2020 Annual Report

Balancing Development Impact with Financial Sustainability

Infrastructure Development Bank of Zimbabwe

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Abbreviations and **Definitions**

AADFI	African Association of Development Finance Institutions
AFD	French Development Agency
AML	Anti-Money Laundering
BCP	Business Continuity Plan
BSAC	Bulawayo Student Accommodation Complex
CFF	Climate Finance Facility
CPF	Countering Proliferation Financing
CSF	Capital Sinking Fund
CTF	Countering Terrorist Financing
CUT	Chinhoyi University of Technology
CUZ	Catholic University of Zimbabwe
DAM	Delegation of Authority Matrix
DBSA	Development Bank of Southern Africa
DFIs	Development Finance Institutions
DRT	Disaster Recovery Test
EOSD	European Organisation for Sustainable Development
ESG	Environmental, Social and Gender
ESIA	Environmental and Social Impact Assessment
ESMPs	Environmental and Social Management Plans
GCF	Green Climate Fund
GDP	Gross Domestic Product
GoZ	Government of Zimbabwe
GRM	Grievance Redress Mechanism
ICT	Information Communication Technology
IDBZ	Infrastructure Development Bank of Zimbabwe
IFRS	International Financial Reporting Standards
IPPs	Independent Power Producers
IRR	Interest rate risk
LTS	Long-Term Strategy
MALCO	Management Asset and Liability Committee
MFIs	Multilateral Finance Institutions
MOECTHI	Ministry of Environment, Climate, Tourism and Hospitality Industry
MOFED	Ministry of Finance and Economic Development
MOLAFWRR	Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement
MOPSE	Ministry of Primary and Secondary Education
MTDS	Medium-Term Debt Strategy
MTS	Medium-Term Strategy: 2016-2020
NDS 1	National Development Strategy 1 (2021-2025)
NREP	National Renewable Energy Policy
OPC	Office of the President and Cabinet
PECG Act	Public Entities Corporate Governance Act [Chapter 10:33]
POGM	Policies, Operations, Guidelines and Manuals
PPDF	Project Preparation and Development Fund
PPDPA Act	Public Procurement and Disposal of Public Assets Act [Chapter 22:23]
PPE	Personal Protective Equipment
PPG	Public and Publicly Guaranteed
PPP	Public-Private Partnership
PRAZ	Procurement Regulatory Authority of Zimbabwe
PSGRS	Prudential Standards, Guidelines and Rating System
PSIP	Public Sector Investment Programme
RBZ	Reserve Bank of Zimbabwe
SDGs	Sustainable Development Goals
SPOC	Special Procurement Oversight Committee
SSCI	Sustainability Standards and Certification Initiative
SSN	SouthSouthNorth
TSP	Transitional Stabilisation Programme
UNDP	United Nations Development Programme
USSAP	University Students and Staff Accommodation Programme
WASH	Water, Sanitation and Hygiene
WHITE	Water and Sanitation, Housing, Irrigation, Transport, and Energy sectors
WHO	World Health Organisation
ZERA	Zimbabwe Energy Regulatory Authority
ZESA	Zimbabwe Electricity Supply Authority
ZIMCODE	National Code on Corporate Governance in Zimbabwe
ZIMRA	The Zimbabwe Revenue Authority
ZINWA	Zimbabwe National Water Authority
ZWL	Zimbabwean Dollar Currency

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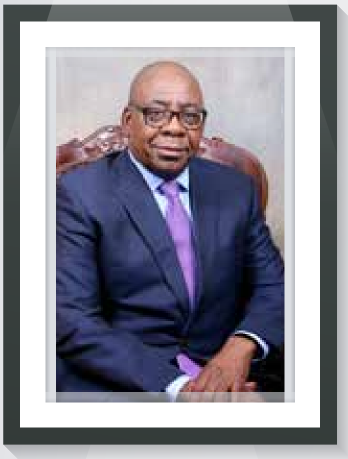
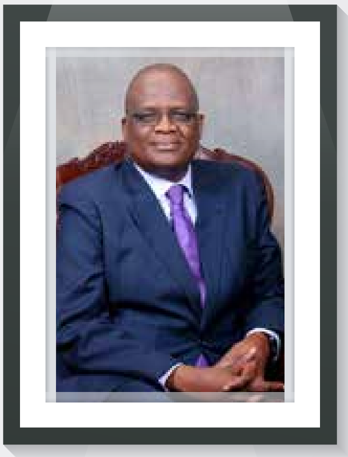
Board of **Directors**



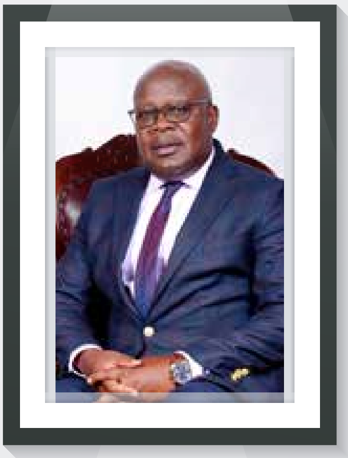
Mr. Joseph Mutizwa
Board Chairman



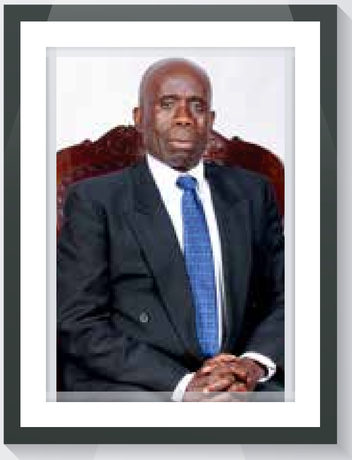
Dr. Kupukile Mlambo
Deputy Board Chairman

Mr. Zondo T. Sakala
CEO

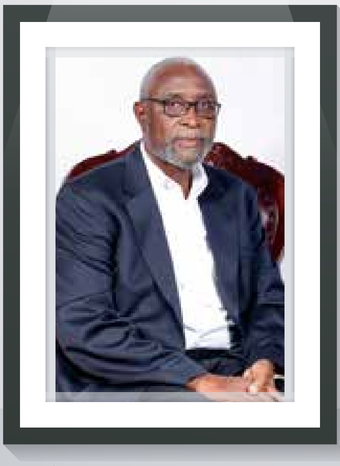
Ms. S. P. Bango
Board Member



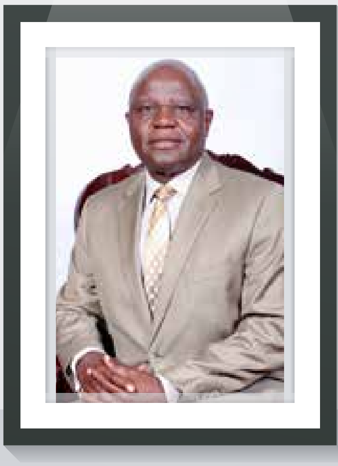
Mr. Tedious Muzoroza
Board Member



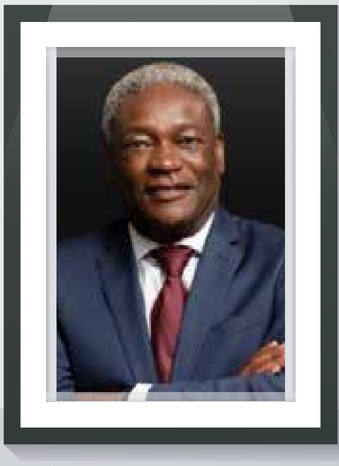
Mr. Reginald Mugwara
Board Member



Dr. Nobert Mugwagwa
Board Member



Mr. Jeremiah Mutonga
Board Member



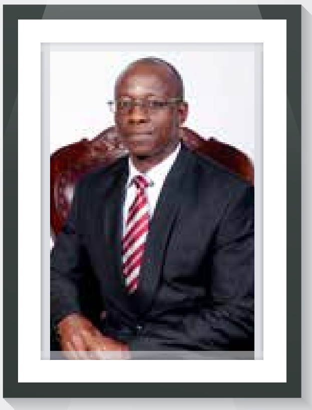
Mr. Luke E M Ngwerume
Board Member

Corporate **Management**

Mr. Zondo T. Sakala
CEO

Mr. Cassius Gambinga
Director Finance

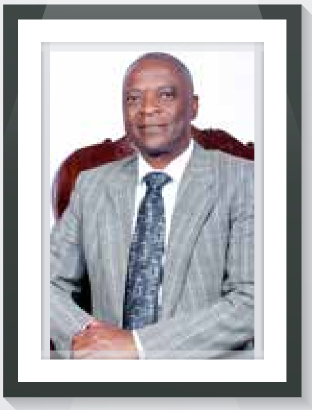
Mr. Kennias Kanguru
Bank Secretary



Mr. Daniel Makono
Legal Counsel

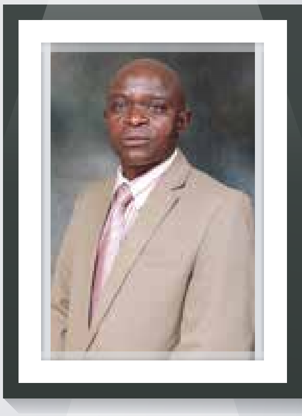
Mr. Patrice Muzonda
Head Internal Audit

Mr. Willing Zvirevo
Director Resource Mobilisation and Climate Finance

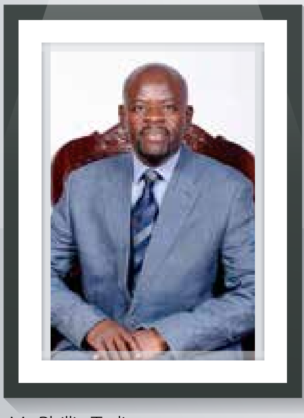


Mr. Norbert Mutasa
Head Private Sector Operations

Mr. Reggie Dangarembwa
Head Credit and Policies



Mr. Kenneth Geyi
Head Procurement Management



Mr. Phillip Tadiwa
Director Corporate Services and Human Resources

Mr. Douglas Mapuranga
Head ICT

Mr. Takaidza Mabuto
Head Risk Management

Mrs. Priscillah Zvobgo
Chief Communications Officer

Shareholding **Structure**

Table 1: Shareholding Structure

Shareholder	No. of Ordinary Shares	No. of Preference Shares
Government of Zimbabwe	16 425 398	382 830
Reserve Bank of Zimbabwe	2 359 414	0
Fidelity Life Assurance Company of Zimbabwe Ltd	12	0
Finnish Fund for Industrial Cooperation Limited (Finnfund)	5	0
African Development Bank (AfDB)	4	0
German Investments & Development Company (DEG)	3	0
European Investments Bank (EIB)	1	0
TOTAL	**18 784 837**	**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.

Chairman's **Statement**

Joseph Mutizwa
Chairman of the Board

"The Bank's Long Term Strategy draws inspiration from Vision 2030, NDS1, SDGs and Africa Agenda 2063."

Background

In 2020, the Bank's operations were negatively impacted by a challenging macroeconomic environment characterised by high inflation and exchange rate volatility in the first half of the year. This significantly impacted project budgets and the Bank's fundraising initiatives. The COVID–19 induced disruptions worsened the situation, negatively affecting productivity across the economy and, for the Bank, slowing down project cycle activities. Businesses were also affected by enduring infrastructure bottlenecks, and climate extremes. These headwinds contributed to the country's GDP declining by 4.1%, after receding by 6.1% in 2019. In the second half of 2020, the country experienced relative exchange rate stability due to the introduction of the foreign exchange auction trading system, and the inflation pressures eased. Looking ahead, anchored on a broadly good agricultural season, recovery of the mining sector and a more stable macroeconomic environment, a 7.4% GDP growth for 2021 is anticipated. This is expected to provide a positive environment for improved sustainable and resilient infrastructure development.

"Various capitalisation initiatives are being pursued as the Bank seeks to strengthen its financial position..."

Contribution to Vision 2030

Drawing inspiration and clear direction from the National Vision 2030 that envisages an Upper Middle-Income Status for the country, the National Development Strategy 1 (2021-2025), UN Sustainable Development Goals (SDGs) and African Agenda 2063, the Bank is in the process of crafting a Long-Term Strategy (LTS) covering period 2021 to 2030. The LTS will be a successor to the Bank's Medium-Term Strategy: 2016-2020 (MTS). It builds on the foundation laid over the past 5 years and responds to the country's socio-economic growth aspirations through supporting infrastructure development primarily in the Water and Sanitation, Housing, Irrigation, Transport, and Energy (WHITE) sectors. Secondary sectors of focus will include Health, Education, Tourism, and Information Communication Technology (ICT). In all its operations, the Bank will continue to strengthen its capacity to mainstream environmental, social and gender considerations in line with its Gender Policy and the Environmental and Social Sustainability Policy.

Commitment by the Government of Zimbabwe to pursue macroeconomic stability and swiftly implement the "ease of doing business" reforms facilitate the Bank's thrust to mobilise long term funding for infrastructure development. The IDBZ will continue to complement Government efforts in the mobilisation of resources for public infrastructure. It is estimated that the country requires about US$3.4 billion per year over 10 years from 2020 in order to close the infrastructure gap. Considering constrained fiscal space and other competing demands, the need to crowd in the private sector and other Development Partners towards infrastructure development, cannot be overemphasised.

The IDBZ, through its Project Preparation and Development Fund (PPDF), supports project preparation activities such as feasibility studies, environmental and social impact assessments, engineering designs and development permits. This facilitates the development of projects to bankability, a critical pre-condition for successfully promoting infrastructure projects for investment. The Bank is working on further capitalising the PPDF through support from Government and Development Partners in a quest to accelerate project preparation activities and build a healthy pipeline of investment-ready projects.

Bank Performance

The IDBZ continued to contribute towards the uplifting of the lives of Zimbabweans through the development of sustainable, inclusive, and resilient infrastructure. Significant progress was made towards the implementation of housing, and student and staff accommodation projects, albeit under a challenging macroeconomic environment. For instance, project works for the Elizabeth Park Housing Project in Ruwa were completed and the Bulawayo Student Accommodation Complex (BSAC) project is now at an advanced stage of completion, while work commenced in the last quarter of 2020 on Sumben Phase I Housing Project in Harare.

The Bank is working towards establishing a Climate Finance Facility (CFF) for mobilising funding from various climate finance sources, including DFIs and Multilateral Finance Institutions, in support of climate investments. This is complementing the effort that the Bank is putting towards accreditation to the Green Climate Fund (GCF). Progress on both projects has been satisfactory, and we are very excited about the prospects. The Bank's application for accreditation with the GCF is in the final evaluation stage, whilst the CFF feasibility study was completed in 2020, with focus now on the development of key documentation necessary in setting up the Facility and for use in engaging funding partners. These initiatives are central in supporting the country's low carbon emissions and adaptation interventions, as well as critical enablers in supporting the green recovery post COVID-19.

Appreciation

I would like to thank all the stakeholders whose efforts contributed to the achievement of the Bank's mandate. My sincere gratitude goes to the Government of Zimbabwe through the Ministry of Finance and Economic Development and the Reserve Bank of Zimbabwe for availing an additional ZWL119.1 million towards the Bank's capitalisation during the reporting period. Various capitalisation initiatives are being pursued as the Bank seeks to strengthen its financial position and build capacity to scale up its infrastructure development interventions.

The Bank would also like to thank Development Partners for the technical assistance and funding support availed to the Bank.

The support received from our valued customers, suppliers, business partners and other stakeholders is invaluable, and we are committed to continue working together towards achieving Vision 2030. I am indebted to the Bank's Board, Management and Staff who are enduring the challenging operating environment to deliver the Bank's mandate.

Joseph Mutizwa
Chairman of the Board
Date: 17 March 2021

Chief Executive Officer's
Statement

Zondo T. Sakala
Chief Executive Officer

"... projects with an estimated cost of US$166.1 million were committed to the Pipeline..."

Bank Operations

In line with the rolling 2020-2022 Work Programme and Budget theme, "Balancing Development Impact with Financial Sustainability", the Bank focused on developing a robust multi-sectoral Pipeline of Projects through availing technical support and project development funding across the various sectors under its mandate. Significant progress was also achieved in mobilising resources for deployment in the implementation of projects.

During the period under review, projects with an estimated cost of US$166.1 million were committed to the Pipeline and US$68 375 (ZWL3.55 million) was disbursed towards project preparation activities. Projects that benefited from the Bank's preparation funding included; Getjenge Housing (Plumtree), Sumben Housing (Harare), Lupane Student Accommodation Complex (Lupane), Catholic University of Zimbabwe Student Accommodation (Harare) and Bindura University of Science Education Student Accommodation (Bindura). All these projects are expected to reach bankability in 2021. One housing project worth US$2.6 million, Willsgrove Park Phase II Housing Project in Bulawayo, reached bankability in 2020. Furthermore, the following projects are also under preparation and packaging in 2021:

- Chinhoyi University of Technology Students Accommodation Project (Chinhoyi Campus);
- Fernhill Special Economic Zone Project (Gemmology Centre, Mutare);
- Zambuko Housing Project (Gweru);
- Spitzkop Housing Project (Gwanda);
- Victoria Ranch Housing Project (Masvingo);

"... the Bank raised ZWL614 million towards project financing activities..."

- Athol House Health Facility – Phase I (Harare); and,
- Biri Irrigation Project Feasibility Study (Chinhoyi).

During the reporting period, the Bank raised ZWL614 million towards project financing activities. Of this, ZWL325.6 million was raised for the ongoing Bulawayo Student Accommodation Complex (BSAC) Project and ZWL288.2 million was raised under the Vaka/Yakha Zimbabwe Infrastructure Bond Programme for the financing of the Elizabeth Park Housing Project (ZWL23.8 million) and Sumben Phase I Housing Project (ZWL264.4 million).

Despite the erosion of budgets due to exchange rate movements, the Bank managed to finance some private sector projects, albeit at a reduced scale. The Bank's loan book closed 2020 at ZWL93.5 million compared to ZWL32.1 million in 2019.

In support of Government's Public Sector Investment Programme (PSIP), the Bank disbursed ZWL631 million of the available ZWL670 million, constituting a 94.2% disbursement rate.

Apart from the devastating effects of the Covid-19 pandemic, the Bank was also affected by exchange rate volatility and high inflation pressures. This saw construction costs rising sharply, whilst resources available for project implementation continued to lose value, resulting in project funding gaps. That notwithstanding, several housing sector projects were under implementation in 2020. These are:

- Bulawayo Students Accommodation Complex (BSAC) - 69% overall completion;
- Elizabeth Park Housing Project (37 medium density residential stands) – 100% completion of works;
- Kariba Housing Development (Baobab & Kasese residential suburbs) – 80% overall completion; and,
- Sumben Phase I Housing Project, (356 low density residential stands) – 30% overall completion.

Projects that were previously targeted for completion in 2020, namely Empumalanga West (Hwange) Housing Project (2 135 high density stands) and Kariba Housing Development Project (Kasese) (1 408 high density stands) were taken over by Government through the Ministry of National Housing and Social Amenities, with the Ministry now focusing on the completion of construction works.

In 2021, focus will be on mobilising funding for the implementation of Sumben Phase I Housing Project (Harare) and Willsgrove Park Phase II Housing Project (Bulawayo); as well as the following housing and USSAP projects:

- Completion of the Bulawayo Students Accommodation Complex Project (BSAC)
- Lupane Students Accommodation Complex Project;
- Chinhoyi University of Technology Student Accommodation Project;
- Bindura University of Science Education Student Accommodation Project;
- Catholic University of Zimbabwe Student Accommodation Project; and,
- Zambuko Housing Project (Gweru).

In line with the thrust on clean energy, and efforts to contribute to the reduction of the energy deficit, the Bank is supporting the preparation of the following renewable energy projects in 2021:

- Tjibundule Solar Project (Plumtree);
- Gwayi Solar Project (Gwayi); and
- Odzani Mini Hydro Project (Penhalonga).

In 2020, the Bank, working together with key stakeholders, coordinated the ongoing Tugwi-Mukosi Irrigation Feasibility Study, Preliminary Designs and Environmental and Social Impact Assessment (ESIA), and procurement of a Consultant to carry out the Biri Irrigation Feasibility Study, Detailed Designs and ESIA. This work will continue in 2021.

The Bank continued with the Recapitalisation Programme which started in 2018. The Bank's Recapitalisation Programme is in line with the Government's policy objectives on partial privatisation. The main objectives of the Recapitalisation Programme are to strengthen the Bank's balance sheet and funding capacity, facilitate access to long term funding suitable for infrastructure investments and, ultimately, attract strategic partners that are aligned to the Bank's developmental mandate. The Bank's Recapitalisation Programme seeks to achieve a capitalisation level of US$500 million in the short to medium term and US$1 billion in the long term. It will be implemented in phases through a series of transactions to be undertaken over the next 3-5 years. In the short term, the Bank will look for capacitation by its shareholders to build the foundation for anchoring the long-term capitalisation initiatives. The implementation approach for the Bank's capitalisation will involve:

- a Rights Offer to current shareholders in the first half of 2021 to raise liquid capital and give the Bank capacity to scale up its project preparation activities and private sector lending operations;
- allocation of land assets to the IDBZ by Government, as a pragmatic strategy to fortify the Bank's balance sheet;

Chief Executive Officer's **Statement** (continued)

"...revenue grew by **105%** from **ZWL375 million** in 2019 to **ZWL768 million** in 2020."

- issuance of mezzanine capital/quasi-equity and debt instruments, as well as the implementation of Public Private Partnerships (PPPs) project financing arrangements; and,
- staged equity offerings to new strategic partners, as well as the establishment of thematic offshore funds structured around investment opportunities in export agriculture, mining, and renewable energy. The establishment of thematic funds will require support from Multilateral Finance Institutions with the necessary expertise and experience in structuring and implementing such funding platforms.

The Bank deepened its collaborative relationships with various cooperating partners. The World Bank and Development Bank of Southern Africa (DBSA) continue to provide invaluable technical assistance as the Bank develops its Climate Finance capability and pursues accreditation with the Green Climate Fund. The French Development Agency (AFD) has availed a grant of EUR 200,000 to the Bank towards capacity building. In addition, the AFD has allocated a grant of EUR100,000 towards co-financing the Biri Irrigation Scheme Feasibility Study with the Government of Zimbabwe through the Bank.

To complement the Bank's Results Measurement Framework (RMF) adopted in 2015 and the GCF Accreditation process that started in 2017, the Bank worked with the RBZ and the European Organisation for Sustainable Development (EOSD) under the Sustainability Standards and Certification Initiative (SSCI). This followed the nomination of the Bank by the Reserve Bank of Zimbabwe (RBZ), amongst other financial institutions, to be certified by the EOSD in 2019. The outcome of these efforts will be a resilient and profitable Bank that will uplift the livelihoods of all Zimbabweans in a sustainable manner. In 2020, an implementation roadmap towards certification was developed.

The Bank will continue to utilize various instruments and funding mechanisms, including infrastructure bonds, structured finance, joint ventures, and blended finance to assist in closing the country's infrastructure gap.

Financial Performance (Inflation Adjusted)

The Bank's revenue grew by 105% from ZWL375 million in 2019 to ZWL768 million in 2020. Revenue growth was driven by property sales income as well as an increase in interest income contributed by a 211% growth in loans and advances from the sale of Elizabeth Park Housing and Sumben Phase I Housing Projects' stands.

Investment property was measured at fair value at year end, and that resulted in fair value gain of ZWL858 million. However, the Bank made an operating loss of ZWL408 million, a 90% decrease from prior year operating loss of ZWL3.9 billion. The operating net position was driven by a loss on the net monetary position due to inflationary pressures which saw the year-on-year inflation reaching 837.5% in July 2020 before receding to 348.6% in December 2020.

Other comprehensive income for the year totalled ZWL700 million of which net fair value gain on financial assets was ZWL410 million and revaluation surplus on land and buildings was ZWL290 million. As a result, a total comprehensive profit for the year of ZWL292 million was realised against a prior year loss of ZWL3 billion.

Other receivables and prepayments grew by 480% due to ZWL820 million owed to the Bank for the purchase on cost recovery basis of Housing Projects. Treasury bills declined significantly by 161% due to the disposal of ZWL105 million Capitalisation Treasury Bills during the year to support the liquidity position of the Bank.

The total assets declined by 4% from ZWL5.9 billion prior year to ZWL5.6 billion as at 31 December 2020 due to inflationary pressures.

During the year, there was a capital injection by the shareholders of ZWL119 million. The funds injected will be reckoned in the Rights Issue to be undertaken in 2021 to raise additional liquid capital to support the Bank's operations.

Appreciation

My appreciation goes to the Government of Zimbabwe, the Office of the President and Cabinet, the Ministry of Finance and Economic Development, the Reserve Bank of Zimbabwe, Development Partners and all other Stakeholders for their commitment and support in developing infrastructure, which is the bedrock for the attainment of Vision 2030. The Board's continued guidance and strategic direction to the Bank's Management and Staff is always cherished.

Zondo T. Sakala
Chief Executive Officer
Date: 17 March 2021

CHAPTER 1:

Operating Landscape

1.1 Zimbabwe Development Context

1 The Zimbabwe economy, like the rest of the world, faced headwinds in 2020 with the global economy declining by 3.3%[1]. The COVID-19 pandemic disrupted business operations and trade, curtailed consumer spending and restricted investment flows.

