REVIEWED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

FOR HALF YEAR ENDED 30 JUNE 2023

Infrastructure Development Bank of Zimbabwe

CHAIRMAN'S STATEMENT

Background
The Bank faced a challenging macroeconomic environment during the first half of 2023 emanating from slowdown in the global economic growth, geopolitical tensions, climate change, and the domestic macroeconomic instability. The global economy was impacted by the Russia- Ukraine war, cost of living crisis, tightening financial conditions and the resurgence of COVID-19. These had spillover effects on many developing countries including Zimbabwe.

The domestic macroeconomic environment was characterised by tight liquidity, high inflation, high interest rates and exchange rate volatility. The power outages faced towards the end of 2022 up to the first quarter of 2023 further constrained the country's economic growth. By end of the half year the power supply situation had significantly improved though risks pertaining to the water levels in Kariba Dam remain.

Inflation peaked during the period, increasing from an annual inflation rate of 101% in January 2023 to 175.8% in June 2023. Month on month inflation also accelerated from 0.7% in January to 74.5% in June 2023. On the other hand, exchange rate (1US$: ZWL) depreciated from an average official exchange rate of ZWL871 in January 2023 to an average of ZWL5 435.59 in June 2023. In tandem, the parallel market exchange rate depreciated from ZWL1 200 to ZWL8 100 over the same period. To contain the situation, the authorities tightened the monetary policy further by raising the policy rates to 150%, use of open market operations to mop excess liquidity and curtailing money supply. Inadvertently, the costs of delivering infrastructure projects increased undermining viability of many infrastructure projects.

Despite these challenges, the country has maintained a very strong economic base with economic growth projected at 5.3% in 2023 anchored on resurgence of the agriculture, mining and construction sectors.

Contribution to Vision 2030
The Bank has remained resolute in supporting the attainment of the country's Vision 2030 and the National Development Strategy 1 (NDS1) through development and implementation of various projects in the Bank focus sectors. By the end of the reporting period, the Bank had reached practical completion of the Bulawayo Student Accommodation Complex (BSAC) which will house more than more than 1,000 tertiary institution students in Bulawayo. There was also significant progress towards completion of on-going housing projects which will result in housing units and fully serviced stands in Harare and Bulawayo respectively. The Bank has supported players in the infrastructure value chain that include quarry and electricity distribution. The support to various projects led to employment creation, improvement in people's livelihoods and improved access to energy and transport. The Bank will accelerate infrastructure development through leveraging Government support to harness resources from Development Partners (DPs), and the Private Sector.

Institutional Reforms
The Bank disseminated its Long-Term Strategy: 2021-2030 (LTS) over the reporting period to galvanise support from all its stakeholders towards mandate delivery. The LTS responds to the country's development challenges through supporting infrastructure development in the Water and Sanitation, Housing, Irrigation, Transport, and Energy (WHITE) sectors. The Bank remains committed to supporting the secondary focus sectors; Health, Education, Tourism, and Information Communication Technology (ICT).

The Bank is grateful for the constant support it is getting from its shareholders. The support of the Bank's recapitalisation is critical in; building a strong base for effective resource mobilisation, ensuring that the Bank attains the minimum regulatory capital, and the Bank's financial sustainability.

The Bank has remained steadfast in its efforts to build strong partnerships with cooperating partners and private sector investors. These partnerships will allow the Bank to benefit from technical support and affords it an opportunity to access co-financing opportunities and credit facilities.

After its successful accreditation to the Green Climate Finance last year, the Bank is also exploring other platforms for mobilising resources in support of transitioning to the green economy. Pursuant to that, the Bank registered the Climate Finance Facility (CFF) Trust Deed in March 2023, and the Ministry of Finance and Economic Development has already undertaken to provide initial capital starting first quarter of 2024. Looking ahead, the Bank is set become a major player in the climate finance space.

Further, during the period under review, the Bank under the guidance of the Reserve Bank of Zimbabwe has continued with the certification process under the European Organisation for Sustainable Development (EOSD), Sustainability Standards Certification Initiative (SSCI). The certification will further strengthen the Bank's institutional capacity as an Accredited Entity (AE) of the Green Climate Fund (GCF) and deepen its foothold in green finance.

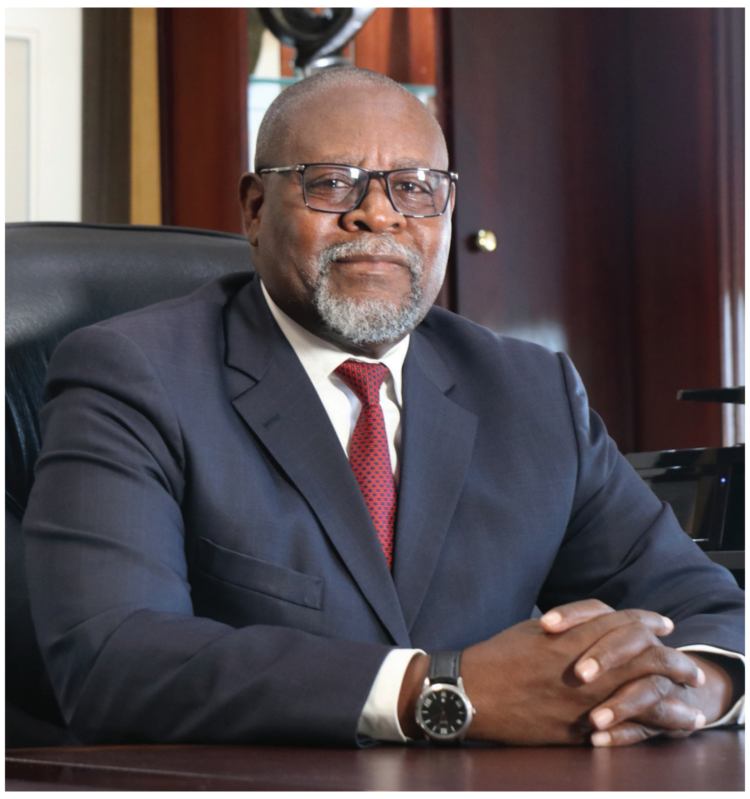
Appreciation
On behalf of the Board, Management and Staff of the Bank, I would like to express my sincere gratitude to the Office of the President and Cabinet, Ministry of Finance and Economic Development, Reserve Bank of Zimbabwe (RBZ) and other Government Departments for their support. The Bank recognises that its efforts alone are inadequate for effectual mandate delivery without full cooperation and collaboration of our stakeholders: valued customers, suppliers, and Development Partners.

I am deeply grateful for the contribution my colleagues on the Board, Management and Staff, who have remained focused to achieving the Bank's mandate under a challenging operating environment.

Kupukile Mlambo
Acting Chairman of the Board

29 August 2023

CEO'S STATEMENT



Guided by the 2023-2025 Work Programme and Budget theme, "Transforming and Retooling towards a DFI of Scale", the Bank remained committed to contribute to the country's infrastructure development through technical support in project development, provision of innovative financing solutions, and knowledge generation and sharing. The Bank has managed to register considerable success in its operations albeit under a very challenging operating environment characterised by high inflation, unstable exchange rate, high interest rates and tight liquidity.

Bank Operations
During the first half of 2023, the Bank managed to raise resources for infrastructure development and support of the players in the infrastructure value chain (equivalent of US$3.73 million) targeting the following projects: Bulawayo Student Accommodation Complex (BSAC) (US$1.34 million); Eyestone Quarry (US$1.38 million); Bluffhill Cluster Homes Development (US$0.78 million) and Willsgrove Park Housing Phase 2 (US$0.23 million). Fundraising Pogramme for the Lupane Student Accommodation Complex (LUSAC) (US$8.9 million) is in progress.

The Bank continued to identify opportunities in infrastructure development guided by its focus sectors and mandate in response to the Country's Vision 2030 and NDS1 targets. During the reporting period, projects with an estimated value of US$68.8 million were committed to the Bank's Projects Pipeline:

(i) Athol Apartments (US$4.6 million);
(ii) Dabuka Village Double Storey Apartments (US$9.1 million);
(iii) Clipsham Primary School (US$2.1 million);
(iv) Clipsham Hotel (US$12.0 million);
(v) MOHNSA Shelter Afrique Advisory (US$ 25 million);
(vi) Glen Forest Housing Development (US$6 million); and
(vii) MoNHSA SDR Loan – US $10 million.

The Bank's resources mobilisation efforts are anchored on availability of bankable projects, therefore, investment in the preparation and packaging of projects is indispensable. During the period under review, the Bank disbursed US$1.07 million towards project preparation and packaging activities for the following:

(i) Gutu Solar: US$0.09 million (Bankable Feasibility and ESIA Study Consultants Fees & Disbursements, EMA ESIA review fees);
(ii) LUSAC: US$0.011 million (topographic survey, ESIA, geotechnical investigations);
(iii) Tjibundule: US$0.006 million (stakeholder consultation, town planning);
(iv) CUZ Student Accommodation: US$0.81 million (review of designs);
(v) Tugwi-Mukosi: US$0.031 million (Irrigation Feasibility Study Consultant Fee Arrears); and
(vi) Marimba Cluster Homes: US$0.121 (Bank land contribution).

By the end of June one (1) project worth US$6 million was successfully developed to bankability and approved for funding, 7 On Pagomo Cluster Houses Development (Cape Valley). More projects under preparation and development are expected to reach bankability by the end of the year. In support of players in the infrastructure value chain, the Bank's loan book reached US$3.4 million by the end of the reporting period. The growth of the book remains constrained by the economy wide liquidity challenges and macroeconomic volatilities.

The Bank registered significant progress in the implementation of the following infrastructure projects in the housing sector:

- BSAC was practically completed in the second quarter of 2023 and is expected to start housing students in the third quarter of 2023. The complex has 516 rooms (264 for male and 252 female) with a capacity to accommodate 1032 students. The project is expected to alleviate the accommodation shortage plight for tertiary institutions students in Bulawayo.
- Willsgrove Park Housing Project Phase 2 in Bulawayo had reached 96.6% practical completion by end of half year and is expected to be completed in the third quarter of 2023. The project will deliver 114 fully serviced low-density stands in Bulawayo.
- Bluffhill Cluster Housing Project in Harare which had reached advanced stages of implementation by half year and will deliver 34 housing units (21 two-bedroomed housing units and 13 three-bedroomed housing units).
- Waneka Housing Flats Phase 2 had reached 80% overall completion, with Block 1 reaching 99% by end of second quarter and Block 2 was at 62%. The project is expected to yield 48 two bedroomed flats at completion.

The Eyestone Quarry project which was funded by the Bank under the project value chain financing will contribute to the supply of quarry aggregates for various infrastructure projects in the country mainly road construction and housing.

Bank Capitalisation
The Bank is grateful for the capital injections of ZWL2.5 billion (equivalent to US$1.97 million) by Government and the Reserve Bank of Zimbabwe (RBZ) in the first half of 2023. However, the Bank's capital position deteriorated due to rapid depreciation of the ZWL witnessed in the second quarter of 2023.

Financial Performance
During the period under review, the Bank recorded a historical profit before tax of ZWL25.8 billion compared to a profit of ZWL3.7billion in the same prior year period, benefiting mainly from fair value gain on investment properties and impairment recoveries which were complemented by implementation of costs containment measures.

Operating expenses increased by 674% for the period under review compared to June 2022 mainly due to inflation which affected both prices of goods and services and staff costs. During the period, Management employed several cost containment measures to align costs incurred to revenue generation.

Total assets increased by 620% during the period under review compared to 31 December 2022. The major driver of the Balance Sheet growth was the weakening of the exchange rate from ZWL871 in January 2023 to ZWL5,739.80 as at 30 June 2023. During the period, the Bank received ZWL 2.5 billion capital injection from shareholders and raised resources equivalent to USD3.73 million for infrastructure development and support. The Bank also raised money market deposits amounting to ZWL5.4 billion to support Private Sector lending operation and manage liquidity. The liquidity position was also complemented by balance sheet restructuring, where the Bank disposed of investment properties which were earning suboptimal returns, realising proceeds amounting to USD6 million. These proceeds are being deployed in short term infrastructure projects which are expected to improve the Bank's financial performance.

For financial sustainability, Management is continuously monitoring the Bank's liquidity position, costs, and deliberately targeting projects with shorter revenue cycles.

Appreciation
I would like to extend my gratitude to the Government of Zimbabwe, Office of the President and Cabinet, Ministry of Finance and Economic Development, the Reserve Bank of Zimbabwe, investors, Development Partners, and all other stakeholders for their unwavering support. My profound appreciation also goes to the Board for their guidance and the Bank Management, and Staff for their determination in accomplishing the Banks's mandate in face of all the headwinds.

