STREETWISE ECONOMICS

Research Report No. 4

Paper Gains and Sector Capital

What share of listed financial-sector equity is backed by unrealised property values?

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Data vintages: FY2025 audited results (year ended 31 December 2025); RBZ Banking Sector reports Q1 2024–Q3 2025; BancABC and Stanbic primary disclosures FY2023–FY2025; IPEC pensions data (cross-reference RR No. 3). RBZ official rate 31 Dec 2025: ZWG 25.9807 = US$1. Retrieved June 2026.

Executive Summary

Research Report No. 3 showed that Zimbabwe's pension funds carry US$1.16 billion in property earning a 3.7% yield against a 12.4% cost of capital. This report turns to the other major owner of the same buildings — the banks — and asks a simple question: how much of the listed financial sector's equity is, in substance, an unrealised bet on property values?

The answer is: more than the published accounts make obvious, and concentrated in a way that the sector's headline capital strength conceals.

The revaluation engine has already reversed for banks. Property and FX revaluation gains fell from 61.3% of banking-sector income in Q1 2024 to 5.7% a year later. The income effect has normalised; the property carried on balance sheets at the elevated values has not.

Where banks disclose it, property is a third of equity. Stanbic carries investment property equal to 34% of total equity; BancABC 27.5%. The two confirmed institutions average 31.6%.

Most banks do not disclose the figure at all. To our knowledge, for CBZ, FBC, First Capital, NMBZ and ZB Financial, the investment-property balance is not broken out in published abridged results. The disclosure gap is itself a finding — and the reason a precise sector total cannot be built from public data alone.

The three-year trend is a currency-regime story. Before 2024, banks reported in hyperinflationary ZWL, so clean USD comparison is only possible from FY2024 onward. The longer arc is best read at sector level: revaluation-driven returns (ROE 61% in early 2024) deflated to real-economy levels (ROE 7%) as the ZiG stabilised.

The two sectors have diverged. Banks stopped booking property gains by 2025; pension funds kept marking property up (US$0.63bn in Dec 2023 to US$1.16bn by Jun 2025). The same asset, valued two different ways, in two sectors that supervise it separately.

We estimate the listed sector carries US$150–250 million of investment property against roughly US$1.0–1.2 billion of collective equity — on the order of 15–25% of sector equity. The sector's average capital adequacy of 31.71% provides real headroom, but a property correction would erode it directly, with no dedicated reserve to absorb the hit.

1. Why This Report

The banks are the other side of the property market Research Report No. 3 examined. They own office buildings, branches and commercial property, and they carry it at fair value. When those values rose, bank income statements lit up. Now that the ZiG has stabilised and the mark-up engine has stalled, the balance sheets still carry the elevated values — but no analogous income flows in to justify them.

This report builds a bank-by-bank account from FY2025 audited results and RBZ sector data, extends it back across three years where the data permits, and asks of each institution: how much investment property do you carry, and what share of your equity does it represent?

2. The Accounting Logic

Every listed Zimbabwean bank uses the IAS 40 fair value model for investment property. Under it, property is revalued at each balance-sheet date and the gain or loss runs through the income statement — not through a revaluation reserve in equity. Two consequences follow, and both are central to this report.

The property balance is the cleanest measure of exposure. It is the fair value the market is being asked to sustain. If prices revert, the loss runs straight through income, reducing profit and equity one-for-one.

There is no dedicated cushion. Under the cost model, unrealised gains sit in a revaluation reserve that could absorb a correction. Under fair-value-through-P&L, a 20% write-down on a ZWG 2 billion book is immediately a ZWG 400 million charge to earnings.

3. The Three-Year Trend

A genuine multi-year trend in Zimbabwean banking has to be read through the currency regime. Until February 2024 the sector reported in hyperinflationary Zimbabwe dollars (ZWL); the ZiG was then introduced and stabilised through 2025. This means clean, like-for-like USD comparison at the bank level is only reliable from FY2024 onward. The longer arc is best read at sector level, where the RBZ reports consistent ratios.

3.1 The revaluation engine and its reversal

The Reserve Bank's income-mix data is the clearest window on the trend. In Q1 2024, the "revaluation complex" — property plus FX revaluation gains — made up 61.3% of banking-sector income. A year later it was 5.7%. Property revaluation alone fell from 18.7% to effectively zero. The gains that flattered the sector's headline numbers were paper, and they evaporated the moment the currency steadied.