Table 2: 2020 Percentage decline in Selected Sectors in 2020

Sector/indicator	2020
Foreign Investment Inflows	23.7%
Tourism inflows	90.2%
Manufactured exports	22.7%
Tobacco - exports	11.9%

Source: MoFED 2021

2 Exports of primary commodities were also affected by the obtaining lower international commodity prices, see Table 2. Most economies are currently inward-looking and focusing on controlling the pandemic, leading to the tightening of international capital markets, hence, the country will largely rely on domestic resource mobilisation for development finance.

3 Moreover, the country's total Public and Publicly Guaranteed (PPG) debt was estimated at 78.7%[2] of GDP by end of 2020. This scuttles the country's efforts to access international development finance. In recognition of that, Government has set the 2021 target for the public debt at 64% of GDP in line with the Public Debt Management Act [Chapter 22:21] benchmark of 70%.

4 In 2020, Zimbabwe's GDP declined by an estimated 4.1%[3] attributable to the negative impacts of the COVID-19 pandemic, tight liquidity conditions, low aggregate demand and high levels of inflation. Inflation reached a peak of 837.5% in July 2020 before receding and ending the year at 348.6%. Although inflation stabilised in the third quarter of 2020, it is still unsustainably high to support sustainable growth, savings and long-term funding.

5 However, by end of the fourth quarter of 2020, the country started showing some green shoots of recovery with industry capacity utilization increasing by 10.6%[4] in 2020 from 36.4% in 2019. It is expected to further increase to 61% in 2021. Remittances have also proved resilient in 2020, increasing by 57.6% to reach US$1 billion and are expected to continue supporting growth into the future.

6 The country has managed to lay a solid base for future growth during the TSP period through fiscal consolidation, exchange rate stabilisation, achieving external balance, investment mobilisation and ease of doing business reforms undertaken in 2020, see Table 3. Fiscal deficits declined from 10.5% of GDP

1. World Economic Outlook (IMF, April 2021)
2. Ministry of Finance and Economic Development 2021 Budget Statement
3. Ministry of Finance and Economic Development 2021 Budget Statement.
4. https://www.chronicle.co.zw/just-in-zim-manufacturing-capacity-grows-106-percent/

in 2017 to a surplus in 2019, with a near balanced budget in 2020.

Table 3: 2020 Revenue Collections

INDICATOR	2020 STATISTIC
Budget surplus	ZWL 3.2 billion
Revenue collections	ZWL 91.5 billion
Revenue collections (foreign component)	US$ 362 million

Source: MoFED, 2021

7 The GDP growth is projected at 7.4% in 2021 on the back of an above normal rain season, stable macroeconomic environment, and improved investment flows, see Table 4. This will further consolidate the stability of the exchange rate witnessed in the fourth quarter of 2020 which anchored the declining inflation trend. The inflation trend is expected to be carried into 2021. Year on year (Y-o-Y) inflation and month on month (M-o-M) inflation are projected to close the year at below 10%[5] and below 3% respectively while average annual inflation is projected at 134.8% for 2021.

Table 4: 2021 Forecast Growth Rates by Sector

	2021[f]
GDP	7.4%
Agriculture	11.3%
Electricity and water	18.8%
Construction	7.2%
Finance and insurance	7.2%
Transport and communication	7.1%

Source: MoFED 2020 and 2021

8 The country has been vulnerable to natural disasters and climate extremes. After the devastating effects of Cyclone Idai in 2019 and successive droughts, the country received incessant rains in 2020 that led to massive destruction of infrastructure, particularly roads.

1.2 State of Infrastructure Development in Zimbabwe

9 There has been growing consensus on the indispensability of infrastructure in spurring inclusive and sustainable growth in Zimbabwe. However, the state of the infrastructure in the country has remained one of the obstacles for the country to achieve its growth potential. In 2020, Zimbabwe was ranked 129 out of 141[6] countries assessed in respect of the quality of infrastructure.

10 Zimbabwe's transport infrastructure is inadequate. Many roads

[5] Reserve Bank of Zimbabwe.

[6] World Economic Forum Competitiveness Report in Zimbabwe 2021 Infrastructure Investment Plan

have outlived their economic lives and require rehabilitation. It is estimated that 29% of the road network is in poor condition and only 2% is good while the rest is fair [7].

11 For the country to attain Vision 2030, there is need for adequate modern power supply. Increase in the urban population requires increased investment in urban housing, water and sanitation infrastructure and other attendant infrastructure. The advent of the COVID-19 pandemic has increased demand for efficient and reliable ICT services to facilitate business in the new normal.

12 The Government of Zimbabwe has set targets to ensure that the country contributes to the region's food security through irrigation development. The irrigation development plan is to develop 350 000 hectares of irrigable land by 2025[8].

1.2.1 Infrastructure Gap

13 As noted in the NDS1, Zimbabwe's infrastructure gap has been quite evident in many sectors due to limited investment in maintenance and new infrastructure over the past decades.

14 In the water and sanitation sector most municipalities are failing to provide adequate clean water and sanitation services as the urban population has outgrown the current facilities. Recurring droughts have also affected water sources leading to water rationing.

15 Provision of housing still lags demand with an estimated 1.25 million[9] housing backlog countrywide.

16 While there is reasonable information communication technology network coverage in urban areas, most rural areas remain underserviced.

17 Most roads have outlived their design life by more than 15 years whilst lack of maintenance and damages caused by floods have worsened their condition. The rail network is beset by aging track, including insufficient ballast, rail wear, deteriorating earthworks, and rail signalling and communications with obsolete equipment and lack of spare parts. Moreover, the rolling stock suffers from low availability and utilisation and, as a result, the country's railway infrastructure is not able to meet current demand for freight services.

18 While Zimbabwe has an estimated 550 000 hectares of irrigable area only 200 000 hectares has been developed. Empirical studies have shown that at some dams about 3% of water is used productively amplifying the urgent need to develop irrigation schemes across the country as only 37% of the country receives rainfall considered adequate for agriculture.

19 Zimbabwe has an installed electricity power generation capacity of 2,600 MW mainly from hydro (1,050MW) and thermal (1190MW). In 2020, the daily average generation output was 1,000MW out of a demand of between 1,400MW and 1,500 MW.

1.2.2 Water and Sanitation

20 It is estimated in the NDS1 that only 29.7% of households in the country have access to improved water sources and sanitation facilities. Government has responded to these challenges by supporting local authorities to rehabilitate water and sanitation infrastructure and augment water sources. Between 2018 and 2020, Government availed US$1.16 billion to the water and sanitation sector while Development Partners contributed US$55.2 million. In 2020, Government disbursed ZWL3.2 billion towards five priority dam projects to increase raw water supply. In support of Government efforts, the Bank will catalyse investments into the sector through blended financing arrangements.

1.2.3 Housing

21 The country continues to experience a huge housing backlog particularly in urban areas with Harare alone requiring about 500 000 units [10]. Government through NDS1 prioritises access to affordable and quality accommodation and targets to deliver 220,000 housing units between 2021-2025.

22 The Bank will contribute through funding development of off-site and onsite infrastructure, and financing construction of tertiary students and staff accommodation, and medical facilities.

1.2.4 Irrigation

23 Zimbabwe usually experiences 10-year drought cycles, however, due to climate change these droughts are now becoming more frequent with one in every five years. Therefore, to drought proof agriculture, irrigation rehabilitation and expansion have been prioritised in NDS1 to ensure food security among the population in line with SDG2. The country targets the development of over 350 000 hectares of irrigable land during the NDS1 period. The Bank will work with players in the irrigation development value chain to support the development of irrigation projects.

1.2.5 Transport

24 Transport infrastructure is a necessary lubricant for economic development as it facilitates movement of goods and people, thus linking markets and consumers. This has put into perspective the Government's sharp focus on development of

[7] AfDB, 2019.
[8] National Development Strategy 1 (NDS1)
[9] NDSI
[10] Zimbabwe Habitat Report, 2012

the country's transport infrastructure with an estimated 26% of infrastructure expenditure going towards transport projects. In 2020, a total of US$909.3 million was availed towards transport infrastructure with Government contributing US$854.3 million, Development Partners, US$9.3 million and loans US$45.7 million. The Bank will continue offering advisory services and contributing to project preparation in the transport sector to ensure projects are adequately packaged for investment.

1.2.6 Energy

25 In 2017, 40.4% of Zimbabwe's population had access to electricity compared to 44.6% for SADC and 99.4% for Upper Middle-Income countries. The country has historically experienced a significant demand-supply gap which has resulted in frequent power outages and load shedding, leading to the use of expensive back-up energy in the form of diesel generators. This has amplified calls for development of renewable energy sources to satisfy demand and spur the green economy envisaged in Vision 2030.

26 Zimbabwe has set a target to achieve green economy by 2030 through reducing business as usual emissions by 33% per capita in its Nationally Determined Contribution (NDC). Development of renewable energy will contribute immensely to the realisation of this goal. Climate change mitigation and adaptation have been mainstreamed in all sectors to enhance resilience.

27 Zimbabwe's National Renewable Energy Policy (NREP) has come up with incentives for Independent Power Producers (IPPs) for the promotion of renewable energy. In support of the efforts to improve access to clean and safe energy, the Bank is developing a project pipeline of renewable energy sources partnering the private sector and Government.

1.2.7 Infrastructure Financing Context

28 In 2020, the country's infrastructure financing was weighed down by a high inflation unstable exchange rate, perceived country risk, debt overhang and extreme weather events. The Bank's efforts to engage and collaborate with regional and international Development Partners were negatively impacted by the outbreak of the COVID-19 pandemic and limited progress on the country's external debt arrears clearance.

29 In 2021, inflation is expected to stabilise and end the year at below 10%. Additionally, the introduction of the foreign exchange auction trading system has seen the exchange rate stabilising since the fourth quarter of 2020. This positive inflation outlook will augur well for the Bank's efforts to mobilise long term infrastructure financing.

30 The Government of Zimbabwe has remained committed to reengagement and resolution of the country debt situation, which efforts are expected to start bearing fruits in the

medium to long term. Therefore, the Bank will continue to mobilise domestic resources and facilitate increased private sector investments towards infrastructure development.

1.3 The Role of the Government and Private Sectors in infrastructure development

31 Governments are responsible for developing legal and regulatory frameworks to support private sector involvement in the provision of infrastructure services. Policies governing the degree of private/public involvement in infrastructure projects should be pursued on hard empirical evidence. Research has shown that success occurred in countries with good capital markets, strong legal systems, and well-developed business ethics. A large budget-neutral re-allocation of government expenditure toward infrastructure investment and away from unproductive spending will stimulate the productive capacity of an economy.

32 For effective and efficient infrastructure development governments should:

- have long-term plans that translate a systematic baseline assessment into articulation of priorities goals and pipeline of projects;
- invest in stronger institutions critical to enhance investment efficiency and absorptive capacity;
- ensure a stable macroeconomic environment;
- ensure that investment in infrastructure is guided by financial viability, socio-economic consideration, transformational impact, paradigm shift, environmental sustainability and optimization of funding;
- have proper planned maintenance regimes and adherence to the repairs and maintenance plan/ programme during the operation of the infrastructure asset; and
- ensure inclusive stakeholder engagement.

33 In Zimbabwe as in most developing economies there has been a dearth of well prepared and shovel-ready projects which is a prerequisite for successful resource mobilisation. In response, the Government of Zimbabwe has set aside ZWL600 million towards project preparation and packaging to increase the stock of projects that are ready for investment and implementation. Concerted effort by both, the private and public sectors is needed to pool resources for project preparation and development.

34 Partnering private sector eases fiscal burden, improves risk sharing, accountability, monitoring, planning and management in infrastructure provision. Improving the efficiency of infrastructure financing spur the general deepening and development of capital markets.

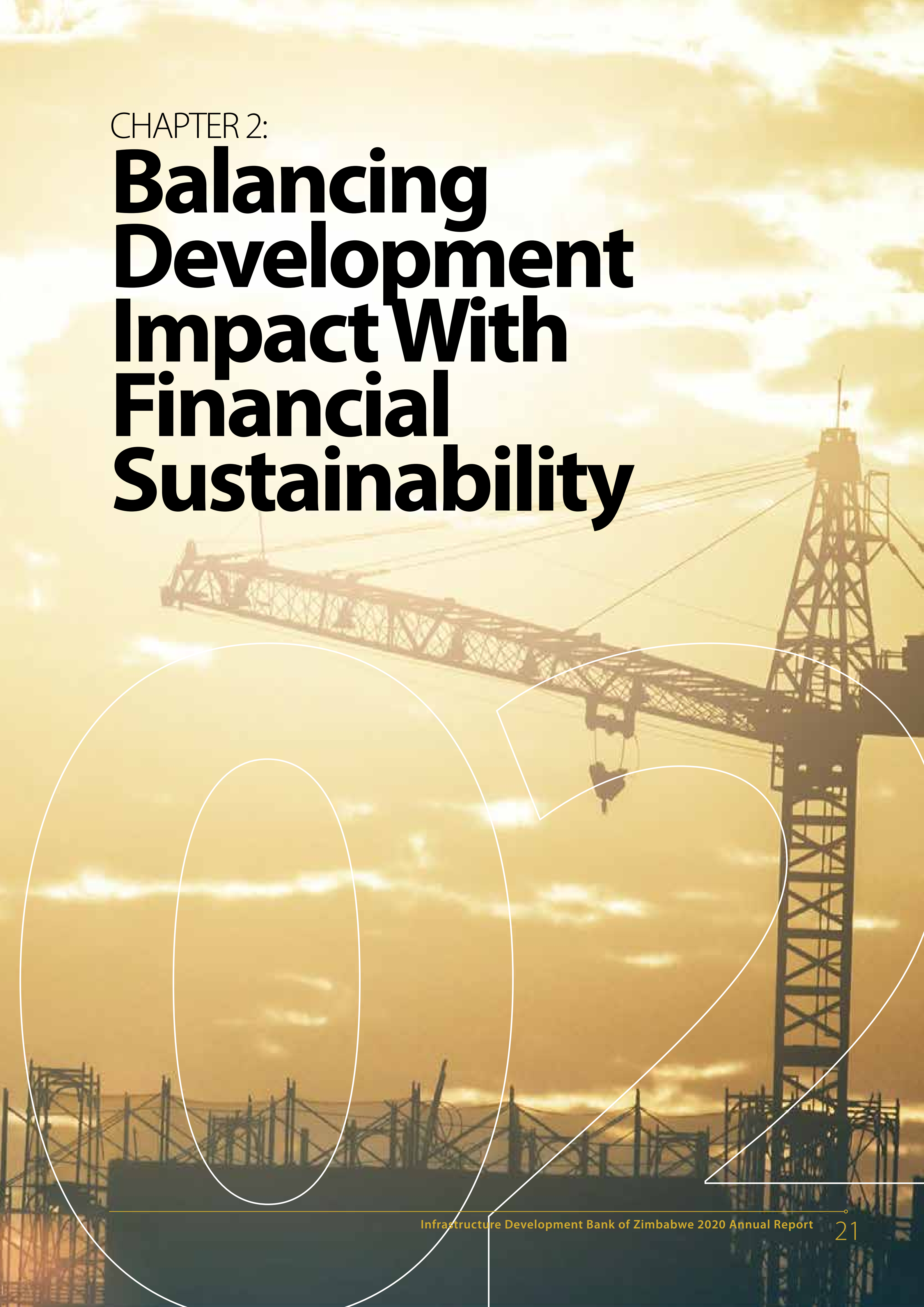
35 The Bank recognizes the importance of creating a robust pipeline of fully packaged projects that are investment ready. To this end, focus is on growing the Bank's revolving Project Preparation and Development Fund (PPDF) through soliciting for project preparation funding support from National Treasury and Development Partners to complement the Bank's own resources.

36 ZWL20 million from the Bank's capital was allocated towards the Bank's PPDF facility, bringing the facility to ZWL32.5 million. However, the facility is grossly inadequate to support a growing pipeline of projects. The Bank will play a catalytic role by taking on early-stage project risk thereby crowding in private sector investors into infrastructure projects.

37 To augment project preparation resources, a grant of EUR100,000 was secured by the Government from the French Development Agency (AFD) to co-finance the Biri Irrigation Scheme Feasibility Study through the IDBZ.

CHAPTER 2:

Balancing Development Impact With Financial Sustainability



2.1 Strategic Thrust

38 The IDBZ was set up by Government as a vehicle for the promotion of economic development and growth, and improvement of the living standards of Zimbabweans through the development of infrastructure. The Bank's primary focus sectors are Water and Sanitation, Housing, Irrigation Infrastructure, Transport, and Energy (WHITE). The secondary focus sectors are Health, Education, Tourism, and Information Communication Technology (ICT).

39 The Bank's mandate is anchored on the following:

(i). execution of the developmental mandate in a financially, environmentally, and socially sustainable manner;

(ii). mobilisation of resources for project development and implementation;

(iii). provision of technical capability in project preparation and packaging; and

(iv). knowledge generation and sharing for capacity building.

40 In pursuit of its mandate, the Bank will be guided by the following principles:

(i). transformational impact;

(ii). sustainable development;

(iii). financial sustainability; and

(iv). inclusivity by considering gender equality, people with disabilities (PWDs) and other special groups, and geographical coverage.

2.1.1 Bank Capitalisation

41 In 2020, the Bank engaged Financial Advisors for its Recapitalisation Programme. The Programme seeks to strengthen the Bank's balance sheet and funding capacity, enhance financial sustainability and access to long term capital, and ultimately, attract strategic partners that are aligned to the Bank's developmental mandate. Strengthening of the balance sheet is essential in creating the critical mass in project preparation and development

42 In 2020, the Bank's shareholders injected an additional ZWL119 million. For the Bank to enhance its transformational role in the economy, a capitalisation level of US$500 million in the medium term and US$1 billion by 2030 is necessary.

43 The Bank has adopted a phased recapitalisation programme. In the short term, the Bank is engaging its shareholders for liquid capital to broaden project preparation activities and lending operations.

44 The Bank is also engaging Government on a proposal for land assets to be ceded for strengthening its balance sheet. These short-term capitalisation initiatives will help create the foundation for the Bank to embark on the next phases of the Recapitalisation Programme. The Programme will involve issuance of quasi-equity and long-term debt instruments to institutional investors as well as staged equity offerings to strategic partners.

45 With a constrained fiscal space, and challenges in accessing funding support from other DFIs and MFIs because of unresolved external debt arrears, there will be increased use of PPP arrangements. The Bank will also continue with bespoke debt issuances which are designed to allow investors to preserve capital.

2.1.2 Project Financing Outcomes

46 In 2020, the Bank raised ZWL614 million towards financing projects under implementation. Of this, ZWL325.6 million was raised for the ongoing Bulawayo Student Accommodation Complex (BSAC) Project and ZWL288.2 million was raised under the Vaka/Yakha Zimbabwe Infrastructure Bond Programme for the financing of the Elizabeth Park Housing Project and Phase 1 of the Sumben Housing Project. Delays in packaging priority pipeline projects to bankability negatively affected other planned capital raising initiatives during the year.

47 In 2021, focus will be on mobilising implementation financing for the BSAC Project completion (Bulawayo), Sumben Phase 1 Housing Project (Harare), and Willsgrove Park Phase II Housing Project (Bulawayo). Resources will also be mobilised for pipeline projects that would have reached bankability during the year and other projects developed by the private sector.

2.1.3 Primary Focus Sectors

2.1.3.1 Housing

48 The Bank's contribution to the development of the housing sector has been through the servicing of stands, (which includes provision of roads, electrification, water and sewer reticulation), financing of supporting off-site infrastructure on behalf of Local Authorities, advisory services, and the construction of accommodation facilities for tertiary students as well as health and academic professionals through the University Students and Staff Accommodation Programme (USSAP).

49 Projects shown in Table 5 were under development in 2020, and project preparation and packaging work will continue into 2021.

Table 5: Housing Projects, Scope and Stage of Development in 2020

Project Name	Scope and Stage of Development	Project cost US$ million	Locations
BSAC	• Construction of Halls of Residence for students. • Implementation.	16.3	Bulawayo
Sumben Housing Phase 1	• Development of residential stands. • Implementation.	19.5	Harare
Chinhoyi University of Technology Students Accommodation	• Construction of Halls of Residence for students on campus. • Preparation, Appraisal and Packaging.	12.5	Chinhoyi
Catholic University in Zimbabwe Students Accommodation	• Construction of Halls of Residence for students on campus. • Preparation, Appraisal and Packaging.	12.3	Harare
Victoria Ranch Housing	• Development of residential stands. • Preparation and Packaging.	23.0	Masvingo
Gwanda Spitzkop Housing	• Development of residential stands. • Preparation	0.4	Gwanda
Willsgrove Park Phase II Housing	• Development of residential stands. • Preparation, Appraisal and Packaging.	2.6	Bulawayo
Lupane Students Accommodation Complex	• Construction of Halls of Residence for students. • Preparation and packaging	12.0	Lupane
Kariba Housing Development (Baobab and Batonga sites)	• Development of residential stands. • Implementation	5.8	Kariba

2.1.3.2 Irrigation

50 During 2020, the IDBZ and the Ministry of Lands, Agriculture, Fisheries, Water, and Rural Resettlement (MoLAFWRR) entered into a Memorandum of Agreement (MoA) for irrigation development in Zimbabwe. Under the cooperation, the IDBZ will provide project preparation support and mobilise private sector resources to augment Government funding. Table 6 shows status as at end of 2020 of targeted areas for irrigation development for the period 2020 to 2025.

Table 6: Targeted Areas for Irrigation Development

Name of Dam	Current Status of Construction	Stage of Irrigation Feasibility Study Development	Potential Irrigable Land
Tugwi-Mukosi	Completed	Feasibility study underway	25 000 Ha
Marovanyati	Completed	Consultant procured	2 500 Ha
Lilstock	Completed	Consultant procured	5 500 Ha
Manyuchi	Completed	Consultant procured	5 000 Ha
Muzhwi	Completed	Consultant procured	4 000 Ha
Biri	Completed	Consultant procurement underway	8 000 Ha
Osborne	Completed	Pre-feasibility study review	2 000 Ha
Bindura	Under construction	Pre-feasibility study review	5 000 Ha
Semwa	Under construction	Pre-feasibility study review	10 000 Ha
Silverstroom	Planning	Pre-feasibility study review	4 000 Ha
Dande	Under construction	Pre-feasibility study review	4 000 Ha
Thuli-Manyange	Under construction	Pre-feasibility study review	4 000 Ha
Muchekeranwa (Causeway)	Under construction	Pre-feasibility study review	2 500 Ha
Gwayi-Shangani	Under construction	Pre-feasibility study review	6 000 Ha

2.1.3.3 Transport

51 The IDBZ was initially involved in the rehabilitation and widening of the Beitbridge-Harare Highway under a transaction advisory mandate. During the year 2020, the GoZ adopted a road implementation model where it is utilising local contractors and domestic resources to fund the road works. This saw the modification of the IDBZ's transaction advisory mandate which now centres on monitoring of the Environmental and Social Management Plan to ensure compliance with the ESIA.

2.1.3.4 Energy

52 In 2020, the Bank had targeted the following energy projects to reach bankability: Tjibundule Energy, Gwayi Solar and Gutu Solar. However, due to inadequate project preparation funding and delays in the completion of the Grid Impact Assessments the envisaged milestones could not be met. Hence, preparation and packaging will continue into 2021.

CHAPTER 2: **Balancing Development Impact With Financial Sustainability (continued)**

53 The following projects were earmarked for implementation in 2020; Rufaro Farm Solar, Odzani Mini Hydro, Sable Solar and Osborne Dam Mini Hydro. However, different circumstances led to the target being missed and these include promoter withdrawing the Project from Bank project pipeline (Sable Solar), inadequate project preparation funding (Rufaro Solar Farm), and non-responsiveness of bids in the feasibility tender (Odzani Mini Hydro Project). In the case of Osborne Dam Mini Hydro Project, the Promoter failed to raise the required minimum equity contribution for fundraising to take off. The Generation license for the project was later cancelled by the Zimbabwe Energy Regulatory Authority (ZERA).

54 In 2021, the Bank will focus on renewable energy generation in collaboration with IPPs and other investors. Pursuant to that trajectory, the Bank will develop four sites for solar energy generation that have capacity to generate 67 MW.

55 Table 7 indicates projects that are earmarked for development and/or implementation for the period 2021 – 2023.

Table 7: Energy Projects Earmarked for Development and/or Implementation for the period 2021-2023

Project	Capacity (MW)	Project Value (US$ million)	Targeted Milestones In 2021	Location
Rufaro Farm Solar	50.0	75.0	Bankable Feasibility Study and Implementation	Marondera
Osborne Dam Mini Hydro	1.7	5.5	Generation Licence and securing Water Use Rights	Mutare
Odzani Mini Hydro	2.4	6.3	Bankable Feasibility Study	Mutasa
Gutu Solar	5.0	8.0	Generation License	Gutu
Tjibundule Energy	15.0	23.0	Generation License	Plumtree
Gwayi Solar	30.0	45.0	Generation License	Gwayi

2.1.4 Secondary Focus Sectors

2.1.4.1 Health

56 In 2020, the IDBZ started work on developing one of its properties, Athol House into a medical facility in response to the urgent national need for health infrastructure partly occasioned by the outbreak of COVID-19. The development will result in the conversion of Athol House into a 74-bed medical facility. The project cost is estimated at US$5.1 million

and will be implemented through a joint venture arrangement.