Zondo Thomas Sakala
Chief Executive Officer

29 August 2023

Infrastructure Development Bank of Zimbabwe

REVIEWED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

FOR HALF YEAR ENDED 30 JUNE 2023

CORPORATE GOVERNANCE

Board of Directors
The IDBZ Act provides that the "Board shall consist of not fewer that seven (7) and not more than nine (9) directors". The current Board was appointed in July 2019 and consists of five (5) non-executive directors and one (1) executive director (the CEO). The Minister is in the process of replacing three (3) Board Members who resigned from the Board. The Board Chairman, Mr J Mutizwa, resigned from the Board on 31 March 2023. Dr K Mlambo is currently the acting Board Chairman.

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

The Board comprises of:
Kupukile MLAMBO (Dr) (Acting Board Chairman)
Sibusisiwe P BANGO (Ms)
Norbert O MUGWAGWA (Dr)
Reginald MUGWARA
Tadios MUZOROZA
Zondo T SAKALA (CEO/Ex-Officio)

Board Attendance - H1/2023

	Main Board	Audit Committee	Finance, Risk Management & ICT	Human Resources	Corp Govern, Ethics & Sustainability
BOARD MEMBERS ATTENDANCE					
Joseph Mutizwa**	1	n/a	n/a	2	1
Kupukile Mlambo	1	n/a	2	1	2
Sibusisiwe P Bango	1	2	n/a	4	n/a
Norbert O Mugwagwa	1	2	2	4	n/a
Reginald Mugwara	1	2	n/a	4	n/a
Tadios Muzoroza	1	1	n/a	4	2
Zondo T Sakala (Ex Officio)	1	2	2	4	2

** Mr J Mutizwa resigned on 31 March 2023

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

The Bank was rated under the Prudential Standards, Guidelines and Rating System (PSGRS). The framework falls under the purview of Association of African Development Finance Institutions (AADFI) and requires independent validation of the rating by an External Auditor. An overall rating of "B+" was assigned with a score of 82%. The rating scale evaluates three critical areas namely: Governance, Financial and Operational Standards.

The risk assessment ratings are summarised below:

PSGRS Standard	Weighted Contribution per Standard	Rating Year 2022	Rating Year 2021	Rating Year 2020	Rating Year 2019
Governance	40%	35%	43%	39%	43%
Financial	40%	20%	29%	33%	28%
Operational	20%	27%	16%	19%	17%
Overall Score		**82%**	**88%**	**91%**	**88%**
PSGRS Rating		B+	B+[1]	A+	A+

[1] Based on revised rating framework which commenced in 2021.

INDEPENDENT AUDITOR'S REVIEW CONCLUSION

The interim consolidated inflation adjusted financial statements have been reviewed by BDO Zimbabwe Chartered Accountants in accordance with International Standards on Review Engagements ("ISRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A qualified review conclusion has been issued thereon, with respect to the following matters:

- Non-compliance with IFRS 13 (Fair Value Measurement) impacting current and opening balances for property and equipment.
- Non-compliance with IFRS 13 (Fair Value Measurement) impacting valuation of investment property and investment in unquoted shares.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE HALF YEAR ENDED 30 JUNE 2023

		Inflation Adjusted		Historical Cost	
	Note	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
ASSETS					
Cash and bank balances	5	37 984 791 422	10 291 053 080	37 984 791 422	3 294 456 788
Inventories	11	44 062 402 348	41 872 684 708	2 624 583 428	1 247 525 472
Other receivables and prepayments	10	33 303 919 336	17 450 031 005	28 432 562 054	4 887 351 833
Loans and advances to customers	9	37 201 189 388	3 232 555 799	37 201 189 388	1 034 832 423
Investment securities	6	702 759 572	319 675 380	702 759 572	102 337 119
Financial assets at fair value through other comprehensive income	7	53 132 322 924	18 621 029 140	53 132 322 924	5 961 117 426
Treasury bills and other financial assets	8	28 509 404	36 591 610	28 509 404	11 714 008
Assets pledged as collateral	8.1	39 341 000	174 433 217	39 341 000	55 841 000
Investment in associates	12.4	740 185 973	1 444 868 281	10 956 501	42 514 516
Investment property	13	48 920 574 322	26 421 430 967	48 920 574 322	8 458 246 393
Intangible assets	16	667 916 996	893 747 278	17 779 801	21 326 772
Property and equipment	15	9 355 453 859	10 105 343 948	2 628 915 298	2 711 136 295
Right of use assets	17	284 055 062	213 636 970	96 163 463	15 141 516
Deferred taxation	18	5 926 963 505	2 399 754 699	1 773 544 388	387 827 570
Total		**272 350 385 111**	**133 476 836 082**	**213 593 992 965**	**28 231 369 131**
Non-current assets held for sale	14	1 492 346 986	5 140 801 006	1 492 346 986	1 645 715 617
Total assets		**273 842 732 097**	**138 617 637 088**	**215 086 339 951**	**29 877 084 748**
EQUITY AND LIABILITIES					
LIABILITIES					
Deposits from customers	24	30 810 061 557	10 813 436 682	30 810 061 557	3 461 686 535
Local lines of credit and bonds	25	70 870 524 669	15 316 502 600	70 870 524 669	4 903 245 136
Other liabilities	26	35 593 954 251	11 443 833 830	26 191 807 726	3 530 913 415
Lease liability - buildings		58 512 906	47 788 835	58 512 908	15 298 556
Total liabilities		**137 333 053 383**	**37 621 561 947**	**127 930 906 860**	**11 911 143 642**
EQUITY					
Share capital	19	40 816 917	40 816 917	300 543	300 543
Share premium	19	96 812 227 914	96 812 227 914	1 933 462 820	1 933 462 820
Foreign currency translation reserve	20	27 775 605 162	27 775 605 162	51 967 059	51 967 059
Amounts awaiting allotment	19	10 655 529 219	5 017 659 392	4 002 782 279	1 500 000 000
Preference share capital	23	18 411 756 945	18 411 756 945	38 283 003	38 283 003
Fair value reserve	22	51 820 110 598	19 857 843 826	50 825 844 518	5 828 928 250
Revaluation reserve	21	11 262 032 924	11 262 032 924	2 759 280 128	2 759 280 128
Retained (loss) / profit		(62 286 348 746)	(77 486 636 813)	45 026 662 768	7 178 446 358
Equity attributable to parent owners of the Group		**154 491 730 933**	**101 691 306 267**	**104 638 583 118**	**19 290 668 161**
Non-controlling interest in equity		**(17 982 052 219)**	**(695 231 126)**	**(17 483 150 027)**	**(1 324 727 055)**
Total shareholders' equity		**136 509 678 714**	**100 996 075 141**	**87 155 433 091**	**17 965 941 106**
Total equity and liabilities		**273 842 732 097**	**138 617 637 088**	**215 086 339 951**	**29 877 084 748**

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

Kupukile Mlambo
(Acting Chairman of the Board)

29 August 2023

Thomas Z. Sakala
(Chief Executive Officer)

29 August 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2023

		Inflation Adjusted		Historical Cost	
	Note	30 June 2023 ZWL	30 June 2022 ZWL	30 June 2023 ZWL	30 June 2022 ZWL
Interest and related income	27.1	1 209 902 665	621 222 847	511 571 516	64 618 647
Interest and related expenses	27.2	(6 771 122 311)	(996 063 168)	(2 842 724 409)	(135 161 184)
Net interest expense		**(5 561 219 646)**	**(374 840 321)**	**(2 331 152 893)**	**(70 542 537)**
Property sales	28	147 465 838	-	53 447 871	-
Cost of sales	28	(11 311 173)	-	(4 099 649)	-
Net profit on property sales		136 154 665	-	49 348 222	-
Fee and commission income	29	483 690 758	170 820 103	257 355 804	21 166 181
Dividend income		10 340	47 087 112	5 526	9 585 340
Net revenue		**(4 941 363 883)**	**(156 933 106)**	**(2 024 443 341)**	**(39 791 016)**
Other income	31	472 355 161	442 106 394	182 642 172	59 753 820
Loan impairment charge		(876 989 993)	(158 966 684)	(415 135 941)	3 124 093
Rent debtors impairment charge		(72 586 201)	-	(18 580 170)	-
Debtors impairment reversal / (charge)		9 825 749 260	(9 054 740)	2 011 916 436	(1 845 975)
Treasury bills impairment recovery		-	4 080 909	-	831 967
Fair value gain on investment property	13,32	14 126 178 572	8 763 430 679	43 196 846 378	3 534 003 477
Fair value gain on non-current assets held for sale	14	410 506 893	-	1 317 770 870	-
Net gain on financial assets at fair value through profit or loss	6,30	383 084 193	34 031 401	600 422 453	8 918 221
Net foreign exchange (loss) / gain	33	(13 607 695 980)	9 468 320 125	(12 761 003 761)	1 133 636 132
Operating expenses	34	(14 065 914 337)	(7 802 294 571)	(7 763 449 552)	(1 003 368 557)
Interest expense on lease liability		(1 799 719)	-	(1 799 719)	-
Loss on disposal of investment property		(1 185 047 530)	-	(149 235 882)	-
Profit on disposal of non-current assets held for sale		(798 919 964)	-	393 277 231	-
Share of loss of associate	12.3	(821 562 662)	(34 096 286)	(148 438 368)	(4 515 966)
(Loss) / profit for the period before taxation		**(11 154 006 192)**	**10 550 624 121**	**24 420 788 804**	**3 690 746 196**
Income tax credit	35	3 527 208 806	158 325 461	1 385 142 810	19 892 768
(Loss) / profit for the period		**(7 626 797 386)**	**10 708 949 582**	**25 805 931 614**	**3 710 638 964**
Gain on net monetary position		**2 898 420 635**	**4 079 361 866**	**-**	**-**
(Loss) / Profit for the period		**(4 728 376 751)**	**14 788 311 448**	**25 805 931 614**	**3 710 638 964**
Other comprehensive income					
Items that may be reclassified to profit and loss					
Net fair value gain on financial assets at fair value through other comprehensive income		31 962 266 772	-	44 996 916 268	-
Other comprehensive income for the period net of tax		**31 962 266 772**	**-**	**44 996 916 268**	**-**
Total comprehensive income for the period		**27 233 890 022**	**14 788 311 448**	**70 802 847 882**	**3 710 638 964**
(Loss) / profit for the year attributable to:					
Equity holders of the parent entity		12 558 444 343	22 515 752 981	37 848 216 410	5 096 041 086
Non-controlling interest		(17 286 821 093)	(7 727 441 533)	(12 042 284 796)	(1 385 402 122)
		(4 728 376 751)	**14 788 311 448**	**25 805 931 614**	**3 710 638 964**
Total comprehensive profit attributable to:					
Equity holders of the parent entity		42 212 820 070	22 515 752 981	82 717 020 970	5 096 041 086
Non-controlling interest		(14 978 930 048)	(7 727 441 533)	(11 914 173 089)	(1 385 402 122)
		27 233 890 022	**14 788 311 448**	**70 802 847 882**	**3 710 638 964**
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	41 786	58 814	125 933	13 311