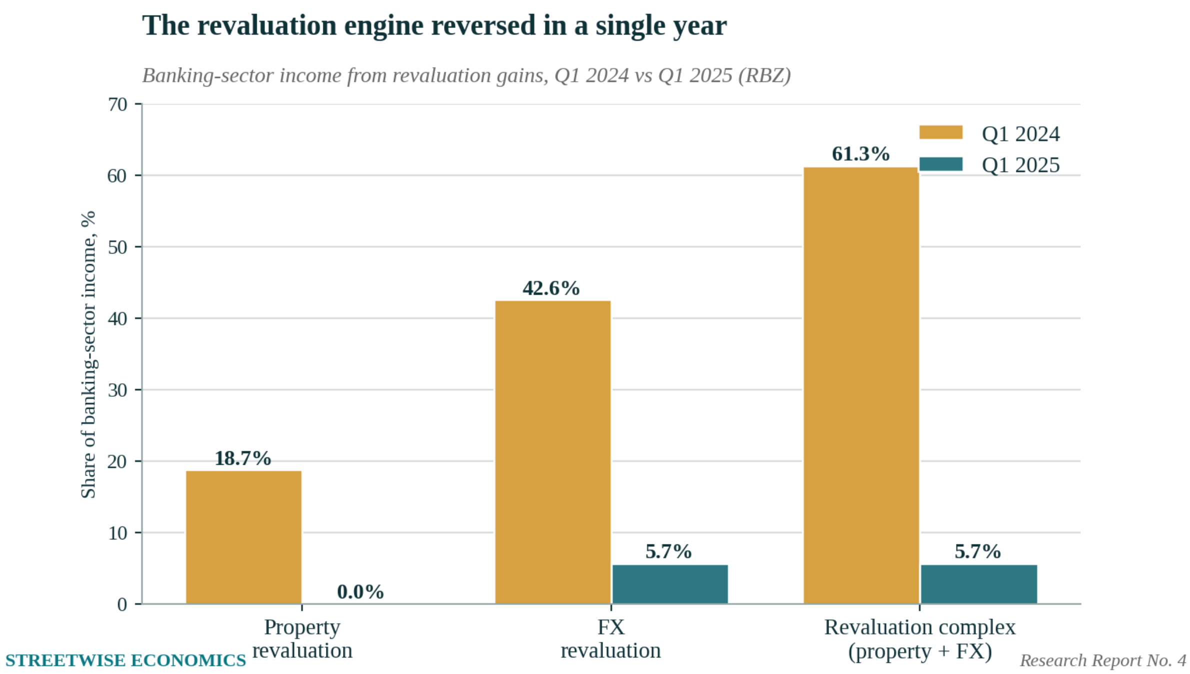

Figure 1 — Banking-sector income from revaluation gains, Q1 2024 vs Q1 2025. Source: RBZ Banking Sector Report (Mar 2025).

3.2 Returns normalising to the real economy

As the paper gains faded, the sector's flattering return ratios deflated with them. Return on equity fell from 61.3% to 6.85%; return on assets from 22.8% to 2.4%; and the cost-to-income ratio rose from 23.1% to 71.5% as the revaluation income that had masked operating costs disappeared. This is not a collapse in banking — it is the removal of a hyperinflationary illusion, revealing how thin the operational earnings underneath had been.