2.1.4.2 Education

57 The IDBZ is working with the Ministry of Primary and Secondary Education (MOPSE) under the Schools Development Programme which began with the commissioning of Feasibility Studies in 2019. The Bank will also work with private sponsors in the development and construction of schools to cover the infrastructure gap in the education sector.

2.1.4.3 Tourism

58 The recovery of the tourism sector will be supported by the opening of new tourism fronts amongst them Kanyemba, Tugwi-Mukosi, and Kariba as well as the development of new nodes in the Victoria Falls Special Economic Zone which include areas such as Masuwe, Batoka, Gwayi-Shangani Dam, Binga and Sijarira. The Bank will work in partnership with private investors and reputable hoteliers in the development and financing of modern hospitality facilities.

2.1.4.4 Management of the Public Sector Investment Programme (PSIP)

59 In 2020, the Bank disbursed funds totalling ZWL631.5 million to projects in various sectors (see Table 8) out of an envelope of ZWL669.6 million which was being administered by the Bank. It is envisaged that the balance will be disbursed in 2021.

Table 8: 2020 IDBZ Capital Sinking Fund Status.

SECTOR	FUND SIZE			DISBURSED
	2019 B/F	2020 RECEIPTS	TOTAL	
Transport	82,516,582	403,153,799	485,670,381	485,670,030
Water				
Dams (Inc feasibility studies)	110,430,441	17,302,380	127,732,821	127,256,748
Irrigation Rehabilitation	6,575,150	-	6,575,150	6,571,357
Water Supply Stations	1,679,251	-	1,679,251	1,679,251
Local Authorities- Sanitation	12,144,010	-	12,144,010	571,875
	130,828,852	**17,302,380**	**148,131,232**	**136,079,231**
Social Infrastructure:			**-**	
Institutional Accommodation	15,169,891	-	15,169,891	176,870
Health Facilities	210,376	-	210,376	170,100
Ministry Youth, Sport & Recreation	756,408	-	756,408	154,188
Housing (HRF)	6,180,610	11,452,698	17,633,308	7,192,511
	22,317,285	**11,452,698**	**33,769,982**	**7,693,668**
National Disaster Fund			**-**	
Cyclone Idai	2,045,799	-	2,045,799	2,045,799
GRAND TOTAL	**237,708,518**	**431,908,877**	**669,617,394**	**631,488,729**

2.1.5 Private Sector Operations

60 In 2020, the Bank achieved a loan book size of ZWL93.5 million against a target of ZWL150 million.

61 Going forward the Bank will deepen its developmental role by venturing into private sector advisory services, structured finance transactions, debt/ invoice factoring, equity investments and use of de-risking instruments such as guarantees. Key to the success of the private sector operations will be innovation and adaptation to the dynamic operating environment by developing bespoke products and services.

62 The Bank's specific interventions and roles in the private sector will be aligned to its internal capacities (capital, instruments, staff, competencies and mandate) and will also take advantage of opportunities to leverage other partners' competencies and resources through syndication arrangements.

2.2 Development Effectiveness

63 In pursuit of its infrastructure development mandate, in 2020, the Bank committed to the pipeline projects with an estimated cost of US$166.1 million. However, due to the paucity of the project development fund and low levels of capitalisation, only ZWL3.55 million was disbursed towards project preparation. Notwithstanding the unstable macroeconomic environment, ZWL614 million was raised for project implementation.

64 In respect of the Green Climate Fund (GCF) Accreditation, the Bank passed Stage 1 (Institutional Assessment and Completeness Check) and Stage 2 - Step 1 (Detailed Technical Review of Application) which culminated in the Bank's application being referred to the GCF Board for approval. It is anticipated that the application will be considered by the GCF Board (Stage 2 - Step 2) in the second quarter of 2021

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65 As part of the knowledge generation and sharing initiatives, seven (7) research and position papers were disseminated in 2020.

2.2.1 The Results Chain

66 Progress was recorded in project implementation work, BSAC Project which was 53% in 2019 reached 69% and is expected to yield 1032 beds for students. Similarly, Elizabeth Park Housing Project reached completion in 2020 and 37 housing stands were serviced. These projects are expected to contribute to the improvement of livelihoods for population and students.

67 Table 9 summarises the Bank's inputs/activities, outputs, outcomes, and impacts.

Table 9: Activities/Inputs, Outputs, Outcomes, and Impacts

ACTIVITIES/ INPUTS	OUTPUTS	OUTCOMES	EXPECTED IMPACT
Identifying projects	• Projects with an estimated value of US$166.1 million committed to the Bank project pipeline	• Improved multi-sector project pipeline.	• Reduced risk concentration.
Preparing and packaging projects	• ZWL355 million disbursed towards project preparation	• Improve readiness for appraisal.	• Increase in bankable projects.
Developing projects to bankability	• Project worth US$2.6 million reached bankability	• Increased availability of bankable and shovel ready projects	• Increased financing outcomes
Mobilisation of Resources - Project financing - Bank capitalisation - GCF accreditation - Climate Finance Facility (CFF)	• ZWL614 million mobilised for projects. • ZWL1.87 billion (US$22.9 million[11]) additional capital • ZWL 20 million allocated to the PPDF and EUR100,000 grant was secured from AFD towards feasibility study. • GCF - Passed Stage 1 (Institutional Assessment and Completeness Check) and Stage 2 - Step 1 (Detailed Technical Review of Application) was completed in January 2021. • CFF – Feasibility Study with its recommended Institutional and Operational Structure were finalised & approved.	• Increased resources for project financing. [increased from ZWL39 million in 2019 to ZWL614 million in 2020] • Increased completion rate on projects implementation [increased from 54% in 2018 to 70% in 2019 and 2020] • Enhancing the Bank's Climate Finance capability.	• Facilitating impact investing and deepening capital market development. • Promoting sustainability through environmental, social and gender mainstreaming.
Implementing, monitoring and supervision of projects.	Completion rate of projects being implemented: - Bulawayo Students Accommodation Complex Project [69%] - Elizabeth Park Housing Project [100%] - Empumalanga West Housing Project [ceded to Government] - Kariba Housing Development Project (Kasese) [ceded to Government] - Kariba Housing Development Project (Baobab & Batonga) [80%] - Sumben Phase 1 Housing [30%]	• Decent accommodation. • Improved access to water, sanitation and electricity. • Improved access to transport and communication.	• Improvement in the standards of living.
	PSIP projects disbursements [ZWL631 million; 94.2% disbursement rate]	• Increased project implementation rate	• Employment creation. • Effective and efficient utilisation of government funds. • Increased transparency in use of government funds.
• Supporting private sector - financing infrastructure value chain projects.	• Loan book size (ZWL93.5 million)	• Increased loan book size. • Diversified income streams	• Employment creation. • Foreign currency generation • Import substitution. • Capacity utilisation
• Knowledge generation and sharing	• 7 research and policy position papers were disseminated.	• Increased knowledge in the Bank and economy • New Bank products.	• Increased innovation in the economy • Improved business process efficiency

[11] USD/ZWL Exchange Rate as at 31 December 2020 was 81.79

2.2.2 Corporate Social Investment

68 In 2020, the IDBZ financially supported the Design4All Competition by PowerAfrika. The competition brought together architectural designers and urban planners to compete in making accessible infrastructure designs that can be used as templates for construction of inclusive infrastructure for Persons with Disabilities.

69 Additionally, the Bank financed the drilling of a borehole and installation of solar panels to power the borehole for Shashane Adventist Primary School and its surrounding communities in Matobo District, Matabeleland South Province.

CHAPTER 3:

Organisational Effectiveness

CHAPTER 3:

Organisational Effectiveness

3.1 Operational Efficiency

70 The Policies, Operations Guidelines, and Manuals (POGM) and the Delegation of Authority Matrix (DAM) which were both operationalized in 2019 became key Bank operations optimization tools during the COVID–19 induced lockdown period. Coupled with the activation of the Bank's Business Continuity Plan (BCP), the POGM and DAM enabled the unabated creation of productive lending assets as well as supporting the general business of the Bank within the largely virtual BCP environment.

71 The COVID-19 constrained operating environment presented a good opportunity for the Bank to critically evaluate the efficacy of the POGM and DAM and helped to illuminate important pointers for review. In this regard, the Bank will continuously remodel the POGM and DAM to keep an optimum mix of operational policies, procedures and activities that support Bank business in the new normal.

72 The Bank's ICT environment was stable during the period, with no major incidents reported. With the outbreak of the COVID-19 pandemic, the Bank implemented several solutions that enabled its workforce to telecommute securely.

73 The Bank successfully conducted its Disaster Recovery Test (DRT) where staff could interact with the Bank's systems from their homes. The Bank intends to upgrade its core banking system in the second quarter of 2021. The upgrade will broaden the existing functionality of the system and its ability to interface with third-party applications, notwithstanding hardening the platform. In the next phase of its digitalisation exercise, the Bank intends to implement an integrated Enterprise Resource Planning (ERP) system to improve institutional efficiency.

3.2 Knowledge Generation and Sharing

74 In 2020, the Bank disseminated the following seven (7) research and policy position papers which can be accessed from the Bank website, ***www.idbz.co.zw***:

(i). "Analysis of Factors that Affect Bankability of Infrastructure Projects in Zimbabwe with Special Reference to the Energy Sector"[12];
(ii). "Opportunities for Blending Public and Private Sector Resources Towards Infrastructure Funding in Zimbabwe: Policy Options"[13];
(iii). "Planning New Cities – Lessons for Zimbabwe";
(iv). "Prioritisation and Implementation of Public Infrastructure Paper – Lessons from Best Practice";
(v). "Infrastructure Focus Paper – Water, Sanitation & Irrigation, Transport and Energy";
(vi). "COVID-19 Effects on Operating Environment and the Work Programme"; and,
(vii). "Focus on Solar Energy Development – Enabling Policy".

[12] The Research Paper was produced in 2019 but dissemination commenced in 2020.
[13] The Research Paper was produced in 2019 but dissemination commenced in 2020.

75 Conclusions drawn from these papers showed that Zimbabwe should develop an Infrastructure Development Framework through wider stakeholder consultations and establish a competent body that leads national priority infrastructure projects planning, prioritisation, and monitoring. In addition, the need for properly planned maintenance regimes and adherence to the repairs and maintenance programme during the operation of an asset is indispensable. Lastly, Government will need to support infrastructure development through allowing implementing agents to charge economic tariffs and offering tax incentives among other policy incentives.

3.3 Environment and Climate Change

3.3.1 Climate Finance

76 The Bank forged ahead with its Green Climate Fund (GCF) accreditation process which progressed from Stage I (Institutional Assessment and Completeness Check) and ended the year in the closing phases of Stage II Step 1 (Detailed Technical Review by the Accreditation Panel). The rigorous review process by the Accreditation Panel which commenced in July and was concluded in December 2020 helped the Bank to strengthen not only its environmental, social and gender safeguards, but also its fiduciary standards and monitoring and evaluation systems.

77 In the process, the Bank established beneficial links with regional organisations in the climate finance space such as the SouthSouthNorth (SSN), a South African based organisation that has provided technical support towards the GCF accreditation process. Both the World Bank and the DBSA continue to avail technical support towards the Bank's climate finance initiatives.

78 To complement the GCF Accreditation process, the Bank continued to work towards the establishment of a Climate Finance Facility (CFF). The CFF will be a platform to mobilise climate financing from diverse sources for deployment towards green and sustainable investments.

79 The CFF Feasibility Study which started in 2019 was concluded and approved in 2020. The study was co-financed by the World Bank, UNDP and the Ministry of Environment, Climate, Tourism and Hospitality Industry (MOECTHI). The Feasibility Study Report incorporates the Facility's proposed legal and governance structure, operational framework, capitalization structure, and funding instruments. The World Bank has provided further support through the engagement of a Consultant to assist the Bank in developing the necessary documentation to facilitate the setting up and operationalisation of the Facility.

3.3.2 Environmental and Social Sustainability

80 The mainstreaming of environmental, social and climate change considerations into the Bank's processes remained a

critical area of focus during 2020. The Bank ensures that all its projects are subjected to comprehensive Environmental and Social Impact Assessments (ESIA) prior to implementation.

81 To complement the Bank's Results Measurement Framework (RMF) adopted in 2015 and the GCF Accreditation process that started in 2017, the Bank worked with the RBZ and the European Organisation for Sustainable Development (EOSD) under the Sustainability Standards and Certification Initiative (SSCI). This will create a resilient and profitable Bank that will uplift the livelihoods of all Zimbabweans in a sustainable manner. In 2020, an implementation roadmap was developed.

3.4 Gender Equality and Social Inclusion

82. The gender mainstreaming strategies employed by the Bank include: the infusion of gender analysis throughout the project cycle; prioritisation of investment projects that maximize benefits to vulnerable people including women and the girl child; capacity building and knowledge sharing programmes for staff; and inclusion of gender sensitive indicators in the Bank's RMF.

83. To enhance staff capacity in gender mainstreaming and integration at institutional and project levels, one workshop was conducted. In addition, a Gender Mainstreaming Toolkit was developed.

84. The Bank established a Diversity Centre which will contribute to resolving some of the challenges associated with balancing work and family life responsibilities. The Centre will also contribute to the creation of a congenial work environment and a productive mindset for Bank staff.

85. To enhance access to infrastructure it is involved in, the Bank endeavours that all designs cater for people with disabilities (PWDs) and other special groups. In 2021, the Bank will develop a Disability Policy to guide all operations both at institutional and project levels.

3.5 Procurement

86. In 2020, the Bank was granted approval to conduct procurement proceedings as a Category "A" Procuring Entity by the Procurement Regulatory Authority of Zimbabwe (PRAZ) following similar approval in 2019. The Annual Procurement Plan for 2020 amounting to US$259.5 million was also approved by the PRAZ together with the Individual Procurement Plan for 2020.

87. The Bank targeted at least 80% 'No Objections' to the total number of applications to PRAZ for Special Procurement Oversight Committee's (SPOC) prior review for projects under the category of especially sensitive or especially valuable contracts as defined by Section 54 of the PPDPA Act. The Bank received 'No Objections' for all its 8 applications in 2020.

88. Major contracts signed in 2020 under Goods, Works, and Consultancy Services are outlined in Table 10.:

Table 10: Major Goods, Works, and Consultancy Services Contracts signed in 2020

(a) Goods

S/N	Project Name & Tender Number	Service Provider and Project Description & Location	Date of Contract signing & Contract Value
1	Supply and Delivery of Concrete products (Contract No. IDBZ/IPDR/ELIZABETHCONCRETE/01(k)/2020)	Contractor: Winstern Precast (Pvt) Ltd, Zimbabwe Project Description: Supply and delivery of concrete products for Servicing stand at Elizabeth Park, Ruwa	Date: 19 March 2020 Value: ZWL 698,848

(b) Works

S/N	Project Name & Tender Number	Service Provider and Project Description & Location	Date of Contract signing & Contract Value
1	Outsourcing Services for Road Surfacing Elizabeth Park Project Site (Contract No. IDBZ/IPDR/ELIZABETHROADSURFACING/01(g)/2020	Contractor: Bitumen Resources (Pvt) Ltd, Zimbabwe Project Description: Surfacing of 1km of road at Elizabeth Park in Ruwa, Goromonzi, Mashonaland East Province	Date: 2 July 2020 Value: ZWL 4,417,875
2	Hire of road construction equipment (wet rate) Elizabeth Park Project Site: IDBZ/IPDR/ELIZABETHEQUIPMENT HIRE/01(h)/2020	Contractor: Kashaya Transport (Pvt) Ltd, Zimbabwe Project Description: Hire of gravel road construction equipment for Elizabeth Park Housing Project at Ruwa, Goromonzi, Mashonaland East Province	Date: 29 June 2020 Value: ZWL 9,173,780
3	Sumben Housing Project: Contract No. IDBZ/IPDRII/SUMBEN HOUSING INFRASTRUCTURE /IDBZ 33 OF 2019	Contractor: Forit Contracting (Pvt) Ltd, Zimbabwe Project Description: Construction of surfaced roads, stormwater drainage, water reticulation, sewer reticulation and street lighting along Harare Drive, near Mt. Pleasant Heights, Harare	Date: 13 May 2020 Value: ZWL 70,396,320
4	Cleaning and Gardening Maintenance Service	Contractor: Bridge Cleaners (Pvt) Ltd Project Description: Provision of Cleaning and Gardening Maintenance Services at IDBZ offices in Bulawayo, Masvingo and Harare	Date: 1 November 2020 Value: ZWL 1,323,564

(c) Consultancy Services

S/N	Contract Name	Service Provider and Project Description & Location	Date of Contract signing & Contract Value
1	Covid-19 RT-PCR Testing (Framework Agreement)	Service provider: Premier Service Medical Investments (Pvt) Ltd (PSMI), Zimbabwe Project Description: Covid-19 PCR testing for 89 IDBZ employees on Business Continuity Plan (BCP): 85 persons at Head Office in Harare, 2 persons at Masvingo Regional Office and 2 persons at Bulawayo Regional Office)	Date: 21 July 2020 Value: ZWL 409,050 per month (subject to actual number of persons tested)
2	Tax Consultancy Services	Service Provider: PricewaterhouseCoopers (PwC) Advisory Services (Pvt) Ltd, Zimbabwe Project Description: Engagement of Firm to undertake tax consultancy services for IDBZ	Date: 4 February 2020 Value: ZWL 137,400
3	Financial Advisory Services for the recapitalization of IDBZ	Service Provider: Genesis Global Finance Consortium, Zimbabwe Project Description: Provide Financial Advisory services for the re-capitalization of IDBZ.	Date: 7 January 2020 Value: USD85,000 Fixed Amount Plus 1% to 1.5% Success Fees depending on amount raised on financial close.
4	Consultant's Service Contract for Environmental and Social Impact Assessment Studies for the Proposed Students Accommodation Complex at Chinhoyi University of Technology (CUT) and Catholic University of Zimbabwe (CUZ)	Service Provider: BN Environmental Consultancy (Private) Limited Project Description: Environmental and Social Impact Assessment Studies for the Proposed Students Accommodation Complex at Chinhoyi University of Technology (CUT) and Catholic University of Zimbabwe (CUZ) in Harare	Date: 25 November 2020 Value: ZWL 2,122,980
5	Consultant's Service Contract for Civil Engineering Designs and Detailed Environmental and Social Impact Assessment Studies (ESIA) for Spitzkop Gwanda Project	Service Provider: Hydro-Utilities (Private) Limited Project Description: Civil Engineering Designs and Detailed Environmental and Social Impact Assessment Studies (ESIA) for Spitzkop Gwanda Project	Date: 18 December 2020 Value: ZWL 4,651,255
6	Property and Real estate Management Services (Contract No. IDBZ 193 of 2019)	Service Provider: Integrated Properties (Private) Limited Project Description: Property and Real estate Management Services	Date: 6 January 2020 Value: 1. Commercial and Industrial Properties : 5% Commission +VAT of 14.5% on Gross Rentals collected 2. Residential Properties: 5% on Gross Rentals collected
7	Human Resources Consultancy Services (Contract No. IDBZ 91 of 2020)	Service Provider: HeadHunters Incorporated (Private) Limited Project Description: Provision of Human Resources Consultancy Services for the Development of a Policy on Engagement of Consultants	Date: 26 May 2020 Value: ZWL 61,830

89. The total value of contracts signed in 2020 was ZWL402.5 million (equivalent to US$5.1 million). The allotment of contracts signed by value was ZWL391.7million for Works, ZWL10.1 million for Services and ZWL698,848 for Goods. Works constituted 97.32%, Services 2.5% and Goods 0.17%.

90. The total Purchase Orders placed from the Request for Quotations issued in 2020 were as follows: (i) Goods ZWL29.3 million, (ii) Works ZWL5.2 million, and (iii) Services ZWL6.6 million.

91. The IDBZ in partnership with the MOLAFWRR through the DOI received a grant co-financing from AFD towards a detailed feasibility study including ESIA and Gender Mainstreaming for Biri Irrigation Development. The Bank received a 'No Objection Letter' (NOL) for Requests for Expressions of Interest stage and will undertake the Request for Proposal (RFP) process in 2021.

92. Going forward, the Bank will put reinforcements on the results-based culture to foster 100% compliance with procurement regulations, whilst achieving efficiency and effectiveness.

3.6 Human Resources Management

93. The Bank instituted the following COVID-19 mitigatory strategies and cost containment measures to promote staff safety and ensure financial sustainability respectively:
    (i). implementation of the Business Continuity Plan (BCP) – 46% of staff were working from the Bank premises whilst 54% were working from home;

    (ii). reduction and suspension of some employee benefits; and

    (iii). deferment of Staff recruitments.

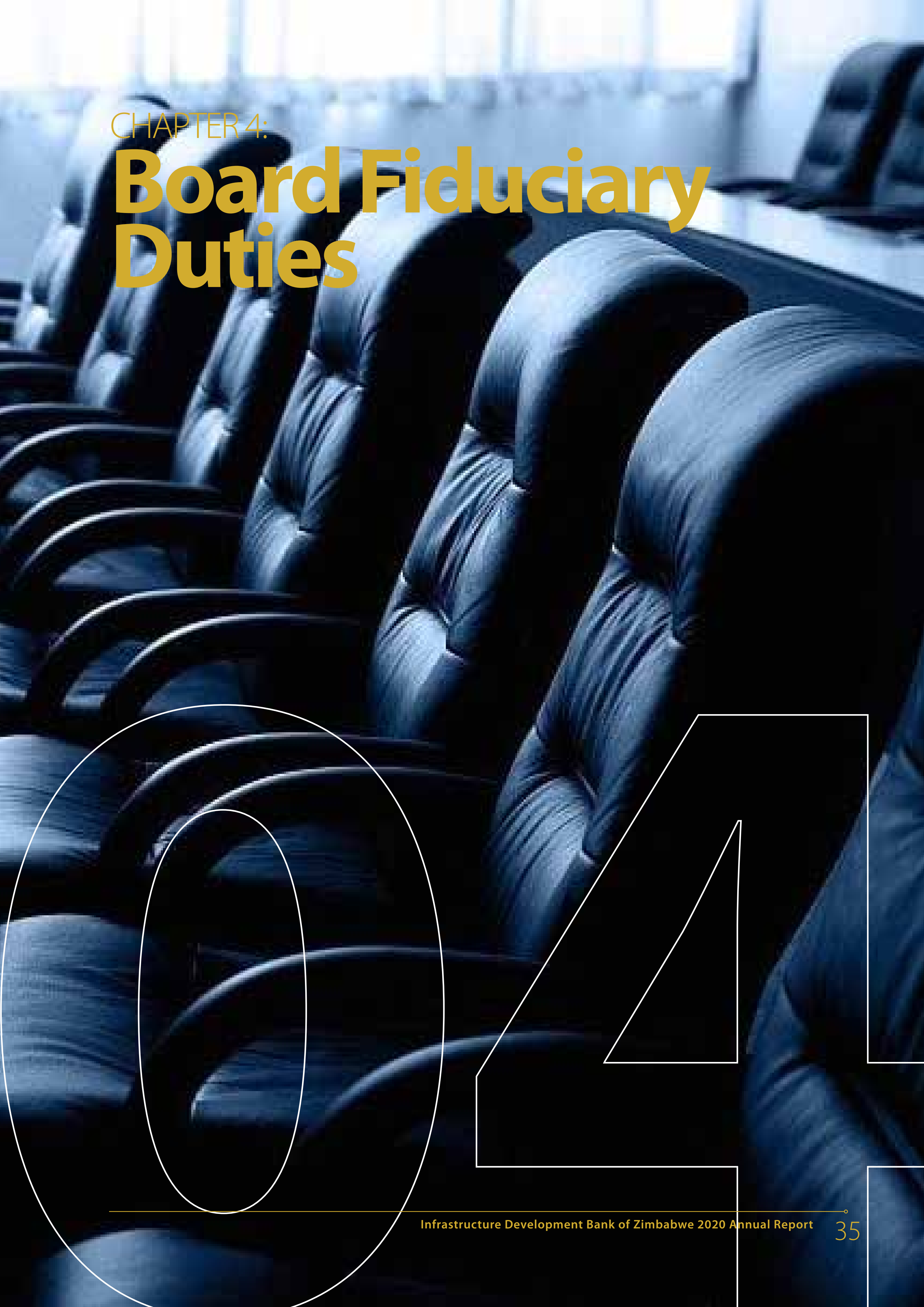
94. In the advent of the COVID-19 pandemic, the Bank adopted prevention and safety initiatives in line with World Health Organisation (WHO) guidelines.

95. In an endeavour to ensure adequate skills and competencies for mandate execution, six (6) training programmes were conducted.

