Infrastructure Development Bank of Zimbabwe

Transforming and Retooling towards a DFI of Scale

2022

Annual Report

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Abbreviations and Definitions

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

Corporate Information

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Mr. Reginald Mugwara
Board Member

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Board Member

Mr. Jeremiah Mutonga
Board Member

Mr. Luke E. M. Ngwerume
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Chief Economist, Strategy and Performance Monitoring

Eng. Fredy Masuka
Head, Procurement Management Unit

Mr. Takaidza Mabuto
Head Risk Management

Mr. Patrice Muzonda
Head Internal Audit

Mr. Douglas Mapuranga
Head ICT

Mrs. Priscillah Zvobgo
Chief Communications Officer

Performance Highlights

Operational Performance

Project Preparation and Development

US$138.9m
new projects committed to the Pipeline

US$0.35m
disbursed towards project studies and preparation funding

US$23.6m
projects reached bankability

Resource Mobilisation

US$10.06m
project im plementation finance raised

US$6.89m
additional Bank capitalisation raised

Project Implementation

Bulawayo Students Accommodation Complex Project	97%
Waneka Phase III Housing project	50%
Willsgrove Phase II Housing Project	40%
Sumben Phase I Housing Project	98%

Infrastructure Value Chain Financing

ZWL153.2m
loan book size

ZWL146.2m
disbursed

Knowledge generation and sharing

Seven (7) research and policy position papers disseminated.

Governance Compliance

Ratings and Accreditation

B+ rating by AADFI PSGRS

GCF Accredited Entity

Compliance

98% Public Entities Corporate Governance Act compliant

- Improved availability of multisectoral bankable and shovel ready projects
- Strengthened Bank Balance Sheet.
- Enhanced the Bank's Climate Finance capability.
- Increased stock of sustainable infrastructure
    - Student Accommodation 1032 beds
    - Completed Housing Units 48 Flats
    - Fully serviced stands 339 stands
- Increased project implementation rate
- Improved capacity utilisation.
- Diversified income streams for the Bank.
- Increased employment opportunities.
- Increased irrigable land 900 ha
- Increased foreign currency generation.
- Improved knowledge in the economy.
- Improved innovation (new products, business processes and policies).
- Improved partnerships

Chairman's Statement

"The Bank continues to make progress regarding the European Organisation for Sustainable Development (EOSD) Sustainability Standards Certification Initiative (SSCI)."

Joseph Mutizwa
Chairman of the Board

Background

The IDBZ continued to contend with macroeconomic headwinds manifesting through exchange rate depreciation and high inflation. Average annual inflation increased from 143.3% in 2021 to 184.1% in 2022. The monthly average exchange rate depreciated from US$1: ZWL115.4 in January 2022 to ZWL671.5 in December 2022. The Bank had to employ capital preservation strategies and innovate to attract funding for long term projects. Added to the headwinds was the tight liquidity environment in the face of tough fiscal and monetary policies pursued by the authorities to douse inflation pressures. The Bank also had to contend with risks arising from climate vulnerabilities, global pandemics, geo-political tensions, and global inflation. Consequently, the country's economic growth was revised downwards from 5.5% to 4.0% in 2022. To support the country's growth, the Bank continues to pursue opportunities in energy generation, water and sanitation, irrigation development, housing, transport, and investing in health infrastructure.

Contribution to Vision 2030

In 2022, the Bank witnessed commendable progress towards completion of the student accommodation project in Bulawayo. This project supports the country's development thrust under Vision 2030 and fulfils objective (iv) of the National Development Strategy 1, "to strengthen social infrastructure and social safety nets." The Bank also supported players in the irrigation value chain, housing development, road construction and manufacturing sectors.

The Bank continues to identify, prepare and develop projects in its focus sectors outlined in its Long-Term Strategy: 2021-2030 (LTS).

Outlook and Strategy

In recognition of the centrality of infrastructure to national development and the attainment of Vision 2030, the Bank has embarked on transforming and retooling itself towards a Development Finance Institution (DFI) of scale. As espoused in the LTS, the Bank's operations will pay particular attention to:

i. growing a robust pipeline of bankable and shovel-ready projects in order to accelerate infrastructure investments;
ii. deepening partnerships and strengthening the Bank's balance sheet through implementation of various capitalization initiatives and also broadening funding sources;
iii. scaling up funding support to the private sector, focusing on the infrastructure value chain, agri-businesses and exporters;
iv. deepening human capacity in the areas of climate finance; project preparation & structuring; and project management; and
v. enhancing the Bank's systems and ICT platforms to foster agility, efficiency, and innovation.

With the requisite foundational support of its current shareholders, the Bank is envisaging a capitalisation level of US$500 million in the medium term and US$1 billion by 2030. Section 5.1 of the Bank's Long-Term Strategy clearly outlines the Bank's resource mobilisation and capitalisation roadmap whose elements include staged equity raisings from the shareholders, cession of land assets by Government, syndication and risk sharing, issuance of infrastructure bonds, engagement of strategic partners and investors, and credit lines. A strong balance sheet is critical for the Bank to leverage on as it pursues project financing, strategic partnerships, public private partnerships, and climate finance initiatives.

The Bank's accreditation to the Green Climate Fund (GCF) was concluded following the signing of the Accreditation Master Agreement (AMA) in September 2022. As a fully accredited Direct Access Entity (DAE) of the GCF, the IDBZ is authorized to process projects with values between US$10 million and US$50 million. The accreditation is for a 5-year period, starting 18 January 2023. Looking ahead, the Bank will be working with both public and private sector project sponsors and Development Partners to come up with project/funding proposals for consideration by the GCF. To fortify the Bank's capabilities to mobilise resources for climate finance, the Bank is in the process of establishing a Climate Finance Facility (CFF) which is designed as a stand-alone Trust Fund. Constitution of the founding CFF Board of Trustees was completed by the appointment of members in 2022. The Deed of Trust was duly registered in March 2023 and current focus is on developing the CFF Prospectus for use in engaging funding partners.

The Bank continues to make progress regarding the European Organisation for Sustainable Development (EOSD) Sustainability Standards Certification Initiative (SSCI). The SSCI demonstrates the Bank's resolve to strengthen the management of climate and environment risks, mobilization of capital for green and low carbon investment, and improve Environmental, Social and Governance (ESG) disclosure.

Appreciation

The IDBZ remains indebted to the Government of Zimbabwe, the Ministry of Finance and Economic Development, the Office of the President and Cabinet, and the Reserve Bank of Zimbabwe for their continued support. The contribution of all various stakeholders, including Development Partners and customers, is heartily acknowledged.

Delivering on the Bank's mandate is made possible through the collective effort of the Board, Management and Staff. My appreciation is extended to the team for their painstaking execution of the Bank's Strategy under very challenging operating conditions.

Joseph Mutizwa
Chairman of the Board

28 March 2023

Chief Executive Officer's Statement

Zondo T. Sakala
Chief Executive Officer

Bank Operations

Inspired by the Bank's Long-Term Strategy, the 2022-2024 Work Programme and Budget was guided by the theme "Transforming and Retooling Towards a DFI of Scale". The IDBZ is steadfast on "Uplifting the livelihoods of all Zimbabweans through sustainable infrastructure development".

In 2022, the Bank contributed to the deepening of capital markets by providing wider investment options through its infrastructure bonds. In line with the Country's Vision 2030, the Bank is committed to the reduction of the country's housing backlog as it undertakes various housing development and student accommodation projects which were at various stages of implementation by end of the year. By discharging its statutory mandate, the Bank plays an important role in championing the country's aspiration towards creating an Upper Middle Economy as it contributes to the acceleration of economic transformation through creation of employment opportunities, foreign currency generation, and the development of irrigation infrastructure. The Bank is also responding to the national call for sustainable energy generation guided by the Nationally Determined Contributions through development of renewable energy projects.

Bank Operations

Resources mobilised by the Bank increased by 259% from ZWL2.2 billion in 2021 to ZWL7.9 billion in 2022. During the period under review, the Bank managed to raise an equivalent of US$10.1 million for project implementation. The funds were for the ongoing Bulawayo Students Accommodation Complex (BSAC) (US$5.04 million), Waneka Phase III Housing Project (US$3.75 million) and Willsgrove Park Phase II Housing Project (US$1.27 million). By the close of 2022, the Bank commenced fundraising for Phase 1 of the Lupane Students Accommodation Complex (LUSAC) which has a funding requirement estimated at USD19.8 million.

As the Bank seeks to create a suite of projects that are bankable and shovel ready to facilitate resource mobilisation for infrastructure at scale, projects with an estimated value of US$138.9 million were committed to the Bank's project pipeline in 2022. The projects are:

i. Selbourne Hostels – Bulawayo- (US$0.25 million);
ii. Hillside Cluster Homes – Bulawayo (US$1.1 million);
iii. Tjibundule Cluster Homes – Plumtree- (US$7.2 million);
iv. Killarney Cluster Homes- Bulawayo - (US$4.0 million);
v. Esigodini Girls College – Esigodini- Matabeleland South Province- (US$8.9 million);
vi. Plumtree Plaza – Plumtree- (US$4.8 million);
vii. Prince George School- Bulawayo- (US$8.4 million);
viii. Parklands Townhouses – Bulawayo - (US$3.4 million);
ix. Masvingo Exor Medium Density Housing Project- Masvingo - (US$5.2 million);
x. Rhodene Extension Housing Project- Masvingo - (US$13.3 million);
xi. Coronation Flats Housing Project- Mutare - (US$11.2 million);
xii. Masvingo CBD Extension Housing Project – Masvingo - (US$5.1 million);

xiii. Sunway City – Ruwa – Harare- (US$58.0 million);
xiv. Granary Medical- Zvimba – Harare - (US$0.4 million);
xv. Rutenga Low Density Housing Project – Masvingo - (US$7.0 million); and
xvi. Muuyu Truckstop – Rutenga – Masvingo - (US$0.6 million).

The Bank managed to disburse US$0.35 million towards project preparation and development. The amount remains insignificant in light of more than US$2 million that was required for preparation funding. An equivalent of US$0.25 million was disbursed from the Bank's Project Preparation and Development Fund (PPDF) and US$0.10 million for irrigation projects was disbursed from the National PPDF. Disbursement from the Bank's PPDF were for the following projects:

i. BUSE Student Accommodation (ESIA Inception Report);
ii. CUT Student Accommodation (ESIA fees);
iii. CUZ Student Accommodation (Subdivision Title,);
iv. Getjenge Housing Project- Plumtree - (ESIA fees);
v. Kadoma Cluster Homes (ESIA Prospectus);
vi. LUSAC (ESIA, & Phase 1 construction tender adverts);
vii. Marimba Flats Housing Project – Harare - (ESIA Prospectus Report);
viii. Kwekwe Student Accommodation Complex (KSAC) (ESIA Prospectus);
ix. Spitzkop Housing Project – Gwanda (Plan, ESIA, Civil engineering works);
x. Tjibundule Housing Project - Plumtree - (Town Planning, ESIA);
xi. Willsgrove Phase 2 Housing Project – Bulawayo - (Design and layout); and
xii. Gutu Solar (ESIA & Feasibility studies Consultants fees, ESIA prospectus, Temporary Power Generation licence).

Disbursements from the National PPDF were towards feasibility studies for irrigation developments around the following dams:

i. Lilstock - Inception Report & ESIA Prospectus;
ii. Manyuchi – Inception Report & ESIA Prospectus;
iii. Muzhwi – Inception Report & ESIA Prospectus; and
iv. Tugwi-Mukosi – Draft Feasibility Report.

In 2022, three projects worth US$23.6 million were developed to bankability:

i. Waneka Phase III Housing Development- Harare - (US$2.5 million);
ii. Spitzkop Housing Project (US$1.3 million);and
iii. Lupane Student Accommodation Complex (US$19.8 million).

In support of the players in the infrastructure value chain, the Bank's loan book reached ZWL223 million at its peak before closing the year at ZWL153.15 million thereby, bringing the total loan book to ZWL 1.034 billion. Disbursements to the infrastructure value chain players amounted to ZWL146.2 million in 2022. The growth of the loan book was curtailed by the economywide tight liquidity conditions and the obtaining high lending rates.

Bank Capitalisation

Demonstrating strong shareholder support during the reporting period, the Bank received ZWL2.43 billion (equivalent of US$6.89 million) for capitalisation. As at 31 December 2022, the Bank's capitalisation was US$21.7 million. For the Bank to effectively deliver on its mandate, given the vast infrastructure deficit in the economy and benchmarking with other DFIs of a similar nature, it requires a capitalisation level in the region of US$500 million in the medium term and US$1 billion by 2030.

Financial Performance

During the period under review, the Bank recorded an inflation-adjusted loss before tax of ZWL2.2 billion compared to a ZWL4.5 billion loss in 2021. In historical terms, the Bank recorded a profit of ZWL4 billion in 2022 compared to a loss of ZWL93.2m in 2021.The positive performance in historical terms was largely driven by favourable movements in the exchange rate for USD denominated assets, as well as implementation of various cost containment measures. During the year, the Bank embarked on various projects in the housing sector which are anticipated to realise revenue in 2023 upon full implementation.

Operating expenses increased by 80% in inflation adjusted terms for the period under review compared to the prior period. The increase is attributed mainly to inflation which affected prices of goods and services, including staff costs. Management employed several expenditure curtailment measures to manage costs. Such measures will continue in order to align costs to revenue generation and hence ensure financial sustainability.

Total assets increased by 36% in inflation adjusted terms during the year. The major drivers for the growth were capital injection by shareholders of ZWL2.43 billion, proceeds of ZWL3 billion from the Bond issuance for the infrastructure projects, and customer deposits raised amounting to ZWL2.7 billion.

Management will continue monitoring the Bank's liquidity position, costs, and deliberately target projects with shorter revenue cycles to ensure financial sustainability in the delivery of the Bank's mandate.

Appreciation

We extend deep gratitude to the Government of Zimbabwe, the Ministry of Finance and Economic Development, the Reserve Bank of Zimbabwe, Investors, Development Partners, and all other stakeholders for their support. Appreciation also goes to the IDBZ Board of Directors for the instructive guidance, and to Management and Staff forstrong commitment to the Bank and our country's Vision 2030.

Zondo T. Sakala
Chief Executive Officer

28 March 2023

CHAPTER

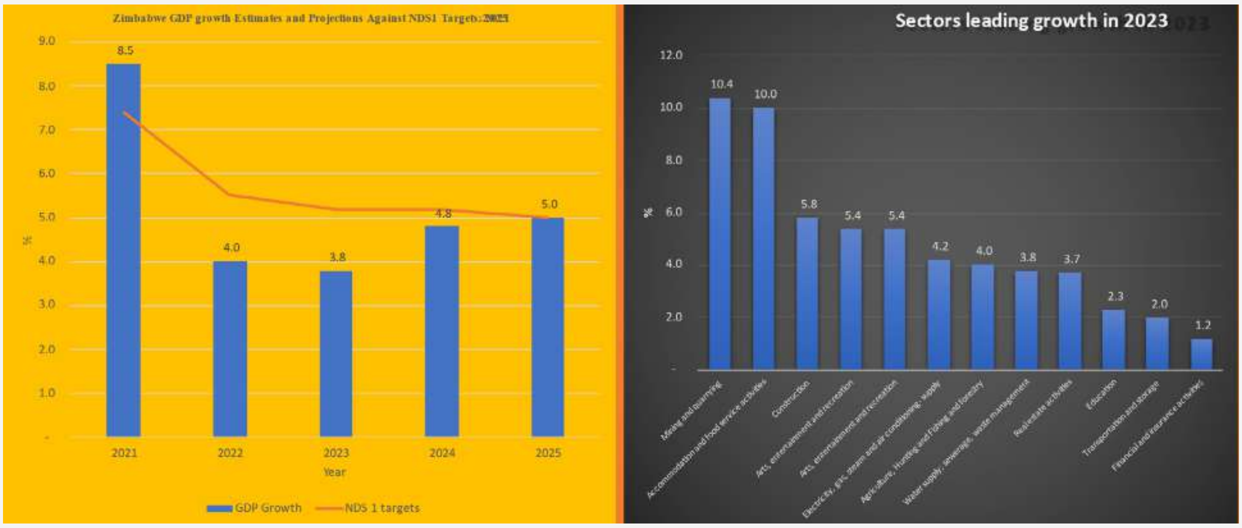
01.

OPERATING LANDSCAPE – TOWARDS UPPER MIDDLE CLASS ECONOMY

1.1 MACROECONOMIC ENVIRONMENT AND CLIMATE CHANGE

The country continues to be vulnerable to exogenous shocks induced by the Russia-Ukraine conflict, as well as climate vulnerabilities, global pandemics, and global inflation. Due to unreliable rainfall patterns and inadequate supply of inputs, agriculture growth was revised from 5.1% growth to an estimated decline of 14.1% in 2022. As a result, the country's economic growth was revised downwards from 5.5% to 4.0%. In 2023, GDP growth is projected at 3.8% supported by growth in agriculture, mining and quarrying, construction, and accommodation and food services activities as shown in Figure 1.

Figure 1: Zimbabwe GDP growth estimates and projections against NDS1 targets and sectors expected to lead growth in 2023.

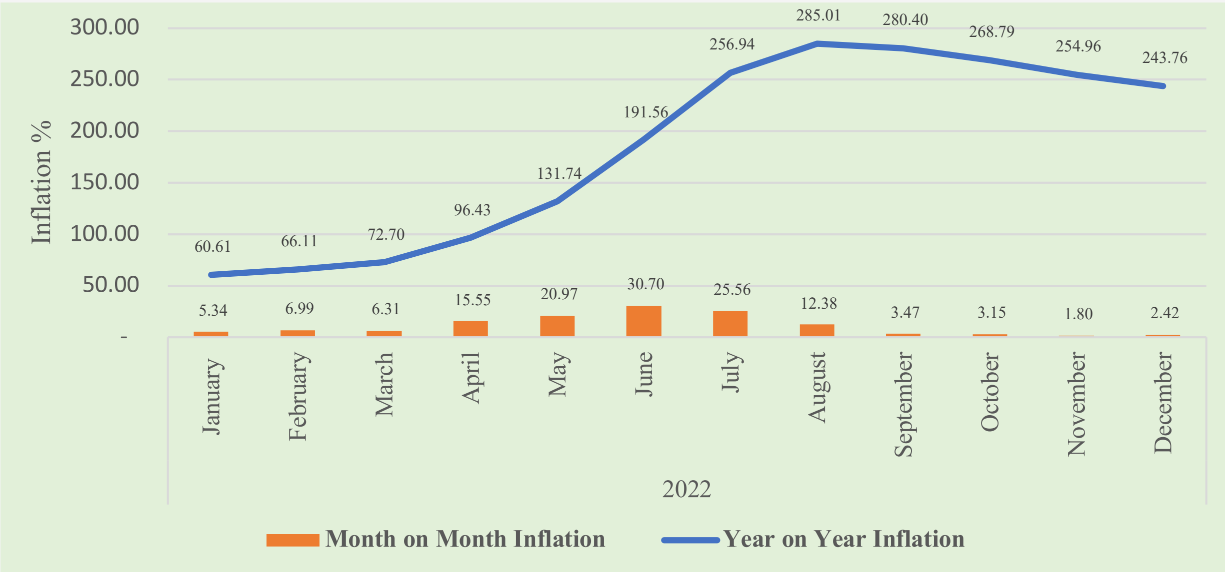


Source 1: The 2023 National Budget Statement, page 18 and National Development Strategy 1 page 236.

Inflationary pressures persisted throughout the year, largely driven by exchange rate movements. Year on year inflation accelerated from 60.61% in January 2022 to reach a peak of 285.01% in August 2022. The Government and the Central Bank responded to the inflation trend through tightening both the fiscal and monetary policies.

In a bid to tame the inflationary scourge, the Reserve Bank of Zimbabwe (RBZ) increased its policy rate from 60% in January 2022 to 80% at the end of April 2022, and further to 200% in June 2022. Further, Government introduced gold coins and statutory reserves requirement which helped in keeping market liquidity under check, thus dousing inflation pressures. Consequently, year-on-year inflation declined to end the year at 243.73% and month on month declined to 2.42% by end of the year from at peak of 30.70% in June 2022, see Figure 2.

Figure 2: Inflation developments, January – December 2022.



Source 2: RBZ

Total foreign currency earnings increased by 17.3% in 2022 to reach US$11.57 billion, supported by export earnings which increased from US$6.37 billion in 2021 to US$7.42 billion in 2022 and a 16% increase in diaspora remittances to reach US$1.7 billion. Exports constituted the bulk of national foreign currency earning contributing 64% of which the mining sector accounted for 75.8%. Therefore, the country remains exposed to international commodity price cycles.

The country exchange rate moved from US$1: ZWL115 in January 2022 to an average of ZWL671.45 in December 2022, presenting a 482% depreciation over the period. In tandem, the parallel market exchange rate depreciated from ZWL230 to ZWL1000 over the same period. The exchange rate disparity brought price distortions leading to challenges in implementing contracts based in United States dollars. The Bank suffered exchange rate losses and erosion of project budgets due to currency depreciation.

In 2023, the country's economic outlook is envisaged to face the following headwinds that have potential to impede the Bank's operations, namely: macroeconomic instability; slowdown in global economic growth leading to tapering of international commodity prices; pandemics; climate extremes; infrastructure bottlenecks; declining disposable real incomes; increasing sovereign debt and high perceived country risk; declining international capital inflows; potential for political tensions arising from 2023 harmonised elections; geopolitical tensions spill over effects of the Russian-Ukraine conflict; and global supply chain disruptions resulting in high import prices.

The interest rate policy constrained the Bank's loan book growth as discussed in section 2.5 while inflation pressures also affected our procurement processes as the Bank recorded significant bid non-responses due to bidders being averse to ZWL denominated contracts, see section 3.4. The Bank's challenges were compounded by the lengthy procurement processes as prescribed by the Public Procurement and Disposal of Public Assets (PPDPA) Act. Project implementation was adversely affected by frequent price increases of materials resulting in cost escalations. The Bank remains exposed to macroeconomic risks in most of its operations.

1.2 Infrastructure Development Update

Government of Zimbabwe has placed infrastructure development as one of the priorities of the country development strategy to attain the Vision 2030 goals. It is estimated that for the country to achieve Vision 2030 an annual investment of at least US$3 billion into infrastructure development is required. More is required in light of continued deterioration of existing stock of infrastructure owing to inadequate maintenance regimes, and damages emanating from extreme weather events compounded by increase in population. In the 2022 National Budget, the Government provided for ZWL295.4 billion (equivalent of US$750 million) for infrastructure development which fall short of the requirements. Therefore, the Government has restated its position on the need for private sector involvement in infrastructure development. As such, the Government has committed to development of bankable project pipeline and implementation of cost reflective tariffs. These will be critical in making infrastructure an investment asset class that attracts private sector, philanthropic and developmental funding. Given vulnerabilities to climate extremes, the need for climate proofing and resilient infrastructure cannot be overemphasised.

In 2022, there has been significant progress in the implementation of various Government supported infrastructure projects that include Harare-Masvingo-Beitbridge Road upgrading that has seen 253km completed by 23 October 2022, upgrading of the Robert Mugabe International Airport, 600 MW Hwange 7 and 8 Power Plant Expansion Project. Gwayi Shangani dam, and development of irrigation scheme on 6 865 hectares. Several energy projects were implemented by Independent Power Producers (IPPs) and other private sector players. These include:

- Zimplats that has started the first phase of a 185MW solar plant at the Selous Metallurgical Complex;
- Huayou that has invested US$300 million to develop the mine and build a plant to process the lithium in Goromonzi;
- Tsingshan which has built a new steel plant near Mvuma (known as Dinson Iron Steel Company of Zimbabwe in Manhize), under a US$1 billion investment; and
- Karo that has signed an agreement with Total Eren and London-listed Chariot Energy to build a 30MW solar plant, scalable to 300MW at Selous, Chegutu. Production is expected in 2024.

In the outlook the demand for infrastructure remains very strong and the need for rehabilitation and maintenance remains apparent. The Bank is therefore making efforts to reach capitalisation levels that would allow it to play a significant role in addressing the country's infrastructure needs.

