

CHAIRMAN'S STATEMENT



Kupukile Mlambo (Dr)
Chairman of the Board

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The Bank is grateful for the unwavering support from the Office of the President and Cabinet, the Ministry of Finance, Economic Development and Investment Promotion...

Background

In 2025, the Zimbabwean economy registered a 6.6% growth, higher than 1.7% recorded in 2024. Mining, agriculture, construction, electricity, transport, and information & communication sectors anchored growth in 2025. The growth momentum is projected to continue in 2026 with a firm forecast of 5% GDP growth. This growth trajectory points to an increased demand in the Bank products and services.

The country achieved macroeconomic stability in 2025, characterised by declining inflation and stable exchange rate. The stability reduced market price distortions and smoothed project cost projections. However, high interest rates, tight liquidity and limited availability of long-term capital in the market constrained the Bank's resource mobilisation for infrastructure development. The dearth of bankable projects in the market also continues to hinder the mobilisation of resources for infrastructure projects. The Bank is therefore scaling up its efforts to develop a diversified pipeline of commercially attractive projects to bankability in collaboration with Government, Project Promoters and Development Partners.

Contribution to Vision 2030

Under the National Development Strategy 1 (NDS1), the Bank made measurable contributions towards advancing Vision 2030, through supporting key infrastructure and social development initiatives. It facilitated the delivery of 1,032 student beds, 703 housing units and 2,157 serviced stands, and the rehabilitation of two health facilities. In addition, the Bank supported energy and agricultural development through financing transformer protection installations, prepaid electricity meters, solar systems for households, and irrigation development on 2,000 hectares, and paprika and chilli production. In 2025, the Bank developed its Five-Year Strategic Plan (2026-2030), guided by Vision 2030, the National Development Strategy 2 (NDS2) priorities, and specific sector policies. The Bank is prioritising the development and implementation of various projects that will allow it to make measurable development impact. Investment will be prioritised in the following sectors: water and sanitation; housing, irrigation infrastructure; transport and energy (WHITE). Support will also be given to the productive sector of the economy targeting: the infrastructure value chain; green transitioning; industrialisation; exports promotion; imports substitution; and value addition & beneficiation. The Bank relies on continuous collaboration

with Government Agencies, Development Partners and the Private Sector for effectual mandate delivery.

Institutional Reforms

The Bank announces the retirement of Mr Zondo T. Sakala on 31 August 2025. The Bank expresses its profound gratitude to Mr Sakala for a decade of transformative leadership of the institution. In the interim, Mr. Willing Zvirevo has been appointed Acting CEO pending the appointment of a substantive Chief Executive Officer. The Bank remains committed to its transformation journey, with a continued focus on improving efficiency, effectiveness and financial sustainability. Key priorities will include capitalisation capital preservation initiatives, and commercial discipline to ensure resilience and long-term sustainability.

Appreciation

The Bank is grateful for the unwavering support from the Office of the President and Cabinet, the Ministry of Finance, Economic Development and Investment Promotion, the Reserve Bank of Zimbabwe, Government Line Ministries and Departments, Public Agencies, Cooperating Partners and investment partners among other key stakeholders. Their support is instrumental to the Bank's ability to execute its mandate.

I also extend my sincere gratitude to the Board, Management, and Staff for their tireless efforts in advancing the Bank's mandate.



Kupukile Mlambo (Dr)
Chairman of the Board
27 March 2026

CHIEF EXECUTIVE OFFICER'S STATEMENT



W. Zvirevo
Acting Chief Executive Officer

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To enhance its development impact and financial performance, the Bank has put in motion several strategies...

Guided by its strategic theme **“Transforming and Retooling Towards a DFI of Scale: Recalibration and Adaptation”**, the Bank has remained focused on supporting the development and financing of infrastructure and other development initiatives across all sectors of the economy.

Bank Operations

In 2025, the Bank operated in an improved macro-economic environment characterised by declining inflation and a stable exchange rate. While the tight fiscal and monetary policy measures had a stabilisation effect on the macroeconomic environment, the prevailing tight liquidity conditions and high interest rates created a challenging landscape for the Bank's resource mobilisation efforts. As a result, the Bank's loan book growth was curtailed, and projects completion was delayed. Nonetheless, the Bank registered notable progress in executing its mandate.

During the year under review, US\$15.83 million was raised from the market to support project implementation, productive sector lending, and for liquidity management. A total of US\$6.4 million was disbursed towards infrastructure projects (US\$2.1 million) and productive sector financing (US\$4.3 million).

In 2025, the Bank made significant progress in advancing its mandate across water and sanitation, housing, irrigation, transport, and energy sectors. These interventions reinforced its commitment to addressing national infrastructure gaps for socio-economic transformation.

The following were the Bank's interventions in various sectors:

- i. Water Supply and Irrigation: Through its advisory services, the Bank was engaged by ZINWA as Independent Engineer in contract rates negotiations on the following projects: Musami Water Supply Project; Vungu Dam, Water Supply and Irrigation Project; Gwayi Shangani Dam Hydro Power Project and Water Intake Pump Station.
- ii. Irrigation Development: Independent Engineer services on contracts revaluation and value for money audits for the Department of Irrigation on Land Clearing Contracts and Irrigation Infrastructure.
- iii. Transport: Advisory Services to the Ministry of Transport and Infrastructural Development on Public-Private Partnership (PPP) transactions relating to Forbes and Chirundu Border Posts Upgrades, Harare-Nyamapanda Road & Nyamapanda Border Post Upgrade, and Old Gwanda Road Upgrade.
- iv. Housing Development: The Bank continued to deliver impactful housing projects nationwide, with the following notable milestones registered:
 - a) Wilsgrove Park, Bulawayo - the project entailed the development of 114 low-density stands. Completed works include surfaced roads, storm water drainage and water reticulation.
 - b) Kadoma Cluster Housing - A total of 7 out of 30 3-bedroomed cluster units have been completed together with related civil works.
 - c) Mabuto Villas, Hatfield (Harare) - The project entailed the construction of 20 3-bedroomed cluster housing units along with all the supporting infrastructure. The project reached partial completion and was sold out.
 - d) Waneka Phase III (Harare): 48 flat units were completed and sold out.
 - e) Catholic University Accommodation (Harare) - the project reached bankability in 2025 and fundraising commenced. The project entails the construction of student accommodation facilities with a total capacity of 1,024 beds.
 - f) Energy: The 5MW Gutu Solar Project reached bankability and will be implemented in 2026.

The following projects are at various stages of preparation:

- i. Marimba Cluster Housing Development (Harare);
- ii. Gerizim Villas Cluster Housing Project (Harare);
- iii. Samavale Low Density Housing Project (Masvingo);
- iv. Kwekwe Low Density Housing (Kwekwe);
- v. Morningside Medium Density Housing Project (Masvingo);
- vi. Lithium Batteries Assembly Project (Marondera);
- vii. 2.4MW Odzani Mini-hydro Project Phase A (Mutasa, Manicaland); and
- viii. Muuyu Truckstop (Mwenezi, Masvingo).

In terms of climate finance initiatives, the Bank is developing the US\$50 million Horticulture Investment Fund for Enhanced Climate Resilience (HIFECR). The facility, which will blend concessional resources from the Green Climate Fund with co-financing from other Development Partners, public sources and the private sector, seeks to strengthen resilience in high-value export chains including coffee, citrus, avocado, berries, and fresh produce. The project targets over 150,000 direct beneficiaries, with strong participation targets for women and youth.

Bank Capitalisation

During the year, the Bank received an equivalent of US\$6.8 million (Government of Zimbabwe - US\$4.7 million and RBZ - US\$2.1 million) in capital injections from its shareholders, and this provided essential operational support. As part of continued support in strengthening the Bank's balance sheet, Government allocated another ZIG 150 million towards the Bank capitalisation's under the 2026 National Budget. This was further bolstered by issuance of capitalisation Treasury Bills for US\$50 million in February 2026. The Bank is thankful for ongoing shareholder support and will continue to pursue its capitalisation initiatives to achieve its ambition of becoming "a DFI of Scale".

Financial Performance

During the period under review, the Bank recorded an operating loss before tax of ZIG 532 million compared to a profit of ZIG 239.8 million in the prior year. The reported loss was mainly because of loans written off amounting to ZIG 101 million and an increase in operating expenses to ZIG 435.3 million during the year compared to ZIG 228.8 million in 2024. Net revenue for the period was ZIG 81.7 million compared to ZIG 221.1 million in 2024. Prior year revenue was mainly driven by recognition of revenue on the Sumben Phase 1 Housing Project which reached completion in 2024. During the year, the Bank completed the Waneka Phase III and Mabuto Villas housing development projects. Housing projects generated revenues of ZIG 44 million during the year compared to ZIG 184.3 million in the prior period.

Total assets decreased by 3% during the period to end the year at ZIG 1.32 billion. The major drivers of the decrease in the balance sheet were limited loan book growth affected by tight market liquidity and high impairment. Shareholders injected a total of ZIG 181.9 million in capital during the period. Looking ahead, the Bank will strengthen its financial sustainability by aligning resource allocation with strategic priorities, boosting short-term revenue generation, and maintaining disciplined cost management.