96. To further strengthen its human resources systems, the Bank will engage a Consultant to review and refine career development plans, human resources policies and procedures, and performance management systems in 2021.

CHAPTER 4:

Board Fiduciary Duties



4.1 Corporate Governance Statement for FY2020

97 In the delivery of its statutory mandate, the Bank is guided by principles and tenets of good Corporate Governance. These are embedded in all the business processes for effective and efficient execution of the mandate in an economically, socially, and environmentally sustainable manner. Compliance with legal and regulatory requirements, and conformance to international best practice in governance standards and guidelines, forms the bedrock of the Bank's Corporate Governance Framework.

98 Corporate Governance in the IDBZ is anchored on the principles of fairness, transparency, accountability, responsibility, and financial, social and environmental sustainability.

4.1.1 Corporate Governance Framework

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

100 The IDBZ as a public entity is also required to comply with the Public Entities Corporate Governance Act [Chapter 10:33] ("the PECG Act").

4.1.2 Code of Conduct and Ethical Framework

101 The Code of Ethics Policy provides a framework under which Directors, Management and Staff and other Stakeholders who interact with the Bank are expected to conduct themselves. It is designed to promote honest and ethical conduct and is founded on the Bank's core values of ***integrity, professionalism, innovation, service orientation, sustainability, and knowledge generation and sharing***. A Code of Conduct is a key requirement under the PECG Act.

4.1.3 Board of Directors

102 Section 4 (2) of the IDBZ Act, as amended, provides that the size of the IDBZ Board shall be a minimum of seven (7) and a maximum of nine (9) Directors. The current Board of Director is comprised of eight (8) Non-Executive Directors and the Chief Executive Officer as an ex-officio member.

103 Seven (7) of the eight (8) Non-Executive Directors including the Chairman are Independent.

4.1.4 Duties and Responsibilities of the Board

104 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. They are codified in a Board Charter that complies with Section 27 of the PECG Act – *Principles and Contents of Board Charters and Codes of Ethics.*

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

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

4.1.5 Board Committees

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

(i). Audit Committee;
(ii). Finance, Risk Management, and ICT Committee;
(iii). Human Resources Committee; and,
(iv). Corporate Governance, Ethics and Sustainability Committee.

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

109 To approve proposals from Management, the Board sits as a whole to consider.

4.1.6 Board Remuneration

110 The IDBZ Board Remunerations Framework is determined in accordance with Section 12 of the PECG Act. The Bank adopted the Board remuneration guideline for State Enterprises provided by the Office of the President and Cabinet (OPC). Table 11 shows the remuneration levels that were recommended for adoption for Commercial and Profitable State Enterprises.

Table 11: Board Remuneration for Commercial and Profitable State Enterprises

Category/Designation	Quarterly Retainer (ZWL)	Sitting Fees (Board) (ZWL)	Sitting Fees (Committee) (ZWL)
Board Chairman	75,600	12,600	-
Deputy Board Chairman	60,480	10,080	-
Board Member	52,920	8,820	-
Committee Chairman	-	-	6,300
Deputy Committee Chairman	-	-	5,040
Committee Member	-	-	5,040

111 The non-executive Board Members receive remuneration based on a retainer and sitting allowance. No other benefits are extended to Board Members. The total board fees paid in 2020 amounted to ZWL1,963,480.

4.2 Board and Board Committee Attendance Record for FY2020

Table 12: Board and Board Committee Attendance Record

BOARD MEMBER	Main Board	Audit Committee	Finance, Risk Management & ICT	Human Resources	Corp Govern, Ethics & Sustainability
	4	3	4	4	3
MUTIZWA Joseph**	4	n/a	4	3	3
MLAMBO Kupukile	4	n/a	3	n/a	2
BANGO Sibusisiwe P	4	3	n/a	4	n/a
MUGWARA Reginald*	2	2	n/a	3	n/a
MUGWAGWA Norbert	4	n/a	3	4	n/a
MUTONGA Jeremiah	3	2	4	n/a	2
MUZOROZA Tadios	4	n/a	n/a	3	3
NGWERUME Luke EM	4	3	4	n/a	n/a

NOTES

- * *Mr R Mugwara did not attend during the 1st half of the year due to illness.*
- ** *Mr J Mutizwa was co-opted into the Human Resources Committee in H2 in line with the requirements of the PECG Act.*
- • *The COVID19 pandemic and resultant lockdown affected board business in Q2. However, the arrangements were made to catch up in H2.*

4.3 Risk Management

112 The Bank manages risk from an Enterprise-wide approach through an on-going process of identification, measurement, controlling and monitoring. Whilst the Board of Directors provides oversight on risk management, responsibility of implementation of approved risk management strategies has been delegated to management.

4.3.1 Risk Spectrum

113 The Bank remains exposed to various risks that present a threat to achievement of its mandate. The primary risks which the Bank is exposed to are as follows:

4.3.1.1 Credit Risk

114 During the year under review, the unstable operating environment has seen negative real returns on lending operations hindering the attainment of a balance between returns and investment risk. The Bank has strengthened the monitoring of its current loan portfolio and undertakes relevant portfolio restructuring to minimise losses. To further neutralize the inflation induced losses on lending, the Bank commenced working towards developing structured lending products.

115 Whilst the Private Sector Operations Unit is responsible for managing portfolios from disbursement to final settlement, independent assessments and validations are carried through Credit and Policies Unit and an independent Risk Management Unit. Approvals are carried out at two levels namely the Management's Loans and Investment Committee (LIC) and the Board.

4.3.1.2 Project Risk

116 The COVID-19 pandemic which resulted in nationwide lockdowns increased the Bank's exposure to project completion risk. Erosion of projects budgets through inflation stifled project implementation. To ensure effective and efficient execution of projects, multi-disciplinary teams are responsible for development, packaging, and supervision of infrastructure projects with the Executive Committee (EXCO) and the Board providing oversight.

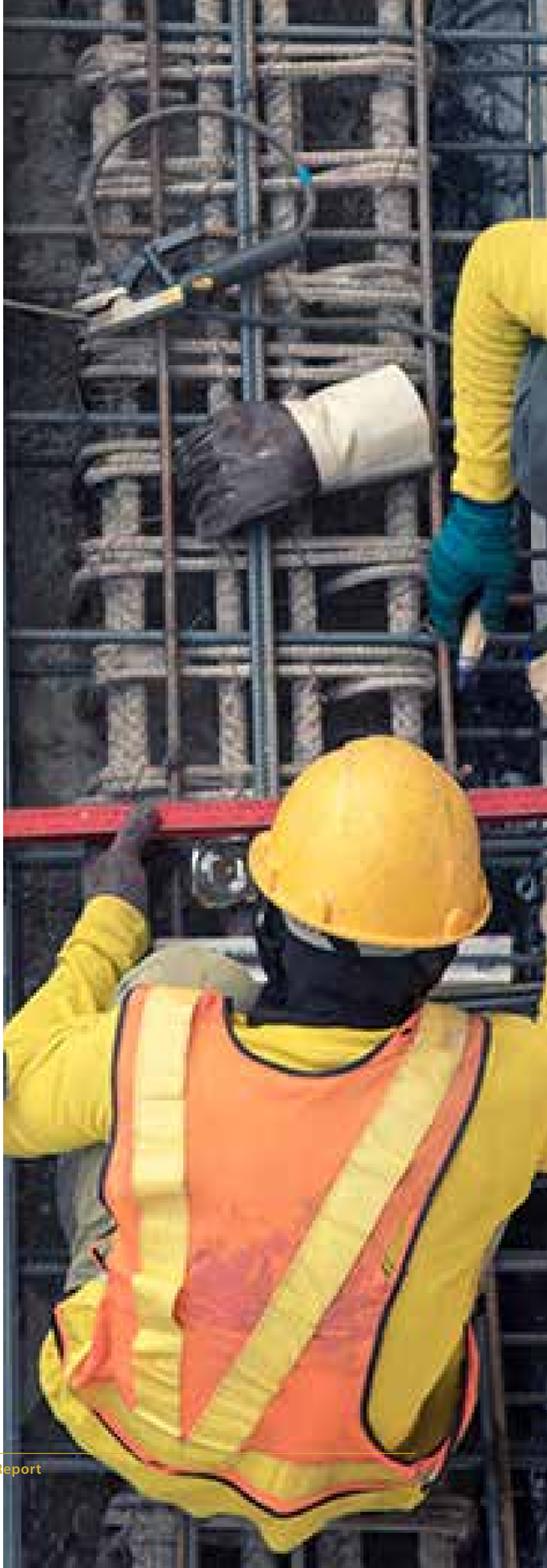
4.3.1.3 Liquidity Risk

117 The Bank's major sources of liquidity risk emanates from:

(i). illiquid balance sheet in view of the nature of core capital made up of long dated Treasury Bills;

(ii). a high funding liquidity demand on the back of escalating project completion costs resulting from inflation pressures; and

(iii). low long-term savings in the market which are required for funding infrastructure projects.



118 Liquidity risk is managed through the Management Asset and Liability Committee (MALCO) which is responsible for the formulation of liquidity management strategies. The Bank continues to make efforts to mobilise funding from diversified sources in a drive to attract stable deposits.

4.3.1.4 Operational Risk

119 The Covid 19 pandemic posed a major threat to business and the Bank was not spared resulting in the invocation of the Business Continuity Management Plan. The pandemic tested the adequacy of Bank's systems to sustain remote operations and to mitigate against system related consumer protection risks. The Bank continues to invest and strengthen its operating systems to ensure business continuity. Operational risk is mainly managed through the implementation of policies and procedures. They are also tracked and recorded using risk registers. The Board Finance, Risk Management and ICT Committee is appraised on operational risk issues through the Enterprise-wide Risk Management Framework.

4.3.1.5 Market Risk

120 The Bank's earnings and capital is exposed to losses resulting from adverse movements in the level and volatility of market rates or prices (interest rates and foreign exchange rates).

(i). Interest rate risk (IRR) - The negative real returns at the back of high inflationary environment posed a significant threat to the cashflows, income streams and market value of Bank assets and liabilities.

(ii). Foreign exchange rate risk - The introduction of the forex auction system has seen an improvement in the Bank's access to foreign currency required to finance foreign denominated operational and administrative obligations. The Bank mainly manages forex exchange rate risk by transacting through open positions and thereby mitigating the foreign exchange risk.

121 Whilst the Board is ultimately responsible for asset and liability management function, MALCO has been designated with the responsibility of ensuring policy formulation, strategic management, and administration.

4.3.1.6 Strategy Risk

122 The Bank is exposed to strategic risk through events that impede the successful implementation and/or effectiveness of its strategy such as market volatility. Management through the guidance of the Board of Directors is responsible for formulation and implementation of mechanisms that ensure accomplishment of Bank Strategy. The Board-approved Annual Work Programmes and Budget (WP&B) guides strategy implementation.

4.3.1.7 Reputational Risk

123 The major source of reputational risk emanates from delays in completion of housing projects and currency translation projects which continue to be under implementation. The use of a website linked complaints management framework remains critical in maintaining channels of engagements with stakeholders and a Grievance Redress Mechanism (GRM) has been formulated to deal with project related people risks.

4.3.1.8 Legal & Compliance Risk

124 The Bank has an independent compliance function that monitors compliance with applicable laws, regulatory requirements, internal policies and procedures and industry standards under the oversight of the Board Finance, Risk Management, and ICT Committee. A Compliance Programme is in place to facilitate effective compliance risk management. It includes the Anti-Money Laundering (AML), Countering Financing of Terrorism (CFT) and Sanctions Screening Programme. The AML/CFT Policy includes Countering Proliferation Financing (CPF) in line with global standards.

4.3.2 External Credit Rating

125 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 2019 was validated by External Auditors, Baker Tilly during the 2020 Audit review. An overall rating grade of "A+" was assigned with a score of 90.82%. The rating scale evaluates three critical areas namely: Governance, Financial, and Operational Standards. The risk assessment ratings are summarised in Table 13:

Table 13: PSGRS Ratings

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

4.4 Directors' Report

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

126 The Bank's business entails infrastructure development financing, resource mobilization and supporting businesses in the infrastructure value chain across all sectors of the Zimbabwean economy.

4.4.2 General Policy Directions of the Minister

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

128 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.

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

4.4.3 Authorised and Issued Share Capital

4.4.3.1 Ordinary Share Capital

130 The authorised share capital of the Bank remained at ZWL1,500,000 comprised of 150,000,000 ordinary shares at a nominal value of ZWL0.01 (one cent) per share. There was no change in the number of shares in issue, which remained at 18,784,835 ordinary shares.

4.4.3.2 Preference Share Capital

131 The Preference Shares remained unchanged at 382,830 with a nominal value of ZWL100.00 per share. The non-cumulative, non-redeemable preference shares were issued to Government of Zimbabwe and carry a 5% dividend payable out of distributable profits.

4.4.4 Investments

132 As at 31 December 2020, the Bank had the following sizeable investments:

Subsidiaries

Waneka Properties (Private) Limited	70%
Manellie Investments (Private) Limited (Dormant)	100%
Norton Medical Investments (Private) Limited	60%
Mazvel Investments (Private) Limited	42.8%
Samukele Lodges (Private) Limited	100%
Changamire Inkosi Investments (Private) Limited	60%

Associates

Mosi Oa Tunya Development Company (Private) Limited	20.60%

Other Investments

Norsad Finance Limited	4.55%
Zimbabwe Insurance Brokers (Private) Limited	1%
Zimcampus Private Limited	9.55%

4.4.5 Financial Results for the year

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

4.4.6 Dividends

134 The Directors do not recommend a dividend for the year ended 31 December 2020 due to the need to reinvest profits to finance current and new infrastructure projects.

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

135 The Bank is committed to complying fully with all provisions of the PECG Act and has established a reporting mechanism to monitor and track compliance with the new Act. As at 31 December 2020, the Bank had an internal compliance rating of 96.7%.

4.4.8 Going Concern

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

137 With a capital base of ZWL3 billion as of the 31st of December 2020 and taking into account the Bank's future business prospects presented by the scope, breadth and width of the IDBZ's mandate, the Directors have a reasonable expectation that the Bank has adequate resources to continue as a Going Concern in the foreseeable future.

4.4.9 Subsidiary and Associate Companies

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

4.4.10 Directorate

139 The current Board of Directors was appointed on 24 June 2019 for a three (3) year term of office. The Board Members are as shown in Table 14.

Table 14: The IDBZ Board Members

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

4.4.10.1 Directors' Interest in Infrastructure Development Bank of Zimbabwe

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

4.4.10.2 Declaration of Assets

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

4.4.10.3 Directors' Emoluments

142 Directors' emoluments are disclosed in the Corporate Governance Statement as well as in the notes to the financial statements.

4.4.10.4 Interest of Directors and Officers

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

4.4.11 Auditors

144 Shareholders will be asked to ratify the remuneration of the Auditors for the year ended 31 December 2020. The Auditors were appointed by the Auditor General for a five (5) year term and have served for two (2) years.

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

J Mutizwa
Board Chairman

Zondo T Sakala
Chief Executive Officer

4.5 Directors' Responsibility Statement

4.5.1 Financial Statements for the Infrastructure Development Bank of Zimbabwe

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

147 To enable the Directors to meet these responsibilities; systems of accounting and internal controls are maintained. These 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 Bank's Internal Audit function, which has unrestricted access to the Audit Committee, regularly evaluates these systems and makes recommendations for improvements where necessary.

148 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.

149 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.

150 The responsibility of the Independent Auditors is to report on the Financial Statements. Their report to the members is set out on pages 43 and 46 of this Report.

151 The Financial Statements were approved by the Board of Directors on 17 March 2021 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 C. Gambinga and they have been audited in terms of the IDBZ Act [Chapter 24:14].

C. Gambinga
Director Finance

J Mutizwa
Board Chairman

Zondo T Sakala
Chief Executive Officer

Chartered Accountants
Celestial Office Park, Unit
D & H Block 1, Borrowdale
Road, Borrowdale, Harare
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements

Qualified Opinion

We have audited the inflation adjusted consolidated financial statements of Infrastructure Development Bank of Zimbabwe ("IDBZ") or the ("Bank") and its subsidiaries which comprise the inflation adjusted consolidated statement of financial position as at 31 December 2020, the inflation adjusted consolidated statement of profit or loss and other comprehensive income, inflation adjusted consolidated statement of changes in equity, inflation adjusted consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes to the consolidated financial statements.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying inflation adjusted consolidated financial statements give a true and fair view of the statement of financial position of IDBZ as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"). Basis for Qualified Opinion.

Non-compliance with IAS 21- The Effects of Changes in Foreign Currency Rates

IDBZ used United States Dollars (USD) as its functional currency from the 1st of January 2019 to the 22nd of February 2019. It is further noted that IDBZ changed its functional currency and presentation currency to Zimbabwean dollar ("ZWL") on 22 February 2019 following the promulgation of Statutory Instrument 33 of 2019 ("SI 33/19"). All foreign denominated balances including Nostro bank accounts and non-monetary items except prepayments, were translated to ZWL on 22 February 2019, using an exchange rate of 1USD:2.5ZWL which was the exchange rate on the date of change in functional currency. All monetary assets and liabilities were translated at an exchange rate of 1USD:1ZWL in order to achieve faithful representation. The translation treatment of local monetary items and prepayments is not compliant with IAS 21 "The Effects of Changes in Foreign Currency Rates", which requires all balances to be translated at exchange rate available on the date of change of functional currency which in this case was 2.5.

The basis for qualification is due to misstatements contained in the opening balances from prior year were all monetary assets and liabilities were translated at an exchange rate of 1USD:1ZWL which was not compliant with IAS 21 "The Effects of Changes in Foreign Currency Rates", this resulted in the recognition of a material Foreign Currency Translation Reserve ("FCTR") in equity amounting to ZWL 363,612,060.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current year. Key audit matters are selected from the matters communicated with those charged with governance, but are not intended to represent all matters that were discussed with them. In addition to the matter described in the

Basis for Qualified Opinion section of our report, we have determined the matters described below to be the key audit matters. These matters were addressed in the context of our audit of the financial statements as a whole. Our opinion on the inflation adjusted consolidated financial statements is not modified with respect to any of the key audit matters described below, and we do not provide a separate opinion on these matters.

#	Key Audit Matter	How our audit addressed the key audit matter
1.	**Revenue Recognition (Interest Income)**	
	The Banks various interest income streams are characterized by high volumes of transactional data. The revenue process is highly automated, complex in nature and dynamic thus requiring numerous information technology related checks and balances. Thus, revenue was an area of significance in the current year audit due to the following; • Interest income is a significant component of the Groups financial statements. • The completeness and accuracy of interest income is a key audit focus area due to interest computations which are highly automated; • Involvement of IT specialists in the recalculations of the automated revenue systems. As a result of these amounts, the timing of revenue recognition and volume of transactional data involved, this was considered to be a key audit matter. The revenue recognition policy is disclosed in notes to the inflation adjusted consolidated financial statements of the Bank.	In addressing the matter, we; • Performed walk throughs of the interest classes of transactions and evaluated the design and implementation of controls in this area; • Reviewed the contracts with customers on various loan products and related treatments; • Analysed and verified transactional data on a monthly basis; • Engaged our own Data Analytics specialists to independently re-compute the interest using data analytical methods; • Made use of our IT specialists to test key controls over the loan administration systems and the manner in which data is extracted from these systems into the models used to determine revenue recognition. • Performed detailed substantive testing of journal entries processed around interest income to ensure these were appropriately authorised, complete and accurate. • Performed an assessment of the appropriateness of the Revenue recognition criteria used by management as per IFRS requirements. • Confirmed that the related interest enhancing mechanisms, such as loan arrangement fees and establishment fees, were appropriately recognised over the tenure of the facility from which they arose. We found the recognition of interest income to be appropriate.
2.	**Valuation and existence of financial assets (Treasury Bills)**	
	The Bank through its Banking Operation carries a material portion of Treasury Bills on its statement of financial position. • There is inherent complexity in accounting and disclosure requirements of financial assets per IFRS guidance. • The significance of these financial assets on the Bank's statement of financial position is high. • The measurement of these Treasury Bills is subjective due to the absence of an active market for trading of Treasury bills which makes fair value determination and comparability subjective. Due to the complex nature of capitalisation and unwinding of the present value of the treasury bill as time passes towards the maturity value, this has been considered a key audit matter. The accounting policy on recognition and measurement of Treasury Bills is disclosed in notes to the financial statements.	Our procedures encompassed the following; • Review of Management's recognition and classification criteria relative to the requirements of IFRS and guidance by regulatory bodies. • Review of Management's measurement criteria relative to the requirements of IFRS, particularly on fair value measurement and disclosures. • Recalculated the value of the Treasury Bills in line with management's measurement principle and assessed that the Treasury Bills were appropriately valued. • We assessed whether the coupon rate used by management is in line with that prevailing for similar bills issued on the market. • Confirmed existence with the Central Security Depository (CSD), or with other financial institutions where these instruments were lodged as security for any inter-bank positions. • Satisfied ourselves that there were no instances of default, by inspecting the schedule of Treasury Bills maturing during the current year and agreeing these to payment confirmation from the contracting party. • We compared the payment date to the maturity date to ensure that matured Treasury Bills were settled on time. • We inspected the schedule of Treasury Bills for any evidence of roll over which could be an indicator of impairment. Based on our procedures, we noted no exceptions and consider managements valuation of existing Treasury Bills to be appropriate.

#	Key Audit Matter	How our audit addressed the key audit matter
3	**Hyperinflation Accounting (High risk area and significant judgement)**	
	Following Public Accountants and Auditors Board ("PAAB") designation of Zimbabwe as hyperinflationary economy, management also evaluated and determined the economy of Zimbabwe to be hyperinflationary. For the purposes of IDBZ consolidated accounts, the Bank applied the requirements of IAS 29 – Financial reporting in Hyperinflationary Economies. Hyperinflationary accounting was determined to be a matter of most significance to the audit due to high risk and the significance of the balances and transactions, and the complexity and subjectivity relating to the application of the Standard. IAS 29 requires significant judgments to be made by management considering the guidelines provided in the standard. The Bank's accounting policy on hyperinflation accounting is disclosed in the notes to the financial statements.	We obtained an understanding of the Bank's process for identifying hyperinflationary economies and evaluated the policy in relation to hyperinflation accounting. Our audit procedures included, among others: • We assessed and tested the indicators of hyperinflation on the Zimbabwean economy by corroborating these with industry report and our own understanding of the economy; • We recomputed and tested the hyperinflation workings prepared by management by evaluating the rationale for the economic indicators included (such as the inflation rate, cumulative inflation rate, consumer price indices from various sources). • We tested the source data used by agreeing it to supporting schedules. • We assessed the reasonability of the assumptions used by comparing these to externally available industry, financial and economic data; and; • We tested restatement of the statement of financial position and income statement items for correct restatement in terms of IAS 29. • We assessed whether disclosures in the financial statements appropriately reflected the effects of the adoption of IAS 29. We found that the inflation adjusted consolidated financial statements have been properly restated in terms of IAS 29 except for issues raised in the Basis for Qualified Opinion above.

Other Information

The directors are responsible for the other information. The other information comprises the Directors Report Chairman's Report, Chief Executive Officer's Report and the Corporate Governance Report. Other information does not include the inflation adjusted consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the inflation adjusted 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 inflation adjusted consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement on this other information, we are required to report that fact. We have nothing to report in this regard.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made

by the directors.

- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated financial statements.

We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for the audit opinion.

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 complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be brought to bear on our independence, and where applicable related safeguards.

From the matters communicated with the Directors, we determine those matters that were significant in the audit of the inflation adjusted consolidated and separate financial statements of the current period and therefore the key audit matters. We describe those matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the Independent Auditor's report is Phibion Gwatidzo.

Report on Other Legal and Regulatory Requirements

Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14) and the Banking Act (Chapter 24:20)
In our opinion, the inflation adjusted consolidated financial statements have been prepared in accordance with the requirements of the Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14) and the Banking Act (Chapter 24:20), except for the matters described on the Basis for Qualified Opinion noted above.