1.2.1 Water and Sanitation

Access to basic water supply has remained very low in Zimbabwe, in 2022. It was estimated that 63% of the population had access to least basic water supply, with 40% for rural population and 93% for urban. However, with sprouting of many unplanned and underserviced urban settlements the situation could be further deteriorating in urban areas. Power shortages have also limited the capacity of water treatment plants to deliver potable water and the situation has been exacerbated by lack of water treatment chemicals and dilapidation of water treatment plants. Furthermore, there has been increased pollution of raw water, and depletion of water sources due to climate change. Interventions in the water and sanitation sector are hampered by high levels of non-revenue water and charging of sub-optimal tariffs. The Bank will consider blended financing options in the water and sanitation sector to crowd in private sector participation.

1.2.2 Housing

Zimbabwe aims to construct 225 000 new housing units under the National Development Strategy 1 (NDS1). The Government thrust will be on densification of settlements and creation of smart cities. The housing sector remains vulnerable to extreme weather conditions hence the need for adaptive technologies as well as inclusivity of interventions. The development of new mining areas and industrial hubs provides opportunities for housing development in Zimbabwe.

1.2.3 Irrigation

The African Development Bank (AfDB) Zimbabwe Infrastructure Report (2019) highlighted that utilisation of renewable water resources in Zimbabwe is low, with only 5% of Zimbabwe's cropland irrigated. However, the country is prone to frequent dry spells which have caused serious crop failure. Government has set an ambitious target for irrigation development in each district under the NDS1. In 2023, the Government is targeting the development of 23 788 hectares of land for irrigation development out of a potential of 70 786 hectares. Therefore, there is scope for private sector intervention in irrigation development to fulfil the NDS1 targets.

1.2.4 Transport

In Zimbabwe a relatively high proportion of the population has access to the road network of the country with the replacement value of the road network asset estimated at about US$10 billion. This puts into perspective the resources required for maintaining the road network. The AfDB report asserted that in 2019 most of the state roads have outlived their design life by more than 10-15 years. As a result, the Government declared most roads a state of national disaster and embarked on an Emergency Road Rehabilitation Programme. This has seen significant progress made in the rehabilitation of major trunk roads, however urban roads and other feeder roads remain in state of disrepair. The road sector has remained the main mode through which 90% of goods are transported given the challenges in the rail sector. The network challenges in the rail sector are attributable to aging track infrastructure, vandalism of infrastructure, and obsolete rail signalling and communication equipment. The current efforts by the Government are meant to bring the rail sector to its optimal functionality. There are also opportunities for private sector participation in the upgrading of border posts and airports.

1.2.5 Energy

Zimbabwe electricity demand in 2022 was estimated at 1 850MW and it far outstripped the generation capacity which at times falls below 500MW due to challenges faced at main power stations Hwange and Kariba. The Hydro Power Station has fallen victim to lower water levels in Kariba Dam due to climate change. There are efforts to habilitate the existing power stations and bring additional power into the grid, which should result in generation of between 1025MW and 1300MW. However, given the estimated demand of 2711MW in 2023, power shortages will persist. The Government is encouraging investment in renewable sources of energy.

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

The expansion of the Zimbabwe education sector has led to high demand for student accommodation across the country. The country recognises the potential in the tourism sector to contribute to national development, however, the global pandemic has dented the prospects of the sector. The country has come up with national tourism development strategy which enjoins the private sector under incentive schemes to spearhead its revival. Given the pervasiveness of the digital economy, information, communication technology has become a necessary condition for economic development. In Zimbabwe, there is need to bridge the digital divide. The global pandemics have awaken many countries on the need to have a well -developed and responsive health infrastructure. In response to this need, the Bank will continue to support national responses to the need for resilient, inclusive, and responsive health infrastructure.

1.3 THE BANK'S STRATEGIC THRUST

The Bank is a vehicle for the promotion of economic growth and development, and improvement of the living standards of Zimbabweans through the development of economic and social infrastructure. As guided by its Long -Term Strategy: 2021-2030 (LTS), the Bank will focus on primary sectors which comprise (i) Water and Sanitation, (ii) Housing, (iii) Irrigation Development (iv) Transport, and (v) Energy (code-named "WHITE"), as well as secondary focus sectors that include; Health, Education, Tourism, and Information Communication Technology (ICT). As a national development finance institution (DFI) with a core mandate on infrastructure, the IDBZ will focus on developing sustainable infrastructure through; supporting project preparation, mobilising resources, financing the infrastructure value chain, and supervision of project implementation. The Bank's LTS is anchored on the following strategic priorities areas over the upcoming period to 2030:

1. growing a robust pipeline of bankable and shovel-ready projects in order to accelerate infrastructure investments.
2. deepening partnerships and strengthening the Bank's balance sheet through implementation of various capitalisation initiatives and broadening funding sources.
3. scaling up funding support to the private sector, focusing on the infrastructure value chain, agri & mineral processing businesses and exporters.
4. deepening human capacity in the areas of climate finance; project preparation & structuring; and project management; and,
5. enhancing the Bank's systems and ICT platforms to foster agility, efficiency, and innovation.

CHAPTER

02.

BANK CONTRIBUTION TOWARDS DEVELOPMENT

2.1 RESOURCE MOBILISATION

The difficult macroeconomic environment alluded in Section 1.1 resulted in a steady rise in cost of funds for the Bank. In addition, the practice by contractors and suppliers of materials of indexing their pricing based on the parallel market exchange rate has also seen project costs rising sharply in ZWL, thus threatening the viability of projects and also bringing a lot of complexities to the Bank's project financing initiatives.

High inflation, coupled with the rapid depreciation of the ZWL, saw investors moving away from traditional financial assets in favour of real estate and gold coins as a value preservation strategy. At the same time, there was increased preference by investors for short-term financial instruments at the expense of long-dated instruments which are ideal for infrastructure financing. The Bank responded through innovative financial instruments such as its USD-Linked Bonds and structured mezzanine instruments which resonated well with investors.

The Bank's limited access to patient capital significantly constrained its ability to mobilise appropriate funding for projects that require long term financing. Despite national efforts to scale up infrastructure investments in key economic and social sectors, the country continues to suffer from a lack of bankable projects. To bridge the gap, in 2016 the Bank established a Project Preparation and Development Fund (PPDF) to support the preparation and packaging of projects, through financing of feasibility studies, design preparation, ESIA studies, and regulatory permits. However, the overwhelming demand for project preparation funding far exceeds the capacity of the Bank's PPDF. The Bank is thus banking on the support of Government and Development partners to scale up the PPDF facility to meet the burgeoning demand.

During the year, the Bank issued USD-Linked Bonds under its Vaka/Yakha Zimbabwe Infrastructure Bond Programme ("the Programme") to raise implementation financing for the Waneka Phase III and Willsgrove Park Phase II Housing Projects. In view of the need for more funding for its pipeline projects, the Bank obtained an approval by Treasury to increase the Programme amount from ZWL2 billion to ZWL5 billion.

The Bank's funding partners for the Bulawayo Students Accommodation Complex (BSAC) continued to finance project works through periodic capital calls by Zimcampus (Private) Limited – the Special Purpose Vehicle created by the Bank and its partners to undertake the project. The funding model utilised on the BSAC project is being replicated on the Lupane Students Accommodation Complex (LUSAC) which is now at financing stage. In order to broaden funding sources for projects, the Bank is also exploring utilisation of Engineering, Procurement, Construction and Financing (EPC+F) arrangements initially targeting the University Students and Staff Accommodation Programme (USSAP) and other housing projects.

2.1.1 Bank Capitalisation

For the Bank to play its transformational role in the economy as a leading institution for infrastructure development, it requires a capitalisation level of US$500 million in the medium term and US$1 billion by 2030. This is the Bank's capitalization ambition as it pursues its Long-Term Strategy (2021-2030) and goal of becoming a "DFI of Scale". To achieve this, the Bank has adopted a phased Recapitalisation Programme, through which a series of capitalisation initiatives will be implemented over the next five years. The ultimate objective of the Recapitalisation Programme is to transform the Bank into a vibrant institution that has the requisite capacity to effectively execute its mandate.

In the short to medium term, the Bank will continue engagements with its shareholders for capacitation through liquid capital injections and proposed transfer by Government of valuable land assets to the Bank. The support from shareholders is expected to allow the Bank to develop a larger pipeline of bankable projects to anchor its resource mobilisation initiatives, whilst also providing a sound investment case for attracting like-minded strategic equity partners who will provide a bedrock for future sustainable growth.

In 2022, Government released ZWL930 million to the Bank to complete settlement of its capital commitment under the ZWL1.75 billion Rights Issue transaction which was undertaken in the last quarter of 2021. Government injected a further ZWL1.5 billion in capital during the year and also allocated another ZWL2 billion in the 2023 National Budget.

2.1.2 Project Preparation Funding

Due to liquidity constraints and the need to prioritise resources towards ongoing projects, in 2022 the Bank could not allocate funds to further capitalise the PPDF facility. The Bank therefore operated with a PPDF float of ZWL190 million in 2022, being the unutilised balance carried forward from 2021. This limited the number of projects under preparation which could be supported during the year. The Bank targets to allocate an amount equivalent to US$1 million towards the PPDF facility in 2023 and to also seek additional project preparation funding from Treasury. A stronger PPDF is a pre-requisite for scaling up its infrastructure development initiatives.

During the year, the French Development Agency ("AFD") co-financed feasibility and ESIA studies for the 5MW Gutu Solar Project which the Bank is developing in partnership with Gutu Rural District Council. The studies will facilitate the full packaging of the project for investment promotion.

2.1.3 Project Implementation Financing

The Bank raised a total of ZWL2.78 billion towards project financing during the year, being ZWL1.47 billion for the Bulawayo Students Accommodation Complex (BSAC), ZWL500 million for Waneka Phase III Housing Project and ZWL813 million for Willsgrove Phase II Housing Project. These projects are targeted to reach completion in the first half of 2023. The Bank seeks to fundraise for the following projects in 2023:

- Phase 1 of Lupane Students Accommodation Complex (US$8.9 million); and
- Various cluster housing projects (US$5 million).

The capital raise for the Catholic University of Zimbabwe Students Accommodation Project is expected to start in 2024 after completing project preparation and packaging.

The Bank, in collaboration with Afreximbank as Joint Lead Managers is coordinating the structuring of a US$125 million Sovereign Bond which will be listed on the Victoria Falls Stock Exchange (VFEX). Issuance of the Bond is targeted for the second quarter of 2023.

2.1.4 GCF Accreditation

The Accreditation Master Agreement (AMA) between the Bank and the Green Climate Fund (GCF) was signed in September 2022, marking the conclusion of the Bank's accreditation with the GCF. The accreditation is effective for a 5-year period from 18 January 2023. In this regard, the Bank has shifted its focus towards the identification and development of suitable adaptation and mitigation projects for consideration by the GCF, whilst also raising national awareness on the opportunities presented by GCF accreditation.

2.1.5 CFF Establishment

The Bank continued to work towards the establishment of the Climate Finance Facility (CFF), which will be a stand-alone Trust Fund. The CFF will provide a platform to crowd-in various climate finance sources and, more essentially, private sector capital into green investments to promote sustainable development. The founding Board of Trustees for the CFF has been constituted. Execution and registration of the CFF Trust Deed is expected in 2023. Development of a detailed CFF Prospectus for use in engaging prospective funding partners is in progress with assistance from the World Bank. The Fund is targeted for launch in Q4 2023.

2.2 PRIMARY FOCUS SECTORS INTERVENTIONS

2.2.1 Water and Sanitation

During the year, the Bank worked closely with ZINWA, the Consulting Engineers in providing technical assistance to Bindura Rural District Council in the preparation and development of the Manhenga Water and Sanitation Project. The Bank is also working in partnerships with UNICEF on the development of the Concept Note for Small Towns WASH Resilience Programme in Zimbabwe.

The Bank contributed to the review of Studies on "Development of National Financing Strategy for the Zimbabwe Water, Sanitation and Hygiene Sector".

2.2.2 Housing

In 2022, housing projects with an estimated cost of US$130 million were committed to the Bank's Pipeline of Projects as shown in Table 1.

Table 1: Housing Projects Committed to the Pipeline

Project Name	Description	Location	Estimate Cost *(US$ millions)*
Selbourne Hostels	Construction of 64 bed girls hostel	Bulawayo City	0.25
Hillside Cluster Homes	Construction of 20 cluster houses	Bulawayo City	1.1
Tijbundule Cluster Homes and Solar	Construction of 100 cluster houses serviced with sewer, water and solar power	Plumtree, Matabeleland South Province	7.2
Killarney Cluster Homes	Construction of 30 cluster houses serviced with road, sewer, water and solar power	Bulawayo City	4.0
Esigodini Girls College	Construction of a private boarding school with a capacity of 600 students	Esigodini, Matabeleland South Province	8.9
Plumtree Plaza	Construction of a two-storey shopping mall with a total of 43 units	Plumtree, Matabeleland South Province	4.85
Parklands Townhouses	Construction of 55 town houses	Bulawayo City	3.4
Masvingo Exor Medium Density Housing Project	Servicing of 104 residential stands and 12 commercial stands	Masvingo City	5.2
Rhodene Extension Housing Project	Servicing of 450 low density residential stands	Masvingo City	13.3
Coronation Flats Housing Development Project	Construction of 5x5 storey blocks of flats and community Hall	Mutare City	11.2
Masvingo CBD Extension Housing Project	Servicing of 65 commercial stands, 1 hotel, 1 flat, 2 shopping mall stands	Masvingo City	5.1
Sunway City	Servicing of 1124 residential stands and construction of 20 blocks flats	Ruwa, Mashonaland East	58.5
Rutenga low Density Housing	Servicing of 134 hectares of land into 455 low density residential stands	Rutenga, Masvingo Province	7.0
Total			**130.00**

Housing projects worth US$23.6 million were approved for funding as shown in Table 2.

Table 2: Housing Projects Approved for Funding in 2022

Project Name	Description	Location	Estimate Cost *(US$ millions)*
Waneka Phase III Housing Development	Construction of 2 Blocks of flats housing 48 units with two bedrooms per unit	Harare	2.5
Spitzkorp Housing	Servicing of 133 high density residential stands on IDBZ owned land.	Gwanda, Matabeleland South Province	1.3
Lupane Student Accommodation Complex	Construction of hostels to accommodate 1,204 students on IDBZ owned land.	Lupane, Matabeleland North Province	19.8
Total			**23.6**

The Grange of Toronto was dropped from the Bank's pipeline as the promoter sought alternative funding arrangements.

The Bank commenced construction of the Waneka Phase III Housing Development in Graniteside that entails construction of 2 Blocks of Flats comprising 48 two-bedroomed units. The Willsgrove Housing Project in Bulawayo reached Financial Close and construction commenced in November 2022. The project will result in 114 fully serviced low density stands. Construction activities for the Sumben residental estate Phase 1 Housing Project, which involves the servicing of 92 low density residential stands were completed in 2022 and now awaits compliance certification from City of Harare (CoH).

The Bulawayo Students Accommodation Complex was at 97% completion rate as at Q4 2022 and is scheduled to take its first occupants in Q2 2023.

Construction of the Lupane Students Accommodation Complex (LUSAC) will be in Phases, starting with Phase 1 which consists of two Wardens' houses and the construction of 1 hostel block with capacity to house 460 students as well as a dining hall and sceptic tank. In 2022, construction of the Wardens' houses was completed.

2.2.3 Irrigation

The Bank offered technical advice to the Implementing Agency for the development of the Feasibility Studies and ESIA for the following Irrigation Projects funded from the National PPDF;

i. Lilstock Irrigation Scheme,
ii. Manyuchi Irrigation Scheme,
iii. Muzhwi Irrigation Scheme, and
iv. Tugwi Mukosi Irrigation Scheme.

2.2.4 Transport

In 2022, the Bank engaged both private and public stakeholders in the transport sector to deepen collaboration and obtain relevant mandates for transport infrastructure development. Muuyu Truckstop project (US$0.6 million) was committed into the Bank Project Pipeline during the year. Project preparation and development is expected to complete in 2023.

2.2.5 Energy

The Bank in partnership with AFD, financed the development of a bankable Feasibility Study and ESIA for Gutu Solar 5MW Project in 2022. The Feasibility and ESIA Studies for the project are expected to be concluded in 2023. The temporal power generation license was issued on 20th January 2023.

The Odzani Mini Hydro Project (2.4MW) will be under project preparation and development in 2023. The generation license was issued on 26th July 2017.

Rufaro solar project (50MW) was dropped from the Bank Project Pipeline since the Project Promoter opted for alternative funding arrangement.

2.3 SECONDARY FOCUS SECTORS INTERVENTIONS

2.3.1 Health

In support of the NDS1 goal on 'Improving Access to Primary & Secondary Health Care and Enabling Environment for Health Services Delivery', the following projects are under development.

i. Granary Medical Facility Project (Harare),
ii. Plumtree Medical Centre (Plumtree),
iii. Killarney Medical Centre (Bulawayo), and
iv. Kwekwe Medical Centre (Kwekwe).

2.3.2 Education

During 2022, Prince George School Project in Bulawayo was added to the Bank project pipeline and will be under preparation in 2023. The project entails construction of a secondary school with a capacity for 1000 students. The Bank is also pursuing construction of a primary school on Bank owned land at Clipsham in Masvingo.

2.3.3 Tourism

The Bank is working with Mosi-Oa-Tunya Development Company in the development of a 271 hectare piece of land in Masuwe, Victoria Falls. The Bank is also undertaking projects in Table 3.

Table 3: Tourism Sector Projects

Project Name	Description	Stage	Estimated Cost
Kanyemba Lodge	Refurbishment of 3 chalets of lodges and access roads in Kanyemba, Mashonaland Central Province	Implementation	0.42
Binga Hotel and Conference Centre	Construction of a 32-bed hotel and conference centre in Binga, Matabeleland North Province	Project Preparation and Packaging.	16.0
Clipsham Views Hotel and Conference Centre	Construction of a 150 bed 5-star hotel and a conference centre in Masvingo	Project Identification	12.0
Total			**28.42**

2.3.4 ICT

During the year, the Bank did not get projects that met its investment criteria. The Bank will continue to pursue opportunities in the development of ICT national infrastructure.

2.4 IMPLEMENTATION MONITORING AND EVALUATION FOR BANK FUNDED PROJECTS

During 2022, the Bank built and updated an online projects database and streamlined reporting on progress of all projects under implementation. This has improved project information availability and made the production of Project Mid-Term Reports (MTR) and Project Completion Reports (PCR) easier. During the year, one MTR and two PCRs were produced. These reports are critical in establishing project implementation efficiency in terms of time, cost, and quality.

2.5 ADVISORY SERVICES

2.5.1 Management of the Public Sector Investment Programme (PSIP)

In 2022, the Bank disbursed funds totalling ZWL35.2 million to projects in various sectors (see Table 4) out of an available envelope of ZWL81.4 million. The remaining balance will be available for earmarked projects in 2023.

Table 4: PSIP Disbursements

SECTOR	FUND SIZE			DISBURSED 2022
	B/F 2021	RECEIPTS 2022	TOTAL	
Transport	351	-	351	-
Water				
Dams	73,344	-	73,344	-
Irrigation Feasibility Studies and Rehabilitation	18,872,682	15,669,354	34,542,036	34,316,732
Local Authorities – Sanitation	19,015,203	10,049,948	29,065,151	-
Social Infrastructure				
Institutional Accommodation	14,912,420	-	14,912,420	-
Health Facilities	40,276	-	40,276	-
Ministry of Youth, Sport & Recreation	601,720	-	601,720	-
Housing (HRF)	842,014	1,286,917	2,128,931	844,000
Grand Total	**54,358,010**	**27,006,219**	**81,391,229**	**35,160,732**

2.6 INFRASTRUCTURE VALUE CHAIN FINANCING AND PRIVATE SECTOR SUPPORT (IVCF)

The Bank's IVCF loan book was affected by the macroeconomics challenges highlighted in section 1.1; particularly the high interest rates and tight liquidity conditions. As a result, the Bank loan book size was reduced from ZWL233 million to ZWL75.2million by Q3 2022 affecting the Bank's interest income.

Total disbursements for the year amounted to ZWL146.2 million and the IVCF loan book size ended the year at ZWL153 million. Given the high interest rates regime, the Bank shifted focus to USD-based lending and projects amounting to US$2.3 million were approved in Q4 2022.

2.7 DEVELOPMENT EFFECTIVENESS

The Bank continued to build a robust multisectoral Project Pipeline and projects worth US$138.9 million were added during the reporting period. The Bank disbursed US$0.35 million towards project preparation and packaging activities albeit resource constraints and other factors as outlined in sections 2.1.2. In total, the Bank managed to mobilise ZWL7.9 billion earmarked for Bank capitalisation (section 2.1.1), project implementation (section 2.1.3), and infrastructure value chain and liquidity support (section 2.6).

In 2022, the Bank made strides towards the establishment of the Climate Finance Facility (section 2.1.5). The Bank achieved an average project completion rate of 83% in 2022 against a target of 80%. This was a 1% decline from the 84% recorded in 2021.Under knowledge generation and sharing, six research and policy position papers were produced and shared. The Integrated River Basin Management study for Gwebi river was among the research papers produced and shared with all relevant stakeholders.

2.7.1 Results Chain

During the year 2022, the Bank made strides in developing a multisectoral suite of bankable and shovel ready projects that are expected to crowd in resources into infrastructure development. Through the Bank's resource mobilisation efforts, support of infrastructure development by institutional and private sector investors will broaden and deepen the local capital markets. Significant implementation progress in the housing sector projects will see the delivery of housing leading to the reduction of the housing backlog. The project beneficiaries will have increased access to social amenities. Support in the infrastructure value chain will result in the improved capacity of private players in the delivery of projects, increased employment opportunities and foreign currency generation capacity. Keeping with the Bank's transformational agenda, the research efforts lead to sharpening and deepening of the Bank's knowledge in the infrastructure sectors, development of new products and improved institutional efficiency. Table 5 summarises the Bank's inputs/activities, outputs, outcomes, and impacts.

Table 5: Inputs/Activities, Outputs, Outcomes, and Impacts

INPUTS/ ACTIVITIES	OUTPUTS	OUTCOMES	EXPECTED IMPACT
Project Preparation and Development • Project identification	• New projects committed to the Pipeline **– US$138.9 million.** • Project studies and preparation funding disbursed **– US$0.35 million**	• Improved availability of multisectoral bankable and shovel ready projects **- US$23.6 million** projects reached bankability.	• Wider investment options for investors. • Improved investment in infrastructure.

Resource Mobilisation
• **Bank capitalisation**
• **Project preparation and development funding**
• **Project implementation financing**
• **Climate finance**
  • **Green Climate Fund (GCF)**
  • **Climate Finance Facility (CFF)**
	• Increased resources mobilised [increased from **ZWL2.2 billion** in 2021 to **ZWL7.9 billion in 2022]**
	• Additional Bank capitalisation raised – **US$6.89 million (ZWL2.43 billion)**
	• Resources mobilised for project implementation financing – **US$10.064 million (ZWL2.78 billion)**
	• Milestones towards establishment of climate finance facilities:
	  • Conclusion of the Bank's accreditation with the GCF
	  • Constitution of the CFF Board of trustees was completed and execution of the Trust Deed.
		• Strengthened Bank Balance Sheet.
		• Increase in projects under implementation.
		• Enhanced the Bank's Climate Finance capability.
			• Increased business opportunities for the Bank – strategic partnerships and own balance sheet lending.
			• Improvement in the infrastructure stock.
			• Deeper and wider capital markets.
			• High impact investments.

