



CHAIRMAN'S STATEMENT



Dr. Kupukile Mlambo

Background

During the first half of 2025, the Bank operated within a relatively stable macroeconomic environment characterised by exchange rate stability and subdued inflationary pressures despite persistent tight liquidity conditions in the market. The official exchange rate depreciated marginally by 2% moving from US\$1: ZiG26.37 in January to US\$1: ZiG26.95 by June 2025. The prevailing liquidity constraints during the period adversely affected the Bank's resource mobilisation and project implementation efforts.

ZiG-denominated month-on-month (m-o-m) inflation declined significantly by 10.2 percentage points from 10.5% in January to 0.3% in June 2025. Conversely, year-on-year (y-o-y) inflation rose to 92.5% in June up from 85.7% in April largely due to base effects stemming from the price shock experienced in September–October 2024. For the US dollar, m-o-m inflation fell by 11.7 percentage points from 11.5% in January to -0.2% in June while y-o-y inflation eased slightly from 14.6% to 14.0% over the same period. Looking ahead, the Bank anticipates a more stable inflation environment which supports its medium to long-term lending operations.

The Zimbabwean economy grew by 2% in 2024 and is projected to rebound to 6% in 2025. The 2025 growth is also premised on a stable macroeconomic environment with stable exchange rate and inflation improved power supply and agricultural output. The Bank looks forward to continued improvement in the operating environment brightening its business prospects.

Contribution to Vision 2030 and NDS1

During the period under review, the Bank contributed to access to renewable energy as 56 additional households had home solar power systems installed. Access to energy was enhanced by the Bank's partnership with private players. There were also 14 additional households that had access to fully serviced stands and completed housing units on finished projects namely Waneka Phase 3 Housing Development, Mabuto Villas Hatfield Cluster Houses Development, Sumben Housing and Willsgrove Housing. These developments reflect the Bank's commitment to inclusive urbanisation and sustainable infrastructure.

The Bank continues to support the private sector by funding agriculture, housing construction and tourism projects. Meanwhile ongoing projects being implemented by the Bank in the first half of 2025 have led to the creation of 117 jobs. In line with its mandate, the Bank is pursuing projects in the housing, tertiary students' accommodation energy and irrigation sectors.

Institutional Reforms

During the period under review, there was a realignment of the organisational structure to enhance efficiency and align the Bank's hierarchy with best practices.

Appreciation

I wish to express my gratitude to the Office of the President and Cabinet, the Ministry of Finance, Economic Development and Investment Promotion, the Reserve Bank of Zimbabwe, and other stakeholders for their unwavering support. I am also thankful to the Board, Management and Staff for their consistent dedication to advancing the Bank's developmental mandate.

Dr. Kupukile Mlambo
Board Chairman
22 August 2025

CEO'S STATEMENT



Zondo T. Sakala

In line with its 2025-2027 Work Programme and Budget theme "Transforming and Retooling Towards a DFI of Scale: Recalibration and Adaptation" the Bank remained focused on supporting the infrastructure and development in the country. The Bank prioritised enhancing financial sustainability a necessary condition for effectual delivery of its mandate.

Bank Operations

During the reporting period one project - the Catholic University of Zimbabwe Student Accommodation, reached bankability with a total value of US\$13.8 million. The Bank continues to advance the preparation of additional projects to ensure they become bankable and investment ready. However, these efforts are constrained by limited funding for project preparation which restricts the Bank's ability to expand its project pipeline at scale.

The Bank successfully mobilised US\$0.18 million to support project implementation with allocations directed toward Mabuto Villas -Hatfield Cluster Housing Development (US\$0.17 million) and the Kadoma Cluster Housing Development (US\$0.01 million). In addition, the Bank disbursed US\$1.3 million to support development initiatives across housing, agriculture and tourism sectors. The Bank's performance in the first half of 2025 was satisfactory despite the liquidity and funding challenges faced.

However, fundraising efforts were constrained by low investor confidence, limited market liquidity and heightened competition from private sector projects. To address these constraints, the Bank plans to explore trade finance-based bond issuances in the second half of the year aligning its instruments more closely with investor risk-return preferences.

The following projects were under implementation during the first half of the year:

- 07 on Pagomo Phase 1 Cluster Houses Development (82% completion): The project is located in Monavale Harare. Phase 1 consists construction of 10 housing units. Upon completion of Phase 2, the project will deliver 40 four-bedroomed cluster duplexes with supporting infrastructure including paved parking, water, sewer and electricity.
- Honister Cluster Housing Development (Civil works at 95% completion): Located in Borrowdale Harare on Bank-owned land. The project is a joint venture with private institutional investors and it entails construction of 72 cluster housing units that is 26 three-bedroom and 46 two-bedroom units with full infrastructure (water, sewer, paved roads and electricity).
- Kadoma Clusters Houses Development (32% completion): The project is in Mornington Kadoma and will deliver 30 three-bedroomed cluster housing units with solar power, water and sewer biogas systems.
- Mabuto Villas Hatfield Cluster Houses Development (99% completion): The project is in Hatfield Harare and will deliver 20 three-bedroomed cluster housing units with supporting infrastructure (paved roads, water, sewer and electricity).
- Waneka Phase 3 Housing Development (99% completion): The project is in Graniteside Harare and it delivered 48 two-bedroomed flats with supporting infrastructure (water, sewer, electricity and paved parking).

The Bank remains committed to its sustainability journey under the Sustainability Standards and Certification Initiative (SSCI) by the European Organisation for Sustainable Development (EOSD) which commenced in 2018. By mid-year, the Bank had achieved a 58% overall completion rate up from 41% at the start of the year reflecting accelerated progress in institutional sustainability integration.

In its efforts to mobilise climate finance, the Bank has developed and submitted to the Green Climate Fund (GCF) a Concept Note on the Horticulture Investment Fund for Enhanced Climate Resilience (HIFECR). The proposal which is now under GCF review involves the establishment of a USD50 Million Fund to provide financing to the horticulture sector primarily targeting smallholder farmers and small enterprises. Additionally, the Bank is actively developing further Concept Notes for submission to the GCF, focusing on low-emission transportation and renewable energy solutions.

Bank Capitalisation

The Bank gratefully acknowledges the receipt of capital injections amounting to ZiG66.5 million (approximately US\$2.48 million) from the Ministry of Finance, Economic Development and Investment Promotion in the period to June 2025, as part of the ZiG150 million allocation towards IDBZ capitalisation, under the 2025 National Budget. Additionally, the Reserve Bank of Zimbabwe also contributed capital equivalent to US\$2.07 million. The Bank remains actively engaged with its shareholders to pursue additional capitalisation initiatives aimed at strengthening its balance sheet and lending capacity.

Financial Performance

During the period under review, the Bank recorded an operating loss before tax of ZWG 194.6 million compared to a loss of ZWG 64.9 million in the prior year same period. Net revenue for the period was ZWG 54.6 million a recovery from a negative ZWG3.7 million in the prior period. Operating expenses increased by 131% during the period compared to same period last year. This increase was driven by significant price escalations following the currency devaluation in September 2024. To curtail costs, management employed measures to align expenditure with revenue generation and improve operational efficiency.

Total assets increased by 1% during the reporting period due to subdued loan book growth. Despite these challenges the Bank recorded improved performance in the sale of housing units and, residential stands. Sales are expected to strengthen further in line with projected macroeconomic growth and stability.

Proceeds from these property sales are anticipated to enhance the Bank's liquidity and overall financial performance in the second half of the year. To ensure financial sustainability, management continues to closely monitor the Bank's liquidity position and cost structure, while prioritising projects with shorter revenue cycles - particularly within the infrastructure value chain financing space.

Farewell

As my contract with the Infrastructure and Development Bank of Zimbabwe comes to an end, I wish to express my sincere gratitude to His Excellency, the President of the Republic of Zimbabwe, Cde Emmerson Dambudzo Mnangagwa for the privilege & opportunity to contribute, in my own small way, to the development of our nation. I remain confident that the organisation is well-positioned to play an even greater role in supporting Zimbabwe's journey toward achieving Vision 2030.

Appreciation

The Bank extends its sincere gratitude to the Government of Zimbabwe, the Office of the President and Cabinet, the Ministry of Finance, Economic Development and Investment Promotion, the Reserve Bank of Zimbabwe and the Board of Directors for their continued support. I also wish to express my appreciation to all our stakeholders, customers, development partners, as well as the Bank's Management and Staff for their dedication and contributions toward the realisation of Vision 2030 and the Bank's developmental mandate.