To enhance its development impact and financial performance, the Bank has put in motion several strategies that are aimed at achieving the following outcomes:

- i. Stronger capital position and underwriting capacity;
- ii. Improved quality, commercial attractiveness and diversity of the project pipeline;
- iii. Enhanced project origination, structuring and advisory capabilities;
- iv. Increased off-balance sheet financing and productive sector lending; and,
- v. A lean corporate structure for operational agility and cost efficiency.

Appreciation

I would like to extend our deep gratitude to the Office of President and Cabinet, Ministry of Finance, Economic Development and Investment Promotion, and the Reserve of Bank of Zimbabwe for their unwavering support to the Bank. My appreciation also goes to the Board of Directors for their steadfast guidance, strategic insight, and continued oversight throughout the year. The Bank remains deeply appreciative for the support from its clients, Development Partners and other stakeholders. I am also grateful to all Bank staff for their dedication and teamwork as we strive to make measurable contributions towards national development and the attainment of Vision 2030.



W. Zvirevo
Acting Chief Executive Officer
27 March 2026

5MW Gutu Solar project

CORPORATE GOVERNANCE

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
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. W. ZVIREVO	- Acting CEO (Ex-Officio Member)

During the year under review, the Bank sadly lost one of its long-serving Board members, Ms Sibusisiwe Bango, who passed away on 7 September 2025. Ms Bango served on the Board for over six years and made a distinguished contribution to the governance and strategic direction of the Bank. Her expertise, dedication and steadfast commitment to the Bank's developmental mandate were deeply valued. The Board records its sincere appreciation for her service. Her contribution to the institution remains part of her enduring legacy.

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 National Code on Corporate Governance:

- formulating policies to ensure the efficient achievement of the Bank's objectives;
- supervising all the activities engaged in by the Bank;
- ensuring that the Bank has adequate control systems to monitor and manage risk;
- ensuring efficient and economic use of the Bank's resources; and
- formulating and enforcing rules of corporate governance and ethical practice for observance by the Bank's directors and staff.

The table below shows the Board composition as at 31 December 2025:

Director	Designation	Date Appointed/renewal of Term
Kupukile Mlambo (Dr.)	Independent Non-Executive Board Chair	1 Apr 2023
Naomi N. Wekwete (Dr.)	Independent Non-Executive Deputy Chair	1 Jan 2024
Norbert O. Mugwagwa (Dr.)	Independent Non-Executive Director	19 Jul 2022
Reginald Mugwara (Mr.)	Independent Non-Executive Director	19 Jul 2022
Tadios Muzoroza (Mr.)	Independent Non-Executive Director	19 Jul 2022
Andries Rukobo (Dr.)	Independent Non-Executive Director	1 Jan 2024
Arina Manyanya (Mrs.)	Non-Executive Director	1 Feb 2024
Barbara Mbuyisa (Dr.)	Independent Non-Executive Director	1 Nov 2024
Willing Zvirevo (Mr.)	Acting CEO/Ex-Officio	1 Sep 2025

Board and Board Committee Attendance Record

	MAIN BOARD	AUDIT COMMITTEE	FINANCE & RISK MANAGEMENT COMMITTEE	HUMAN RESOURCES & ICT COMMITTEE	CORPORATE GOVERNANCE, COMPLIANCE, ETHICS & SUSTAINABILITY COMMITTEE	INVESTMENTS COMMITTEE
BOARD MEMBER / TOTAL MEETINGS HELD	7	5	4	8	4	2
DR. K. MLAMBO	7	n/a	4	7	n/a	2
DR. N.N. WEKWETE	7	n/a	4	n/a	4	2
DR. A. RUKOBO	7	n/a	n/a	8	4	2
MR. R. MUGWARA	7	5	4	n/a	n/a	2
MRS. A. MANYANYA	7	5	3	n/a	2	2
DR. N. MUGWAGWA	7	n/a	4	n/a	3	2
MR. T. MUZOROZA	7	n/a	n/a	8	4	2
DR. B. MBUYISA	7	5	n/a	8	n/a	2
MS. S.P. BANGO*	3	3	n/a	4	n/a	1
MR. T. Z. SAKALA**	4	4	3	6	3	1
MR. W. ZVIREVO***	3	1	0	1****	1	1

*Passed away in Q3/2025 following illness

**CEO's Term of Office expired on 31 August 2025

***Appointed as Acting CEO effective 1 September 2025

****CEO was not an invitee

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.

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 ZiG1,536,887.19 and US\$38,428.83 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 needing improvement for enhanced effectiveness and efficiency.

Directors' Responsibility Statement

The Directors are responsible for the preparation and fair presentation of the Bank's financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Infrastructure and Development Bank of Zimbabwe Act [Chapter 24:14] and other applicable laws and regulations. This responsibility includes selecting and consistently applying appropriate accounting policies, making reasonable and prudent judgements and estimates, and preparing the financial statements on a going concern basis.

The Directors are also responsible for maintaining adequate accounting records and effective systems of internal control designed to safeguard the Bank's assets and to provide reasonable assurance regarding the reliability of financial reporting and the prevention and detection of fraud and other irregularities.

The Group's Internal Audit function operates independently and reports directly to the Audit Committee, providing assurance on the effectiveness of internal controls, risk management and governance processes.

The Directors confirm that the financial statements present fairly, in all material respects, the financial position of the Bank as at the reporting date and its financial performance and cash flows for the year then ended. The financial statements were prepared on a going concern basis. The financial statements were approved by the Board of Directors on 27 March 2026 and are signed on its behalf by the Chairman and the Acting Chief Executive Officer.

PSGRS Standard	Weighted Contribution per Standard	Rating Year: 2024	Rating Year: 2023	Rating Year: 2022
Governance	40%	38%	37%	43%
Financial	40%	32%	25%	25%
Operational	20%	18%	27%	16%
Overall Score		88%	89%	84%
PSGRS Rating		B+	B+	B+

Independent Auditor's Opinion

The audited consolidated financial results should be read in conjunction with the consolidated financial statements for the year ended 31 December 2025, which were audited by BDO Zimbabwe Chartered Accountants. An adverse audit opinion was issued due to non-compliance with International Accounting Standard (IAS 29)- Financial Reporting in Hyperinflationary Economies and unresolved potential effects of forensic audits.

Management determined the ZiG as the Group's functional currency in the current and prior year. As the Public Accountants and Auditors Board has not lifted the extent of any financial prejudice. Additional forensic audits over the same project and other selected projects had just been commissioned as at the reporting date. As a result, pending conclusion of these forensic audits, we could not determine whether further material adjustments may be required. The auditors' report is available for inspection at the Bank's registered office.

As disclosed in Note 43, an interim forensic audit relating to the Zimcampus Properties (Private) Limited project was concluded during the year, which did not establish the extent of any financial prejudice. Additional forensic audits over the same project and other selected projects had just been commissioned as at the reporting date. As a result, pending conclusion of these forensic audits, we could not determine whether further material adjustments may be required. The auditors' report is available for inspection at the Bank's registered office.

The engagement partner is Mr Jonas Jonga (PAAB Practising Number 0438).

BDO Zimbabwe Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

Note	31 Dec 2025 ZiG	31 Dec 2024 ZiG	
ASSETS			
Cash and bank balances	5	134 872 875	122 718 371
Inventories	11	12 378 730	28 121 685
Other receivables and prepayments	10	26 280 456	34 380 880
Loans and advances to customers	9	293 283 098	419 461 631
Investment securities	6	4 553 503	5 997 372
Financial assets at fair value through other comprehensive income	7	39 870 166	51 425 073
Treasury bills and other financial assets	8	21 544 871	203 612 667
Assets pledged as collateral	8.1	359 546 301	124 448 662
Investment in associates	12.3	8 667 004	9 540 231
Investment property	13	206 951 656	235 534 371
Non-current assets held for sale	14	80 231 043	-
Intangible assets	16	347 898	695 797
Property and equipment	15	125 429 828	125 038 028
Right of use assets	17	1 089 498	688 264
Deferred taxation	18.1	-	337 378
Total assets		1 315 046 927	1 362 000 410
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits from customers	24	526 456 174	188 856 643
Local lines of credit and bonds	25	187 156 144	217 816 401
Other liabilities	26	160 723 911	146 511 504
Deferred taxation	18.2	6 765 308	21 129 520
Lease liability	27	1 135 887	545 413
Total liabilities		882 237 424	574 859 481
EQUITY			
Share capital	19	331 869	164 159
Share premium	19	779 744 296	389 362 924
Foreign currency translation reserve	20	27 084 390	(15 844 215)
Amounts awaiting allotment	19	-	249 959 844
Preference share capital	23	74 049 071	74 049 071
Fair value reserve	22	40 399 006	53 338 842
Revaluation reserve	21	132 384 615	127 717 160
Accumulated Loss		(602 711 519)	(81 180 715)
Equity attributable to parent owners of the Group		451 281 668	797 567 070
Non-controlling interest in equity		(18 472 165)	(10 426 141)
Total shareholders' equity		432 809 503	787 140 929
Total equity and liabilities		1 315 046 927	1 362 000 410