Project Implementation	Completion rate of projects under implementation: • Bulawayo Students Accommodation Complex Project **[97%]** • Waneka Phase III Housing project **[50%]** • Willsgrove Phase II Housing Project – **[40%]** • Sumben Phase 1 Housing Project **[98%]** • LUSAC (Warden Houses) **- [90%]**	Increased stock of sustainable infrastructure • Decent accommodation • Improved access to water, sanitation, and electricity. • Improved access to transport and communication.	• Increase in GDP per capita. • Improved standards of living. • Employment creation
	PSIP projects disbursements [ZWL35.2 [million; 43.21% disbursement rate	• Increased project implementation rate • Effective and efficient utilisation of Government funds.	• Employment creation. • Increased transparency and public confidence in use of Government funds.
Infrastructure Value Chain Financing • **Business development and consummation of structured deals.**	• Loan book size (ZWL153.15 million) • 900ha of irrigable land • Disbursements (ZWL146.2 million)	• Improved capacity utilisation. • Diversified income streams for the Bank. • Increased employment opportunities. • Increased irrigable land. • Increased foreign currency generation. • Increased infrastructure stock (housing and road rehabilitation)	• Food security • Improved access to energy • Employment creation. • Increased foreign currency availability. • Import substitution. • Improved access to decent accommodation.
Knowledge generation and sharing • **Research papers** • **Policy analysis and review** • **PESTEL analysis** • **workshop attendance and presentations** • **competitor analysis**	• Seven (7) research and policy position papers disseminated.	• Improved knowledge in the economy. • Improved innovation (new products, business processes and policies). • Improved partnerships	• Increased investments in infrastructure development. • Enhance the Bank's competitiveness. • Enhanced capability of the Bank to deliver on its mandate. • Improved Bank's agility.

CHAPTER

03.

STRENGTHENING CAPACITY TO DELIVER

3.1 OPERATIONAL EFFICIENCY

3.1.1 Policies

The Bank adopted the Policies, Operations Guidelines, and Manuals (POGM) as its operations standardisation tool in 2019. In 2022, the Bank added new policies and reviewed existing ones in response to the dynamic operating environment for enhanced efficiency and risk management. These are the Innovation Strategy, Donation, Information Communication Technology (ICT), Human Resources, Investigations and Integrity and Code of Ethics, and Disability & Accessibility.

3.1.2 Internal Audit

The Internal Audit is responsible for evaluating the adequacy and effectiveness of the organisation's risk management processes, internal control mechanisms, compliance, and governance systems, thus supporting the IDBZ Board and Executive Management by giving assurance on the Bank systems. Most of the high-risk areas were audited in 2022 and results were satisfactory. Internal Audit covers all Bank activities as well as the activities of its subsidiaries.

3.1.3 Information Communication Technology

The Bank upgraded its core banking system which has resulted in greater operational efficiency and the security posture of the banking application. The upgrade also led to replacement of servers and endpoints that had reached obsolescence. Similar upgrades were done for the IFRS9 and the SWIFT Transaction Screening applications.

The IDBZ complied with SWIFT's Customer Security Programme (CSP) requirements for 2022. In summary, CSP is an assessment of the Bank's defences against cyberattacks and ensures that they are current and effective to protect the integrity of the wider financial network. Similarly, the Bank's ICT systems were rated satisfactory in audits conducted in 2022 by the Bank's auditors.

While the ICT environment remained stable during 2022 with no significant incidents being reported, the Bank continues to explore ways in which to improve institutional efficiency by complementing its processes with the right technologies and relevant security solutions.

3.1.4 Quality of Bank Operations and Portfolio Performance

The loan portfolio continued to perform well as demonstrated by the Non- Performing Loan (NPL) ratio of 4.71% as of 31 December 2022, against the regulatory prudential limit of 5%. Furthermore, the Bank achieved a 98% collection rate on the active book and Government projects. The positive performance across the loan portfolio was due in part to the Bank's monitoring efforts and enforcement of adherence to loan covenants.

3.2 KNOWLEDGE GENERATION AND SHARING

The following Infrastructure Focus Papers were produced in 2022:

i. Securing Water Securing Growth
ii. Development and Change
iii. Infrastructure Development and Competitiveness
iv. Funding Water Sector by Public Development Banks- Learning from Experiences
v. Transport Sector Infrastructure Financing
vi. IDBZ Experiences in Facilitating Infrastructure Investments.
vii. The Integrated River Basin Management Study for the Gwebi River was completed. The final report was shared with the Bank in July 2022. The Study recommends the appropriate land uses and conservation initiatives within a river basin.

Policy position and short papers are among other research papers the Bank will continue to produce to share best practices in infrastructure development and promote innovation. The papers will be disseminated using the Bank website, social media platforms, and at workshops.

3.3 SOCIAL, ENVIRONMENTAL AND SUSTAINABLE DEVELOPMENT

The Bank's operations and investments are guided by the principles of sustainable development. In light of this, the Bank ensures that its investments are socially acceptable and environmentally friendly as guided by its Environmental and Social Sustainability Management System (ESSMS). The Bank also undertakes Environmental and Social Management Plans (ESMP) implementation monitoring activities during and after the construction phase of a project to ensure that project impacts are effectively managed.

In the social pillar, the Bank values the welfare of communities living in and around its projects and provides them with a platform for airing their views regarding impacts of Bank projects on their welfare during both the implementation and operational phases. The Bank encourages its Contractors to prioritise the employment of local people wherever possible as part of the Bank's strategy for empowering local people and enhance the project's social sustainability.

3.3.1 Sustainability Standards and Certification Initiative

The Bank is pursuing certification under the European Organisation for Sustainable Development's (EOSD) Sustainability Standards and Certification Initiative (SSCI) that is being spearheaded by the RBZ. The SSCI is a global initiative for developing and maintaining universally accepted and executable set of across-the-board sustainability standards. It incorporates sustainability principles, promotes innovation, and foster climate resilience and financial inclusion. Upon certification, the Bank's capacity to mobilise green funds will be enhanced especially towards water and sanitation, irrigation, energy, and small-to-medium enterprises.

The Bank closed the year 2022 with an overall completion rate of 55%, which represents the minimum certification level according to the EOSD Standards. The total completion rate was recorded after achieving varying completion levels on the eight modules; governance (31%), management (60%), business model (100%), technology (20%), operations (13%), products (17%), stakeholder relations (30%), and human capital (45%).

In December 2022, the EOSD undertook a system upgrade of the SSCI structure from the S-SIMS Version 1.0 to S-SIMS Version 2.0. In 2023, the Bank will migrate to S-SIMS Version 2.0 by uploading and reviewing all work already done to comply with the new upgraded system.

The SSCI compliments the Bank's ongoing sustainability initiatives that started in 2015. The Bank adopted the Results Measurement Framework (RMF) in 2015 which ensured continuous and rigorous monitoring and evaluation of the IDBZ's performance thus enhancing Development Effectiveness. The RMF tracks the Bank's development impact at national level, outcomes, outputs, and efficiency in the execution of its Mandate. It enhances the planning cycle, systematically tracking performance and fostering organisational learning.

3.3.2 Disability, Gender Equality and Social Inclusion

Following the launch of the Zimbabwe National Disability Policy in July 2021, the Bank developed its Disability and Accessibility Policy with technical assistance from SouthSouthNorth (SSN).

A review of the existing Gender and Environmental & Social Sustainability (ESS) Policies was conducted with technical assistance from SSN. The review concluded that the existing policies and supporting procedures present a solid foundation for advancing a more progressive approach to the management of gender mainstreaming and environmental and social issues.

3.3.3 Gender Mainstreaming

The Bank`s gender mainstreaming agenda is guided by the Gender Policy and the Gender Mainstreaming Strategy and Gender Action Plan (2020-2025). At project level, gender equality considerations remain central throughout the project cycle.

3.4 COMMUNICATIONS AND CORPORATE SOCIAL INVESTMENT

In the year under review, the Bank made strides in brand visibility, publicity, internal communication, and external relations. There was enhanced usage of digital marketing platforms. This was a build-up on the traction made from the COVID-19 pandemic period. Notably, the Bank's visibility increased by 39%.

The Bank increased its visibility through publicity campaigns during the ZITF. Among the issues discussed during the campaigns was the Bank's Green Climate Fund Accreditation and its implication to the Zimbabwean economy. Participants were drawn from Academia, Business, Government, Development Agencies, Civil Society Organisations, and the General Public.

3.5 PROCUREMENT

In 2022, the IDBZ was granted approval to conduct procurement proceedings as a Category "A" Procuring Entity by the Procurement Regulatory Authority of Zimbabwe (PRAZ) following similar approval in the preceding year. The Annual Procurement Plan for 2022 amounting to USD32.0 million was also approved by PRAZ together with the Individual Procurement Plans. The Bank's compliance level with the PPDPA Act and PPDPA (General) Regulations was 98%. The compliance level in terms of SPOC cases were at 97%.

3.5.1 Procurement Contracts Signed in 2022

3.5.1.1 Awarded Major Procurement Contracts (above prescribed thresholds)

i. Consulting Services

Consultancy services contract signed include:

a. Architectural consultancy services for the Proposed Refurbishment and Reconstruction of Kanyemba Zambezi Lodges in Kanyemba, Mbire District;
b. Detailed Feasibility Study and Environmental and Social Impact Assessment (ESIA) Including Environmental and Social Management Plan for the Proposed Gutu Solar Project;
c. Advisory Services for the Development of the Long-Term Strategy (2021-2030) of the Infrastructure Development Bank of Zimbabwe;
d. ESIA for LUSAC; and
e. Engagement of Consulting Firm for External Quality Assessment Review of Internal Audit Unit.

ii. Works & Non-Consulting Services

Major contracts for Works include the:

a. Construction of two four-Storey blocks of flats for Waneka Phase III Housing Project in Graniteside Harare;
b. Construction of two Warden's Houses at LUSAC in Lupane;
c. Design, Construction and Demounting of the IDBZ Stand for the ZITF Bulawayo for the 2022 ZITF; and
d. Supply and Fix of Electrical Reticulation for Sumben Estate Residential Phase I.

iii. Goods

No procurement contracts (above prescribed thresholds) were conducted for Goods during the period under review.

iv. Value of Signed Contracts

Overall, contracts amounting to US$3.5 million were signed. The allotment for the signed contracts is as follows: Works and Non-Consulting Services (93%); Consulting Services (7%); and Goods (0%). Table 1 and 2 of Annex 1 provide more details for the signed contracts.

3.5.1.2 On-going Procurement Contracts Proceedings

i. Engineering, Procurement and Construction plus Financing (EPC+F)

a) Cluster Houses in Harare

ii. Consulting Services and Non-Consulting Services

a) Development of 2.5km Sumben Greenbelt
b) ESIA for Cluster Houses for various sites including Tjibundule (Plumtree), Kadoma, and Killarney (Bulawayo)

iii. Works

a) Lupane Students Accommodation Complex (LUSAC), Lupane, Matabeleland North Province.
b) Spitzkop Housing Project, Gwanda, Matabeleland South Province.
c) Kanyemba Zambezi Lodges refurbishment, Mbire, Mashonaland Central Province.

3.5.1.3 Awarded Procurement Contracts (within prescribed thresholds)

Total spent for 2022 was ZWL986 million comprising of ZWL456 million for Purchase orders (Request for Quotations) and ZWL530 million for procurement contracts (tenders).

i. Procurement Contracts

The allotment for payments on contracts is as follows: Works and Non-Consulting Services (97); Consulting Services (3%); and Goods (0%).

ii. Purchase orders

A total of 399 Purchase Orders were placed cumulatively up to 31 December 2022.The allotment for payments on purchase orders is as follows: Works and non-consulting services (10%); Services (17%); and Goods (73%).

3.6 HUMAN CAPITAL MANAGEMENT

Since the adoption of the new Organizational Structure, the Bank has been resourcing various functions with key technical skills to deliver on the Bank's mandate. Consequently, the Bank's staff compliment increased from ninety-six (96) in 2016 to one hundred and seventeen (117) by end of 2022. For the period under review, the Bank recruited Manager Climate Finance and Sustainability Division, Chief Financial Analyst Clean Finance and Chief Investigations and Integrity Officer.

In an endeavour to ensure adequacy of skills and competencies to support the Bank's Strategy, several training programmes were facilitated for staff in various business functions in 2022 and achieved 24.3 manhours. Notably, the Bank sent representatives to a capacity building Inaugural Public Procurement Symposium held in Harare from 30 June to 01 July 2022 conducted by PRAZ.

By Q4 2022, the Bank had concluded the review and validation of the HR Policies, Procedure Manuals, and Career Development Plans. The exercise will be implemented in Q1 2023.

Industrial relations within the Bank were harmonious in 2022. Staff Retention Index stood at 93% against a target of 95%. Gender balance slightly decreased from 38.46% women to 38.14%.

The IDBZ supports and is committed to the overall health and wellbeing of its employees. The Bank recognises the importance of employee wellness in the workplace. To promote and support the physical and psychological health, safety and well-being of employees, the Bank is continuously developing and providing corporate wellness programs to foster a healthy working environment. The Bank undertook the following Corporate Wellness initiatives in 2022:

i. cervical cancer screening;
ii. mental health awareness;
iii. breast cancer scans; and
iv. prostate cancer screening.

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

During the year, the Bank instituted the following measures to ensure financial sustainability:

a. Cost containment strategies;
b. Rationalisation of recruitments; and
c. Institution of measures to reduce leave liability.

CHAPTER

04.

GOVERNANCE, ETHICS, AND INTEGRITY

4.1 CORPORATE GOVERNANCE STATEMENT

The IDBZ is a DFI charged with a mandate to champion infrastructure development and financing. Its main objectives are to promote economic development and growth, and to improve the living standards of Zimbabweans through the development of infrastructure. In pursuit of these objectives, the IDBZ focuses primarily on the key economic development enablers of Water and Sanitation, Housing, Irrigation Infrastructure, Transport, Energy (WHITE). The Bank is also involved in the secondary sectors: ICT, Education Infrastructure, Health, and Tourism.

In the execution of its statutory mandate, the Bank observes principles and tenets of good corporate governance. Compliance with legal and regulatory requirements and conformance to international best practice governance standards and guidelines forms the bedrock of the Bank's corporate governance framework.

Corporate governance in the IDBZ is anchored on the principles of ***fairness, transparency, accountability, financial sustainability, environmental sustainability, and championing and mainstreaming environmental, social*** and ***gender*** governance principles. These governance principles are the foundation upon which the Bank strives to build a profitable, socially responsible, economically viable and environmentally sustainable business that serves the interest of all stakeholders.

4.1.1 Corporate Governance Framework

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

The IDBZ was established in 2005 as a successor organization to the Zimbabwe Development Bank ("ZDB") and is governed in terms of an Act of Parliament, the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14] ("the IDBZ Act"). The Bank is regulated by the Minister of Finance and Economic Development and was brought under the supervision of the Reserve Bank of Zimbabwe through the Finance Act of 2014.

Public Entities Corporate Governance Act [Chapter 10:33]

The IDBZ is also governed in terms of the Public Entities Corporate Governance Act [Chapter 10:33] ("the PECG Act"). The PECG Act applies to all public entities notwithstanding anything to the contrary in their enabling instruments. To the extent that there are inconsistencies between the establishing act and the PECG Act, the latter takes precedence. To underline the importance the Government attaches to corporate governance in the public sector, the administration of the PECG Act is vested in the Office of the President and Cabinet (OPC).

Best Practice Corporate Governance standards

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

Board Charter

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

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

In line with the section 26 of the PECG Act, the Board Charter was approved by the responsible Minister and submitted to the Office of the President and Cabinet.

4.1.2 Code of Conduct and Ethical Framework

Section 26 of the PECG Act obliges boards of public entities to develop Codes of Ethics and stipulates the key principles underpinning the document. Pursuant to the statutory requirement, the Bank has developed a Code of Ethics Policy which provides a framework under which Directors, Management and Staff and people who interact with the Bank are expected to conduct themselves. The Code is designed to promote honest and ethical conduct and is founded on the Bank's core values of integrity, professionalism, innovation, service orientation, sustainability, and knowledge generation and sharing.

4.1.3 Board of Directors

Section 4 (2) of the IDBZ Act, as amended, provides that the size of the IDBZ Board shall be a minimum of 7 and a maximum of 9 Directors. In June 2019, the Minister of Finance and Economic Development appointed an eight (8) member Board to serve as the Bank's governing body for a renewable 3-year tenure. At the expiry of the Board's term of office, the Minister re-appointed six (6) Board Members. The remaining two (2) did not seek re-appointment. All the six (6) Board Members are Independent Non-Executive Directors. The Chairman is an Independent Non-Executive Director. The Chief Executive Officer serves on the Board as ex-officio Board Member. In terms of gender balance, the Board composition is not in compliance with the Public Entity Corporate Governance Act. Currently, there is one woman appointed to the Board. The issue has been brought to the attention of the responsible Minister.

4.1.4 Duties and Responsibilities of the Board

The duties and responsibilities of the Board are outlined in section 4A of the IDBZ Act [Chapter 24:14], as read together with 61 of the First Schedule (National Code on Corporate Governance Zimbabwe) to the PECG Act. The duties and functions of the Board are codified in a Board Charter that complies with section 27 of the PECG Act.

The Board is responsible for formulating and implementing policies and strategies necessary for the achievement of the Bank's objectives. The Board supervises the overall activities engaged in by the IDBZ and ensures that the institution and its subsidiaries have adequate control systems to monitor and manage risk and ensure compliance with the Board Charter.

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

The Board is required to meet regularly, at least once every quarter.

4.1.5 Board Committees

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

i. Audit Committee;
ii. Finance, Risk Management, and ICT Committee;
iii. Human Resources Committee;
iv. Corporate Governance & Ethics Committee; and
v. Investments Committee.

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

4.1.6 Board Remuneration

The IDBZ Board Remunerations Framework is in accordance with Section 12 of the PECG Act. The Bank adopted the board remuneration guideline for State Enterprises provided by the Office of President and Cabinet.

For the period under review, the non-executive Board Members received remuneration based on a retainer and sitting allowance. The board fees and sitting allowances paid to Board Members is given in Table 6.

Table 6: Board Fees and Sitting Allowances

Director	Designation	Total Fees Paid (ZWL)
Joseph Mutizwa	Non-Executive Board Chairman	3,054,800
Kupukile Mlambo (Dr)	Deputy Board Chairman	2,311,200
Sibusisiwe P Bango (Ms.)	Non-Executive Director	2,232,800
Norbert O Mugwagwa (Dr)	Non-Executive Director	2,185,400
Reginald Mugwara	Non-Executive Director	1,962,200
Jeremiah Mutonga*	Non-Executive Director	430,400
Tadios Muzoroza	Non-Executive Director	2,565,300
Luke EM Ngwerume*	Non-Executive Director	394,600
Total		**15,136,700**

4.2 BOARD AND BOARD COMMITTEE ATTENDANCE RECORD FOR 2022

Table 7: Board and Board Committee

	Main Board	Audit Committee	Finance, Risk Management & ICT	Human Resources	Corp orate Governance, Ethics & Sustainability
BOARD MEMBER					
Joseph Mutizwa	10	n/a	4	4	4
Kupukile Mlambo (Dr)	8	n/a	4	n/a	2
Sibusisiwe P Bango (Ms.)	9	6	n/a	4	n/a
Reginald Mugwara	8	6	n/a	5	n/a
Norbert O Mugwagwa (Dr)	6	4	3	4	n/a
Jeremiah Mutonga*	3	2	n/a	n/a	2
Tadios Muzoroza	8	4	n/a	5	4
Luke EM Ngwerume*	3	1	1	n/a	n/a

NOTE

Mr J. Mutonga resigned from the Board on 19 July 2022
Mr L. Ngwerune resigned from the Board on 19 July 2022

4.3 RISK MANAGEMENT

The Enterprise-wide Risk Management (ERM) approach is employed by the Bank to manage risks across the whole organisation. The risk spectrum is managed by integrating risks horizontally and vertically to ascertain their interrelatedness and impacts as to maximise the risk return trade-off. The Board of Directors is responsible for managing the Bank's ERM process.

4.3.1 Risk Spectrum

The risk spectrum of the Bank forms a key part in risk assessments and the institution was largely exposed to the following risks during the period under review:

4.3.1.1 Credit Risk

The ripple effects of the COVID-19 pandemic remained evident in 2022 owing to a prolonged slowdown in business activities impacting on sales revenue and the capacity to generate sufficient financial resources to repay obligations. With the continued vulnerability of the operating environment, the Bank has remained focused on developing structured lending products suitable for the environment. A comprehensive credit management process that encompasses policy limits and obligor quality assessments is critical at maintaining risk within tolerable levels.

4.3.1.2 Project Risk

The Bank's exposure to project risk largely remains driven by constraints borne out of lack of suitable stable funding for projects considering the volatile economic environment. The Bank has managed to fund some projects through innovative financial solutions albeit the prevailing funding constraints. Monitoring and evaluation of projects under implementation remained the responsibility of the multi-disciplinary teams under Executive Committee (EXCO) supervision and the Board providing overall oversight.

4.3.1.3 Liquidity Risk

The Management of Assets and Liabilities Committee (MALCO) regularly reviews the Bank's liquidity management strategies to ensure alignment with obtaining market conditions. The Bank's efforts remain targeted at the development of instruments that attract long term and stable funding commensurate with infrastructure development as well as canvasing for shareholder support on capitalisation.

4.3.1.4 Operational Risk

The COVID-19 pandemic continued to be one of the major external threats during the year under review and its impact subsided towards the close of the year. The Bank mitigated the risk by enforcing the World Health Organisation (WHO) guidelines and protocols.

The Bank monitors operational risk through risk registers and incident reports. Bank policies and procedures are reviewed regularly to ensure operational efficiency is maintained.

4.3.1.5 Market Risk

Volatility of interest rates and foreign exchange rates, as well as high inflation exposed the Bank's earnings and capital to erosion. The Bank continues to focus on the management of the repricing gap and use of inflation hedging instruments to minimise on the effects of market risk.

4.3.1.6 Strategy Risk

The Board of Directors is responsible for approving the Bank's Long-Term Strategy and Annual Work Programmes and Budgets. Management is tasked with the responsibility to ensure implementation of strategies that foster the successful achievement of the Bank's Strategy.

4.3.1.7 Reputational Risk

The Bank strives to maintain open channels of engagement with stakeholders in line with its Independent Review Mechanism (IRM). The Bank further endeavours to ensure that stakeholders are kept apprised of Bank projects, products, policies, and strategic activities through its website.

4.3.1.8 Compliance Risk

The Bank has an independent Compliance Review and Mediation Department (CMMD) providing oversight through an Independent Review Mechanism. The Board has overall oversight over compliance risk management.

4.3.2 External Credit Rating

The Bank was rated under the Prudential Standards, Guidelines and Rating System (PSGRS)'s revised rating framework which commenced in 2021. The PSGRS rating for the financial year ended 31 December 2021 which was concluded in 2022 was B+ with a score of 82%. The rating scale evaluates three critical areas namely: Governance, Financial and Operational Standards. The ratings are summarised in Table 8:

Table 8: Risk Assessment Ratings

PSGRS Standard	Rating Year: 2022	Rating Year: 2021	Rating Year: 2020	Rating Year: 2019	Rating Year: 2018
Governance	35%	43%	39%	43%	36%
Financial	20%	29%	33%	28%	27%
Operational	27%	16%	19%	17%	19%
Overall Score	**82%**	**88%**	**91%**	**88%**	**82%**
PSGRS Rating	B+	B+	A+	A+	A

4.4 DIRECTORS' REPORT

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

The Bank is involved in infrastructure development and financing, resource mobilisation and infrastructure value chain financing. The Bank's sectors of focus are outlined in sections 1.3 and 4.1. These sectors have been identified as having the greatest positive socio-economic impact.

4.4.2 General Policy Directions of the Minister of Finance and Economic Development

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

Section 9A (3) of the IDBZ Act requires the Board to set out in its annual report, the terms of every direction given to it in terms of this provision by the Minister and any views or comments the Board expressed on such direction. During the year under review the Minister did not issue any directive of a policy nature to the Board.

4.4.3 Authorised and Issued Share Capital

4.4.3.1 Ordinary Share Capital

The authorized share capital of the Bank remained at ZWL$1 500 000 comprised of 150 000 000 ordinary shares at a nominal value of ZWL$0.01 (one cent) per share. The issued ordinary shares increased by 5,989,566 to 30,054,287 following a rights issue which was fully subscribed by Government of Zimbabwe and the Reserve Bank of Zimbabwe.

4.4.3.2 Preference Share Capital

The Preference Shares remained unchanged at 382,830 with a nominal value of ZWL$100.00 per share. The non-cumulative, non-redeemable preference shares were issued to Government of Zimbabwe and carry a 5% dividend payable out of distributable profits.