Zondo T. Sakala
Chief Executive Officer
22 August 2025



CORPORATE GOVERNANCE

BOARD MEMBERSHIP

DR. K. MLAMBO – Independent Non-Executive Chairperson
DR. N.N. WEKWETE – Independent Non- Executive Deputy Chairperson
DR. A. RUKOBO – Independent Non-Executive Member
MR. R. MUGWARA - Independent Non-Executive Member
MS. S.P. BANGO - Independent Non-Executive Member
MRS. A. MANYANYA- Non-Executive Member
DR. N. MUGWAGWA - Independent Non-Executive Member
MR. T. MUZOROZA - Independent Non-Executive Member
DR. B. MBUYISA - Independent Non-Executive Member
MR. T. Z. SAKALA – CEO (*Ex-Officio* Member)

GOVERNING BODIES

Board Members Attendance

	Main Board	Audit Committee	Finance & Risk Management Committee	Human Resources & ICT Committee	Joint Human Resources & Finance Committee	Corporate Governance Compliance Ethics & Sustainability Committee	Investments Committee
TOTAL MEETINGS	3	3	2	3	1	2	1
DR. K. MLAMBO	3	n/a	2	3	1	n/a	1
DR. N.N. WEKWETE	3	n/a	2	n/a	0	2	1
DR. A. RUKOBO	3	n/a	n/a	3	1	2	1
MR. R. MUGWARA	3	3	2	n/a	1	n/a	1
MS. S.P. BANGO	3	3	n/a	3	1	n/a	1
MRS. A. MANYANYA	3	3	1	n/a	1	1	1
DR. N. MUGWAGWA	3	n/a	2	n/a	1	1	1
MR. T. MUZOROZA	3	n/a	n/a	3	1	2	1
DR. B. MBUYISA	3	3	n/a	3	1	n/a	1
MR. T.Z. SAKALA	3	3	2	3	1	1	1

Duties and Responsibilities of the Board

The duties and responsibilities of the Board are outlined in section 4A of the IDBZ Act [Chapter 24:14], as read together with sections 61-76 of the Code:
(a) formulating policies to ensure the efficient achievement of the Bank's objectives;
(b) supervising all the activities engaged in by the Bank;
(c) ensuring that the Bank has adequate control systems to monitor and manage risk;
(d) ensuring efficient and economic use of the Bank's resources; and
(e) formulating and enforcing rules of corporate governance and ethical practice for observance by the Bank's directors and staff.

Board Committees

For the effective discharge of its functions and to enhance oversight on the various areas of the Group's operations, the Board constituted and appointed five Committees which operate under clearly defined areas of responsibility and Terms of Reference. The purpose of the Committees is to enable the Board to fulfil its responsibility.

Audit Committee

The Committee ensures that the following processes are in place and are adhered to: internal controls, internal audit, external audit, and financial governance.

Finance and Risk Management Committee

The Committee provides oversight of risk management including financial and operational risk.

Human Resources and ICT Committee

The Committee responsibility is to ensure that the Bank has adequate policies in place and is adhering to the following, namely: Human Resources Policy, Human Capital Strategy, and ICT Governance and Strategies.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	30 June 2025 ZiG	31 December 2024 ZiG
ASSETS			
Cash and bank balances	5	98 814 797	122 718 371
Inventories	11	29 280 538	28 121 685
Other receivables and prepayments	10	55 567 235	34 380 880
Loans and advances to customers	9	374 530 908	419 461 631
Investment securities	6	3 428 713	5 997 372
Financial assets at fair value through other comprehensive income	7	53 711 828	51 425 073
Treasury bills and other financial assets	8	128 487 768	203 612 667
Assets pledged as collateral	8.1	263 801 717	124 448 662
Investment in associates	12.3	8 485 279	9 540 231
Investment property	13	242 235 645	235 534 371
Intangible assets	15	521 848	695 797
Property and equipment	14	113 318 947	125 038 028
Right of use assets	16	1 474 928	688 264
Deferred taxation	17.1	25 144	337 378
Total assets		1 373 685 295	1 362 000 410
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits from customers	23	317 976 775	188 856 643
Local lines of credit and bonds	24	171 924 583	217 816 401
Other liabilities	25	186 713 238	146 511 504
Deferred taxation	17.2	283 294	21 129 520
Lease liability - buildings		1 498 850	545 413
Total liabilities		678 396 740	574 859 481
EQUITY			
Share capital	18	164 159	164 159
Share premium	18	389 362 924	389 362 924
Foreign currency translation reserve	19	(15 861 087)	(15 844 215)
Amounts awaiting allotment	18	346 634 369	249 959 844
Preference share capital	22	74 049 071	74 049 071
Fair value reserve	21	55 625 597	53 338 842
Revaluation reserve	20	120 169 526	127 717 160
Accumulated Loss		(267 256 301)	(81 180 715)
Equity attributable to parent owners of the Group		702 888 258	797 567 070
Non-controlling interest in equity		(7 599 703)	(10 426 141)
Total shareholders' equity		695 288 555	787 140 929
Total equity and liabilities		1 373 685 295	1 362 000 410

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


Dr. Kupukile Mlambo
(Chairman of the Board)

22 August 2025


Thomas Z. Sakala
(Chief Executive Officer)

22 August 2025

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

Corporate Governance, Compliance, Ethics and Sustainability Committee

The Committee's responsibility is to ensure that the Bank has adequate policies in place and is adhering to the following: corporate governance principles, policies, standards and practices, and compliance requirements. The Committee also monitors the Bank's overall compliance with environmental, social and gender policies and strategies and the adequacy of measures taken to ensure responsible and high impact investments.

Investments Committee(Sitting as a Committee of the Whole)

The purpose of the Board Investments Committee is to consider proposals for new equity and/or quasi-equity investments by the Bank that falls outside of Management approval thresholds and oversees the implementation of such investment projects.

Board Remuneration

The IDBZ Board Remuneration Framework is determined in accordance with directives issued by the Corporate Governance Unit for all Public Entities. The Bank's Remuneration Framework is based on the board remuneration guidelines for State Enterprises developed by the Office of President and Cabinet.

For the period under review, the non-executive Board Members received a total of ZiG 1,383,088 in remuneration based on a retainer and sitting allowances.

Board Evaluation

The Bank undertakes an annual Board and Director Evaluation exercise. This process is designed to provide feedback to the Board regarding its performance as well as identifying skills gaps. The outcome of the evaluation exercise enables the institution to structure appropriate training and development programmes, as well as allow the Board to take stock of areas needingimprovement for enhanced effectiveness and efficiency.

External Credit Rating

The Bank was rated under the Prudential Standards Guidelines and Rating System (PSGRS). The Framework falls under the purview of Association of African Development Finance Institutions (AADFI) and requires independent validation of the rating by an external audit firm. The Bank's PSGRS for the financial year ended 31 December 2023 was validated by the Bank's External auditors BDO Zimbabwe. An overall rating grade of "B+" was assigned with a score of 89%. The rating scale evaluates three critical areas namely: Governance Financial and Operational Standards. The risk assessment ratings are summarised in the table below:

Summary of Risk Assessment Ratings, 2021-2023:

PSGRS Standard	Weighted Contribution per Standard	Rating Year: 2023	Rating Year: 2022	Rating Year: 2021
Governance	40%	37%	43%	35%
Financial	40%	25%	25%	20%
Operational	20%	27%	16%	27%
Overall Score		89%	84%	82%
PSGRS Rating		B+	B+	B+

DIRECTORS' RESPONSIBILITY STATEMENT

Financial Statements for the Infrastructure and Development Bank of Zimbabwe

The Directors are responsible for the preparation and integrity of the financial statements and other information contained in this report.

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

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

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

The financial statements were approved by the Board of Directors on 22 August 2025 and are signed on its behalf by the Chairman of the Board and Chief Executive Officer.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2025

	Note	30 June 2025 ZiG	30 June 2024 ZiG
Interest and related income	26.1	45 909 417	10 526 334
Interest and related expenses	26.2	(22 412 941)	(12 560 954)
Net interest income / (expense)		23 496 476	(2 034 620)
Property sales	27	14 782 535	-
Cost of sales	27	(544 547)	(2 777 954)
Net profit on property sales		14 237 988	(2 777 954)
Fee and commission income	28	16 855 425	1 087 192
Dividend income		496	5 891
Net revenue		54 590 385	(3 719 491)
Other income	30	2 445 114	859 433
Net loan impairment recovery / (charge)		(8 876 976)	366 173
Rent debtors impairment charge		622 975	(69 608)
Debtors impairment reversal / (charge)		(817 302)	45 467
Treasury bills impairment (charge) / recovery		(890 970)	(1 164 596)
Fair value gain on investment property	13; 31	9 901 657	-
Net gain / (loss) on financial assets at fair value through profit or loss	6; 29	(2 568 659)	3 716 145
Unrealised exchange (loss) / gain	32	(53 552 277)	20 154 642
Operating expenses	33	(195 576 512)	(84 681 359)
Interest expense on lease liability		(55 594)	(10 852)
Profit on disposal of investment property		1 203 143	(405 641)
Share of loss of associate	12.3	(1 054 951)	-
(Loss) for the period before taxation		(194 629 967)	(64 909 687)
Income tax credit/ (expense)	34	20 533 992	(50 317 628)
(Loss) for the period		(174 095 975)	(115 227 315)
(Loss) for the period		(174 095 975)	(115 227 315)
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	2 286 755	-
Other comprehensive income for the period net of tax		2 286 755	-
Total comprehensive loss for the period		(171 809 220)	(115 227 315)
(Loss)/profit for the year attributable to:			
Equity holders of the parent entity		(186 755 391)	(66 453 822)
Non-controlling interest		12 659 416	(48 773 493)
Total comprehensive (loss)/profit attributable to:		(174 095 975)	(115 227 315)
Equity holders of the parent entity		(184 484 147)	(66 453 822)
Non-controlling interest		12 674 927	(48 773 493)
Total comprehensive (loss)/profit attributable to:		(171 809 220)	(115 227 315)
Profit/(loss) per share attributable to the equity holders of the Bank during the year (expressed in ZiG cents per share)			
Basic earnings per share			
From profit/(loss) for the year attributable to equity holders (ZiG cents)	35	(621)	(221)