Baker Tilly

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Partner: Phibion Gwatidzo
PAAB Practising Number: 0365
Baker Tilly Chartered Accountants (Zimbabwe)
Harare

Date: 17 March 2021

CHAPTER 5:

Financial Statements

Consolidated Statement of **Financial Position**

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Inflation Adjusted 31 Dec 2020 ZWL	Inflation Adjusted 31 Dec 2019 ZWL	Historical 31 Dec 2020 ZWL	Historical 31 Dec 2019 ZWL
ASSETS					
Cash and bank balances	5	359 977 180	879 331 421	359 977 180	196 025 699
Inventories	11	1 871 626 892	1 655 180 329	259 361 265	73 549 649
Other receivables and prepayments	10	905 291 332	156 214 396	847 113 255	33 618 193
Loans and advances to customers	9	182 617 769	263 760 809	182 617 769	58 799 101
Investment securities	6	24 176 246	2 979 543	24 176 246	664 217
Financial assets at fair value through other comprehensive income	7	539 924 240	488 811 141	539 924 240	108 968 636
Treasury bills and other financial assets	8	7 996 488	632 370 685	7 996 488	140 971 769
Assets pledged as collateral	8.1	69 396 000	181 830 703	69 396 000	40 534 763
Investment in associates	12.3	81 092 122	80 143 970	3 392 806	2 824 866
Investment property	13	1 069 490 654	1 013 834 900	1 069 490 654	226 010 000
Intangible assets	15	2 778 035	2 981 699	112 378	226 854
Property and equipment	14	512 493 080	490 121 848	378 264 079	85 118 110
Rights of use of assets	16	6 778 657	8 277 474	6 778 657	1 845 263
Deferred taxation		-	143 003	-	31 879
Total assets		**5 633 638 695**	**5 855 981 921**	**3 748 601 017**	**969 188 999**
EQUITY AND LIABILITIES					
LIABILITIES					
Deposits from customers	22	223 980 533	283 348 957	223 980 533	63 165 805
Local lines of credit and bonds	23	338 218 389	1 180 755 754	338 218 389	263 220 973
Other liabilities	24	180 209 292	61 848 758	180 257 193	13 787 686
Lease Liability-Buildings		6 225 786	8 006 808	6 225 786	1 784 924
Total liabilities		**748 634 000**	**1 533 960 277**	**748 681 901**	**341 959 388**
EQUITY					
Share capital	17	2 081 532	1 818 975	187 848	65 281
Share premium	17	1 211 223 198	885 670 239	183 767 850	31 785 732
Foreign Currency Translation Reserve	18	1 609 215 208	1 623 939 439	51 967 059	65 659 316
Amounts Awaiting Allotment	17	3 580 002 465	3 634 869 259	100 000 000	130 500 000
Preference share capital	21	1 066 708 686	1 066 708 686	38 283 003	38 283 003
Fair value reserve	20	1 001 007 190	590 964 067	508 142 136	98 124 717
Revaluation Reserve	19	479 814 094	234 895 624	297 282 774	52 364 305
Retained profit/(loss)		(4 362 724 199)	(3 967 534 826)	1 750 287 060	187 721 557
Equity attributable to parent owners of the Group		**4 587 328 174**	**4 071 331 463**	**2 929 917 730**	**604 503 911**
Non-controlling interest in equity		**297 676 521**	**250 690 181**	**70 001 386**	**22 725 700**
Total shareholders' equity		**4 885 004 695**	**4 322 021 644**	**2 999 919 116**	**627 229 611**
Total equity and liabilities		**5 633 638 695**	**5 855 981 921**	**3 748 601 017**	**969 188 999**

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

Joseph Mutizwa
(Chairman of the Board)
Date: 17 March 2021

Thomas Z. Sakala
(Chief Executive Officer)
Date: 17 March 2021

Consolidated Statement of **Profit or Loss and other Comprehensive Income**

FOR THE YEAR ENDED 31 DECEMBER 2020

		Inflation Adjusted		Historical	
		31 Dec 2020	**31 Dec 2019**	**31 Dec 2020**	**31 Dec 2019**
	Note	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Interest and related income	25.1	45 689 364	315 736 080	25 569 380	23 194 706
Interest and related expense	25.2	(61 466 407)	(130 278 301)	(36 589 268)	(9 063 686)
Net interest income		(15 777 043)	185 457 779	(11 019 888)	14 131 020
Property sales		782 733 078	1 176 253	782 733 078	79 878
Cost of sales		(23 257 671)	(119 058)	(23 257 671)	(5 964)
Net proceeds from property sales		759 475 407	1 057 195	759 475 407	73 914
Fee and commission income	27	24 639 371	187 242 384	12 781 907	23 463 414
Dividend income		63 249	759 075	58 528	47 603
Revenue		**768 400 984**	**374 516 433**	**761 295 954**	**37 715 951**
Other income	29	27 578 312	31 591 098	20 451 719	4 533 239
Loan impairment (charge)/ write back		(5 174 220)	7 855 841	(2 468 564)	1 751 270
Fair value gain/ (loss) on investment property	13,30	858 334 824	806 757 042	858 334 824	179 846 994
Net gain / (loss) on financial assets at fair value through profit or loss	6,28	33 985 087	1 518 021	23 512 029	338 406
Net foreign exchange gain	31	98 048 500	67 880 801	64 991 107	7 070 553
Operating expenses	32	(274 712 751)	(490 778 611)	(186 216 407)	(40 488 018)
Interest expense on lease liabity		(8 022)	(2 893)	(4 776)	(645)
Profit on disposal of Available for Sale Financial Asset		11 293 749	-	10 502 205	-
Share of profit/(loss)of associate		948 123	(1 708 116)	567 938	(116 050)
Profit for the year before taxation		**1 518 694 586**	**797 629 616**	**1 550 966 029**	**190 651 700**
Income tax credit	33	(95 101)	(24 829)	(46 510)	(5 535)
Profit for the year		**1 518 599 485**	**797 604 787**	**1 550 919 519**	**190 646 165**
Loss on net monetary position		(1 926 730 459)	(4 684 115 236)	-	-
(Loss)/profit for the period		**(408 130 974)**	**(3 886 510 449)**	**1 550 919 519**	**190 646 165**
Other comprehensive income					
Items that may be reclassified to profit and loss					
Share of profit of associate		-	104 005	-	7 066
Net fair value gain/ (loss) on financial assets at fair value through other comprehensive income		409 676 374	407 214 191	409 676 374	90 778 567
Tax relating to components of other comprehensive income		-	-	-	-
Effects of change in functional currency on available for sale financial assets		-	166 154 658	-	6 714 676
Revaluation Surplus on land and buildings		290 488 928	281 353 247	290 488 928	62 720 910
Effects of change in functional currency on all asssets and liabilities		-	-	-	-
Other comprehensive income for the year net of tax		**700 165 302**	**854 826 101**	**700 165 302**	**160 221 219**
Total comprehensive profit/ (loss) for the year		**292 034 328**	**(3 031 684 348)**	**2 251 084 821**	**350 867 384**
(Loss)/profit for the year attributable to:					
Equity holders of the parent entity		(408 942 598)	(3 887 897 675)	1 549 776 199	190 551 919
Non-controlling interest		811 624	1 387 226	1 143 320	94 246
		(408 130 974)	**(3 886 510 449)**	**1 550 919 519**	**190 646 165**
Total comprehensive Profit/ (loss) attributable to:					
Equity holders of the parent entity		245 652 245	(3 079 529 198)	2 204 371 041	340 416 534
Non-controlling interest		46 382 083	47 844 850	46 713 780	10 450 850
Profit/(loss)		**292 034 328**	**(3 031 684 348)**	**2 251 084 821**	**350 867 384**
(Loss)/profit per share attributable to the equity holders of the Bank during the year (expressed in ZWL cents per share)					
Basic earnings per share					
From (loss)/profit for the year attributable to equity holders (ZWL cents)		(2 177)	(59 556)	8 250	2 919

Consolidated Statement of **Cash Flows**

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Inflation Adjusted		Historical	
		31 Dec 2020 ZWL	**31 Dec 2019 ZWL**	**31 Dec 2020 ZWL**	**31 Dec 2019 ZWL**
Cash flow from operating activities					
Profit for the year		1 518 694 585	797 629 616	1 550 966 029	190 651 700
Adjustments for:					
Depreciation	14, 16	6 432 496	15 951 356	3 265 722	1 437 785
Amortisation	15	203 665	930 300	114 476	68 101
Finance Cost		9 765	2 893	4 776	645
Profit on disposal of Available for Sale Assets		(11 293 749)	-	(10 502 205)	
Loss on disposal of Computer Hardware		565	-	565	
Loan impairment charge		5 174 220	(7 855 841)	2 468 564	(1 751 270)
Provisions and accruals		932 313	15 065 310	932 313	3 358 447
Net (gain) from translation of foreign currency balances		(98 048 500)	(67 880 801)	(64 991 107)	(7 070 553)
Discount on sale of Treasury Bills	25	39 709 946	57 664 047	23 192 085	4 022 444
Net (gain) on financial assets at fair value through profit or loss	6	(33 985 087)	(1 518 020)	(23 512 029)	(338 406)
Unrealised fair value (gain) on investment property		858 334 824	(151 502 705)	(858 334 824)	(179 846 994)
Share of (profit)/ loss of associate		(948 123)	1 708 116	(567 938)	116 050
		2 285 216 920	**660 194 271**	**623 036 427**	**10 647 949**
Changes in :					
Loans and advances to customers	9	81 143 040	1 001 679 351	(123 818 668)	(13 383 843)
Treasury bills and other financial assets		624 374 198	-	132 975 281	-
Other receivables and prepayments	10	(749 076 937)	84 974 531	(813 495 062)	(24 962 187)
Inventories	11	(216 446 561)	(993 213 764)	(185 811 616)	(14 239 069)
Deposits from customers		(59 368 424)	(696 529 759)	160 814 728	27 999 034
Other liabilities		118 360 534	(317 950 070)	166 469 508	157 123
Net cash generated/(used) in operating activities		**2 084 202 770**	**(260 845 440)**	**(39 829 402)**	**(13 780 993)**
Cash flow from investing activities					
Acquisition of property and equipment	14	(7 469 276)	(30 860 513)	(5 668 287)	(2 276 526)
Disposal of Available For Sale Assets		12 327 630	-	11 463 625	
Disposal of Treasury Bills			4 782 133 214	-	7 927 777
Additions of intangible assets	15		(426 859)		(19 000)
Acquisition of financial assets at fair value through other comprehensive income	7	(42 106 379)	-	(22 240 650)	
Proceeds from sale of investment property		128 858	1 176 253	128 858	123 119
Acquisition of investment property		(1 391 261)	(79 310 446)	464 341	(5 598 147)
Dividents received		63 249	-	58 528	-
Net cash (used)/generated in investing activities		**(38 447 179)**	**4 672 711 649**	**(15 793 585)**	**157 223**
Cash flow from financing activities					
Payment of dividends		-	-	-	-
Repayment of foreign lines of credit		-	-	-	-
Repayment of lease liabilities		-	-	-	-
Proceeds from issue of bonds		288 606 976	16 687 163	288 606 976	3 720 000
Decrease in Local lines of credit and bonds		(842 537 365)	(8 164 046 516)	(175 606 255)	(44 696 625)
Repayment of bonds		(18 211 780)	(262 979 557)	(12 530 938)	(29 810 488)
Rights issue	17	201 289 304	12 579 516	119 104 685	500 000
Net cash (used)/generated from financing activities		**(370 852 865)**	**(8 397 759 394)**	**219 574 468**	**(70 287 113)**
Inflation effect on cash and cash equivalent		(2 194 256 967)	-	-	-
Net increase in cash and cash equivalents		(519 354 241)	(3 985 893 185)	163 951 481	(83 910 883)
Cash and cash equivalents at the beginning of the year		879 331 421	4 865 224 606	196 025 699	279 936 582
Cash and cash equivalents at end of the year	5	**359 977 180**	**879 331 421**	**359 977 180**	**196 025 699**

Consolidated Statement of **Changes In Equity**

FOR THE YEAR ENDED 31 DECEMBER 2020

Inflation Adjusted	**Ordinary share capital ZWL**	**Share premium ZWL**	**Amounts Awaiting allotment ZWL**	**Foreign Currency Translation Reserve ZWL**	**Preference share capital ZWL**	**Fair value Reserve ZWL**	**Revaluation Reserve ZWL**	**Accumulated Losses ZWL**	**Total before non-controlling interest ZWL**	**Non controlling interest ZWL**	**Total equity ZWL**
Balance as at 1 January 2019	**1 818 975**	**885 670 239**	**3 622 289 743**	**(7 150 316)**	**1 066 708 686**	**17 595 218**	**-**	**(79 785 419)**	**5 507 147 126**	**176 139 634**	**5 683 286 760**
Changes in accounting policy (IFRS 16)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**148 269**	**148 269**	**-**	**148 269**
Restated Balance as at 1 January 2019	**1 818 975**	**885 670 239**	**3 622 289 743**	**(7 150 316)**	**1 066 708 686**	**17 595 218**	**-**	**(79 637 150)**	**5 507 295 395**	**176 139 634**	**5 683 435 029**
Effects of change in functional currency	-	-	-	1 631 089 755	-	-	-	-	1 631 089 755	26 705 697	1 657 795 452
Exchange gain on financial assets at FVOCI	-	-	-	-	-	-	-	-			
(effects of changes in functional currency)	-	-	-	-	-	166 154 658	-	-	166 154 658	-	166 154 658
Revaluation of Property, Plant and Equipment	-	-	-	-	-	-	234 895 624	-	234 895 624	46 457 622	281 353 246
Rights issue awaiting allotment	-	-	12 579 516	-	-	-	-	-	12 579 516	-	12 579 516
Net fair value gain on financial assets at fair value	-	-	-	-	-	407 214 191	-	-	407 214 191	-	407 214 191
Profit for the year	-	-	-	-	-	-	-	(3 887 897 676)	(3 887 897 676)	1 387 228	(3 886 510 444)
Balance as at 31 December 2019	**1 818 975**	**885 670 239**	**3 634 869 259**	**1 623 939 439**	**1 066 708 686**	**590 964 067**	**234 895 624**	**(3 967 534 826)**	**4 071 331 463**	**250 690 181**	**4 322 021 644**
Profit for the period	-	-	-	-	-	-	-	(408 942 598)	(408 942 598)	811 624	(408 130 974)
Transfer from FCTR to Retained Earnings	-	-	-	-	-	-	-	-	-	-	-
on disposal of investments	-	-	-	(14 032 991)	-	-	-	14 032 991	-	-	-
Elimination of Fair Value Loss on Disposal	-	-	-	-	-	-	-	-	-	-	-
of Chengetedzai Depository Company	-	-	-	-	-	366 750	-	(366 750)	-	-	-
Transfer to NCI	-	-	-	(691 240)	-	-	-	86 984	(604 256)	604 256	-
Revaluation of Property, Plant and Equipment	-	-	-	-	-	-	244 918 470	-	244 918 470	45 570 459	290 488 929
Net fair value gain on financial assets at fair value	-	-	-	-	-	409 676 373	-	-	409 676 373	-	409 676 373
Issue of share capital	-	-	270 948 722	-	-	-	-	-	270 948 722	-	270 948 722
Allotment of shares	262 557	325 552 959	(325 815 516)	-	-	-	-	-	-	-	-
Balance as at 31 December 2020	**2 081 532**	**1 211 223 198**	**3 580 002 465**	**1 609 215 208**	**1 066 708 686**	**1 001 007 190**	**479 814 094**	**(4 362 724 199)**	**4 587 328 174**	**297 676 521**	**4 885 004 695**

Historical	**Ordinary share capital ZWL**	**Share premium ZWL**	**Amounts Awaiting allotment ZWL**	**Foreign Currency Translation Reserve ZWL**	**Preference share capital ZWL**	**Fair value Reserve ZWL**	**Revaluation Reserve ZWL**	**Accumulated Losses ZWL**	**Total before non-controlling interest ZWL**	**Non controlling interest ZWL**	**Total equity ZWL**
Balance as at 1 January 2019	**65 281**	**31 785 732**	**130 000 000**	**(256 617)**	**38 283 003**	**631 474**	**-**	**(2 863 414)**	**197 645 459**	**6 321 458**	**203 966 917**
Changes in accounting policy (IFRS 16)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**33 053**	**33 053**	**-**	**33 053**
Restated Balance as at 1 January 2019	**65 281**	**31 785 732**	**130 000 000**	**(256 617)**	**38 283 003**	**631 474**	**-**	**(2 830 361)**	**197 678 512**	**6 321 458**	**203 999 970**
Effects of change in functional currency	-	-	-	65 915 933	-	-	-	-	65 915 933	5 953 390	71 869 323
Exchange gain on financial assets at FVOC	-	-	-	-	-	-	-	-		-	-
l (effects of changes in functional currency)	-	-	-	-	-	6 714 676	-	-	6 714 676	-	6 714 676
Revaluation of Property, Plant and Equipment	-	-	-	-	-	-	52 364 305	-	52 364 305	10 356 605	62 720 910
Profit for the year	-	-	-	-	-	-	-	190 551 919	190 551 919	94 247	190 646 166
Rights issue awaiting allotment	-	-	500 000	-	-	-	-	-	500 000	-	500 000
Net fair value gain on financial assets at fair value	-	-	-	-	-	90 778 567	-	-	90 778 567	-	90 778 567
Balance as at 31 December 2019	**65 281**	**31 785 732**	**130 500 000**	**65 659 316**	**38 283 003**	**98 124 717**	**52 364 305**	**187 721 557**	**604 503 911**	**22 725 700**	**627 229 611**
Profit for the period	-	-	-	-	-	-	-	1 549 776 199	1 549 776 199	1 143 320	1 550 919 519
Transfer from FCTR to Retained Earnings	-	-	-	-	-	-	-	-	-	-	-
on disposal of investments	-	-	-	(13 049 462)	-	-	-	13 049 462	-	-	-
Elimination of Fair Value Loss on Disposal	-	-	-	-	-	-	-	-	-	-	-
of Chengetedzai Depository Company	-	-	-	-	-	341 045	-	(341 045)	-	-	-
Transfer to NCI	-	-	-	(642 795)	-	-	-	80 887	(561 908)	561 908	-
Revaluation of Property, Plant and Equipment	-	-	-	-	-	-	244 918 469	-	244 918 469	45 570 459	290 488 928
Net fair value gain on financial assets at fair value	-	-	-	-	-	409 676 374	-	-	409 676 374	-	409 676 374
Issue of share capital	-	-	121 604 685	-	-	-	-	-	121 604 685	-	121 604 685
Allotment of shares	122 567	151 982 118	(152 104 685)	-	-	-	-	-	-	-	-
Balance as at 31 December 2020	**187 848**	**183 767 850**	**100 000 000**	**51 967 059**	**38 283 003**	**508 142 136**	**297 282 774**	**1 750 287 060**	**2 929 917 730**	**70 001 386**	**2 999 919 116**

Significant **Accounting Policies**

FOR THE YEAR ENDED 31 DECEMBER 2020

1 INFRASTRUCTURE DEVELOPMENT BANK GROUP PROFILE AND PRINCIPAL ACTIVITIES

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

The consolidated financial statements were approved by the directors on 17 March 2021.

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

These consolidated financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations and in the manner required by the Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14) and the Banking Act (Chapter 24:20) and the Companies Act (Chapter 24:03).

The financial results were prepared based on statutory records that are maintained under the historical cost basis and adjusted for the effects of applying ***IAS 29 "Financial Reporting in Hyperinflationary Economies"***. The financial statements are presented in Zimbabwe Dollars (ZWL), which is the functional currency of the Group.

Impact of inflation of financial reporting

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

Appropriate adjustments and reclassifications, including restatements for changes and general purchasing power of the Zimbabwean dollar and for the purposes of fair presentation in accordance with IAS 29, have been made in these financial statements to the historical cost financial information for the current year and prior period using the general Consumer Price Index ("CPI"). As a result, the consolidated financial statements and comparatives are stated in terms of the measuring unit current as at 31 December 2020.

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 sources of the price indices used were: Zimbabwe Statistical office from 2009 to June 2019, and trade economics from June 2019 to 31 December 2020.

Indices and Conversion factors	Indices	Movement CPI	Conversion Factors	Movement Conversion Factor
CPI as at 31 December 2020	2,474.50	1,922.87	1.00	3.49
CPI as at 31 December 2019	551.63	462.82	4.49	23.38
CPI as at 31 December 2018	88.81		27.86	

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1.1 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.

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 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.

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:
Cash generating units for impairment loss computation;
Classification of financial instruments;
Use of exchange rates;
Impairment of assets;

2 SIGNIFICANT ACCOUNTING POLICIES (continued)
2.1.1 Consolidation (continued)

Useful lives of assets;
Income taxes;
Allowances for credit losses;
Employee benefits accruals and provisions

The Bank exercised judgment in determining the onset of hyperinflation in Zimbabwe.
- The functional Currency of the Bank, its subsidiaries, joint arrangements and associates is the Currency of a hyperinflationary economy.
- Various characteristics of the economic environment in Zimbabwe are taken into account to assess whether an economy is hyperinflationary or not. These characteristics include, but are not limited to, the following:

o The general population prefer to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
o Prices are quoted in a relatively stable foreign currency;
o Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
o Interest rates, wages and prices are linked to a price index; and
o The cumulative inflation rate over three years is approaching, or exceeds, 100%.

Management exercises judgment as to when a restatement of the financial statements of a Group entity becomes necessary.

2.1.2 Application of new and revised International Financial Reporting Standards (IFRSs)
New and revised IFRSs mandatorily effective at the end of the reporting period

The accounting policies applied in the financial statements are consistent with prior years with the exception of those amended by the following accounting Standards:

Amendment	Change	Impact	Effective Date
Amendments to References to Conceptual Framework in IFRS	New 'bundles of rights' approach to assets	The old recognition thresholds are gone – a liability will be recognised if a company has no practical ability to avoid it. This may bring some liabilities on the balance sheet earlier than at present.	01 January 2020
	New 'practical ability' approach for recognising liabilities	A company will take an asset off balance sheet when it loses control over all or part of it – i.e. the focus is no longer on the transfer of risks and rewards.	
	New control-based approach to derecognition		
Definition of a Business (Amendments to IFRS 3)	Classification and narrowing of a definition of a business.	This may result in an asset acquisition of substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets.	01 January 2020
	Election to us concentration test	Narrowing the definition could result in fewer business combinations being recognised than before.	
		The amendments may require a complex assessment to decide whether a transaction is a business combination or an asset acquisition.	
Definition of Material (Amendments to IAS 1 and IAS 8)	IASB redefined the concept of materiality to align IFRS with framework. "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."	Preparers of financial statements can apply it appropriately.	01 January 2020
		Replacing the existing requirement in IAS 1 to disclose significant accounting policies with a requirement to disclose material accounting policies to clarify the threshold for disclosing information;	
	Removed the definition of material omissions or misstatements from IAS 8 Accounting Policies,Changes in Accounting Estimates and Errors.	Clarifying that accounting policies related to immaterial transactions, other events or transactions are themselves immaterial and as such need not be disclosed; and	
		Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to an entity's financial statements.	

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

All foreign exchange gains and losses are presented in the statement of profit and 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 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 that 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Consolidation (continued)

(a) Subsidiaries (continued)

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) Disposal of subsidiaries

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Consolidation (continued)

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.

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Financial assets and liabilities (continued)

2.5.2 Initial measurement of financial instruments

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

2.5.3 Day 1 profit or loss

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

2.5.4 Measurement categories of financial assets and liabilities

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

- Amortised cost,
- FVOCI; and
- FVPL.

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

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

2.5.5 Balances due from other banks, Loans and advances to customers and Financial investments at amortised cost

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

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

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

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

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Financial assets and liabilities (continued)

2.5.7 The SPPI test

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

2.5.8 Financial assets or financial liabilities held for trading

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

2.5.9 Debt instruments at FVOCI

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

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

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

2.5.10 Equity instruments at FVOCI

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

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Financial assets and liabilities (continued)

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

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Derecognition other than for substantial modification (continued)

2.8.1 Financial assets (continued)

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 LTECL s and 12mECL s 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment of financial assets (continued)

2.9.2 The calculation of ECLs (continued)

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 undr awn 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 is 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).

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Taxes (continued)

2.14.1 Income tax (continued)

(a) Current

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

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

(b) Deferred taxation

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

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

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

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

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

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.

2.15 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Inventories (continued)

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Investment property (continued)

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

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

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

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

2.18 Property and equipment

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

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

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

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

• Buildings	50 years
• Furniture and Fittings	7 years
• Motor Vehicles	5 years
• Office Equipment	5 years
• Computer Hardware and Software Equipment	3- 5 years

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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, project advisory services and related activities and comprises 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 systematic and rational basis over the useful lives of the related assets.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Revenue recognition (continued)

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 the purchase price for the property is paid and the transfer documents are dated.

2.27 Employee benefits

2.27.1 Pension scheme

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

2.27.2 Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.27.3 Short term employee benefits

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

2.28 Earnings per share

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

2.29 Dividend distribution

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

2.30 Fiduciary activities

The Group manages, on behalf of the Ministry of Finance and Economic Development, loan (and collection thereof) and fiscal funding disbursements to implementing agencies for infrastructure projects.

The assets and income arising thereon are excluded from these consolidated financial statements as they are not assets of the Group.

2.31 Critical accounting estimates and key sources of estimation uncertainty

The Group's financial position and its financial results are influenced by assumptions, estimates and management judgment, which necessarily have to be made in the course of the preparation of the financial statements.

The Group makes estimates and assumptions concerning the future. The resulting estimates will, by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of carrying a material adjustment to the carrying amount of assets and liabilities within the next financial year addressed below:

2.31.1 Impairment on loans and advances

(a) Determination of impairment allowance

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Critical accounting estimates and key sources of estimation uncertainty (continued)

2.31.1 Impairment on loans and advances (continued)

(a) Determination of impairment allowance (continued)

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 recognised 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Critical accounting estimates and key sources of estimation uncertainty (continued)

2.31.4 Fair value measurements and valuation processes (continued)

Revaluation of land and buildings and investment properties (continued)

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 38.