REVIEWED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

FOR HALF YEAR ENDED 30 JUNE 2023

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2023

	Note	Inflation Adjusted 30 June 2023 ZWL	Inflation Adjusted 30 June 2022 ZWL	Historical Cost 30 June 2023 ZWL	Historical Cost 30 June 2022 ZWL
Cash flows from operating activities					
(Loss) / profit for the period		(11 154 006 192)	11 366 711 542	24 420 788 804	3 690 746 196
Adjustments for:					
Depreciation	15	976 691 056	729 440 054	153 416 571	10 265 265
Amortisation	16	225 830 283	245 316 002	3 546 972	22 569 862
Finance cost		1 799 719	-	1 799 719	-
Loss on disposal of investment property		(412 792 398)	-	149 235 882	-
Loss on disposal of motor vehicles		26 191 905	-	26 191 905	-
Loan impairment charge		876 989 993	158 966 687	415 135 941	(3 124 063)
Rent debtors impairment charge		72 586 201	-	18 580 170	-
Debtors impairment (recovery) / charge		(9 028 395 356)	9 054 741	(2 011 916 435)	1 845 975
Treasury bills impairment recovery		-	(4 080 909)	-	(831 967)
Provisions and accruals		509 556 169	-	509 556 169	-
Net (loss) / gain from translation of foreign currency balances		13 607 695 980	(9 468 320 124)	12 761 003 761	(1 133 636 132)
Gain on financial assets measured at fair value through OCI		(31 962 266 772)	-	(44 996 916 268)	-
Net (gain) on financial assets at fair value through profit or loss	6	(383 084 193)	-	(600 422 453)	(8 918 221)
Unrealised fair value gain on investment property	13	(14 126 178 572)	(8 763 430 677)	(43 196 846 378)	(3 534 003 477)
Unrealised fair value gain on non-current assets held for sale	14	(410 506 893)	-	(1 317 770 870)	-
Share of loss of associate		821 562 662	34 096 288	148 438 368	4 515 966
Inflation effect on cash and cash equivalent		(20 141 150 439)	14 481 081 469	-	-
		(70 499 476 846)	**8 788 835 073**	**(53 516 178 142)**	**(950 570 596)**
Changes in:					
Loans and advances to customers	9	(33 968 633 589)	2 042 220 499	(36 166 356 965)	(226 692 888)
Treasury bills and other financial assets		143 174 423	371 909 781	(295 395)	77 767 639
Other receivables and prepayments	10	(15 853 888 331)	(6 219 552 994)	(23 545 210 221)	(2 420 339 884)
Inventories	11	(2 189 717 639)	145 117 602	(1 377 057 956)	12 658 116
Deposits from customers		19 996 624 875	841 736 069	27 348 375 022	728 941 626
Other liabilities		24 150 120 421	2 524 206 045	55 286 416 937	6 849 662 716
Net cash (utilised in) / generated from operating activities		**(78 221 796 686)**	**8 494 472 075**	**(31 970 306 720)**	**4 071 426 729**
Cash flow from investing activities					
Acquisition of property and equipment	15	(242 335 554)	(521 364 668)	(97 434 099)	(67 214 534)
Acquisition of financial assets at fair value through other comprehensive income	7	(2 549 027 013)	-	(2 174 289 230)	-
Proceeds from sale of investment property		14 484 442 290	-	7 136 271 191	-
Proceeds from sale of non-current assets held for sale		5 099 786 515	-	2 785 754 403	-
Acquisition of investment property		(2 636 082)	(24 456 850)	(954 827)	(2 564 876)
Investment in associates		(116 880 353)	-	(116 880 353)	-
Dividend received		10 340	47 087 102	5 526	9 585 340
Net cash (used in) / generated from investing activities		**16 673 360 143**	**(498 734 416)**	**7 532 472 611**	**(60 194 070)**
Cash flow from financing activities					
Payment of dividends		(4 116 138 180)	-	(4 116 138 180)	-
Proceeds from issue of bonds		45 722 612 885	-	45 722 612 885	-
Increase in local lines of credit and bonds		48 875 518 034	68 467 938	17 631 789 204	13 958 424
Repayment of bonds		(6 678 504 035)	(9 218 822 560)	(2 612 877 443)	(1 879 423 264)
Proceeds on issue of shares	19	8 010 098 303	3 489 999 488	2 502 782 279	407 812 839
Net cash generated from financing activities		**91 813 587 007**	**(5 660 355 134)**	**59 128 168 743**	**(1 457 652 001)**
Net increase in cash and cash equivalents		**30 265 150 464**	**2 335 382 525**	**34 690 334 634**	**2 553 580 658**
Cash and cash equivalents at the beginning of the year		**7 719 640 958**	**7 955 670 555**	**3 294 456 788**	**740 876 130**
Cash and cash equivalents at end of the period	5	**37 984 791 422**	**10 291 053 080**	**37 984 791 422**	**3 294 456 788**


Bulawayo Student Accommodation City

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2023

	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 at 1 January 2022	**40 471 376**	**91 447 382 470**	**-**	**27 775 605 157**	**18 411 756 941**	**10 827 644 422**	**3 942 053 298**	**(77 798 212 320)**	**74 646 701 345**	**6 018 457 452**	**80 665 158 797**
Profit for the period	-	-	-	-	-	-	-	16 730 507 462	16 730 507 462	(11 026 340 508)	5 704 166 954
Issue of share capital	224 768	3 489 774 706	-	-	-	-	-	-	3 489 999 474	-	3 489 999 474
Balance as at 30 June 2022	**40 696 144**	**94 937 157 176**	**-**	**27 775 605 157**	**18 411 756 941**	**10 827 644 422**	**3 942 053 298**	**(61 067 704 858)**	**94 867 208 281**	**(5 007 883 056)**	**89 859 325 225**
Balance at 1 January 2023	**40 816 917**	**96 812 227 914**	**5 017 659 392**	**27 775 605 162**	**18 411 756 945**	**19 857 843 826**	**11 262 032 924**	**(74 844 793 089)**	**104 333 149 991**	**(695 231 126)**	**103 637 918 865**
Profit for the period	-	-	-	-	-	-	-	12 558 444 343	12 558 444 343	(13 170 682 916)	(612 238 574)
Net fair value gain on financial assets at fair value	-	-	-	-	-	31 962 266 772	-	-	31 962 266 772	-	31 962 266 772
Allotment of shares	-	-	5 637 869 827	-	-	-	-	-	5 637 869 827	-	5 637 869 827
Dividends paid	-	-	-	-	-	-	-	-	-	(4 116 138 176)	(4 116 138 176)
Balance as at 30 June 2023	**40 816 917**	**96 812 227 914**	**10 655 529 219**	**27 775 605 162**	**18 411 756 945**	**51 820 110 598**	**11 262 032 924**	**(62 286 348 746)**	**154 491 730 933**	**(17 982 052 219)**	**136 509 678 714**
Historical Cost											
Balance at 1 January 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	-	-	-	-	-	-	-	5 096 041 086	5 096 041 086	(1 385 402 122)	3 710 638 964
Issue of share capital	28 982	449 971 018	-	-	-	-	-	-	450 000 000	-	450 000 000
Balance as at 30 June 2022	**269 629**	**1 453 493 734**	**-**	**51 967 059**	**38 283 003**	**811 760 202**	**466 377 641**	**6 877 438 928**	**9 699 590 196**	**(1 316 498 717)**	**8 383 091 479**
Balance at 1 January 2023	**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**
Profit for the period	-	-	-	-	-	-	-	37 848 216 410	37 848 216 410	(12 042 284 796)	25 805 931 614
Net fair value gain on financial assets at fair value	-	-	-	-	-	44 996 916 268	-	-	44 996 916 268	-	44 996 916 268
Allotment of shares	-	-	2 502 782 279	-	-	-	-	-	2 502 782 279	-	2 502 782 279
Dividends paid	-	-	-	-	-	-	-	-	-	(4 116 138 176)	(4 116 138 176)
Balance as at 30 June 2023	**300 543**	**1 933 462 820**	**4 002 782 279**	**51 967 059**	**38 283 003**	**50 825 844 518**	**2 759 280 128**	**45 026 662 768**	**104 638 583 118**	**(17 483 150 027)**	**87 155 433 091**

Directors: MLAMBO Kupukile (Acting Chairman), BANGO Sibusisiwe P, MUGWARA Reginald, MUGWAGWA Norbert O, MUZOROZA Tadios

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2023

1 INFRASTRUCTURE DEVELOPMENT BANK GROUP PROFILE AND PRINCIPAL ACTIVITIES

The Infrastructure Development Bank of Zimbabwe ("IDBZ"/ the "Bank"/the Group") is a Development Financial Institution which is incorporated and domiciled in Zimbabwe under the IDBZ Act (Chapter 24:14). The address of the Bank›s registered office is IDBZ House, 99 Gamal Abdel Nasser Road, 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 29 August 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 half year ended 30 June 2023 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 Total Consumption Poverty Line ("TCPL") as published by ZIMSTAT 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 the Total Consumption Poverty Line ("TCPL") as published by ZIMSTAT. As a result, the consolidated financial statements and comparatives are stated in terms of the measuring unit current as at 30 June 2023.

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:

30 June 2023

Indices and conversion factors	All Items CPI	Movement CPI	Conversion Factors	Movement Conversion Factor
CPI as at 30 June 2023	42,710.72	29,037.81	1.00	2.12
CPI as at 31 December 2022	13,672.91	9,695.45	3.12	0.31
CPI as at 30 June 2022	3,760.86	216.59	4.91	1.47
CPI as at 31 December 2021	3,977.46	1,502.96	3.44	1.83
CPI as at 31 December 2020	2,474.50		1.61	

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 PP&E 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 acquire and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

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

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

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

Goodwill

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

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

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

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

(c) Loss of control

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

(d) Associates and joint ventures

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

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

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

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

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

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

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.

Infrastructure Development Bank of Zimbabwe

REVIEWED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

FOR HALF YEAR ENDED 30 JUNE 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2023

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

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

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

When estimating the ECLs, the Bank considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2').

Each of these is associated with different PDs, EADs and LGDs, as set out above. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

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

The mechanics of the ECL method are summarised below:

- **Stage 1:** The 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:** 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2023

2.14.1 Income tax

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

(a) Current

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

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

(b) Deferred taxation

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

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

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

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

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

2.15 Other receivables

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

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

2.16 Inventories

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

2.16.1 Property development

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

2.16.2 Completed property held for sale

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

2.17 Investment property

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.18 Property and equipment

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

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

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

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

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

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

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

2.19 Intangible assets

Software licences

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

Amortisation

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

2.20 Impairment of non-financial assets

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

2.21 Share capital

Ordinary shares

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

Preference share capital

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

2.22 Provisions

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

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

2.23 Trade payables

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

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

2.24 Financial guarantees

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

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

2.25 Related parties

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

2.26 Revenue recognition

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

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

2.26.1 Recognition of interest income

The effective interest rate method

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

Interest and similar income

The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit -impaired and is, therefor, 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.

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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 2020 for the investment properties and land and buildings.

2.31.5 Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the consolidated financial statements. Additional information on the going concern assumption is disclosed in Note 40.

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 30 June 2023 ZWL	**Maximum Exposure 31 Dec 2022 ZWL**	**Maximum Exposure 30 June 2023 ZWL**	**Maximum Exposure 31 Dec 2022 ZWL**
Credit risk exposure relating to on-balance sheet assets are as follows:				
Cash and bank balances	37 984 791 422	10 291 053 080	37 984 791 422	3 294 456 788
Treasury bills and other financial assets	28 509 404	36 591 610	28 509 404	11 714 008
Gross loans and advances to customers	37 910 299 864	3 506 987 511	37 910 299 864	1 122 685 766
Assets pledged as collateral	39 341 000	174 433 217	39 341 000	55 841 000
Other receivables and prepayments	33 303 919 336	17 450 031 005	28 432 562 054	4 887 351 833
	109 266 861 026	**31 459 096 423**	**104 395 503 744**	**9 372 049 395**
Credit risk exposure relating to off-balance sheet assets are as follows:				
Loan commitments and guarantees	2 400 000	7 496 995	2 400 000	2 400 000
Maximum exposure to credit risk	**109 269 261 026**	**31 466 593 417**	**104 397 903 744**	**9 374 449 395**

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	
	30 June 2023 ZWL	**31 Dec 2022 ZWL**	**30 June 2023 ZWL**	**31 Dec 2022 ZWL**
Loans and advances (including assetspledged as collateral) are summarised as follows:				
Stage 1	35 945 057 218	1 498 533 340	35 945 057 218	479 722 852
Stage 2	1 418 342 872	612 803 161	1 418 342 872	196 175 602
Stage 3	546 899 774	1 395 651 010	546 899 774	446 787 312
Gross	**37 910 299 864**	**3 506 987 511**	**37 910 299 864**	**1 122 685 766**
Less: allowance for impairment	(709 110 476)	(274 431 712)	(709 110 476)	(87 853 343)
Net	**37 201 189 388**	**3 232 555 799**	**37 201 189 388**	**1 034 832 423**

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.