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2025

	Note	30 June 2025 ZiG	30 June 2024 ZiG
Cash flows from operating activities			
(Loss) for the period		(194 629 967)	(64 909 687)
Adjustments for:			
Depreciation	14;16	8 746 836	5 142 686
Amortisation	15	173 949	908 254
Finance cost		55 594	10 852
Profit on disposal of investment property		(1 203 143)	405 641
Loss on disposal of motor vehicles		-	(164 150)
Loan impairment charge		8 876 976	(366 173)
Rent debtors impairment charge		(622 975)	69 608
Debtors impairment (recovery) / charge		817 302	(45 467)
Treasury bills impairment (recovery) / charge		890 970	1 164 596
Provisions and accruals		6 881 992	4 708 356
Unrealised exchange gain / (loss)		53 552 277	(20 154 642)
Net (gain) on financial assets at fair value through profit or loss	6	2 568 659	(3 716 145)
Unrealised fair value gain on investment property	13	(9 901 657)	-
Share of loss of associate		1 054 951	-
Effect on currency conversion on cash and cash equivalent		-	(152 944 320)
		(122 738 236)	(229 890 591)
Changes in:			
Loans and advances to customers		33 887 097	12 970 903
Treasury bills and other financial assets		-	(230 257)
Other receivables and prepayments		3 218 286	56 025 981
Inventories		(1 158 853)	91 192 653
Deposits from customers		129 120 131	14 437 132
Other liabilities		40 201 734	1 449 743
Net cash utilised in operating activities		82 530 159	(54 044 436)
Cash flow from investing activities			
Acquisition of property and equipment	14	(3 820 523)	(2 922 204)
Acquisition of financial assets at fair value through other comprehensive income	7	-	(469 879)
Proceeds from sale of investment property		5 205 838	407 460
Proceeds from sale of property plant and equipment		158 007	-
Improvements to investment property	13	(411 407)	-
Investment in associates	12.3	-	(262 745)
Dividend received		496	5 891
Net cash utilised in investing activities		1 132 411	(3 241 477)
Cash flow from financing activities			
Payment of dividends		(9 832 978)	-
Proceeds from issue of bonds		26 030 004	13 960 064
(Decrease)/Increase in local lines of credit and bonds		(101 864 486)	53 584 823
Repayment of bonds		(80 170 037)	(17 518 252)
Proceeds from issue of shares		58 271 353	2 401 226
Net cash generated from financing activities		(107 566 144)	52 427 861
Net increase in cash and cash equivalents		(23 903 574)	(4 858 052)
Cash and cash equivalents at the beginning of the year		122 718 371	63 600 013
Cash and cash equivalents at the end of the period	5	98 814 797	58 741 961



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2025

	Ordinary share capital ZiG	Share premium ZiG	Amounts Awaiting allotment ZiG	Foreign Currency Translation reserve ZiG	Preference share capital ZiG	Fair value reserve ZiG	Revaluation reserve ZiG	Retained Earnings ZiG	Total before non-controlling interest ZiG	Non controlling interest ZiG	Total equity ZiG
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
Profit for the period	-	-	-	-	-	-	-	(66 453 822)	(66 453 822)	(48 773 493)	(115 227 315)
Issue of share capital	-	-	2 401 226	-	-	-	-	-	2 401 226	-	2 401 226
Translation from ZWL to ZiG currency	-	-	-	(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)	287 905 431	(95 497 521)	192 407 910
Balance at 1 January 2025	164 159	389 362 924	249 959 844	(15 844 215)	74 049 071	53 338 842	127 717 160	(81 180 715)	797 567 070	(10 426 141)	787 140 929
Loss for the period	-	-	-	-	-	-	-	(186 755 391)	(186 755 391)	12 659 416	(174 095 975)
Net fair value gain on financial assets at fair value	-	-	-	-	-	2 286 755	-	-	2 286 755	-	2 286 755
Revaluation of property and equipment	-	-	-	-	-	-	(6 867 829)	-	(6 867 829)	-	(6 867 829)
Issue of share capital	-	-	101 810 141	-	-	-	-	-	101 810 141	-	101 810 141
Discounting of Treasury Bills	-	-	(5 135 616)	-	-	-	-	-	(5 135 616)	-	(5 135 616)
Translation from ZWL to ZiG currency	-	-	-	(16 872)	-	-	-	-	(16 872)	-	(16 872)
Dividend paid	-	-	-	-	-	-	-	-	-	(9 832 978)	(9 832 978)
Revaluation realised on disposal of motor vehicle	-	-	-	-	-	-	(679 805)	679 805	-	-	-
Balance as at 30 June 2025	164 159	389 362 924	346 634 369	(15 861 087)	74 049 071	55 625 597	120 169 526	(267 256 301)	702 888 258	(7 599 703)	695 288 555





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2025

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 22 August 2025.

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 2025 have been prepared with a view to comply 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 5 April 2024 the Zimbabwe Gold (ZiG) was introduced as the country's new currency taking over from the Zimbabwe Dollar (ZWL) effective 5 April 2024 as announced by the Governor of the Reserve Bank of Zimbabwe.

The ZiG is the Bank's Functional and Presentation currency. The financial statements have been presented in ZWG.

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

Use of estimates and judgements

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

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

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

Judgement was applied on the following in preparing financial statements:

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

2.1.2 New standards interpretations and amendments effective and not yet effective

New standards interpretations and amendments effective from 1 January 2024

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

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information;
- IFRS S2 Climate-related Disclosures;
- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7); and

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2024. See the applicable notes for further details on how the amendments affected the Group.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. These new amendments and interpretations issued by the IASB have not yet been adopted by the Bank for the half year ended 30 June 2025.

IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. These new amendments and interpretations issued by the IASB have not yet been adopted by the Bank for the year half ended 30 June 2025.

Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7)

On 25 May 2023 the IASB issued Supplier Finance Arrangements which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

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

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

On 22 September 2022 the IASB issued amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (the Amendments). Prior to the Amendments IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction the Amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

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

Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants (Amendment to IAS 1).

The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Non-current and subsequently in October 2022 Non-current Liabilities with Covenants.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled at the option of the counterparty by the transfer of the entity's own equity instruments such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the measurement of any items in the consolidated financial statements of the Group.

There are a number of standards amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

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

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

The following amendments are effective for the annual reporting period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

The following standards and amendments are effective for the annual reporting period beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

IFRS 18 Presentation and Disclosure in Financial Statements which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss aggregation/disaggregation and labelling of information and disclosure of management-defined performance measures.

The Group is currently assessing the effect of these new accounting standards and amendments.

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 ("ZiG") which is its functional and presentation currency of the Group. The Group carried out an assessment and concluded that the ZiG was its functional currency. The Bank changed its functional currency on the 5th April from Zimbabwe Dollar ("ZWL") to the Zimbabwe Gold ("ZiG") 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.



Infrastructure and Development Bank of Zimbabwe

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2025

"Transforming and Retooling Towards a DFI of Scale"



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE HALF YEAR ENDED 30 JUNE 2025

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Associates and joint ventures (Continued)

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

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

Profits or losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates.

Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains or losses arising in investments in associates or joint ventures are recognised in the statement of comprehensive income.

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

(e) Joint operations

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

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

Proportionate consolidation involves combining the Group's share of the joint operation's 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 ZiG value of those assets at the time of purchase. Since the measurement of transactions in Zimbabwe dollars in the prior periods is affected by several economic variables such as mode of payment and hyperinflation this is an area where the directors have had to apply their judgement and acknowledge there could be significant variations in the results achieved depending on assumptions made.