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 Unit 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.

3 RISK MANAGEMENT (continued)

3.2 Credit risk (continued)

Maximum exposure to credit risk before collateral held or other credit enhancement

	Inflation adjusted		Historical	
	Maximum Exposure 31 Dec 2020 ZWL	Maximum Exposure 31 Dec 2019 ZWL	Maximum Exposure 31 Dec 2020 ZWL	Maximum Exposure 31 Dec 2019 ZWL
Cash and bank balances	359 977 180	879 331 421	359 977 180	196 025 699
Treasury bills and other financial assets	7 996 488	632 370 685	7 996 488	140 971 769
Gross loans and advances to customers	185 262 214	270 692 438	185 262 214	60 344 341
Assets pledged as collateral	69 396 000	181 830 703	69 396 000	40 534 763
Other receivables and prepayments	905 291 332	156 214 396	847 113 255	33 618 193
	1 527 923 214	**2 120 439 643**	**1 469 745 137**	**471 494 765**
Credit risk exposure relating to off-balance sheet assets are as follows:				
Loan commitments and guarantees	35 191 126	48 331 969	35 191 126	10 774 445
Maximum exposure to credit risk	**1 563 114 340**	**2 168 771 612**	**1 504 936 263**	**482 269 210**

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	
	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
Loans and advances (including assets pledged as collateral) are summarised as follows:				
Stage 1	180 902 461	249 419 536	180 902 461	55 602 061
Stage 2	537 947	6 440 680	537 947	1 435 794
Stage 3	3 821 806	14 832 222	3 821 806	3 306 486
Gross	**185 262 214**	**270 692 438**	**185 262 214**	**60 344 341**
Less: allowance for impairment	(2 644 445)	(6 931 629)	(2 644 445)	(1 545 240)
Net	**182 617 769**	**263 760 809**	**182 617 769**	**58 799 101**

3.3 Liquidity risk

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

Management manages liquidity risk through cash flow and maturity mismatch management. They meet regularly to set and review the Group's strategies. The treasury department has the responsibility to implement and maintain a liquidity management strategy to ensure that the Group has sufficient liquidity to meet its daily liquidity obligations .

The Group has developed a comprehensive contingency liquidity plan to ensure that the Group does not get affected in case of a major market upset.

3 RISK MANAGEMENT (continued)

3.3 Liquidity risk (continued)

The Group uses the following strategies in its liquidity risk management:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers.
- Maintains a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements;
- Diversification of liabilities to achieve a stable funding base and avoid excessive reliance on any one counter party;
- Maturity mismatch limits for its cumulative funding positions; and
- Access to inter-bank markets.

Contract maturity analysis

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

Inflation Adjusted

As at 31 December 2020	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Total ZW
Assets						
Cash and bank balances	359 977 180	-	-	-	-	359 977 180
Investment securities	24 176 246	-	-	-	-	24 176 246
Financial assets at fair value through other comprehensive income	-	-	-	-	539 924 240	539 924 240
Treasury Bills and other financial assets	-	-	-	-	7 996 488	7 996 488
Loans and advances to customers	27 361 446	20 126 903	-	90 617 048	44 512 372	182 617 769
Assets pledged as collateral	-	-	-	-	69 396 000	69 396 000
Total	**411 514 872**	**20 126 903**	**-**	**90 617 048**	**661 829 100**	**1 184 087 923**
Liabilities						
Deposits from customers	81 906 930	33 213 239	240 183	-	108 620 181	223 980 533
Bonds	1 586 071	-	3 778 018	2 191 946	289 991 765	297 547 800
Local Lines of Credit	40 670 589	-	-	-	-	40 670 589
Other liabilities	-	-	-	180 209 292	-	180 209 292
Lease Liability	-	-	-	-	6 225 786	6 225 786
Total	**124 163 590**	**33 213 239**	**4 018 201**	**182 401 238**	**404 837 732**	**748 634 000**
Gap	**287 351 282**	**(13 086 336)**	**(4 018 201)**	**(91 784 190)**	**256 991 368**	**435 453 923**
Contingent liabilities:						
Loan commitments and guarantees	(35 191 126)	-	-	-	-	(35 191 126)
Total gap	**252 160 156**	**(13 086 336)**	**(4 018 201)**	**(91 784 190)**	**256 991 368**	**400 262 797**
Total cumulative gap	**252 160 156**	**239 073 820**	**235 055 619**	**143 271 429**	**400 262 797**	**-**

3 RISK MANAGEMENT (continued)

3.3 Liquidity risk (continued)

Contract maturity analysis (continued)

Historical

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

3 RISK MANAGEMENT (continued)

3.3 Liquidity risk (continued)

Contract maturity analysis (continued)

Inflation Adjusted

As at 31 December 2019	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	879 331 421	-	-	-	-	879 331 421
Investment securities	2 979 543	-	-	-	-	2 979 543
Financial assets at fair value through other comprehensive income	-	-	-	-	488 811 141	488 811 141
Treasury Bills and other financial assets	-	-	8 971 588	-	623 399 097	632 370 685
Loans and advances to customers	13 042 450	3 523 950	-	26 597 047	220 597 362	263 760 809
Assets pledged as collateral	-	-	-	-	181 830 703	181 830 703
Total	**895 353 414**	**3 523 950**	**8 971588**	**26 597 047**	**1 514 638 303**	**2 449 084 302**
Liabilities						
Deposits from customers	263 641 512	11 150 083	968 626	7 588 736	-	283 348 957
Bonds	9 254 730	12 921 216	19 751 043	12 636 244	41 754 719	96 317 952
Local Lines of Credit	1 084 437 802	-	-	-	-	1 084 437 802
Other liabilities	-	-	-	61 848 758		61 848 758
Lease Liability	-	-	-	-	8 006 808	8 006 808
Total	**1 357 334 044**	**24 071 299**	**20 719 669**	**82 073 738**	**49 761 527**	**1 533 960 277**
Gap	**(461 980 630)**	**(20 547 349)**	**(11 748 081)**	**(55 476 691)**	**1 464 876 776**	**915 124 025**
Contingent liabilities:						
Loan commitments	(48 331 974)	-	-	-	-	(48 331 974)
Guarantees	-	-	-	-	-	-
Total gap	**(510 312 604)**	**(20 547 349)**	**(11 748 081)**	**(55 476 691)**	**1 464 876 776**	**866 792 051**
Total cumulative gap	**(510 312 604)**	**(530 859 953)**	**(542 608 034)**	**(598 084 725)**	**866 792 051**	**-**

3 RISK MANAGEMENT (continued)

3.3 Liquidity risk (continued)

Historical

As at 31 December 2019	**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	196 025 699	-	-	-	-	196 025 699
Investment securities	664 217	-	-	-	-	664 217
Financial assets at fair value through other comprehensive income	-	-	-	-	108 968 636	108 968 636
Treasury Bills and other financial assets	-	-	2 000 000	-	138 971 769	140 971 769
Loans and advances to customers	2 907 499	785 580	-	5 929 169	49 176 853	58 799 101
Assets pledged as collateral					40 534 763	40 534 763
Total	**199 597 415**	**785 580**	**2 000 000**	**5 929 169**	**337 652 021**	**545 964 185**
Liabilities						
Deposits from customers	58 772 507	2 485 642	215 932	1 691 724		63 165 805
Bonds	2 063 118	2 880 473	4 403 018	2 816 946 -	9 308 206	21 471 761
Local Lines of Credit	241 749 212					241 749 212
Other liabilities	-	-	-	13 787 686	1 784 924	15 572 610
Total	**302 584 837**	**5 366 115**	**4 618 950**	**18 296 356**	**11 093 130**	**341 959 388**
Gap	**(102 987 422)**	**(4 580 535)**	**(2 618 950)**	**(12 367 187)**	**326 558 891**	**204 004 797**
Contingent liabilities:						
Loan commitments and guarantees	(10 774 446)	-	-	-	-	(10 774 446)
Total gap	**(113 761 868)**	**(4 580 535)**	**(2 618 950)**	**(12 367 187)**	**326 558 891**	**193 230 351**
Total cumulative gap	**(113 761 868)**	**(118 342 403)**	**(120 961 353)**	**(133 328 540)**	**193 230 351**	**-**

3 RISK MANAGEMENT (continued)

3.4.1 Interest rate repricing gap analysis

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

Interest rate repricing gap analysis

Inflation Adjusted

	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Non interest bearing ZWL	Total ZWL
As at 31 December 2020							
Assets							
Cash and bank balances	359 977 180	-	-	-	-	-	359 977 180
Investment securities	-	-	-	-	-	24 176 246	24 176 246
Loans and advances to customers	27 361 446	20 126 903	-	90 617 048	44 512 372	-	182 617 769
Financial assets at fair value through other comprehensive income	-	-	-	-	-	539 924 240	539 924 240
Treasury bills and other financial assets	-	-	-	-	7 996 488	-	7 996 488
Non-current assets held for sale	-	-	-	-	-	-	-
Trading assets pledged as collateral					69 396 000		69 396 000
Total assets	**387 338 626**	**20 126 903**	**-**	**90 617 048**	**121 904 860**	**564 100 486**	**1 184 087 923**
Equity and liabilities							
Deposits from customers	81 906 930	33 213 239	240 183	-	108 620 181	-	223 980 533
Bonds	1 586 071	-	3 778 018	2 191 946	289 991 765	-	297 547 800
Local lines of credit	40 670 589	-	-	-	-	-	40 670 589
Lease Liability-Buildings	-	-	-	-	6 225 786		6 225 786
Other liabilities	-	-	-	-	-	180 209 292	180 209 292
Total equity and liabilities	**124 163 590**	**33 213 239**	**4 018 201**	**2 191 946**	**404 837 732**	**180 209 292**	**748 634 000**
Total interest repricing gap	**263 175 036**	**(13 086 336)**	**(4 018 201)**	**88 425 102**	**(282 932 872)**	**383 891 194**	**435 453 923**
Total cumulative gap	**263 175 036**	**250 088 700**	**246 070 499**	**334 495 601**	**51 562 729**	**435 453 923**	**-**

3 RISK MANAGEMENT (continued)

3.4.1 Interest rate repricing gap analysis (continued)

	Historical						
	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Non interest bearing ZWL	Total ZWL
As at 31 December 2020							
Assets							
Cash and bank balances	359 977 180	-	-	-	-	-	359 977 180
Investment securities	-	-	-	-	-	24 176 246	24 176 246
Loans and advances to customers	27 361 446	20 126 903	-	90 617 048	44 512 372	-	182 617 769
Financial assets at fair value through other comprehensive income	-	-	-	-	-	539 924 240	539 924 240
Treasury bills and other financial assets	-	-	-	-	7 996 488	-	7 996 488
Non-current assets held for sale	-	-	-	-	-	-	-
Trading assets pledged as collateral	-	-	-	-	69 396 000	-	69 396 000
Total assets	**387 338 626**	**20 126 903**	**-**	**90 617 048**	**121 904 860**	**564 100 486**	**1 184 087 923**
Equity and liabilities							
Deposits from customers	81 906 930	33 213 239	240 183	-	108 620 181	-	223 980 533
Bonds	1 586 071	-	3 778 018	2 191 946	289 991 765	-	297 547 800
Local lines of credit	40 670 589						40 670 589
Lease Liability					6 225 786		6 225 786
Other liabilities	-	-	-	-	-	180 257 193	180 257 193
Total equity and liabilities	**124 163 590**	**33 213 239**	**4 018 201**	**2 191 946**	**404 837 732**	**180 257 193**	**748 681 901**
Total interest repricing gap	**263 175 036**	**(13 086 336)**	**(4 018 201)**	**88 425 102**	**(282 932 872)**	**383 843 293**	**435 406 022**
Total cumulative gap	**263 175 036**	**250 088 700**	**246 070 499**	**334 495 601**	**51 562 729**	**435 406 022**	**-**

3 RISK MANAGEMENT (continued)

3.4.1 Interest rate repricing gap analysis (continued)

Inflation Adjusted

	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Non interest bearing ZWL	Total ZWL
As at 31 December 2019							
Assets							
Cash and bank balances	879 331 421	-	-	-	-	-	879 331 421
Investment securities	-	-	-	-	-	2 979 543	2 979 543
Loans and advances to customers	13 042 450	3 523 950	-	26 597 047	220 597 362	-	263 760 809
Financial assets at fair value through other comprehensive income	-	-	-	-	-	488 811 141	488 811 141
Treasury bills and other financial assets	-	-	8 971 594	-	623 399 091	-	632 370 685
Non-current assets held for sale	-	-	-	-	-	-	-
Trading assets pledged as collateral	-	-	-	-	181 830 703	-	181 830 703
Total assets	**892 373 871**	**3 523 950**	**8 971 594**	**26 597 047**	**1 025 827 156**	**491 790 684**	**2 449 084 302**
Equity and liabilities							
Deposits from customers	263 641 512	18 738 813	968 632	-	-	-	283 348 957
Bonds	9 254 730	12 921 216	19 751 043	12 636 249	41 754 714	-	96 317 952
Local Lines of Credit	1 084 437 802						1 084 437 802
Other liabilities	-	-	-	-	-	61 848 758	61 848 758
Lease Liability	-	-	-	-	8 006 808	-	8 006 808
Total equity and liabilities	**1 357 334 044**	**31 660 029**	**20 719 675**	**12 636 249**	**49 761 522**	**61 848 758**	**1 533 960 277**
Total interest repricing gap	**(464 960 173)**	**(28 136 079)**	**(11 748 081)**	**13 960 798**	**976 065 634**	**429 941 926**	**915 124 025**
Total cumulative gap	**(464 960 173)**	**(493 096 252)**	**(504 844 333)**	**(490 883 535)**	**485 182 099**	**915 124 025**	**-**

3 RISK MANAGEMENT (continued)

3.4.1 Interest rate repricing gap analysis (continued)

Historical

	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Non interest bearing ZWL	Total ZWL
As at 31 December 2019							
Assets							
Cash and bank balances	196 025 699	-	-	-	-	-	196 025 699
Investment securities	-	-	-	-	-	664 217	664 217
Loans and advances to customers	2 907 499	785 580	-	5 929 169	49 176 853	-	58 799 101
Financial assets at fair value through other comprehensive income	-	-	-	-	-	108 968 636	108 968 636
Treasury bills and other financial assets	-	-	2 000 000	-	138 971 769	-	140 971 769
Non-current assets held for sale	-	-	-	-	-	-	-
Trading assets pledged as collateral	-	-	-	-	40 534 763	-	40 534 763
Total assets	**198 933 198**	**785 580**	**2 000 000**	**5 929 169**	**228 683 385**	**109 632 853**	**545 964 185**
Equity and liabilities	58 772,507	4 177 366	215 932	-	-	-	63 165 805
Deposits from customers	2 063 118	2 880 473	4 403 018	2 816 946	9 308 206	-	21 471 761
Bonds	241 749 212	-	-	-	-	-	241 749 212
Lease Liability -Buildings					1 784 924		1 784 924
Other liabilities	-	-	-	-	-	13 787 686	13 787 686
Total equity and liabilities	**302 584 837**	**7 057 839**	**4 618 950**	**2 816 946**	**11 093 130**	**13 787 686**	**341 959 388**
Total interest repricing gap	**(103 651 639)**	**(6 272 259)**	**(2 618 950)**	**3 112 223**	**217 590 255**	**95 845 167**	**204 004 797**
Total cumulative gap	**(103 651 639)**	**(109 923 898)**	**(112 542 848)**	**(109 430 625)**	**108 159 630**	**204 004 797**	**-**

3.4.2 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**	
Interest rate change	**Effect on profit for the year 2020 ZWL**	**Effect on profit for the year 2019 ZWL**	**Effect on profit for the year 2020 ZWL**	**Effect on profit for the year 2019 ZWL**
5% increase / (decrease)	2 614 142	5 202 337	1 278 469	1 159 735
10% increase / (decrease)	5 228 284	10 404 673	2 556 938	2 319 471

3.4.3 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.

3 RISK MANAGEMENT (continued)

3.4.3 Foreign exchange risk

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

Inflation Adjusted

	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
As at 31 December 2020							
Assets							
Cash and bank balances	271 021 909	88 305 239	317 342	6 288	197 512	128 890	359 977 180
Investment securities	24 176 246	-	-	-	-	-	24 176 246
Loans and advances to customers	182 617 769	-	-	-	-	-	182 617 769
Treasury bills and other financial assets	7 996 488	-	-	-	-	-	7 996 488
Assets Pledged as collateral	69 396 000	-	-	-	-	-	69 396 000
Financial assets at fair value through other comprehensive income	539 924 240	-	-	-	-	-	539 924 240
Other receivables and prepayments	905 291 332	-	-	-	-	-	905 291 332
	2 000 423 984	**88 305 239**	**317 342**	**6 288**	**197 512**	**128 890**	**2 089 379 255**
Equity and liabilities							
Deposits from customers	223 754 815	201 255	21 550	-	-	2 913	223 980 533
Bonds	297 547 800	-	-	-	-	-	297 547 800
Local lines of credit	40 670 589	-	-	-	-	-	40 670 589
Lease Liability	6 225 786	-	-	-	-	-	6 225 786
Other liabilities	180 209 292	-	-	-	-	-	180 209 292
	748 408 282	**201 255**	**21 550**	**-**	**-**	**2 913**	**748 634 000**
Net foreign exchange position	**1 252 015 702**	**88 103 984**	**295 792**	**6 288**	**197 512**	**(125 977)**	**1 340 745 255**

3 RISK MANAGEMENT (continued)

3.4.3 Foreign exchange risk (continued)

Historical

	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
As at 31 December 2020							
Cash and bank balances	271 021 909	88 305 239	317 342	6 288	197 512	128 890	359 977 180
Investment securities	24 176 246	-	-	-	-	-	24 176 246
Loans and advances to customers	182 617 769	-	-	-	-	-	182 617 769
Treasury bills and other financial assets	7 996 488	-	-	-	-	-	7 996 488
Financial assets at fair value through other comprehensive income	539 924 240	-	-	-	-	-	539 924 240
Other receivables and prepayments	847 113 255	-	-	-	-	-	847 113 255
	1 872 849 907	**88 305 239**	**317 342**	**6 288**	**197 512**	**128 890**	**1 961 805 178**
Equity and liabilities							
Deposits from customers	211 585 418	12 275 676	114 018	-	-	5 421	223 980 533
Bonds	6 093 156	291 454 644	-	-	-	-	297 547 800
Local lines of credit	40 670 589	-	-	-	-	-	40 670 589
Lease Liability	6 225 786	-	-	-	-	-	6 225 786
Other liabilities	180 257 193	-	-	-	-	-	180 257 193
	444 832 142	**303 730 320**	**114 018**	**-**	**-**	**5 421**	**748 681 901**
Net foreign exchange position	**1 428 017 765**	**(215 425 081)**	**203 324**	**6 288**	**197 512**	**123 469**	**1 213 123 277**

3 RISK MANAGEMENT (continued)

3.4.3 Foreign exchange risk (continued)

Inflation Adjusted

As at 31 December 2019

	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
Assets							
Cash and bank balances	835 976 383	39 685 580	1 099 989	5 856	278 804	2 284 809	879 331 421
Investment securities	2 979 543	-	-	-	-	-	2 979 543
Loans and advances to customers	263 760 809	-	-	-	-	-	263 760 809
Treasury bills and other financial assets	632 370 685	-	-	-	-	-	632 370 685
Assets pledged as collateral	181 830 703	-	-	-	-	-	181 830 703
Financial assets at fair value through other comprehensive income	488 811 141	-	-	-	-	-	488 811 141
Other receivables and prepayments	156 214 396	-	-	-	-	-	156 214 396
	2 561 943 660	**39 685 580**	**1 099 989**	**5 856**	**278 804**	**2 284 809**	**2 605 298 698**
Equity and liabilities							
Deposits from customers	282 336 430	902 792	96 669	-	-	13 066	283 348 957
Bonds	96 317 952	-	-	-	-	-	96 317 952
Local lines of credit	1 084 437 802	-	-	-	-	-	1 084 437 802
Lease Liability	8 006 808	-	-	-	-	-	8 006 808
Other liabilities	61 848 758	-	-	-	-	-	61 848 758
	1 532 947 750	**902 792**	**96 669**	**-**	**-**	**13 066**	**1 533 960 277**
Net foreign exchange position	**1 028 995 910**	**38 782 788**	**1 003 320**	**5 856**	**278 804**	**2 271 743**	**1 071 338 421**

3 RISK MANAGEMENT (continued)

3.4.3 Foreign exchange risk (continued)

Historical

As at 31 December 2019

	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
Assets							
Cash and bank balances	186 360 740	8 846 941	245 216	1 305	62 153	509 344	196 025 699
Investment securities	664 217	-	-	-	-	-	664 217
Loans and advances to customers	58 799 101	-	-	-	-	-	58 799 101
Treasury bills and other financial assets	140 971 769	-	-	-	-	-	140 971 769
Assets pledged as collateral	40 534 763	-	-	-	-	-	40 534 763
Financial assets at fair value through other comprehensive income	108 968 636	-	-	-	-	-	108 968 636
Other receivables and prepayments	33 618 193	-	-	-	-	-	33 618 193
	569 917 419	**8 846 941**	**245 216**	**1 305**	**62 153**	**509 344**	**579 582 378**
Equity and liabilities							
Deposits from customers	62 940 087	201 255	21 550	-	-	2,913	63 165 805
Bonds	21 471 761	-	-	-	-	-	21 471 761
Local lines of credit	241 749 212	-	-	-	-	-	241 749 212
Lease Liability	1 784 924	-	-	-	-	-	1 784 924
Other liabilities	13 787 686	-	-	-	-	-	13 787 686
	341 733 670	**201 255**	**21 550**	**-**	**-**	**2 913**	**341 959 388**
Net foreign exchange position	**228 183 749**	**8 645 686**	**223 666**	**1 305**	**62 153**	**506 431**	**237 622 990**

The Group had no off statement of financial position foreign currency exposure as at 31 December 2020 (31 December 2019 - ZWLnil).

Foreign exchange risk
The table below indicates the extent to which the Group is exposed to foreign exchange risk as at 31 December 2020.

Exchange rate change	**Inflation Adjusted** Effect on profit for the year 2020 ZWL	**Inflation Adjusted** Effect on profit for the year 2019 ZWL	**Historical** Effect on profit for the year 2020 ZWL	**Historical** Effect on profit for the year 2019 ZWL
5% appreciation/(depreciation)	8 434 954	1 716 785	4 125 188	382 716
10% appreciation/(depreciation)	16 869 909	3 433 571	8 250 377	765 432

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 2020.

At 31 December 2020	Inflation Adjusted Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Historical Level 1 ZWL	Level 2 ZWL	Level 3 ZWL
Investment securities	24 176 246	-	-	24 176 246	-	-
Financial assets at fair value through other comprehensive income	-	-	539 924 240	-	-	539 924 240
Total assets	**24 176 246**	**-**	**539 924 240**	**24 176 246**	**-**	**539 924 240**
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**

At 31 December 2019	Inflation Adjusted Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Historical Level 1 ZWL	Level 2 ZWL	Level 3 ZWL
Investment securities	2 979 543	-	-	664 217	-	-
Financial assets at fair value through other comprehensive income	-	-	488 811 141	-	-	108 968 636
Total assets	**2 979 543**	**-**	**488 811 141**	**664 217**	**-**	**108 968 636**
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.

Inflation adjusted

Financial assets :	Carrying value 31 Dec 2020 ZWL	Fair value 31 Dec 2020 ZWL	Carrying value 31 Dec 2019 ZWL	Fair value 31 Dec 2019 ZWL
Treasury bills and other financial assets	7 996 488	7 996 488	632 370 685	632 370 685
Loans and advances to customers	182 617 769	182 617 769	263 760 809	263 760 809
Assets pledged as collateral	69 396 000	69 396 000	181 830 703	181 830 703
Financial liabilities:				
Deposits from customers	223 980 533	223 980 533	283 348 957	283 348 957
Bonds and local Lines of credit	338 218 389	338 218 389	1 180 755 754	1 180 755 754

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

Historical

Financial assets :	Carrying value 31 Dec 2020 ZWL	Fair value 31 Dec 2020 ZWL	Carrying value 31 Dec 2019 ZWL	Fair value 31 Dec 2019 ZWL
Treasury bills and other financial assets	7 996 488	7 996 488	140 971 769	140 971 769
Loans and advances to customers	182 617 769	182 617 769	58 799 101	58 799 101
Assets pledged as collateral	69 396 000	69 396 000	40 534 763	40 534 763
Financial liabilities:				
Deposits from customers	223 980 533	223 980 533	63 165 805	63 165 805
Bonds and local Lines of credit	338 218 389	338 218 389	263 220 973	263 220 973

4 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES (continued)

4.1.2 Financial instruments not measured at fair value (continued)

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

(a) Loans and advances to customers

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

(b) Deposits from customers

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

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.

