**	**3 691 629 170**	**3 541 385 754**	**387 827 570**

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.

Issued share capital	Number of shares	Share capital ZWL	Share premium ZWL	Amounts Awaiting Allotment ZWL	Total ZWL
Inflation Adjusted					
At 1 January 2022	**18 784 813**	**62 258 578**	**140 676 805 351**	**-**	**140 739 063 929**
Issue of shares	-	185 785	2 884 488 896	13 087 638 380	15 972 313 061
Allotment of shares	5 279 908	345 773	5 368 446 265	(5 368 792 038)	-
At 31 December 2022	**24 064 721**	**62 790 136**	**148 929 740 512**	**7 718 846 342**	**156 711 376 990**
At 1 January 2023	**24 064 721**	**62 790 136**	**148 929 740 512**	**7 718 846 342**	**156 711 376 990**
Issue of share capital	-	-	-	-	-
Allotment of shares	-	-	-	8 672 938 412	8 672 938 412
At 31 December 2023	**24 064 721**	**62 790 136**	**148 929 740 512**	**16 391 784 754**	**165 384 315 402**
Historical Cost					
At 1 January 2022	**24 064 721**	**240 647**	**1 003 522 716**	**-**	**1 003 763 363**
Issue of shares	3 091 389	30 914	479 969 086	1 950 000 000	2 430 000 000
Allotment of shares	2 898 177	28 982	449 971 018	(450 000 000)	-
At 31 December 2022	**30 054 287**	**300 543**	**1 933 462 820**	**1 500 000 000**	**3 433 763 363**
At 1 January 2023	**30 054 287**	**300 543**	**1 933 462 820**	**1 500 000 000**	**3 433 763 363**
Issue of shares	-	-	-	-	-
Allotment of shares	-	-	-	2 502 782 279	2 502 782 279
At 31 December 2023	**30 054 287**	**300 543**	**1 933 462 820**	**4 002 782 279**	**5 936 545 642**

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
20 FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)				
At the beginning of the year	42 728 214 797	42 728 214 797	51 967 059	51 967 059
Charge for the year	249 540	-	249 540	-
Transfer from FCTR to Retained Earnings on disposal of investments	(1 713 828)	-	(1 713 828)	-
Transfer from FCTR to NCI	(1 372 078)	-	(1 372 078)	-
At the end of the year	**42 725 378 431**	**42 728 214 797**	**49 130 693**	**51 967 059**

	nflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
21 REVALUATION RESERVE				
At the beginning of the year	17 324 791 270	6 065 711 855	2 759 280 128	466 377 641
Charge for the year	12 030 786 263	11 259 079 415	21 438 317 445	2 292 902 487
At the end of the year	**29 355 577 533**	**17 324 791 270**	**24 197 597 573**	**2 759 280 128**
22 FAIR VALUE				
At the beginning of the year	30 548 037 079	16 656 555 786	5 828 928 250	811 760 202
Charge for the year	7 669 884 818	13 891 481 293	31 048 200 731	5 017 168 048
At the end of the year	**38 217 921 897**	**30 548 037 079**	**36 877 128 981**	**5 828 928 250**

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.

Issued Preference Share Capital	Number of shares	Preference Share capital ZWL
Inflation Adjusted		
At 1 January 2022	382 830	28 323 469 496
Issue of shares	-	-
At 31 December 2022	**382 830**	**28 323 469 496**
At 1 January 2023	**382 830**	**28 323 469 496**
Issue of shares	-	-
At 31 December 2023	**382 830**	**28 323 469 496**
Historical Cost		
Issued preference share capital		
At 1 January 2022	382 830	38 283 003
Issue of shares	-	-
At 31 December 2022	**382 830**	**38 283 003**
At 1 January 2023	**382 830**	**38 283 003**
Issue of shares	-	-
At 31 December 2023	**382 830**	**38 283 003**