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Contract maturity analysis

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

Inflation Adjusted **As at 30 June 2023**	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Total ZWL
Assets						
Cash and bank balances	37 984 791 422	-	-	-	-	37 984 791 422
Investment securities	702 759 572	-	-	-	-	702 759 572
Financial assets at FVOCI	-	-	-	-	53 132 322 924	53 132 322 924
Treasury bills and other financial assets	-	20 559 840	-	-	7 949 564	28 509 404
Trading assets pledged as collateral	39 341 000	-	-	-	-	39 341 000
Non-current Assets Held for Sale	-	350 887 766	1 141 459 220	-	-	1 492 346 986
Loans and advances to customers	18 721 814 552	817 929 345	-	11 474 717 495	6 186 727 996	37 201 189 388
Total	**57 448 706 546**	**1 189 376 951**	**1 141 459 220**	**11 474 717 495**	**59 327 000 484**	**130 581 260 696**
Liabilities						
Deposits from customers	26 737 461 443	2 060 201 457	645 232	2 011 753 425	-	30 810 061 557
Bonds	-	17 327 179 539	-	17 706 316 934	14 658 822 896	49 692 319 369
Local lines of credit	21 178 205 300	-	-	-	-	21 178 205 300
Other liabilities	-	-	-	35 593 954 251	-	35 593 954 251
Lease Liability	-	-	-	-	58 512 909	58 512 909
Total	**47 915 666 743**	**19 387 380 996**	**645 232**	**55 312 024 610**	**14 717 335 805**	**137 333 053 386**
Gap	**9 533 039 803**	**(18 198 004 045)**	**1 140 813 988**	**(43 837 307 115)**	**44 609 664 679**	**(6 751 792 690)**
Contingent liabilities:						
Loan commitments and guarantees	(2 400 000)	-	-	-	-	(2 400 000)
Total gap	**9 530 639 803**	**(18 198 004 045)**	**1 140 813 988**	**(43 837 307 115)**	**44 609 664 679**	**(6 754 192 690)**
Total cumulative gap	**9 530 639 803**	**(8 667 364 242)**	**(7 526 550 254)**	**(51 363 857 369)**	**(6 754 192 690)**	**-**

Historical Cost **As at 30 June 2023**	Up to 1 month ZWL	1 to 3 months ZWL	3 to 9 months ZWL	9 to 12 months ZWL	over 12 months ZWL	Total ZWL
Assets						
Cash and bank balances	37 984 791 422	-	-	-	-	37 984 791 422
Investment securities	702 759 572	-	-	-	-	702 759 572
Financial assets at FVOCI	-	-	-	-	53 132 322 924	53 132 322 924
Treasury bills and other financial assets	-	20 559 840	-	-	7 949 564	28 509 404
Trading assets pledged as collateral	39 341 000	-	-	-	-	39 341 000
Non-current Assets Held for Sale	-	350 887 766	1 141 459 220	-	-	1 492 346 986
Loans and advances to customers	18 721 814 552	817 929 345	-	11 474 717 495	6 186 727 996	37 201 189 388
Total	**57 448 706 546**	**1 189 376 951**	**1 141 459 220**	**11 474 717 495**	**59 327 000 484**	**130 581 260 696**
Liabilities						
Deposits from customers	26 737 461 443	2 060 201 457	645 232	2 011 753 425	-	30 810 061 557
Bonds	-	17 327 179 539	-	17 706 316 934	14 658 822 896	49 692 319 369
Local lines of credit	21 178 205 300	-	-	-	-	21 178 205 300
Other liabilities	-	-	-	26 191 807 726	-	26 191 807 726
Lease Liability	-	-	-	-	58 512 909	58 512 909
Total	**47 915 666 743**	**19 387 380 996**	**645 232**	**45 909 878 085**	**14 717 335 805**	**127 930 906 861**
Gap	**9 533 039 803**	**(18 198 004 045)**	**1 140 813 988**	**(34 435 160 590)**	**44 609 664 679**	**2 650 353 834**
Contingent liabilities:						
Loan commitments and guarantees	(2 400 000)	-	-	-	-	(2 400 000)
Total gap	**9 530 639 803**	**(18 198 004 045)**	**1 140 813 988**	**(34 435 160 590)**	**44 609 664 679**	**2 647 953 835**
Total cumulative gap	**9 530 639 803**	**(8 667 364 242)**	**(7 526 550 254)**	**(41 961 710 844)**	**2 647 953 835**	**-**

Inflation Adjusted **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
Assets						
Cash and bank balances	10 291 053 080	-	-	-	-	10 291 053 080
Investment securities	319 675 380	-	-	-	-	319 675 380
Financial assets at FVOCI	-	-	-	-	18 621 029 140	18 621 029 140
Treasury bills and other financial assets	-	-	11 755 495	-	24 836 115	36 591 610
Trading assets pledged as collateral	-	-	160 063 976	-	14 369 241	174 433 217
Non-current assets held for sale	-	1 575 169 954	3 565 631 052	-	-	5 140 801 006
Loans and advances to customers	993 870 820	398 019 519	-	487 256 055	1 353 409 405	3 232 555 799
Total	**11 604 599 280**	**1 973 189 473**	**3 737 450 523**	**487 256 055**	**20 013 643 901**	**37 816 139 232**
Liabilities						
Deposits from customers	8 976 996 282	1 835 056 948	1 383 452	-	-	10 813 436 682
Bonds	-	2 300 438 092	-	6 332 155 039	3 767 769 893	12 400 363 024
Local lines of credit	2 916 139 576	-	-	-	-	2 916 139 576
Other liabilities	-	-	-	11 443 833 830	-	11 443 833 830
Lease Liability	-	-	-	-	47 788 835	47 788 835
Total	**11 893 135 858**	**4 135 495 040**	**1 383 452**	**17 775 988 869**	**3 815 558 728**	**37 621 561 947**
Gap	(288 536 578)	(2 162 305 567)	3 736 067 071	17 288 732 814	16 198 085 173	194 577 285
Contingent liabilities:						
Loan commitments and guarantees	(7 496 995)	-	-	-	-	(7 496 995)
Total gap	**(296 033 573)**	**(2 162 305 567)**	**3 736 067 071**	**17 288 732 814**	**16 198 085 173**	**187 080 290**
Total cumulative gap	**(296 033 573)**	**(2 458 339 140)**	**1 277 727 931**	**16 011 004 883**	**187 080 290**	**-**

Historical cost **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
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
Trading assets pledged as collateral	-	-	51 241 000	-	4 600 000	55 841 000
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
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
Other liabilities	-	-	-	3 530 913 415	-	3 530 913 415
Lease Liability	-	-	-	-	15 298 556	15 298 556
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)

3.4.3 Interest rate risk

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

Interest rate repricing gap analysis

Inflation Adjusted **As at 30 June 2023**	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
Assets							
Cash and bank balances	37 984 791 422	-	-	-	-	-	37 984 791 422
Investment securities	-	-	-	-	-	702 759 572	702 759 572
Loans and advances to customers	18 721 814 552	817 929 345	-	11 474 717 495	6 186 727 996	-	37 201 189 388
Financial assets at FVOCI	-	-	-	-	-	53 132 322 924	53 132 322 924
Treasury bills and other financial assets	-	20 559 840	-	-	7 949 564	-	28 509 404
Trading assets pledged as collateral	-	-	39 341 000	-	-	-	39 341 000
Total assets	**56 706 605 974**	**838 489 185**	**39 341 000**	**11 474 717 495**	**6 194 677 560**	**53 835 082 496**	**129 088 913 710**
Equity and liabilities							
Deposits from customers	26 737 461 443	2 060 201 457	645 232	2 011 753 425	-	-	30 810 061 557
Bonds	-	17 327 179 539	-	17 706 316 934	14 658 822 896	-	49 692 319 369
Local lines of credit	21 178 205 300	-	-	-	-	-	21 178 205 300
Lease liability - buildings	-	-	-	-	-	58 512 907	58 512 907
Other liabilities	-	-	-	-	35 593 954 251	-	35 593 954 251
Total equity and liabilities	**47 915 666 743**	**19 387 380 996**	**645 232**	**19 718 070 359**	**50 252 777 147**	**58 512 907**	**137 333 053 384**
Total interest repricing gap	8 790 939 231	(18 548 891 811)	38 695 768	(8 243 352 864)	(44 058 099 587)	53 776 569 589	(8 244 139 674)
Total cumulative gap	**8 790 939 231**	**(9 757 952 580)**	**(9 719 256 812)**	**(17 962 609 676)**	**(62 020 709 263)**	**(8 244 139 674)**	**-**

Historical Cost **As at 30 June 2023**	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
Assets							
Cash and bank balances	37 984 791 422	-	-	-	-	-	37 984 791 422
Investment securities	-	-	-	-	-	702 759 572	702 759 572
Loans and advances to customers	18 721 814 552	817 929 345	-	11 474 717 495	6 186 727 996	-	37 201 189 388
Financial assets at FVOCI	-	-	-	-	-	53 132 322 924	53 132 322 924
Treasury bills and other financial assets	-	20 559 840	-	-	7 949 564	-	28 509 404
Trading assets pledged as collateral	-	-	39 341 000	-	-	-	39 341 000
Total assets	**56 706 605 974**	**838 489 185**	**39 341 000**	**11 474 717 495**	**6 194 677 560**	**53 835 082 496**	**129 088 913 710**
Equity and liabilities							
Deposits from customers	26 737 461 443	2 060 201 457	645 232	2 011 753 425	-	-	30 810 061 557
Bonds	-	17 327 179 539	-	17 706 316 934	14 658 822 896	-	49 692 319 369
Local lines of credit	21 178 205 300	-	-	-	-	-	21 178 205 300
Other liabilities	-	-	-	-	26 191 807 726	-	26 191 807 726
Lease Liability	-	-	-	-	-	58 512 909	58 512 909
Total equity and liabilities	**47 915 666 743**	**19 387 380 996**	**645 232**	**19 718 070 359**	**40 850 630 622**	**58 512 909**	**127 930 906 861**
Total interest repricing gap	8 790 939 231	(18 548 891 811)	38 695 768	(8 243 352 864)	(34 655 953 063)	53 776 569 587	1 158 006 849
Total cumulative gap	**8 790 939 231**	**(9 757 952 580)**	**(9 719 256 812)**	**(17 962 609 676)**	**(52 618 562 739)**	**1 158 006 849**	

Inflation Adjusted **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
Assets							
Cash and bank balances	10 291 053 080	-	-	-	-	-	10 291 053 080
Investment securities	-	-	-	-	-	319 675 380	319 675 380
Loans and advances to customers	993 870 820	398 019 519	-	487 256 055	1 353 409 405	-	3 232 555 799
Financial assets at FVOCI	-	-	-	-	-	18 621 029 140	18 621 029 140
Treasury bills and other financial assets	-	-	11 755 495	-	24 836 115	-	36 591 610
Trading assets pledged as collateral	-	-	160 063 976	-	14 369 241	-	174 433 217
Total assets	**11 284 923 900**	**398 019 519**	**171 819 471**	**487 256 055**	**1 392 614 761**	**18 940 704 520**	**32 675 338 226**
Equity and liabilities							
Deposits from customers	8 976 996 282	1 835 056 948	1 383 452	-	-	-	10 813 436 682
Bonds	-	2 300 438 092	-	6 332 155 039	3 767 769 893	-	12 400 363 024
Local lines of credit	2 916 139 576	-	-	-	-	-	2 916 139 576
Other liabilities	-	-	-	11 443 833 830	-	-	11 443 833 830
Lease liability	-	-	-	-	47 788 835	-	47 788 836
Total equity and liabilities	**11 893 135 858**	**4 135 495 040**	**1 383 452**	**17 775 988 869**	**3 815 558 728**	**-**	**37 621 561 947**
Total interest repricing gap	(608 211 958)	(3 737 475 521)	170 436 019	(17 288 732 814)	(2 422 943 967)	18 940 704 520	(4 946 223 721)
Total cumulative gap	**(608 211 957)**	**(4 345 687 479)**	**(4 175 251 460)**	**(21 463 984 274)**	**(23 886 928 241)**	**(4 946 223 721)**	**-**

Historical Cost **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
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	318 166 124	127 417 291	-	155 984 427	433 264 581	-	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	**3 612 622 912**	**127 417 291**	**55 004 266**	**155 984 427**	**445 815 323**	**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**	**5 558 015 111**	**1 221 468 129**	**-**	**11 911 143 642**
Total interest repricing gap	(194 705 828)	(1 196 471 489)	54 561 384	(5 402 030 684)	(775 652 806)	6 063 454 545	(1 450 844 878)
Total cumulative gap	**(194 705 828)**	**(1 391 177 317)**	**(1 336 615 933)**	**(6 738 646 617)**	**(7 514 299 423)**	**(1 450 844 878)**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2023

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:

Inflation Adjusted As at 30 June 2023	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
Assets							
Cash and bank balances	33 506 088 306	4 425 307 452	28 631 575	355 323	15 541 039	8 867 727	37 984 791 422
Investment securities	702 759 572	-	-	-	-	-	702 759 572
Loans and advances to customers	2 394 863 093	34 806 326 295	-	-	-	-	37 201 189 388
Treasury bills and other financial assets	28 509 404	-	-	-	-	-	28 509 404
Assets pledged as collateral	39 341 000	-	-	-	-	-	39 341 000
Financial assets at FVOCI	53 132 322 924	-	-	-	-	-	53 132 322 924
Other receivables and prepayments	33 303 919 336	-	-	-	-	-	33 303 919 336
	123 107 803 635	**39 231 633 747**	**28 631 575**	**355 323**	**15 541 039**	**8 867 727**	**162 392 833 046**
Equity and liabilities							
Deposits from customers	21 197 213 539	9 612 848 018	-	-	-	-	30 810 061 557
Bonds	-	49 692 319 369	-	-	-	-	49 692 319 369
Local lines of credit	21 178 205 300	-	-	-	-	-	21 178 205 300
Lease Liability	58 512 907	-	-	-	-	-	58 512 907
Other liabilities	35 593 954 251	-	-	-	-	-	35 593 954 251
	78 027 885 997	**59 305 167 387**	**-**	**-**	**-**	**-**	**137 333 053 384**
Net foreign exchange position	**45 079 917 638**	**(20 073 533 640)**	**28 631 575**	**355 323**	**15 541 039**	**8 867 727**	**25 059 779 662**