2.5 Financial assets and liabilities

2.5.1 Date of recognition

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

2.5.2 Initial measurement of financial instruments

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

2.5.3 Day 1 profit or loss

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

2.5.4 Measurement categories of financial assets and liabilities

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

- Amortised cost
- FVOCI; and
- FVPL

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

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

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

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

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

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

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

2.5.6 Business model assessment

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

The Bank's business model is not assessed on an instrument-by-instrument basis but at a higher level of aggregated portfolios and is based on observable factors such as:

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5.7 The SPPI test

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

2.5.8 Financial assets or financial liabilities held for trading

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

2.5.9 Debt instruments at FVOCI

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

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

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

2.5.10 Equity instruments at FVOCI

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

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

2.5.11 Debt issued (bonds) and other borrowed funds

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

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

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

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis Or
- The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy 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 whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset') but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients') when all of the following three conditions are met:
- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset excluding short-term
- advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition the Bank is not entitled to reinvest
- such cash flows except for investments in cash or cash equivalents including interest earned during the period between the collection date and the date of required
- remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset; or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

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

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

2.8.2 Financial liabilities

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

2.9 Impairment of financial assets

2.9.1 Overview of the ECL principles

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



Infrastructure and Development Bank of Zimbabwe

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2025

"Transforming and Retooling Towards a DFI of Scale"



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE HALF YEAR ENDED 30 JUNE 2025

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9. Impairment of financial assets (continued)

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

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

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

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

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

The mechanics of the ECL method are summarised below:

- **Stage 1:** The 12 months 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 subdivisions 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 valuers 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.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE HALF YEAR ENDED 30 JUNE 2025

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Property and equipment

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

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

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

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

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

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

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

2.19 Intangible assets

Software licences

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

Amortisation

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

2.20 Impairment of non-financial assets

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

2.21 Share capital

Ordinary shares

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

Preference share capital

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

2.22 Provisions

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

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

2.23 Trade payables

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

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

2.24 Financial guarantees

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

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

2.25 Related parties

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

2.26 Revenue recognition

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

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

2.26.1 Recognition of interest income

The effective interest rate method

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

Interest and similar income

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

2.26.2 Non-interest income

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

2.26.3 Dividend income

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

2.26.4 Rental income

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

2.26.5 Government grants

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

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

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

2.26.6 Property sales

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

2.27 Employee benefits

2.27.1 Pension scheme

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

2.27.2 Termination benefits

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

2.27.3 Short term employee benefits

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

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

2.28 Earnings per share

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

2.29 Dividend distribution

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

2.30 Fiduciary activities

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

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

2.31 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

LGPD 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 valuers 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 valuations have been undertaken using three methods; the comparison approach income approach and the Cost approach. These approaches are used for fair value estimates as these are acceptable in that they maximise market inputs in active markets even if the asset being measured is not exchanged in an active market.

Income Approach

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

Comparison Approach

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

Gross Replacement Costs

The Group engaged an independent valuation specialist to assess fair values as at 31 December 2024 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 40.

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



Infrastructure and Development Bank of Zimbabwe

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2025

"Transforming and Retooling Towards a DFI of Scale"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE HALF YEAR ENDED 30 JUNE 2025

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 2025 ZiG	Maximum Exposure 31 Dec 2024 ZiG
Credit risk exposure relating to on-balance sheet assets are as follows:		
Cash and bank balances	98 814 797	122 718 371
Treasury bills and other financial assets	128 487 768	203 612 667
Gross loans and advances to customers	399 748 736	440 802 641
Assets pledged as collateral	263 801 717	124 448 662
Other receivables and prepayments	55 567 235	34 380 880
	946 420 253	925 963 221

Credit risk exposure relating to off-balance sheet assets are as follows:

Loan commitments and guarantees	-	-
Maximum exposure to credit risk	946 420 253	925 963 221

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

3.2 Credit risk

There is no significant risk with respect to cash and cash equivalents as the Group holds bank accounts with large financial institutions with sound financial and capital cover. The fair value of cash and cash equivalents at the reporting date approximates the carrying amount.

	Maximum Exposure 30 Jun 2025 ZiG	Maximum Exposure 31 Dec 2024 ZiG
Loans and advances (including assets pledged as collateral) are summarised as follows:		
Stage 1	375 431 209	285 909 405
Stage 2	31 947 133	58 122 498
Stage 3	256 172 111	221 219 398
Gross	663 550 453	565 251 301
Less: allowance for impairment	(25 217 828)	(21 341 009)
Net	638 332 625	543 910 292

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.



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3 RISK MANAGEMENT (continued)

3.3 Liquidity risk (continued)

As at 30 June 2025

	Up to 1 month ZiG	1 to 3 months ZiG	3 to 9 months ZiG	9 to 12 months ZiG	over 12 months ZiG	Total ZiG
Assets						
Cash and bank balances	98 814 797	-	-	-	-	98 814 797
Investment securities	3 428 713	-	-	-	-	3 428 713
Financial assets at fair value through other comprehensive income	-	-	-	-	53 711 828	53 711 828
Treasury bills and other financial assets	-	-	-	-	128 487 768	128 487 768
Trading assets pledged as collateral	-	-	-	-	263 801 717	263 801 717
Non-current Assets Held for Sale	-	-	-	-	-	-
Loans and advances to customers	202 906 693	18 548 984	-	106 396 162	46 679 069	374 530 908
Total	305 150 203	18 548 984	-	106 396 162	492 680 382	922 775 731
Liabilities						
Deposits from customers	247 550 044	59 058 645	108 801	11 256 939	2 346	317 976 775
Bonds	-	7 095 339	21 981 643	-	31 274 475	60 351 457
Local lines of credit	111 573 126	-	-	-	-	111 573 126
Other liabilities	-	-	-	186 713 238	-	186 713 238
Lease Liability	-	-	-	-	1 498 850	1 498 850
Total	359 123 170	66 153 984	22 090 444	197 970 177	32 775 671	678 113 446
Gap	(53 972 967)	(47 605 000)	(22 090 444)	(91 574 015)	459 904 711	244 662 285
Contingent liabilities:						
Loan commitments and guarantees	-	-	-	-	-	-
Total gap	(53 972 967)	(47 605 000)	(22 090 444)	(91 574 015)	459 904 711	244 662 285
Total cumulative gap	(53 972 967)	(101 577 967)	(123 668 411)	(215 242 426)	244 662 287	-

As at 31 December 2024

Assets						
Cash and bank balances	122 718 371	-	-	-	-	122 718 371
Investment securities	5 997 372	-	-	-	-	5 997 372
Financial assets at fair value through other comprehensive income	-	-	-	-	51 425 073	51 425 073
Treasury bills and other financial assets	-	-	-	-	203 612 667	203 612 667
Trading assets pledged as collateral	-	8 494 476	-	-	115 954 186	124 448 662
Loans and advances to customers	129 179 507	68 222 594	-	158 006 078	64 053 451	419 461 629
Total	257 895 250	76 717 070	-	158 006 078	435 045 376	927 663 774
Liabilities						
Deposits from customers	169 061 084	18 662 610	1 132 948	-	-	188 856 642
Bonds	-	-	-	-	109 040 753	109 040 753
Local lines of credit	108 775 648	-	-	-	-	108 775 648
Other liabilities	-	-	-	146 511 504	-	146 511 504
Lease Liability	-	-	-	-	545 413	545 413
Total	277 836 732	18 662 610	1 132 948	146 511 504	109 586 166	553 729 960
Gap	(19 941 482)	58 054 460	(1 132 948)	11 494 574	325 459 210	373 933 814
Contingent liabilities:						
Loan commitments and guarantees	-	-	-	-	-	-
Total gap	(19 941 482)	58 054 460	(1 132 948)	11 494 574	325 459 210	373 933 814
Total cumulative gap	(19 941 482)	38 112 978	36 980 030	48 474 604	373 933 814	-