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

Note	31 Dec 2025 ZiG	31 Dec 2024 ZiG	
Interest and related income	28.1	83 996 279	58 379 221
Interest and related expenses	28.2	(63 422 361)	(26 483 765)
Net interest income		20 573 918	31 895 456
Property sales	29	99 406 430	262 771 475
Cost of sales	29	(55 444 165)	(78 513 464)
Net profit on property sales		43 962 265	184 258 011
Fees and commission income	30	17 173 508	4 548 817
Dividend income		1 471	436 926
Net revenue		81 711 162	221 139 210
Other income	32	4 992 625	2 452 072
Net loan impairment (charge)		(15 795 155)	(9 408 133)
Rent debtors impairment recovery / (charge)		536 776	(269 575)
Debtors impairment recovery		7 927 008	45 467
Treasury bills impairment (charge)		(10 425 774)	(5 617 618)
Fair value gain on investment property	13; 32	37 364 700	115 551 694
Net (loss) / gain on financial assets at fair value through profit or loss	6; 30	(1 444 361)	6 997 192
Unrealised exchange (loss) / gain	34	(65 936 264)	131 282 385
Operating expenses	35	(435 319 643)	(228 750 221)
Write-offs	36	(125 431 271)	-
Interest expense on lease liability		(100 259)	(24 640)
(Loss) / profit on disposal of investment property		(7 860 760)	7 270 167
Loss on disposal of movable assets		(926 653)	(159 159)
Share of loss of associate	12.3	(1 413 083)	(669 024)
(Loss) / profit for the period before taxation		(532 120 952)	239 839 817
Income tax credit / (expense)	37	14 026 834	(22 209 420)
(Loss) / profit for the period		(518 094 118)	217 630 397
Other comprehensive income			
Items that may be reclassified to profit or loss			
Net fair value loss on financial assets at fair value through other comprehensive income	7	(12 939 836)	(31 919 342)
Revaluation surplus on property and equipment	15	10 779 311	62 204 422
Other comprehensive income for the period net of tax		(2 160 525)	30 285 080
Total comprehensive (loss) / income for the year		(520 254 643)	247 915 477
(Loss) / profit for the year attributable to:			
Equity holders of the parent entity		(530 745 273)	183 284 503
Non-controlling interest		12 651 155	34 345 894
		(518 094 118)	217 630 397
Total comprehensive (loss) / income attributable to:			
Equity holders of the parent entity		(532 905 954)	212 724 353
Non-controlling interest		12 651 311	35 191 124
		(520 254 643)	247 915 477
(Loss) / profit per share attributable to the equity holders of the Bank during the year (expressed in ZiG cents per share)			
Basic earnings per share			
From (loss) / profit for the year attributable to equity holders (ZiG cents)	38	(1 766)	610

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	31 Dec 2025 ZiG	31 Dec 2024 ZiG
Cash flows from operating activities			
(Loss) / profit for the period		(532 120 952)	239 839 817
Adjustments for:			
Depreciation	15;17	17 760 728	11 884 703
Amortisation	16	347 899	1 987 586
Finance cost on lease liability		100 259	24 640
Loss / (profit) on disposal of investment property		7 860 760	(7 270 167)
Loss on disposal of movable assets		926 653	159 159
Loss on disposal of land		87 989	-
Loan impairment charge		15 795 155	9 408 133
Rent debtors impairment (recovery) / charge		(536 776)	269 575
Debtors impairment (recovery)		(7 927 008)	(45 467)
Treasury bills impairment charge		10 425 774	5 617 618
Provisions and accruals		41 239 617	57 590 322
Unrealised exchange loss / (gain)		65 936 264	(131 282 385)
Net gain / (loss) on financial assets at fair value through profit or loss	6	1 444 361	(6 997 192)
Fair value gain on investment property	13	(37 364 700)	(115 551 694)
Share of loss of associate		1 413 083	669 024
		(414 610 894)	66 303 672
Changes in:			
Loans and advances to customers		(82 146 361)	(239 108 568)
Other receivables and prepayments		(8 100 424)	64 653 699
Inventories		15 742 955	147 768 149
Deposits from customers		337 599 531	87 302 761
Other liabilities		14 212 407	(70 650 083)
		(137 302 786)	56 269 630
Net cash utilised / generated from operating activities			
Cash flow from investing activities			
Acquisition of property and equipment	15	(4 120 654)	(17 651 855)
Acquisition of financial assets at fair value through other comprehensive income	7	(1 384 929)	(463 863)
Proceeds from disposal of investment property		4 901 825	2 527 947
Proceeds from disposal of shares of a subsidiary		-	69 841 302
Proceeds from disposal of movable assets		841 817	93 874
Proceeds from disposal of non-investment property		2 113 228	-
Improvements of investment property	13	(411 407)	(6 903 919)
Investment in associates	12.3	(539 856)	(1 002 233)
Dividend received		1 471	436 927
		1 401 495	46 878 180
Net cash utilised / generated from investing activities			
Cash flow from financing activities			
Payment of dividends		(20 785 594)	-
Proceeds from issue of bonds		131 603 271	13 960 064
Decrease in local lines of credit		(182 121)	(21 578 681)
Repayment of bonds		(100 943 014)	(38 812 060)
Capital received	19	138 363 253	2 401 225
		148 055 795	(44 029 452)
Net cash utilised / generated from financing activities			
Net increase in cash and cash equivalents		12 154 504	59 118 358
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	134 872 875	122 718 371

**Catholic University
Students Accommodation Hostels**



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Ordinary share capital ZiG	Share premium ZiG	Amounts awaiting allotment ZiG	Currency conversion 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	(263 515 045)	507 121 414	(83 153 786)	423 967 628
Profit for the period	-	-	-	-	-	-	-	183 284 503	183 284 503	34 345 894	217 630 397
Derecognition of subsidiary	-	-	-	-	-	-	-	(950 173)	(950 173)	-	(950 173)
Transfer from FCTR	-	-	-	-	-	-	-	-	-	-	-
Transfer to non controlling interest	-	-	-	-	-	-	-	-	-	-	-
Revaluation of property and equipment	-	-	-	-	-	-	62 204 422	-	62 204 422	845 230	63 049 652
Net fair value gain on financial assets at fair value	-	-	-	-	-	(31 919 342)	-	-	(31 919 342)	-	(31 919 342)
Allotment of shares	-	-	255 727 225	-	-	-	-	-	255 727 225	-	255 727 225
Discounting of Treasury Bills	-	-	(48 622 174)	-	-	-	-	-	(48 622 174)	-	(48 622 174)
Translation from ZWL to ZiG currency	-	-	-	(127 545 733)	-	-	(1 733 072)	-	(129 278 805)	37 536 521	(91 742 284)
Balance as at 31 December 2024	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
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
Profit for the period	-	-	-	-	-	-	-	(530 745 273)	(530 745 273)	12 651 155	(518 094 118)
Derecognition of subsidiary	-	-	-	-	-	-	-	-	-	-	-
Transfer from FCTR	-	-	-	-	-	-	-	-	-	-	-
Transfer to non controlling interest	-	-	-	-	-	-	-	-	-	-	-
Revaluation of property and equipment	-	-	-	-	-	-	10 779 311	-	10 779 311	-	10 779 311
Net fair value gain on financial assets at fair value	-	-	-	-	-	(12 939 836)	-	-	(12 939 836)	-	(12 939 836)
Capital received	-	-	181 902 041	-	-	-	-	-	181 902 041	-	181 902 041
Discounting of Treasury Bills	-	(48 682 125)	48 622 174	-	-	-	-	-	(59 951)	-	(59 951)
Translation from ZWL to ZiG currency	-	-	(41 252 852)	42 928 605	-	-	-	-	1 675 753	177 478	1 853 231
Allotment of shares	167 710	439 063 497	(439 231 207)	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(20 785 594)	(20 785 594)
Realisation on disposal of non-investment property	-	-	-	-	-	-	(2 599 608)	2 599 608	-	1 733 072	1 733 072
Disposal of moveable assets	-	-	-	-	-	-	(3 512 248)	3 512 248	-	-	-
Reversal of retained earnings for previously consolidated entity	-	-	-	-	-	-	-	3 102 553	3 102 553	(1 822 134)	1 280 419
Balance as at 31 December 2025	331 869	779 744 296	-	27 084 390	74 049 071	40 399 006	132 384 615	(602 711 579)	451 281 668	(18 472 165)	432 809 503

**SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 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 27 March 2026

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements for the year ended 31 December 2025 have been compiled adopting the principles from International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards), except for non-compliance with IAS 29- Financial Reporting in Hyperinflationary Economies and as 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

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;
- Employee benefits accruals and provisions
- Conversion of ZWL balances to ZIG

2.1.2 New standards, interpretations and amendments adopted from 1 January 2025

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)
On 15 August 2023, the IASB issued Lack of Exchangeability which amended IAS 21 The Effects of Changes in Foreign Exchange Rates (the Amendments). The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

New standards, interpretations and amendments issued but not yet effective

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 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. IFRS 18 has not been early adopted.

IFRS 19 Subsidiaries without Public Accountability: Disclosures.

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

2.3 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 the functional and presentation currency of the Group. The Group carried out an assessment and concluded that the ZiG was its functional currency.

(b) Transactions and balances

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

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

2.4 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 one 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 acquirer 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 IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill

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

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

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

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

(c) Loss of control

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

(d) Associates and joint ventures

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

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

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

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

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

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

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

(e) Joint operations

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

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

Proportionate consolidation involves combining the Group's share of the joint operation'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.