Historical Cost As at 30 June 2023	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
Assets							
Cash and bank balances	33 506 088 306	4 425 307 452	28 631 575	355 323	15 541 039	8 867 727	37 984 791 422
Investment securities	702 759 572	-	-	-	-	-	702 759 572
Loans and advances to customers	2 394 863 093	34 806 326 295	-	-	-	-	37 201 189 388
Treasury bills and other financial assets	28 509 404	-	-	-	-	-	28 509 404
Assets pledged as collateral	39 341 000	-					39 341 000
Financial assets at FVOCI	53 132 322 924	-		-	-	-	53 132 322 924
Other receivables and prepayments	28 432 562 054	-	-	-	-	-	28 432 562 054
	118 236 446 353	**39 231 633 747**	**28 631 575**	**355 323**	**15 541 039**	**8 867 727**	**157 521 475 764**
Equity and liabilities							
Deposits from customers	21 197 213 539	9 612 848 018	-	-	-	-	30 810 061 557
Bonds		49 692 319 368	-	-	-	-	49 692 319 368
Local lines of credit	21 178 205 300	-	-	-	-	-	21 178 205 300
Lease Liability	58 512 909	-	-	-	-	-	58 512 909
Other liabilities	26 191 807 726	-	-	-	-	-	26 191 807 726
	68 625 739 474	**59 305 167 387**	**-**	**-**	**-**	**-**	**127 930 906 861**
Net foreign exchange position	**49 610 706 879**	**(20 073 533 640)**	**28 631 575**	**355 323**	**15 541 039**	**8 867 727**	**29 590 568 903**

Inflation Adjusted As at 31 December 2022	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
Assets							
Cash and bank balances	9 708 534 070	557 155 310	16 736 611	135 742	5 320 655	3 170 692	10 291 053 080
Investment securities	319 675 380	-	-	-	-	-	319 675 380
Loans and advances to customers	2 237 434 939	995 120 860	-	-	-	-	3 232 555 799
Treasury bills and other financial assets	36 591 610	-	-	-	-	-	36 591 610
Assets pledged as collateral	174 433 217						174 433 217
Financial assets at FVOCI	18 621 029 140	-	-	-	-	-	18 621 029 140
Other receivables and prepayments	17 450 031 005	-	-	-	-	-	17 450 031 005
	48 547 729 361	**1 552 276 170**	**16 736 611**	**135 742**	**5 320 655**	**3 170 692**	**50 125 369 231**
Equity and liabilities							
Deposits from customers	10 159 041 099	654 270 995	124 588	-	-	-	10 813 436 682
Bonds	-	12 400 363 024	-	-	-	-	12 400 363 024
Local lines of credit	2 916 139 576	-	-	-	-	-	2 916 139 576
Lease liability	47 788 835	-	-	-	-	-	47 788 835
Other liabilities	11 443 833 830	-	-	-	-	-	11 443 833 830
	24 566 803 340	**13 054 634 019**	**124 588**	**-**	**-**	**-**	**37 621 561 947**
Net foreign exchange position	**23 980 926 021**	**(11 502 357 849)**	**16 612 023**	**135 742**	**5 320 655**	**3 170 692**	**12 503 807 284**

Historical Cost As at 31 December 2022	ZWL	USD ZWL equivalent	ZAR ZWL equivalent	BWP ZWL equivalent	GBP ZWL equivalent	EURO ZWL equivalent	Total ZWL
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**

The Group had no off balance sheet foreign currency exposure as at June 2023 (31 December 2022 - ZWLnil).

4 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES

4.1.1 Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2023

	Inflation Adjusted			Historical Cost		
	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL
At 30 June 2023						
Investment securities	702 759 572	-	-	702 759 572	-	-
Financial assets at FVOCI	-	-	53 132 322 924	-	-	53 132 322 924
Total assets	**702 759 572**	**-**	**53 132 322 924**	**702 759 572**	**-**	**53 132 322 924**
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**
At 31 December 2022						
Investment securities	319 675 380	-	-	102 337 119	-	-
Financial assets at FVOCI	-	-	18 621 029 140	-	-	5 961 117 426
Total assets	**319 675 380**	**-**	**18 621 029 140**	**102 337 119**	**-**	**5 961 117 426**
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 30 June 2023 ZWL	Fair value 30 June 2023 ZWL	Carrying amount 31 Dec 2022 ZWL	Fair value 31 Dec 2022 ZWL
Inflation Adjusted				
Financial assets:				
Treasury bills and other financial assets	28 509 404	28 509 404	36 591 610	36 591 610
Loans and advances to customers	37 201 189 388	37 201 189 388	3 232 555 799	3 232 555 799
Assets pledged as collateral	39 341 000	39 341 000	174 433 217	174 433 217
Financial liabilities:				
Deposits from customers	30 810 061 557	30 810 061 557	10 813 436 682	10 813 436 682
Bonds and local lines of credit	70 870 524 669	70 870 524 669	15 316 502 600	15 316 502 600
Historical Cost				
Financial assets:				
Treasury bills and other financial assets	28 509 404	28 509 404	11 714 008	11 714 008
Loans and advances to customers	37 201 189 388	37 201 189 388	1 034 832 423	1 034 832 423
Assets pledged as collateral	39 341 000	39 341 000	55 841 000	55 841 000
Financial liabilities:				
Deposits from customers	30 810 061 557	30 810 061 557	3 461 686 535	3 461 686 535
Bonds and local lines of credit	70 870 524 669	70 870 524 669	4 903 245 136	4 903 245 136

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

(a) Loans and advances to customers

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

(b) Deposits from customers

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

4.1.3 Risk limit control and mitigation policies

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

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

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

a) Collateral

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

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

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

b) Credit-related commitments

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

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

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

4.2 Impairment losses on financial assets

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

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

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

5 CASH AND BANK BALANCES

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
Cash on hand	2 826 850 129	562 437 912	2 826 850 129	180 052 263
Balances with banks	35 157 941 293	9 728 615 168	35 157 941 293	3 114 404 525
	37 984 791 422	**10 291 053 080**	**37 984 791 422**	**3 294 456 788**
Balances with banks				
Balance with the Central Bank	30 205 338 003	1 852 519 965	30 205 338 003	593 043 970
Bank deposits	1 821 153 592	1 426 443 775	1 821 153 592	456 644 946
Placements with other banks	3 131 449 698	6 449 651 428	3 131 449 698	2 064 715 609
Net placements due	**35 157 941 293**	**9 728 615 168**	**35 157 941 293**	**3 114 404 525**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2023

6 INVESTMENT SECURITIES

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
At 1 January	319 675 380	737 599 521	102 337 119	68 689 355
Additions	-	-	-	-
Net loss through profit or loss	-	-	600 422 453	33 647 764
Gain / (loss) on net monetary position	383 084 192	(417 924 141)	-	-
At 31 December	**702 759 572**	**319 675 380**	**702 759 572**	**102 337 119**

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

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
At 1 January	18 621 029 140	9 058 119 729	5 961 117 426	843 542 306
Additions	2 549 027 012	532 710 014	2 174 289 230	100 407 073
Disposals	-	-	-	-
Net fair value gains on financial assets at FVOCI	31 962 266 772	9 030 199 397	44 996 916 268	5 017 168 048
At 31 December	**53 132 322 924**	**18 621 029 140**	**53 132 322 924**	**5 961 117 426**

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

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
Unlisted securities:				
Equity securities - Zimbabwe	6 601 739 806	1 617 874 208	6 601 739 806	517 927 235
Equity securities - Botswana	46 530 583 118	17 003 154 931	46 530 583 118	5 443 190 191
	53 132 322 924	**18 621 029 139**	**53 132 322 924**	**5 961 117 426**

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

8 TREASURY BILLS AND OTHER FINANCIAL ASSETS

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
Treasury bills as substitution for debt instruments	7 850 489	24 522 950	7 850 489	7 850 489
Capitalisation Treasury Bills	-	-	-	-
Treasury bills acquired from the market	20 404 804	12 991 668	20 404 804	4 159 000
Accrued Interest	1 142 911	1 853 379	1 142 911	593 318
Less Impairment allowances	(888 800)	(2 776 387)	(888 800)	(888 799)
	28 509 404	**36 591 610**	**28 509 404**	**11 714 008**

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	
	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
Inflation Adjusted				
Treasury bills	39 341 000	174 433 217	178 514 375	235 842 980
Current	**39 341 000**	**174 433 217**	**178 514 375**	**235 842 980**
Historical Cost				
Treasury bills	39 341 000	55 841 000	178 514 375	83 244 776
Current	**39 341 000**	**55 841 000**	**178 514 375**	**83 244 776**

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

9 LOANS AND ADVANCES TO CUSTOMERS

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
Individual				
- term loans and mortgages	5 132 433 762	2 204 750 863	5 132 433 762	705 803 030
Corporate				
- corporate customers	32 777 866 103	1 302 236 648	32 777 866 103	416 882 736
Gross loans and advances to customers	37 910 299 864	3 506 987 511	37 910 299 864	1 122 685 766
Less: allowance for impairment (Note 9.1.2)	(709 110 476)	(274 431 712)	(709 110 476)	(87 853 343)
Net loans and advances to customers	**37 201 189 388**	**3 232 555 799**	**37 201 189 388**	**1 034 832 423**
Current	31 014 461 392	1 879 146 397	31 014 461 392	601 567 843
Non-current	6 186 727 996	1 353 409 402	6 186 727 996	433 264 580
	37 201 189 388	**3 232 555 799**	**37 201 189 388**	**1 034 832 423**
9.1 Loan impairment allowance				
Stage 1 -12 Month expected credit loss allowance charge	609 803 865	19 732 204	609 803 865	6 316 836
Stage 2 - Lifetime expected credit loss allowance not credit impaired	71 756 288	1 840 547	71 756 288	589 211
Stage 3 - Lifetime expected credit loss allowance credit impaired	27 550 323	252 858 961	27 550 323	80 947 296
Net loan impairment loss	**709 110 476**	**274 431 712**	**709 110 476**	**87 853 343**
9.1.1 Maturity analysis of loans and advances to customers				
Up to one month	18 721 814 552	993 870 820	18 721 814 552	318 166 124
Up to three months	817 929 345	398 019 519	817 929 345	127 417 291
Up to one year	11 474 717 495	487 256 055	11 474 717 495	155 984 427
Up to 3 years	6 156 641 431	106 457 628	6 156 641 431	34 080 094
Up to 5 years	5 324 904	23 503 574	5 324 904	7 524 158
Later than 5 years	24 761 662	1 223 448 203	24 761 662	391 660 329
	37 201 189 388	**3 232 555 799**	**37 201 189 388**	**1 034 832 423**

9.1.2 Analysis of ECL in relation to loans and advances as at 30 June 2023

	Stage1	Stage 2	Stage 3	Total
Inflation Adjusted				
Loans and advances subject to				
Stage 1:12 month ECL	35 945 057 218	-	-	35 945 057 218
Loans and advances subject to Stage 2: Life ECL not credit impaired	-	1 418 342 872	-	1 418 342 872
Loans and advances subject to Stage 3: Life ECL credit impaired	-	-	546 899 774	546 899 774
Gross loans and advances	**35 945 057 218**	**1 418 342 872**	**546 899 774**	**37 910 299 865**
Less impairment allowances				
Stage 1:12 month ECL	(609 803 865)	-	-	(609 803 865)
Stage 2: Life ECL not credit impaired	-	(71 756 288)	-	(71 756 288)
Stage 3: Life ECL credit impaired	-	-	(27 550 323)	(27 550 323)
Net loans and advances to customers	**35 335 253 352**	**1 346 586 584**	**519 349 451**	**37 201 189 388**

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

	Stage1	Stage 2	Stage 3	Total
Loans and advances subject to				
Stage 1:12 month ECL	1 498 533 340	-	-	1 498 533 340
Loans and advances subject to Stage 2: Life ECL not credit impaired	-	612 803 161	-	612 803 161
Loans and advances subject to Stage 3: Life ECL credit impaired	-	-	1 395 651 010	1 395 651 010
Gross loans and advances	**1 498 533 340**	**612 803 161**	**1 395 651 010**	**3 506 987 511**
Less impairment allowances				
Stage 1:12 month ECL	(19 732 204)	-	-	(19 732 204)
Stage 2: Life ECL not credit impaired	-	(1 840 547)	-	(1 840 547)
Stage 3: Life ECL credit impaired	-	-	(252 858 961)	(252 858 961)
Net loans and advances to customers	**1 478 801 136**	**610 962 614**	**1 142 792 049**	**3 232 555 799**