4.4.4 Investments

As at the year end, the Group had the following sizeable investments:

Subsidiaries		
Waneka Properties (Private) Limited	-	70%
Kariba Housing Development Project	-	90%
Norton Medical Investments (Private) Limited	-	60%
Mazvel Investments (Private) Limited	-	42.83%
Samukele Lodge (Private) Limited	-	100%
Changamire Inkosi Investments (Private) Limited	-	60%
Associates		
Mosi-Oa-Tunya Development Company (Private) Limited	-	20.60%

4.4.5 Financial Results for the Year

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

4.4.6 Dividends

The Directors do not recommend a dividend for the year ended 31 December 2022 because the Bank made an operating loss.

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

The Bank is committed to complying fully with all provisions of the PECG Act and has established a reporting mechanism to monitor and track compliance with the Act.

4.4.8 Going Concern

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

With a capital base of ZWL 14,7 billion as of the 31st of December 2022, and taking into account the Bank's future business prospects presented by the scope of the IDBZ's mandate, the Directors have a reasonable expectation that the Group has adequate resources to continue as a going concern in the foreseeable future.

4.4.9 Subsidiary and Associate Companies

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

4.4.10 Directorate

The following Board Members were re-appointed to the Board for a further three (3) year term on 19 July 2022. Two (2) Board Members did not seek reappointment following the expiry of their term of office. The Minister is in the process of appointing new Board Members to replace those who did not seek reappointment.

Table 9: The IDBZ Board Members

Name	Type
Joseph Mutizwa	Independent Non-Executive Chairman
Sibusisiwe P Bango	Independent Non-Executive Director
Kupukile Mlambo	Non-Executive Director
Reginald Mugwara	Independent Non-Executive Director
Norbert O Mugwagwa	Independent Non-Executive Director
Tadios Muzoroza	Independent Non-Executive Director
Zondo T. Sakala	Chief Executive/Ex-Officio

1.4.10.1 Directors' Interest in the Infrastructure Development Bank of Zimbabwe

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

1.4.10.2 Declaration of Assets

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

1.4.10.3 Directors' Emoluments

Directors' emoluments are disclosed in the Corporate Governance Statement as well as in the notes to the Financial Statements.

1.4.10.4 Interest of Directors and Officers

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

1.4.11 Auditors

The Auditor General appointed BDO Chartered Accountants (Zimbabwe) as the Bank's independent auditor effective the year 2021. For the year under review, the audit fees were pegged at US$145,558 including VAT and disbursement. The Auditors were appointed for a five (5) year term.

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

Joseph Mutizwa
Board Chairman

Zondo T. Sakala
Chief Executive Officer

4.5 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Banking Act (Chapter 24:20) and the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14], to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Bank as at the end of the financial period and the results of its operations and cash flows for the financial year then ended, in conformity with International Financial Reporting Standards.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Bank and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Bank and all employees are required to maintain the highest ethical standards in ensuring the Bank's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Bank is on identifying, assessing, managing and monitoring all known forms of risk across the Bank. While operating risk cannot be fully eliminated, the Bank endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The Directors have assessed the ability of the Bank to continue operating as a going concern and believe that the preparation of the financial statements on a going concern basis is still appropriate.

The external auditors are responsible for independently auditing and reporting on the Bank's financial statements. The financial statements and related notes have been audited by the Bank's external auditors and their report is presented on page 45 to 47.

The audited annual financial statements set out on pages 51 to 108 were approved by the Board of Directors on 28 March 2023 and are signed on its behalf by:

Joseph Mutizwa	**Zondo T. Sakala**
Board Chairman	**Chief Executive Officer**

28 March 2023

4.5.1 Financial Statements for the Infrastructure Development Bank of Zimbabwe

Preparer of Financial Statements

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

Cassius Gambinga
Director Finance

Joseph Mutizwa
Board Chairman

Zondo T. Sakala
Chief Executive Officer

CHAPTER

05.

FINANCIAL STATEMENTS

CONTENTS

Shareholding Structure

Table .10

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

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

Independent Auditors Report

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REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE

Qualified Opinion

We have audited the accompanying consolidated financial statements of **INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE AND ITS SUBSIDIARIES ('the Bank") s**et out on pages 51 to 108, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matters (i) and (ii) discussed under the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE AND ITS SUBSIDIARIES** as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

i) Valuation of property and equipment and investment property

The Group had property and equipment and investment property with carrying amounts of ZWL3,235,006,049 (2021: ZWL2,274,985,511) and ZWL8,458,246,393 (2021: ZWL5,044,345,951) respectively, as at 31 December 2022. The Group engaged an external valuer to value its property and equipment and investment property in the current and the prior year using the market approach. The valuations were performed in United States Dollars (USD) using USD denominated inputs. The Bank translated the USD values to ZWL using the closing Reserve Bank of Zimbabwe auction exchange rate.

ii) Valuation of unquoted shares

The Group holds a 4.55% shareholding in a company registered in Botswana with a fair value of ZWL5,443,190,191 (2021: ZWL2,618,489,287) as at 31 December 2022. The valuation was performed in United States Dollars (USD) using USD denominated inputs. The Group translated the USD value to ZWL using the Reserve Bank of Zimbabwe auction exchange rate.

In our view the translation from USD to ZWL mentioned above may not give a reasonable indication of fair value as defined by International Financial Reporting Standard 13, "Fair Value Measurement", (IFRS 13). IFRS 13 paragraph 2 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In the current environment, it is not likely that the ZWL price derived from translating the USD value at the Reserve Bank of Zimbabwe auction exchange rate would be the price at which a ZWL denominated transaction would occur.

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

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

Key audit matter

Key audit matters are those matters that in our professional judgment were of most significance in our audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion, we have determined the matter described below to be the key audit matter to be communicated in our report:-

Key audit matter	Audit response
Expected Credit Loss The Bank's expected credit loss (ECL) on advances and sundry receivables amounted to ZWL1,547,757,587. The determination of the ECL is a key area of judgement for management. The identification of impairment and the determination of the recoverable amount are an inherently uncertain process involving various assumptions and factors including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices. The use of different modelling techniques and assumptions could produce significantly different estimates of provisions.	We assessed and tested the design and operating effectiveness of the controls over individual and collective impairment calculations including the quality of underlying data and systems. For loan loss provisions calculated on an individual basis we tested the assumptions underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral and estimates of recovery on default. This included taking into consideration the impact of forbearance. For loan loss provisions calculated on a collective basis we tested, supported by our specialists, the underlying models including the model approval and validation process. We also tested the appropriateness and accuracy of the inputs to those models, such as recovery and cure rates, and where available, compared data and assumptions made to external benchmarks. We also tested the accuracy and completeness of the receivables aging analysis with regards to the sundry debtors and circulated confirmation letters to confirm balances owed to the Bank. Finally, we assessed and tested the design and operating effectiveness of the controls over related disclosures including forbearance and cover values.

Other information

The Directors are responsible for other information. The other information comprises of the Chairman's Statement, Report of the Directors, Corporate Governance Statement, Director's Responsibility Statement. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on other information that we have obtained prior to the date of the Auditor's Report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Bank's ability to continue operating as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue operating as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

BDO Zimbabwe

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BDO Zimbabwe Chartered Accountants
3 Baines Avenue,
Harare

28 March 2023

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

Consolidated Statement Of Financial Position
for the year ended 31 December 2022

	Note	Inflation Adjusted 31 Dec 2022 ZWL	Inflation Adjusted 31 Dec 2021 ZWL	Historical Cost 31 Dec 2022 ZWL	Historical Cost 31 Dec 2021 ZWL
ASSETS					
Cash and bank balances	5	3 294 456 788	2 546 834 875	3 294 456 788	740 876 130
Inventories	11	13 404 629 176	12 497 468 606	1 247 525 472	770 270 508
Other receivables and prepayments	10	5 586 247 845	4 105 507 726	4 887 351 833	1 058 652 460
Loans and advances to customers	9	1 034 832 423	1 867 884 734	1 034 832 423	543 369 037
Investment securities	6	102 337 119	236 126 442	102 337 119	68 689 355
Financial assets at fair value through other comprehensive income	7	5 961 117 426	2 899 759 995	5 961 117 426	843 542 306
Treasury bills and other financial assets	8	11 714 008	123 524 045	11 714 008	35 933 235
Assets pledged as collateral	8.1	55 841 000	170 773 032	55 841 000	49 678 000
Investment in associates	12.3	462 543 151	435 496 772	42 514 516	556 944
Investment property	13	8 458 246 393	5 044 345 951	8 458 246 393	1 467 403 931
Intangible assets	16	286 113 750	228 876 997	21 326 772	56 856 696
Property and equipment	15	3 235 006 049	2 274 985 511	2 711 136 295	520 847 100
Right of use of assets	17	68 391 229	53 183 342	15 141 516	8 488 393
Deferred taxation	18	768 229 266	91 449 543	387 827 570	20 019 366
Total		**42 729 705 623**	**32 576 217 571**	**28 231 369 131**	**6 185 183 461**
Non-current assets held for sale	**14**	**1 645 715 617**	**-**	**1 645 715 617**	**-**
Total assets		**44 375 421 240**	**32 576 217 571**	**29 877 084 748**	**6 185 183 461**
EQUITY AND LIABILITIES					
LIABILITIES					
Deposits from customers	24	3 461 686 535	1 611 123 266	3 461 686 535	468 676 938
Local lines of credit and bonds	25	4 903 245 136	2 610 975 765	4 903 245 136	759 534 762
Other liabilities	26	3 663 494 469	2 473 154 816	3 530 913 415	719 442 547
Deferred taxation	18	-	23 863 041	-	4 848 345
Lease liability - buildings		15 298 556	35 160 979	15 298 556	10 228 354
Total liabilities		**12 043 724 696**	**6 754 277 867**	**11 911 143 642**	**1 962 730 946**
EQUITY					
Share capital	19	13 066 648	12 956 031	300 543	240 647
Share premium	19	30 992 328 864	29 274 890 294	1 933 462 820	1 003 522 716
Foreign currency translation reserve	20	8 891 755 805	8 891 755 805	51 967 059	51 967 059
Amounts awaiting allotment	19	1 606 294 508	-	1 500 000 000	-
Preference share capital	23	5 894 123 485	5 894 123 485	38 283 003	38 283 003
Fair value reserve	22	6 357 056 744	3 466 234 836	5 828 928 250	811 760 202
Revaluation reserve	21	3 605 294 864	1 262 276 668	2 759 280 128	466 377 641
Retained (loss) / profit		(24 805 661 252)	(24 905 405 374)	7 178 446 358	1 781 397 842
Equity attributable to parent owners of the Group		**32 554 259 666**	**23 896 831 745**	**19 290 668 161**	**4 153 549 110**
Non-controlling interest in equity		**(222 563 122)**	**1 925 107 959**	**(1 324 727 055)**	**68 903 405**
Total shareholders' equity		**32 331 696 544**	**25 821 939 704**	**17 965 941 106**	**4 222 452 515**
Total equity and liabilities		**44 375 421 240**	**32 576 217 571**	**29 877 084 748**	**6 185 183 461**

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

Joseph Mutizwa
(Chairman of the Board)

28 March 2023

Thomas Z. Sakala
(Chief Executive Officer)

28 March 2023

Consolidated Statement of Profit or Loss And Other Comprehensive Income

for the year ended 31 December 2022

	Note	Inflation Adjusted 31 Dec 2022 ZWL	Inflation Adjusted 31 Dec 2021 ZWL	Historical Cost 31 Dec 2022 ZWL	Historical Cost 31 Dec 2021 ZWL
Interest and related income	27.1	250 434 949	223 052 999	147 304 460	54 153 711
Interest and related expense	27.2	(1 370 444 150)	(396 828 371)	(1 115 535 550)	(93 601 632)
Net interest expense		**(1 120 009 201)**	**(173 775 372)**	**(968 231 090)**	**(39 447 921)**
Property sales	28	246 879 977	5 335 274	240 594 033	1 466 700
Cost of sales	28	(38 918 852)	-	(38 183 170)	-
Net profit on property sales		207 961 125	5 335 274	202 410 863	1 466 700
Fee and commission income	29	77 479 440	69 053 796	42 631 622	16 566 379
Dividend income		15 391 966	154 083	11 797 922	35 048
Net revenue		**(819 176 670)**	**(99 232 219)**	**(711 390 683)**	**(21 379 794)**
Other income	31	325 766 211	49 564 378	225 167 231	6 616 992
Loan impairment charge		(90 184 975)	(155 641 458)	(34 498 571)	(44 594 774)
Rent debtors impairment charge		(8 590 954)	-	(6 869 309)	-
Debtors impairment charge		(1 718 693 475)	(85 574 360)	(1 374 263 602)	(19 291 285)
Treasury bills impairment recovery (charge)		89 639	(3 225 010)	49 358	(938 158)
Fair value gain / (loss) on investment property	13; 32	3 514 032 925	(1 399 483 960)	7 008 050 506	300 737 895
Fair value gain on non-current assets held for sale	14	862 194 265	-	1 417 788 682	-
Net (loss) / gain on financial assets at fair value through profit or loss	6 ; 30	(133 789 323)	102 540 037	33 647 764	44 513 108
Net foreign exchange gain	33	2 055 970 388	1 040 007 337	821 709 618	272 327 867
Operating expenses	34	(5 211 022 954)	(2 894 986 344)	(3 702 579 728)	(657 051 490)
Interest expense on lease liability		(2 582 749)	(3 259 272)	(2 240 675)	(944 559)
Profit on disposal of investment property		15 485 947	94 555 388	12 424 660	14 405 779
Share of loss of associate	12.3	(92 570 628)	(12 579 621)	(74 242 723)	(2 835 862)
(Loss) / profit for the year before taxation		**(1 303 072 353)**	**(3 367 315 105)**	**3 612 752 528**	**(108 434 281)**
Income tax expense	35	-	(19 983 712)	-	(4 504 988)
Income tax credit	35	676 779 723	87 371 945	372 656 548	19 696 520
(Loss) / profit for the year		**(626 292 630)**	**(3 299 926 872)**	**3 985 409 076**	**(93 242 749)**
Loss on net monetary position		**(1 581 125 823)**	**(1 195 017 445)**	**-**	**-**
(Loss) / profit for the year		**(2 207 418 453)**	**(4 494 944 317)**	**3 985 409 076**	**(93 242 749)**
Other comprehensive income					
Items that may be reclassified to profit and loss					
Net fair value gain/ (loss) on financial assets at fair value through other comprehensive income		2 890 821 908	(83 603 863)	5 017 168 048	303 618 066
Revaluation surplus / (loss) on property and equipment		2 343 018 196	(182 127 623)	2 310 911 466	136 704 550
Other comprehensive income/ (loss) for the year net of tax		**5 233 840 104**	**(265 731 486)**	**7 328 079 514**	**440 322 616**
Total comprehensive income / (loss) for the year		**3 026 421 651**	**(4 760 675 803)**	**11 313 488 590**	**347 079 867**
Loss / (profit) for the year attributable to:					
Equity holders of the parent entity		99 744 122	(4 433 714 623)	5 397 048 516	(68 701 585)
Non-controlling interest		(2 307 162 575)	(61 229 694)	(1 411 639 440)	(24 541 164)
		(2 207 418 453)	**(4 494 944 317)**	**3 985 409 076**	**(93 242 749)**
Total comprehensive profit/ (loss) attributable to:					
Equity holders of the parent entity		5 290 902 064	(4 868 823 534)	12 707 119 051	347 021 192
Non-controlling interest		(2 264 480 413)	108 147 731	(1 393 630 461)	58 675
		3 026 421 651	**(4 760 675 803)**	**11 313 488 590**	**347 079 867**
Profit/ (loss) per share attributable to the equity holders of the Bank during the year (expressed in ZWL cents per share)					
Basic earnings per share					
From profit/(loss) for the year attributable to equity holders (ZWL cents)	36	342	(18 424)	17 960	(285)

Consolidated Statement of Changes In Equity

for the year ended 31 December 2022

	Ordinary share capital ZWL	Share premium ZWL	Amounts Awaiting allotment ZWL	Foreign Currency Translation reserve ZWL	Preference share capital ZWL	Fair value reserve ZWL	Revaluation reserve ZWL	Retained Earnings ZWL	Total before non-controlling interest ZWL	Non-controlling interest ZWL	Total equity ZWL
Inflation Adjusted											
Balance as at 1 Jan 2021	**11 501 552**	**6 692 641 760**	**19 781 386 324**	**8 891 755 805**	**5 894 123 485**	**3 549 838 699**	**1 444 404 291**	**(20 471 690 749)**	**25 793 961 167**	**1 644 818 482**	**27 438 779 649**
Profit for the year	-	-	-	-	-	-	-	(4 433 714 625)	(4 433 714 625)	(61 229 694)	(4 494 944 319)
Revaluation of property and equipment	-	-	-	-	-	-	(182 127 623)	-	(182 127 623)	341 519 171	159 391 548
Net fair value gain on financial assets at fair value	-	-	-	-	-	(83 603 863)	-	-	(83 603 863)	-	(83 603 863)
Issue of share capital	-	-	2 802 316 689	-	-	-	-	-	2 802 316 689	-	2 802 316 689
Allotment of shares	1 454 479	22 582 248 534	(22 583 703 013)	-	-	-	-	-	-	-	-
Balance as at 31 Dec 2021	**12 956 031**	**29 274 890 294**	**-**	**8 891 755 805**	**5 894 123 485**	**3 466 234 836**	**1 262 276 668**	**(24 905 405 374)**	**23 896 831 745**	**1 925 107 959**	**25 821 939 704**
Balance at 1 Jan 2022	**12 956 031**	**29 274 890 294**	**-**	**8 891 755 805**	**5 894 123 485**	**3 466 234 836**	**1 262 276 668**	**(24 905 405 374)**	**23 896 831 745**	**1 925 107 959**	**25 821 939 704**
Profit for the year	-	-	-	-	-	-	-	99 744 122	99 744 122	(2 307 162 575)	(2 207 418 453)
Revaluation of property and equipment	-	-	-	-	-	-	2 343 018 196	-	2 343 018 196	159 491 494	2 502 509 691
Net fair value gain on financial assets at fair value	-	-	-	-	-	2 890 821 908	-	-	2 890 821 908	-	2 890 821 908
Issue of share capital	38 662	600 263 105	2 723 541 928	-	-	-	-	-	3 323 843 695	-	3 323 843 695
Allotment of shares	71 955	1 117 175 465	(1 117 247 420)	-	-	-	-	-	-	-	-
Balance as at 31 Dec 2022	**13 066 648**	**30 992 328 864**	**1 606 294 508**	**8 891 755 805**	**5 894 123 485**	**6 357 056 744**	**3 605 294 864**	**(24 805 661 252)**	**32 554 259 666**	**(222 563 122)**	**32 331 696 545**
Historical Cost											
Balance at 1 Jan 2021	**187 848**	**183 767 850**	**100 000 000**	**51 967 059**	**38 283 003**	**508 142 136**	**297 282 774**	**1 850 099 427**	**3 029 730 097**	**70 001 386**	**3 099 731 483**
Profit for the period	-	-	-	-	-	-	-	(68 701 585)	(68 701 585)	(24 541 164)	(93 242 749)
Disposal of Hwange Empumalanga stands	-	-	-	-	-	-	-	-	-	(1 230 000)	(1 230 000)
Revaluation of property and equipment	-	-	-	-	-	-	169 094 867	-	169 094 867	24 673 183	193 768 050
Net fair value gain on financial assets at fair value	-	-	-	-	-	303 618 066	-	-	303 618 066	-	303 618 066
Issue of share capital	-	-	719 807 665	-	-	-	-	-	719 807 665	-	719 807 665
Allotment of shares	52 799	819 754 866	(819 807 665)	-	-	-	-	-	-	-	-
Balance as at 31 Dec 2021	**240 647**	**1 003 522 716**	**-**	**51 967 059**	**38 283 003**	**811 760 202**	**466 377 641**	**1 781 397 842**	**4 153 549 110**	**68 903 405**	**4 222 452 515**
Balance at 1 Jan 2022	**240 647**	**1 003 522 716**	**-**	**51 967 059**	**38 283 003**	**811 760 202**	**466 377 641**	**1 781 397 842**	**4 153 549 110**	**68 903 405**	**4 222 452 515**
Profit for the period	-	-	-	-	-	-	-	5 397 048 516	5 397 048 516	(1 411 639 440)	3 985 409 076
Revaluation of property and equipment	-	-	-	-	-	-	2 292 902 487	-	2 292 902 487	18 008 979	2 310 911 466
Net fair value gain on financial assets at fair value	-	-	-	-	-	5 017 168 048	-	-	5 017 168 048	-	5 017 168 048
Issue of share capital	30 914	479 969 086	1 950 000 000	-	-	-	-	-	2 430 000 000	-	2 430 000 000
Allotment of shares	28 982	449 971 018	(450 000 000)	-	-	-	-	-	-	-	-
Balance as at 31 Dec 2022	**300 543**	**1 933 462 820**	**1 500 000 000**	**51 967 059**	**38 283 003**	**5 828 928 250**	**2 759 280 128**	**7 178 446 358**	**19 290 668 161**	**(1 324 727 055)**	**17 965 941 106**

Consolidated Statement of Cash Flows
for the year ended 31 December 2022

	Note	Inflation Adjusted		Historical Cost	
		31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Cash flows from operating activities					
Profit / (loss) for the year		(1 303 072 353)	(3 367 315 105)	3 612 752 528	(108 434 281)
Adjustments for:					
Depreciation	15	117 027 551	272 525 166	65 862 516	14 238 254
Amortisation	16	35 329 255	76 916 179	63 896 168	319 182
Finance cost		2 582 749	3 259 272	2 240 675	944 559
Profit on disposal of investment property		(15 485 947)	(94 555 388)	(12 424 660)	(12 096 154)
Profit on disposal of motor vehicles		(15 005 256)	-	(9 555 833)	-
Loan impairment charge		90 184 975	155 641 458	34 498 571	44 594 774
Rent debtors impairment charge		8 590 954	-	6 869 309	-
Debtors impairment charge		1 718 693 475	85 574 360	1 374 263 602	19 291 285
Treasury bills impairment (recovery) /charge		(89 639)	3 225 010	(49 358)	938 158
Provisions and accruals		(191 145 733)	10 203 292	(191 145 733)	2 968 145
Net gain from translation of foreign currency balances		(2 055 970 388)	(1 040 007 337)	(821 709 618)	(272 327 867)
Gain on financial assets measured at fair value through OCI		-	(1 043 717 091)	-	(303 618 066)
Loss / (Gain) on financial assets at fair value through profit or loss	6	133 789 323	(102 540 037)	(33 647 765)	(44 513 108)
Unrealised fair value gain on investment property	13	(3 514 032 925)	(1 399 483 961)	(7 008 050 506)	(300 737 895)
Unrealised fair value gain on non-current assets held for sale	14	(862 194 265)	-	(1 417 788 682)	-
Share of loss of associate		92 570 628	12 579 621	74 242 723	2 835 862
Inflation effect on cash and cash equivalent		(3 965 099 164)	594 387 040	-	-
		(9 723 326 760)	**(5 833 307 521)**	**(4 259 746 063)**	**(955 597 152)**
Changes in:					
Loans and advances to customers	9	833 052 311	(858 826 033)	(491 463 386)	(405 346 042)
Treasury bills and other financial assets		226 742 068	(79 339 267)	18 056 227	(8 218 747)
Other receivables and prepayments	10	(1 480 740 119)	896 700 441	(3 828 699 373)	(230 830 490)
Inventories	11	(907 160 570)	(2 155 750 988)	(477 254 960)	(510 909 243)
Deposits from customers		1 850 563 269	373 334 179	2 993 009 597	244 696 406
Other liabilities		1 190 339 653	1 326 201 856	2 150 729 878	539 185 354
Net cash (utilised in) / generated from operating activities		**(8 010 530 148)**	**(6 330 987 333)**	**(3 895 368 080)**	**(1 327 019 914)**
Cash flow from investing activities					
Acquisition of property and equipment	15	(147 261 029)	(125 677 567)	(136 764 068)	(20 116 725)
Acquisition of financial assets at fair value through other comprehensive income	7	(170 535 523)	-	(100 407 072)	-
Proceeds from sale of investment property		236 020 228	223 492 157	150 450 460	44 701 065
Acquisition of investment property		(56 377 380)	(72 819 637)	(49 838 878)	(16 010 359)
Dividend received		15 391 966	154 083	11 797 922	35 048
Net cash (used in) / generated from investing activities		**(122 761 738)**	**25 149 036**	**(124 761 636)**	**8 609 029**
Cash flow from financing activities					
Proceeds from issue of bonds		3 264 800 734	3 319 152 002	3 264 800 734	965 543 748
Increase/(decrease) in local lines of credit and bonds		2 292 269 371	742 142 243	878 909 640	13 958 423
Rights issue	19	3 323 843 694	2 802 316 689	2 430 000 000	719 807 665
Net cash generated from financing activities		**8 880 913 799**	**6 863 610 934**	**6 573 710 374**	**1 699 309 836**
Net increase in cash and cash equivalents		747 621 913	557 772 637	2 553 580 658	380 898 951
Cash and cash equivalents at the beginning of the year		**2 546 834 875**	**1 989 062 238**	**740 876 130**	**359 977 179**
Cash and cash equivalents at end of the year	5	**3 294 456 788**	**2 546 834 875**	**3 294 456 788**	**740 876 130**

Significant Accounting Policies
for the year ended 31 December 2022

1 INFRASTRUCTURE DEVELOPMENT BANK GROUP PROFILE AND PRINCIPAL ACTIVITIES

The Infrastructure Development Bank of Zimbabwe ("IDBZ"/ the "Bank"/the Group") is a Development Financial Institution which is incorporated and domiciled in Zimbabwe under the IDBZ Act (Chapter 24:14). The address of the Bank 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 28 March 2023.