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

	Up to 1 month ZiG	1 to 3 months ZiG	3 to 9 months ZiG	9 to 12 months ZiG	over 12 months ZiG	Non interest bearing ZiG	Total ZiG
As at 30 June 2025							
Assets							
Cash and bank balances	98 814 797	-	-	-	-	-	98 814 797
Investment securities	-	-	-	-	-	3 428 713	3 428 713
Loans and advances to customers	202 906 693	18 548 984	-	106 396 162	46 679 069	-	374 530 908
Financial assets at fair value through other comprehensive income	-	-	-	-	-	53 711 828	53 711 828
Treasury bills and other financial assets	-	-	-	-	128 487 768	-	128 487 768
Trading assets pledged as collateral	-	-	-	-	263 801 717	-	263 801 717
Total assets	301 721 490	18 548 984	-	106 396 162	438 968 554	57 140 541	922 775 731
Equity and liabilities							
Deposits from customers	247 550 044	59 058 645	108 801	11 256 939	2 346	-	317 976 775
Bonds	-	7 095 339	21 981 643	-	31 274 475	-	60 351 457
Local lines of credit	111 573 126	-	-	-	-	-	111 573 126
Other liabilities	-	-	-	-	186 713 238	-	186 713 238
Lease Liability	-	-	-	-	-	1 498 850	1 498 850
Total equity and liabilities	359 123 170	66 153 984	22 090 444	11 256 939	217 990 059	1 498 850	678 113 446
Total interest repricing gap	(57 401 680)	(47 605 000)	(22 090 444)	95 139 223	220 978 495	55 641 691	244 662 285
Total cumulative gap	(57 401 680)	(105 006 680)	(127 097 124)	(31 957 901)	189 020 594	244 662 285	-
As at 31 December 2024							
Assets							
Cash and bank balances	122 718 371	-	-	-	-	-	122 718 371
Investment securities	-	-	-	-	-	5 997 372	5 997 372
Loans and advances to customers	129 179 507	68 222 594	-	158 006 078	64 053 452	-	419 461 630
Financial assets at fair value through other comprehensive income	-	-	-	-	-	51 425 073	51 425 073
Treasury bills and other financial assets	-	-	-	-	203 612 667	-	203 612 667
Trading assets pledged as collateral	-	8 494 476	-	-	115 954 186	-	124 448 662
Total assets	251 897 877	76 717 070	-	158 006 078	383 620 304	57 422 445	927 663 775
Equity and liabilities							
Deposits from customers	169 061 084	18 662 610	1 132 948	-	-	-	188 856 642
Bonds	-	-	-	-	109 040 753	-	109 040 753
Local lines of credit	108 775 648	-	-	-	-	-	108 775 648
Other liabilities	-	-	-	-	146 511 504	-	146 511 504
Lease liability	-	-	-	-	-	545 413	545 413
Total equity and liabilities	277 836 732	18 662 610	1 132 948	-	255 552 257	545 413	553 729 960
Total interest repricing gap	(25 938 855)	58 054 460	(1 132 948)	158 006 078	128 068 048	56 877 032	373 933 815
Total cumulative gap	(25 938 855)	32 115 605	30 982 658	188 988 735	317 056 783	373 933 815	-



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3RISK MANAGEMENT (continued)

3.4Market risk (continued)

3.4.3Interest 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).

	Effect on profit for the period 2025 ZiG	Effect on profit for the period 2024 ZiG
Interest rate change		
5% increase / (decrease)	2 295 471	2 918 961
10% increase / (decrease)	4 590 942	4 590 942

3.4.4Foreign 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:

	ZiG	USD ZiG equivalent	ZAR ZiG equivalent	BWP ZiG equivalent	GBP ZiG equivalent	EURO ZiG equivalent	Total ZiG
As at 30 June 2025							
Assets							
Cash and bank balances	64 151 234	34 516 794	40 531	1 675	65 985	38 577	98 814 797
Investment securities	3 428 713	-	-	-	-	-	3 428 713
Loans and advances to customers	48 484 170	326 046 738	-	-	-	-	374 530 908
Treasury bills and other financial assets	128 487 768	-	-	-	-	-	128 487 768
Assets pledged as collateral	263 801 717	-	-	-	-	-	263 801 717
Financial assets at fair value through other comprehensive income	53 711 828	-	-	-	-	-	53 711 828
Other receivables and prepayments	55 567 235	-	-	-	-	-	55 567 235
	617 632 666	360 563 532	40 531	1 675	65 985	38 577	978 342 966
Equity and liabilities							
Deposits from customers	111 022 280	206 953 317	1 178	-	-	-	317 976 775
Bonds	-	60 351 457	-	-	-	-	60 351 457
Local lines of credit	111 573 126	-	-	-	-	-	111 573 126
Lease Liability	1 498 850	-	-	-	-	-	1 498 850
Other liabilities	186 713 238	-	-	-	-	-	186 713 238
	410 807 494	267 304 774	1 178	-	-	-	678 113 446
Net foreign exchange position	206 825 172	93 258 758	39 353	1 675	65 985	38 577	300 229 520
As at 31 December 2024							
Assets							
Cash and bank balances	5 324 838	117 274 390	27 069	1 533	57 764	32 777	122 718 371
Investment securities	5 997 372	-	-	-	-	-	5 997 372
Loans and advances to customers	2 885 068	416 576 563	-	-	-	-	419 461 631
Treasury bills and other financial assets	-	203 612 667	-	-	-	-	203 612 667
Assets pledged as collateral	124 448 662	-	-	-	-	-	124 448 662
Financial assets at fair value through other comprehensive income	15 708 365	35 716 708	-	-	-	-	51 425 073
Other receivables and prepayments	34 380 880	-	-	-	-	-	34 380 880
	188 745 185	773 180 328	27 069	1 533	57 764	32 777	962 044 656
Equity and liabilities							
Deposits from customers	15 752 382	173 103 196	1 065	-	-	-	188 856 643
Bonds	-	111 044 755	-	-	-	-	111 044 755
Local lines of credit	106 771 647	-	-	-	-	-	106 771 647
Lease liability	-	545 413	-	-	-	-	545 413
Other liabilities	146 511 504	-	-	-	-	-	146 511 504
	269 035 533	284 693 364	1 065	-	-	-	553 729 962
Net foreign exchange position	(80 290 348)	488 486 964	26 004	1 533	57 764	32 777	408 314 694

The Group had no off balance sheet foreign currency exposure as at 30 June 2025 (31 December 2024 - ZiGnil).

4FAIR VALUE FINANCIAL ASSETS AND LIABILITIES

4.1.1Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2025.

	ZiG Level 1	Level 2	ZiG Level 3
At 30 June 2025			
Investment securities	3 428 713	-	-
Financial assets at fair value through other comprehensive income	-	-	53 711 828
Total assets	3 428 713	-	53 711 828
Total liabilities	-	-	-
At 31 December 2024			
Investment securities	5 997 372	-	-
Financial assets at fair value through other comprehensive income	-	-	51 425 073
Total assets	5 997 713	-	53 711 828
Total liabilities	-	-	-

4.1.2Financial 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 amount 30 Jun 25 ZiG	Fair value 30 Jun 25 ZiG	Carrying amount 31 Dec 24 ZiG	Fair value 31 Dec 24 ZiG
Financial assets:				
Treasury bills and other financial assets	128 487 768	128 487 768	203 612 667	203 612 667
Loans and advances to customers	374 530 908	374 530 908	419 461 631	419 461 631
Assets pledged as collateral	263 801 717	263 801 717	124 448 662	124 448 662
Financial liabilities:				
Deposits from customers	317 976 775	317 976 775	188 856 643	188 856 643
Bonds and local lines of credit	171 924 583	171 924 583	217 816 401	217 816 401

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.

4.1.3Risk 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.

4.2Impairment 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

5CASH AND BANK BALANCES

Cash on hand

Balances with banks

Balances with banks

Balance with the Central Bank

Bank deposits

Placements with other banks

Net placements due

6INVESTMENT SECURITIES

At 1 January

Translation from ZWL to ZiG currency

Net gain through profit or loss

At 30 June

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").

7FINANCIAL ASSETS AT FAIR VALUE THROUGH
OTHER COMPREHENSIVE INCOME

At 1 January

Additions

Net fair value gains on financial assets at fair value through other comprehensive income

At 30 June

Financial assets at fair value through other comprehensive income include the following;
Unlisted securities:
Equity securities - Zimbabwe
Equity securities - Botswana

8TREASURY BILLS AND OTHER FINANCIAL ASSETS

Capitalisation Treasury Bills

Treasury bills acquired

Accrued Interest

Less Impairment allowances

The Bank's treasury bills portfolio consists of the following:

It is the Group's intention to hold these treasury bills to maturity and use these financial assets as collateral in raising money market as disclosed in 8.1 below

Issuer	Issue date	Maturity amount	Maturity date	Coupon rate	Discount rate	Purpose
Government of Zimbabwe	10/08/2023	US\$4 442 162	08/08/2028	5%	10%	TBs issued in lieu of outstanding amounts.
Government of Zimbabwe	22/11/2024	US\$10 000 000	22/11/2029	5%	10%	Capital injection
Government of Zimbabwe	22/02/2025	US\$1 618 771	22/02/2028	0%	10%	Capital injection

UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2025

"Transforming and Retooling Towards a DFI of Scale"



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 30 JUNE 2025

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 2025 ZiG	31 Dec 2024 ZiG	30 Jun 2025 ZiG	31 Dec 2024 ZiG
Treasury bills	263 801 717	124 448 662	248 764 074	123 833 658
Current	263 801 717	124 448 662	248 764 074	123 833 658

