Infrastructure and Development Bank of Zimbabwe

REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2024

"Transforming and Retooling Towards a DFI of Scale"

CHAIRMAN'S STATEMENT

Dr. Kupukile Mlambo

Background

The Bank operated in an unstable macro-economic environment in the first quarter of 2024. Some improvement was noted in the second quarter following the introduction of a new structured currency, the Zimbabwe Gold (ZWG). Annual inflation peaked to 55.4% in March 2024 from 34.8% in January 2024. Monthly inflation for the first quarter averaged 5.6% and it declined to 0.0% in June 2024. During the period January to April 2024, the exchange rate depreciated by 395% on the interbank exchange rate market from ZWL6 192 per US$1 to ZWL30 674 respectively. Since the introduction of the ZWG in April 2024, the exchange rate remained stable, ranging between ZWG13.2 & ZWG13.7 per US$1. The relative economic stability lays a good foundation for mobilisation of long-term funding required for infrastructure financing. However, the El Nino induced drought affected the country's economic outlook, hence, the economic growth projection was revised from 3.5% to 2.0% for 2024.

Contribution to Vision 2030

The following projects were ready for commissioning by the end of the first half year: Bulawayo Students Accommodation Complex, Kanyemba-Zambezi Lodges Phase 1 (Mashonaland Central, Mbire District), Willsgrove Housing Project (Bulawayo), Sumben Phase 1 Housing Project (Harare), and Waneka Phase 3 Housing Development (Harare). About 500 beneficiaries on Bank supported projects who acquired stands have built their houses at Clipsham in Masvingo and Marimba Phases 1 and 2 in Harare. The Bank also scaled up support to the private sector by funding timber processing, energy generation, agriculture, housing construction, and tourism related projects. As a result of the Bank's support, 629 jobs were created, 260 stands developed, 82 housing units built and a facility that can accommodate 1,032 students was completed. The youth and women were the major beneficiaries of the Bank's interventions. Meanwhile, ongoing projects being implemented by the Bank in the first half of 2024 have led to the creation of 1,006 jobs.

In partnership with private sector players, the Bank seeks to improve access to energy through the provision of home solar systems. Additionally, the Bank is pursuing solar and hydro energy generation projects.

Institutional Reforms

With effect from 1 January 2024, the Bank's name was changed from Infrastructure Development Bank of Zimbabwe to Infrastructure and Development Bank of Zimbabwe. The change of name was prompted by the need to have a name that reflects the Bank's broader mandate which entails infrastructure development as well as development financing across all sectors of the economy.

The Bank's primary focus sectors under the Infrastructure Pillar are Water and Sanitation, Housing, Irrigation, Transport and Energy (WHITE); while the secondary focus sectors are Health, Education, Tourism and Information Communication Technology. The Development Pillar will focus on developing institutional capacity in undertakings and enterprises of all kinds in Zimbabwe, and support development projects and programmes in all sectors of the Zimbabwean economy. As such, the Bank will seek to promote infrastructure development, industrialisation, export generation, value addition and beneficiation, irrigation development and facilitate green transition in line with country's Nationally Determined Contributions and Vision 2030.

As outlined in its Long-Term Strategy: 2021-2030, the Bank is guided by the following principles in execution of its mandate; (i) financial sustainability, (ii) transformational impact; (iii) sustainable development, and (iv) inclusivity by considering gender equality, people with disabilities (PWDs), other special groups and equitable geographical coverage.

The Bank continues to foster collaborations with other development partners and the private sector to harness funding and technical expertise.

Appreciation

I would like to extend my appreciation to the Ministry of Finance, Economic Development and Investment Promotion, the Office of the President and Cabinet, the Reserve Bank of Zimbabwe, and other stakeholders for their continued support.

I am also thankful to the Board, Management and Staff for their relentless pursuit of the Bank's developmental mandate.

Dr. Kupukile Mlambo
Chairman of the Board
23 August 2024

CEO'S STATEMENT

Zondo T. Sakala

The focus of the Bank's 2024-2026 Work Programme and Budget is to strengthen and integrate revenue optimization, expenses control, debt management and long-term planning to secure future growth and development. Therefore, in the first half of 2024, the Bank continued to support the country's infrastructure and development efforts through project preparation and development of technical support, innovative financing, and knowledge generation and sharing. The Bank had to innovate and remodel its processes to deal with the emerging macroeconomic realities of exchange rate volatility, high inflation, high interest rates, and tight liquidity conditions. These notwithstanding, the Bank continues to achieve notable successes in its operations.

Bank Operations

In the first half of the year, two (2) projects worth ZWG 27.9 million (US $2.055 million) were successfully developed to bankability and approved for funding. The projects are Hatfield Cluster Housing ZWG 14.3 million (US$ 1.055 million) and Marlborough Residential Apartments (US$ 1 million). More projects under preparation and development are expected to reach bankability by the end of the year.

During the same period, the Bank managed to raise an equivalent of ZWG 34.8 million (US$ 2.56 million) towards project implementation. A total of ZWG 27.6 million (US$ 2.03 million) was for the Hatfield Cluster Housing (Mabuto Villas), and Marlborough Residential Apartments (Sierra Apartments) and Bulawayo Students Accommodation Complex (BSAC – to attend to post completion snags & additional items to enhance functionality and general comfort) (US$ 0.53 million). The Bank's money market book closed the period at ZWG 116 million (US$ 8.5 million) from ZWG 101.6 million (US$ 7.4 million) at the beginning of the period mainly supporting private sector operations.

The Bank disbursed ZWG 23.8 million (US$ 1.75 million) in support of clients in the infrastructure value chain, irrigation development, tourism and agriculture. The value of disbursements was constrained by the tight liquidity in the market.

Various infrastructure projects were at different stages of implementation during the period under review:

(i). Waneka Phase 3 Housing Development (at 99% completion): The project is in Graniteside, Harare and will yield walled and gated 48 two-bedroomed flats with supporting infrastructure (water, sewer, electricity and paved parking space).
(ii). 07 on Pagomo Phase 1 Cluster Houses Development (at 78% completion): The project is located in Monavale, Harare. At the end of Phase 2, the project will have delivered 40 four-bedroomed cluster duplexes with supporting infrastructure (paved parking space, water, sewer and electricity).
(iii). Kadoma Clusters Houses Development – the 3 demo housing units were at 99% and civil works were at 70% completion: The project is in Mornington, Kadoma and is expected to deliver 30 three-bedroomed cluster housing units with water, solar power and sewer biodigester.
(iv). Hatfield Cluster Houses Development (at 53% completion): The project is in Hatfield, Harare and is expected to deliver 20 three-bedroomed cluster housing units with supporting infrastructure (paved roads, water, sewer and electricity).
(v). Kanyemba Zambezi Lodges Phase 1 (at 100% completion): The project is in Kanyemba, Mbire District, Mashonaland Central. It has delivered 3 lodges with a capacity of 7 beds, dining room and conference centre. Work on Phase 2 that entails construction of additional 3 lodges with a capacity of 9 beds has commenced.

Bank Capitalisation

The Bank received ZWL 6 billion (ZWG 2. 4 million) capital injection from the Government of Zimbabwe in the first half of 2024. At the time of National Budget approval, the amount was equivalent to US$ 1 million at the interbank exchange rate. However, when it was released, the value was eroded to US$ 0.18 million due to rapid exchange rate depreciation in the first quarter of 2024. The Bank is actively engaging its shareholders for additional capital and exploring alternative capitalisation initiatives that include transfer of valuable land assets, mining claims, regular liquid capital injections through the National Budget and issuance of Treasury Bills for effectual mandate delivery.

Financial Performance

During the period under review, the Bank recorded an operating loss before tax of ZWG 64.9 million compared to a loss of ZWG 44.9 million in the prior year same period. Net revenue for the period was a negative of ZWG 3.7 million compared to a negative of ZWG 19.9 million in the prior period.

Operating expenses increased by 50% during the period compared to same period in 2023 on account of inflation pressures and currency depreciation in the first quarter of the year. To curtail further increases, Management employed several cost containment measures to align costs incurred to revenue generation.

Total assets decreased by 21% during the period mainly affected by adverse exchange rate movement witnessed during the first quarter of the year. During the period, funding support to the Private Sector lending operations increased, which helped in the generation of income and improved liquidity. The Bank is witnessing improved performance in the sale of its housing units and stands during the second quarter. Performance of sales is projected to improve in tandem with anticipated macroeconomic growth and stability. Proceeds from the sale of stands and housing units is expected to improve the Bank's performance and liquidity into the second half of the year.

For financial sustainability, Management is continuously monitoring the Bank's liquidity position, costs, and targeting projects with shorter revenue cycles, especially in the infrastructure value chain financing.

Appreciation

The Bank remains indebted to the Government of Zimbabwe, the Ministry of Finance and Economic Development, the Office of the President and Cabinet and the Reserve Bank of Zimbabwe and, to the Board of Directors for their unwavering support. I would like to express my sincere gratitude to all our stakeholders, customers, Development Partners and the Bank Management and Staff for their vital contributions towards achievement of Vision 2030.

Zondo T. Sakala
Chief Executive Officer
23 August 2024

Infrastructure and Development Bank of Zimbabwe

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FOR THE HALF YEAR ENDED 30 JUNE 2024

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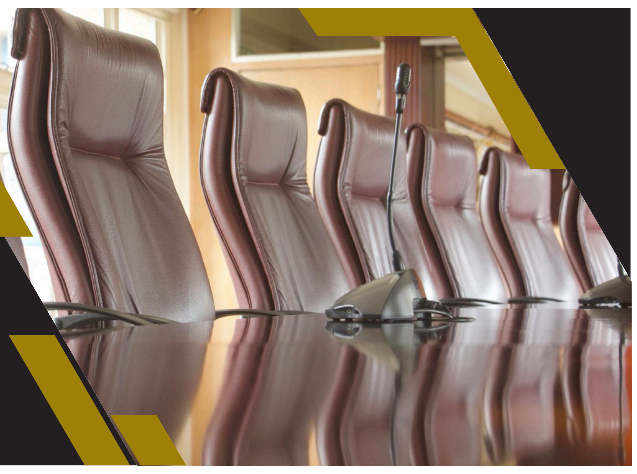

CORPORATE GOVERNANCE

The Board of Directors

The IDBZ Act provides that the "Board shall consist of not fewer that seven (7) and not more than nine (9) directors". The current Board consists of eight (8) non-executive directors. This follows the appointment of three (3) additional Board Members in Q1/2024. The Chief Executive Officer is an ex-officio member of the Board.