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
24 DEPOSITS FROM CUSTOMERS				
Deposits from customers are primarily comprised of amounts payable on demand and term deposits.				
Large corporate customers	36 682 111 784	14 727 116 628	36 682 111 784	3 064 717 901
Retail customers	2 161 836 515	1 907 582 870	2 161 836 515	396 968 634
	38 843 948 299	**16 634 699 498**	**38 843 948 299**	**3 461 686 535**
24.1 Maturity analysis of deposits from customers				
Up to one month	32 693 836 950	13 809 637 022	32 693 836 950	2 873 790 088
Up to three months	404 081 907	2 822 934 262	404 081 907	587 453 565
Above six months	5 746 029 442	2 128 214	5 746 029 442	442 882
	38 843 948 299	**16 634 699 498**	**38 843 948 299**	**3 461 686 535**

24 DEPOSITS FROM CUSTOMERS (continued)

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.

	Percentage (%)	31 Dec 2023 ZWL	Percentage (%)	31 Dec 2022 ZWL
24.2 Sectorial analysis of deposits from customers				
Inflation Adjusted				
Financial markets	56.80	22 062 808 036	69.78	11 607 489 412
Fund managers and pension funds	9.67	3 755 580 966	8.12	1 351 067 653
Individuals	2.66	1 033 075 752	0.17	27 915 746
Government and public sector institutions	7.11	2 761 170 120	5.13	852 545 144
Other services	23.76	9 231 313 425	16.80	2 795 681 543
	100	**38 843 948 299**	**100**	**16 634 699 498**
Historical Cost				
Financial markets	56.80	22 062 808 036	69.78	2 415 522 433
Fund managers and pension funds	9.67	3 755 580 966	8.12	281 157 631
Individuals	2.66	1 033 075 752	0.17	5 809 276
Government and public sector institutions	7.11	2 761 170 120	5.13	177 414 930
Other services	23.76	9 231 313 425	16.80	581 782 265
	100	**38 843 948 299**	**100**	**3 461 686 535**

25 LOCAL LINES OF CREDIT AND BONDS

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Bonds	35 640 784 127	19 075 925 503	35 640 784 127	3 969 706 484
Lines of credit	21 368 360 397	4 486 002 642	21 368 360 397	933 538 652
Total	**57 009 144 524**	**23 561 928 145**	**57 009 144 524**	**4 903 245 136**
Current	-	17 765 831 883	-	3 697 075 563
Non current	57 009 144 524	5 796 096 262	57 009 144 524	1 206 169 573
	57 009 144 524	**23 561 928 145**	**57 009 144 524**	**4 903 245 136**

	Inflation Adjusted		Historical Cost	
The movement in the balances during the year was as follows;	Bonds ZWL	Lines of credit ZWL	Bonds ZWL	Lines of credit ZWL
At 1 January 2023	**19 075 925 503**	**4 486 002 642**	**3 969 706 484**	**933 538 652**
New issues/funding	16 564 858 624	16 882 357 755	31 671 077 643	20 434 821 745
At 31 December 2023	**35 640 784 127**	**21 368 360 397**	**35 640 784 127**	**21 368 360 397**

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.