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 2025 ZiG	31 Dec 2024 ZiG
Individual		
- term loans and mortgages	116 058 649	115 749 630
Corporate		
- corporate customers	283 690 087	325 053 011
Gross loans and advances to customers	399 748 736	440 802 641
Less: allowance for impairment (Note 9.1.2)	(25 217 828)	(21 341 010)
Net loans and advances to customers	374 530 908	419 461 631
Current	327 851 839	355 408 178
Non-current	46 679 069	64 053 453
	374 530 908	419 461 631

9.1 Loan impairment allowance

Stage 1-12 Month expected credit loss allowance charge	1 521 117	10 487 862
Stage 2- Lifetime expected credit loss allowance not credit impaired	2 159 881	2 190 268
Stage 3- Lifetime expected credit loss allowance credit impaired	21 536 830	8 662 880
Net loan impairment loss	25 217 828	21 341 010

9.1.1 Maturity analysis of loans and advances to customers

Up to one month	202 906 693	129 179 507
Up to three months	18 548 984	68 222 594
Up to one year	106 396 162	158 006 078
Up to 3 years	46 679 069	61 846 835
Up to 5 years	-	1 365 371
Later than 5 years	-	841 246
	374 530 908	419 461 631

9.1.2 Analysis of ECL in relation to loans and advances as at 30 June 2025.

	Stage1	Stage 2	Stage 3	Total
Loans and advances subject to Stage 1: 12 month ECL	111 629 492	-	-	111 629 492
Loans and advances subject to Stage 2: Life ECL not credit impaired	-	31 947 133	-	31 947 133
Loans and advances subject to Stage 3: Life ECL credit impaired	-	-	256 172 111	256 172 111
Gross loans and advances	111 629 492	31 947 133	256 172 111	399 748 736
Less impairment allowances				
Stage 1: 12 month ECL	(1 521 117)	-	-	(1 521 117)
Stage 2: Life ECL not credit impaired	-	(2 159 881)	-	(2 159 881)
Stage 3: Life ECL credit impaired	-	-	(21 536 830)	(21 536 830)
Net loans and advances to customers	110 108 375	29 787 252	234 635 281	374 530 908

Analysis of ECL in relation to loans and advances as at 31 December 2024

Loans and advances subject to Stage 1: 12 month ECL	161 460 744	-	-	161 460 744
Loans and advances subject to Stage 2: Life ECL not credit impaired	-	58 122 498	-	58 122 498
Loans and advances subject to Stage 3: Life ECL credit impaired	-	-	221 219 399	221 219 399
Gross loans and advances	161 460 744	58 122 498	221 219 399	440 802 641
Less impairment allowances				
Stage 1: 12 month ECL	(10 487 862)	-	-	(10 487 862)
Stage 2: Life ECL not credit impaired	-	(2 190 268)	-	(2 190 268)
Stage 3: Life ECL credit impaired	-	-	(8 662 880)	(8 662 880)
Net loans and advances to customers	150 972 882	55 932 230	212 556 519	419 461 631

9.1.3 Sectorial analysis of loans and advances to customers

	Percentage (%)	30 Jun 25 ZiG	Percentage (%)	31 Dec 24 ZiG
Agro processing	4%	15 479 005	2%	6 741 694
Construction	67%	266 740 029	16%	69 748 738
Energy	0%	-	0%	2 077 542
Mortgages	26%	105 084 249	26%	113 765 063
Individuals and other services	4%	12 445 453	57%	248 469 604
Gross value of loans and advances	100%	399 748 736	101%	440 802 641
Less allowance for impairment	-	(25 217 828)	-	(21 341 010)
	-	374 530 908	-	419 461 631

10 OTHER RECEIVABLES AND PREPAYMENTS

	30 Jun 25 ZiG	31 Dec 24 ZiG
Receivables	58 828 935	44 236 925
Less impairment loss	(24 233 565)	(23 201 832)
Net receivables	34 595 370	21 035 093
Pre-payments	20 971 865	13 345 787
	55 567 235	34 380 880

11 INVENTORIES

Inventory - housing units	1 449	1 449
Inventory - serviced stands	21 034 265	20 445 252
Work in progress	7 499 158	6 651 068
Consumables and materials	745 666	1 023 916
	29 280 538	28 121 685

Included in work in progress are land development costs for Waneka. These are qualifying costs for capitalisation in accordance with IAS 2.

12 INVESTMENTS IN SUBSIDIARIES JOINT OPERATION AND ASSOCIATES

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

As at 30 June 2025 the Bank had the following investments in associates
- Mosi Oa Tunya - 20.6% shareholding. The total amount of share of loss was ZiG 1.1 million.

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 powerheld by the Group	
			as at 30 Jun 2025 %	as at 31 Dec 2024 %
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
Mazvel Investments Phase 1	Property development	Zimbabwe	42.83	42.83
Samukele Lodges (Private) Limited	Hospitality	Zimbabwe	100	100
Changamire Inkosi (Private) Limited	Property Investment	Zimbabwe	60	60
Kanyemba Lodges (Private) Limited	Hospitality	Zimbabwe	63	63

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:

Name of subsidiary	Interest and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	30 Jun 2025 %	31 Dec 2024 %	30 Jun 2025 ZiG	31 Dec 2024 ZiG	30 Jun 2025 ZiG	31 Dec 2024 ZiG
Waneka Properties (Private) Limited	30	30	23 571	181 228	476 518	452 946
Norton Medical Investments (Private) Limited	40	40	3 250	(204 094)	4 299 359	4 296 109
Kariba Housing Development Project	10	10	-	-	-	-
Mazvel Investments (Private) Limited	57	57	12 904 188	36 172 082	(13 730 895)	(16 786 593)
Changamire Inkosi (Private) Limited	40	40	-	845 230	3 433 531	3 433 531
Kanyemba Lodges (Private) Limited	37	37	(256 082)	(1 803 322)	(2 078 216)	(1 822 134)
Total			12 674 927	35 191 124	(7 599 702)	(10 426 141)

12.3 Carrying amount of the investment in associates

Balance as at 1 January	9 540 231	9 243 840
Foreign currency translation reserve	-	9 207 267
Equity contribution for Associate Companies	-	1 002 233
Share of loss from associates	(1 054 952)	(669 024)
Transfer to Investment in subsidiaries	-	(9 243 840)
Derecognition of an associate	-	(245)
Balance as at 30 June 2025	8 485 279	9 540 231

13 INVESTMENT PROPERTY

Balance as at 1 January	235 534 371	120 045 249
Additions during the year	411 407	6 903 919
Disposals for the year	(3 611 790)	(6 966 491)
Net gain from fair value adjustment	9 901 657	115 551 694
Balance as at 30 June 2025	242 235 645	235 534 371

Analysis by nature
Residential properties
Commercial and industrial properties

	30 Jun 2025 ZiG	31 Dec 2024 ZiG
	9 540 231	9 243 840
	-	9 207 267
	-	1 002 233
	(1 054 952)	(669 024)
	-	(9 243 840)
	-	(245)
	8 485 279	9 540 231
	235 534 371	120 045 249
	411 407	6 903 919
	(3 611 790)	(6 966 491)
	9 901 657	115 551 694
	242 235 645	235 534 371
	72 584 171	54 169 626
	169 651 474	181 364 745
	242 235 645	235 534 371