The duties and responsibilities of the Board are outlined under section 4A of the Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14). The Board is responsible for formulating and implementing policies and strategies necessary for the achievement of the Group's objectives.

BOARD MEMBERSHIP

The Board comprises of the following members:
Kupukile MLAMBO (Dr) (Board Chairman)
Sibusisiwe P BANGO (Ms)
Norbert O MUGWAGWA (Dr)
Reginald MUGWARA (Mr)
Tadios MUZOROZA (Mr)
Andries RUKOBO (Dr)
Naomi Netsayi WEKWETE (Dr)
Arina MANYANYA (Mrs)
Zondo T SAKALA (CEO/Ex-Officio)

GOVERNING BODIES

Board Members Attendance

	Board of Directors	Audit Committee	Finance, Risk Management & ICT Committee	Human Resources Committee	Corporate Governance, Ethics & Sustainability Committee
Total number of meetings held in H2024/1	**2**	**2**	**2**	**2**	**2**
Kupukile Mlambo	2	n/a	2	2	n/a
Sibusisiwe P Bango	2	1	n/a	2	n/a
Norbert O Mugwagwa	2	n/a	2	n/a	2
Reginald Mugwara	2	2	2	n/a	n/a
Tadios Muzoroza	2	n/a	n/a	2	2
Andries Rukobo	2	n/a	n/a	2	2
Naomi Netsayi Wekwete	1	n/a	1	n/a	2
Arina Manyanya	1	2	n/a	n/a	2
Zondo T Sakala (Ex Officio)	2	1	2	2	1

** n/a – not a member of the specific governing body*

PRUDENTIAL STANDARDS, GUIDELINES AND RATING SYSTEM – Development Finance Institutional Rating

The Bank was rated under the Prudential Standards, Guidelines and Rating System (PSGRS). The framework falls under the purview of Association of African Development Finance Institutions (AADFI) and requires independent validation of the rating by an external audit firm. The Bank's PSGRS rating for the financial year ended 31 December 2022 was validated by our External auditors BDO Zimbabwe during the 2022 Audit review. An overall rating grade of "B+" was assigned with a score of 84%*. The rating scale evaluates three critical areas namely: Governance, Financial and Operational Standards.

The risk assessment ratings are summarised in the following table:

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

Revised rating framework which commenced in 2020.

INDEPENDENT AUDITOR'S REVIEW CONCLUSION

The interim consolidated financial statements have been reviewed by BDO Zimbabwe Chartered Accountants in accordance with International Standards on Review Engagements ("ISRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". An unqualified review conclusion has been issued there on.

The auditor's review conclusion is available for inspection at the Infrastructure and Development Bank of Zimbabwe's registered offices. The engagement partner responsible for the review was Mr Jonas Jonga PAAB Practice Certificate number 0438.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	30 Jun 2024 ZWG	31 Dec 2023 ZWG
ASSETS			
Cash and bank balances	5	58 741 962	63 600 013
Inventories	11	84 697 182	175 889 836
Other receivables and prepayments	10	54 858 583	98 273 203
Loans and advances to customers	9	182 350 554	194 353 328
Investment securities	6	6 100 134	2 383 989
Financial assets at fair value through other comprehensive income	7	83 344 415	82 880 552
Treasury bills and other financial assets	8	7 233 156	9 343 505
Assets pledged as collateral	8.1	55 487 015	61 960 617
Investment in associates	12.3	400 823	9 243 840
Investment property	13	118 960 321	120 587 713
Intangible assets	16	869 746	1 778 000
Property and equipment	15	51 915 388	53 696 953
Right of use assets	17	296 605	509 022
Deferred taxation	18.1	1 596 960	17 894 604
Total assets		**706 852 844**	**892 395 175**
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits from customers	24	115 991 014	101 553 882
Local lines of credit and bonds	25	129 186 052	149 045 094
Other liabilities	26	218 611 329	217 161 586
Deferred taxation	18.2	50 497 310	-
Lease liability - buildings		159 228	124 521
Total liabilities		**514 444 933**	**467 885 083**
EQUITY			
Share capital	19	164 159	164 159
Share premium	19	389 362 924	389 362 924
Foreign currency translation reserve	20	(44 004 332)	111 701 518
Amounts awaiting allotment	19	45 256 019	42 854 793
Preference share capital	23	74 049 071	74 049 071
Fair value reserve	22	85 258 184	85 258 184
Revaluation reserve	21	67 245 810	67 245 810
Accumulated loss		(329 426 403)	(262 972 581)
Equity attributable to parent owners of the Group		**287 905 432**	**507 663 878**
Non-controlling interest in equity		**(95 497 521)**	**(83 153 786)**
Total shareholders' equity		**192 407 911**	**424 510 092**
Total equity and liabilities		**706 852 844**	**892 395 175**

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

Dr. Kupukile Mlambo
(Chairman of the Board)

23 August 2024

Thomas Z. Sakala
(Chief Executive Officer)

23 August 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2024

	Note	30 Jun 2024 ZWG	30 Jun 2023 ZWG
Interest and related income	27.1	10 526 334	4 866 030
Interest and related expenses	27.2	(12 560 954)	(27 232 345)
Net interest expense		**(2 034 620)**	**(22 366 315)**
Property sales	28	-	593 083
Cost of sales	28	(2 777 954)	(45 492)
Net profit on property sales		**(2 777 954)**	**547 591**
Fee and commission income	29	1 087 192	1 945 325
Dividend income		5 891	42
Net revenue		**(3 719 491)**	**(19 873 357)**
Other income	31	859 433	1 899 735
Net loan impairment recovery / (charge)		366 173	(3 527 110)
Rent debtors impairment charge		(69 608)	(291 930)
Debtors impairment recovery / (charge)		45 467	39 517 554
Treasury bills impairment (charge) / recovery		(1 164 596)	-
Fair value gain on investment property	13; 32	-	56 813 176
Fair value gain on non-current assets held for sale	14	-	1 650 991
Net gain / (loss) on financial assets at fair value through profit or loss	6 ; 30	3 716 145	1 540 702
Net foreign exchange (loss) / gain	33	20 154 642	(54 727 924)
Operating expenses	34	(84 681 359)	(56 570 804)
Interest expense on lease liability		(10 852)	(7 238)
Profit on disposal of investment property		(405 641)	(4 766 067)
Profit on disposal of non-current assets held for sale		-	(3 213 125)
Profit on disposal of movable assets		-	-
Share of loss of associate	12.4	-	(3 304 190)
(Loss) for the period before taxation		**(64 909 687)**	**(44 859 587)**
Income tax (expense) / credit	35	(50 317 628)	14 185 856
Profit /(loss) for the period		**(115 227 315)**	**(30 673 731)**
Loss on net monetary position		**-**	**11 656 973**
(Loss) for the period		**(115 227 315)**	**(19 016 758)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Net fair value gain on financial assets at fair value through other comprehensive income	7	-	128 547 002
Other comprehensive income for the period net of tax		**-**	**128 547 002**
Total comprehensive income for the period		**(115 227 315)**	**109 530 244**
Profit /(Loss) for the year attributable to:			
Equity holders of the parent entity		(66 453 822)	50 508 006
Non-controlling interest		(48 773 493)	(69 524 764)
		(115 227 315)	**(19 016 758)**
Total comprehensive profit attributable to:			
Equity holders of the parent entity		(66 453 822)	169 773 048
Non-controlling interest		(48 773 493)	(60 242 804)
		(115 227 315)	**109 530 244**
Profit/ (loss) per share attributable to the equity holders of the Bank during the year (expressed in ZWG cents per share)			
Basic earnings per share			
From profit/(loss) for the year attributable to equity holders (ZWG cents)	36	(221)	168

Infrastructure and Development Bank of Zimbabwe

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FOR THE HALF YEAR ENDED 30 JUNE 2024

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2024

	Note	30 Jun 2024 ZWG	31 Dec 2023 ZWG
Cash flows from operating activities			
Profit / (loss) for the period		(64 909 687)	(44 859 587)
Adjustments for:			
Depreciation	15;17	5 142 686	3 928 091
Amortisation	16	908 254	908 252
Finance cost		10 852	7 238
Profit on disposal of investment property		405 641	(1 660 183)
Profit on disposal of Available for Sale Assets		-	-
Loss on disposal of motor vehicles		(164 150)	105 340
Loss on disposal of land and buildings		-	-
Profit on disposal of non current assets held for sale		-	-
Profit on disposal of a subsidiary		-	-
Loan impairment charge		(366 173)	3 527 110
Rent debtors impairment charge		69 608	291 930
Debtors impairment (recovery) / charge		(45 467)	(36 310 727)
Treasury bills impairment (recovery) / charge		1 164 596	-
Provisions and accruals		4 708 356	2 049 351
Unrealised foreign exchange (loss)/ gain		(20 154 642)	54 727 924
Discount on sale of treasury bills	27	-	-
Gain on financial assets measured at fair value through OCI		-	(128 547 002)
Net (gain) on financial assets at fair value through profit or loss	6	(3 716 145)	(1 540 702)
Unrealised fair value gain on investment property	13	-	(56 813 176)
Unrealised fair value gain on non-current assets held for sale		-	(1 650 991)
Share of loss of associate		-	3 304 190
Effect on currency conversion on cash and cash equivalent		(152 944 320)	(202 725 883)
		(229 890 590)	**(405 258 825)**
Changes in:			
Loans and advances to customers		12 970 903	(136 616 281)
Treasury bills and other financial assets		(230 257)	575 824
Other receivables and prepayments		56 025 981	(63 761 742)
Inventories		91 192 653	(8 806 686)
Deposits from customers		14 437 132	80 423 150
Other liabilities		1 449 743	97 127 829
Net cash utilised in operating activities		**(54 044 435)**	**(436 316 731)**
Cash flow from investing activities			
Acquisition of property and equipment	15	(2 922 204)	(974 634)
Acquisition of financial assets at fair value through other comprehensive income	7	(469 879)	(10 251 769)
Proceeds from sale of investment property		407 460	58 254 054
Proceeds from sale of non-current assets held for sale		-	20 510 506
Proceeds from sale of a subsidiary		-	-
Acquisition of investment property	13	-	(10 602)
Investment in associates	12.4	(262 745)	(470 074)
Dividend received		5 891	42
Net cash utilised in investing activities		**(3 241 477)**	**67 057 523**
Cash flow from financing activities			
Payment of dividends		-	(16 554 434)
Proceeds from issue of bonds		13 960 064	183 888 860
Increase in local lines of credit and bonds		53 584 823	196 569 328
Repayment of bonds		(17 518 252)	(26 859 849)
Proceeds from issue of shares	19	2 401 226	32 215 303
Net cash generated from financing activities		**52 427 861**	**369 259 208**
Net increase in cash and cash equivalents		(4 858 051)	-
Cash and cash equivalents at the beginning of the year		**63 600 013**	**63 600 013**
Cash and cash equivalents at the end of the period	5	**58 741 962**	**63 600 013**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2024