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
26 OTHER LIABILITIES				
Accruals	2 713 638 914	656 318 041	2 713 638 914	136 580 004
Provision for outstanding employee leave	248 192 570	190 089 214	248 192 570	39 557 629
Dividend payable	156 112	750 177	156 112	156 112
Value Added Tax Liability	180 953 659	-	180 953 659	-
Withholding tax services	31 629 906	648 173 383	31 629 906	134 885 098
IMT tax 2 percent	47 740 285	31 164 967	47 740 285	6 485 440
Sundry creditors-internal	5 562 180 029	33 470 975	5 562 180 029	6 965 321
Projects accounts payable	3 375 000	16 218 138	3 375 000	3 375 000
Deferred income	72 004 818 581	14 992 634 100	24 820 190 688	2 987 391 123
Other	2 270 741 757	1 035 643 162	2 270 741 757	215 517 688
	83 063 426 813	**17 604 462 157**	**35 878 798 920**	**3 530 913 415**
27 NET INTEREST INCOME				
27.1 Interest and related income:				
Loans and advances to large corporates	5 497 540 042	652 401 417	3 505 249 148	71 860 034
Loans and advances to individuals	29 963 038	111 850 295	18 544 228	14 760 246
Treasury bills and other financials assets	625 247 869	81 070 747	561 731 406	10 346 977
Placements with local banks	409 715	5 288 717	60 051	414 104
Mortgages	623 896 335	242 671 148	378 305 907	33 547 660
Cash and bank balances	611 918 379	110 151 343	418 114 155	16 375 439
	7 388 975 378	**1 203 433 667**	**4 882 004 895**	**147 304 460**
27.2 Interest and related expense:				
Bonds	(3 078 405 311)	(1 485 217 760)	(2 079 373 675)	(235 297 099)
Deposits from large corporates	(16 957 767 967)	(5 091 724 630)	(8 532 509 449)	(879 024 018)
Deposits from individuals	(349 099 825)	(8 554 701)	(104 307 845)	(1 214 433)
	(20 385 273 103)	**(6 585 497 091)**	**(10 716 190 969)**	**(1 115 535 550)**
28 SALES				
Property sales	511 754 628	1 186 350 696	260 863 055	240 594 033
Cost of sales	(442 689 194)	(187 019 651)	(132 061 705)	(38 183 170)
Gross profit	**69 065 434**	**999 331 045**	**128 801 350**	**202 410 863**

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
29 FEE AND COMMISSION INCOME				
Advisory and management fees	662 749 129	289 449 492	238 808 390	31 990 995
Banking service fees	1 232 088 104	82 868 219	1 074 217 371	10 640 627
	1 894 837 233	**372 317 711**	**1 313 025 761**	**42 631 622**
30 NET GAINS/ (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Listed equity securities (Note 6)	**420 098 013**	**(642 907 775)**	**809 529 056**	**33 647 764**
31 OTHER INCOME				
Rental income	1 033 757 869	1 299 552 196	373 852 696	183 174 862
Loss on fixed assets disposal	(40 291 952)	-	1 831 320 078	21 980 493
Bad debts (written off) recovered	116 285	193 770 505	82 535	158 420
Sundry income	47 496 918 393	72 105 870	45 615 838 786	19 853 456
	48 490 500 595	**1 565 428 571**	**47 821 094 095**	**225 167 231**