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

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

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

Measurement of fair value

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

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

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

	30 Jun 2025 ZiG	30 Jun 2024 ZiG
Rental income	1 701 781	560 070

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14 PROPERTY AND EQUIPMENT

	Freehold Land and buildings ZiG	Computer and office equipment ZiG	Motor vehicles ZiG	Fixtures and fittings ZiG	Capital work in progress ZiG	Total ZiG
COST						
At 01 January 2024	37 986 042	4 744 349	9 303 257	1 663 305	-	53 696 953
Additions	388 995	1 138 221	1 754 610	58 339	14 311 690	17 651 855
Capitalisations	-	14 308	-	-	-	14 308
Revaluation gain	44 919 604	989 304	6 707 147	(285 316)	-	52 330 739
Translation from ZWL to ZiG currency	(388 995)	2 006 545	-	254	-	1 617 804
Disposals	-	-	(273 631)	-	-	(273 631)
At 31 December 2024	82 905 646	8 892 727	17 491 383	1 436 582	14 311 690	125 038 028
At 01 January 2025	82 905 646	8 892 727	17 491 383	1 436 582	14 311 690	125 038 028
Additions	15 114 734	2 763 891	-	253 588	803 044	18 935 257
Capitalisations	-	-	-	-	(15 114 734)	(15 114 734)
Revaluation Loss	(6 671 079)	(66 814)	-	(47 157)	-	(6 785 050)
Disposals	-	-	(412 776)	-	-	(412 776)
At 30 June 2025	91 349 301	11 589 804	17 078 606	1 643 014	-	121 660 725
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 01 January 2024	-	-	-	-	-	-
Charge for the year	715 534	3 484 711	4 154 644	1 545 689	-	9 900 578
Eliminated on disposals	-	(4 091)	(22 803)	-	-	(26 894)
Eliminated on revaluation	(715 534)	(3 480 620)	(4 131 841)	(1 545 689)	-	(9 873 684)
At 31 December 2024	-	-	-	-	-	-
At 01 January 2025	-	-	-	-	-	-
Charge for the year	876 360	3 541 508	3 422 816	673 084	-	8 513 768
Eliminated on disposals	-	-	(171 990)	-	-	(171 990)
Eliminated on transfer to assets held for sale	-	-	-	-	-	-
Eliminated on revaluation	-	-	-	-	-	-
At 30 June 2025	876 360	3 541 508	3 250 826	673 084	-	8 341 778
CARRYING AMOUNT						
Cost at 31 December 2024	82 905 646	8 892 727	17 491 383	1 436 582	14 311 690	125 038 028
Accumulated depreciation at 31 December 2024	-	-	-	-	-	-
Carrying amount at 31 December 2024	82 905 646	8 892 727	17 491 383	1 436 582	14 311 690	125 038 028
Cost at 30 June 2025	91 349 301	11 589 804	17 078 606	1 643 014	-	121 660 725
Accumulated depreciation at 30 June 2025	(876 360)	(3 541 508)	(3 250 826)	(673 084)	-	(8 341 778)
Carrying amount at 30 June 2025	90 472 941	8 048 296	13 827 780	969 930	-	113 318 947

15 INTANGIBLE ASSETS

Computer Software	ZiG
COST	
At 01 January 2024	7 266 019
Additions	-
At 31 December 2024	7 266 019
At 01 January 2025	7 266 019
Additions	-
At 30 June 2025	7 266 019
ACCUMULATED ARMOTISATION	
At 01 January 2024	5 488 019
Charge for the year	1 987 586
Translation from ZWL to ZiG currency	(905 383)
At 31 December 2024	6 570 222
At 01 January 2025	6 570 222
Charge for the year	173 949
At 30 June 2025	6 744 171
CARRYING AMOUNT	
Cost at 31 December 2024	7 266 019
Accumulated amortisation at 31 December 2024	(6 570 222)
Carrying amount at 31 December 2024	695 797
Cost at 30 June 2025	7 266 019
Accumulated amortisation at 30 June 2025	(6 744 171)
Carrying amount at 30 June 2025	521 848

16 RIGHT OF USE ASSETS

	30 Jun 2025 ZiG	31 Dec 2024 ZiG
Cost		
At 01 January	2 326 181	1 755 674
Remeasurements / Adjustments	(517 014)	555 463
Translation from ZWL to ZiG currency	-	15 044
Balance	1 809 167	2 326 181
Accumulated Depreciation		
At 01 January	1 637 917	1 246 652
Translation from ZWL to ZiG currency	-	(1 216 789)
Charge for the year	233 068	1 984 126
Remeasurements / Adjustments	(1 536 746)	(376 072)
Balance	334 239	1 637 917
Carrying Amount	1 474 928	688 264

17 DEFERRED TAXATION

	30 Jun 2025 ZiG	31 Dec 2024 ZiG
17.1 Deferred Tax Asset		
Deferred tax asset is the amount of income taxes recoverable in future years in respect of deductible temporary differences unused tax losses and unused tax credits.		
Opening Balance	337 378	17 894 604
Foreign currency translation reserve	-	(16 477 326)
Charge for the year	(312 234)	-
Transfer to deferred tax liability	-	(1 079 900)
Closing Balance	25 144	337 378
17.2 Deferred Tax Liability		
Deferred tax liability represents the amount of income taxes payable in future years in respect of taxable temporary differences.		
Opening Balance	21 129 520	-
Charge for the year	(20 846 226)	22 209 420
Transfer from deferred tax asset	-	(1 079 900)
Closing Balance	283 294	11 129 520

18 SHARE CAPITAL AND SHARE PREMIUM

Authorised share capital
150 000 000 ordinary shares with a nominal value of ZiG0 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 ZiG	Share premium ZiG	Amounts Awaiting Allotment ZiG	Total ZiG
At 1 January 2024	30 054 287	164 159	389 362 924	42 854 793	432 381 876
Capital received awaiting allotment of shares	-	-	-	255 727 225	255 727 225
Discounting of capitalisations treasury bills	-	-	-	(48 622 174)	(48 622 174)
At 31 December 2024	30 054 287	164 159	389 362 924	249 959 844	639 486 927
At 1 January 2025	30 054 287	164 159	389 362 924	249 959 844	639 486 926
Capital received awaiting allotment of shares	-	-	-	101 810 141	101 810 141
Discounting of capitalisations treasury bills	-	-	-	(5 135 616)	(5 135 616)
At 30 June 2025	30 054 287	164 159	389 362 924	346 634 369	736 161 452

19 FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)

	30 Jun 2025 ZiG	31 Dec 2024 ZiG
At the beginning of the year	(15 844 215)	111 701 518
Foreign currency translation reserve	(16 872)	(127 545 733)
At the end of the year	(15 861 087)	(15 844 215)

20 REVALUATION RESERVE

	30 Jun 2025 ZiG	31 Dec 2024 ZiG
At the beginning of the year	127 717 160	67 245 810
Translation from ZWL to ZiG currency	-	(1 733 072)
Charge for the year	(6 785 050)	62 204 422
Realised on disposal of PPE	(762 584)	-
At the end of the year	120 169 526	127 717 160

21 FAIR VALUE

	30 Jun 2025 ZiG	31 Dec 2024 ZiG
At the beginning of the year	53 338 842	85 258 184
Charge for the year	2 286 755	(31 919 342)
At the end of the year	55 625 597	53 338 842

22 PREFERENCE SHARE CAPITAL

The preference shares are 5% non-cumulative non-redeemable and paid up preference shares with a par value of ZiG100.00 per share. A dividend is payable at the discretion of Directors and is paid out of distributable profits.

No dividend has been declared during the financial year.

Issued preference share capital	Number	Preference Share capital
At 1 January 2024	382 830	74 049 071
At 31 December 2024	382 830	74 049 071
At 1 January 2025	382 830	74 049 071
At 30 June 2025	382 830	74 049 071

23 DEPOSITS FROM CUSTOMERS

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

23.1 Maturity analysis of deposits from customers

	30 Jun 2025 ZiG	31 Dec 2024 ZiG
Up to one month	247 550 044	169 061 085
Up to three months	59 058 645	18 662 610
Above six months	11 368 086	1 132 948
	317 976 775	188 856 643

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

23.2 Sectorial analysis of deposits from customers

	Percentage (%)	30 Jun 2025 ZiG	Percentage (%)	31 Dec 2024 ZiG
Financial markets	37.15%	118 115 167	18.67%	35 252 981
Fund managers and pension funds	23.33%	74 173 833	26.67%	50 358 844
Individuals	3.18%	10 122 834	5.92%	11 179 365
Government and public sector institutions	26.22%	83 367 863	31.44%	59 384 364
Other services	10.13%	32 197 078	17.30%	32 681 089
	100.00%	317 976 775	100.00%	188 856 643

24 LOCAL LINES OF CREDIT AND BONDS

	30 Jun 2025 ZiG	31 Dec 2024 ZiG
Bonds	60 351 457	109 040 753
Lines of credit	111 573 126	108 775 648
Total	171 924 583	217 816 401
Current	29 076 982	-
Non current	142 847 601	217 816 401
	171 924 583	217 816 401

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

	ZiG	ZiG
	Bonds	Lines of credit
At 1 January 2025	109 040 753	108 775 648
(Repayment)/New issues	(48 689 296)	2 797 478
At 30 June 2025	60 351 457	111 573 126