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.

Refer to note 12 for a detailed analysis of the Group.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.5 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.

2.5.1 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.

2.5.2 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.

2.5.3 Financial assets and liabilities

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.

2.5.4 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.

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.

2.5.5 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.

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

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.

2.5.7 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

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

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

2.5.8 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.

2.5.9 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.

2.5.10 Debt instruments at FVOCI

The Bank applies this 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 comprise debt instruments measured at fair value through other comprehensive income (FVOCI) in accordance with IFRS 9. Subsequent measurement is at fair value, with changes in fair value recognised in other comprehensive income. Interest income and foreign exchange gains and losses are recognised in profit or loss. On derecognition, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

2.5.11 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.

2.5.12 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.

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

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

2.8 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

2.8.1 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 POCL.

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.

Derecognition other than for substantial modification

Financial assets

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

The Bank has transferred the financial asset if, and only if, either:

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

2.8.2 Financial liabilities

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.

2.9. 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.

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 Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 2.31.2. The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

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

2.9.2. Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCL, 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.
- **POCL:** Purchased or originated credit impaired (POCL) assets are financial assets that are credit impaired on initial recognition. POCL 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.

2.9.3. 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.

2.9.4. The mechanics of the ECL method are summarised below:

- **Stage 1:** The 12months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3:** For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- **POCL:** POCL 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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2.9.5. 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.

2.10. 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.

2.11. 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.

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.

2.12. 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.

2.13. 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.

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.

Forborne and modified loans

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

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

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

2.14. Taxes

All the receipts and accruals of the Bank 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). The Bank's subsidiaries are liable for tax per Income Tax Act (Chapter 23:06) and Capital Gains Tax Act (Chapter 23:01)

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.

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.

2.15. (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.

2.16. Other receivables

2.16.1 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.

2.16.2 Inventories

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

2.17. 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.

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.

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 and Equipment'. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment, with any remaining increase recognised in other comprehensive income and increases directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to statement of comprehensive income.

2.18. Property and equipment

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

Property and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

Property and equipment are carried at the fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Valuations are performed yearly to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. At the date of the revaluation, accumulated depreciation is restated proportionately with the change in gross carrying amount so that the carrying amount after revaluation equals its revalued amount. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

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

• Buildings	50 years
• Computer and office equipment	3-5 years
• Motor vehicles	5 years
• Furniture and fittings	7 years
• Intangible assets	4 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.

2.20. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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2.21 Amortisation

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

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.

2.22 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.

2.23 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.

2.24 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.

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

2.26 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).

2.26.1 Related parties

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

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.

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.

2.26.2 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.

2.26.3 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.

2.26.4 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.

2.26.5 Rental income

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

2.26.6 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.

2.27 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 sign the agreement of sale and the property is handed over to the purchaser.

2.28 Employee benefits

2.28.1 Pension scheme

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

2.28.2 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.

2.29 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.

2.30 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.

2.31 Dividend distribution

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

2.31.1 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.

(a) 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:

(b) Impairment on loans and advances

Determination of impairment allowance

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

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

2.31.2 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.

2.31.3 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.

2.31.4 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.

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.

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.

Treasury bills are valued to reflect their present values by discounting for time value of money. This is reached applying market discount rate to future cash-flows to determine the present value of cash flows. In the absence of a market discount rate, IFRS 13 allows for the development of a valuation model using inputs which can either be verifiable or are not verifiable with the extent of verifiability determining whether the valuation model belongs under Level 2 or Level 3 of the valuation input scale.

Revaluation of land and buildings and investment properties

The Group carries its land and buildings and investment properties at fair value, with changes in fair value of investment properties and land and buildings being recognised in the statement of profit or loss and other comprehensive income respectively. For land and buildings and investment properties, a valuation has 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.

2.31.5 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.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

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 31 Dec 2025 ZiG	Maximum Exposure 31 Dec 2024 ZiG
Credit risk exposure relating to on-balance sheet assets are as follows:		
Cash and bank balances	134 872 875	122 718 371
Treasury bills and other financial assets	21 544 871	203 612 667
Gross loans and advances to customers	329 987 584	440 802 641
Assets pledged as collateral	359 546 301	124 448 662
Other receivables and prepayments	26 280 456	34 380 880
	872 232 087	925 963 221

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

Loan commitments and guarantees	-	-
Maximum exposure to credit risk	872 232 087	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

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.

Loans and advances (including assets pledged as collateral) are summarised as follows:

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
Stage 1	242 338 473	161 460 744
Stage 2	23 205 696	58 122 498
Stage 3	64 443 415	221 219 399
Gross	329 987 584	440 802 641
Less: allowance for impairment	(36 704 486)	(21 341 010)
Net	293 283 098	419 461 631

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.

Historical Cost	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
As at 31 December 2025						
Assets						
Cash and bank balances	134 872 875	-	-	-	-	134 872 875
Investment securities	4 553 503	-	-	-	-	4 553 503
Financial assets at fair value through other comprehensive income	-	-	-	-	39 870 166	39 870 166
Treasury bills and other financial assets	-	-	-	-	21 544 871	21 544 871
Assets pledged as collateral	323 216 137	25 418 114	10 912 050	-	-	359 546 301
Non-current Assets Held for Sale	-	-	-	80 231 043	-	80 231 043
Loans and advances to customers	64 115 022	67 463 564	-	104 955 718	56 748 794	293 283 098
Total	526 757 537	92 881 678	10 912 050	185 186 761	118 163 831	933 901 857
Liabilities						
Deposits from customers	498 649 809	1 219 198	26 587 167	-	-	526 456 174
Bonds	-	27 009 975	26 319 357	25 233 285	-	78 562 617
Local lines of credit	108 593 527	-	-	-	-	108 593 527
Other liabilities	-	-	-	160 723 911	-	160 723 911
Lease Liability	-	-	-	-	1 135 887	1 135 887
Total	607 243 336	28 229 173	52 906 524	185 957 196	1 135 887	875 472 116
Gap	(80 485 799)	64 652 505	(41 994 474)	(770 435)	117 027 944	58 429 741
Contingent liabilities:						
Loan commitments and guarantees	-	-	-	-	-	-
Total gap	(80 485 799)	64 652 505	(41 994 474)	(770 435)	117 027 944	58 429 741
Total cumulative gap	(80 485 799)	(15 833 294)	(57 827 768)	(58 598 203)	58 429 741	-
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
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	419 461 631	419 461 631
Total	257 895 250	76 717 070	-	158 006 079	435 045 377	1 052 112 436
Liabilities						
Deposits from customers	169 061 084	18 662 610	1 132 948	-	-	188 856 643
Bonds	-	-	-	-	109 040 753	109 040 753
Local lines of credit	217 816 401	-	-	-	-	217 816 401
Other liabilities	-	-	-	146 511 504	-	146 511 504
Lease Liability	-	-	-	-	545 413	545 413
Total	386 877 485	18 662 610	1 132 948	146 511 504	109 586 166	662 770 714
Gap	(128 982 235)	58 054 460	(1 132 948)	11 494 575	325 459 211	264 893 063
Contingent liabilities:						
Loan commitments and guarantees	-	-	-	-	-	-
Total gap	(128 982 235)	58 054 460	(1 132 948)	11 494 575	325 459 211	264 893 063
Total cumulative gap	(128 982 235)	(70 927 775)	(72 060 723)	(60 566 148)	264 893 063	-

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

Historical Cost

As at 31 December 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	Non interest bearing ZiG	Total ZiG
Assets							
Cash and bank balances	134 872 875	-	-	-	-	-	134 872 875
Investment securities	-	-	-	-	-	4 553 503	4 553 503
Loans and advances to customers	64 115 022	67 463 564	-	104 955 718	56 748 794	-	293 283 098
Financial assets at fair value through other comprehensive income	-	-	-	-	-	39 870 166	39 870 166
Treasury bills and other financial assets	-	-	-	-	21 544 871	-	21 544 871
Non-current assets held for sale	-	-	-	80 231 043	-	-	80 231 043
Assets pledged as collateral	323 216 137	25 418 114	10 912 050	-	-	-	359 546 301
Total assets	522 204 034	92 881 678	10 912 050	185 186 761	78 293 665	44 423 669	933 901 857
Equity and liabilities							
Deposits from customers	498 649 809	1 219 198	26 587 167	-	-	-	526 456 174
Bonds	-	27 009 975	26 319 357	25 233 285	-	-	78 562 617
Local lines of credit	108 593 527	-	-	-	-	-	108 593 527
Other liabilities	-	-	-	-	-	160 723 911	160 723 911
Lease Liability	-	-	-	-	1 135 887	-	1 135 887
Total equity and liabilities	607 243 336	28 229 173	52 906 524	25 233 285	1 135 887	160 723 911	875 472 116
Total interest repricing gap	(85 039 302)	64 652 505	(41 994 474)	159 953 476	77 157 778	(116 300 242)	58 429 741
Total cumulative gap	(85 039 302)	(20 386 797)	(62 381 271)	97 572 205	174 729 983	58 429 741	-
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	-	419 461 631
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	251 897 878	76 717 070	-	158 006 078	383 620 305	57 422 445	927 663 776
Equity and liabilities							
Deposits from customers	169 061 084	18 662 611	1 132 948	-	-	-	188 856 643
Local lines of credit	217 816 401	-	-	-	-	-	217 816 401
Other liabilities	-	-	-	-	-	146 511 504	146 511 504
Lease Liability	-	-	-	-	545 413	-	545 413
Total equity and liabilities	386 877 485	18 662 611	1 132 948	-	545 413	146 511 504	553 729 961
Total interest repricing gap	(134 979 607)	58 054 459	(1 132 948)	158 006 078	383 074 892	(89 089 059)	373 933 815
Total cumulative gap	(134 979 607)	(76 925 148)	(78 058 096)	79 947 982	463 022 874	373 933 815	-