		Inflation Adjusted		Historical Cost	
		31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
	Net gain/(loss) from fair value adjustment	27 433 068 565	16 971 694 799	48 614 102 178	7 008 050 506
	Unrealised gain/(loss) from fair value adjustment of investment property	**27 433 068 565**	**16 971 694 799**	**48 614 102 178**	**7 008 050 506**
33	**NET FOREIGN EXCHANGE GAINS/(LOSSES)**				
	Net unrealised (losses) / gains from translation of foreign currency balances	**16 063 957 405**	**9 879 707 258**	**4 760 137 495**	**821 709 618**
34	**OPERATING EXPENSES**				
	Repairs and maintenance	1 616 898 947	216 127 412	1 027 465 521	29 117 153
	Employee benefit costs (Note 34.1)	38 740 910 604	14 761 823 109	24 277 078 116	2 134 213 240
	Telecommunication and postage	209 237 653	120 689 027	113 024 373	18 736 254
	IT and software costs	4 163 573 366	1 995 344 839	2 349 236 319	305 769 965
	Directors remuneration:				
	- for services as directors	235 902 317	111 132 041	167 960 700	16 229 047
	Water, electricity and rates	707 009 521	179 632 211	381 333 280	26 988 511
	Legal and Professional fees	1 434 676 008	755 559 015	786 788 007	91 481 722
	Audit fees	1 206 337 232	951 945 914	1 072 885 588	166 425 954
	Depreciation	2 275 712 938	562 361 188	312 291 989	69 999 613
	Depreciation of right of use assets	330 669 178	24 357 608	63 318 137	2 255 676
	Amortisation	694 805 731	169 770 294	7 092 749	63 896 167
	Fuel and lubricants	2 946 524 414	1 610 926 438	1 797 034 357	218 145 653
	Business travel	1 223 209 166	513 121 616	727 817 925	61 483 215
	Donations, marketing and public relations	155 650 276	182 688 149	45 924 551	19 905 671
	Insurance and security	1 095 064 280	564 985 886	641 693 002	86 468 210
	Subscriptions	939 226 636	452 359 038	561 038 575	66 285 529
	Printing and stationery	132 408 483	99 148 791	87 223 812	14 459 532
	Bank charges	264 678 063	112 178 832	152 086 090	17 236 528
	Staff training	25 005 694	36 344 332	24 644 157	4 842 249
	Refreshments	108 435 167	43 153 953	60 001 816	6 362 559
	Other administrative costs	1 702 071 346	1 577 266 066	1 329 118 074	282 277 280
		60 208 007 020	**25 040 915 759**	**35 985 057 138**	**3 702 579 728**
34.1	**Employee benefit costs**				
	Salaries and bonuses	4 705 634 488	5 420 738 679	2 243 781 284	594 520 257
	Pension costs	567 804 780	680 972 348	277 503 273	77 807 608
	Post employment medical benefits	1 479 102 084	762 962 498	939 375 233	113 544 330
	Leave pay expense	746 476 525	323 705 563	216 515 986	69 639 000
	Other staff expenses	31 241 892 727	7 573 444 021	20 599 902 340	1 278 702 045
		38 740 910 604	**14 761 823 109**	**24 277 078 116**	**2 134 213 240**

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.

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
34 OPERATING EXPENSES				
Contributions for the year	**567 804 780**	**680 972 348**	**277 503 273**	**77 807 608**

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.

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Contributions for the year	**94 520 856**	**19 910 596**	**94 520 856**	**19 910 596**
35 TAXATION				
Income tax				
Current tax credit	3 152 984 175	3 252 179 887	3 152 984 175	372 656 548
Tax credit / (expense)	**3 152 984 175**	**3 252 179 887**	**3 152 984 175**	**372 656 548**
Reconciliation of income tax credit				
Based on results for the period at a normal rate of 24.72%				
Arising due to:				
Accounting profit/ (loss)	12 754 790 350	13 156 067 507	12 754 790 350	1 507 510 309
Tax credit/ (expense) at 24.72%	**3 152 984 175**	**3 252 179 887**	**3 152 984 175**	**372 656 548**
-				
Tax credit/ (expense)	**3 152 984 175**	**3 252 179 887**	**3 152 984 175**	**372 656 548**
The aggregate tax relating to items that are charged or credited directly to equity	**3 152 984 175**	**3 252 179 887**	**3 152 984 175**	**372 656 548**
Current tax	3 152 984 175	3 252 179 887	3 152 984 175	372 656 548

36 EARNINGS PER SHARE

Basic and diluted loss per share

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Bank by the number of ordinary shares in issue during the year. No dilutive instruments were held during the year (2022 - ZWLnil).