9.1.2 Analysis of ECL in relation to loans and advances as at 30 June 2023

	Stage1	Stage 2	Stage 3	Total
Historical Cost				
Loans and advances subject to				
Stage 1:12 month ECL	35 945 057 218	-	-	35 945 057 218
Loans and advances subject to Stage 2: Life ECL not credit impaired	-	1 418 342 872	-	1 418 342 872
Loans and advances subject to Stage 3: Life ECL credit impaired	-	-	546 899 774	546 899 774
Gross loans and advances	**35 945 057 218**	**1 418 342 872**	**546 899 774**	**37 910 299 864**
Less impairment allowances				
Stage 1:12 month ECL	(609 803 865)	-	-	(609 803 865)
Stage 2: Life ECL not credit impaired	-	(71 756 288)	-	(71 756 288)
Stage 3: Life ECL credit impaired	-	-	(27 550 323)	(27 550 323)
Net loans and advances to customers	**35 335 253 352**	**1 346 586 584**	**519 349 451**	**37 201 189 388**

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

	Stage1	Stage 2	Stage 3	Total
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**

9.1.3 Sectorial analysis of loans and advances to customers

	30 June 2023		31 Dec 2022	
	(%)	ZWL	(%)	ZWL
Inflation Adjusted				
Manufacturing	-	-	-	-
Retail	-	-	-	-
Agro processing	5	2 071 518 959	2	104 871 502
Financial services	-	-	-	-
Transport	-	-	-	930 500 471
Construction	73	27 550 910 319	49	-
Energy	2	603 771 036	-	-
Mortgages	19	7 266 120 106	36	1 797 693 744
Individuals and other services	1	417 979 444	13	673 921 794
Gross value of loans and advances	**100**	**37 910 299 864**	**100**	**3 506 987 511**
Less allowance for impairment		(709 110 476)		(274 431 712)
		37 201 189 388		**3 232 555 799**
Historical Cost				
Manufacturing	-	-	-	-
Retail	-	-	-	-
Agro processing	5%	2 071 518 959	2%	33 572 330
Financial services	-	-	-	
Transport	-	-	-	
Construction	73%	27 550 910 319	49%	297 879 485
Energy	2%	603 771 036	-	-
Mortgages	19%	7 266 120 106	36%	575 492 548
Individuals and other services	1%	417 979 444	13%	215 741 403
Gross value of loans and advances	**100%**	**37 910 299 864**	**100%**	**1 122 685 766**
Less allowance for impairment		(709 110 476)		(87 853 343)
		37 201 189 388		**1 034 832 423**

10 OTHER RECEIVABLES AND PREPAYMENTS

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
Receivables	35 343 798 883	18 726 550 471	34 512 145 500	5 994 897 785
Less impairment loss	(7 511 499 568)	(4 560 373 084)	(7 511 499 568)	(1 459 904 244)
Net receivables	**27 832 299 315**	**14 166 177 387**	**27 000 645 932**	**4 534 993 541**
Pre-payments	5 471 620 021	3 283 853 618	1 431 916 122	352 358 292
	33 303 919 336	**17 450 031 005**	**28 432 562 054**	**4 887 351 833**

11 INVENTORIES

Inventory - housing units	145 822 299	145 822 299	1 651 927	1 651 927
Inventory - serviced stands	13 222 367 082	12 881 909 498	127 443 479	17 344 294
Work in progress	30 508 191 195	28 697 408 820	2 445 446 540	1 204 044 180
Consumables and materials	186 021 772	147 544 092	50 041 482	24 485 071
	44 062 402 348	**41 872 684 708**	**2 624 583 428**	**1 247 525 472**

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.

REVIEWED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

FOR HALF YEAR ENDED 30 JUNE 2023

Infrastructure Development Bank of Zimbabwe

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2023

12 INVESTMENTS IN SUBSIDIARIES, JOINT OPERATION AND ASSOCIATES

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

As at 30 June 2023 the Bank had the following investments in associates
-Mosi Oa Tunya 20.6% shareholding. Historical value ZWL31 050 072 (Restated ZWL337 813 983).
-Nyamazi Lodges 28% shareholding. Historical value ZWL531 943 (Restated ZWL5 787 359).
-Kanyemba Lodges 36% shareholding. Historical value ZWL10 932 501 (Restated ZWL118 941 808).

12.1 Investment in subsidiaries

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

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			as at 30 June 2023 %	as at 31 Dec 2022 %
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
Kanyemba Fishing Lodges Pvt Ltd	Hospitality	Zimbabwe	36	-
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 and intends to build cluster houses on the stand.

All subsidiaries have been consolidated in these financial statements.

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

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

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

	Interest and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests	
Inflation Adjusted **Name of subsidiary**	30 June 2023 %	31 Dec 2022 %	30 June 2023 ZWL	31 Dec 2022 ZWL
Waneka Properties (Private) Limited	30	30	26 114 851	14 379 673
Norton Medical Investments (Private) Limited	40	40	(2 114 733)	(1 164 440)
Kariba Housing Development Project	10	10	4 479 645	2,466,636
Mazvel Investments (Private) Limited	57	57	(5 911 216 095)	(3 542 022 477)
Samukele Lodges	100	100	-	-
Changamire Inkosi	40	40	1 369 459 104	754 067 955
Kanyemba Fishing Lodges Pvt Ltd	36	-	-	-
Total			**(4 513 277 228)**	**(2 772 272 652)**

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	
Historical Cost **Name of subsidiary**	30 June 2023 %	31 Dec 2022 %	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
Waneka Properties (Private) Limited	30	30	52 120 286	7 214 821	63 060 098	10 939 812
Norton Medical Investments (Private) Limited	40	40	(2 017 048)	(584 243)	(2 092 236)	(75 188)
Kariba Housing Development Project	10	10	2 777 763 456	1 237 604	3 464 361	3 464 361
Mazvel Investments (Private) Limited	57	57	(17 248 165 968)	(1 779 842 810)	(18 912 239 267)	(1 817 069 340)
Samukele Lodges	100	100	-	-	-	-
Changamire Inkosi	40	40	2 524 135 164	378 344 167	1 354 701 193	478 013 300
Kanyemba Fishing Lodges Pvt Ltd	36	-	-	-	-	-
Total			**(11 896 164 110)**	**(1 393 630 462)**	**(17 493 105 851)**	**(1 324 727 055)**

	Inflation Adjusted		Historical Cost	
12.4 Carrying amount of the investment in associates	**30 June 2023 ZWL**	**31 Dec 2022 ZWL**	**30 June 2023 ZWL**	**31 Dec 2022 ZWL**
Balance as at 1 January	1 444 868 282	1 360 382 207	42 514 516	556 944
Acquisition of associate - Kanyemba Lodges	-	34 072 282	-	10 907 500
Equity contribution for Mosi Oa Tunya Development Company (Private) Limited	116 880 353	339 581 114	116 880 353	105 292 795
Share of loss from associates	(821 562 662)	(289 167 322)	(148 438 368)	(74 242 723)
Balance as at 30 June 2023	**740 185 973**	**1 444 868 281**	**10 956 501**	**42 514 516**
13 INVESTMENT PROPERTY				
Balance as at 1 January	26 421 430 966	15 757 266 000	8 458 246 393	1 467 403 931
Additions during the year	2 636 082	176 108 735	954 827	49 838 878
Disposals for the year	8 370 328 703	(97 993 780)	(2 735 473 276)	(30 643 812)
Transfer to non-current assets held for sale	-	(390 903 605)	-	(36 403 110)
Net gain from fair value adjustment	14 126 178 572	10 976 953 617	43 196 846 378	7 008 050 506
Balance as at 30 June 2023	**48 920 574 322**	**26 421 430 967**	**48 920 574 322**	**8 458 246 393**
Analysis by nature				
Residential properties	814 469 726	5 331 772 010	814 469 726	1 706 850 830
Commercial and industrial properties	48 106 104 595	21 089 658 957	48 106 104 596	6 751 395 563
	48 920 574 322	**26 421 430 967**	**48 920 574 322**	**8 458 246 393**

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	
	30 June 2023 ZWL	**31 Dec 2022 ZWL**	**30 June 2023 ZWL**	**31 Dec 2022 ZWL**
Rental income	**435 561 346**	**400 134 504**	**75 604 880**	**183 174 862**
14 NON-CURRENT ASSETS HELD FOR SALE				
Balance as at 1 January	**5 140 801 006**	**-**	**1 645 715 617**	**-**
Transfer from investment properties	-	390 903 605	-	36 403 110
Transfer from property and equipment	-	2 056 619 717	-	191 523 825
Disposals for the year	(4 058 960 913)	-	(1 471 139 501)	-
Net gain from fair value adjustment	410 506 893	2 693 277 684	1 317 770 870	1 417 788 682
Balance as at 30 June 2023	**1 492 346 986**	**5 140 801 006**	**1 492 346 986**	**1 645 715 617**

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 2022	**5 297 619 029**	**1 989 026 110**	**949 184 857**	**761 575 537**	**992 507 214**	**9 989 912 747**
Additions	29 563 645	180 751 385	206 815 845	42 875 482	-	460 006 357
Revaluation gain	2 520 153 192	811 357 985	1 442 136 673	199 839 038	-	4 973 486 888
Transfer to assets held for sale	(2 100 377 583)	-	-	-	-	(2 100 377 583)
At 31 December 2022	**5 746 958 283**	**2 981 135 480**	**2 598 137 375**	**1 004 290 057**	**992 507 214**	**13 323 028 409**
At 01 January 2023	**5 746 958 283**	**2 981 135 480**	**2 598 137 375**	**1 004 290 057**	**992 507 214**	**13 323 028 409**
Additions	-	241 808 126	-	527 430	-	242 335 556
Revaluation gain	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-	-
Disposals	-	-	(33 735 245)	-	-	(33 735 245)
At 30 June 2023	**5 746 958 283**	**3 222 943 606**	**2 564 402 130**	**1 004 817 487**	**992 507 214**	**13 531 628 720**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 01 January 2022	**-**	**1 345 816 673**	**770 730 930**	**507 176 915**	**259 706 604**	**2 883 431 122**
Charge for the year	31 842 470	162 160 404	111 325 637	60 767 298	-	366 095 809
Eliminated on Disposals	(14 165 829)	-	-	-	-	(14 165 829)
Eliminated on revaluation	(17 676 641)	-	-	-	-	(17 676 641)
At 31 December 2022	**-**	**1 507 977 077**	**882 056 567**	**567 944 213**	**259 706 604**	**3 217 684 461**
At 01 January 2023	**-**	**1 507 977 077**	**882 056 567**	**567 944 213**	**259 706 604**	**3 217 684 461**
Charge for the year	75 867 220	406 071 829	342 917 326	133 634 025	-	958 490 400
Eliminated on Disposals	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-	-
Eliminated on revaluation	-	-	-	-	-	-
At 30 June 2023	**75 867 220**	**1 914 048 906**	**1 224 973 893**	**701 578 238**	**259 706 604**	**4 176 174 861**
CARRYING AMOUNT						
Cost at 31 December 2022	5 746 958 283	2 981 135 480	2 598 137 375	1 004 290 057	992 507 214	13 323 028 409
Accumulated depreciation at 31 December 2022	-	(1 507 977 077)	(882 056 567)	(567 944 213)	(259 706 604)	(3 217 684 461)
Carrying amount at 31 December 2022	**5 746 958 283**	**1 473 158 403**	**1 716 080 808**	**436 345 844**	**732 800 610**	**10 105 343 948**
Cost at 30 June 2023	**5 746 958 283**	**3 222 943 606**	**2 564 402 130**	**1 004 817 487**	**992 507 214**	**13 531 628 720**
Accumulated depreciation at 30 June 2023	(75 867 220)	(1 914 048 906)	(1 224 973 893)	(701 578 238)	(259 706 604)	(4 176 174 861)
Carrying amount at 30 June 2023	**5 671 091 063**	**1 308 894 700**	**1 339 428 237**	**303 239 249**	**732 800 610**	**9 355 453 859**
Historical Cost						
COST						
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	42 738 114	-	136 764 072
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**	**2 759 391 162**
At 01 January 2023	**1 839 763 684**	**298 745 667**	**506 574 851**	**111 616 960**	**2 690 000**	**2 759 391 162**
Additions	-	97 265 254	-	168 845	-	97 434 099
Revaluation gain	-	-	-	-	-	-
Disposals	-	-	(33 735 246)	-	-	(33 735 246)
Transfer to assets held for sale	-					-
At 30 June 2023	**1 839 763 684**	**396 010 921**	**472 839 605**	**111 785 805**	**2 690 000**	**2 823 090 015**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 01 January 2022	-	5 946 979	1 779 483	1 386 318	540 000	9 652 780
Charge for the year	9 506 813	21 173 565	29 023 596	6 158 544	-	65 862 518
Eliminated on disposals	-	-	-		-	-
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)	-	(23 185 456)
At 31 December 2022	**-**	**14 738 751**	**29 132 016**	**3 844 100**	**540 000**	**48 254 867**
At 01 January 2023	**-**	**14 738 751**	**29 132 016**	**3 844 100**	**540 000**	**48 254 867**
Charge for the year	17 183 692	44 639 225	80 271 319	11 322 335	-	153 416 571
Eliminated on disposals	-	-	(7 496 721)	-	-	(7 496 721)
Eliminated on transfer to assets held for sale	-	-	-	-	-	-
Eliminated on revaluation	-	-	-	-	-	-
At 30 June 2023	**17 183 692**	**59 377 976**	**101 906 614**	**15 166 435**	**540 000**	**194 174 717**
CARRYING AMOUNT						
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	-	(14 738 751)	(29 132 016)	(3 844 100)	(540 000)	(48 254 867)
Carrying amount at 31 December 2022	**1 839 763 684**	**284 006 916**	**477 442 835**	**107 772 860**	**2 150 000**	**2 711 136 295**
Cost at 30 June 2023	**1 839 763 684**	**396 010 921**	**472 839 605**	**111 785 805**	**2 690 000**	**2 823 090 015**
Accumulated depreciation at 30 June 2023	(17 183 692)	(59 377 976)	(101 906 614)	(15 166 435)	(540 000)	(194 174 717)
Carrying amount at 30 June 2023	**1 822 579 992**	**336 632 945**	**370 932 991**	**96 619 370**	**2 150 000**	**2 628 915 298**