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 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations and in the manner required by the Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14) and the Banking Act (Chapter 24:20).

The financial results were prepared based on statutory records that are maintained under the historical cost basis and restated for the changes in the purchasing power (inflation) by applying the closing Consumer Price Index (CPI) at the end of the reporting period in compliance with IAS 29 "Financial Reporting in Hyperinflationary Economies". The financial statements are presented in Zimbabwe Dollars (ZWL), which is the functional currency of the Group.

Impact of inflation of financial reporting

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

Appropriate adjustments and reclassifications, including restatements for changes and general purchasing power of the Zimbabwean dollar and for the purposes of fair presentation in accordance with IAS 29, have been made in these financial statements to the historical cost financial information for the current year and prior period using the general Consumer Price Index ("CPI"). As a result, the consolidated financial statements and comparatives are stated in terms of the measuring unit current as at 31 December 2022.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Gains or losses on the net monetary position are recognised in profit or loss and included in trading profit.

All items recognised in the statement of comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

Restated retained earnings are derived from all other amounts in the restated statement of financial position.

All components of owners' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

The following "All Items" CPI indices were used to prepare Inflation Adjusted Financial Statements:

31 December 2022

Indices and conversion factors	All Items CPI	Movement CPI	Conversion Factors	Movement Conversion Factor
CPI as at 31 December 2022	13,672.91	9,695.45	1.00	2.44
CPI as at 31 December 2021	3,977.46	1,502.96	3.44	2.09
CPI as at 31 December 2020	2,474.50	-	5.53	-

2.1.1 Basis of consolidation

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

Subsidiaries

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

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

Non-controlling Interest

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

Basis of measurement

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

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

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

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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability

Comparative financial information

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

Use of estimates and judgements

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

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

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

Judgement was applied on the following in preparing financial statements:
- The Group's functional and presentation currency,
- Cash generating units for impairment loss computation;
- Classification of financial instruments;
- Use of exchange rates;
- Impairment of assets;
- Useful lives of assets;
- Income taxes;
- Allowances for credit losses;
- Employee benefits accruals and provisions

2.1.2 New standards, interpretations and amendments effective and not yet effective
New standards, interpretations and amendments effective from 1 January 2022

The following amendments are effective for periods beginning 1 January 2022:
- Onerous contracts – cost of fulfilling a contract (Amendments to IAS 37);
- Property, plant and equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual improvements to IFRS Standards 2018-2020 (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to conceptual framework (Amendments to IFRS 3).

The entity applied these standards and amendments for the first-time, which are effective for annual periods beginning on or after 1 January 2022. These new amendments and interpretations issued by the IASB, have had no material effect on the entity's financial statements.

Onerous contracts – cost of fulfilling a contract (Amendments to IAS 37)
IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Entity has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.
The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:
- the incremental costs of fulfilling that contract- e.g. direct labour and material; and
- an allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

The Bank, prior to the application of the amendments, did not have any onerous contracts.

As a result of the amendments, certain other directly related costs have now been included by the Bank in determining the costs of fulfilling the contracts. The Entity has therefore recognised an additional onerous contract provision as at 1 January 2022.

In accordance with the transitional provisions, the Bank applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of Property, Plant and Equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it has been constructed but before start of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

These amendments had no impact on the year-end consolidated financial statements of the Entity as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.
Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1 and IFRS 9).
- A subsidiary that uses the exemption in paragraph D16(a) of IFRS 1 may elect, in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in paragraph D16(a).
- The amendment in IFRS 9 clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

References to Conceptual Framework (Amendments to IFRS 3)
IFRS 3:11 amended to refer to the – 2018 version of the Conceptual Framework for Financial Reporting. IFRS 3 has also been amended in respect of the specific requirements for transactions and other events within the scope of IAS 37 or IFRIC 21:

- For a provision or contingent liability that would be within the scope of IAS 37, the acquirer shall apply IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events.
- For a levy that would be within the scope of IFRIC 21, the acquirer shall apply IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred at the acquisition date.
- The acquirer shall not recognise a contingent asset at the acquisition date.

a) New standards, interpretations and amendments not yet effective
There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Entity has decided not to adopt early. These amendments are effective for the periods beginning on or after 1 January 2023. The entity has not carried an assessment of whether the new standards and amendments will have a material impact on its financial statements.

The following amendments are effective for periods beginning 1 January 2023:

- Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of accounting estimates (Amendments to IAS 8);
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12); and

The following amendments are effective for periods beginning 1 January 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);
- IAS 1 Presentation of financial Statements (Amendment – Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of financial Statements (Amendment – Non-current Liabilities with Covenants).

The Bank is currently assessing the impact of these new accounting standards and amendments. The bank does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

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

Annual improvements to IFRS standards 2018-2020 (Amendments to IAS 41)
The requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value has been removed. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 (fair value measurement) to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

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

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

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

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

Definition of accounting estimates (Amendments to IAS 8).

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

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

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

2.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

2.3 Consolidation

(a) Subsidiaries

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

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Control is achieved when the Group:

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

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

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

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

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree 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 acquiree's identifiable net assets.

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

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

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

(b) Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

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

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

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

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

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

Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

(e) Joint operations

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

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

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

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

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

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

2.4 Cash and cash equivalents

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

Deferred tax

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

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

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

2.5 Financial assets and liabilities

2.5.1 Date of recognition

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

2.5.2 Initial measurement of financial instruments

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

2.5.3 Day 1 profit or loss

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

2.5.4 Measurement categories of financial assets and liabilities

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

- Amortised cost,
- FVOCI; and
- FVPL

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

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

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

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

- That the Bank intended to sell immediately or in the near term
- That the Bank, upon initial recognition, designated as at FVPL or as available-for-sale
- For which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration, which were designated as available-for-sale.
  From 1 January 2018, the Bank only measures balances due from other banks, loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

2.5.6 Business model assessment

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

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

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

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

2.5.7 The SPPI test

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

2.5.8 Financial assets or financial liabilities held for trading

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

2.5.9 Debt instruments at FVOCI

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

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

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

2.5.10 Equity instruments at FVOCI

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

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

2.5.11 Debt issued (bonds) and other borrowed funds

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

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

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

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis
  Or
- The liabilities are part of a group of financial liabilities , which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
  Or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

2.6 Reclassification of financial assets and liabilities

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

2.7 Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Bank derecognises a financial asset, such as a loan to a customer , when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

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

2.8 Derecognition other than for substantial modification

2.8.1 Financial assets

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

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

- The Bank has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement:
  Pass-through arrangements are transactions wh ereby the Bank retains the contractual rights to receive the cash flows of a

financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients
- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

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

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Bank's continuing involvement, in which case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay. If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.8.2 Financial liabilities

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

2.9. Impairment of financial assets

2.9.1 Overview of the ECL principles

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

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

Based on the above process, the Bank groups its loans into Stage 1, Stage 2 ,Stage 3 and POCI, as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: These are loans that are considered credit -impaired. The Bank records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition.

POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

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

2.9.2. The calculation of ECLs

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

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

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

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

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

The mechanics of the ECL method are summarised below:

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

  The method is similar to that for Stage 2 assets, with the PD set at 100%.
- POCI POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit-adjusted EIR.

  Treatment of loan commitments, financial guarantees and other off-balance sheet exposures
- Loan commitments and letters of credit.
- Financial guarantee contracts.

When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.
The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

2.9.3 Debt instruments measured at fair value through OCI

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

2.9.4 Purchased or originated credit impaired financial assets (POCI)

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

2.9.5 Forward looking information

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

- GDP growth
- Unemployment rates
- Inflation

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

2.10. Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Bank's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same as it was under IAS 39. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed when market fundamentals change significantly. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

2.11. Collateral repossessed

The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Bank's policy.

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the Statement of Financial Position.

2.12. Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense..

2.13 Forborne and modified loans

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

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

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

2.14 Taxes

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

Changes in tax rates

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

2.14.1 Income tax

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

(a) Current

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

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

(b) Deferred taxation

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

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

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

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

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

2.15 Other receivables

Other receivables and prepayments are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non current assets.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.16 Inventories

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

2.16.1 Property development

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

2.16.2 Completed property held for sale

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

2.17 Investment property

Property that is held for long-term rental yields or for capital appreciation or both; and that is not occupied by the entities in the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

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

These valuations form the basis for the carrying amounts in the consolidated financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.
Fair value measurement of property under construction is only applied if the fair value is considered to be reliably measurable. It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

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

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

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

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those rational market participants would takeinto account when determining the value of the investment property. policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

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

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

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

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

2.18 Property and equipment

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

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

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

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

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

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

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

2.19 Intangible assets

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

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

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

2.21 Share capital

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

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

2.22 Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and bonus.

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

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

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

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

2.25 Related parties

Related party transactions and outstanding balances with key management and other entities in the Group are disclosed on note 39.

2.26 Revenue recognition

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

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

2.26.1 Recognition of interest income

The effective interest rate method

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

Interest and similar income

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

2.26.2 Non-interest income

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

2.26.3 Dividend income

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

2.26.4 Rental income

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

2.26.5 Government grants

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

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

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

2.26.6 Property sales

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

2.27 Employee benefits

2.27.1 Pension scheme

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

2.27.2 Termination benefits

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

2.27.3 Short term employee benefits

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

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

2.28 Earnings per share

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

2.29 Dividend distribution

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

2.30 Fiduciary activities

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

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

2.31 Critical accounting estimates and key sources of estimation uncertainty

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

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

2.31.1 Impairment on loans and advances

(a) Determination of impairment allowance

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

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

(b) Significant increase in credit risk

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

(c) Default

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

2.31.2 Key sources of estimation uncertainty

Impairment of financial assets at fair value through other comprehensive income

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

2.31.3 Useful lives and residual values of property and equipment

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

2.31.4 Fair value measurements and valuation processes

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

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

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

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

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

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

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

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

The Group engaged an independent valuation specialist to assess fair values as at 31 December 2022 for the investment properties and land and buildings.

2.31.5 Going concern
After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the consolidated financial statements. Additional information on the going concern assumption is disclosed in Note 41.

3 RISK MANAGEMENT

3.1 Risk management policies

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

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

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

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

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

3.2 Credit risk

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

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

	Inflation adjusted		Historical Cost	
	Maximum Exposure 31 Dec 2022 ZWL	**Maximum Exposure 31 Dec 2021 ZWL**	**Maximum Exposure 31 Dec 2022 ZWL**	**Maximum Exposure 31 Dec 2021 ZWL**
Credit risk exposure relating to on-balance sheet assets are as follows:				
Cash and bank balances	3 294 456 788	2 546 834 875	3 294 456 788	740 876 130
Treasury bills and other financial assets	11 714 008	123 524 045	11 714 008	35 933 235
Gross loans and advances to customers	1 122 685 766	2 027 400 331	1 122 685 766	589 772 241
Assets pledged as collateral	55 841 000	170 773 032	55 841 000	49 678 000
Other receivables and prepayments	5 586 247 845	4 105 507 726	4 887 351 833	1 058 652 460
	10 070 945 407	**8 974 040 009**	**9 372 049 395**	**2 474 912 066**
Credit risk exposure relating to off-balance sheet assets are as follows:				
Loan commitments and guarantees	2 400 000	8 250 237	2 400 000	2 400 000
Maximum exposure to credit risk	**10 073 345 407**	**8 982 290 246**	**9 374 449 395**	**2 477 312 066**

Financial guarantees. Financial guarantees principally represent guarantees that require the Group to make certain payments if guarantee holders fail to meet their financial obligations. There was no potential obligation resulting from these guarantees There is no significant risk with respect to cash and cash equivalents as the Group holds bank accounts with large financial institutions with sound financial and capital cover. The fair value of cash and cash equivalents at the reporting date approximates the carrying amount.

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Loans and advances (including assets pledged as collateral) are summarised as follows:				
Stage 1	479 722 852	1 665 154 148	479 722 852	484 394 561
Stage 2	196 175 602	320 092 740	196 175 602	93 115 213
Stage 3	446 787 312	42 153 443	446 787 312	12 262 467
Gross	**1 122 685 766**	**2 027 400 331**	**1 122 685 766**	**589 772 241**
Less: allowance for impairment	(87 853 343)	(159 515 597)	(87 853 343)	(46 403 204)
Net	**1 034 832 423**	**1 867 884 734**	**1 034 832 423**	**543 369 037**

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.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2022

3 RISK MANAGEMENT (continued)

3.3 Liquidity risk (continued)

As at 31 December 2022	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Total ZWL
Inflation Adjusted						
Assets						
Cash and bank balances	3 294 456 788	-	-	-	-	3 294 456 788
Investment securities	102 337 119	-	-	-	-	102 337 119
Financial assets at FVOCI	-	-	-	-	5 961 117 426	5 961 117 426
Treasury bills and other financial assets	-	-	3 763 266	-	7 950 742	11 714 008
Non-current Assets Held for Sale	-	504 256 397	1 141 459 220	-	-	1 645 715 617
Loans and advances to customers	318 166 124	127 417 291	-	155 984 427	433 264 581	1 034 832 423
Assets pledged as collateral	-	-	51 241 000	-	4 600 000	55 841 000
Total	**3 714 960 031**	**631 673 688**	**1 196 463 486**	**155 984 427**	**6 406 932 749**	**12 106 014 381**
Liabilities						
Deposits from customers	2 873 790 088	587 453 565	442 882	-	-	3 461 686 535
Bonds	-	736 435 215	-	2 027 101 696	1 206 169 573	3 969 706 484
Local lines of credit	933 538 652	-	-	-	-	933 538 652
Lease liability	-	-	-	-	15 298 556	15 298 556
Other liabilities	-	-	-	3 663 494 469	-	3 663 494 469
Total	**3 807 328 740**	**1 323 888 780**	**442 882**	**5 690 596 165**	**1 221 468 129**	**12 043 724 696**
Gap	(92 368 709)	(692 215 092)	1 196 020 604	(5 534 611 738)	5 185 464 620	62 289 685
Contingent liabilities:						
Loan commitments and guarantees	(2 400 000)	-	-	-	-	(2 400 000)
Total gap	(94 768 709)	(692 215 092)	1 196 020 604	(5 534 611 738)	5 185 464 620	59 889 685
Total cumulative gap	**(94 768 709)**	**(786 983 801)**	**409 036 803**	**(5 125 574 935)**	**59 889 685**	**-**

As at 31 December 2022	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Total ZWL
Historical Cost						
Assets						
Cash and bank balances	3 294 456 788	-	-	-	-	3 294 456 788
Investment securities	102 337 119	-	-	-	-	102 337 119
Financial assets at FVOCI	-	-	-	-	5 961 117 426	5 961 117 426
Treasury bills and other financial assets	-	-	3 763 266	-	7 950 742	11 714 008
Non-current Assets Held for Sale	-	504 256 397	1 141 459 220	-	-	1 645 715 617
Loans and advances to customers	318 166 124	127 417 291	-	155 984 427	433 264 581	1 034 832 423
Assets pledged as collateral	-	-	51 241 000	-	4 600 000	55 841 000
Total	**3 714 960 031**	**631 673 688**	**1 196 463 486**	**155 984 427**	**6 406 932 749**	**12 106 014 381**
Liabilities						
Deposits from customers	2 873 790 088	587 453 565	442 882	-	-	3 461 686 535
Bonds	-	736 435 215	-	2 027 101 696	1 206 169 573	3 969 706 484
Local lines of credit	933 538 652	-	-	-	-	933 538 652
Lease liability	-	-	-	-	15 298 556	15 298 556
Other liabilities	-	-	-	3 530 913 415	-	3 530 913 415
Total	**3 807 328 740**	**1 323 888 780**	**442 882**	**5 558 015 111**	**1 221 468 129**	**11 911 143 642**
Gap	(92 368 709)	(692 215 092)	1 196 020 604	(5 402 030 684)	5 185 464 620	194 870 739
Contingent liabilities:						
Loan commitments and guarantees	(2 400 000)	-	-	-	-	(2 400 000)
Total gap	(94 768 709)	(692 215 092)	1 196 020 604	(5 402 030 684)	5 185 464 620	192 470 739
Total cumulative gap	**(94 768 709)**	**(786 983 801)**	**409 036 803**	**(4 992 993 881)**	**192 470 739**	**-**

3 RISK MANAGEMENT (continued)

3.3 Liquidity risk (continued)

As at 31 December 2021	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Total ZWL
Inflation Adjusted						
Assets						
Cash and bank balances	2 546 834 875	-	-	-	-	2 546 834 875
Investment securities	236 126 442	-	-	-	-	236 126 442
Financial assets at FVOCI	-	-	-	-	2 899 759 995	2 899 759 995
Treasury bills and other financial assets	-	-	112 370 872	-	11 153 173	123 524 045
Loans and advances to customers	254 794 311	369 238 262	-	667 982 108	575 870 053	1 867 884 734
Assets pledged as collateral	-	-	154 960 077	-	15 812 955	170 773 032
Total	**3 037 755 628**	**369 238 262**	**267 330 949**	**667 982 108**	**3 502 596 176**	**7 844 903 123**
Liabilities						
Deposits from customers	1 535 551 119	74 531 886	1 040 261	-	-	1 611 123 266
Bonds	5 452 279	752 613 247	696 127 312	67 486 169	901 504 136	2 423 183 143
Local lines of credit	187 792 622	-	-	-	-	187 792 622
Other liabilities	-	-	-	2 473 154 816	-	2 473 154 816
Lease Liability	-	-	-	-	35 160 979	35 160 979
Total	**1 728 796 020**	**827 145 133**	**697 167 573**	**2 540 640 985**	**936 665 115**	**6 730 414 826**
Gap	1 308 959 608	(457 906 871)	(429 836 624)	(1 872 658 877)	2 565 931 061	1 114 488 297
Contingent liabilities:						
Loan commitments and guarantees	(8 250 237)	-	-	-	-	(8 250 237)
Total gap	**1 300 709 371**	**(457 906 871)**	**(429 836 624)**	**(1 872 658 877)**	**2 565 931 061**	**1 106 238 060**
Total cumulative gap	**1 300 709 371**	**842 802 500**	**412 965 876**	**(1 459 693 001)**	**1 106 238 060**	**-**

As at 31 December 2021	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Total ZWL
Historical Cost						
Assets						**-**
Cash and bank balances	740 876 130	-	-	-	-	740 876 130
Investment securities	68 689 355	-	-	-	-	68 689 355
Financial assets at FVOCI	-	-	-	-	843 542 306	843 542 306
Treasury bills and other financial assets	-	-	32 688 769	-	3 244 466	35 933 235
Loans and advances to customers	74 119 852	107 411 681	-	194 316 484	167 521 020	543 369 037
Assets pledged as collateral	-	-	45 078 000	-	4 600 000	49 678 000
Total	**883 685 337**	**107 411 681**	**77 766 769**	**194 316 484**	**1 018 907 792**	**2 282 088 063**
Liabilities						
Deposits from customers	446 692 945	21 681 380	302 613	-	-	468 676 938
Bonds	1 586 071	218 935 745	202 503 945	19 631 776	262 248 213	704 905 750
Local lines of credit	54 629 012	-	-	-	-	54 629 012
Other liabilities	-	-	-	719 442 547	-	719 442 547
Lease Liability	-	-	-	-	10 228 354	10 228 354
Total	**502 908 028**	**240 617 125**	**202 806 558**	**739 074 323**	**272 476 567**	**1 957 882 601**
Gap	380 777 309	(133 205 444)	(125 039 789)	(544 757 839)	746 431 225	324 205 462
Contingent liabilities:						
Loan commitments and guarantees	(2 400 000)	-	-	-	-	(2 400 000)
Total gap	**378 377 309**	**(133 205 444)**	**(125 039 789)**	**(544 757 839)**	**746 431 225**	**321 805 462**
Total cumulative gap	**378 377 309**	**2495 171 865**	**120 132 076**	**(424 625 763)**	**321 805 462**	**-**

3.4.3 Interest rate risk

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

3 RISK MANAGEMENT (continued)

Interest rate repricing gap analysis

As at 31 December 2022	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Non interest bearing ZWL	Total ZWL
Inflation Adjusted							
Assets							
Cash and bank balances	3 294 456 788	-	-	-	-	-	3 294 456 788
Investment securities	-	-	-	-	-	102 337 119	102 337 119
Loans and advances to customers	318 166 122	127 417 292	-	155 984 427	433 264 582	-	1 034 832 423
Financial assets at FVOCI	-	-	-	-	-	5 961 117 426	5 961 117 426
Treasury bills and other financial assets	-	-	3 763 266	-	7 950 742	-	11 714 008
Trading assets pledged as collateral	-	-	51 241 000	-	4 600 000	-	55 841 000
Total assets	**3 612 622 910**	**127 417 292**	**55 004 266**	**155 984 427**	**445 815 324**	**6 063 454 545**	**10 460 298 764**
Equity and liabilities							
Deposits from customers	2 873 790 088	587 453 565	442 882	-	-	-	3 461 686 535
Bonds	-	736 435 215	-	2 027 101 696	1 206 169 573	-	3 969 706 484
Local lines of credit	933 538 652	-	-	-	-	-	933 538 652
Lease liability - buildings	-	-	-	-	-	15 298 556	15 298 556
Other liabilities	-	-	-	-	3 663 494 469	-	3 663 494 469
Total equity and liabilities	**3 807 328 740**	**1 323 888 780**	**442 882**	**2 027 101 696**	**4 869 664 042**	**15 298 556**	**12 043 724 696**
Total interest repricing gap	**(194 705 830)**	**(1 196 471 488)**	**54 561 384**	**(1 871 117 269)**	**(4 423 848 718)**	**6 048 155 989**	**(1 583 425 932)**
Total cumulative gap	**(194 705 830)**	**(1 391 177 318)**	**(1 336 615 934)**	**(3 207 733 203)**	**(7 631 581 921)**	**(1 583 425 932)**	**-**

As at 31 December 2022	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Non interest bearing ZWL	Total ZWL
Historical Cost							
Assets							
Cash and bank balances	3 294 456 788	-	-	-	-	-	3 294 456 788
Investment securities	-	-	-	-	-	102 337 119	102 337 119
Loans and advances to customers	318 166 122	127 417 292	-	155 984 427	433 264 582	-	1 034 832 423
Financial assets at FVOCI	-	-	-	-	-	5 961 117 426	5 961 117 426
Treasury bills and other financial assets	-	-	3 763 266	-	7 950 742	-	11 714 008
Trading assets pledged as collateral	-	-	51 241 000	-	4 600 000	-	55 841 000
Total assets	**3 612 622 910**	**127 417 292**	**55 004 266**	**155 984 427**	**445 815 324**	**6 063 454 545**	**10 460 298 764**
Equity and liabilities							
Deposits from customers	2 873 790 088	587 453 565	442 882	-	-	-	3 461 686 535
Bonds	-	736 435 215	-	2 027 101 696	1 206 169 573	-	3 969 706 484
Local lines of credit	933 538 652	-	-	-	-	-	933 538 652
Other liabilities	-	-	-	-	3 530 913 415	-	3 530 913 415
Lease liability	-	-	-	-	-	15 298 556	15 298 556
Total equity and liabilities	**3 807 328 740**	**1 323 888 780**	**442 882**	**2 027 101 696**	**4 737 082 988**	**15 298 556**	**11 911 143 642**
Total interest repricing gap	**(194 705 830)**	**(1 196 471 488)**	**54 561 384**	**(1 871 117 269)**	**(4 291 267 664)**	**6 048 155 989**	**(1 450 844 878)**
Total cumulative gap	**(194 705 830)**	**(1 391 177 318)**	**(1 336 615 934)**	**(3 207 733 203)**	**(7 499 000 867)**	**(1 450 844 878)**	**-**