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

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Profit/(Loss) attributable to equity holders	26 528 306 326	(22 392 789 414)	82 663 055 139	5 397 048 517
Weighted average number of issued ordinary shares	30 054 287	30 054 287	30 054 287	30 054 287
Basic profit / (loss) per share (ZWL cents)	88 268	1 595	275 046	17 958

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2023

37 COMMITMENTS AND GUARANTEES

Loan commitments, guarantees and other financial facilities at 31 December 2022, the Group had contractual amount for off-statement of financial position financial instruments that commit it to extend guarantees and loans as follows:

	Inflation Adjusted		Historical Cost	
	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Guarantees / loan commitment	-	11 532 898	-	2 400 000

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

	Inflation Adjusted		Historical Cost	
38 FUNDS UNDER MANAGEMENT	31 Dec 2023 ZWL	31 Dec 2022 ZWL	31 Dec 2023 ZWL	31 Dec 2022 ZWL
Held on behalf of:				
Government of Zimbabwe	397 343 763	1 751 179 057	397 343 763	364 420 948
Represented by:				
Sinking fund	-	-	-	-
Amounts awaiting disbursement	113 435 675	234 092 683	113 435 675	48 714 766
Loans and advances to parastatals and government implementing agencies	283 908 088	1 517 086 372	283 908 088	315 706 182
	397 343 763	**1 751 179 055**	**397 343 763**	**364 420 948**

39 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.

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

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	Place of Proportion of ownership interest and voting power held by the Group as at 31 Dec 2023 %	as at 31 Dec 2022 %
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
Kariba Housing Development Project	Property development	Zimbabwe	90	90
Mazvel Investments (Private) Limited	Property development	Zimbabwe	42.83	42.83
Samukele Lodges (Private) Limited	Hospitality	Zimbabwe	100	100
Changamire Inkosi	Property Investment	Zimbabwe	60	60
Special purpose entities				
Clipsham Views Housing Project	Joint Operation	Zimbabwe	83	83

39 RELATED PARTIES (continued)

a) Identity of related parties (continued)

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 31 December 2023, these included:

	IDBZ	MAZVEL	CLIPSHAM	WANEKAZIMCAMPUS		KARIBA	TOTAL
Mazvel Investments (Private) Limited	97 655 651	-	-	-	-	-	97 655 651
Clipsham Views Housing Project	-	-	-	-	-	-	-
Waneka Properties (Private) Limited	13 247 936	-	-	-	-	-	13 247 936
Zimcampus Properties	13 891 380	-	-	-	-	-	13 891 380
Kariba Housing Development Project	-	-	-	-	-	-	-
Samukele Lodges (Private) Limited	(155 553 384)	-	-	-	-	-	(155 553 384)
TOTAL	**(30 758 417)**	**-**	**-**	**-**	**-**	**-**	**(30 758 417)**

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 2023 ZWL	**31 Dec 2022 ZWL**	**31 Dec 2023 ZWL**	**31 Dec 2022 ZWL**
Salaries and other short-term employee benefits	6 894 377 862	4 552 924 563	6 894 377 862	521 704 584
Post-employment benefits	130 786 737	89 284 998	49 862 159	12 440 385
Total	**7 025 164 599**	**4 642 209 561**	**6 944 240 021**	**534 144 969**

	Directors and other key management personnel 31 Dec 2023 ZWL	Associated companies 31 Dec 2023 ZWL	Directors and other key management personnel 31 Dec 2022 ZWL	Associated companies 31 Dec 2022 ZWL
c) Loans and advances to related parties				
Inflation Adjusted				
Loans outstanding	23 723 442	-	276 138 849	-
Interest income earned	66 750 100	-	14 575 647	-
Historical Cost				
Loans outstanding	23 723 442	-	57 464 587	-
Interest income earned	7 648 673	-	1 670 175	-

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				
Deposits at 31 December	45 697 585	-	73 628	-
Interest expense on deposits	-	-	-	-
Historical Cost				
Deposits at 31 December	45 697 585	-	15 322	-
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 2023, the Directors did not hold directly and indirectly any shareholding in the Group.

40 LEGAL AND COMPLIANCE RISK

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. During the period under review, the Bank was in compliance with applicable laws including the IDBZ Act [Chapter 24:14] and Statutory Instrument 137 of 2020 " Banking (Amendments) Regulations, 2020 (No.4)". The Bank's core capital was ZWL72.9 billion which is equivalent to USD11.9million at the exchange rate of ZWL6,104.7226 against a regulatory minimum equivalent of USD20 million for Development Finance Institutions.