3.4.3 Interest rate 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).

Historical Cost Interest rate change	Effect on profit for the period ended 2025 ZiG	Effect on profit for the period ended 2024 ZiG
5% increase / (decrease)	4 199 814	2 918 961
10% increase / (decrease)	8 399 628	5 837 922

3.4.4 Foreign exchange risk

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

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

As at 31 December 2025	ZiG	USD ZiG equivalent	ZAR ZiG equivalent	BWP ZiG equivalent	GBP ZiG equivalent	EURO ZiG equivalent	Total ZiG
Assets							
Cash and bank balances	70 142 045	64 620 507	18 599	-	60 287	31 437	134 872 875
Investment securities	4 553 503	-	-	-	-	-	4 553 503
Loans and advances to customers	30 784 222	262 498 876	-	-	-	-	293 283 098
Treasury bills and other financial assets	-	21 544 871	-	-	-	-	21 544 871
Assets pledged as collateral	-	359 546 301	-	-	-	-	359 546 301
Financial assets at fair value through other comprehensive income	17 257 820	22 612 346	-	-	-	-	39 870 166
Other receivables and prepayments	26 280 456	-	-	-	-	-	26 280 456
Total	149 018 046	730 822 901	18 599	-	60 287	31 437	879 951 270
Equity and liabilities							
Deposits from customers	445 962 637	77 309 548	3 183 989	-	-	-	526 456 174
Bonds	-	78 562 617	-	-	-	-	78 562 617
Local lines of credit	108 593 527	-	-	-	-	-	108 593 527
Lease Liability	-	1 135 887	-	-	-	-	1 135 887
Other liabilities	160 723 911	-	-	-	-	-	160 723 911
Total	715 280 075	157 008 052	3 183 989	-	-	-	875 472 116
Net foreign exchange position	(566 262 029)	573 814 849	(3 165 390)	-	60 287		

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

3.5 Operational Risk

The Bank remained awake to emerging operational risks particularly cyber security risk and climate risk by mainstreaming both in its operations. The Climate Risk Management Framework guides strategies for identification, measurement, and monitoring of climate-related risks; as well as the internal control and reporting arrangements. The Bank has continued to strengthen its resilience against cyber risk through regular software upgrades, access controls and authentication, awareness campaigns and disaster recovery plans. Assurance on the adequacy of control systems within the Bank's operating environment is provided by the three independent functions namely Risk Management, Internal Audit, and Compliance Review and Mediation.

3.6 Strategy Risk

The Bank's strategy is guided by its Long-Term Strategy (LTS) with annual plans implemented through the Work Program and Budget. The annual plans and budget performance are tracked and reported to the Board of Directors on a quarterly basis to ensure the set objectives are achieved.

4 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES

4.1.1 Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value:

As at 31 December 2025	ZIG Level 1	Level 2	ZIG Level 3
Investment securities	4,553,503	-	-
Financial assets at fair value through other comprehensive income	-	-	39,870,166
Total assets	4 553 503	-	39 870 166
Total liabilities	-	-	-

As at 31 December 2024	ZIG Level 1	Level 2	ZIG Level 3
Investment securities	5 997 372	-	-
Financial assets at fair value through other comprehensive income	-	-	51 425 073
Total assets	5 997 372	-	51 425 073
Total liabilities	-	-	-

4.1.2 Financial instruments not measured at fair value

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

	Carrying amount 31 Dec 2025 ZIG	Fair value 31 Dec 2025 ZIG	Carrying amount 31 Dec 2024 ZIG	Fair value 31 Dec 2024 ZIG
Financial assets:				
Treasury bills and other financial assets	21 544 871	21 544 871	203 612 667	203 612 667
Loans and advances to customers	293 283 098	293 283 098	419 461 631	419 461 631
Assets pledged as collateral	359 546 301	359 546 301	124 448 662	124 448 662
Financial liabilities:				
Deposits from customers	526 456 174	526 456 174	188 856 643	188 856 643
Bonds and local lines of credit	187 156 144	187 156 144	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.

4.1.3 Risk limit control and mitigation policies

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

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

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

a) Collateral

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

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

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

b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer when required.

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

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

4.2 Impairment losses on financial assets

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

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

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

5 CASH AND BANK BALANCES

	31 Dec 2025 ZIG	31 Dec 2024 ZIG
Cash on hand	8 087 748	17 169 638
Balances with banks	126 785 127	105 548 733
	134 872 875	122 718 371

Balances with banks

Balance with the Central Bank	39 817 746	89 409 359
Bank deposits	86 967 381	10 544 906
Placements with other banks	-	5 594 468
Net placements due	126 785 127	105 548 733

6 INVESTMENT SECURITIES

At 1 January	5 997 372	5 997 372
Translation from ZWL to ZIG currency	492	(6 997 192)
Additions	-	-
Net loss through profit or loss	(1 444 361)	6 997 192
At 31 December	4 553 503	5 997 372

Changes in fair value of investment securities are presented as non-cash adjustments to cash flows from operating activities in the statement of cash flows. Changes in fair values of investment securities are recorded in statement of profit or loss and other comprehensive income. The fair value of all equity securities is based on their current bid prices in an active market, the Zimbabwe Stock Exchange ("ZSE").

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 Dec 2025 ZIG	31 Dec 2024 ZIG
At 1 January	51 425 073	82 880 552
Unrealised loss	-	-
Additions	1 384 929	463 863
Net fair value loss on financial assets at fair value through other comprehensive income	(12 939 836)	(31 919 342)
At 31 December	39 870 166	51 425 073

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

Unlisted securities:

Equity securities - Zimbabwe	17 257 820	15 708 365
Equity securities - Botswana	22 612 346	35 716 708
	39 870 166	51 425 073

8 TREASURY BILLS AND OTHER FINANCIAL ASSETS

Treasury bills as substitution for debt instruments	-	-
Capitalisation Treasury Bills	(1 379 918)	199 515 280
Treasury bills acquired from the market	-	-
Accrued Interest	28 247 448	9 420 046
Less Impairment allowances	(5 322 659)	(5 322 659)
	21 544 871	203 612 667

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	10/02/2023	US\$1 618 771	22/02/2028	5%	10%	Capital injection

8.1 Assets pledged as collateral

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

	Assets 31 Dec 2025 ZIG	31 Dec 2024 ZIG	Related Liability 31 Dec 2025 ZIG	31 Dec 2024 ZIG
Treasury bills	359 546 301	124 448 662	375 165 493	123 833 658
Current	359 546 301	124 448 662	375 165 493	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

	31 Dec 2025 ZIG	31 Dec 2024 ZIG
Individual		
- term loans and mortgages	100 079 858	115 749 630
Corporate		
- corporate customers	229 907 726	325 053 011
Gross loans and advances to customers	329 987 584	440 802 641
Less: allowance for impairment (Note 9.1.2)	(36 704 486)	(21 341 010)
Net loans and advances to customers	293 283 098	419 461 631
Current	236 534 304	355 408 178
Non-current	56 748 794	64 053 453
	293 283 098	419 461 631

9.1 Loan impairment allowance

Stage 1 - 12 Month expected credit loss allowance charge	20 617 719	10 487 862
Stage 2 - Lifetime expected credit loss allowance not credit impaired	3 197 951	2 190 268
Stage 3 - Lifetime expected credit loss allowance credit impaired	12 888 816	8 662 880
Net loan impairment loss	36 704 486	21 341 010

9.1.1 Maturity analysis of loans and advances to customers

Up to one month	64 115 022	129 179 507
Up to three months	67 463 564	68 222 594
Up to one year	104 955 718	158 006 078
Up to 3 years	52 709 717	61 846 835
Up to 5 years	2 370 237	1 365 371
Later than 5 years	1 668 840	841 246
	293 283 098	419 461 631

9.1.2 Analysis of ECL in relation to loans and advances as at 31 December 2025

	Stage 1	Stage 2	Stage 3	Total
Loans and advances subject to Stage 1: 12 month ECL	242 338 473	-	-	242 338 473
Loans and advances subject to Stage 2: Life ECL not credit impaired	-	23 205 696	-	23 205 696
Loans and advances subject to Stage 3: Life ECL credit impaired	-	-	64 443 415	64 443 415
Gross loans and advances	242 338 473	23 205 696	64 443 415	329 987 584
Less impairment allowances				
Stage 1: 12 month ECL	(20 617 719)	-	-	(20 617 719)
Stage 2: Life ECL not credit impaired	-	(3 197 951)	-	(3 197 951)
Stage 3: Life ECL credit impaired	-	-	(12 888 816)	(12 888 816)
Net loans and advances to customers	221 720 754	20 007 744	51 554 600	293 283 098