	Ordinary share capital ZWG	Share premium ZWG	Amounts Awaiting allotment ZWG	Foreign Currency Translation reserve ZWG	Preference share capital ZWG	Fair value reserve ZWG	Revaluation reserve ZWG	Retained Earnings ZWG	Total before non-controlling interest ZWG	Non controlling interest ZWG	Total equity ZWG
Balance at 1 January 2023	**164 159**	**389 362 924**	**20 180 204**	**111 708 935**	**74 049 071**	**79 864 995**	**45 294 052**	**(301 013 499)**	**419 610 841**	**(2 796 106)**	**416 814 735**
Profit for the period	-	-	-	-	-	-	-	50 508 006	50 508 006	(52 970 329)	(2 462 323)
Net fair value gain on financial assets at fair value	-	-	-	-	-	128 547 002	-	-	128 547 002	-	128 547 002
Issue of share capital	-	-	22 674 589	-	-	-	-	-	22 674 589	-	22 674 589
Dividend paid	-	-	-	-	-	-	-	-	-	(16 554 434)	(16 554 434)
Balance as at 30 June 2023	**164 159**	**389 362 924**	**42 854 793**	**111 708 935**	**74 049 071**	**208 411 997**	**45 294 052**	**(250 505 493)**	**621 340 438**	**(72 320 869)**	**549 019 569**
Balance at 1 January 2024	**164 159**	**389 362 924**	**42 854 793**	**111 701 518**	**74 049 071**	**85 258 184**	**67 245 810**	**(262 972 581)**	**507 663 877**	**(83 153 786)**	**424 510 091**
Loss for the period	-	-	-	-	-	-	-	(66 453 822)	(66 453 821)	(48 773 493	(115 227 315)
Issue of share capital	-	-	2 401 226	-	-	-	-	-	2 401 226	-	2 401 226
Movement in currency converslon	-	-	-	(155 705 850)	-	-	-	-	(155 705 850)	36 429 758	(119 276 092)
Balance as at 30 June 2024	**164 159**	**389 362 924**	**45 256 019**	**(44 004 332)**	**74 049 071**	**85 258 184**	**67 245 810**	**(329 426 403)**	**287 905 432**	**(95 497 521)**	**192 407 911**

Directors: MLAMBO Kupukile (Dr) (Board Chairman), BANGO Sibusisiwe P (Ms), MUGWAGWA Norbert O (Dr), MUGWARA Reginald (Mr), MUZOROZA Tadios (Mr), RUKOBO Andries (Dr), WEKWETE Naomi Netsayi (Dr), MANYANYA Arina (Mrs), SAKALA Zondo T (CEO/Ex-Officio)

Infrastructure and Development Bank of Zimbabwe

REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2024

"Transforming and Retooling Towards a DFI of Scale"

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2024

1 INFRASTRUCTURE AND DEVELOPMENT BANK GROUP PROFILE AND PRINCIPAL ACTIVITIES

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

The consolidated financial statements were approved by the Board of Directors on 23 August 2024

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements for the year ended 30 June 2024 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).

2.1.1 Basis of consolidation

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

Subsidiaries

The financial results of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

All intra-group balances, transactions, income and expenses, profits and losses resulting from intra-group transactions that are recognised in assets and liabilities and income and expenses are eliminated in full.

Non-controlling Interest

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

Basis of measurement

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

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

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

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

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

Comparative financial information

On April 5, 2024, the Zimbabwe Gold (ZWG) was officially introduced as the new currency of Zimbabwe, replacing the Zimbabwe Dollar (ZWL). The Functional and Presentation currency for the Bank is ZWG.

In calculating the ZWG comparative figures, the Bank used the following approach which entailed significant judgements in converting the previous ZWL figures to ZWG:

- Prior year figures were uplifted to 5 April 2024 with the inflation adjusted ZWL figures which were then converted to ZWG using the conversion rate of ZWL 2 498.7242 as directed by the Reserve Bank of Zimbabwe.
- Amounts for Property Plant and Equipment, Financial Assets at Fair Value through Other Comprehensive Income, Investment Property which have values which were quoted in USD at 31 December 2023 by the respective valuers were translated to ZWG using the USD exchange rate on 5 April 2024 of ZWG13.5616. The respective adjusting reserves mainly; revaluation reserve (Property Plant and Equipment).

Fair value reserve (Financial Assets at fair value through other comprehensive income) and, retained earnings (Investment Property) were adjusted to reflect the gain/loss in the movement of these assets remeasured to their ZWG fair value comparative amount.

The following "All Items" CPI indices were used to prepare the 2023 comparative figures

Indices and conversion factors	All Items CPI	Movement CPI	Conversion Factors	Movement Conversion Factor
CPI as at 31 March 2024	429,219.62	170,277.53	1.00	0.66
CPI as at 28 February 2024	258,942.08	165,726.27	1.66	2.95
CPI as at 31 January 2024	93,215.82	27,512.38	4.60	1.93
CPI as at 31 December 2023	65,703.44	22,992.72	6.53	3.52
CPI as at 30 June 2023	42,710.72	-	10.05	-

Use of estimates and judgements

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

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

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

Judgement was applied on the following in preparing financial statements:

- The Group's functional and presentation currency;
- Cash generating units for impairment loss computation;
- Classification of financial instruments;
- Use of exchange rates;
- Impairment of assets;
- Useful lives of assets;
- Income taxes;
- Allowances for credit losses; and
- Employee benefits accruals and provisions.
- Conversion of Zimbabwe Dollar balances to Zimbabwe Gold

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

New standards, interpretations and amendments effective from 1 January 2024.

Changes in accounting policies

The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Bank does not expect any other standards issued by the IASB, but not yet effective, to have a material impact.

Annual improvements to IFRS standards 2018-2020 (Amendments to IAS 41).

The requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value has been removed. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 (fair value measurement) to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2):

o The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

o Further amendments explain how an entity can identify a material accounting policy.
o Examples of when an accounting policy is likely to be material are added.
o To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Classification of liabilities as current or non-current — deferral of effective date (Amendment to IAS 1).

- In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current.
- The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.
- The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument.
- The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

Definition of accounting estimates (Amendments to IAS 8).

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

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12).

- The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

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 Zimbabwe Gold ("ZWG"), which is its functional and presentation currency of the Group. The Group carried out an assessment and concluded that the ZWG was the functional currency. The Bank changed its functional currency on the 5th of April 2024 from the Zimbabwe Dollar ("ZWL") to the Zimbabwe Gold ("ZWG") following the introduction of a new currency by the Reserve Bank of Zimbabwe on the same date.

(b) Transactions and balances

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

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

2.3 Consolidation

(a) Subsidiaries

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

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

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

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

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

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

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

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

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

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

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

Goodwill

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

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

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

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

(c) Loss of control

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

(d) Associates and joint ventures

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

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

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

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

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

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

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FOR THE HALF YEAR ENDED 30 JUNE 2024

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

(e) Joint operations

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

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

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

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

Refer to note 12 for a detailed analysis of the Group.
When the Group purchases assets from a joint operation, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

2.4 Cash and cash equivalents

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

Deferred tax

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

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

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

2.5 Financial assets and liabilities

2.5.1 Date of recognition

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

2.5.2 Initial measurement of financial instruments

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

2.5.3 Day 1 profit or loss

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

2.5.4 Measurement categories of financial assets and liabilities

The Bank classified all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:
- Amortised cost,
- FVOCI; or
- FVPL

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

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

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

Before 1 January 2018, balances due from other banks and loans and advances to customers , included non–derivative financial assets with fixed or determinable payments that were not quoted in an active market, other than those:
- That the Bank intended to sell immediately or in the near term
- That the Bank, upon initial recognition, designated as at FVPL or as available-for-sale
- For which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration, which were designated as available-for-sale.

From 1 January 2018, the Bank only measures balances due from other banks, loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

2.5.6 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument -by-instrument basis , but at a higher level of aggregated portfolios and is based on observable factors such as:
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

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

2.5.7 The SPPI test

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

2.5.8 Financial assets or financial liabilities held for trading

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

2.5.9 Debt instruments at FVOCI

The Bank applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:
- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the SPPI test.

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

2.5.10 Equity instruments at FVOCI

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

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

2.5.11 Debt issued (bonds) and other borrowed funds

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

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

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:
- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
  Or
- The liabilities are part of a group of financial liabilities , which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
  Or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited. Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

2.6 Reclassification of financial assets and liabilities

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

2.7 Derecognition of financial assets and liabilities

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

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

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

2.8 Derecognition other than for substantial modification

2.8.1 Financial assets

A financial asset (or, where applicable , a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

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

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

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay. If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.8.2 Financial liabilities

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

2.9. Impairment of financial assets

2.9.1. Overview of the ECL principles

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

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

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

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

2.9.2. The calculation of ECLs

The Bank calculates ECL s based on probability -weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD:** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- **EAD:** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD:** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2'). Each of these is associated with different PDs, EADs and LGDs, as set out above. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of revolving facilities, for which the treatment is separate, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below :

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

The method is similar to that for Stage 2 assets, with the PD set at 100%.

- **POCI:** POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime. ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit- adjusted EIR.

Treatment of loan commitments, financial guarantees and other off-balance sheet exposures

- Loan commitments and letters of credit.
- Financial guarantee contracts.