4 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES (continued)

4.2 Impairment losses on financial assets(continued)

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

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

	Inflation adjusted		Historical	
	31 Dec 2020	**31 Dec 2019**	**31 Dec 2020**	**31 Dec 2019**
5 CASH AND BANK BALANCES	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Cash on hand	46 485 269	2 239 879	46 485 269	499 327
Balances with banks	313 491 911	877 091 542	313 491 911	195 526 372
	359 977 180	**879 331 421**	**359 977 180**	**196 025 699**
Balances with banks				
Balance with the Central Bank	88 824 958	81 107 294	88 824 958	18 080 912
Bank Deposits	220 121 092	40 075 074	220 121 092	8 933 770
Placements with other banks	4 545 861	755 909 174	4 545 861	168 511 690
Net Placements due	**313 491 911**	**877 091 542**	**313 491 911**	**195 526 372**

	Inflation adjusted		Historical	
6 INVESTMENT SECURITIES	**31 Dec 2020**	**31 Dec 2019**	**31 Dec 2020**	**31 Dec 2019**
	ZWL	**ZWL**	**ZWL**	**ZWL**
At 1 January	2 979 543	8 750 744	664 217	314 054
Additions	-	61 482		11 757
Net gain through profit or loss	33 985 087	1 518 020	23 512 029	338 406
Loss on net monetary position	(12 788 384)	(7 350 703)		
At 31 December	**24 176 246**	**(2 979 543)**	**24 176 246**	**664 217**

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	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	ZWL	ZWL	ZWL Restated	ZWL
At 1 January	488 811 141	196 804 344	108 968 636	7 063 092
Additions	42 106 379	84 009 279	22 240 650	4 412 301
Disposals	(1 033 881)		(961 420)	
Change in functional currency as at 21 February	-	166 154 670	-	6 714 676
Net fair value gains on financial assets at fair value through other comprehensive income	409 676 374	407 214 191	409 676 374	90 778 567
Loss on net monetary position	(399 635 773)	(365 371 343)	-	-
At 31 December	**539 924 240**	**488 811 141**	**539 924 240**	**108 968 636**

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

	Inflation adjusted		Historical	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	ZWL	ZWL	ZWL	ZWL
Unlisted securities:				
Equity securities - Zimbabwe	28 173 047	31 395 826	28 173 047	6 998 941
Equity securities - Botswana	511 751 193	457 415 315	511 751 193	101 969 695
	539 924 240	**488 811 141**	**539 924 240**	**108 968 636**

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

8 TREASURY BILLS AND OTHER FINANCIAL ASSETS

	Inflation adjusted		Historical	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	ZWL	ZWL	ZWL	ZWL
Treasury bills as substitution for debt instruments	1 430 404	35 215 697	1 430 404	7 850 489
Capitalisation Treasury Bills	570 034	563 741 220	570 034	125 672 487
Treasury bills acquired from the market	-	20 186 085	-	4 500 000
Accrued Interest	5 996 050	13 227 683	5 996 050	2 948 793
	7 996 488	**632 370 685**	**7 996 488**	**140 971 769**

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		Inflation adjusted	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	ZWL	ZWL	ZWL	ZWL
Treasury bills	69 396 000	181 830 703	78 672 056	626 776 079
Current	**69 396 000**	**181 830 703**	**78 672 056**	**626 776 079**

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.

	Inflation Adjusted		Historical	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
9 LOANS AND ADVANCES TO CUSTOMERS	ZWL	ZWL	ZWL	ZWL
Individual				
- term loans and mortgages	159 496 255	50 347 007	159 496 255	11 223 649
Corporate				
- corporate customers	25 765 959	220 345 431	25 765 959	49 120 692
Gross loans and advances to customers	185 262 214	270 692 438	185 262 214	60 344 341
Less: allowance for impairment (Note 9.1.2)	(2 644 445)	(6 931 629)	(2 644 445)	(1 545 240)
Net loans and advances to customers	**182 617 769**	**263 760 809**	**182 617 769**	**58 799 101**
Current	138 105 398	43 163 447	138 105 398	9 622 248
Non-current	44 512 371	220 597 362	44 512 371	49 176 853
	182 617 769	**263 760 809**	**182 617 769**	**58 799 101**
9.1 Loan impairment charge				
Stage 1 - 12 Month Expected Credit Loss Allowance charge	70 630	2 475 769	70 630	551 913
Stage 2 - Lifetime Expected Credit loss Allowance not credit impaired	-	18 063	-	4 027
Stage 3 - Lifetime Expected Credit Loss Allowance credit impaired	2 573 815	4 437 797	2 573 815	989 300
Net loan impairment loss	**2 644 445**	**6 931 629**	**2 644 445**	**1 545 240**

9.1.1 Maturity analysis of loans and advances to customers

	Inflation Adjusted		Historical	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	ZWL	ZWL	ZWL	ZWL
Up to one month	27 361 446	13 042 450	27 361 446	2 907 499
Up to three months	20 126 903	3 523 950	20 126 903	785 580
Up to one year	90 617 048	26 597 047	90 617 048	5 929 169
Up to 3 years	32 674 194	29 635 779	32 674 194	6 606 581
Up to 5 years	440 167	4 533 795	440 167	1 010 700
Later than 5 years	11 398 011	186 427 788	11 398 011	41 559 572
	182 617 769	**263 760 809**	**182 617 769**	**58 799 101**

Inflation Adjusted

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

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

9 LOANS AND ADVANCES TO CUSTOMERS

Analysis of ECL in relation to loans and advances as at 31 Dec 2019

	Stage1	Stage 2	Stage 3	Total
Loans and advances subject to Stage 1:12 month ECL	249 419 538	-	-	249 419 538
Loans and advances subject to Stage 2: Life ECL not credit impaired	-	6 440 680	-	6 440 680
Loans and advances subject to Stage 3: Life ECL credit impaired	-	-	14 832 220	14 832 220
Gross loans and advances	**249 419 538**	**6 440 680**	**14 832 220**	**270 692 438**
Less Impairment allowances				
Stage 1:12 month ECL	(2 475 769)	-	-	(2 475 769)
Stage 2:Life ECL not credit impaired	-	(18 063)	-	(18 063)
Stage 3:Life ECL credit impaired	-	-	(4 437 797)	(4 437 797)
Net Loans and advances to client	**246 943 769**	**6 422 617**	**10 394 423**	**263 760 809**

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

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

Analysis of ECL in relation to loans and advances as at 31 December 2019

	Stage1	Stage 2	Stage 3	Total
Loans and advances subject to Stage 1:12 month ECL	55 602 061	-	-	55 602 061
Loans and advances subject to Stage 2: Life ECL not credit impaired	-	1 435 794	-	1 435 794
Loans and advances subject to Stage 3: Life ECL credit impaired			3 306 486	3 306 486
Gross loans and advances	**55 602 061**	**1 435 794**	**3 306 486**	**60 344 341**
Less Impairment allowances				
Stage 1:12 month ECL	(551 913)			(551 913)
Stage 2:Life ECL not credit impaired		(4 027)		(4 027)
Stage 3:Life ECL credit impaired			(989 300)	(989 300)
Net Loans and advances to client	**55 050 148**	**1 431 767**	**2 317 186**	**58 799 101**

9 LOANS AND ADVANCES TO CUSTOMERS

9.1.3 Sectorial analysis of loans and advances to customers

	Inflation adjusted				Historical			
	Percentage (%)	31 Dec 2020 ZWL	Percentage (%)	31 Dec 2019 ZWL	Percentage (%)	31 Dec 2020 ZWL	Percentage (%)	31 Dec 2019 ZWL
Manufacturing	0%	475 868	3%	9 324 244	0%	475 868	3%	2 078 615
Retail	0%	25 000	0%	234 248	0%	25 000	0%	52 220
Agro processing	3%	5 799 399	12%	33 717 601	3%	5 799 399	12%	7 516 525
Financial Services	0%	35 629	5%	13 686 545	0%	35 629	5%	3 051 085
Transport	0%	-	1%	2 401 364	0%	-	1%	535 326
Construction	1%	1 893 149	1%	3 426 706	1%	1 893 149	1%	763 901
Energy	4%	7 812 851	0%	-	4%	7 812 851	0%	-
Mortgages	82%	151 497 673	8%	20 312 592	82%	151 497 673	8%	4 528 202
Individuals and other services	10%	17 722 645	70%	187 589 138	10%	17 722 645	70%	41 818 467
Gross value of loans and advances	**100%**	**185 262 214**	**100%**	**270 692 438**	**100%**	**185 262 214**	**100%**	**60 344 341**
Less allowance for impairment		(2 644 445)		(6 931 629)		(2 644 445)		(1 545 240)
		182 617 769		**263 760 809**		**182 617 769**		**58 799 101**

10 OTHER RECEIVABLES AND PREPAYMENTS

	Inflation adjusted 31 Dec 2020 ZWL	Inflation adjusted 31 Dec 2019 ZWL	Historical 31 Dec 2020 ZWL	Historical 31 Dec 2019 ZWL
Receivables	819 767 391	113 581 456	819 767 391	25 320 241
Impairment Loss	(1 585 230)	(887 988)	(1 585 230)	(197 956)
Net receivables	**818 182 161**	**112 693 468**	**818 182 161**	**25 122 285**
Pre-payments	87 109 171	43 520 928	28 931 094	8 495 908
	905 291 332	**156 214 396**	**847 113 255**	**33 618 193**

11 INVENTORIES

Inventory - housing units	8 448 401	8 448 401	1 651 927	325 032
Inventory - serviced stands	740 433 735	740 433 736	16 769 444	28 472 549
Work in progress	1 116 971 669	903 252 417	238 755 787	44 161 769
Consumables and materials	5 773 087	3 045 775	2 184 107	590 299
	1 871 626 892	**1 655 180 329**	**259 361 265**	**73 549 649**

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

12 INVESTMENTS IN SUBSIDIARIES, JOINT OPERATION AND ASSOCIATES

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

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

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	as at 31 Dec 2020 %	as at 31 Dec 2019 %
Waneka Properties (Private) Limited	Property development	Zimbabwe	70	70
Manellie Investments (Private) Limited	Agriculture	Zimbabwe	100	100
Norton Medical Investments (Private) Limited	Medical services	Zimbabwe	60	60
Hwange Empumalanga West Housing Project	Property development	Zimbabwe	90	90
Kariba Housing Development Project	Property development	Zimbabwe	90	90
Mazvel Investments (Private) Limited	Property development	Zimbabwe	42.83	51
Samukele Lodges	Hospitality	Zimbabwe	100	100
Changamire Inkosi	Property Investment	Zimbabwe	60	60
Special purpose entities				
Clipsham Views Housing Project	Joint Operation	Zimbabwe	83	83

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

Municipality of Kariba and IDBZ formed an unincorporated Project Vehicle named Kariba Housing Project for the sole purpose of carrying out the development and construction of offsite and onsite infrastructure of low, medium and high density suburbs in Kariba. During the year 2020 in order to address challenges in project implementation primarily arising from volatile macro economic enviroment, the Bank sold its stands to the Ministry of National Housing and Social Amenities for USD 5 556 202.

Hwange Local Board and IDBZ formed an unincorporated Project Vehicle, Empumalanga West Housing & Waste Water Treatment Plant Rehabilitation Project for the sole purposes of carrying out the development of housing stands. During the year 2020 in order to address challenges in project implementation primarily arising from volatile macro economic enviroment, the Bank sold its stands to the Ministry of National Housing and Social Amenities for USD 4 227 962.

In the year 2017 the Bank partnered a private promoter, Markaram Investments (P/L) through an incorporated project vehicle, Mazvel Investments to develop 119.2593 hectares of land into 356 low density residential stands, 1 commercial stand, 1 shopping centre, 1 institutional stand and 2 cluster homes stands. The Bank acquired a 51% shareholding in the partnership. During the period ended 2020 ,the Parties further agreed to value the Project considering improvements made and value addition done to date. This resulted in a value uplift of 17.36% based on the value of the JV Land and project preparation and development costs as of 31 July 2020, resulting in a Project Value of USD 8 500 000 (Eight Million Five Hundred Thousand United States Dollars). Resultantly IDBZ shareholding decreased by 8.17%, and Mazvel now has the majority shareholding however IDBZ still has control over Mazvel since it has majority votes on the Board and controls the relevant activities of the joint venture.

Samukele Lodges

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

Changamire Inkosi

The Bank owns a 60% shareholding in Changamire Inkosi. Changamire Inkosi owns a property in Harare which is used as a healthcare facility.

All subsidiaries have been consolidated in these financial statements.

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.

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

12.2 Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Name of subsidiary	interest and voting rights held by non-controlling interests		Inflation Adjusted Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2020	2019	2020	2019	2020	2019
	%	%	ZWL	ZWL	ZWL	ZWL
Waneka Properties (Private) Limited 30	30	1 708 794	2 196 763	3 847 832	3 002 897	
Norton Medical Investments (Private) Limited	40	40	-	(67 134)	7 172 296	7 172 296
Hwange Empumalanga West Housing Project	10	10	-	-	10 716 278	10 716 278
Kariba Housing Development Project	10	10	-	-	31 895 359	31 895 359
Mazvel Investments (Private) Limited	57.17	49	1 157 365	-	86 043 628	85 548 577
Samukele Lodges	-	-	-	-	-	-
Changamire Inkosi	40	40	(528 362)	(742 402)	157 396 871	112 354 774
Total			**2 337 797**	**1 387 227**	**297 072 264**	**250 690 181**

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.

Name of subsidiary	interest and voting rights held by non-controlling interests		Historical Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2020	2019	2020	2019	2020	2019
	%	%	ZWL	ZWL	ZWL	ZWL
Waneka Properties (Private) Limited	30	30	835 701	149 246	1 107 921	272 220
Norton Medical Investments (Private) Limited	40	40	-	(4 561)	650 187	650 187
Hwange Empumalanga West Housing Project	10	10	-	-	1 230 000	971 458
Kariba Housing Development Project	10	10	-	-	946,776	2 891 395
Mazvel Investments (Private) Limited	57.17	49	566 020	-	8 964 010	7 755 195
Samukele Lodges	100	100	-	-	-	-
Changamire Inkosi	40	40	(258 400)	(50 438)	57 183 380	10 185 245
Total			**1 143 321**	**94 247**	**70 082 274**	**22 725 700**

12.3 Carrying amount of the Investment in Associates

	ZWL	ZWL	ZWL	ZWL
Balance as at 1 January	80 143 970	81 748 111	2 824 866	2 933 850
Share of loss from associates	948 152	(1 708 116)	567 940	(116 050)
Other comprehensive income	-	103 975	-	7 066
Balance as at 31 December	**81 092 122**	**80 143 970**	**3 392 806**	**2 824 866**

	2020	2019	2020	2019
13 INVESTMENT PROPERTY	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Balance as at 1 January	1 013 834 900	441 083 436	226 010 000	15 830 000
Additions during the year	1 391 258	84 020 532	464 341	7 672 719
Disposals for the year	(1 485 489)	(1 591 606)	(218 511)	(253 163)
Reclassification of Elizabeth Park Stands to Work In Progress	(15 100 000)	-	(15 100 000)	-
Foreign Currency Translation Adjustment on change in functional currency at 21 February 2019	-	343 529 915	-	23 963 450
Net fair value on Investment Property	70 849 985	151 502 703	858 334 824	179 846 994
Loss on monetory value	(787 484 839)	(655 254 338)	-	-
Net gain/(loss) from fair value adjustment	858 334 824	806 757 041	858 334 824	179 846 994
Reclassification of BSAC previously recognised as Investment Property	-	(4 710 080)	-	(1 050 000)
Balance as at 31 December	**1 069 490 654**	**1 013 834 900**	**1 069 490 654**	**226 010 000**
Analysis by nature				
Residential Properties	205 006 292	246 404 809	205 006 292	54 930 000
Commercial and industrial properties	864 484 362	767 430 091	864 484 362	171 080 000
	1 069 490 654	**1 013 834 900**	**1 069 490 654**	**226 010 000**

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

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

Rental income	**22 597 326**	**8 784 548**	**16 022 727**	**822 265**

14 PROPERTY AND EQUIPMENT

Inflation adjusted

	Freehold Land and buildings ZWL	Computer and office equipment ZWL	Motor vehicles ZWL	Fixtures and fittings ZWL	Capital work in progress ZWL	Total ZWL
COST						
At 01 January 2019	194 248 619	50 202 679	41 148 513	29 012 374	39 009 279	353 621 464
Additions	753 369	27 202 854	-	2 904 290	-	30 860 513
Foreign Currency Translation	125 672 317	12 415 944	13 843 725	8 310 292	18 492 896	178 735 174
Revaluation gains	277 923 166	-	-	-	-	277 923 166
Disposals	(249 781 929)	(840 142)	-	-	-	(250 622 071)
At 31 December 2019	**348 815 542**	**88 981 335**	**54 992 238**	**40 226 956 -**	**57 502 175**	**590 518 246**
At 01 January 2020	**348 815 542**	**88 981 335**	**54 992 238**	**40 226 956**	**57 502 175**	**590 518 246**
Additions	60 647	7 335 283	-	73 346	-	7 469 276
Foreign Currency Translation	-	-	-	-	-	-
Revaluation gains	289 044 293	-	-	-	-	289 044 293
Loss in monetary value	(271 102 369)	-	-	-	-	(271 102 369)
Disposals	-	(2 213)	-	-	-	(2 213)
At 31 December 2020	**366 818 113**	**96 314 405**	**54 992 238 -**	**40 300 302**	**57 502 175**	**615 927 233**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 01 Janaury 2019	**13 728 646**	**33 521 087**	**22 370 509**	**18 013 313**	**15 046 434**	**102 679 989**
Charge for the year	3 127 130	5 931 666	4 441 850	1 911 681	-	15 412 327
Eliminated on Disposals	-	-	-	-	-	-
Eliminated on revaluation	(16 855 776)	-	-	-	-	(16 855 776)
Disposals	-	(840 142)	-	-	-	(840 142)
At 31 December 2019	**-**	**38 612 611**	**26 812 359**	**19 924 994**	**15 046 434**	**100 396 398**
At 01 Janaury 2020	**-**	**38 612,611**	**26 812 359**	**19,924 994**	**15 046 434**	**100 396 398**
Charge for the year	2 953 911	1 748 074	877 604	413 724	-	5 993 313
Eliminated on Disposals	-	-	-	-	-	-
Eliminated on revaluation	(2 953 911)	(1 647)	-	-	-	(2 955 558)
At 31 December 2020	**-**	**40 359 038**	**27 689 963**	**20 338 718**	**15 046 434**	**103 434 153**
CARRYING AMOUNT						
Cost at 31 December 2019	**348 815 542**	**88 981 335**	**54 992 238**	**40 226 956**	**57 502 175**	**590 518 246**
Accumulated depreciation at 31 December 2019	-	(38 612 611)	(26 812 359)	(19 924 994)	(15 046 434)	(100 396 398)
Carrying amount at 31 December 2019	**348 815 542**	**50 368 724**	**28 179 879**	**20 301 962**	**42 455 741**	**490 121 848**
Cost at 31 December 2020	**366 818 113**	**96 314 405**	**54 992 238**	**40 300 302**	**57 502 175**	**615 927 233**
Accumulated depreciation at 31 December 2020	-	(40 359 038)	(27 689 963)	(20 338 718)	(15 046 434)	(103 434 153)
Carrying amount at 31 December 2020	**366 818 113**	**55 955 367**	**27 302 275**	**19 961 584**	**42 455 741**	**512 493 080**

14 PROPERTY AND EQUIPMENT (continued)

Historical
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
COST						
At 01 January 2019	6 971 370	1 801 547	1 253 618	1 041 221	1 400 000	12 467 756
Additions	65 911	1 859 736	-	350 879	-	2 276 526
Foreign Currency Translation	8 766 463	866 093	965 690	579 697	1 290 000	12 467 943
Revaluation gains	61 956 256	-	-	-	-	61 956 256
Disposals	-	(21 220)	-	-	-	(21 220)
At 31 December 2019	**77 760 000**	**4 506 156**	**2 219 308**	**1 971 797**	**2 690 000**	**89 147 261**
At 01 January 2020	**77 760 000**	**4 506 156**	**2 219 308**	**1 971 797**	**2 690 000**	**89 147 261**
Additions	13 820	5 630 446	-	24 021	-	5 668 287
Revaluation gains	289 044 293	-	-	-	-	289 044 293
Disposals	-	(2 213)	-	-	-	(2 213)
At 31 December 2020	**366 818 113**	**10 134 389**	**2 219 308**	**1 995 818**	**2 690 000**	**383 857 628**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 01 Janaury 2019	**492 706**	**1 202 861**	**579 696**	**646 443**	**540 000**	**3 461 706**
Charge for the year	271 947	515 876	386 280	166 247	-	1 340 350
Eliminated on Disposals	-	(8 252)	-	-	-	(8 252)
Eliminated on revaluation	(764 653)	-	-	-		(764 653)
Disposals	-	-	-	-	-	-
At 31 December 2019	**-**	**1 710 485**	**965 976**	**812 690**	**540 000**	**4 029 151**
At 01 Janaury 2020	**-**	**1 710 485**	**965 976**	**812 690**	**540 000**	**4 029 151**
Charge for the year	1 444 636	932 146	429 200	204 699	-	3 010 681
Eliminated on Disposals	-	(1 647)	-		-	(1 647)
Eliminated on revaluation	(1 444 636)	-	-	-		(1 444 636)
At 31 December 2020	**-**	**2 640 984**	**1 395 176**	**1 017 389**	**540 000**	**5 593 549**
CARRYING AMOUNT						
Cost at 31 December 2019	**77 760 000**	**4 506 156**	**2 219 308**	**1 971 797**	**2 690 000**	**89 147 261**
Accumulated depreciation at 31 December 2019	-	(1 710 485)	(965 976)	(812 690)	(540 000)	(4 029 151)
Carrying amount at 31 December 2019	**77 760 000**	**2 795 671**	**1 253 332**	**1 159 107**	**2 150 000**	**85 118 110**
Cost at 31 December 2020	**366 818 113**	**10 134 389**	**2 219 308**	**1 995 818**	**2 690 000**	**383 857 628**
Accumulated depreciation at 31 December 2020	-	(2 640 984)	(1 395 176)	(1 017 389)	(540 000)	(5 593 549)
Carrying amount at 31 December 2020	**366 818 113**	**7 493 405**	**824 132**	**978 429**	**2 150 000**	**378 264 079**

15 INTANGIBLE ASSETS

	Inflation adjusted ZWL	Historical ZWL
COMPUTER SOFTWARE		
COST		
At 01 January 2019	**34 366 253**	**1 233 367**
Additions	426 859	19 000
Foreign Currency Translation	-	150 877
Disposals	-	-
At 31 December 2019	**34 793 112**	**1 403 244**
At 01 January 2020	**34 793 112**	**1 403 244**
Additions	-	-
Foreign Currency Translation	-	-
At 31 December 2020	**34 793 112**	**1 403 244**
ACCUMULATED DEPRECIATION AND IMPAIRMENT		
At 01 January 2019	**30 881 113**	**1 108 289**
Charge for the year	930 300	68 101
At 31 December 2019	**31 811 413**	**1 176 390**
At 01 Janaury 2020	**31 811 413**	**1 176 390**
Charge for the year	203 665	114 476
At 31 December 2020	**32 015 077**	**1 290 866**
CARRYING AMOUNT		
Cost at 31 December 2019	**34 793 112**	**1 403 244**
Accumulated depreciation at 31 December 2019	(31 811 413)	(1 176 390)
Carrying amount at 31 December 2019	**2 981 699**	**226 854**
Cost at 31 January 2020	**34 793 112**	**1 403 244**
Accumulated depreciation at 31 December 2020	(32 015 077)	(1 290 866)
Carrying amount at 31 December 2020	**2 778 035**	**112 378**

16 RIGHTS OF USE ASSETS

	Inflation adjusted		Historical	
	31 Dec 2020 ZWL	**31 Dec 2019 ZWL**	**31 Dec 2020 ZWL**	**31 Dec 2019 ZWL**
Cost				
At 01 January	8 277 474	15 724 943	1 957 211	564 351
Additions/ adjustments	5 188 434	(6 898 629)	5 188 435	1 392 860
Balance	**13 465 908**	**8 826 314**	**7 145 646**	**1 957 211**
Accumulated Depreciation				
At 01 January	548 840	404 394	111 948	14 513
Charge for the year	255 041	144 446	255 041	97 435
Balance	**803 881**	**548 840**	**366 989**	**111 948**
Loss on monetory value	(5 883 370)	-	-	-
Carrying Amount Balance	**6 778 657**	**8 277 474**	**6,778 657**	**1 845 263**

The Bank opted to disclose the Right of Use Assets seperately from Property and Equipment on the face of the Statement of Financial Position.