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

	Stage 1	Stage 2	Stage 3	Total
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 (%)	31 Dec 2025 ZIG	Percentage (%)	31 Dec 2024 ZIG
Manufacturing	14%	46 576 015	-	-
Mining	4%	13 208 504	-	-
Agro processing and business	47%	156 171 282	2%	6 741 694
Health	0.2%	545 630	-	-
Construction	4%	13 406 294	16%	69 748 737
Energy	0%	-	0%	2 077 542
Mortgages	24%	78 279 329	26%	113 765 063
Individuals and other services	8%	21 800 530	57%	248 469 605
Gross value of loans and advances	100%	329 987 584	100%	440 802 641
Less allowance for impairment		(36 704 486)		(21 341 010)
		293 283 098		419 461 631

10 OTHER RECEIVABLES AND PREPAYMENTS

	31 Dec 2025 ZIG	31 Dec 2024 ZIG
Receivables	16 243 640	44 236 925
Less impairment loss	(15 732 863)	(23 201 832)
Net receivables	510 777	21 035 093
Pre-payments	25 769 679	13 345 787
	26 280 456	34 380 880

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

11 INVENTORIES	31 Dec 2025 ZiG	31 Dec 2024 ZiG
Inventory - housing units	9 363 587	1 449
Inventory - serviced stands	1 704 823	20 445 252
Work in progress	703 026	6 651 068
Consumables and materials	607 294	1 023 916
Total	12 378 730	28 121 685

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.

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	Proportion of ownership interest and voting power held by the Group	
			As at 31 Dec 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, Phase 1	Property development	Zimbabwe	43	43
Samukele Lodges (Private) Limited	Hospitality	Zimbabwe	100	100
Changamire Inkosi Investments (Private) Limited	Property Investment	Zimbabwe	60	60
Kanyemba Fishing Lodge (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	
	31 Dec 2025 %	31 Dec 2024 %	31 Dec 2025 ZiG	31 Dec 2024 ZiG	31 Dec 2025 ZiG	31 Dec 2024 ZiG
Waneka Properties (Private) Limited	30	30	69 274	181 228	522 220	452 946
Norton Medical Investments (Private) Limited	40	40	2 949	(204 094)	4 223 012	4 296 109
Kariba Housing Development Project	10	10	-	-	-	-
Mazvel Investments Private Limited, Phase 1	57	57	13 510 504	36 172 082	(24 491 352)	(16 786 593)
Changamire Inkosi Investments (Private) Limited	40	40	(35 196)	845 230	2 170 175	3 433 531
Kanyemba Fishing Lodge (Private) Limited	37	37	(896 220)	(1 803 322)	(896 220)	(1 822 134)
Total			12 651 311	35 191 124	(18 472 165)	(10 426 141)

12.3 Carrying amount of the investment in associates

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
Balance as at 1 January	9 540 231	9 243 840
Translation from ZWL to ZiG currency	-	9 207 267
Equity contribution for associate companies	539 856	1 002 233
Share of loss from associate	(1 413 083)	(669 024)
Transfer to Investment in subsidiaries	-	(9 243 840)
Derecognition of an associate	-	(245)
Balance as at 31 December	8 667 004	9 540 231

13 INVESTMENT PROPERTY

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
Balance as at 1 January	235 534 371	120 045 249
Additions during the year	411 407	6 903 919
Repossessions during the year	20 941 009	-
Disposals for the year	(7 068 788)	(6 966 491)
Transfer to current assets held for sale	(80 231 043)	-
Net gain from fair value adjustment	37 364 700	115 551 694
Balance as at 31 December	206 951 656	235 534 371

Analysis by nature

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
Residential properties	127 009 042	54 169 626
Commercial and industrial properties	79 942 614	181 364 745
Total	206 951 656	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. 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 IVS 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 documentation 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

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
Rental income	3 340 105	41 588
14 NON-CURRENT ASSETS HELD FOR SALE		
Balance as at 1 January	-	-
Transfer from investment properties	80 231 043	-
Balance as at 31 December	80 231 043	-

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

15 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 / (loss)	44 919 604	989 304	6 707 147	(285 316)	-	52 330 739
Disposals	-	-	(273 631)	-	-	(273 631)
Foreign currency translation reserve	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-	-
Translation from ZWL to ZiG currency	(388 995)	2 006 545	-	254	-	1 617 804
At 31 December 2024	82 905 646	8 892 727	17 491 383	1 436 582	14 311 690	125 038 028

	31 Dec 2025 ZiG	31 Dec 2024 ZiG	31 Dec 2025 ZiG	31 Dec 2024 ZiG	31 Dec 2025 ZiG	31 Dec 2024 ZiG
At 01 January 2025	82 905 646	8 892 727	17 491 383	1 436 582	14 311 690	125 038 028
Additions	0	3 867 066	-	253 588	-	4 120 654
Capitalisations	23 437 710	259 292	-	1 538 372	-	25 235 374
Revaluation gain / (loss)	(2 519 977)	513 072	(4 860 828)	1 068 476	-	(5 799 257)
Disposals	(3 482 797)	(2 003)	(3 121 619)	-	(14 311 690)	(20 918 109)
Impairment loss	(1 094 308)	-	-	(1 152 554)	-	(2 246 862)
At 31 December 2025	99 246 274	13 530 154	9 508 936	3 144 464	-	125 429 828

ACCUMULATED DEPRECIATION AND IMPAIRMENT

	31 Dec 2025 ZiG	31 Dec 2024 ZiG	31 Dec 2025 ZiG	31 Dec 2024 ZiG	31 Dec 2025 ZiG	31 Dec 2024 ZiG
At 01 January 2024	-	-	-	-	-	-
Charge for the year	715 534	3 484 711	4 154 644	1 545 688	-	9 900 577
Eliminated on disposals	-	(4 091)	(22 803)	-	-	(26 894)
Eliminated on transfer to assets held for sale	-	-	-	-	-	-
Eliminated on revaluation	(715 534)	(3 480 620)	(4 131 841)	(1 545 688)	-	(9 873 683)
At 31 December 2024	-	-	-	-	-	-

	31 Dec 2025 ZiG	31 Dec 2024 ZiG	31 Dec 2025 ZiG	31 Dec 2024 ZiG	31 Dec 2025 ZiG	31 Dec 2024 ZiG
At 01 January 2025	-	-	-	-	-	-
Charge for the year	1 912 405	7 312 138	6 316 978	1 559 635	-	17 101 156
Eliminated on disposals	-	(1 335)	(888 544)	-	-	(889 879)
Eliminated on revaluation	(1 912 405)	(7 310 803)	(5 428 434)	(1 559 635)	-	(16 211 277)
At 31 December 2025	-	-	-	-	-	-

CARRYING AMOUNT

	31 Dec 2025 ZiG	31 Dec 2024 ZiG	31 Dec 2025 ZiG	31 Dec 2024 ZiG	31 Dec 2025 ZiG	31 Dec 2024 ZiG
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

	31 Dec 2025 ZiG	31 Dec 2024 ZiG	31 Dec 2025 ZiG	31 Dec 2024 ZiG	31 Dec 2025 ZiG	31 Dec 2024 ZiG
Cost at 31 December 2025	99 246 274	13 530 154	9 508 936	3 144 464	-	125 429 828
Accumulated depreciation at 31 December 2025	-	-	-	-	-	-
Carrying amount at 31 December 2025	99 246 274	13 530 154	9 508 936	3 144 464	-	125 429 828

16 INTANGIBLE ASSETS COMPUTER SOFTWARE

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
COST		
At 01 January 2024	-	7 266 019
At 31 December 2024	-	7 266 019
At 01 January 2025	-	7 266 019
At 31 December 2025	-	7 266 019

ACCUMULATED AMORTISATION

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
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

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
At 01 January 2025	-	6 570 222
Charge for the year	-	347 899
Translation from ZWL to ZiG currency	-	(311 674)
At 31 December 2025	-	6 918 121

CARRYING AMOUNT

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
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

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
Cost at 31 December 2025	-	7 266 019
Accumulated amortisation at 31 December 2025	-	(6 918 121)
Carrying amount at 31 December 2025	-	347 898

17 RIGHT OF USE ASSETS

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
COST		
At 01 January	2 326 181	1 755 674
Remeasurements / Adjustments	(592 145)	555 463
Translation from ZWL to ZiG currency	-	15 044
Balance	1 734 036	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	659 573	1 984 126
Remeasurements / Adjustments	(1 652 952)	(376 072)
Balance	644 538	1 637 917
Carrying Amount	1 089 498	688 264

18 DEFERRED TAXATION

18.1 Deferred Tax Asset

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
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
Translation from ZWL to ZiG currency	-	(16 477 326)
Transfer to deferred tax liability	(337 378)	(1 079 900)
Closing Balance	-	337 378

18.2 Deferred Tax Liability

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
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	(14 026 834)	22 209 420
Transfer from deferred tax asset	(337 378)	(1 079 900)
Closing Balance	6 765 308	21 129 520