When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.

The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

2.9.3. Debt instruments measured at fair value through OCI

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

2.9.4. Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Bank only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

2.9.5. Forward looking information

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Inflation

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

2.10. Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. 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 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

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

2.13. Forborne and modified loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral.

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

The Bank also reassesses whether there has been a significant increase in credit risk. The Bank also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 24-month probation period . In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities has to be considered performing
- The probation period of two years has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
- The customer does not have any contract that is more than 30 days past due

2.14 Taxes

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

Changes in tax rates

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

2.14.1 Income tax

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

(a) Current

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

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

(b) Deferred taxation

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

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

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

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

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

2.15 Other receivables

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

2.16 Inventories

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

2.16.1 Property development

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

2.16.2 Completed property held for sale

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

2.17 Investment property

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

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

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

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

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

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

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

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

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

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

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

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

2.18 Property and equipment

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

Property and equipment are carried at the fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Valuations are performed yearly to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. At the date of the revaluation, accumulated depreciation is restated proportionately with the change in gross carrying amount so that the carrying amount after revaluation equals its revalued amount.

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

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

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

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

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

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2.19 Intangible assets

Software licences

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

Amortisation

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

2.20 Impairment of non-financial assets

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

2.21 Share capital

Ordinary shares

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

Preference share capital

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

2.22 Provisions

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

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

2.23 Trade payables

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

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.24 Financial guarantees

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

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

2.25 Related parties

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

2.26 Revenue recognition

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

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

2.26.1 Recognition of interest income

The effective interest rate method

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

Interest and similar income

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

2.26.2 Non-interest income

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

2.26.3 Dividend income

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

2.26.4 Rental income

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

2.26.5 Government grants

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

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

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

2.26.6 Property sales

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

2.27 Employee benefits

2.27.1 Pension scheme

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

2.27.2 Termination benefits

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

2.27.3 Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.28 Earnings per share

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

2.29 Dividend distribution

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

2.30 Fiduciary activities

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

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

2.31 Critical accounting estimates and key sources of estimation uncertainty

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

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

2.31.1 Impairment on loans and advances

(a) Determination of impairment allowance

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Determining criteria for default;

(b) Significant increase in credit risk

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

(c) Default

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

2.31.2 Key sources of estimation uncertainty

Impairment of financial assets at fair value through other comprehensive income

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

2.31.3 Useful lives and residual values of property and equipment

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

2.31.4 Fair value measurements and valuation processes

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

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

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

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

Revaluation of land and buildings and investment properties

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

Income Approach

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

Comparison Approach

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

Gross Replacement Costs

In comptuing the cost of replacement, rates obtained from Quantity Surveying Consultant firms were applied. Inferences were made from Turner and Townsend South Africa where construction is more active than in Zimbabwe at the moment.

The Group engaged an independent valuation specialist to assess fair values as at 31 December 2020 for the investment properties and land and buildings.

2.31.5 Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the consolidated financial statements. Additional information on the going concern assumption is disclosed in Note 42.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2024

3 RISK MANAGEMENT

3.1 Risk management policies

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including fair value interest rate risk, cash flow interest rate risk, foreign exchange risk, and price risk).

Risk management is a key function of management. The dynamism characterising the financial services sector has increased the importance of risk management. The Group has put in place a risk management framework to identify the type and areas of risk and to measure and assess all risks to enable management to make sound judgements and decisions and thereby limit losses.

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

In addition, the Group Internal Audit Unit is responsible for independent review of risk management and control environment; and the Group Legal Counsel provides advice and support on legal matters.

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

3.2 Credit risk

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

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

	Maximum Exposure 30 Jun 2024 ZWG	Maximum Exposure 30 Jun 2024 ZWG
Credit risk exposure relating to on-balance sheet assets are as follows:		
Cash and bank balances	58 741 962	63 600 013
Treasury bills and other financial assets	7 233 156	9 343 505
Gross loans and advances to customers	188 723 168	201 694 072
Assets pledged as collateral	55 487 015	61 960 617
Other receivables and prepayments	54 858 583	98 273 203
	365 043 883	434 871 410
Credit risk exposure relating to off-balance sheet assets are as follows:		
Loan commitments and guarantees	-	6 275
Maximum exposure to credit risk	365 043 883	434 877 685

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

3.3 Liquidity risk

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

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

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

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

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

Contract maturity analysis

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

3 RISK MANAGEMENT (continued)

3.3 Liquidity risk (continued)

As at 30 June 2024	Up to 1 month ZWG	1 to 3 months ZWG	3 to 9 months ZWG	9 to 12 months ZWG	over 12 months ZWG	Total ZWG
Cash and bank balances	58 741 962	-	-	-	-	58 741 962
Investment securities	6 100 134	-	-	-	-	6 100 134
Financial assets at fair value through other comprehensive income	-	-	-	-	83 344 415	83 344 415
Treasury bills and other financial assets	-		-	-	7 233 156	7 233 156
Trading assets pledged as collateral	-	-		-	55 487 015	55 487 015
Non-current Assets Held for Sale	-	-	-			-
Loans and advances to customers	63 056 928	27 120 718	-	55 823 965	36 348 941	182 350 553
to customers	9 698 076 689	8 306 556 799	-	40 943 037 218	15 391 689 832	74 339 360 538
Total	**127 899 023**	**27 120 718**	**-**	**55 823 965**	**182 413 527**	**393 257 234**
Liabilities						
Deposits from customers	99 601 588	5 132 060	426	11 256 939	-	115 991 014
Bonds	-	19 774 416	26 881 531	14 245 954	12 258 679	73 160 579
Local lines of credit	56 025 472					56 025 472
Other liabilities	-	-	-	218 611 329		218 611 329
Lease Liability	-	-	-	-	159 228	159 228
Total	**155 627 060**	**24 906 476**	**26 881 956**	**244 114 222**	**12 417 907**	**463 947 623**
Gap	**(27 728 037)**	**2 214 242**	**(26 881 956)**	**(188 290 258)**	**169 995 620**	**(70 690 388)**
Contingent liabilities:						
Loan commitments and guarantees	-	-	-	-	-	-
Total gap	**(27 728 037)**	**2 214 242**	**(26 881 956)**	**(188 290 258)**	**169 995 620**	**(70 690 388)**
Total cumulative gap	**(27 728 037)**	**(25 513 795)**	**(52 395 751)**	**(240 686 008)**	**(70 690 388)**	
As at 31 December 2023						
Assets						-
Cash and bank balances	63 600 013	-	-	-	-	63 600 013
Investment securities	2 383 989	-	-	-	-	2 383 989
Financial assets at fair value through other comprehensive income	-	-	-	-	82 880 552	82 880 552
Treasury bills and other financial assets	-	-	-	-	9 343 505	9 343 505
Trading assets pledged as collateral	-	-	-	-	61 960 617	61 960 617
Non-current assets held for sale		-	-			-
Loans and advances to customers	25 354 717	21 716 718	-	107 041 754	40 240 138	194 353 328
Total	**91 338 720**	**21 716 718**	**-**	**107 041 754**	**194 424 813**	**414 522 005**
Liabilities						
Deposits from customers	85 474 989	1 056 434	15 022 458	-	-	101 553 882
Bonds	-	21 775 018	23 226 639	45 001 656	3 176 195	93 179 508
Local lines of credit	55 865 586	-	-	-	-	55 865 586
Other liabilities	-	-	-	217 161 586	-	217 161 586
Lease Liability	-	-	-	-	124 521	124 521
Total	**141 340 575**	**22 831 452**	**38 249 097**	**262 163 243**	**3 300 716**	**467 885 084 2**
Gap	**(50 001 856)**	**(1 114 734)**	**(38 249 097)**	**(155 121 489)**	**191 124 096**	**(53 363 079)**
Contingent liabilities:						
Loan commitments and guarantees	-	-	-	-	-	-
Total gap	**(50 001 856)**	**(1 114 734)**	**(38 249 097)**	**(155 121 489)**	**191 124 096**	**(53 363 079)**
Total cumulative gap	**(50 001 856)**	**(51 116 590)**	**(89 365 687)**	**(244 487 175)**	**(53 363 079)**	-

3.4.3 Interest rate risk

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

Interest rate repricing gap analysis

As at 30 June 2024	Up to 1 month ZWG	1 to 3 months ZWG	3 to 9 months ZWG	9 to 12 months ZWG	over 12 months ZWG	Non interest bearing ZWG	Total ZWG
Assets							
Cash and bank balances	58 741 962	-	-	-	-	-	58 741 962
Investment securities	-	-	-	-	-	6 100 134	6 100 134
Loans and advances to customers	63 056 928	27 120 718	-	55 823 965	36 348 942	-	182 350 554
Financial assets at fair value through other comprehensive income	-	-	-	-	-	83 344 415	83 344 415
Treasury bills and other financial assets	-	-	-	-	7 233 156	-	7 233 156
Trading assets pledged as collateral	-	-	-	-	55 487 015	-	55 487 015
Total assets	**121 798 889**	**27 120 718**	**-**	**55 823 965**	**99 069 113**	**89 444 549**	**393 257 235**
Equity and liabilities							
Deposits from customers	99 601 588	5 132 060	426	11 256 939	-	-	115 991 014
Bonds	-	19 774 416	26 881 531	14 245 954	12 258 679	-	73 160 579
Local lines of credit	56 025 472	-	-	-	-	-	56 025 472
Other liabilities		-	-	-	218 611 329	-	218 611 329
Lease Liability	-	-	-	-	-	159 228	159 228
Total equity and liabilities	**155 627 060**	**24 906 476**	**26 881 956**	**25 502 893**	**230 870 008**	**159 228**	**463 947 623**
Total interest repricing gap	**(33 828 171)**	**2 214 242**	**(26 881 956)**	**30 321 072**	**(131 800 894)**	**89 285 321**	**(70 690 385)**
Total cumulative gap	**(33 828 171)**	**(31 613 928)**	**(58 495 885)**	**(28 174 813)**	**(159 975 707)**	**(70 690 385)**	
As at 31 December 2023							
Assets							
Cash and bank balances	63 600 013	-	-	-	-	-	63 600 013
Investment securities	-	-	-	-	-	2 383 989	2 383 989
Loans and advances to customers	25 354 717	21 716 718	-	107 041 754	40 240 138	-	194 353 328
Financial assets at fair value through other comprehensive income	-	-	-	-	-	82 880 552	82 880 552
Treasury bills and other financial assets	-	-	-	-	9 343 505	-	9 343 505
Trading assets pledged as collateral	-	-	-	-	61 960 617	-	61 960 617
Total assets	88 954 730	21 716 718	-	107 041 754	111 544 260	85 264 541	414 522 005
Equity and liabilities							
Deposits from customers	85 474 989	1 056 434	15 022 458	-	-	-	101 553 882
Bonds	-	21 775 018	23 226 639	45 001 656	3 176 195	-	93 179 508
Local lines of credit	55 865 586	-	-	-	-	-	55 865 586
Other liabilities	-	-	-	217 161 586	-	-	217 161 586
Lease liability	-	-	-	-	124 521	-	124 521
Total equity and liabilities	141 340 575	22 831 452	38 249 097	262 163 243	3 300 716	-	467 885 084
Total interest repricing gap	**(52 385 845)**	**(1 114 734)**	**(38 249 097)**	**(155 121 489)**	**108 243 544**	**85 264 541**	**(53 363 079))**
Total cumulative gap	**(52 385 845)**	**(53 500 579)**	**(91 749 676)**	**(246 871 164)**	**(138 627 620)**	**(53 363 079)**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2024