REVIEWED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

FOR HALF YEAR ENDED 30 JUNE 2023

Infrastructure Development Bank of Zimbabwe

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 30 JUNE 2023

16 INTANGIBLE ASSETS

	Inflation Adjusted ZWL	Historical Cost ZWL
COMPUTER SOFTWARE		
COST		
At 01 January 2022	**1 517 489 371**	**57 333 961**
Additions	289 152 891	28 366 244
Revaluation gain	-	-
Derecognition of fully depreciated software	-	-
At 31 December 2022	**1 806 642 262**	**85 700 205**
At 01 January 2023	**1 806 642 262**	**85 700 205**
Additions	-	-
Revaluation gain	-	-
Disposals	-	-
At 30 June 2023	**1 806 642 262**	**85 700 205**
ACCUMULATED DEPRECIATION AND IMPAIRMENT		
At 01 January 2022	**802 535 290**	**554 174**
Charge for the year	110 359 692	819 258
At 31 December 2022	**912 894 982**	**64 373 433**
At 01 January 2023	**912 894 984**	**64 373 433**
Charge for the year	225 830 281	3 546 971
At 30 June 2023	**1 138 725 265**	**67 920 404**
CARRYING AMOUNT		
Cost at 31 December 2022	1 806 642 262	85 700 205
Accumulated depreciation at 31 December 2022	(912 894 984)	(64 373 433)
Carrying amount at 31 December 2022	**893 747 278**	**21 326 772**
Cost at 30 June 2023	**1 806 642 261**	**85 700 205**
Accumulated depreciation at 30 June 2023	(1 138 725 265)	(67 920 404)
Carrying amount at 30 June 2023	**667 916 996**	**17 779 801**

17 RIGHT OF USE ASSETS

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
Cost				
At 01 January	308 655 352	245 316 006	20 073 806	11 165 007
Remeasurements / Adjustments	89 673 605	63 339 345	89 673 605	8 908 799
Balance as at 30 June 2023	**398 328 957**	**308 655 351**	**109 747 411**	**20 073 806**
Accumulated Depreciation				
At 01 January	95 018 382	79 184 646	4 932 290	2 676 614
Charge for the year	19 255 513	15 833 736	8 651 658	2 255 676
Balance as at 30 June 2023	**114 273 895**	**95 018 381**	**13 583 949**	**4 932 290**
Carrying Amount	**284 055 062**	**213 636 970**	**96 163 463**	**15 141 516**

18 DEFERRED TAXATION

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.

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
Opening Balance	**2 399 754 699**	**285 665 335**	**387 827 570**	**20 019 366**
Charge for the year	3 527 208 806	2 188 631 493	1 385 716 818	372 656 548
Transfer from deferred tax liability	-	(74 542 129)	-	(4 848 344)
Closing Balance	**5 926 963 505**	**2 399 754 699**	**1 773 544 388**	**387 827 570**

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 2022	**18 784 813**	**40 471 377**	**91 447 382 471**	**-**	**91 487 853 848**
Issue of shares	-	120 770	1 875 070 724	8 507 658 880	10 382 850 375
Allotment of shares	5 279 908	224 770	3 489 774 719	(3 489 999 488)	-
At 31 December 2022	**24 064 721**	**40 816 917**	**96 812 227 914**	**5 017 659 392**	**101 870 704 223**
At 1 January 2023	**24 064 721**	**40 816 917**	**96 812 227 914**	**5 017 659 392**	**101 870 704 223**
Issue of share capital	-	-	-	-	-
Allotment of shares	-	-	-	5 637 869 827	5 637 869 827
At 30 June 2023	**24 064 721**	**40 816 917**	**96 812 227 914**	**10 655 529 219**	**107 508 574 050**
Historical Cost					
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**
At 1 January 2023	**30 054 287**	**300 543**	**1 933 462 820**	**1 500 000 000**	**3 433 763 363**
Issue of shares	-	-	-	-	-
Allotment of shares	-	-	-	2 502 782 279	2 502 782 279
At 30 June 2023	**30 054 287**	**300 543**	**1 933 462 820**	**4 002 782 279**	**5 936 545 642**

20 FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
At the beginning of the year	27 775 605 162	27 775 605 162	51 967 059	51 967 059
Charge for the year	-	-	-	-
At the end of the year	**27 775 605 162**	**27 775 605 162**	**51 967 059**	**51 967 059**

21 REVALUATION RESERVE

At the beginning of the year	11 262 032 924	3 943 034 323	2 759 280 128	466 377 641
Charge for the year	-	7 318 998 601	-	2 292 902 487
At the end of the year	**11 262 032 924**	**11 262 032 924**	**2 759 280 128**	**2 759 280 128**

22 FAIR VALUE

At the beginning of the year	19 857 843 826	10 827 644 428	5 828 928 250	811 760 202
Charge for the year	31 962 266 772	9 030 199 398	44 996 916 268	5 017 168 048
At the end of the year	**51 820 110 598**	**19 857 843 826**	**50 825 844 518**	**5 828 928 250**

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
Inflation Adjusted		
At 1 January 2022	**382 830**	**18 411 756 945**
Issue of shares	-	-
At 31 December 2022	**382 830**	**18 411 756 945**
At 1 January 2023	**382 830**	**18 411 756 945**
Issue of shares	-	-
At 30 June 2023	**382 830**	**18 411 756 945**
Historical Cost		
At 1 January 2022	**382 830**	**38 283 003**
Issue of shares	-	-
At 31 December 2022	**382 830**	**38 283 003**
At 1 January 2023	**382 830**	**38 283 003**
Issue of shares	-	-
At 30 June 2023	**382 830**	**38 283 003**

24 DEPOSITS FROM CUSTOMERS

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
Deposits from customers are primarily comprised of amounts payable on demand and term deposits.				
Large corporate customers	30 413 092 923	9 573 406 672	30 413 092 923	3 064 717 901
Retail customers	396 968 634	1 240 030 010	396 968 634	396 968 634
	30 810 061 557	**10 813 436 682**	**30 810 061 557**	**3 461 686 535**
24.1 Maturity analysis of deposits from customers				
Up to one month	28 749 214 868	8 976 996 282	28 749 214 868	2 873 790 088
Up to three months	2 060 201 457	1 835 056 948	2 060 201 457	587 453 565
Above six months	645 232	1 383 452	645 232	442 882
	30 810 061 557	**10 813 436 682**	**30 810 061 557**	**3 461 686 535**

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	(%)	30 June 2023 ZWL	(%)	31 Dec 2022 ZWL
Inflation Adjusted				
Financial markets	14.62	4 505 846 301	69.78	7 545 483 572
Fund managers and pension funds	3.24	997 372 322	8.12	878 265 611
Individuals	3.31	1 018 642 640	0.17	18 146 715
Government and public sector institutions	12.59	3 878 325 677	5.13	554 199 548
Other services	66.24	20 409 874 617	16.80	1 817 341 236
	100.00	**30 810 061 557**	**100.00**	**10 813 436 682**
24.2 Sectorial analysis of deposits from customers				
Historical Cost				
Financial markets	14.62	4 505 846 301	69.78	2 415 522 433
Fund managers and pension funds	3.24	997 372 322	8.12	281 157 631
Individuals	3.31	1 018 642 640	0.17	5 809 276
Government and public sector institutions	12.59	3 878 325 677	5.13	177 414 930
Other services	66.24	20 409 874 617	16.80	581 782 265
	100.00	**30 810 061 557**	**100.00**	**3 461 686 535**

25 LOCAL LINES OF CREDIT AND BONDS

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL	31 Dec 2022 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
Bonds	49 692 319 369	12 400 363 024	49 692 319 369	3 969 706 484
Lines of credit	21 178 205 300	2 916 139 576	21 178 205 300	933 538 652
Total	**70 870 524 669**	**15 316 502 600**	**70 870 524 669**	**4 903 245 136**
Current	-	11 548 732 707	-	3 697 075 563
Non current	70 870 524 669	3 767 769 893	70 870 524 669	1 206 169 573
	70 870 524 669	**15 316 502 600**	**70 870 524 669**	**4 903 245 136**

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

	Inflation Adjusted		Historical Cost	
	Bonds ZWL	Lines of credit ZWL	Bonds ZWL	Lines of credit ZWL
At 1 January 2023	**12 400 363 024**	**2 916 139 576**	**3 969 706 484**	**933 538 652**
New issues/funding	37 291 956 345	18 262 065 724	45 722 612 885	20 244 666 648
At 30 June 2023	**49 692 319 369**	**21 178 205 300**	**49 692 319 369**	**21 178 205 300**

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

26 OTHER LIABILITIES

	Inflation Adjusted		Historical Cost	
	30 June 2023 ZWL	31 Dec 2021 ZWL	30 June 2023 ZWL	31 Dec 2022 ZWL
Accruals	817 447 599	426 641 527	817 447 599	136 580 004
Provision for outstanding employee leave	214 736 393	123 568 068	214 736 393	39 557 629
Dividend payable	156 112	487 656	156 112	156 112
Value Added Tax Liability	-	-	-	-
Withholding tax services	24 190 107	421 347 066	24 190 107	134 885 098
IMT tax 2 percent	65 286 813	20 258 881	65 286 813	6 485 440
Sundry creditors-internal	440 420 394	21 757 909	440 420 394	6 965 321
Projects accounts payable	888 800	10 542 650	888 800	3 375 000
Deferred income	32 277 076 054	9 746 007 108	22 874 929 529	2 987 391 123
Other	1 753 751 979	673 222 965	1 753 751 979	215 517 688
	35 593 954 251	**11 443 833 830**	**26 191 807 726**	**3 530 913 415**

27 NET INTEREST INCOME

27.1 Interest and related income:				
Loans and advances to large corporates	890 572 873	419 437 686	411 060 134	37 374 765
Loans and advances to individuals	16 258 159	40 792 297	13 009 959	5 306 102
Treasury bills and other financials assets	-	31 382 195	-	3 554 565
Placements with local banks	74 562	3 325 157	20 664 402	381 465
Mortgages	237 570 832	79 506 429	25 472 533	11 570 942
Cash and bank balances	65 426 239	46 779 083	41 364 488	6 430 808
	1 209 902 665	**621 222 847**	**511 571 516**	**64 618 647**
27.2 Interest and related expense:				
Bonds	(1 035 260 272)	(245 864 370)	(592,279,848)	(32 556 659)
Deposits from large corporates	(5 729 496 989)	(747 608 775)	(2 246 994 883)	(102 260 242)
Deposits from individuals	(6 365 050)	(2 590 023)	(3 449 678)	(344 283)
	(6 771 122 311)	**(996 063 168)**	**(2 842 724 409)**	**(135 161 184)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 30 JUNE 2023

28 SALES

	Inflation Adjusted 30 June 2023 ZWL	Inflation Adjusted 31 Dec 2022 ZWL	Historical Cost 30 June 2023 ZWL	Historical Cost 31 Dec 2022 ZWL
Property sales	147 465 838	-	53 447 871	-
Cost of construction of property	(11 311 173)	-	(4 099 649)	-
Gross profit	**136 154 665**	**-**	**49 348 222**	**-**