3 RISK MANAGEMENT (continued)

Interest rate repricing gap analysis

As at 31 December 2021	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Non interest bearing ZWL	Total ZWL
Inflation Adjusted							
Assets							
Cash and bank balances	2 546 834 875	-	-	-	-	-	2 546 834 875
Investment securities	-	-	-	-	-	236 126 442	236 126 442
Loans and advances to customers	254 794 313	369 238 262	-	667 982 108	575 870 051	-	1 867 884 734
Financial assets at FVOCI	-	-	-	-	-	2 899 759 995	2 899 759 995
Treasury bills and other financial assets	-	-	112 370 872	-	11 153 173	-	123 524 045
Trading assets pledged as collateral	-	-	154 960 077	-	15 812 955	-	170 773 032
Total assets	**2 801 629 188**	**369 238 262**	**267 330 949**	**667 982 108**	**602 836 179**	**3 135 886 437**	**7 844 903 123**
Equity and liabilities							
Deposits from customers	1 535 551 119	74 531 886	1 040 261	-	-	-	1 611 123 266
Bonds	5 452 277	752 613 247	696 127 312	67 486 169	901 504 136	-	2 423 183 141
Local lines of credit	187 792 624	-	-	-	-	-	187 792 624
Other liabilities		-	-	-	2 473 154 816	-	2 473 154 816
Lease liability	-	-	-	-	-	35 160 979	35 160 979
Total equity and liabilities	**1 728 796 020**	**827 145 133**	**697 167 573**	**67 486 169**	**3 374 658 952**	**35 160 979**	**6 730 414 826**
Total interest repricing gap	**1 072 833 68**	**(457 906 871)**	**(429 836 624)**	**600 495 939**	**(2 771 822 773)**	**3 100 725 458**	**1 114 488 297**
Total cumulative gap	**1 072 833 168**	**614 926297**	**185 089 673**	**785 585 612**	**(1 986 237 161)**	**1 114 488 297**	**-**

As at 31 December 2021	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Non interest bearing ZWL	Total ZWL
Historical Cost							
Assets							
Cash and bank balances	740 876 130	-	-	-	-	-	740 876 130
Investment securities	-	-	-	-	-	68 689 355	68 689 355
Loans and advances to customers	74 119 852	107 411 681	-	194 316 484	167 521 020	-	543 369 037
Financial assets at FVOCI	-	-	-	-	-	843 542 306	843 542 306
Treasury bills and other financial assets	-	-	32 688 769	-	3 244 466	-	35 933 235
Trading assets pledged as collateral	-	-	45 078 000	-	4 600 000	-	49 678 000
Total assets	**814 995 982**	**107 411 681**	**77 766 769**	**194 316 484**	**175 365 486**	**912 231 661**	**2 282 088 063**
Equity and liabilities							
Deposits from customers	446 692 945	21 681 380	302 613	-	-	-	468 676 938
Bonds	1 586 071	218 935 745	202 503 945	19 631 776	262 248 213	-	704 905 750
Local lines of credit	54 629 012	-	-	-	-	-	54 629 012
Other liabilities	-	-	-	-	719 442 547	-	719 442 547
Lease liability	-	-	-	-	-	10 228 354	10 228 354
Total equity and liabilities	**502 908 028**	**240 617 125**	**202 806 558**	**19 631 776**	**981 690 760**	**10 228 354**	**1 957 882 601**
Total interest repricing gap	**312 087 954**	**(133 205 444)**	**(125 039 789)**	**174 684 708**	**(806 325 274)**	**902 003 307**	**324 205 462**
Total cumulative gap	**312 087 954**	**178 882 510**	**53 842 721**	**228 527 429**	**(577 797 845)**	**324 205 462**	**-**

3 RISK MANAGEMENT (continued)

3.4.3 Interest risk sensitivity analysis

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

	Inflation Adjusted		Historical Cost	
Interest rate change	Effect on profit for the year 2022 ZWL	Effect on profit for the year 2021 ZWL	Effect on profit for the year 2022 ZWL	Effect on profit for the year 2021 ZWL
5% increase / (decrease)	7 365 223	4 044 042	7 365 223	2 707 686
10% increase / (decrease)	14 730 446	8 088 084	14 730 446	5 415 371

3 RISK MANAGEMENT (continued)

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 2022	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
Inflation Adjusted							
Assets							
Cash and bank balances	3 107 975 998	178 361 153	5 357 862	43 455	1 703 292	1 015 028	3 294 456 788
Investment securities	102 337 119	-	-	-	-	-	102 337 119
Loans and advances to customers	716 266 126	318 566 297	-	-	-	-	1 034 832 423
Treasury bills and other financial assets	11 714 008	-	-	-	-	-	11 714 008
Assets pledged as collateral	55 841 000	-	-	-	-	-	55 841 000
Financial assets at FVOCI	5 961 117 426	-	-	-	-	-	5 961 117 426
Other receivables and prepayments	5 586 247 845	-	-	-	-	-	5 586 247 845
	15 541 499 522	**496 927 450**	**5 357 862**	**43 455**	**1 703 292**	**1 015 028**	**16 046 546 609**
Equity and liabilities							
Deposits from customers	3 252 196 024	209 450 627	39 884	-	-	-	3 461 686 535
Bonds	-	3 969 706 484	-	-	-	-	3 969 706 484
Local lines of credit	933 538 652	-	-	-	-	-	933 538 652
Lease liability	15 298 556	-	-	-	-	-	15 298 556
Other liabilities	3 663 494 469	-	-	-	-	-	3 663 494 469
	7 864 527 701	**4 179 157 111**	**39 884**	**-**	**-**	**-**	**12 043 724 696**
Net foreign exchange position	**7676971821**	**(3 682 229 661)**	**5 317 978**	**43 455**	**1 703 292**	**1 015 028**	**4 002 821 913**
As at 31 December 2022							
Historical Cost							
Assets							
Cash and bank balances	3 107 975 998	178 361 153	5 357 862	43 455	1 703 292	1 015 028	3 294 456 788
Investment securities	102 337 119	-	-	-	-	-	102 337 119
Loans and advances to customers	716 266 126	318 566 297	-	-	-	-	1 034 832 423
Treasury bills and other financial assets	11 714 008	-	-	-	-	-	11 714 008
Assets pledged as collateral	55 841 000	-	-	-	-	-	55 841 000
Financial assets at FVOCI	5 961 117 426	-	-	-	-	-	5 961 117 426
Other receivables and prepayments	4 887 351 833	-	-	-	-	-	4 887 351 833
	14 842 603 510	**496 927 450**	**5 357 862**	**43 455**	**1 703 292**	**1 015 028**	**15 347 650 597**
Equity and liabilities							
Deposits from customers	3 252 196 024	209 450 627	39 884	-	-	-	3 461 686 535
Bonds	-	3 969 706 484	-	-	-	-	3 969 706 484
Local lines of credit	933 538 652	-	-	-	-	-	933 538 652
Lease liability	15 298 556	-	-	-	-	-	15 298 556
Other liabilities	3 530 913 415	-	-	-	-	-	3 530 913 415
	7 731 946 647	**4 179 157 111**	**39 884**	**-**	**-**	**-**	**11 911 143 642**
Net foreign exchange position	**7 110 656 863**	**(3 682 229 661)**	**5 317 978**	**43 455**	**1 703 292**	**1 015 028**	**3 436 506 955**

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2022

3 RISK MANAGEMENT (continued)

3.4.4 Foreign exchange risk (continued)

As at 31 December 2021	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
Inflation Adjusted							
Assets							
Cash and bank balances	1 358 532 156	1 183 813 336	2 899 432	26 419	894 256	669 276	2 546 834 875
Investment securities	236 126 442	-	-	-	-	-	236 126 442
Loans and advances to customers	1 232 339 848	635 544 886	-	-	-	-	1 867 884 734
Treasury bills and other financial assets	123 524 045	-	-	-	-	-	123 524 045
Assets pledged as collateral	170 773 032	-	-	-	-	-	170 773 032
Financial assets at FVOCI	2 899 759 995	-	-	-	-	-	2 899 759 995
Other receivables and prepayments	4 105 507 726	-	-	-	-	-	4 105 507 726
	10 126 563 244	**1 819 358 222**	**2 899 432**	**26 419**	**894 256**	**669 276**	**11 950 410 849**
Equity and liabilities							
Deposits from customers	1 416 400 570	194 681 462	41 234	-	-	-	1 611 123 266
Bonds	74 728 888	2 348 454 254	-	-	-	-	2 423 183 142
Local lines of credit	187 792 623	-	-	-	-	-	187 792 623
Lease liability	35 160 977	-	-	-	-	-	35 160 979
Other liabilities	2 473 154 816	-	-	-	-	-	2 473 154 816
	4 187 237 874	**2 543 135 716**	**41 234**	**-**	**-**	**-**	**6 730 414 826**
Net foreign exchange position	**5 939 325 370**	**(723 777 494)**	**2 858 198**	**26 419**	**894 256**	**669 276**	**5 219 996 023**

As at 31 December 2021	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
Historical Cost							
Assets							
Cash and bank balances	395 197 999	344 372 166	843 447	7 685	260 140	194 693	740 876 130
Investment securities	68 689 355	-	-	-	-	-	68 689 355
Loans and advances to customers	358 488 564	184 880 473	-	-	-	-	543 369 037
Treasury bills and other financial assets	35 933 235	-	-	-	-	-	35 933 235
Assets pledged as collateral	49 678 000	-	-	-	-	-	49 678 000
Financial assets at FVOCI	843 542 306	-	-	-	-	-	843 542 306
Other receivables and prepayments	1 058 652 460	-	-	-	-	-	1 058 652 460
	2 810 181 919	**529 252 639**	**843 447**	**7 685**	**260 140**	**194 693**	**3 340 740 523**
Equity and liabilities							
Deposits from customers	412 031 963	56 632 980	11 995	-	-	-	468 676 938
Bonds	21 738 688	683 167 062	-	-	-	-	704 905 750
Local lines of credit	54 629 012	-	-	-	-	-	54 629 012
Lease liability	10 228 354	-	-	-	-	-	10 228 354
Other liabilities	719 442 547	-	-	-	-	-	719 442 547
	1 218 070 564	**739 800 042**	**11 995**	**-**	**-**	**-**	**1 957 882 601**
Net foreign exchange position	**1 592 111 355**	**(210 547 403)**	**831 452**	**7 685**	**260 140**	**194 693**	**1 382 857 922**

The Group had no off balance sheet foreign currency exposure as at 31 December 2022 (31 December 2021 - ZWLnil).

3 RISK MANAGEMENT (continued)

3.4.4 Foreign exchange risk (continued)

The table below indicates the extent to which the Group is exposed to foreign exchange risk as at 31 December 2022.

	Inflation Adjusted		Historical Cost	
Exchange rate change	Effect on profit for the year 2022 ZWL	Effect on profit for the year 2021 ZWL	Effect on profit for the year 2022 ZWL	Effect on profit for the year 2021 ZWL
5% appreciation	(183 707 495)	(15 626 440)	(183 707 495)	(10 462 672)
10% appreciation	(367 414 991)	(31 252 880)	(367 414 991)	(20 925 343)

4 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES

4.1.1 Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2022.

	Inflation Adjusted			Historical Cost		
	ZWL Level 1	Level 2	ZWL Level 3	ZWL Level 1	Level 2	ZWL Level 3
At 31 December 2022						
Investment securities	102 337 119	-	-	102 337 119	-	-
Financial assets at FVOCI	-	-	5 961 117 426	-	-	5 961 117 426
Total assets	**102 337 119**	**-**	**5 961 117 426**	**102 337 119**	**-**	**5 961 117 426**
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**
At 31 December 2021						
Investment securities	236 126 442	-	-	68 689 355	-	-
Financial assets at FVOCI	-	-	2 899 759 995	-		843 542 306
Total assets	**236 126 442**	**-**	**2 899 759 995**	**68 689 355**	**-**	**843 542 306**
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 2022 ZWL	Fair value 31 Dec 2022 ZWL	Carrying amount 31 Dec 2021 ZWL	Fair value 31 Dec 2021 ZWL
Inflation Adjusted				
Financial assets:				
Treasury bills and other financial assets	11 714 008	11 714 008	123 524 045	123 524 045
Loans and advances to customers	1 034 832 423	1 034 832 423	1 867 884 734	1 867 884 734
Assets pledged as collateral	55 841 000	55 841 000	170 773 032	170 773 032
Financial liabilities:				
Deposits from customers	3 461 686 535	3 461 686 535	1 611 123 266	1 611 123 266
Bonds and local lines of credit	4 903 245 136	4 903 245 136	2 610 975 765	2 610 975 765

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

4 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES (continued)

4.1.2 Financial instruments not measured at fair value (continued)

	Carrying value 31 Dec 2022 ZWL	Fair value 31 Dec 2022 ZWL	Carrying value 31 Dec 2021 ZWL	Fair value 31 Dec 2021 ZW
Historical Cost				
Financial assets:				
Treasury bills and other financial assets	11 714 008	11 714 008	35 933 235	35 933 235
Loans and advances to customers	1 034 832 423	1 034 832 423	543 369 037	543 369 037
Assets pledged as collateral	55 841 000	55 841 000	49 678 000	49 678 000
Financial liabilities:				
Deposits from customers	3 461 686 535	3 461 686 535	468 676 938	468 676 938
Bonds and local lines of credit	4 903 245 136	4 903 245 136	759 534 762	759 534 762

(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.

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4 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES (continued)

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.

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
5 CASH AND BANK BALANCES				
Cash on hand	180 052 263	499 581 376	180 052 263	145 328 588
Balances with banks	3 114 404 525	2 047 253 499	3 114 404 525	595 547 542
	3 294 456 788	**2 546 834 875**	**3 294 456 788**	**740 876 130**
Balances with banks				
Balance with the Central Bank	593 043 970	182 816 174	593 043 970	53 181 359
Bank deposits	456 644 946	1 035 247 023	456 644 946	301 154 117
Placements with other banks	2 064 715 609	829 190 302	2 064 715 609	241 212 066
Net placements due	**3 114 404 525**	**2 047 253 499**	**3 114 404 525**	**595 547 542**
6 INVESTMENT SECURITIES				
At 1 January	236 126 442	133 586 405	68 689 355	24 176 246
Additions	-	-	-	-
Net gain through profit or loss	(133 789 323)	102 540 037	33 647 764	44 513 109
Loss on net monetary position	-	-	-	-
At 31 December	**102 337 119**	**236 126 442**	**102 337 119**	**68 689 355**

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

	Inflation Adjusted		Historical Cost	
7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**
At 1 January	2 899 759 995	2 983 363 858	843 542 306	539 924 240
Additions	170 535 523	-	100 407 072	-
Disposals	-	-	-	-
Net fair value gains on financial assets at fair value through other comprehensive income	2 890 821 908	(83 603 863)	5 017 168 048	303 618 066
At 31 December	**5 961 117 426**	**2 899 759 995**	**5 961 117 426**	**843 542 306**
Financial assets at fair value through other comprehensive income include the following:				
Unlisted securities:				
Equity securities - Zimbabwe	517 927 235	281 270 708	517 927 235	81 821 855
Equity securities - Botswana	5 443 190 191	2 618 489 287	5 443 190 191	761 720 451
	5 961 117 426	**2 899 759 995**	**5 961 117 426**	**843 542 306**

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

	Inflation Adjusted		Historical Cost	
8 TREASURY BILLS AND OTHER FINANCIAL ASSETS	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**
Treasury bills as substitution for debt instruments	7 850 489	11 173 876	7 850 489	3 250 489
Capitalisation Treasury Bills	-	54 891 694	-	15 968 034
Treasury bills acquired from the market	4 159 000	8 593 997	4 159 000	2 500 000
Accrued Interest	593 319	52 089 488	593 319	15 152 870
Less Impairment allowances	(888 800)	(3 225 010)	(888 800)	(938 158)
	11 714 008	**123 524 045**	**11 714 008**	**35 933 235**

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

8.1 Assets pledged as collateral

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

	Assets		Related Liability	
Inflation Adjusted	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**
Treasury bills	55 841 000	170 773 032	83 244 776	259 538 707
Current	55 841 000	170 773 032	83 244 776	259 538 707

	Assets		Related Liability	
Historical Cost	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**
Treasury bills	55 841 000	49 678 000	83 244 776	75 500 000
Current	55 841 000	49 678 000	83 244 776	75 500 000

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.

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	Inflation Adjusted		Historical Cost	
9 LOANS AND ADVANCES TO CUSTOMERS	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**
Individual				
- term loans and mortgages	705 803 030	1 165 453 484	705 803 030	339 031 272
Corporate				
- corporate customers	416 882 736	861 946 847	416 882 736	250 740 969
Gross loans and advances to customers	1 122 685 766	2 027 400 331	1 122 685 766	589 772 241
Less: allowance for impairment (Note 9.1.2)	(87 853 343)	(159 515 597)	(87 853 343)	(46 403 204)
Net loans and advances to customers	**1 034 832 423**	**1 867 884 734**	**1 034 832 423**	**543 369 037**
Current	601 567 843	1 292 014 678	601 567 843	375 848 016
Non-current	433 264 580	575 870 056	433 264 580	167 521 021
	1 034 832 423	**1 867 884 734**	**1 034 832 423**	**543 369 037**
9.1 Loan impairment allowance				
Stage 1-12 Month expected credit loss allowance charge	6 316 836	149 817 883	6 316 836	43 582 132
Stage 2- Lifetime expected credit loss allowance not credit impaired	589 211	5 282 201	589 211	1 536 596
Stage 3- Lifetime expected credit loss allowance credit impaired	80 947 296	4 415 513	80 947 296	1 284 476
Net loan impairment loss	**87 853 343**	**159 515 597**	**87 853 343**	**46 403 204**
9.1.1 Maturity analysis of loans and advances to customers				
Up to one month	318 166 124	254 794 312	318 166 124	74 119 852
Up to three months	127 417 291	369 238 263	127 417 291	107 411 681
Up to one year	155 984 427	667 982 107	155 984 427	194 316 484
Up to 3 years	34 080 094	272 722 968	34 080 094	79 335 311
Up to 5 years	7 524 158	72 098 997	7 524 158	20 973 651
Later than 5 years	391 660 329	231 048 087	391 660 329	67 212 058
	1 034 832 423	**1 867 884 734**	**1 034 832 423**	**543 369 037**

9 LOANS AND ADVANCES TO CUSTOMERS (continued)

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

	Stage1	Stage 2	Stage 3	Total
Inflation Adjusted				
Loans and advances subject to Stage 1:12 month ECL	479 722 852	-	-	479 722 852
Loans and advances subject to Stage 2:Life ECL not credit impaired	-	196 175 602	-	196 175 602
Loans and advances subject to Stage 3:Life ECL credit impaired	-	-	446 787 312	446 787 312
Gross loans and advances	**479 722 852**	**196 175 602**	**446 787 312**	**1 122 685 766**
Less impairment allowances				
Stage 1: 12 month ECL	(6 316 836)	-	-	(6 316 836)
Stage 2: Life ECL not credit impaired	-	(589 211)	-	(589 211)
Stage 3: Life ECL credit impaired	-	-	(80 947 296)	(80 947 296)
Net loans and advances to customers	**473 406 016**	**195 586 391**	**365 840 016**	**1 034 832 423**
Analysis of ECL in relation to loans and advances as at 31 Dec 2021				
Loans and advances subject to Stage 1:12 month ECL	1 665 154 148	-	-	1 665 154 148
Loans and advances subject to Stage 2:Life ECL not credit impaired	-	320 092 742	-	320 092 742
Loans and advances subject to Stage 3:Life ECL credit impaired	-	-	42 153 441	42 153 441
Gross loans and advances	**1 665 154 148**	**320 092 742**	**42 153 441**	**2 027 400 331**
Less impairment allowances				
Stage 1: 12 month ECL	(149 817 883)	-	-	(149 817 883)
Stage 2: Life ECL not credit impaired	-	(5 282 201)	-	(5 282 201)
Stage 3: Life ECL credit impaired	-	-	(4 415 513)	(4 415 513)
Net loans and advances to customers	**1 515 336 265**	**314 810 541**	**37 737 928**	**1 867 884 734**
Historical Cost				
Loans and advances subject to Stage 1: 12 month ECL	479 722 852	-	-	479 722 852
Loans and advances subject to Stage 2: Life ECL not credit impaired	-	196 175 602	-	196 175 602
Loans and advances subject to Stage 3: Life ECL credit impaired	-	-	446 787 312	446 787 312
Gross loans and advances	**479 722 852**	**196 175 602**	**446 787 312**	**1 122 685 766**
Less impairment allowances				
Stage 1:12 month ECL	(6 316 836)	-	-	(6 316 836)
Stage 2: Life ECL not credit impaired	-	(589 211)	-	(589 211)
Stage 3: Life ECL credit impaired	-	-	(80 947 296)	(80 947 296)
Net loans and advances to customers	**473 406 016**	**195 586 391**	**365 840 016**	**1 034 832 423**
Analysis of ECL in relation to loans and advances as at 31 Dec 2021				
Loans and advances subject to Stage 1:12 month ECL	484 394 561	-	-	484 394 561
Loans and advances subject to Stage 2: Life ECL not credit impaired	-	93 115 213	-	93 115 213
Loans and advances subject to Stage 3: Life ECL credit impaired	-	-	12 262 467	12 262 467
Gross loans and advances	**484 394 561**	**93 115 213**	**12 262 467**	**589 772 241**
Less impairment allowances				
Stage 1: 12 month ECL	(43 582 133)	-	-	(43 582 133)
Stage 2: Life ECL not credit impaired	-	(1 536 595)	-	(1 536 595)
Stage 3: Life ECL credit impaired	-	-	(1 284 476)	(1 284 476)
Net loans and advances to customers	**440 812 428**	**91 578 618**	**10 977 991**	**543 369 037**

9 LOANS AND ADVANCES TO CUSTOMERS (continued)

9.1.3 Sectorial analysis of loans and advances to customers

	Percentage (%)	31 Dec 2022 ZWL	Percentage (%)	31 Dec 2021 ZWL
Inflation Adjusted				
Manufacturing	-	-	-	-
Retail	-	-	-	-
Agro processing	2%	33 572 330	-	-
Financial services	-	-	-	-
Transport	-	-	10%	200 253 549
Construction	49%	297 879 485	7%	148 543 163
Energy	-	-	7%	142 604 051
Mortgages	36%	575 492 548	32%	639 201 124
Individuals and other services	13%	215 741 403	44%	896 798 444
Gross value of loans and advances	100%	1 122 685 766	100%	2 027 400 331
Less allowance for impairment		(87 853 343)		(159 515 597)
		1 034 832 423		**1 867 884 734**
Historical Cost				
Manufacturing	-	-	-	-
Retail	-	-	-	-
Agro processing	2%	33 572 330	-	-
Financial services	-	-	-	-
Transport	-	-	10%	58 253 904
Construction	49%	297 879 485	7%	43 211 315
Energy	-	-	7%	41 483 623
Mortgages	36%	575 492 548	32%	185 944 075
Individuals and other services	13%	215 741 403	44%	260 879 324
Gross value of loans and advances	100%	1 122 685 766	100%	589 772 241
Less allowance for impairment		(87 853 343)		(46 403 204)
		1 034 832 423		**543 369 037**

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
10 OTHER RECEIVABLES AND PREPAYMENTS				
Receivables	5 994 897 785	3 394 294 897	5 994 897 785	973 761 021
Less impairment loss	(1 459 904 244)	(17 129 214)	(1 459 904 244)	(4 982 901)
Net receivables	4 534 993 541	3 377 165 683	4 534 993 541	968 778 120
Pre-payments	1 051 254 304	728 342 043	352 358 292	89 874 340
	5 586 247 845	**4 105 507 726**	**4 887 351 833**	**1 058 652 460**
11 INVENTORIES				
Inventory - housing units	46 681 837	46 681 837	1 651 927	1 651 927
Inventory - serviced stands	4 123 863 113	4 116 966 748	17 344 294	24 240 659
Work in progress	9 186 851 195	8 300 852 672	1 204 044 180	741 995 621
Consumables and materials	47 233 031	32 967 349	24 485 071	2 382 301
	13 404 629 176	**12 497 468 606**	**1 247 525 472**	**770 270 508**

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

12 INVESTMENTS IN SUBSIDIARIES, JOINT OPERATION AND ASSOCIATES

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

12.1 Investment in subsidiaries

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

Name of subsidiary	Principal activity	Place of incorporation and operation	Place of Proportion of ownership interest and voting power held by the Group	
			as at 31 Dec 2022 %	as at 31 Dec 2021 %
Waneka Properties (Private) Limited	Property development	Zimbabwe	70	70
Manellie Investments (Private) Limited	Agriculture	Zimbabwe	100	100
Norton Medical Investments (Private) Limited	Medical services	Zimbabwe	60	60
Kariba Housing Development Project	Property development	Zimbabwe	90	90
Mazvel Investments (Private) Limited	Property development	Zimbabwe	43	43
Samukele Lodges	Hospitality	Zimbabwe	100	100
Changamire Inkosi	Property Investment	Zimbabwe	60	60
Special purpose entities				
Clipsham Views Housing Project	Joint Operation	Zimbabwe	83	83

Clipsham Views Housing Project was completed in the financial year ended 31 December 2017 and the stands have been sold out. Municipality of Kariba and IDBZ formed an unincorporated Project Vehicle named Kariba Housing Project for the sole purpose of carrying out the development and construction of offsite and onsite infrastructure of low, medium and high density suburbs in Kariba. During the year 2020 the Bank sold the high density section (Kasese) to the Ministry of National Housing and Social Amenitiess for US$5,556,202. The Bank was paid 10% of the amount in 2021 and the balance remain receivable. Kariba Baobab and Batonga housing projects remained with IDBZ. Hwange Local Board and IDBZ formed an unincorporated Project Vehicle, Empumalanga West Housing & Waste Water Treatment Plant Rehabilitation Project for the sole purposes of carrying out the development of housing stands. During the year 2020 the Bank approached the Ministry of National Housing and Social Amenities for USD 4 227 962. 10% of this amount was received in 2021.