3 RISK MANAGEMENT (continued)

3.4 Interest rate risk (continued)

3.4.3 Interest risk sensitivity analysis

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

Interest rate change	Historical Cost Effect on profit for the period 2024 ZWG	Effect on profit for the period 2023 ZWG
5% increase / (decrease)	526 317	7 365 223
10% increase / (decrease)	1 052 633	14 730 446

3.4.4 Foreign exchange risk

The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk as at 30 June.

Concentration of currency risk on off-balance sheet financial instruments as at 30 June was as follows:

As at 30 June 2024	ZWG	USD ZWG equivalent	ZAR ZWG equivalent	BWP ZWG equivalent	GBP ZWG equivalent	EURO ZWG equivalent	Total ZWG
Assets							
Cash and bank balances	41 039 044.87	17 628 255	23 155	840	29 846	20 820	58 741 962
Investment securities	6 100 134	-	-	-	-	-	6 100 134
Loans and advances to customers	12 348 574	170 001 981	-	-	-	-	182 350 554
Treasury bills and other financial assets	7 233 156	-	-	-	-	-	7 233 156
Assets pledged as collateral	55 487 015	-	-	-	-	-	55 487 015
Financial assets at fair value through other comprehensive income	83 344 415	-	-	-	-	-	83 344 415
Other receivables and prepayments	54 858 583						54 858 583
	260 410 920	**187 630 236**	**23 155**	**840**	**29 846**	**20 820**	**448 115 818**
Equity and liabilities							
Deposits from customers	112 052 927	3 937 511	576	-	-	-	115 991 014
Bonds	-	73 160 579	-	-	-	-	73 160 579
Local lines of credit	56 025 472	-	-	-	-	-	56 025 472
Lease Liability	159 228	-	-	-	-	-	159 228
Other liabilities	218 611 329	-	-	-	-	-	218 611 329
	386 848 957	**77 098 089**	**575**	**-**	**-**	**-**	**463 947 623**
Net foreign exchange position	**(126 438 037)**	**110 532 147**	**22 580**	**840**	**29 846**	**20 820**	**(15 831 804)**
As at 31 December 2023							
Assets							
Cash and bank balances	22 355 625	41 140 162	34 515	984	43 638	25 089	63 600 013
Investment securities	2 383 989	-	-	-	-	-	2 383 989
Loans and advances to customers	22 534 666	171 818 662	-	-	-	-	194 353 328
Treasury bills and other financial assets	9 343 505	-	-	-	-	-	9 343 505
Assets pledged as collateral	-	-	-	-	-	-	-
Financial assets at fair value through	-	-	-	-	-	-	-
other comprehensive income	82 880 552	-	-	-	-	-	82 880 552
Other receivables and prepayments	98 273 203	-	-	-	-	-	98 273 203
	237 771 540	**212 958 824**	**34 515**	**984**	**43 638**	**25 089**	**450 834 590**
Equity and liabilities							
Deposits from customers	96,967,130	4,586,084	668	-	-	-	101 553 882
Bonds	-	93 179 508	-	-	-	-	93 179 508
Local lines of credit	55 865 586	-	-	-	-	-	55 865 586
Lease liability	124 521	-	-	-	-	-	124 521
Other liabilities	217 161 586	-	-	-	-	-	217 161 586
	370 118 824	**97 765 592**	**668**	**-**	**-**	**-**	**467 885 084**
Net foreign exchange position	**(132 347 284)**	**115 193 232**	**33 847**	**984**	**43 638**	**25 089**	**(17 050 493)**

The Group had no off balance sheet foreign currency exposure as at 30 June 2024 (31 December 2023 - ZWG nil).

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 30 June 2024.

	ZWG Level 1	Level 2	ZWG Level 3
At 30 June 2024			
Investment securities	6,100,134	-	-
Financial assets at fair value through other comprehensive income			83,344,415
Total assets	**6 100 134**	**-**	**83 344 415**
Total liabilities	-	-	-
At 31 December 2023			
Investment securities	2 383 989	-	-
Financial assets at fair value through other comprehensive income	-	-	97 539 562
Total assets	**2 383 989**	**-**	**97 539 562**
Total liabilities	-	-	-

4.1.2 Financial instruments not measured at fair value

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

	Carrying value 31 Dec 2023 ZWG	Fair value 31 Dec 2023 ZWG
Financial assets:		
Treasury bills and other financial assets	9 343 505	9 343 505
Loans and advances to customers	194 353 328	194 353 328
Assets pledged as collateral	61 960 617	61 960 617
Financial liabilities:		
Deposits from customers	101 553 882	101 553 882
Bonds and local lines of credit	149 045 094	149 045 094

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.

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

5 CASH AND BANK BALANCES	30 Jun 2024 ZWG	31 Dec 2023 ZWG
Cash on hand	6 639 725	34 056 480
Balances with banks	52 102 237	29 543 533
	58 741 962	**63 600 013**
Balances with banks		
Balance with the Central Bank	13 838 785	11 207 524
Bank deposits	12 138 874	8 066 937
Placements with other banks	26 124 577	10 269 072
Net placements due	**52 102 237**	**29 543 533**
6 INVESTMENT SECURITIES		
At 1 January	2 383 989	1 285 682
Additions	-	-
Net gain through profit or loss	3 716 145	1 098 307
At 30 June	**6 100 134**	**2 383 989**

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").

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	30 Jun 2024 ZWG	31 Dec 2022 ZWG
At 1 January	82 880 552	74 890 729
Additions	463 863	2 596 634
Translation conversion	-	(123 153 813)
Net fair value gains on financial assets at fair value through other comprehensive income	-	128 547 002
At 30 June	**83 344 415**	**82 880 552**
Financial assets at fair value through other comprehensive income include the following;		
Unlisted securities:		
Equity securities - Zimbabwe	1 548 517	2 380 958
Equity securities - Botswana	81 795 898	80 499 594
	83 344 415	**82 880 552**

8 TREASURY BILLS AND OTHER FINANCIAL ASSETS	30 Jun 2024 ZWG	31 Dec 2023 ZWG
Treasury bills as substitution for debt instruments	20	133
Capitalisation Treasury Bills	5 027 497	8 957 694
Treasury bills acquired from the market	-	
Accrued Interest	3 075 275	1 398 799
Less Impairment allowances	(869 636)	(1 013 121)
	7 233 156	**9 343 505**

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2024

8.1 Assets pledged as collateral

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

	Assets		Related Liability	
	30 Jun 2024 ZWG	31 Dec 2023 ZWG	30 Jun 2024 ZWG	31 Dec 2023 ZWG
Treasury bills	55 487 015	61 960 617	47 778 850	54 103 645
Current	55 487 015	61 960 617	47 778 850	54 103 645

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

9 LOANS AND ADVANCES TO CUSTOMERS

	30 Jun 2024 ZWG	31 Dec 2023 ZWG
Individual		
- term loans and mortgages	37 858 598	30 594 072
Corporate	-	-
- corporate customers	150 864 571	171 100 001
Gross loans and advances to customers	188 723 169	201 694 072
Less: allowance for impairment (Note 9.1.2)	(6 372 615)	(7 340 744)
Net loans and advances to customers	**182 350 554**	**194 353 328**
9.1 Loan impairment allowance		
Stage 1-12 Month expected credit loss allowance charge	**5 563 405**	**6 359 370**
Stage 2- Lifetime expected credit loss allowance not credit impaired	**57 074**	**483 726**
Stage 3- Lifetime expected credit loss allowance credit impaired	**752 136**	**497 648**
Net loan impairment loss	**6 372 615**	**7 340 744**
9.1.1 Maturity analysis of loans and advances to customers		
Up to one month	63 056 928	25 354 717
Up to three months	27 120 718	21 716 718
Up to one year	55 823 965	107 041 754
Up to 3 years	35 645 166	39 992 395
Up to 5 years	696 687	188 896
Later than 5 years	7 090	58 848
	182 350 554	**194 353 328**

9.1.2 Analysis of ECL in relation to loans and advances as at 30 June 2024.

	Stage1	Stage 2	Stage 3	Total
Loans and advances subject to Stage 1:12 month ECL	176 116 639			176 116 639
Loans and advances subject to Stage 2:Life ECL not credit impaired		710 495		710 495
Loans and advances subject to Stage 3:Life ECL credit impaired			11 896 035	11 896 035
Gross loans and advances	**176 116 639**	**710 495**	**11 896 035**	**188 723 169**
Less impairment allowances				
Stage 1:12 month ECL	**(5 563 405)**			**(5 563 405)**
Stage 2:Life ECL not credit impaired		**(57 074)**		**(57 074)**
Stage 3:Life ECL credit impaired			**(752 136)**	**(752 136)**
Net loans and advances to customers	**170 553 234**	**653 421**	**11 143 899**	**182 350 554**
Analysis of ECL in relation to loans andadvances as at 31 December 2023				
Loans and advances subject to Stage 1:12 month ECL	186 379 805			186 379 805
Loans and advances subject to Stage 2:Life ECL not credit impaired		6 931 335		6 931 335
Loans and advances subject to Stage 3:Life ECL credit impaired			8 382 932	8 382 932
Gross loans and advances	186 379 805	6 931 335	8 382 932	201 694 072
Less impairment allowances				
Stage 1:12 month ECL	**(6 359 370)**			**(6 359 370)**
Stage 2:Life ECL not credit impaired		**(483 726)**		**(483 726)**
Stage 3:Life ECL credit impaired			**(497 648)**	**(497 648)**
Net loans and advances to customers	**180 020 435**	**6 447 609**	**7 885 284**	**194 353 328**