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

19 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	Total ZiG
				Awaiting Allotment ZiG	
At 1 January 2024	30 054 287	164 159	389 362 924	42 854 793	432 381 876
Issue of shares	-	-	-	-	-
Allotment of shares	-	-	-	255 727 225	255 727 225
Discounting of capitalisation 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	639 486 927
Issue of shares	16 770 951	167 710	439 063 497	(439 231 207)	-
Allotment of shares	-	-	-	181 902 041	181 902 041
Foreign currency translation reserve	-	-	-	(41 252 852)	(41 252 852)
Discounting of capitalisation treasury bills	-	-	(48 682 125)	48 622 174	(59 951)
At 31 December 2025	46 825 238	331 869	779 744 296	-	780 076 165

20 FOREIGN CURRENCY TRANSLATION RESERVE

At the beginning of the year

Charge for the year

Foreign currency translation reserve

Transfer from FCTR to Retained Earnings on disposal of investments

Transfer from FCTR to NCI

At the end of the year

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
At the beginning of the year	(15 844 215)	111 701 518
Charge for the year	-	-
Foreign currency translation reserve	42 928 605	(127 545 733)
Transfer from FCTR to Retained Earnings on disposal of investments	-	-
Transfer from FCTR to NCI	-	-
At the end of the year	27 084 390	(15 844 215)

21 REVALUATION RESERVE

At the beginning of the year

Translation from ZWL to ZiG currency

Charge for the year

Realised on disposal of non-investment property

Realised on disposal of moveable of assets

At the end of the year

	31 Dec 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	10 779 311	62 204 422
Realised on disposal of non-investment property	(2 599 608)	-
Realised on disposal of moveable of assets	(3 512 248)	-
At the end of the year	132 384 615	127 717 160

22 FAIR VALUE RESERVE

At the beginning of the year

Translation from ZWL to ZiG currency

Charge for the year

At the end of the year

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
At the beginning of the year	53 338 842	85 258 184
Translation from ZWL to ZiG currency	-	-
Charge for the year	(12 939 836)	(31 919 342)
At the end of the year	40 399 006	53 338 842

23 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 of shares	Preference Share capital ZiG
Issue of shares	-	-
At 31 December 2024	382 830	74 049 071
At 1 January 2025	382 830	74 049 071
Issue of shares	-	-
At 31 December 2025	382 830	74 049 071

24 DEPOSITS FROM CUSTOMERS

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

Large corporate customers

Retail customers

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
At the beginning of the year	518 829 239	181 229 708
Charge for the year	7 626 935	7 626 935
At the end of the year	526 456 174	188 856 643

24.1 Maturity analysis of deposits from customers

Up to one month

Up to three months

Above six months

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
Up to one month	498 649 809	169 061 085
Up to three months	1 219 198	18 662 610
Above six months	26 587 167	1 132 948
At the end of the year	526 456 174	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.

24.2 Sectorial analysis of deposits from customers

	Percentage (%)	31 Dec 2025 ZiG	Percentage (%)	31 Dec 2024 ZiG
Financial markets	37.30%	196 391 619	18.67%	35 252 981
Fund managers and pension funds	5.55%	29 224 463	26.67%	50 358 844
Individuals	0.00%	92	5.92%	11 179 365
Government and public sector institutions	5.49%	28 883 988	31.44%	59 384 364
Other services	51.66%	271 956 012	17.30%	32 681 089
	100.00%	526 456 174	100.00%	188 856 643

25 LOCAL LINES OF CREDIT AND BONDS

Bonds

Lines of credit

Total

Current

Non current

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
At the beginning of the year	78 562 617	109 040 753
Issue of credit	108 593 527	108 775 648
Total	187 156 144	217 816 401
Current	-	-
Non current	187 156 144	217 816 401
At the end of the year	187 156 144	217 816 401

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

	ZiG Bonds	ZiG Lines of credit
At 1 January 2025	109 040 753	108 775 648
New issues/funding	131 603 271	-
Translation from ZWL to ZiG currency	-	-
Repayments/Disbursements	(162 081 407)	(182 121)
At 31 December 2025	78 562 617	108 593 527

Lines of credit and bonds are recognised initially at fair value, net of transaction costs incurred. Lines of credit and bonds are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

26 OTHER LIABILITIES

Accruals

Provision for outstanding employee leave

Dividend payable

Value Added Tax Liability

Withholding tax services

IMT Tax

Sundry creditors

Projects accounts payable

Deferred income

Waneka Private Ltd loan payable

Other

27 LEASE LIABILITY

At 1 January

Additions

Interest expense

Lease payments

Foreign exchange movements

At 31 December

Current portion

Long term portion

28 NET INTEREST INCOME

28.1 Interest and related income:

Loans and advances to large corporates

Loans and advances to individuals

Treasury bills and other financial assets

Placements with local banks

Mortgages

Cash and bank balances

28.2 Interest and related expense:

Bonds

Deposits from large corporates

Deposits from individuals

29 SALES

Property sales

Cost of sales

Gross profit

30 FEE AND COMMISSION INCOME

Advisory and management fees

Banking service fees

31 NET GAINS/ (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Listed equity securities (Note 6)

32 OTHER INCOME

Rental income

Bad debts recovered

Sundry income

33 FAIR VALUE GAIN ON INVESTMENT PROPERTY AND NON-CURRENT ASSETS HELD FOR SALE

Net gain from fair value adjustment

34 NET FOREIGN EXCHANGE GAINS/(LOSSES)

Net realised gains from foreign currency trade

Net unrealised (losses) / gains from translation of foreign currency balances

35 OPERATING EXPENSES

Repairs and maintenance

Staff costs

Telecommunication and postage

IT and software costs

Directors remuneration

Operating lease payments

Water, electricity and rates

Legal and professional fees

Audit fees

Depreciation

Depreciation of right of use assets

Amortisation

Impairment of property and equipment

Fuel and lubricants

Business travel

Donations, marketing and public relations

Insurance and security

Subscriptions

Printing and stationery

Bank charges

Staff training

Refreshments

Administrative costs

35.1 Employee benefit costs

Salaries and bonuses

Pension costs

Post employment medical benefits

Leave pay expense

Other staff expenses

Post employment benefits

35.2 Pension Fund

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

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
Contributions for the year	22 011 750	12 979 421
National Social Security Authority Scheme		
The Group and all its employees contribute to the National Social Security Authority Scheme, which was promulgated under the National Social Security Act (Chapter 17:04). The Group's obligations under the scheme are limited to specific contributions legislated from time to time.		
Contributions for the year	3 226 384	1 816 316

36 WRITE-OFFS

Loans and advances

Receivables

The loan write-offs resulted from structured loans that were advanced to projects in which the Bank is repaid in the form of housing units and stands which the Bank presells during project implementation. The projects encountered implementation delays due to funding constraints which affected project completion timelines. Interest and late payment charges continued to be charged on the structured loans during the period when the projects had stalled despite the Bank having to be repaid with a fixed number of units. The write-offs relate to two (2) projects namely the Waneka Housing Development and Wilsgrrove housing development projects. Waneka is complete, and sold out while Wilsgrrove is nearing completion with presales of the units being ongoing.

The receivable write off relates to an amount owed to the Bank on projects disposed to a third party in November 2020. The balance arose due to effects of exchange rate movements at the time of settlement. The Bank has made several engagements with the debtor for settlement of the full amount however, chances of recovery of the amount are improbable.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

	31 Dec 2025 ZiG	31-Dec-24 ZiG
37 TAXATION		
Income tax		
Current tax expense	-	-
Current tax credit	14 026 834	(22 209 420)
Tax credit / (expense)	14 026 834	(22 209 420)
Reconciliation of income tax credit		
Based on results for the period at a normal rate of 25.75%		
Arising due to:		
Taxable profit/(loss) of taxable entities	54 473 143	(89 843 931)
Tax credit/ (expense) at 25.75%	14 026 834	(22 209 420)
Non-deductible expenses	-	-
Non-taxable income	-	-
Tax rate differential on capital gains	-	-
Tax credit/ (expense)	14 026 834	(22 209 420)
The aggregate tax relating to items that are charged or credited directly to equity	14 026 834	(22 209 420)
Current tax	-	-
Deferred tax	14 026 834	(22 209 420)
38 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 31 December was based on the following:		
Profit/(Loss) attributable to equity holders	(530 745 273)	183 284 503
Weighted average number of issued ordinary shares	30 054 287	30 054 287
Basic profit / (loss) per share (ZiG cents)	(1 766)	610
39 COMMITMENTS AND GUARANTEES		
Loan commitments, guarantees and other financial facilities		
At 31 December 2025, the Group had contractual amounts for off-statement of financial position financial instruments that commit it to extend guarantees and loans as follows:		
Guarantees / loan commitments	-	-
40 FUNDS UNDER MANAGEMENT		
Government funds under management		
The Government of Zimbabwe disburses, through the Group, fiscal allocations to parastatals and government infrastructure projects. The funds are being managed by the Group for a fee and with no credit risk residual to the Group.		
Held on behalf of:		
Government of Zimbabwe	251 859	350 770
Represented by:		
Amounts awaiting disbursement	44 011	211 588
Loans and advances to parastatals and government implementing agencies	207 848	139 182
	251 859	350 770

41 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	Proportion of ownership interest and voting power held by the Group	
			As at 31 Dec 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, Phase 1	Property development	Zimbabwe	43	43
Samukele Lodges (Private) Limited	Hospitality	Zimbabwe	100	100
Changamire Inkosi Investments (Private) Limited	Property Investment	Zimbabwe	60	60
Kanyemba Fishing Lodge (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 31 December 2025, these included:

	IDBZ	MAZVEL	CLIPSHAM	WANEKA	ZIMCAMPUS	KARIBA	TOTAL
Mazvel Investments (Private) Limited, Phase 1	20 316 327	-	-	-	-	-	20 316 327
Waneka Properties (Private) Limited	34 058 272	-	-	-	-	-	34 058 272
ZIMCAMPUS Properties	4 406 646	-	-	-	-	-	4 406 646
Kariba Housing Development Project	-	-	-	-	-	-	-
Samukele Lodges (Private) Limited	6 473 053	-	-	-	-	-	6 473 053
Kanyemba Fishing Lodge (Private) Limited	105 059	-	-	-	-	-	105 059
Norton Medical Investments (Private) Limited	11 222	-	-	-	-	-	11 222
TOTAL	65 370 579	-	-	-	-	-	65 370 579

b) Key management compensation

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

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
Salaries and other short-term employee benefits	120 146 933	42 530 264
Post-employment benefits	6 197 177	2 245 019
Termination benefits	2 725 024	-
Total	129 069 134	44 775 283

Directors and other key management personnel 31 Dec 2025 ZiG	Associated companies 31 Dec 2025 ZiG	Directors and other key management personnel 31 Dec 2024 ZiG	Associated companies 31 Dec 2024 ZiG

c) Loans and advances to related parties

	31 Dec 2025 ZiG	31 Dec 2024 ZiG
Loans outstanding	15 605 142	963 631
Interest income earned	992 358	21 590

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

	Directors and other key management personnel 31 Dec 2025 ZiG	Associated companies 31 Dec 2025 ZiG	Directors and other key management personnel 31 Dec 2024 ZiG	Associated companies 31 Dec 2024 ZiG
d) Deposits from related parties				
Deposits	-	-	460 584	-
Interest expense on deposits	-	-	-	-

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

e) Director's shareholdings

As at 31 December 2025, the Directors did not hold directly and indirectly any shareholding in the Group.

42 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].

43 FORENSIC AUDIT ON ZIMCAMPUS PROPERTIES (PRIVATE) LIMITED AND RELATED MATTERS

During the financial year, an interim forensic audit was instituted by the Bank in respect of Zimcampus Properties (Private) Limited ("Zimcampus"), a special purpose entity established for the development and operation of student accommodation facilities. The Infrastructure and Development Bank of Zimbabwe ("IDBZ") holds an investment interest of 7.67 percent in this entity. The Bank played a role in the initiation of the Project before inviting other institutional investors to participate in implementation, as well as handling project disbursements. Allegations of financial irregularities were raised against the Zimcampus Managing Director, who was also a Bank employee seconded to the project by the Bank. Based on preliminary investigations done, the extent of the prejudice could not be established. The matter was then referred to the Zimcampus Board which instituted its own procurement process with the assistance of IDBZ to engage an independent forensic auditor to carry out a more focused investigation.

The interim forensic audit initiated by the Bank focused on project governance, procurement processes, and the management of project expenditures. Following consideration of the findings, the Board of Directors of IDBZ resolved to commission additional forensic audits on other selected projects funded and managed by the Bank in order to assess whether similar control weaknesses or irregularities may exist. At the reporting date, a forensic auditor had been engaged and the investigations had commenced. Management evaluated whether the findings of the Zimcampus interim forensic audit indicated the existence of impairment indicators, provisions, contingent liabilities, or other adjustments to amounts recognised in these financial statements. Based on the information available as at the reporting date, management concluded that no adjustments to the carrying amounts of assets or liabilities were required. Because the additional forensic audits had just been commissioned as at the date of authorisation of these financial statements, the potential financial implications, if any, cannot be reliably estimated. Management will continue to monitor developments, and any financial effects arising from the outcomes of the additional forensic audits will be recognised or disclosed in the period in which sufficient information becomes available, in accordance with IFRS requirements.

44 GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes that the Bank will be able to continue its operations and meet its liabilities as they fall due. In assessing the appropriateness of this assumption, management considered the Bank's current and projected financial performance, liquidity position, funding arrangements, and continued shareholder support. Accordingly, management believes that the going concern assumption remains valid.

1. Capitalisation and shareholders' support

The Bank's total capital position stood at US\$16.7 million as at 31 December 2025. During the year under review, the Bank was allocated ZiG 150 million under the national budget. Of this amount, ZiG 126.5 million was received from the Ministry of Finance, Economic Development and Investment Promotion (MoFEDIP) in 2025, with the remaining ZiG 23.5 million received in the first week of January 2026. In addition, the Bank received US\$2.06 million in shareholder support from the Reserve Bank of Zimbabwe (RBZ), of which US\$1.6 million was in treasury bills, and a US\$441.4k debt instrument which was subsequently converted to equity. For 2026, the Bank has been allocated a further ZiG 150 million and will be approaching the RBZ for its proportionate contribution. Management hopes for the early release of these funds by the Ministry of Finance, as this is expected to strengthen the Bank's capital position and enhance its capacity to effectively carry out its mandate.

In February 2026, the Bank received US\$50 million treasury bills from MoFEDIP which will strengthen the balance sheet as well as providing collateral for deposit mobilisation. This will help in mobilising finance for projects, improving liquidity management and enhancing the income earning capacity.

The Bank is currently engaged in discussions with MoFEDIP for an agency mandate to manage project funds on behalf of the government and other government ministries. This role will earn the Bank fees as well as improve liquidity as project funds will be channeled through the Bank. Lately the Bank has been approached by various government ministries and departments for advisory roles in irrigation, schools' construction and roads rehabilitation showing confidence in its technical capacity.

2. Projects under implementation

As of 31 December 2025, the Bank was implementing several strategic projects, the following of which were at advanced stages of completion:

Project Name	Project Value	% Completion
Wilsgrrove Park Housing Project, (Bulawayo)	US\$2.6 million	95%
Mornington Cluster Houses Development (Kadoma)	US\$2.0 million	40%

The following projects are ready for fundraising and implementation in 2026. The table below outlines the project value and details:

Project Name	Project Value	Project Scope
Catholic University Student Accommodation	US\$15.2 million	2 Blocks of student's accommodation 1024 beds.
Marimba Clusters	US\$0.667 million	Construction of 15 3-bed cluster Units in Marimba.
Spitzkop	US\$1.1 million	Servicing of 133 high density residential stands in Gwanda.
Samavale residential stands	US\$5.5 million	Servicing of 686 low density residential stands in Masvingo (average 1000 sqm).

The Bank continues to operate as a going concern and remains actively engaged in the marketing and sale of serviced stands and cluster housing projects. These activities are expected to support future cash inflows and drive growth in interest income through expansion of the loan portfolio. As of 31 December 2025, the loan book amounted to US\$12.3 million.

The Bank supported the following clients during the year under the Short-Term Infrastructure Value Chain Financing (IVCF) and Structured Deals products, as shown in the table below.

Project Name	Project Value	% Completion
Mangwana Opportunities/ Twine and Cordage	US\$1.5 million	Ongoing
Wellbert Farming	US\$150,000	Phase One 100%
Conrock Concrete (Pvt) Ltd	US\$280,000	Ongoing
Sustainable Agriculture Technology (SAT)	US\$430,000	100%
Mangwana Opportunities/ Jardin T/A Carolina Estates	US\$1.5million	Ongoing
Pangawa Agri Portfolio	US\$69,000	100%
Zimbabwe Fertiliser Company (ZFC)	US\$1.5 million	Term sheet signing stage

3. Resourcing the Bank through long term project financing instruments

The Bank continues to fund projects from 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\$1.83 million through indexed bonds, which was deployed to infrastructure and agricultural projects. The Bank remains active in the market and has budgeted to raise US\$30 million in funding through infrastructure and agro bonds.

4. Liquidity

As at 31 December 2025, the Bank's liquidity ratio was 40% which is above the prudential minimum requirement of 30% prescribed by the Reserve Bank of Zimbabwe (RBZ). This also exceeded the requirement under Section 20(4) of the IDBZ Act, which mandates the Bank to maintain at least 10% of its liabilities in liquid assets.

During the period under review, the Bank actively managed its short-term liquidity through money market operations. Time and call deposits from the interbank market amounted to ZiG 260.9 million, mainly consisting of short-term placements. These were utilized to meet temporary funding needs and to optimize reserve levels.

5. Staff Retention

The Bank continues to prioritize its employees by offering competitive compensation. Currently, the salary structure is split such that 30% of remuneration is paid in USD and 70% in ZiG. In addition to offering competitive compensation, the Bank reinstated personal loan facilities in the first half of the year and introduced micro-lending facilities at the end of the fourth quarter. The micro-lending facility is currently in its pilot phase and is open to staff, reflecting the Bank's ongoing commitment to employee financial well-being and overall welfare. Staff retention for the year 2025 was 97.6%.

45 SUBSEQUENT EVENTS

Subsequent to the financial year end, in January 2026, the Bank received the remaining ZiG 23.5 million from the Ministry of Finance, Economic Development and Investment Promotion (MoFEDIP), being the outstanding balance of the ZiG 150 million allocated to the Bank through the National Budget.

Additionally, in February 2026, the Bank received US\$50 million in Treasury Bills from MoFEDIP.