SIGNIFICANT ACCOUNTING POLICIES **(continued)**
FOR THE YEAR ENDED 31 DECEMBER 2020

17 SHARE CAPITAL AND SHARE PREMIUM

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

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

Inflation Adjusted

Issued share capital	Number of shares	Share capital ZWL	Share premium ZWL	Amounts Awaiting Allotment ZWL	Total ZWL
At 1 January 2019	**6 528 190**	**1 818 975**	**885 670 239**	**3 622 289 743**	**4 509 778 957**
Issue of shares	-	-	-	12 579 516	12 579 516
At 31 December 2019	**6 528 190**	**1 818 975**	**885 670 239**	**3 634 869 259**	**4 522 358 473**
At 1 January 2019	**6 528 190**	**1 818 975**	**885 670 239**	**3 634 869 259**	**4 522 358 473**
Issue of share capital	-	-	-	270 948 722	270 948 722
Allotment of shares	12 256 623	262 557	325 552 959	(325 815 516)	-
At 31 December 2020	**18 784 813**	**2 081 532**	**1 211 223 198**	**3 580 002 465**	**4 793 307 195**

Historical

Issued share capital	Number of shares	Share capital ZWL	Share premium ZWL	Amounts Awaiting Allotment ZWL	Total ZWL
At 1 January 2019	**6 528 190**	**65 281**	**31 785 732**	**130 000 000**	**161 851 013**
Issue of shares	-	-	-	500 000	500 000
At 31 December 2019	**6 528 190**	**65 281**	**31 785 732**	**130 500 000**	**162 351 013**
At 1 January 2020	**6 528 190**	**65 281**	**31 785 732**	**130 500 000**	**162 351 013**
Issue of share capital	-	-	-	121 604 685	121 604 685
Allotment of shares	12 256 623	122 567	151 982 118	(152 104 685)	-
At 31 December 2020	**18 784 813**	**187 848**	**183 767 850**	**100 000 000**	**283 955 698**

18 FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)

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

	Inflation adjusted		Historical	
	2020 ZWL	**2019 ZWL**	**2020 ZWL**	**2019 ZWL**
At the beginning of the year	1 623 939 439	(7 150 316)	65 659 316	(256 617)
Charge for the year		1 631 089 755	-	65 915 933
Transfer from FCTR to Retained Earnings on disposal of investments	(14 032 991)		(13 049 462)	
Transfer to NCI	(691 240)		(642 795)	
At the end of the year	**1 609 215 208**	**1 623 939 439**	**51 967 059**	**65 659 316**

	Inflation adjusted		Historical	
19 REVALUATION RESERVE	**2020**	**2019**	**2020**	**2019**
At the beginning of the year	234 895 624	-	52 364 305	-
Charge for the year	244 918 470	234 895 624	244 918 469	52 364 305
At the end of the year	**479 814 094**	**234 895 624**	**297 282 774**	**52 364 305**

	Inflation adjusted		Historical	
	2020	**2019**	**2020**	**2019**
20 FAIR VALUE				
At the beginning of the year	590 964 067	17 595 218	98 124 717	631 474
Charge for the year	409 676 373	573 368 849	409 676 374	97 493 243
Elimination of Fair Value Loss on Disposal of Chengetedzai Depository Company	366 750	-	341 045	-
At the end of the year	**1 001 007 190**	**590 964 067**	**508 142 136**	**98 124 717**

21 PREFERENCE SHARE CAPITAL

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

No dividend has been declared during the financial year.

Inflation adjusted

Issued preference share capital	**Number of shares**	**Preference Share capital ZWL**	**Total ZWL**
At 1 January 2019	**382 830**	**1 066 708 686**	**1 066 708 686**
Issue of shares	**-**	**-**	**-**
At 31 December 2019	**382 830**	**1 066 708 686**	**1 066 708 686**
At 1 January 2020	**382 830**	**1 066 708 686**	**1 066 708 686**
At 31 December 2020	**382 830**	**1 066 708 686**	**1 066 708 686**

Historical

Issued preference share capital	**Number of shares**	**Preference Share capital ZWL**	**Total ZWL**
At 1 January 2019	**382 830**	**38 283 003**	**38 283 003**
Issue of shares	**-**	**-**	**-**
At 31 December 2019	**382 830**	**38 283 003**	**38 283 003**
At 1 January 2020	**382 830**	**38 283 003**	**38 283 003**
Issue of shares	**-**	**-**	**-**
At 31 June 2020	**382 830**	**38 283 003**	**38 283 003**

	Inflation adjusted		Historical	
	31 Dec 2020 ZWL	**31 Dec 2019 ZWL**	**31 Dec 2020 ZWL**	**31 Dec 2019 ZWL**
22 DEPOSITS FROM CUSTOMERS				
Deposits from customers are primarily comprised of amounts payable on demand and term deposits.				
Large corporate customers	207 649 273	267 212 210	207 649 273	59 568 507
Retail customers	16 331 260	16 136 747	16 331 260	3 597 298
	223 980 533	**283 348 957**	**223 980 533**	**63 165 805**
22.1 Maturity analysis of deposits from customers				
Up to one month	190 527 111	263 641 512	190 527 111	58 772 507
Up to three months	33 213 239	18 738 813	33 213 239	4 177 366
Above six months	240 183	968 632	240 183	215 932
	223 980 533	**283 348 957**	**223 980 533**	**63 165 805**

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.

22.2 Sectorial analysis of deposits from customers

	Inflation Adjusted				Historical			
	Percentage (%)	**31 Dec 2020 ZWL**	**Percentage (%)**	**31 Dec 2019 ZWL**	**Percentage (%)**	**31 Dec 2020 ZWL**	**Percentage (%)**	**31 Dec 2019 ZWL**
Financial markets	25%	56 000 000	40%	114 051 380	25%	56 000 000	40%	25 425 000
Fund managers and pension funds	7%	16 384 121	22%	62 324 410	7%	16 384 121	22%	13 893 722
Individuals	7%	16 441 585	0%	447 419	7%	16 441 585	0%	99 741
Government and public sector institutions	16%	36 132 684	28%	78 871 791	16%	36 132 684	28%	17 582 560
Other services	43%	99 022 143	10%	27 653 957	45%	99 022 143	10%	6 164 782
	100%	**223 980 533**	**100%**	**283 348 957**	**100%**	**223 980 533**	**100%**	**63 165 805**

23 LOCAL LINES OF CREDIT AND BONDS

	Inflation adjusted		Historical	
	31 Dec 2020 ZWL	**31 Dec 2019 ZWL**	**31 Dec 2020 ZWL**	**31 Dec 2019 ZWL**
Bonds	297 547 800	96 317 960	297 547 800	21 471 762
Lines of credit	40 670 589	1 084 437 794	40 670 589	241 749 211
Total	**338 218 389**	**1 180 755 754**	**338 218 389**	**263 220 973**
Current	48 226 625	41 642 021	48 226 625	9 283 083
Non current	289 991 764	1 139 113 733	289 991 764	253 937 890
	338 218 389	**1 180 755 754**	**338 218 389**	**263 220 973**

The movement in the balances during the year was as follows;	Inflation adjusted		Historical	
	Bonds 31 Dec 2020 ZWL	**Lines of credit 31 Dec 2020 ZWL**	**Bonds 31 Dec 2020 ZWL**	**Lines of credit 31 Dec 2020 ZWL**
At 1 January	21 471 762	241 749 211	21 471 762	241 749 211
New issues/funding	288 606 976	431 908 877	288 606 976	431 908 877
Repayments/Disbursements	(12 530 938)	(632 987 499)	(12 530 938)	(632 987 499)
At 31 December	**297 547 800**	**40 670 589**	**297 547 800**	**40 670 589**

The movement in the balances during the year was as follows;	Inflation adjusted		Historical	
	Bonds 31 Dec 2019 ZWL	**Lines of credit 31 Dec 2019 ZWL**	**Bonds 31 Dec 2019 ZWL**	**Lines of credit 31 Dec 2019 ZWL**
At 1 January	213 354 587	1 300 609 361	47 562 251	289 939 439
New issues/funding	16 687 163	7 114 629 211	3 720 000	1 586 034 719
Repayments/Disbursements	(133 723 790)	(7 330 800 778)	(29 810 489)	(1 634 224 947)
At 31 December	**96 317 960**	**1 084 437 794**	**21 471 762**	**241 749 211**

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.

24 OTHER LIABILITIES

	Inflation adjusted		Historical	
	31 Dec 2020 ZWL	**31 Dec 2019 ZWL**	**31 Dec 2020 ZWL**	**31 Dec 2019 ZWL**
Accruals	2 682 604	15 994 713	2 682 604	3 565 635
Provision for outstanding employee leave	(2 327 573)	2 242 340	(2 327 573)	499 875
Dividend payable	156 112	1 099 198	156 112	245 040
Withholding Tax Services	867 327	4 423 959	867 327	986 215
IMT Tax 2 Percent	1 208 434	720 702	1 208 434	160 663
Sundry Creditors-Internal	169 507 657	6 011 545	169 507 657	1 340 129
Projects Accounts payable	3 375 000	16 271 873	3 375 000	3 627 421
Deferred income	130 471	972 354	130 471	216 763
Other	4 609 260	14 112 074	4 657 161	3 145 945
	180 209 292	**61 848 758**	**180 257 193**	**13 787 686**

25 NET INTEREST INCOME

	Inflation adjusted 31 Dec 2020 ZWL	31 Dec 2019 ZWL	Historical 31 Dec 2020 ZWL	31 Dec 2019 ZWL
25.1 Interest and related income:				
Loans and advances to large corporates	13 461 454	64 239 259	7 103 989	7 255 273
Loans and advances to individuals	1 778 867	-	879 714	-
Treasury bills and other financials assets	16 311 901	14 997 032	8 221 077	9 431 742
Placements with local banks	440 419	135 608 140	234 100	630 741
Mortgages	5 857 921	11 039 997	3 787 111	1 873 716
Cash and bank balances	7 838 801	89 851 652	5 343 388	4 003 234
	45 689 364	**315 736 080**	**25 569 380**	**23 194 706**
25.2 Interest and related expense:				
Bonds	(14 876 310)	(52 061 555)	(4 578 771)	(3 264 520)
Deposits from large corporates	(317 885)	(19 808 310)	(8 588 251)	(1 722 989)
Discount on sale of Treasury Bills	(39 709 946)	(57 664 050)	(23 192 085)	(4 022 444)
Deposits from individuals	(6 562 266)	(744 386)	(230 161)	(53 733)
	(61 466 407)	**(130 278 301)**	**(36 589 268)**	**(9 063 686)**

26 SALES

	Inflation adjusted 31 Dec 2020 ZWL	31 Dec 2019 ZWL	Historical 31 Dec 2020 ZWL	31 Dec 2019 ZWL
Property sales	782 733 078	1 176 253	782 733 078	79 878
Cost of construction of property	(23 257 671)	(119 058)	(23 257 671)	(5 964)
Gross profit	**759 475 407**	**1 057 195**	**759 475 407**	**73 914**

27 FEE AND COMMISSION INCOME

	Inflation adjusted 31 Dec 2020 ZWL	31 Dec 2019 ZWL	Historical 31 Dec 2020 ZWL	31 Dec 2019 ZWL
Advisory and management fees	22 596 499	184 198 577	11 651 627	23 185 016
Banking service fees	2 042 872	3 043 807	1 130 280	278 398
Credit related fees	-	-	-	-
Capital raising fees	-	-	-	-
	24 639 371	**187 242 384**	**12 781 907**	**23 463 414**

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

PROFIT OR LOSS	Inflation adjusted 31 Dec 2020 ZWL	31 Dec 2019 ZWL	Historical 31 Dec 2020 ZWL	31 Dec 2019 ZWL
Listed equity securities (Note 6)	33 985 087	1 518 021	23 512 029	338 406

29 OTHER INCOME

	Inflation adjusted 31 Dec 2020 ZWL	31 Dec 2019 ZWL	Historical 31 Dec 2020 ZWL	31 Dec 2019 ZWL
Rental income	22 597 326	8 784 548	16 118 241	822 265
Other operating income	4 980 986	22 806 550	4 333 478	3 710 974
Bad debts recovered	2 344 627	21 149 968	2 344 628	3 422 267
Sundry income	2 636 924	1 656 582	1 988 850	288 707
Loss on fixed assets disposal	(565)	-	-	-
	27 578 312	**31 591 098**	**20 451 719**	**4 533 239**

30 FAIR VALUE LOSS ON INVESTMENT PROPERTY

	Inflation adjusted 31 Dec 2020 ZWL	31 Dec 2019 ZWL	Historical 31 Dec 2020 ZWL	31 Dec 2019 ZWL
Net gain/(loss) from fair value adjustment	858 334 824	806 757 042	858 334 824	179 846 994
Unrealised gain/(loss) from fair value adjustment of investment property	**858 334 824**	**806 757 042**	**858 334 824**	**179 846 994**

31 NET FOREIGN EXCHANGE GAINS/(LOSSES)

	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
Net realised gains from foreign currency trade	-	-	-	310
Net unrealised gains/(losses) from translation of foreign currency balances	**98 048 500**	**67 880 801**	**64 991 107**	**7 070 243**

32 OPERATING EXPENSES

	Inflation adjusted 31 Dec 2020 ZWL	31 Dec 2019 ZWL	Historical 31 Dec 2020 ZWL	31 Dec 2019 ZWL
Repairs and maintenance	10 386 360	12 767 422	7 613 513	1 398 985
Employee benefit costs (Note 32.1)	137 946 992	231 838 945	85 764 942	17 320 598
Telecommunication and postage	1 777 399	2 065 804	1 291 617	238 667
IT and software costs	28 960 558	29 563 225	21 034 067	3 088 777
Directors remuneration:	-	-		
- for services as directors	2 235 462	2 164 243	1 963 480	305 960
Operating lease payments	(415 362)	-	-	-
Water, electricity and rates	1 871 936	2 022 466	1 293 625	229 854
Professional fees	22 529 714	24 507 974	18 952 219	2 495 481
Audit fees	1 840 865	3 388 234	1 791 728	472 890
Depreciation	5 999 564	15 412 327	3 010 681	1 180 823
Depreciation of Right of use assets	432 932	539 029	255 040	111 948
Amortisation	203 665	762 329	114 476	68 101
Fuel and lubricants	15 235 637	24 911 548	8 961 810	2 727 677
BusinessTravel	2 082 486	10 995 875	1 122 522	1 046 173
Donations ,Marketing and public relations	5 196 411	71 316 643	4 404 349	3 613 457
Legai Debt	-	7 162 323	-	1 596 667
Insurance and security	10 981 434	10 039 648	8 002 300	1 038 319
Subscriptions	7 547 597	10 158 441	5 603 366	799 850
Printing and stationery	1 235 454	5 472 905	682 261	520 781
Bank charges	2 234 728	3 367 693	1 535 483	348 067
Staff training	345 353	3 666 377	259 051	295 278
Refreshments	955 638	1 534 794	522 857	159 022
Other administrative costs	15 127 928	17 120 366	12 037 020	1 430 643
	274 712 751	**490 778 611**	**186 216 407**	**40 488 018**

32.1 Employee benefit costs

	Inflation adjusted 31 Dec 2020 ZWL	31 Dec 2019 ZWL	Historical 31 Dec 2020 ZWL	31 Dec 2019 ZWL
Salaries and bonuses	70 227 346	150 052 457	39 054 169	11 968 749
Pension costs	8 334 246	17 911 514	4 782 167	1 226 274
Post employment medical benefits	8 219 774	5 795 291	5 807 620	452 209
Leave pay expense	886 050	7 603 589	(2 679 735)	468 626
Retrenchment expenses	608 278	24 530 521	608 278	1 408 973
Other staff expenses	49 671 299	25 945 574	38,192,444	1 795 768
	137 946 992	**231 838 945**	**85 764 942**	**17 320 598**

32 OPERATING EXPENSES (continued)
32.1 Employee benefit costs (continued)

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	
	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
Contributions for the year	**8 334 246**	**17 911 514**	**4 782 167**	**1 226 274**

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

Contributions for the year	**1 394 205**	**2 107 855**	**681 848**	**143 206**

33 TAXATION

Income tax expense				
Current tax credit	(95 101)	(24 829)	(46 510)	(5 535)
Deferred tax				
Tax credit	**(95 101)**	**(24 829)**	**(46 510)**	**(5 535)**
Reconciliation of income tax credit				
Based on results for the period at a normal rate of 25.75%				
Arising due to:				
Accounting (loss)/profit	**(369 324)**	**96 424**	**(180 619)**	**21 496**
Tax Credit/ (Expense) at 25.75%	**(95 101)**	**(24 829)**	**(46 510)**	**(5 535)**
Non-deductible expenses	-	-	-	-
Non-taxable income	-	-	-	-
Tax rate differential on capital gains	-	-	-	-
Tax Credit	**(95 101)**	**(24 829)**	**(46 510)**	**(5 535)**

	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
The aggregate tax relating to items that are charged or credited directly to equity	(95 101)	(24 829)	(46 510)	5 535
Current tax	(95 101)	(24 829)	(46 510)	(5 535)
Deferred tax	-	-	-	-

34 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. (2019 - ZWLnil)

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

(Loss)/profit attributable to equity holders	(408 942 598)	(3 887 897 675)	1 549 776 199	190 551 919
Weighted average number of issued ordinary shares	18 784 813	6 528 190	18 784 813	6 528 190
Basic (loss)/profit per share (ZWL cents)	(2 177)	(59 556)	8 250	2 919

35 CONTINGENCIES

Contingent assets

The Group, through its loan recovery efforts, foreclosed on agricultural farms in Zimbabwe with an approximate fair value of ZWL280 285 172. However, there has been severe challenges in obtaining vacant possession of the agricultural farms due to circumstances beyond the Group's control, whether legal or otherwise.

As such, no economic benefits are yet to be derived from the agricultural farms and hence, the Group has not recognised these assets in the financial statements.

A contigent asset has been recognised in anticipation of receipt of compensation with respect to the loss of control of the land.

36 COMMITMENTS AND GUARANTEES

Loan commitments, guarantees and other financial facilities

At 31 December 2019, the Group had contractual amounts for off-statement of financial position financial instruments that commit it to extend guarantees and loans as follows:

	Inflation adjusted		Historical	
	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
Guarantees/Loan Commitments	**35 191 126**	**48 331 975**	**35 191 126**	**10 774 446**

37 FUNDS UNDER MANAGEMENT

Government funds under management

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

	Inflation adjusted		Historical	
	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
Held on behalf of:				
Government of Zimbabwe	**336 332 586**	**1 127 437 550**	**336 332 586**	**251 334 967**
Represented by:				
Sinking fund	-	-	-	-
Amounts awaiting disbursement	40 670 589	1 127 437 550	40 670 589	251 334 967
Loans and advances to parastatals and government implementing agencies	295 661 998	-	295 661 998	-
	336 332 587	**1 127 437 550**	**336 332 587**	**251 334 967**

38 RELATED PARTIES

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

Identity of related parties

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

The following transactions were carried out with related parties:

A number of banking transactions are entered into with related parties in the normal course of business. For the year ended 30 December 2020, these included:

a) Sales and purchases of goods and services

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

b) Key management compensation

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

38 RELATED PARTIES (continued)

	Inflation adjusted		Historical	
	31 Dec 2020 ZWL	31 Dec 2019 ZWL	31 Dec 2020 ZWL	31 Dec 2019 ZWL
Salaries and other short-term employee benefits	40 159 835	30 991 532	19 640 520	2 105 539
Post-employment benefits	1 321 897	1 154 209	646 486	78 416
Termination benefits	1 243 773		608 278	-
Total	**42 725 506**	**32 145 741**	**20 895 283**	**2 183 955**

c) Loans and advances to related parties

Inflation adjusted

	Directors and other key management personnel 31 Dec 2020 ZWL	Associated companies 31 Dec 2019 ZWL	Directors and other key management personnel 31 Dec 2019 ZWL	Associated companies 31 Dec 2019 ZWL
Loans outstanding	4 279 529	-	9 087 659	-
Interest income earned	464 135	-	1 270 784	-

Loans and advances to related parties

Historical

	Directors and other key management personnel 31 Dec 2020 ZWL	Associated companies 31 Dec 2020 ZWL	Directors and other key management personnel 31 Dec 2019 ZWL	Associated companies 31 Dec 2019 ZWL
Loans outstanding	4 279 529	-	2 025 874	-
Interest income earned	226 989	-	86 336	-

No allowance for impairment was required in 2020 (2019: ZWL nil) for the loans made to key management personnel.

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

38 RELATED PARTIES (continued)

Inflation adjusted

d) Deposits from related parties

	Directors and other key management personnel 31 Dec 2020	Associated companies 31 Dec 2020	Directors and other key management personnel 31 Dec 2019	Associated companies 31 Dec 2019
Deposits at 31 December	94 484	-	52 787	-
Interest expense on deposits	-	-	-	-

Historical

Deposits from related parties

	Directors and other key management personnel 31 Dec 2020 ZWL	Associated companies 31 Dec 2020 ZWL	Directors and other key management personnel 31 Dec 2019 ZWL	Associated companies 31 Dec 2019 ZWL
Deposits at 31 December	94 484	-	11 768	-
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 2020, the Directors did not hold directly and indirectly any shareholding in the Group.

39 GOING CONCERN

The Group's operations have been significantly affected and may continue to be affected by the challenging environment particularly the lack of liquidity in the Zimbabwean economy. However, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

In the current year, the Group has made a hyper inlfation adjusted profit of ZWL 292 million (2019: loss of ZWL 3 032 million) and a historical profit of ZWL 2 251m (2019: ZWL 351m).

In addition, section 32 of the Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14), stipulates that the Bank cannot be wound up except by or under the authority of an Act of the Parliament of Zimbabwe.

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

40 Coronavirus disease (COVID-19)

The world had been affected by the COVID-19 pandemic and Zimbabwe has not been spared. In response to this pandemic, on the 17th of March 2020 the Government of Zimbabwe declared COVID-19 a national disaster, a measure which came after the World Health Organisation (WHO) had declaredCOVID-19 an international pandemic on the 11th of March 2020. The government issued a number of directives as well as enacting the Statutory Instrument 77 of 2020 to combat the pandemic. The government on the 27th of March 2020 declared a 21 day lockdown starting on the 30th of March 2020 and this lockdown was extended to 3 May 2020.

Impact on accounting policies
COVID-19 did not have any impact on the Group's accounting policies.

Business impact
In response to the pandemic, IDBZ employed a raft of measures to protect its customers and staff which include working from home, implementing proper hygienic practices, encouraging social distancing to flatten the COVID-19 curve ,conducting COVID-19 PCR on staff as well as coming up with a comprehensive Business Continuity Plan. The Group continued and will continue to provide services and operate business through dedicated staff working from home with virtual remote access to systems and applications . Our clients will continue to enjoy our service.

During and post Lockdown, the business managed to successfully continue all operations through its business continuity plan. Working from home was implemented and employees were given remote access to systems and clients are being serviced through the various digital platforms as well as the Bank's Banking Hall that remained functional.

The impact of COVID-19 during the reporting period on the Group's core business lines is as described below;

(a) During the period, the Group interest income as well as monthly repayments from loans continued as usual and hence the impact of COVID-19 on revenue and loan book performance was negligible. The Group was also able to settle claims and payments as and when they were due.

(b) The Company considered the COVID-19 impact and whether or not income and expenses can be determined on a non-arbitrary basis, in order to provide relevant and reliable information. Only income and expenses that are incremental and directly attributable to COVID-19 were considered. In this regard the following expenses were incurred;

- Consumables related to sanitizers, masks, fumigation and protective equipment of ZWL 2 693 671 (Historical ZWL 1 992 791)

(c) On the Liquidity front, the liquidity impact has not been felt since loan repayments are actually exceeding the billed amounts owing to the depreciating currency. During the period, the Bank made payments towards scheduled routine repayment requirements. The liquidity position was also boosted by capital injection from the shareholder, the Government.

(d) The Bank continued with the implementation of its ongoing projects, namely, Bulawayo Student Accommodation Complex Project, Elizabeth Park Housing Project and Sumben Housing Projects.

Going concern
The COVID-19 pandemic is unprecedented and global, and is likely to have far-reaching implications. The global markets are down significantly already and a world-wide economic downturn is on the cards and the impact already being felt in Zimbabwe.

40 Coronavirus disease (COVID-19) (continued)

Business impact (continued)

In response, the Group has assessed and continues to regularly monitor the following additional steps in considering the impact of COVID-19 on the Group's operations. These include:

- Assessment of the potential operational disruption and the safeguarding of our assets.
- Considered legal and contractual consequences.
- Assessment of liquidity and working capital requirements to ensure cash preservation.
- Access to cash through capital raising activities which remains in place.

Risk Management and governance is being enhanced on the digital platforms that are now dominating client servicing and operational processes. The Directors have therefore assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

Notice to **Shareholders**

NOTICE TO SHAREHOLDERS

36TH ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting of Members of the Infrastructure Development Bank of Zimbabwe (IDBZ) will be held remotely on Monday, 26 July 2021 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 2020;

2. To approve the remuneration of the auditors for the year ended 31 December 2020;

3. To note that Baker Tilly Chartered Accountants (Zimbabwe) were appointed as Auditors of the Infrastructure Development Bank of Zimbabwe in 2019 for a five (5) year term;

4. To approve the remuneration of the Directors for the year ended 31 December 2020;

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. A proxy need not be a Member of the Bank. Proxy forms must be lodged at the Registered Office of the Bank not less than 48 hours before the time appointed for the meeting.

By Order of the Board

K Kanguru
Bank Secretary

23 June 2021

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