9.1.3 Sectorial analysis of loans and advances to customers	Percentage (%)	30-Jun-24 ZWG	Percentage (%)	31-Dec-23 ZWG
Manufacturing	-	-	-	-
Retail	-	-	-	-
Agro processing	3%	6 323 981	3%	6 609 501
Financial services	-	-	-	-
Transport	-	-	-	-
Construction	16%	29 931 757	9%	18 381 986
Energy	1%	1 756 985	1%	2 716 891
Mortgages	20%	38 528 586	18%	35 057 267
Individuals and other services	60%	112 181 859	69%	138 928 427
Gross value of loans and advances	100%	188 723 168	100%	201 694 072
Less allowance for impairment		(6 372 615)		(7 340 744)
		182 350 554		**194 353 328**

10 OTHER RECEIVABLES AND PREPAYMENTS

	30-Jun-24 ZWG	31-Dec-23 ZWG
Receivables	50 237 582	92 403 068
Less impairment loss	(12 323 857)	(19 638 115)
Net receivables	37 913 725	72 764 953
Pre-payments	16 944 853	25 508 250
	54 858 583	**98 273 203**

11 INVENTORIES

	30-Jun-24 ZWG	31-Dec-23 ZWG
Inventory - housing units	1 684 390	586 473
Inventory - serviced stands	5 957 398	51 990 699
Work in progress	76 045 156	122 564 515
Consumables and materials	1 010 238	748 149
	84 697 182	**175 889 836**

12 INVESTMENTS IN SUBSIDIARIES, JOINT OPERATION AND ASSOCIATES

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

As at 30 June 2024 the Bank had the following investments in associates

- Mosi Oa Tunya - 20.6% shareholding. The total amount of share of loss was $697m. However, as per IAS 28 paragraph 38, the share of loss recognised was limited to the carrying amount of the investment.
- Nyamazi Lodges - 28% shareholding. Historical value ZWG 9.6

12.1 Investment in subsidiaries

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

Name of subsidiary	Principal activity	Place of incorporation and operation	Place of Proportion of ownership interest and voting power held by the Group	
			as at 30 Jun 2024 %	as at 31 Dec 2023 %
Waneka Properties (Private) Limited	Property development	Zimbabwe	70	70
Norton Medical Investments (Private) Limited	Medical services	Zimbabwe	60	60
Kariba Housing Development Project	Property development	Zimbabwe	90	90
Samukele Lodges	Hospitality	Zimbabwe	100	100
Changamire Inkosi	Property Investment	Zimbabwe	60	60
Kanyemba Lodges	Hospitality	Zimbabwe	62	36
Special purpose entities				
Clipsham Views Housing Project	Joint Operation	Zimbabwe	83	83

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

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

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

	interest and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulate non-controlling interests	
Name of subsidiary	30 Jun 2024 %	31 Dec 2023 %	30 Jun 2024 ZWG	31 Dec 2023 ZWG	30 Jun 2024 ZWG	31 Dec 2023 ZWG
Waneka Properties (Private) Limited	30	30	5 742	7 005	2 308 110	282,108
Norton Medical Investments (Private) Limited	40	40	(224 248)	(24 209)	4 016 520	119 506
Kariba Housing Development Project	10	10	-	51,281	-	6 168
Mazvel Investments (Private) Limited	57	57	(48 548 054)	(67 669 405)	(101 491 218)	(73,005,620)
Samukele Lodges	100	100	-	-	-	-
Changamire Inkosi	40	40	(1)	15 677 059	3 028 329	(10 555 948)
Kanyemba Lodges	38	64	(6 934)	-	-	-
Total			**(48 766 560)**	**51 958 267)**	**(92 138 258)**	**(83 153 786)**

	30 Jun 2024 ZWG	31 Dec 2023 ZWG
12.3 Carrying amount of the investment in associates		
Balance as at 1 January	9 243 840	5 811 024
Currency conversion	138 078	-
Equity contribution for Associate Companies	262 745	4 762 012
Share of loss from associates	-	(1 329 196)
Transfer to Investment in subsidiaries	(9 243 840)	-
Balance as at 30 June 2024	**400 823**	**9 243 840**

13 INVESTMENT PROPERTY

	30 Jun 2024 ZWG	31 Dec 2023 ZWG
Balance as at 1 January	120 587 713	106 262 667
Additions during the year	-	360 967
Disposals for the year	(1 627 392)	(45 042 332)
Transfer from non current assets held for sale	-	2 193 235
Net gain from fair value adjustment	-	56 813 176
Balance as at 30 June 2024	**118 960 321**	**120 587 713**
Analysis by nature		
Residential properties	37,927,440	38 049 291
Commercial and industrial properties	81 032 881	82 538 422
	118 960 321	**120 587 713**

The Bank's investment properties comprise commercial and residential properties that are rented out to third parties and land held for future projects development. The investment properties were measured at fair value as per valuations made by a registered external valuer as per our valuation has been prepared in accordance with the RICS Valuation – Professional Standards (9th Edition) published by the Royal Institution of Chartered Surveyors and in accordance with IVSC International Valuation Standard 1 (IVS 1, 2011) on the basis of Fair Value for financial reporting. The latest valuation was done on 31 December 2023 and those valuation figures were adopted on 31 December 2023.

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

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

Measurement of fair value

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

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

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

	30 Jun 2024 ZWG	30 Jun 2024 ZWG
Rental income	560 070	2 702 664

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2024

14 NON-CURRENT ASSETS HELD FOR SALE

	30 Jun 2024 ZWG	31 Dec 2023 ZWG
Balance as at 1 January	-	**20 675 460**
Disposals for the year	-	**(16 725 757)**
Transfer to Investment properties	-	**(2 193 235)**
Loss on monetory value	-	**(1 756 468)**
Balance as at 30 June 2024	-	-

15 PROPERTY AND EQUIPMENT

	Freehold Land and buildings ZWG	Computer and office equipment ZWG	Motor vehicles ZWG	Fixtures and fittings ZWG	Capital work in progress ZWG	Total ZWG
COST						
At 01 January 2023	23 113 325	11 989 639	10 449 283	4 039 090	3 991 701	53 583 038
Additions	-	1 122 338	-	-	-	1 122 338
Capitalisations				4 242	-	4 242
Revaluation gain	21 594 104	(7 527 896)	588 475	(2 085 839)	-	12 568 845
Foreign currency translation reserve	(6 721 387)	(839 732)	(1 646 303)	(294 188)		(9 501 611)
Disposals	-	-	(88 198)	-	(3 991 701)	(4 079 899)
At 31 December 2023	**37 986 042**	**4 744 348**	**9 303 257**	**1 663 305**	**-**	**53 696 953**
At 01 January 2024	37 986 042	4 744 348	9 303 257	1 663 305	-	53 696 953
Additions		1 138 221	1 754 610	29 373	-	2 922 204
Capitalisations				-		-
Revaluation gain	-	-	-	-		-
Disposals	-		-	-		-
Foreign currency translation reserve	-	-	-	-	-	-
Transfer to assets held for sale	-					-
At 30 June 2024	**37 986 042**	**5 882 569**	**11 057 867**	**1 692 678**	**-**	**58 619 157**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 01 January 2023	-	6 065 584	3 547 487	2 283 431	1 044 497	12 940 999
Charge for the year	462 266	2 581 641	2 089 429	816 303	-	5 949 639
Eliminated on disposals	-	-	-		(1 044 497)	(1 044 497)
Eliminated on transfer to assets held for sale	-					-
Eliminated on revaluation	(462 266)	(8 647 225)	(5 636 916)	(3 099 734)		(17 846 143)
At 31 December 2023	-	-	-	-	-	-
At 01 January 2024	-	-	-	-	-	-
Charge for the year	323 851	1 489 623	2 190 898	699 396	-	4 703 769
Eliminated on disposals	-		-	-		-
Eliminated on transfer to assets held for sale			-	-	-	-
Eliminated on revaluation	-	-	-	-	-	-
At 30 June 2024	**323 851**	**1 489 623**	**2 190 899**	**699 396**	**-**	**4 703 769**
CARRYING AMOUNT						
Cost at 31 December 2023	44 707 429	5 584 080	10 949 561	1 957 494	-	63 198 564
Accumulated depreciation at 31 December 2022	-	-	-	-	-	-
Carrying amount at 31 December 2023	44 707 429	5 584 080	10 949 561	1 957 494	-	63 198 562
Cost at 30 June 2024	37 986 042	5 882 569	11 057 867	1 692 678	-	56 619 156
Accumulated depreciation at 30 June 2024	(323 851)	(1 489 623)	(2 190 899)	(699 396)	-	(4 703 769)
Carrying amount at 30 June 2024	**37 662 191**	**4 392 946**	**8 866 969**	**993 282**	**-**	**51 915 388**

16 INTANGIBLE ASSETS

Computer Software	ZWG
COST	
At 01 January 2023	**7 266 019**
Additions	-
At 31 December 2023	**7 266 019**
At 01 January 2024	**7 266 019**
Additions	-
Revaluation gain	-
Disposals	-
At 30 June 2024	**7 266 019**
ACCUMULATED ARMOTISATION	
At 01 January 2023	**3 671 514**
Charge for the year	1 816 505
At 31 December 2023	**5 488 019**
At 01 January 2024	**5 488 019**
Charge for the year	908 254
At 30 June 2024	**6 396 273**
CARRYING AMOUNT	
Cost at 31 December 2023	**7 266 019**
Accumulated amortisation at 31 December 2023	**(5 488 019)**
Carrying amount at 31 December 2023	**1 778 000**
Cost at 30 June 2024	**7 266 019**
Accumulated amortisation at 30 June 2024	**(6 396 273)**
Carrying amount at 30 June 2024	**869 746**