41 SUBSEQUENT EVENTS

Subsequent to the financial year end of the Bank on 31 December 2023, there has been one identified subsequent event. On the 8th of February 2024 it was announced through the Government Gazette General Notice 164B of 2024, Vol CII, No. 12 that, with immediate effect,The Infrastructure and Development Bank of Zimbabwe is exempted from the application of the Public Procurement and Disposal of Public Assets (PPDPA) Act [Chapter 22:23] as a Public Procuring Entity on special grounds namely operating in competitive markets.

42 GOING CONCERN

The Infrastructure and Development Bank of Zimbabwe (the Bank) prepared its financial statements on a going concern basis. The Bank recorded a historical profit of ZWL$67.1 billion for the year mainly as a result of profit on the disposal of the Bank's investment in the Sumben Housing development project. During the year, the Bank's loan book grew by 690% to ZWL77.1billion as at 31 December 2023 compared to ZWL1.1 billion in the prior period funded by proceeds from disposal of investment properties, bond issuances and money market deposits which were complemented by shareholders' support through capital injection and the ZWL5.4 billion RBZ Medium Term Facility.

During the year the Bank received capital injections from its shareholders and expects to continue receiving support going forward to achieve capitalisation levels of USD$1 billion in the long term as per the Bank's strategic plan. As at 31 December 2023, the Bank's projects namely Bulawayo Students Accommodation Complex (BSAC), Waneka Phase 3 and Wilsgrove were nearing completion, and these projects are anticipated to generate income in 2024 going forward. The Bank entered several structured deals with players in the private sector in the following sectors: mining(quarry), construction, housing, and energy amongst others and these projects are expected to unlock liquidity and profitability in 2024 going forward.

In assessing the applicability of the going concern assumption, management considered the following:

1. **Capitalisation and shareholders' support**
   The Bank received shareholder capital of ZWL2.5 billion in 2023 and the Government of Zimbabwe, as the major shareholder, has allocated additional capital of ZWL6billion in the 2024 National Budget. During the year, the Bank accessed the Reserve Bank of Zimbabwe (RBZ) Medium Term Facility of ZWL5.4 billion for onward lending clients. Towards the end of 2023, the Government issued a 3-year Guarantee of ZWL25 billion for the Bank to access the RBZ Medium Term Facility (MTF) for on-lending to clients in the productive sectors of the economy. The Bank started to access the facility in January 2024 and the Bank expects to continue to tap into the facility over a rolling 1-year period each for 3 years on the back of the 3-year Government guarantee. The support that the Bank receives from its shareholders in the form of capital and liquidity support through facilities such as the MTF and guaranties for issuance of bonds to fund raise for projects and private sector financing is critical for the Bank's operations and it is on this backdrop that the management believes the Bank will continue operating as a going concern in the foreseeable future.

   The Bank's regulatory capital position stood at USD11.9 million as at 31 December 2023 against the minimum requirement of USD20 million. The capital position reduced by 45% compared to the prior year figure of USD21.7million mainly as a result of exchange rate depreciation. The Bank's capital position remains threatened by adverse exchange rate movements as well as the difficult operating environment which affects performance of projects; however, the Bank has put in place strategies to enhance profitability, anchored on balance sheet restructuring, effective liquidity management and capital preservation. This has helped the Bank in meeting all its obligations without incidences of default and it is envisaged that the Bank will continue to meet its obligations in future without incidences.

2. **Projects Budget**
   The Bank continues to fund projects from USD-linked Bond issuances with repayments anchored on project receivables ringfenced in a dedicated sinking fund facility. To hedge against inflation and match with the USD-linked funding instruments to achieve financial sustainability the Bank sells its projects in USD. As part of balance sheet restructuring, the Bank unlocked USD8.5million liquidity from disposal of investment properties, and divestment from Special Purpose Vehicle investments and this liquidity has been used to fund projects with shorter turnaround periods and manage the Bank's liquidity position. The target for the Bank is to achieve sustained growth of its financial position.