In the year 2017 the Bank entered a partnership with Markaram Investments (P/L) through an incorporated project vehicle, Mazvel Investments P/L and acquired a 51% shareholding in the partnership. In 2020, the parties further agreed to value the Project considering improvements made and value addition done to date which resulted in IDBZ's shareholding decreasing by 8.17%. Markaram now has the majority shareholding however IDBZ still has control over Mazvel as per IFRS 10 (Consolidated Financial Statements) since it has majority votes on the Board and controls the relevant activities of the joint venture.

Changamire Inkosi

The Bank owns a 60% shareholding in Changamire Inkosi. Changamire Inkosi owns a property called Athol House and an adjacent stand. Changamire Inkosi is disposing Athol House and intends to build cluster houses on the adjacent stand. All subsidiaries have been consolidated in these financial statements.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2022

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

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

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

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

	Interest and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests	
Name of subsidiary	**2022 %**	**2021 %**	**2022 ZWL**	**2021 ZWL**
Inflation Adjusted				
Waneka Properties (Private) Limited	30	30	13 102 800	1 128 023
Norton Medical Investments (Private) Limited	40	40	(1 061 041)	(382 808)
Kariba Housing Development Project	10	10	2 247 606	-
Mazvel Investments (Private) Limited	57	57	(2 965 878 759)	(58 751 450)
Samukele Lodges	100	100	-	-
Changamire Inkosi	40	40	687 108 981	(3 223 459)
Total			**(2 264 480 413)**	**(61 229 694)**

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

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

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

	Interest and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
Name of subsidiary	**2022 %**	**2021 %**	**2022 ZWL**	**2021 ZWL**	**2022 ZWL**	**2021 ZWL**
Historical Cost						
Waneka Properties (Private) Limited	30	30	7 214 821	415 874	10 939 812	1 523 795
Norton Medical Investments (Private) Limited	40	40	(584 243)	(141 131)	(75 188)	509 055
Kariba Housing Development Project	10	10	1 237 604	-	3 464 361	-
Mazvel Investments (Private) Limited	57	57	(1 779 842 810)	(23 627 494)	(1 817 069 340)	(14 789 596)
Samukele Lodges	100	100	-	-	-	-
Changamire Inkosi	40	40	378 344 167	(1 188 410)	478 013 300	81 660 151
Total			**(1 393 630 461)**	**(24 541 161)**	**(1 324 727 055)**	**68,903,405**

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	**31 Dec 2021 ZWL**	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**
12.3 Carrying amount of the investment in associates				
Balance as at 1 January	435 496 772	448 076 393	556 944	3 392 806
Acquisition of associate - Kanyemba Lodges	10 907 500	-	10 907 500	-
Equity contribution for Mosi Oa Tunya Development Company (Private) Limited	108 709 507	-	105 292 795	-
Share of loss from associates	(92 570 628)	(12 579 621)	(74 242 723)	(2 835 862)
Balance as at 31 December	**462 543 151**	**435 496 772**	**42 514 516**	**556 944**

13 INVESTMENT PROPERTY

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZW
Balance as at 1 January	5 044 345 951	6 461 010 855	1 467 403 931	1 169 303 021
Additions during the year	56 377 380	72 819 636	49 838 878	16 010 359
Disposals for the year	(31 370 577)	(90 000 580)	(30 643 812)	(18 647 344)
Transfer to non-current assets held for sale	(125 139 286)	-	(36 403 110)	-
Net gain from fair value adjustment	3 514 032 925	(1 399 483 960)	7 008 050 506	300 737 895
Balance as at 31 December	**8 458 246 393**	**5 044 345 951**	**8 458 246 393**	**1 467 403 931**
Analysis by nature				
Residential properties	1 706 850 830	1 709 738 845	1,706,850,830	497 364 282
Commercial and industrial properties	6 751 395 563	3 334 607 106	6 751 395 563	970 039 649
	8 458 246 393	**5 044 345 951**	**8 458 246 393**	**1 467 403 931**

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

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

The cost approach was also utilized to arrive at un-completed developments such as the Norton Medical Facility in Norton. The properties were considered as if free and clear of all encumbrances, i.e. easements, pre-emption clauses, liens or any other restrictions on title. We have not taken into account any liability of the property portfolio regarding taxes, single or recurring public or private charges, local taxes and costs

Measurement of fair value

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

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

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

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZW
Rental income	270 437 247	142 167 854	183 174 862	33 333 353

14 NON-CURRENT ASSETS HELD FOR SALE

On 7 December 2022, the Bank approved the disposal of three properties comprising Glen Forest Memorial Park, Zvishavane stands and Athol House as part of its work program and budget for 2023. The details of the disposals were as follows:

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Balance as at 1 January	**-**	**-**	**-**	**-**
Transfer from investment properties	125 139 286	-	36 403 110	-
Transfer from property and equipment	658 382 066	-	191 523 825	-
Disposals for the year	-	-	-	-
Net gain from fair value adjustment	862 194 265	-	1 417 788 682	-
Balance as at 31 December	**1 645 715 617**	**-**	**1 645 715 617**	**-**

Adjusting events
On 7 December 2022, the board approved the disposal of three properties namely Glen Forest Memorial Park, Zvishavane stands and Athol House and began marketing the properties.

The details of the disposals were as follows:

Property	Date sold	Amount (ZWL)
Glen Forest Memorial Park	7 February 2023	449 380 965
Athol House Harare	26 January 2023	1 795 828 500
Stand 1160 and 1161 Zvishavane Township (Disposal is pending)		-
Total		**2 245 209 465**

Athol House is a subsidiary of the Bank and there were no activities throughout the year. Glen Forest Memorial Park and Zvishavane stands were part of investment property and held for capital apreciation.

The disposal for Stand 1160 and 1161 Zvishavane Township is expected to be completed by 31 December 2023.

15 PROPERTY AND EQUIPMENT	Freehold Land and buildings ZWL	Computer and office equipment ZWL	Motor vehicles ZWL	Fixtures and fittings ZWL	Capital work in progress ZWL	Total ZWL
Inflation Adjusted						
COST						
At 01 January 2021	**2 026 861 953**	**532 187 471**	**303 860 885**	**222 680 247**	**317 729 595**	**3 403 320 151**
Additions	-	104 555 972	-	21 121 595	-	125 677 567
Impairment loss	(330 944 457)	-	-	-	-	(330 944 457)
Disposals	-	-	-	-	-	-
At 31 December 2021	**1 695 917 496**	**636 743 443**	**303 860 885**	**243 801 842**	**317 729 595**	**3 198 053 261**
At 01 January 2022	**1 695 917 496**	**636 743 443**	**303 860 885**	**243 801 842**	**317 729 595**	**3 198 053 261**
Additions	9 464 158	57 863 624	66 207 594	13 725 653	-	147 261 029
Revaluation gain	806 772 225	259 738 610	461 668 686	63 974 121	-	1 592 153 643
Transfer to assets held for sale	(672 390 195)	-	-	-	-	(672 390 195)
Disposals	-	-	(170 060)	-	-	(170 060)
At 31 December 2022	**1 839 763 684**	**954 345 678**	**831 567 105**	**321 501 616**	**317 729 595**	**5 071 679 903**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 01 January 2021	**-**	**292 134 616**	**185 960 560**	**129 850 890**	**83 139 420**	**691 085 486**
Charge for the year	40 537 239	138 704 979	60 772 181	32 510 767	-	272 525 166
Eliminated on Disposals	-	-	-	-	-	-
Eliminated on revaluation	(40 537 239)	-	-	-	-	(40 537 239)
Disposals	-	(5 662)	-	-	-	(5 662)
At 31 December 2021	**-**	**430 833 933**	**246 732 742**	**162 361 657**	**83 139 420**	**923 067 751**
At 01 January 2022	**-**	**430 833 933**	**246 732 742**	**162 361 657**	**83 139 420**	**923 067 751**
Charge for the year	10 193 674	51 912 126	35 638 481	19 283 271	-	117 027 552
Transfer to assets held for sale	(4 534 882)	-	-	-	-	(4 534 882)
Eliminated on revaluation	(5 658 792)	-	-	-	-	(5 658 792)
At 31 December 2022	**-**	**482 746 059**	**282 371 223**	**181 644 927**	**83 139 420**	**1 029 901 629**
CARRYING AMOUNT						
Cost at 31 December 2021	1 695 917 496	636 743 443	303 860 885	243 801 845	317 729 595	3 198 053 262
Accumulated depreciation at 31 December 2021	-	(430 833 933)	(246 732 742)	(162 361 657)	(83 139 420)	(923 067 751)
Carrying amount at 31 December 2021	**1 695 917 496**	**205 909 510**	**57 128 143**	**81 440 188**	**234 590 175**	**2 274 985 511**
Cost at 31 December 2022	**1 839 763 684**	**954 345 678**	**831 567 105**	**321 501 617**	**317 729 595**	**4 264 907 678**
Accumulated depreciation at 31 December 2022	-	(482 746 059)	(282 371 223)	(181 644 927)	(83 139 420)	(1 029 901 629)
Carrying amount at 31 December 2022	**1 839 763 684**	**471 599 619**	**549 195 882**	**139 856 690**	**234 590 175**	**3 235 006 049**

15 PROPERTY AND EQUIPMENT (continued)	Freehold Land and buildings ZWL	Computer and office equipment ZWL	Motor vehicles ZWL	Fixtures and fittings ZWL	Capital work in progress ZWL	Total ZWL
Historical Cost						
COST						
At 01 January 2021	**366 818 113**	**10 134 389**	**2 219 308**	**1 995 818**	**2 690 000**	**383 857 628**
Additions	-	14 592 528	-	5 524 197	-	20 116 725
Revaluation gain	126 525 527	-	-	-	-	126 525 527
Disposals	-	-	-	-	-	-
At 31 December 2021	**493 343 640**	**24 726 917**	**2 219 308**	**7 520 015**	**2 690 000**	**530 499 880**
At 01 January 2022	**493 343 640**	**24 726 917**	**2 219 308**	**7 520 015**	**2 690 000**	**530 499 880**
Additions	7 567 520	24 898 366	61 560 072	42 738 110	-	136 764 068
Revaluation gain	1 534 451 324	249 120 384	442 795 471	61 358 831	-	2 287 726 010
Disposals	-	-	-	-	-	-
Transfer to assets held for sale	(195 598 800)					(195 598 800)
At 31 December 2022	**1 839 763 684**	**298 745 667**	**506 574 851**	**111 616 960**	**2 690 000**	**2 759 391 158**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 01 January 2021	**-**	**2 640 984**	**1 395 176**	**1 017 389**	**540 000**	**5 593 549**
Charge for the year	10 179 023	3 305 995	384 307	368 929	-	14 238 254
Eliminated on disposals	-	-	-	-	-	-
Eliminated on revaluation	(10 179 023)	-	-	-		(10 179 023)
At 31 December 2021	**-**	**5 946 979**	**1 779 483**	**1 386 318**	**540 000**	**9 652 780**
At 01 January 2022	**-**	**5 946 979**	**1 779 483**	**1 386 318**	**540 000**	**9 652 779**
Charge for the year	9 506 813	21 173 563	29 023 596	6 158 544	-	65 862 516
Eliminated on transfer to assets held for sale	(4 074 975)					(4 074 975)
Eliminated on revaluation	(5 431 838)	(12 381 793)	(1 671 063)	(3 700 762)	-	(23 185 457)
At 31 December 2022	**-**	**14 738 749**	**29 132 016**	**3 844 100**	**540 000**	**48 254 863**
CARRYING AMOUNT						
Cost at 31 December 2021	**493 343 640**	**24 726 917**	**2 219 308**	**7 520 015**	**2 690 000**	**530 499 881**
Accumulated depreciation at 31 December 2021	-	(5 946 979)	(1 779 483)	(1 386 318)	(540 000)	(9 652 781)
Carrying amount at 31 December 2021	**493 343 640**	**18 779 938**	**439 825**	**6 133 697**	**2 150 000**	**520 847 100**
Cost at 31 December 2022	**1 839 763 684**	**298 745 667**	**506 574 851**	**111 616 960**	**2 690 000**	**2 759 391 162**
Accumulated depreciation at 31 December 2022	-	(14 738 749)	(29 132 016)	(3 844 102)	(540 000)	(48 254 867)
Carrying amount at 31 December 2022	**1 839 763 684**	**284 006 918**	**477 442 835**	**107 772 858**	**2 150 000**	**2 711 136 295**

16 INTANGIBLE ASSETS

Computer Software	Inflation Adjusted ZWL	Historical Cost ZWL
COST		
At 01 January 2021	**192 250 138**	**1 403 244**
Additions	299 075 007	57 063 500
Derecognition of fully depreciated software	(5 533 932)	(1 055 874)
At 31 December 2021	**485 791 213**	**57 410 870**
At 01 January 2022	**485 791 213**	**57 410 870**
Additions	92 566 008	28 366 244
Revaluation gain	-	-
Disposals	-	-
At 31 December 2022	**578 357 221**	**85 777 114**
ACCUMULATED DEPRECIATION AND IMPAIRMENT		
At 01 January 2021	**185 531 963**	**1 290 866**
Charge for the year	76 916 179	319 182
Disposals	(5 533 926)	(1 055 874)
At 31 December 2021	**256 914 216**	**554 174**
At 01 January 2022	**256 914 216**	**554 174**
Charge for the year	35 329 255	63 896 168
At 31 December 2022	**292 243 471**	**64 450 342**
CARRYING AMOUNT		
Cost at 31 December 2021	**485 791 213**	**57 410 870**
Accumulated depreciation at 31 December 2021	(256 914 216)	(554 174)
Carrying amount at 31 December 2021	**228 876 997**	**56 856 696**
Cost at 31 January 2022	**578 357 220**	**85 777 114**
Accumulated depreciation at 31 December 2022	(292 243 470)	(64 450 342)
Carrying amount at 31 December 2022	**286 113 750**	**21 326 772**

17 RIGHT OF USE ASSETS

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Cost				
At 01 January	78 532 583	60 703 068	11 165 007	7 145 646
Remeasurements / Adjustments	20 276 714	17 829 516	8 908 799	4 019 361
At 31 December	**98 809 297**	**78 532 584**	**20 073 806**	**11 165 007**
Accumulated Depreciation				
At 01 January	25 349 242	2 058 744	2 676 614	366 989
Charge for the year	5 068 826	23 290 498	2 255 676	2 309 625
At 31 December	**30 418 068**	**25 349 242**	**4 932 290**	**2 676 614**
Carrying amount at 31 December	**68 391 229**	**53 183 342**	**15 141 516**	**8 488 393**

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
18 DEFERRED TAXATION				
18.1 Deferred Tax Asset				
Deferred tax asset is the amount of income taxes recoverable in future years in respect of deductible temporary differences unused tax losses and unused tax credits.				
Opening Balance	91 449 543	4 077 590	20 019 366	322 846
Charge for the year	676,779,723	87 371 953	372,656,549	19 696 520
Transfer from deferred tax liability	-	-	(4 848 348)	-
Closing Balance	**768 229 266**	**91 449 543**	**387 827 570**	**20 019 366**
18.2 Deferred Tax Liability				
Deferred tax liability represents the amount of income taxes payable in future years in respect of taxable temporary differences				
Opening Balance	23 863 041	3 879 341	4 848 345	343 356
Transfer to deferred tax asset	(23 863 041)	19 983 700	(4 848 345)	4 504 989
Closing Balance	**-**	**23 863 041**	**-**	**4 848 345**

19 SHARE CAPITAL AND SHARE PREMIUM

Authorised share capital

150 000 000 ordinary shares with a nominal value of ZWL0,01. The Directors are authorised to issue an unlimited number of preference shares as approved by shareholders.

Issued share capital	Number of shares	Share capital ZWL	Share premium ZWL	amounts awaiting allotment ZWL	Total ZWL
Inflation Adjusted					
At 1 January 2021	**18 784 813**	**11 501 552**	**6 692 641 760**	**19 781 386 324**	**26 485 529 636**
Issue of shares	-	-	-	2 802 316 689	2 802 316 689
Allotment of shares	5 279 908	1 454 479	22 582 248 534	(22 583 703 013)	-
At 31 December 2021	**24 064 721**	**12 956 031**	**29 274 890 294**	**-**	**29 287 846 325**
At 1 January 2022	**24 064 721**	**12 956 031**	**29 274 890 294**	**-**	**29 287 846 325**
Issue of share capital	3 091 389	38 662	600 263 105	2 723 541 928	3 323 843 695
Allotment of shares	2 898 177	71 955	1 117 175 465	(1 117 247 420)	-
At 31 December 2022	**30 054 287**	**13 066 648**	**30 992 328 864**	**1 606 294 508**	**32 611 690 020**
Historical Cost					
At 1 January 2021	**18 784 813**	**187 848**	**183 767 850**	**100 000 000**	**283 955 698**
Issue of shares	-	-	-	719 807 665	719 807 665
Allotment of shares	5 279 908	52 799	819 754 866	(819 807 665)	-
At 31 December 2021	**24 064 721**	**240 647**	**1 003 522 716**	**-**	**1 003 763 363**
At 1 January 2022	**24 064 721**	**240 647**	**1 003 522 716**	**-**	**1,003,763,363**
Issue of shares	3 091 389	30,914	479 969 086	1 950 000 000	2,430,000,000
Allotment of shares	2 898 177	28 982	449 971 018	(450 000 000)	-
At 31 December 2022	**30 054 287**	**300 543**	**1 933 462 820**	**1,500,000,000**	**3,433,763,363**

20 FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)

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

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
At the beginning of the year	8 891 755 805	8 891 755 805	51 967 059	51 967 059
Charge for the year	-	-	-	-
At the end of the year	**8 891 755 805**	**8 891 755 805**	**51 967 059**	**51 967 059**

21 REVALUATION RESERVE

	Inflation Adjusted 31 Dec 2022 ZWL	Inflation Adjusted 31 Dec 2021 ZWL	Historical Cost 31 Dec 2022 ZWL	Historical Cost 31 Dec 2021 ZWL
At the beginning of the year	1 262 276 668	1 444 404 291	466 377 641	297 282 774
Charge for the year	2 343 018 196	(182 127 623)	2 292 902 487	169 094 867
At the end of the year	**3 605 294 864**	**1 262 276 668**	**2 759 280 128**	**466 377 641**

22 FAIR VALUE

	Inflation Adjusted 31 Dec 2022 ZWL	Inflation Adjusted 31 Dec 2021 ZWL	Historical Cost 31 Dec 2022 ZWL	Historical Cost 31 Dec 2021 ZWL
At the beginning of the year	3 466 234 836	3 549 838 699	811 760 202	508 142 136
Charge for the year	2 890 821 908	(83 603 863)	5 017 168 048	303 618 066
At the end of the year	**6 357 056 744**	**3 466 234 836**	**5 828 928 250**	**811 760 202**

23 PREFERENCE SHARE CAPITAL

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

No dividend has been declared during the financial year.