17 RIGHT OF USE ASSETS

	30 Jun 2024 ZWG	31 Dec 2023 ZWG
Cost		
At 01 January	1 755 674	1 241 361
Remeasurements / Adjustments	226 500	514 313
Balance	**1 982 174**	**1 755 674**
Accumulated Depreciation		
At 01 January	1 246 652	382 148
Charge for the year	438 918	864 504
Balance	**1 685 570**	**1 246 652**
Carrying Amount	**296 604**	**509 022**

18 DEFERRED TAXATION

	30 Jun 2024 ZWG	31 Dec 2023 ZWG
18.1 Deferred Tax Asset		
Deferred tax asset is the amount of income taxes recoverable in future years in respect of deductible temporary differences unused tax losses and unused tax credits.		
Opening Balance	17 894 604	9 651 421
Foreign currency translation reserve	(16 477 326)	-
Charge for the year	1 259 582	8 243 183
Transfer to deferred tax liability	(1 079 900)	-
Closing Balance	**1 596 960**	**17 894 604**
18.2 Deferred Tax Liability		
Deferred tax liability represents the amount of income taxes payable in future years in respect of taxable temporary differences.		
Opening Balance	-	-
Charge for the year	51 577 210	-
Transfer from deferred tax asset	(1 079 900)	-
Closing Balance	**50 497 310**	**-**

19 SHARE CAPITAL AND SHARE PREMIUM

Authorised share capital

150 000 000 ordinary shares with a nominal value of ZWG0,01. The directors are authorised to issue an unlimited number of preference shares as approved by shareholders.

Issued share capital	Number of shares	Share capital ZWG	Share premium ZWG	Amounts Awaiting Allotment ZWG	Total ZWG
At 1 January 2023	**24 064 721**	**164 159**	**389 362 924**	**20 180 204**	**409 707 287**
Issue of shares	3 091 389	-	-	-	-
Allotment of shares	2 898 177	-	-	22 674 589	22 674 589
At 31 December 2023	**30 054 287**	**164 159**	**389 362 924**	**42 854 793**	**432 381 876**
At 1 January 2024	**30 054 287**	**164 159**	**389 362 924**	**42 854 793**	**432 381 876**
Issue of shares	-	-	-	-	-
Allotment of shares	-	-	-	2 401 226	2 401 226
At 30 June 2024	**30 054 287**	**164 159**	**389 362 924**	**45 256 019**	**434 783 102**

20 FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)

	30 Jun 2024 ZWG	31 Dec 2023 ZWG
At the beginning of the year	111 701 519	111 708 935
Charge for the year	-	652
Movement in currency conversion	(155 705 851)	-
Transfer from FCTR to Retained Earnings on disposal of investments	-	(4 481)
Transfer from FCTR to NCI	-	(3 587)
At the end of the year	**(44 004 332)**	**111 701 519**

21 REVALUATION RESERVE

At the beginning of the year	67 245 810	45 294 052
Charge for the year	-	21 951 758
At the end of the year	**67 245 810**	**67 245 810**

22 FAIR VALUE

At the beginning of the year	85 258 184	79 864 995
Charge for the year	-	5 393 189
At the end of the year	**85 258 184**	**85 258 184**

23 PREFERENCE SHARE CAPITAL

The preference shares are 5% non-cumulative, non-redeemable and paid up preference shares with a par value of ZWG100.00 per share. A dividend is payable at the discretion of Directors and is paid out of distributable profits.

	Number	Preference Share capital
Issued preference share capital		
At 1 January 2023	382 830	74 049 071
Issue of shares	-	-
At 31 December 2023	**382 830**	**74 049 071**
At 1 January 2024	**382 830**	**74 049 071**
Issue of shares	-	-
At 30 June 2024	**382 830**	**74 049 071**

24 DEPOSITS FROM CUSTOMERS

	30 Jun 2024 ZWG	31 Dec 2023 ZWG
Deposits from customers are primarily comprised of amounts payable on demand and term deposits.		
Large corporate customers	108 364 079	95 901 962
Retail customers	7 626 935	5 651 920
	115 991 014	**101 553 882**
24.1 Maturity analysis of deposits from customers		
Up to one month	110 858 528	85 474 990
Up to three months	5 132 060	1 056 434
Above six months	426	15 022 458
	115 991 014	101 553 882

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

	Percentage (%)	30 Jun 2024 ZWG	Percentage (%)	31 Dec 2023 ZWG
24.2 Sectorial analysis of deposits from customers				
Financial markets	67.53%	78 326 494	69.78%	57 681 155
Fund managers and pension funds	6.94%	8 050 254	8.12%	9 818 616
Individuals	6.69%	7 764 947	0.17%	2 700 880
Government and public sector institutions	8.48%	9 841 355	5.13%	7 218 822
Other services	10.35%	12 007 964	16.80%	24 134 408
	100.00%	**115 991 014**	**100.00%**	**101 553 882**

25 LOCAL LINES OF CREDIT AND BONDS

	30 Jun 2024 ZWG	31 Dec 2023 ZWG
Bonds	73 160 579	93 179 508
Lines of credit	56 025 473	55 865 586
Total	**129 186 052**	**149 045 094**
Current	-	-
Non current	129 186 052	149 045 094
	129 186 052	**149 045 094**

The movement in the balances during the year was as follows	ZWG Bonds	ZWG Lines of credit
At 1 January 2024	93 179 508	55 865 586
New issues/funding	(3 558 188)	-
Foreign currency translation reserve	(16 460 741)	159 886
At 30 June 2024	**73 160 579**	**56 025 472**

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.

Infrastructure and Development Bank of Zimbabwe

REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2024

"Transforming and Retooling Towards a DFI of Scale"

vpcg_2550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2024

		30 Jun 2024 ZWG	31 Dec 2023 ZWG
26	**OTHER LIABILITIES**		
	Accruals	5 078 232	7 094 556
	Provision for outstanding employee leave	3 015 780	648 876
	Dividend payable	62	408
	Value Added Tax Liability	130 373	473 086
	Withholding tax services	28 739	82 693
	IMT Tax	201 762	124 813
	Sundry creditors-internal	12 582 437	14 541 801
	Projects accounts payable	1 351	8 824
	Deferred income	188 250 468	188 249 886
	Other	9 322 126	5 936 643
		218 611 329	**217 161 586**

		30 Jun 2024 ZWG	30 Jun 2023 ZWG
27	**NET INTEREST INCOME**		
27.1	Loans and advances to large corporates	7 233 468	3 581 738
	Loans and advances to individuals	6 829	65 388
	Treasury bills and other financials assets	1 471 072	-
	Placements with local banks	25	300
	Mortgages	1 483 046	955 470
	Cash and bank balances	331 893	263 134
		10 526 334	**4 866 030**
27.2	**Bonds**	**(2,648,038)**	**(4 163 647)**
	Deposits from large corporates	(9 768 562)	(23 043 099)
	Deposits from individuals	(144 354)	(25 599)
		(12 560 954)	**27 232 345))**
28	**SALES**		
	Property sales	-	593 084
	Cost of sales	(2 777 954)	(45 492)
	Gross profit	**(2 777 954)**	**547 592**
29	**FEE AND COMMISSION INCOME**		
	Advisory and management fees	-	1 732 696
	Banking service fees	1 087 192	212 629
		1 087 192	**1 945 325**
30	**NET GAINS/ (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**		
	Listed equity securities (Note 6)		**1 540 702**
31	**OTHER INCOME**		
	Rental income		1 751 756
	Loss on fixed assets disposal		(105 340)
	Bad debts (written off) recovered	-	-
	Sundry income	540,854	253,319
		859 433	**1 899 735**
32	**FAIR VALUE LOSS ON INVESTMENT PROPERTY**		
	Net gain/(loss) from fair value adjustment	-	56 813 176
	Unrealised gain/(loss) from fair value adjustment of investment property	-	56 813 176
33	**NET FOREIGN EXCHANGE GAINS/(LOSSES)**		
	Net realised gains from foreign currency trade	-	-
	Net unrealised (losses) / gains from translation of foreign currency balances	20 154 642	(54 727 924)
34	**OPERATING EXPENSES**		
	Staff costs	59 005 068	38 465 881
	Audit fees	8 270	-
	Depreciation	5 107 464	3 928 091
	Amortisation	908 252	908 252
	Administrative costs	19 652 305	13 268 580
		84 681 359	**56 570 804**
35	**TAXATION**		
	Income tax		
	Current tax expense	-	-
	Current tax credit	(50 317 628)	14 185 856
	Tax credit / (expense)	**(50 317 628)**	**14 185 856**
	Reconciliation of income tax credit		
	Based on results for the period at a normal rate of 25.75%		
	Arising due to:		
	Accounting profit/ (loss)Accounting profit/ (loss)	(203 550 275)	57 386 149
	Tax credit/ (expense) at 25.75%	**(50 317 628)**	**14 185 856**
	Non-deductible expenses	-	-
	Non-taxable income	-	-
	Tax rate differential on capital gains	-	-
	Tax credit/ (expense)	**(50 317 628)**	**14 185 856**
	The aggregate tax relating to items that are charged or credited directly to equity	**(50 317 628)**	**14 185 856**
	Current tax	(50 317 628)	14 185 856
	Deferred tax	-	-

36 EARNINGS PER SHARE

Basic and diluted loss per share

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Bank by the number of ordinary shares in issue during the year. No dilutive instruments were held during the year(2024 - ZWGnil).

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

	30 Jun 2024 ZWG	30 Jun 2023 ZWG
Profit/(Loss) attributable to equity holders	(66 453 822)	50 508 006
Weighted average number of issued ordinary shares	30 054 287	30 054 287
Basic profit / (loss) per share (ZWG cents)	(221)	168

37 COMMITMENTS AND GUARANTEES

Loan commitments, guarantees and other financial facilities at 30 June 2024, the Group had contractual amount for off-statement of financial position financial instruments that commit it to extend guarantees and loans as follows:

	30 Jun 2024 ZWG	31 Dec 2023 ZWG
Guarantees / loan commitment	-	9 652

38 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.