42 GOING CONCERN (CONTINUED)

3. Liquidiy

The Bank's liquidity position for the period was sound buoyed by new capital injection by shareholders of ZWL2.5 billion, increase in deposits by ZWL35.4 billion to support increased short-term loan book and structured deals as well as the liquidity unlocked from disposal of investment properties and divestments (USD8.5million). The Bank received USD4.4 million worth of Treasury Bills and USD3.5million on the repayment of the MNHSA debt which help shore-up the Bank's liquidity position. The funds have been deployed towards completion of the Bank's projects as well as structured deals which are expected to strengthen the Bank's performance going forward.

The Bank anticipates that interest income will grow by 40% on the back of growth in the loan portfolio. The Bank is currently in the market selling Waneka Phase 3 units and stands at Wilsgrove. The BSAC project is expected to take its full complement of students in Q1 of 2024 and it will also be commissioned in the same quarter. Cluster housing projects under implementation are being presold. Together with growth in the short term and structured deals loan book, the Bank anticipates sustained performance going forward because of increased business activity.

Notice to Shareholders

Notice is hereby given that the 39th Annual General Meeting of Members of the Infrastructure Development Bank of Zimbabwe (IDBZ) will be held at Wild Geese, 2 Buckland Lane (off Alpes Road), Harare, Zimbabwe on Thursday, 27 June 2024 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 2023.

2. To approve the remuneration of the auditors for the year ended 31 December 2023.

3. To note that BDO Zimbabwe Chartered Accountants were appointed 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 2023.

5. 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. Aproxy 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

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

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 in the Boardroom, IDBZ House, 99 Gamal Abdel Nasser, Harare, Zimbabwe on Thursday, 27 June 2024 commencing at 11:00 hours and at any adjournment thereof.

Signed this.. day of 2024

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
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ANNEXES

Annexure 1: List of Contracts signed in 2023

Table 1:

S/N	Project Name & Tender Number	Procurement Category	Service Provider and Project Description & Location	Date of Contract signing & Contract Value
1	Contract for Reconstruction and Refurbishment of the Kanyemba Fishing Lodges in Kanyemba Mbire District, Mashonaland Central Province. Contract No; IDBZ 12 (B) of 2022	Works	Contractor: Upgrade Projects (Pvt) Ltd. Project Description: Reconstruction and refurbishment of Kanyemba Zambezi Lodges - Phase 1	Date: 27 July 2023 Value: USD 357,048.98
2	Contract for supply and delivery of three (3) 2WD automatic diesel double cab motor vehicles: Contract No. IDBZ 70 of 2023	Goods	Contractor: Paza Buster Commodity Brokers Private Limited t/a Paza Buster Car Sales Project Description: supply and delivery of three (3) 2WD automatic diesel double cab motor vehicles.	Date: 28 June 2023 Value: USD142,650.00
3	EPC+F Contract for Partners' services for the Development of cluster houses at No. 11 Honister Drive, Borrowdale, Harare Contract No : IDBZ 207 OF 2021	Consulting Services; Goods; Works	Contractor: Fairview Consortium Project Description: Construction of 42 Cluster House Units	Date: 24 July 2023 Value: USD9,700,881.00
4	Contract for Implementation of Additional Modules at Infrastructure Development Bank Zimbabwe, (IDBZ): IDBZ 01 of 2023	Goods	Contractor: Neptune Software Limited Project Description: Implementation of additional Modules	Date: 20 Jun 2023 Value: USD169,529.36

Annexure 2: List of no objections granted by the SPOC

Contract Award for Engagement of EPC+F Partners for Cluster Housing Development in Harare

Design & Layout by vpcz

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