Issued Preference Share Capital	Number of shares	Preference share capital ZWL	Total ZWL
Inflation Adjusted			
At 1 January 2021	**382 830**	**5 894 123 485**	**5 894 123 485**
Issue of shares	-	-	-
At 31 December 2021	**382 830**	**5 894 123 485**	**5 894 123 485**
At 1 January 2022	**382 830**	**5 894 123 485**	**5 894 123 485**
Issue of shares	-	-	-
At 31 December 2022	**382 830**	**5 894 123 485**	**5 894 123 485**
Historical Cost			
At 1 January 2021	**382 830**	**38 283 003**	**38 283 003**
Issue of shares	-	-	-
At 31 December 2021	**382 830**	**38 283 003**	**38 283 003**
At 1 January 2022	**382 830**	**38 283 003**	**38 283 003**
Issue of shares	-	-	-
At 31 December 2022	**382 830**	**38 283 003**	**38 283 003**

	Inflation Adjusted		Historical Cost	
24 DEPOSITS FROM CUSTOMERS	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**
Deposits from customers are primarily comprised of amounts payable on demand and term deposits.				
Large corporate customers	3 064 717 901	1 495 636 905	3 064 717 901	435 081 871
Retail customers	396 968 634	115 486 361	396 968 634	33 595 067
	3 461 686 535	**1 611 123 266**	**3 461 686 535**	**468 676 938**
24.1 Maturity analysis of deposits from customers				
Up to one month	2 873 790 088	1 535 551 119	2 873 790 088	446 692 945
Up to three months	587 453 565	74 531 885	587 453 565	21 681 380
Above six months	442 882	1 040 262	442 882	302 613
	3 461 686 535	**1 611 123 266**	**3 461 686 535**	**468 676 938**

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 2022 ZWL**	**Percentage (%)**	**31 Dec 2021 ZWL**
Inflation Adjusted				
Financial markets	69.78	2 415 522 433	40.72	656 100 023
Fund managers and pension funds	8.12	281 157 631	6.86	110 548 433
Individuals	0.17	5 809 276	7.20	115 958 443
Government and public sector institutions	5.13	177 414 930	25.73	414 541 112
Other services	16.80	581 782 265	19.49	313 975 255
	100.00	**3 461 686 535**	**100.00**	**1 611 123 266**
Historical Cost				
Financial markets	69.78	2 415 522 433	40.73	190 859 977
Fund managers and pension funds	8.12	281 157 631	6.86	32 158 620
Individuals	0.17	5 809 276	7.20	33 732 396
Government and public sector institutions	5.13	177 414 930	25.74	120 590 313
Other services	16.80	581 782 265	19.47	91 335 632
	100.00	**3 461 686 535**	**100.00**	**468 676 938**

	Inflation Adjusted		Historical Cost	
25 LOCAL LINES OF CREDIT AND BONDS	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**	**31 Dec 2022 ZWL**	**31 Dec 2021 ZWL**
Bonds	3 969 706 484	2 423 183 140	3 969 706 484	704 905 750
Lines of credit	933 538 652	187 792 625	933 538 652	54 629 012
Total	**4 903 245 136**	**2 610 975 765**	**4 903 245 136**	**759 534 762**
Current	3 697 075 563	1 709 471 627	3 697 075 563	497 286 548
Non current	1 206 169 573	901 504 138	1 206 169 573	262 248 214
	4 903 245 136	**2 610 975 765**	**4 903 245 136**	**759 534 762**

	Inflation Adjusted		Historical Cost	
The movement in the balances during the year was as follows;	**Bonds ZWL**	**Lines of credit ZWL**	**Bonds ZWL**	**Lines of credit ZWL**
At 1 January 2022	**2 423 183 140**	**187 792 625**	**704 905 750**	**54 629 012**
New issues/funding	1 546 523 344	745 746 027	3 264 800 734	878 909 640
At 31 December	**3 969 706 484**	**933 538 652**	**3 969 706 484**	**933 538 652**

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.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 December 2022

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
26 OTHER LIABILITIES				
Accruals	136 580 004	32 168 867	136 580 004	9 357 947
Provision for outstanding employee leave	39 557 629	31 101 321	39 557 629	9 047 397
Dividend payable	156 112	536 650	156 112	156 112
Withholding tax services	134 885 098	1 193 445	134 885 098	347 174
IMT tax 2 percent	6 485 440	7 696 048	6 485 440	2 238 786
Sundry creditors-internal	6 965 321	2 309 426 112	6 965 321	671 813 747
Projects accounts payable	3 375 000	11 601 896	3 375 000	3 375 000
Deferred income	3 119 972 176	124 338	2 987 391 123	36 170
Other	215 517 689	79 306 139	215 517 688	23 070 214
	3 663 494 469	**2 473 154 816**	**3 530 913 415**	**719 442 547**
27 NET INTEREST INCOME				
27.1 Interest and related income:				
Loans and advances to large corporates	135 764 952	116 721 690	71 860 035	29 469 838
Loans and advances to individuals	23 276 084	15 206 714	14 760 246	3 649 797
Treasury bills and other financials assets	16 870 850	43 297 674	10 346 977	9 768 730
Placements with local banks	1 100 584	294 737	414 104	70 172
Mortgages	50 499 947	27 812 631	33 547 660	6 209 088
Cash and bank balances	22 922 532	19 719 553	16 375 438	4 986 086
	250 434 949	**223 052 999**	**147 304 460**	**54 153 711**
27.2 Interest and related expense:				
Bonds	(309 074 314)	(141 675 423)	(235,297,099)	(33 000 287)
Deposits from large corporates	(1 059 589 600)	(253 002 185)	(879 024 018)	(60 096 913)
Deposits from individuals	(1 780 236)	(2 150 763)	(1 214 433)	(504 432)
	(1 370 444 150)	**(396 828 371)**	**(1 115 535 550)**	**(93 601 632)**
28 SALES				
Property sales	246 879 977	5 335 274	240 594 033	1 466 700
Cost of construction of property	(38 918 852)	-	(38 183 170)	-
Gross profit	**207 961 125**	**5 335 274**	**202 410 863**	**1 466 700**

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
29 FEE AND COMMISSION INCOME				
Advisory and management fees	60 234 536	55 672 548	31 990 995	13 415 741
Banking service fees	17 244 904	13 381 248	10 640 627	3 150 638
	77 479 440	**69 053 796**	**42 631 622**	**16 566 379**
30 NET GAINS/ (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Listed equity securities (Note 6)	**(133 789 323)**	**102 540 037**	**33 647 764**	**44 513 108**
31 OTHER INCOME				
Rental income	270 437 247	142 167 854	183,174,862	33,333,353
Profit/(loss) on fixed assets disposal	15 005 256	-	21,980,493	-
Bad debts (written off) recovered	460 654	(15 301 182)	158,420	(3,342,328)
Sundry income	39 863 054	15 310 113	19,853,456	3,566,984
Hondius Capital Management write off	-	(92,612,407)	-	(26,941,017)
	325,766,211	**49,564,378**	**225,167,231**	**6,616,992**

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
32 FAIR VALUE LOSS ON INVESTMENT PROPERTY				
Net gain/(loss) from fair value adjustment	3 514 032 925	(1 399 483 960)	7 008 050 506	300 737 895
Unrealised gain/(loss) from fair value adjustment of investment property	**3 514 032 925**	**(1 399 483 960)**	**7 008 050 506**	**300 737 895**
33 NET FOREIGN EXCHANGE GAINS/(LOSSES)				
Net unrealised gains/(losses) from translation of foreign currency balances	**2 055 970 388**	**1 040 007 337**	**821 709 618**	**272 327 867**
34 OPERATING EXPENSES				
Repairs and maintenance	44 976 187	80 055 521	29 117 153	19 878 427
Employee benefit costs (Note 34.1)	3 071 940 332	1 461 820 218	2 134 213 240	357 221 262
Telecommunication and postage	25 115 427	21 880 242	18 736 254	5 515 963
IT and software costs	415 231 929	289 180 762	305 769 965	68 176 256
Directors remuneration:				
- for services as Directors	23 126 615	11 416 496	16 229 047	2 692 800
Water, electricity and rates	37 381 523	28 857 443	26 988 511	6 842 341
Legal and Professional fees	157 232 084	93 140 218	91 481 722	23 182 151
Audit fees	198 100 263	22 515 445	166 425 954	4 473 118
Depreciation	117 027 551	272 525 163	69 999 613	14 238 254
Depreciation of right of use assets	5 068 826	23 321 439	2 255 676	2 309 625
Amortisation	35 329 255	76 916 185	63 896 167	319 182
Fuel and lubricants	335 234 331	145 537 607	218 145 653	35 910 988
Business travel	106 780 780	56 800 956	61 483 215	14 712 298
Donations, marketing and public relations	38 017 465	106 700 374	19 905 671	26 092 349
Insurance and security	117 573 752	80 750 147	86 468 210	19 204 348
Subscriptions	94 136 067	45 735 922	66 285 529	10 608 325
Printing and stationery	20 632 897	14 077 786	14 459 532	3 352 966
Bank charges	23 344 452	20 903 657	17 236 528	4 706 897
Staff training	7 563 268	117 661	4 842 249	30 600
Refreshments	8 980 352	6 196 116	6 362 559	1 469 079
Other administrative costs	328 229 598	36 536 986	282 277 280	36 114 261
	5 211 022 954	**2 894 986 344**	**3 702 579 728**	**657 051 490**
34.1 Employee benefit costs				
Salaries and bonuses	1 128 057 534	833 209 152	594 520 257	202 602 697
Pension costs	141 710 574	96 180 770	77 807 608	23 303 514
Post employment medical benefits	158 772 751	89 891 348	113 544 330	20 968 948
Leave pay expense	67 363 236	22 493 921	69 639 000	11 565 074
Other staff expenses	1 576 036 237	420 045 027	1 278 702 045	98 781 029
	3 071 940 332	**1 461 820 218**	**2 134 213 240**	**357 221 262**

Post employment benefits

Pension Fund

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

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Contributions for the year	**141 710 574**	**96 180 770**	**77 807 608**	**23 303 514**

National Social Security Authority Scheme

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

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Contributions for the year	**19 910 596**	**3 279 912**	**19 910 596**	**3 279 912**

35 TAXATION

Income tax				
Current tax expense	-	(19 983 712)	-	(4 504 988)
Current tax credit	676 779 723	87 371 945	372 656 548	19 696 520
Tax credit / (expense)	**676 779 723**	**67 388 233**	**372 656 548**	**15 191 532**
Reconciliation of income tax credit				
Based on results for the period at a normal rate of 24.72%				
Arising due to:				
Accounting profit/ (loss)	2 737 782 053	(272 606 120)	1 507 510 309	(61 454 417)
Tax credit/ (expense) at 24.72%	**676 779 723**	**(67 388 233)**	**372 656 548**	**(15 191 532)**
The aggregate tax relating to items that are charged or credited directly to equity	**676 779 723**	**(67 388 233)**	**372 656 548**	**(15 191 532)**
Current tax	676 779 723	(67 388 233)	372 656 548	(15 191 532)
Deferred tax	-	-	-	-

36 EARNINGS PER SHARE

Basic and diluted loss per share

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Bank by the number of ordinary shares in issue during the year. No dilutive instruments were held during the year. (2021 - ZWLnil).

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

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Profit/(Loss) attributable to equity holders	99 744 122	(4 433 714 623)	5 397 048 517	(68 701 585)
Weighted average number of issued ordinary shares	30 054 287	24 064 721	30 054 287	24 064 721
Basic profit / (loss) per share (ZWL cents)	332	(18,424)	17 958	(285)

37 COMMITMENTS AND GUARANTEES

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

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Guarantees / loan commitments	2 400 000	8 250 237	2 400 000	2 400 000

37 COMMITMENTS AND GUARANTEES

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

	Inflation Adjusted		Historical Cost	
38 FUNDS UNDER MANAGEMENT	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Held on behalf of:				
Government of Zimbabwe	364 420 948	1 199 522 264	364 420 948	348 941 905
Represented by:				
Sinking fund	-	-	-	-
Amounts awaiting disbursement	48 714 766	187 792 624	48 714 766	54 629 012
Loans and advances to parastatals and government implementing agencies	315 706 182	1 011 729 640	315 706 182	294 312 893
	364 420 948	**1 199 522 264**	**364 420 948**	**348 941 905**

39 RELATED PARTIES

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

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

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

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group as at 31 Dec 2022 %	as at 31 Dec 2021 %
Waneka Properties (Private) Limited	Property development	Zimbabwe	70	70
Manellie Investments (Private) Limited	Agriculture	Zimbabwe	100	100
Norton Medical Investments (Private) Limited	Medical services	Zimbabwe	60	60
Kariba Housing Development Project	Property development	Zimbabwe	90	90
Mazvel Investments (Private) Limited	Property development	Zimbabwe	42.83	42.83
Samukele Lodges	Hospitality	Zimbabwe	100	100
Changamire Inkosi	Property Investment	Zimbabwe	60	60
Special purpose entities				
Clipsham Views Housing Project	Joint Operation	Zimbabwe	83	83

39 RELATED PARTIES (continued)

a) Identity of related parties (continued)

The following transactions were carried out with related parties:
A number of banking transactions are entered into with related parties in the normal course of business. For the year ended 31 December 2022, these included:

	IDBZ
MAZVEL	(1 686 054 727)
WANEKA	40 685 117
ZIMCAMPUS	11 790 081
SAMUKELE	(18 744 610)
TOTAL	**(1 652 324 139)**

b) Key management compensation

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

	Inflation Adjusted		Historical Cost	
	31 Dec 2022 ZWL	31 Dec 2021 ZWL	31 Dec 2022 ZWL	31 Dec 2021 ZWL
Salaries and other short-term employee benefits	947 465 126	279 039 978	521 704 584	62 904 821
Post-employment benefits	18 580 238	7 153 107	12 440 385	1 612 546
Total	**966 045 364**	**286 193 085**	**534 144 969**	**64 517 367**

c) Loans and advances to related parties

	Directors and other key management personnel 31 Dec 2022 ZWL	Associated companies 31 Dec 2022 ZWL	Directors and other key management personnel 31 Dec 2021 ZWL	Associated companies 31 Dec 2021 ZWL
Inflation Adjusted				
Loans outstanding	57 464 587	-	197 540 194	-
Interest income earned	3 033 197	-	7 408 744	-
Historical Cost				
Loans outstanding	57 464 587	-	63 921 996	-
Interest income earned	1 670 175	-	5 366 619	-

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

d) Deposits from related parties

	Directors and other key management personnel 31 Dec 2022 ZWL	Associated companies 31 Dec 2022 ZWL	Directors and other key management personnel 31 Dec 2021 ZWL	Associated companies 31 Dec 2021 ZWL
Inflation Adjusted				
Deposits at 31 December	15 322	-	52 671	-
Interest expense on deposits	-	-	-	-
Historical Cost				
Deposits at 31 December	15 322	-	1 928	-
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 2022, the Directors did not hold directly and indirectly any shareholding in the Group.

40 LEGAL AND COMPLIANCE RISK

Compliance risk is the current and prospective risk of damage to the organisation's business model or objectives, reputation and financial soundness arising from non- adherence to policy, legal and regulatory requirements. During the period under review, the Bank was in compliance with applicable laws including the IDBZ Act [Chapter 24:14] and Banking Act [Chapter 24:20]. The Bank's core capital was ZWL14.6 billion which is equivalent to USD21.7million at the exchange rate of ZWL671.4466 against a regulatory minimum equivalent of USD20 million for Development Finance Institutions.

41 GOING CONCERN

The Infrastructure Development Bank of Zimbabwe (the Bank) prepared its financial statements on a going concern basis. During the 2022 financial year the Bank recorded a historical profit of ZWL4 billion. The Bank has made significant strides in recovering from the effects of the Covid-19 pandemic and is now poised for growth anchored on profitability, effective liquidity management and shareholders' support.

The Bank received support from shareholders in the form of capital injections during the period to fund its operations and expects to continue receiving support going forward to achieve capitalisation levels of USD500m in the medium term. The Bank successfully managed to complete some projects which had been delayed as a result of the pandemic and regulatory approvals over the previous two financial years.

1. **Capitalisation**
   The Bank received shareholder capital of ZWL2.4 billion (Restated: ZWL3.3 billion) in the current year. The Bank expects to receive more capital in the 2023 financial year which will be used towards funding the Bank's operations and projects.

   The Bank's capital as at 31 December 2022 was ZWL14.7 billion or US$21.9million

2. **Project Budgets**
   The Bank continues to fund projects from USD-linked Bond issuances with repayments anchored on project receivables ringfenced in a dedicated sinking fund facility. In order to hedge against inflation and match with the USD-linked funding instruments to achieve financial sustainability, the Bank pre-purchases project materials where possible and sells its projects in USD. The Bank also targets to achieve an optimum mix of short- term and long-term projects to achieve sustained growth of its financial position.

3. **Staff Retention**
   The Bank continues to strive to ensure that staff are compensated at market rates. During the year the Bank re-introduced a cushioning allowance which is intended to ensure that staff are fairly remunerated and, that the Bank retains it's staff members. The Bank will continue to monitor employee retention and endeavour to align remuneration with the cost of living. This is anticipated to contribute positively to the Bank's performance in the future.

4. **Liquidity**
   The Bank expects an improvement in the liquidity position supported by new capital injection by shareholders in 2023, increase in deposits to an equivalent of USD6.2m to support increased short-term loan book and structured deals. The Bank also anticipates additional liquidity from the repayment of the Ministry of National Housing debt amounting to USD8.8m. Further balance sheet restructuring is expected to result in USD5.5m liquidity through disposal of investment properties earning sub-optimal returns.

42 Events after the reporting period

Adjusting events

On 7 December 2022, the Bank approved the disposal of three properties comprising of Glen Forest Memorial Park, Zvishavane stands and Athol House as part of its work program and budget for 2023. The details of the disposals were as follows:

Property	Date sold	Amount (ZWL)
Glen Forest Memorial Park	7 February 2023	449 380 965
Athol House Harare	26 January 2023	1 795 828 500
Stand 1160 And 1161 Zvishavane Township		
Total		**2 245 209 465**

Non-Adjusting events

The bank showed interest to sell some of its Investment Property valued at ZWL$2,719,358,730 during the year 2023.
At 31 December 2022, the assets were included in Investment Properties and did not meet criteria to be classified under IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations).

Notice to Shareholders

Notice is hereby given that the 38th Annual General Meeting of Members of the Infrastructure Development Bank of Zimbabwe (IDBZ) will be held remotely on Thursday 29 June 2023 at 11:00 hours to transact the following business:

1. To receive, consider and adopt the Annual Audited Financial Statements and Reports of the Directors and Auditors for the year ended 31 December 2022.

2. To approve the remuneration of the auditors for the year ended 31 December 2022.

3. To note that BDO Zimbabwe Chartered Accountants were appointed as Auditors of the Infrastructure Development Bank of Zimbabwe with effect from FY2021 for a five (5) year term.

4. To approve the remuneration of the Directors for the year ended 31 December 2022.

5. To transact any other business that may be transacted at the Annual General Meeting.

A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote in his stead. Aproxy need not be a Member of the Bank. Proxy forms must be lodged at the Registered Office of the Bank not less than 48 hours before the time appointed for the meeting.

By Order of the Board

K Kanguru
Bank Secretary

Registered Office:
99 Gamal Abdel Nasser Road (formerly Rotten Row Road)
Harare Zimbabwe
Telephone 263 (024) 2774226/7, 2750171 - 8
Fax: 263 (024) 2749012

Proxy Form

I/WE ....

of ....

being the registered holder of ....

Ordinary Shares in the Infrastructure Development Bank of Zimbabwe

hereby appoint...

of ....

or, failing him, the Chairman of the meeting as my/our proxies, to vote for me/us and on my/our behalf at the ANNUAL GENERAL MEETING of the Bank to be held remotely on Thursday 29 June 2023 commencing at 11:00 hours and at any adjournment thereof.

Signed this... day of 2023

Signature of Member ....

NOTE:
A member entitled to attend and vote at the meeting may appoint any person or persons to attend, speak and vote in his stead. A proxy need not be a Member of the Bank. Proxy forms must be lodged with the Secretary not less than forty-eight (48) hours before the time appointed for the meeting.

Registered Office:
99 Gamal Abdel Nasser Road (formerly Rotten Row Road)
Harare Zimbabwe
Telephone 263 (024) 2774226/7, 2750171 - 8
Fax: 263 (024) 2749012

ANNEXES

Annex 1: List of Contracts signed in 2022

Table 1: Services

S/N	Project Name & Tender Number	Service Provider and Project Description & Location	Date of Contract signing & Contract Value
1	Contract for Architectural Consultancy Services at Kanyemba Lodges. Contract No: IDBZ12(b) of 2021	Service provider: Plan Infrastructure Development (Pvt) Ltd t/a Architecton Design Studio Project Description: Provision of architectural consultancy services for the refurbishment of Kanyemba Lodges in Mbire District, Mashonaland Central.	Date: 12 January 2022 Value: USD 33,690.77
2	Contract for Consultancy Services for detailed feasibility study and environmental and social impact assessment including environmental and social management plan for the proposed Gutu Solar Project	Service Provider: SOWITEC Kenya Limited with Mazedeck Ventures (Private) Limited (Kenya). Project Description: Provision of consultancy services for detailed feasibility study and environmental and social impact assessment including environmental and social management plan for the proposed Gutu Solar Project	Date: 3 August 2022 Value: USD 121,738.48
3	Contract for Consultancy Services for support to the development of the long-term strategy (2021-2030) of the Infrastructure Development Bank of Zimbabwe (SRfQ No. IDBZ 101 of 2021)	Service Provider: Rebel Group Advisory Southern Africa (PVT) Ltd. Project Description: Provision of consultancy services for the development of the long-term strategy (2021-2030) of the Infrastructure Development Bank of Zimbabwe.	Date: 28 January 2022 Value: Euro 27,556.00
4	Contract for Consultancy Services for External Quality Assessment Review of Internal Audit Unit – Contract No. IDBZ/ IADU/107/2022	Service Provider: The Institute of Internal Auditors Zimbabwe. Project Description: Provision of consultancy services for External Quality Assessment Review of Internal Audit Unit.	Date: 05 October 2022 Value: USD7,000.00
5	Contract for Consultancy Services for Environmental and Social Impact Assessment Studies (ESIA) for LUSAC Project.	Service Provider: SIRDC - Scientific Industrial Research and Development Centre. Project Description: Provision of Environmental and Social Impact Assessment Studies (ESIA) for LUSAC Project.	Date: 26 August 2022 Value: USD15,238.77

Table 2: Works

S/N	Project Name & Tender Number	Service Provider and Project Description & Location	Date of Contract signing & Contract Value
1	Construction of two four-Storey blocks of flats as Waneka Phase 3: Contract No: IDBZ 32B OF 2021	Contractor: Hualong Construction (Private) Limited Project Description: Construction of 2x 4 Storey blocks of flats with a total of 48 apartment units	Date: 17 March 2022 Value: USD2,134,006.95
2	Construction of Lupane Warden's Houses in Lupane	Contractor: FML Construction (Pvt) Ltd Project Description: Construction of Two (2) Warden's houses in Lupane	Date: 27 June 2022 Value: USD235,946.69
3	Contract for Design, Construction and De-mounting of the IDBZ Stand for the ZITF Bulawayo - Contract Number 111 0f 2022	Contractor: Troika Workshop Design Project Description: Design, Construction and Demounting of the IDBZ Stand for the ZITF Bulawayo.	Date: 16 May 2022 Value: USD 158,439.98
4	Contract for Supply and Fix of Electrical Reticulation for Sumben Estate Residential Phase I. Contract No: IDBZ 33 of 2022	:Contractor Uniscott Investments (Private) Limited Project Description: Electrical Reticulation for Sumben Es-.tate Residential Phase I	Date: 11 October 2022 Value: USD 750,216.42

Annex 2: 2022 Detailed 'No Objections'

Table 1: SPOC 'No Objections'

1.	Direct Procurement of Hualong Construction P/L for Waneka Housing Project Phase 3 **(SPOC RESOLUTION 0083 of 24 December 2021, received 2 January 2022)**
2.	Expression of Interest for Engagement of EPC+F Partners for Cluster Housing Development in Harare **(SHORTLISTING) (SPOC RESOLUTION 0064 of 20 January 2022)**
3.	Application for Exemption from Public Procurement processes: Activities undertaken by an SPV **(Runde-Tende Infrastructure Consortium P/L) (27 January 2022)**
4.	Authorisation to conduct procurement in 2022 based on Annual Procurement Plan submitted on 31 December 2021 **(Granted 10 February 2022)**
5.	Willsgrove Park Phase 2 -Water reticulation, Roads, and Stormwater drainage Project in Bulawayo **(SPOC RESOLUTION 0127 of 11 February 2022)** – An Objection
6.	Marimba Phase 2 Remedial Works (Reconstruction of surfaced roads and stormwater drainage **(SPOC RESOLUTION 0377 of 11 February 2022, received 9 May 2022)**
7.	Expression of Interest for Engagement of EPC+F Partners for Cluster Housing Development in Harare **(TECHNICAL ENVELOPE) (SPOC RESOLUTION 0377 of 2 June 2022)**
8.	Expression of Interest for Engagement of EPC+F Partners for Cluster Housing Development in Harare **(COMBINED TECHNICAL AND FINANCIAL PROPOSAL) (Granted authority to proceed to contract negotiation by PRAZ reference letter PRAZ/C/79 of 06 July 2022).**
9.	Sumben Residential Phase 1: Supply and Fix Contract for Electrical Reticulation **(SPOC RESOLUTION 0824 of 22 August 2022)**

Table 2: AFD 'No Objection Letters'

1.	AFD's NOL No. 5 granted on 1 February 2022 for Draft Contract Agreement for IDBZ Long Term Strategy SRfQ No. IDBZ 101 OF 2021). This follows previous NOLs 3;2;1 and 4 granted in 2021.
2.	AFD'S No Objection letter (NOL) No. 2 granted on 10 February 2022 for the support to the Detailed feasibility study and Environmental and Social Impact Assessment including Environmental and Social Management Plan - Procurement plan and Request for Quotation documents
3.	AFD's No Objection letter (NOL) No. 3 for the support to the Detailed feasibility study and Environmental and Social Impact Assessment including Environmental and Social Management Plan - Technical Scoring
4.	AFD's No Objection letter (NOL) No. 4 for the support to the Detailed feasibility study and Environmental and Social Impact Assessment including Environmental and Social Management Plan - Final Evaluation
5.	AFD's No Objection letter (NOL) No. 5 for the support to the Detailed feasibility study and Environmental and Social Impact Assessment including Environmental and Social Management Plan – Draft contract Agreement with the service provider (Sowitec Kenya Limited).

Design & Layout by vpcz

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