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

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	30 Jun 2025 ZiG	31 Dec 2024 ZiG
25 OTHER LIABILITIES		
Accruals	34 590 340	44 272 062
Provision for outstanding employee leave	10 304 860	4 444 123
Value Added Tax Liability	20 774 579	293 774
Withholding tax services	226 602	144 223
IMT Tax	173 731	209 681
Sundry creditors	69 476 193	41 596 121
Other	51 166 933	55 551 520
	186 713 238	146 511 504
26 NET INTEREST INCOME	30 Jun 2025 ZiG	30 Jun 2024 ZiG
26.1 Loans and advances to large corporates	25 340 255	7 233 468
Loans and advances to individuals	479 881	6 829
Treasury bills and other financials assets	9 561 878	1 471 072
Placements with local banks	1 528 727	25
Mortgages	7 397 038	1 483 046
Cash and bank balances	1 601 639	331 894
	45 909 417	10 526 334
26.2 Interest and related expense:		
Bonds	(3 813 139)	(2 648 038)
Deposits from large corporates	(18 470 149)	(9 768 562)
Deposits from individuals	(129 653)	(144 354)
	(22 412 941)	(12 560 954)
27 SALES		
Property sales	14 782 535	-
Cost of sales	(544 547)	(2 777 954)
Gross profit	14 237 988	(2 777 954)
28 FEE AND COMMISSION INCOME		
Advisory and management fees	15 590 501	-
Banking service fees	1 264 924	1 087 192
	16 855 425	1 087 192
29 NET GAINS/ (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS Listed equity securities (Note 6)	(2 568 659)	3 716 145
30 OTHER INCOME		
Rental income	1 701 781	560 070
Loss on fixed assets disposal	-	(241 491)
Sundry income	743 333	540 854
	2 445 114	859 433
31 FAIR VALUE LOSS ON INVESTMENT PROPERTY		
Net gain/(loss) from fair value adjustment	9 901 657	-
Unrealised gain/(loss) from fair value adjustment of investment property	9 901 657	-
32 NET FOREIGN EXCHANGE GAINS/(LOSSES)		
Net unrealised (losses) / gains from translation of foreign currency balances	(53 552 277)	20 154 642
33 OPERATING EXPENSES		
Staff costs	134 028 625	59 005 068
Audit fees	190 424	8 270
Depreciation	8 718 897	5 107 464
Amortisation	173 949	908 252
Administrative costs	52 464 617	19 652 305
	195 576 512	84 681 359
34 TAXATION		
Income tax		
Current tax credit	20 533 992	(50 317 628)
Tax credit / (expense)	20 533 992	(50 317 628)
Reconciliation of income tax credit		
Based on results for the period at a normal rate of 25.75% Arising due to:		
Accounting profit/ (loss)	79 743 659	(203 550 275)
Tax credit/ (expense) at 25.75%	20 533 992	(50 317 628)
Tax credit/ (expense)	20 533 992	(50 317 628)
The aggregate tax relating to items that are charged or credited directly to equity		
Current tax	20 533 992	(50 317 628)
Deferred tax	-	-
35 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 - ZiGnil)		
The calculation of basic earnings per share at 30 June was based on the following:		
Profit/(Loss) attributable to equity holders	(186 755 391)	(66 453 822)
Weighted average number of issued ordinary shares	30 054 287	30 054 287
Basic Profit/(Loss) per share (ZiG cents)	(621)	(221)



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

36 FUNDS UNDER MANAGEMENT

Government funds under management

The Group manages government funds under revolving facilities such as housing revolving fund, repayments from Parastatals and implementing agencies of fiscal allocations towards infrastructure projects.

	30 Jun 2025 ZiG	31 Dec 2024 ZiG
Held on behalf of:		
Government of Zimbabwe	380 660	350 770
Represented by:		
Sinking fund	211 655	211 588
Loans and advances to parastatals and government implementing agencies	169 005	139 182
	380 660	350 770

37 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 2025	as at 31 Dec 2024
			%	%
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
Mazvel Investments (Private) Limited	Property development	Zimbabwe	42.83	42.83
Samukele Lodges (Private) Limited	Hospitality	Zimbabwe	100	100
Changamire Inkosi (Private) Limited	Property Investment	Zimbabwe	60	60
Kanyemba Lodges (Private) Limited	Hospitality	Zimbabwe	63	63

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 2025 these included:

	IDBZ	MAZVEL	CLIPSHAM	WANEKA	ZIMCAMPUS	KARIBA	TOTAL
Mazvel Investments (Private) Limited	23 485 381	-	-	-	-	-	23 485 381
Waneka Properties (Private) Limited	18 212 865	-	-	-	-	-	18 212 865
ZIMCAMPUS Properties	739 951	-	-	-	-	-	739 951
Samukele Lodges (Private) Limited	(1 930 063)	-	-	-	-	-	(1 930 063)
TOTAL	40 508 134	-	-	-	-	-	40 508 134

b) Key management compensation

Key management includes members of the Executive Committee. The IDBZ Board sets the remuneration level to attract and retain the required competent Human Capital. The IDBZ Board approved market remuneration level as the median market salary level for its staff. During the 2025 financial year remuneration was paid at a ratio of 60:40 being United States Dollars and Zimbabwe Gold respectively.

The compensation paid or payable to key management for employee services is shown below:

	30 Jun 2025 ZiG	31 Dec 2024 ZiG
Salaries and other short-term employee benefits	42 200 064	42 530 264
Post-employment benefits	3 367 871	2 245 019
Total	45 567 935	44 775 283

c) Loans and advances to related parties

	Directors and other key management personnel 30 Jun 2025 ZiG	Associated companies 30 Jun 2025 ZiG	Directors and other key management personnel 31 Dec 2024 ZiG	Associated companies 31 Dec 2024 ZiG
Loans outstanding	6 097 512	-	963 631	-
Interest income earned	187 580	-	21 590	-

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

d) Deposits from related parties

Deposits at 30 June	656 161	-	460 584	-
Interest income earned	-	-	-	-

e) Director's shareholdings

As at 30 June 2025 the Directors did not hold directly and indirectly any shareholding in the Group.

38 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].

39 SUBSEQUENT EVENTS

Subsequent to the half-year end of the Bank of 30 June 2025 there has been one (1) identified subsequent event. On the 2nd of July 2025 The Infrastructure and Development Bank of Zimbabwe (IDBZ) received ZiG 20million as capital injection from the Ministry of Finance Economic Development and Investment Promotion. This was part of its budget allocation of ZiG 150 million."

40 GOING CONCERN

The Bank prepared its financial statements on a going concern basis. This assessment is based on the Bank's continued financial stability, its ability to meet obligations as they fall due and the absence of any plans to significantly curtail or cease operations in the foreseeable future. The Bank's continued operations are supported by effective liquidity management. Furthermore strong shareholder backing provides additional assurance of the Bank's capacity to operate.

Management considered the following in assessing whether the going concern assumption was applicable.

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's core capital position stood at US\$19 million as of 30 June 2025. The Bank's shareholders injected ZiG58 million capital and US\$1.6 million Treasury bills (TBs) during the first half of the year which strengthened the Bank's capital position. Moreover the Bank is expecting to receive an additional ZiG83.5 million as capital in the second half of the year as capital contribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 30 JUNE 2025

2. Projects under implementation
As at 30 June 2025 the Bank had the following key projects which were nearing completion:

Table. 1

Project Name	Project Value ZiG	Project Value	Completion %
Waneka Phase 3 Housing Development	ZiG 64.7 million	US\$2.5 million	99%
Mornington Cluster Houses Development Kadoma	ZiG 53.9 million	US\$2 million	32%
07 on Pagomo Cluster Houses Development Project Monavale Harare	ZiG 167 million	US\$6.2 million	82%
Wils Grove Park Phase 2 Housing Project Bulawayo	ZiG 51.2 million	US\$1.9 million	100%
Mabuto Villas (Hatfield, Harare)	ZiG 28.6 million	US\$1,06 million	99%
Honister Cluster Houses (Borrowdale, Harare)	ZiG 282.9 million	US\$10.5 million	95% (Civil works)

The Bank is currently in the market selling stands and cluster houses for 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 2025 the loan book stood at US\$13.2 million.

The Bank continues to have a robust pipeline of projects at various stages of preparation and development planning and implementation. Under the short-term Infrastructure Value Chain Financing (IVCF) product the Bank supported Sustainable Agriculture Technology and Pangawa Agri Portfolio.

Project Name	Project Value	% Completion
Sustainable Agriculture Technology (SAT)	US\$350 000	100%
Pangawa Agri Portfolio (Pvt) Ltd	US\$69 000	ongoing

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 under review the Bank raised US\$0.18 million in indexed bonds which was deployed to infrastructure projects and the Bank remains in good market standing to raise additional funding. Currently the Bank is in the market to raise an additional US\$3.1 million to fund Housing projects (US\$1.6m) and Agribusinesses (US\$1.5m).

4. Liquidity
The Bank's liquidity ratio as of June 30 2025 was 51% greater than the prudential minimum level of 30% required by the RBZ and Section 20 subsection 4 of the IDBZ Act which prescribes the Bank to maintain at least 10% of its liabilities in liquid assets.

5. Staff Retention
The Bank's efforts to ensure market-aligned employee compensation have been successful. During the first half of the year the Bank maintained a salary structure that allocates 60% of remuneration in USD and 40% in ZiG. In addition to competitive compensation the Bank reinstated the personal loan facility for all staff members during the period under review further demonstrating its commitment to employee welfare and financial well-being.

Management affirms that there is no significant uncertainty regarding the Bank's ability to continue operating as a going concern. The Bank's strong capital base, effective liquidity management and ongoing projects that are anticipated to generate substantial revenue collectively provide a sound foundation for the continued sustainable operation of the Bank.