	30 Jun 2024 ZWG	31 Dec 2023 ZWG
Held on behalf of:		
Government of Zimbabwe	231 520	364 420 948
Represented by:		
Sinking fund	-	-
Amounts awaiting disbursement	113 602	48 714 766
Loans and advances to parastatals and government implementing agencies	117 918	315 706 182
	231 520	**364 420 948**

39 RELATED PARTIES

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

a) **Identity of related parties**

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

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

Name of subsidiary	Principal activity	Place of incorporation and operation	Place of Proportion of ownership interest and voting power held by the Group	
			as at 30 June 2024 %	as at 31 Dec 20223 %
Waneka Properties (Private) Limited	Property development	Zimbabwe	70	70
Manellie Investments (Private) Limited	Agriculture	Zimbabwe	100	100
Norton Medical Investments (Private) Limited	Medical services	Zimbabwe	60	60
Kariba Housing Development Project	Property development	Zimbabwe	90	90
Mazvel Investments (Private) Limited	Property development	Zimbabwe	42.83	42.83
Samukele Lodges (Private) Limited	Hospitality	Zimbabwe	100	100
Changamire Inkosi	Property Investment	Zimbabwe	60	60
Kanyemba Lodges		Zimbabwe	63	
Special purpose entities				
Clipsham Views Housing Project	Joint Operation	Zimbabwe	83	83

The following transactions were carried out with related parties:

A number of banking transactions are entered into with related parties in the normal course of business. For the year ended 30 June 2024, these included:

	IDBZ	MAZVEL	CLIPSHAM	WANEKA	ZIMCAMPUS	KARIBA	TOTAL
Mazvel Investments (Private) Limited	1 311 853	-	-	-	-	-	1 311 853
Clipsham Views	-		-		-	-	-
Waneka Properties (Private) Limited	(654)	-	-		-	-	(654)
ZIMCAMPUS Properties	13 891 380	-	-		-	-	13 891 380
Kariba Housing Development Project	-	-	-	-	-	-	-
Samukele Lodges (Private) Limited	52 979	-		-	-	-	52 979
TOTAL	**15 255 559**	-		-	-	-	**15 255 559**

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:

	Historical Cost	
	30 Jun 2024 ZWG	31 Dec 2023 ZWG
Salaries and other short-term employee benefits	10 232 565	18 024 708
Post-employment benefits	570 082	341 930
Termination benefits	-	-
Total	**10 802 647**	**18 366 638**

c) **Loans and advances to related parties**

	Directors and other key management personnel 30 Jun 2024 ZWG	Associated companies 30 Jun 2024 ZWG	Directors and other key management personnel 31 Dec 2023 ZWG	Associated companies 31 Dec 2023 ZWG
Loans outstanding	3 246	-	62 023	-
Interest income earned	173	-	4 367	-

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

Infrastructure and Development Bank of Zimbabwe

REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2024

"Transforming and Retooling Towards a DFI of Scale"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2024

39 RELATED PARTIES (continued)

	Directors and other key management personnel 30 Jun 2024 ZWG	Associated companies 30 Jun 2024 ZWG	Directors and other key management personnel 30 Jun 2023 ZWG	Associated companies 30 Jun 2023 ZWG
d) Deposits from related parties				
Deposits from related parties				
Deposits at 30 June	-	-	119 472	-
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 30 June, the Directors did not hold directly and indirectly any shareholding in the Group.

40 LEGAL AND COMPLIANCE RISK

Compliance risk is the current and prospective risk of damage to the organisation's business model or objectives, reputation and financial soundness arising from non- adherence to policy, legal and regulatory requirements. During the period under review, the Bank was in compliance with applicable laws including the IDBZ Act [Chapter 24:14] and Banking Act [Chapter 24:20]. The Bank's core capital was USD 8.3 million against a regulatory minimum equivalent of USD20 million for Development Finance Institutions.

41 SUBSEQUENT EVENTS

Subsequent to the half year end of the Bank on 31 June 2024, there have been no subsequent events identified.

42 GOING CONCERN

The Infrastructure and Development Bank of Zimbabwe (the Bank) prepared its financial statements on a going concern basis. The Bank's operations were sustained through effective liquidity management from money market deposits and revenue receipts which were complemented by shareholders' support.

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

1. Capitalisation and shareholders' support

The Bank received support from shareholders at three levels namely capitalisation, line of credit support (medium term facility) and government advisory mandates.

a) Capitalisation

The Bank received shareholder capital of ZWL6 billion (equivalent of ZWG2.4 million) in the first half of the year. As part of recapitalisation efforts, the Bank's Board held a meeting with the Minister for Finance and Investment Promotion wherein the Minister promised to avail USD10million worth of TBs and engagements are ongoing with Treasury regarding technical aspects before the TBs are released. The TBs are expected to help the Bank in securing deposits to fund the Bank's operations and enhance revenue generation capability for the Bank.

The Bank's regulatory capital position stood at US$8.3 million as of 30 June 2024 against the regulatory minimum requirement of US$20 million and this was mainly affected by delayed completion on some projects that were anticipated to have earned income and adverse exchange rate movement especially in the first quarter of the year.

b) Medium Term Facility

The Bank accessed 100% of the Reserve Bank of Zimbabwe (RBZ) Medium Term Facility of ZWL25 billion (equivalent of ZWG10 million) which was backed by a government guarantee for onward lending to clients in the productive sectors of the economy. The RBZ disbursed the amounts in tranches with the first disbursement made on 16 January 2024 and the last disbursement was made on 5 April 2024.This facility helped the Bank with liquidity support and the Bank expects to continue tapping into this window.

c) Government advisory mandates

The Bank has been engaged by the government on advisory mandates to conduct independent reviews of feasibility studies, financial models and concession agreements for several PPP Projects proposals on behalf of Ministry of Transport and Infrastructural Department (MoTID) for the Old Gwanda Road, Harare – Nyamapanda, Chirundu and Forbes Border Modernisation projects as well as Tugwi- Mukosi Irrigation Feasibility Studies and the Presidential Title deeds program. The award to the Bank of these mandates not only shows the support that the Bank has from government and its shareholders but the confidence the government has in the centrality of the Bank's role in supporting the country's long-term vision in infrastructure development. This support will not only earn fees for the Bank but will result in significant liquidity being channelled through the Bank.

The Bank is also pursuing a Climate Finance Facility (CFF) and a CFF prospectus has been drafted. The document will be shared with relevant Ministries and Government departments after review by the World Bank supported consultancy team. The Bank has already secured Treasury's commitment of US$3 million towards the initial capitalisation of the Climate Finance Facility. In addition, engagements with the Ministry of Environment, Water and Climate have started for the release of the funds which will be ring-fenced.

2. Projects under implementation

As of 30 June 2024, the Bank had the following key projects which were nearing completion:

Table. 1

Project Name	Project Value ZWG	Project Value US $	% Completion
Waneka Phase 3 Housing Development	ZWG 33.8 million	US$2,5 million	97%
Bulawayo Students Accommodation Complex (BSAC), Bulawayo	ZWG 208.6 million	US$15.4 million	99%
Mornington Cluster Houses Development, Kadoma	ZWG 27.1 million	US$2 million	99%
07 on Pagomo Cluster Houses Development Project, Monavale, Harare	ZWG 84 million	US$6.2 million	78%
Wilsgrove Park Phase 2 Housing Project, Bulawayo	ZWG 25.7 million	US$1.9 million	100%
Avondale Cluster Development, JP Willard's	ZWG 16.2 million	US$1.2 million	98%

The above projects are expected to generate significant revenues and liquidity for the Bank in the second half of the year. The Bank is currently in the market selling stands and cluster housing projects currently under implementation. This will spur growth in interest income on the back of growth in the loan portfolio through mortgage facilities. As of 30 June 2024, the loan book stood at ZWG 180.2 million (US$13.3 million.)

On the short-term Infrastructure Value Chain financing (IVCF), the Bank has made key investments in Eyestone Quarry Pvt Ltd ZWG 17.6 million (US$1.3 million), Trivest Investments Pvt Ltd ZWG 12.1 million (US$895,000.00) and Sustainable Agriculture Technology Pvt Ltd ZWG 6 million (US$450,000) where the Bank aims to realize returns in the short to medium term.

The Bank continues to have a robust pipeline of projects at various stages of preparation and development planning and implementation.

3. Resourcing the Bank through long term project financing instruments

The Bank continues to fund projects from USD-linked Bond issuances with repayments anchored on project receivables ringfenced in a dedicated sinking fund facility. The target for the Bank is to obtain an optimum mix of short- term and long-term projects to achieve sustained growth of its financial position.

During the period, the Bank raised ZWG 27.1 million (US$2 million) in indexed bonds which was deployed to infrastructure projects and the Bank remains in good market standing to raise additional funding. Recently, in July 2024, the Bank had nearly closed on a bond raising transaction of ZWG16 million which was earmarked for a project in the energy sector, although the client, then withdrew the application citing market exchange rates differentials.

4. Liquidity

The Bank's liquidity position for the period was sound buoyed by new capital injection by shareholders of ZWG2.4 million, increase in deposits (ZWG14.4 million) and receipts on the sale of Sumben Phase 2 ZWG 44.7 million (US$3,3 million). To date, the Bank has received a total of ZWG 74.5 million (U$D5.5 million) from the sale of Sumben Phase 2 and the balance of ZWG 27.1 million (US$2 million) is expected to be settled by 31 January 2025. The Bank has been paid off the Mazvel overdraft facility of ZWG 31.1 million (US$2.3 million) in the form of 26 stands at Sumben Phase 1 and currently, the Bank is negotiating with a potential client who is interested in buying 21 stands with a potential to unlock ZWG35.3million immediately. The unlocked liquidity will be deployed in short-term income generating projects which is envisaged will also help creating a pool of liquidity for optimum utilisation in executing the Bank's mandate.

5. Staff Retention

The Bank continues to strive to ensure that staff are compensated at market rates, and this was achieved on the back of linking remuneration to USD. Moreover, part of the remuneration has been made in United States Dollars (USD) and the other part in Zimbabwe Gold (ZWG). The Bank will continue to monitor employee retention and endeavour to align remuneration with the cost of living and other allowances. This is anticipated to contribute positively to the Bank's performance in the future.