29 FEE AND COMMISSION INCOME

	Inflation Adjusted 30 June 2023 ZWL	Inflation Adjusted 31 Dec 2022 ZWL	Historical Cost 30 June 2023 ZWL	Historical Cost 31 Dec 2022 ZWL
Advisory and management fees	430 822 074	140 954 441	218 814 148	17 359 884
Banking service fees	52 868 684	29 865 662	38 541 656	3 806 297
	483 690 758	**170 820 103**	**257 355 804**	**21 166 181**

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

	Inflation Adjusted 30 June 2023 ZWL	Inflation Adjusted 31 Dec 2022 ZWL	Historical Cost 30 June 2023 ZWL	Historical Cost 31 Dec 2022 ZWL
Listed equity securities (Note 6)	383 084 193	34 031 401	600 422 453	8 918 221

31 OTHER INCOME

	Inflation Adjusted 30 June 2023 ZWL	Inflation Adjusted 31 Dec 2022 ZWL	Historical Cost 30 June 2023 ZWL	Historical Cost 31 Dec 2022 ZWL
Rental income	435 561 346	400 134 504	75 604 880	53 486 246
Loss on fixed assets disposal	(26 191 905)	-	(202 281 335)	-
Bad debts (written off) recovered	-	1 398 978	-	153 958
Sundry income	62 985 720	40 572 912	309 318 627	6 113 616
	472 355 161	**442 106 394**	**182 642 172**	**59 753 820**

32 FAIR VALUE LOSS ON INVESTMENT PROPERTY

	Inflation Adjusted 30 June 2023 ZWL	Inflation Adjusted 31 Dec 2022 ZWL	Historical Cost 30 June 2023 ZWL	Historical Cost 31 Dec 2022 ZWL
Net gain/(loss) from fair value adjustment	14 126 178 572	8 763 430 679	43 196 846 378	3 534 003 477
Unrealised gain/(loss) from fair value adjustment of investment property	**14 126 178 572**	**8 763 430 679**	**43 196 846 378**	**3 534 003 477**

33 NET FOREIGN EXCHANGE GAINS/(LOSSES)

	Inflation Adjusted 30 June 2023 ZWL	Inflation Adjusted 31 Dec 2022 ZWL	Historical Cost 30 June 2023 ZWL	Historical Cost 31 Dec 2022 ZWL
Net realised gains from foreign currency trade				
Net unrealised (losses)/gains from translation of foreign currency balances	(13 607 695 980)	9 468 320 125	(12 761 003 761)	1 133 636 132

34 OPERATING EXPENSES

	Inflation Adjusted 30 June 2023 ZWL	Inflation Adjusted 31 Dec 2022 ZWL	Historical Cost 30 June 2023 ZWL	Historical Cost 31 Dec 2022 ZWL
Staff costs	9 564 258 471	4 422 122 119	5 277 590 285	614 426 600
Administrative expenses	3 299 134 527	2 417 820 514	2 320 412 913	340 712 775
Audit fees	-	146 264 518	-	18 404 288
Depreciation	976 691 056	729 440 054	161 899 386	7 255 033
Amortisation of intangible assets	225 830 283	86 647 366	3 546 968	22 569 861
	14 065 914 337	**7 802 294 571**	**7 763 449 552**	**1 003 368 557**

35 TAXATION

	Inflation Adjusted 30 June 2023 ZWL	Inflation Adjusted 31 Dec 2022 ZWL	Historical Cost 30 June 2023 ZWL	Historical Cost 31 Dec 2022 ZWL
Income tax				
Current tax expense	-	-	-	-
Current tax credit	3 527 208 806	158 325 461	1 385 142 810	19 892 768
Tax credit / (expense)	**3 527 208 806**	**158 325 461**	**1 385 142 810**	**19 892 768**
Reconciliation of income tax credit				
Based on results for the period at a normal rate of 24.72%				
Arising due to:				
Accounting profit/ (loss)	**14 268 644 037**	**640 475 165**	**5 603 328 519**	**80 472 363**
Tax credit/ (expense) at 24.72%	3 527 208 806	158 325 461	1 385 142 810	19 892 768
Non-deductible expenses	-	-	-	-
Non-taxable income	-	-	-	-
Tax rate differential on capital gains	-	-	-	-
Tax credit/ (expense)	3 527 208 806	158 325 461	1 385 142 810	19 892 768
The aggregate tax relating to items that are charged or credited directly to equity	3 527 208 806	158 325 461	1 385 142 810	19 892 768
	3 527 208 806	**158 325 461**	**1 385 142 810**	**19 892 768**

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 30 June 2023 ZWL	Inflation Adjusted 30 June 2022 ZWL	Historical Cost 30 June 2023 ZWL	Historical Cost 30 June 2022 ZWL
Profit/(Loss) attributable to equity holders	12 558 444 343	22 515 752 982	37 848 216 410	5 096 041 086
Weighted average number of issued ordinary shares	30 054 287	382 830	30 054 287	382 830
Basic profit / (loss) per share (ZWL cents)	41 786	58 814	125 933	13 311

37 COMMITMENTS AND GUARANTEES

Loan commitments, guarantees and other financial facilities
At 30 June 2023, the Group had contractual amounts for off-statement of financial position financial instruments that commit it to extend guarantees and loans as follows:

	Inflation Adjusted 30 June 2023 ZWL	Inflation Adjusted 30 June 2022 ZWL	Historical Cost 30 June 2023 ZWL	Historical Cost 30 June 2022 ZWL
Guarantees / loan commitments	**2 400 000**	**7 496 995**	**2 400 000**	**2 400 000**

38 FUNDS UNDER MANAGEMENT

Government funds under management
The Government of Zimbabwe disburses, through the Group, fiscal allocations to parastatals and government infrastructure projects.

The funds are being managed by the Group for a fee and with no credit risk residual to the Group.

	Inflation Adjusted 30 June 2023 ZWL	Inflation Adjusted 30 June 2022 ZWL	Historical Cost 30 June 2023 ZWL	Historical Cost 30 June 2022 ZWL
Held on behalf of:				
Government of Zimbabwe	364 048 787	1 138 359 238	364 048 787	350 313 456
Represented by:				
Sinking fund	29 419 816	-	29 419 816	-
Amounts awaiting disbursement	52 985 257	152 172 656	52 985 257	43 916 993
Loans and advances to parastatals and government implementing agencies	281 643 714	986 186 581	281 643 714	306 396 463
	364 048 787	**1 138 359 237**	**364 048 787**	**350 313 456**

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 incorporationhip and operation	Proportion of owners interest and voting power held by the Group as at 30 June 2023 2022 %	as at 31 Dec 2022 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
Kanyemba Fishing Lodges Pvt Ltd	Property Investment	Zimbabwe	36	-
Special purpose entities				
Clipsham Views Housing Project	Joint Operation	Zimbabwe	83	83

The following transactions were carried out with related parties:
A number of banking transactions are entered into with related parties in the normal course of business. For half year ended 30 June 2023, these included:

	IDBZ	MAZVEL	CLIPSHAM	WANEKA	ZIMCAMPUS	KARIBA	TOTAL
MAZVEL	15 637 608 870	-	-	-	-	-	15 637 608 870
CLIPSHAM	-	-	-	-	-	-	-
WANEKA	(787 006 791)	-	-	-	-	-	(787 006 791)
ZIMCAMPUS	11 790 081	-	-	-	-	-	11 790 081
KARIBA	-	-	-	-	-	-	-
SAMUKELE	(14 110 905)	-	-	-	-	-	(14 110 905)
KANYEMBA FISHING LODGES PVT LTD	-	-	-	-	-	-	-
TOTAL	**14 848 281 255**	**-**	**-**	**-**	**-**	**-**	**14 848 281 255**

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 30 June 2023 ZWL	Inflation Adjusted 30 June 2022 ZWL	Historical Cost 30 June 2023 ZWL	Historical Cost 30 June 2022 ZWL
Salaries and other short-term employee benefits	1 288 441 020	2 959 642 372	1 288 441 020	150 484 930
Post-employment benefits	42 338 832	58 039 983	16 626 554	5 573 153
Termination benefits	-	-	-	-
Total	**1 330 779 850**	**3 017 682 355**	**1 305 067 574**	**156 058 083**

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

	Directors and other key management personnel 30 June 2023 ZWL	Associated companies 30 June 2023 ZWL	Directors and other key management personnel 30 June 2022 ZWL	Associated companies 30 June 2022 ZWL
Inflation Adjusted				
Loans outstanding	49 959 892	-	179 504 894	-
Interest income earned	15 530 796	-	9 474 943	-
Loans and advances to related parties				
Historical Cost				
Loans outstanding	49 959 892	-	57 464 587	-
Interest income earned	4 785 484	-	1 670 175	-

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 30 June 2023 ZWL	Associated companies 30 June 2023 ZWL	Directors and other key management personnel 30 June 2022 ZWL	Associated companies 30 June 2022 ZWL
Inflation Adjusted				
Deposits at 30 June	254 844	-	47 862	-
Interest expense on deposits	-	-	-	-
Historical Cost				
Deposits from related parties				
Deposits at 30 June	254 844	-	15 322	-
Interest expense on deposits	-	-	-	-

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

e) **Director's shareholdings**
As at 30 June 2023, 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 USD6.1 million against a regulatory minimum equivalent of USD20 million for Development Finance Institutions. While the Banks' core capital is below the minimum required regulatory capital, the Bank has put in place strategies to enhance profitability, anchored on balance sheet restructuring, liquidity management and capital preservation. These measures are anticipated to result in the Bank improving its' capital position.

41 GOING CONCERN

The Infrastructure Development Bank of Zimbabwe (the Bank) prepared its financial statements on a going concern basis. During the half year ended 30 June 2023, the Bank recorded a historical profit of ZWL25.8 billion. The Bank's profitability is anchored on effective liquidity management and steady growth in the asset base complemented by 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 and USD1billion in the long term. As at 30 June 2023, the Bank's projects namely Waneka Phase 3, Wilsgrove and Bulawayo Students Accommodation Complex (BSAC) were almost at 100% stage of completion while the Bank was rolling out cluster houses development at Hornister, in Borrowdale, Harare. The Bank continues to have a robust pipeline of projects at various stages of preparation and development planning and implementation. In assessing the applicability of the going concern assumption, management considered the following.

1. **Capitalisation and shareholders' support**
The Bank received shareholder capital of ZWL 2.5 billion in the current year. The Bank continues to engage shareholders for additional capital and support in the 2023 financial year which will be used towards funding the Bank's operations and projects. During the period, the Bank accessed the Reserve Bank of Zimbabwe (RBZ) Medium Term Facility of ZWL1.9billion for onward lending to clients and the Bank has made an additional application for ZWL3.5billion which is expected to be received in Q3 2023.

The Bank's regulatory capital position stood at US6.1million as at 30 June 2023 against the regulatory minimum requirement of US$20million by 31 December 2023.The Bank's capital position was mainly affected by adverse exchange rate movements as well as delayed completion on some projects that were anticipated to have earned income. The Bank has put in place strategies to enhance profitability, anchored on balance sheet restructuring, liquidity management and capital preservation. This is envisaged to result in improved performance going forward.

2. **Projects Budget**
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. As part of the balance sheet restructuring, the Bank has unlocked USD5.5million liquidity from disposal of investment properties, and this liquidity is being used to fund projects with shorter turnaround periods. The target for the Bank is to obtain an optimum mix of short- term and long-term projects to achieve sustained growth of its financial position.

3. **Staff Retention**
The Bank continues to strive to ensure that staff are compensated at market rates, and this was achieved on the back of linking remuneration to USD, although payment will be made partly in USD and ZWL. The Bank will continue to monitor employee retention and endeavour to align remuneration with the cost of living and other allowances. This is anticipated to contribute positively to the Bank's performance in the future.

4. **Liquidity**
The Bank's liquidity position for the period was sound buoyed by new capital injection by shareholders of ZWL2.5billion, increase in deposits by ZWL27.3billion to support increased short-term loan book and structured deals. The Bank also received ZWL3.9billion (USD3.5m) from the repayment of the Ministry of National Housing (MNHSA) USD8.8m debt while USD5.5m was received from disposal of investment properties as part of balance sheet restructuring. The Bank expects additional liquidity from the settlement of the USD5.3milllion outstanding debt from MNHSA in Q3 2023 with Treasury Bills, which bills will be used to secure deposits.

5. **Liquidity**
The Bank anticipates that interest income will grow by 40% on the back of growth in the loan portfolio. The Bank is currently in the market selling Waneka Phase 3 units and stands at Wilsgrove. The BSAC project is expected to be commissioned in Q3 of 2023 and cluster housing projects under implementation are being presold. Together with growth in the short term and structured deals loan book, the Bank anticipates sustained performance going forward as a result of increased business activity.