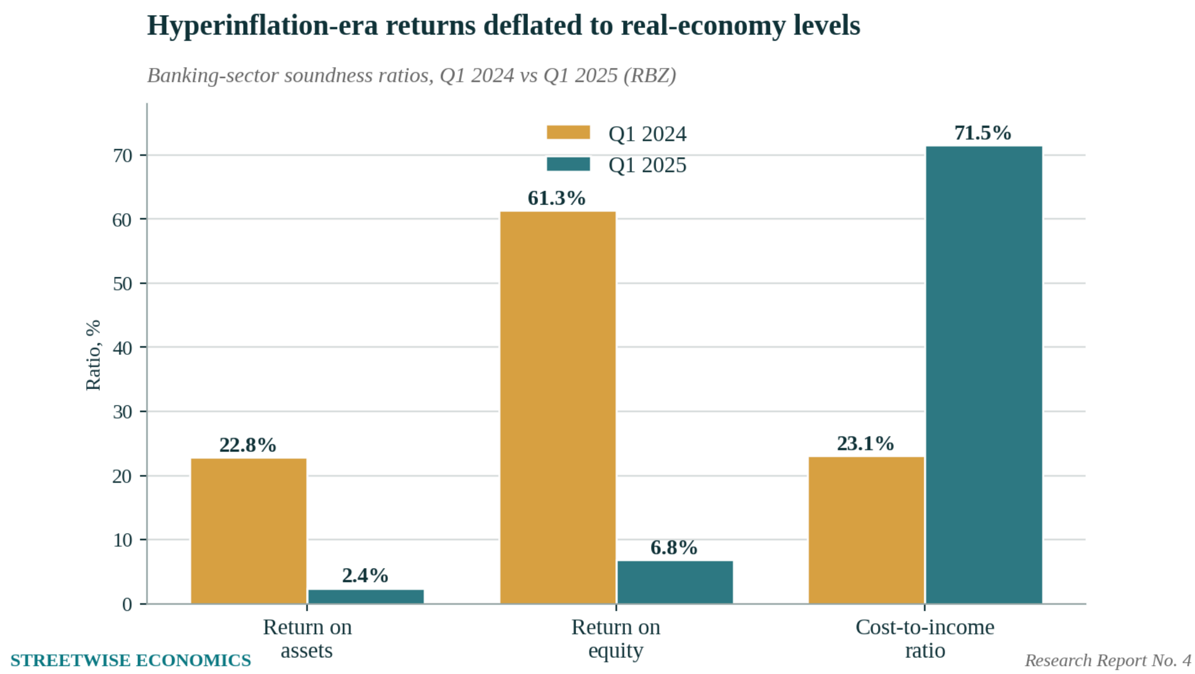

Figure 2 — Banking-sector soundness ratios, Q1 2024 vs Q1 2025. Source: RBZ Banking Sector Report (Mar 2025).

3.3 The bank-level view, where the data is clean

At the institution level, the comparable window is FY2024 to FY2025. BancABC's investment property fell from ZWG 646.0 million to ZWG 472.6 million — a 26.8% decline as fair-value gains gave way to a small net gain on a stabilised book. Stanbic's book held broadly flat at roughly ZWG 1.8–1.85 billion. The common signal: property values stopped rising once the mark-up engine switched off.

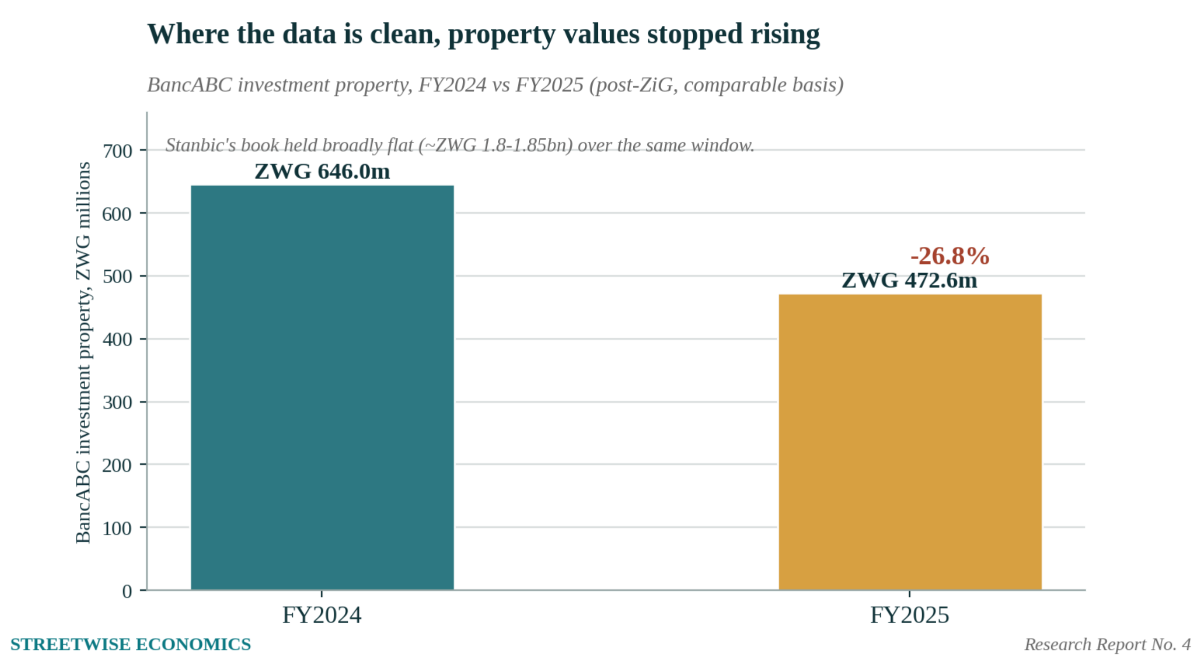

Figure 3 — BancABC investment property, FY2024 vs FY2025 (post-ZiG comparable basis). Source: BancABC audited accounts.

4. Bank-by-Bank Analysis

4.1 Stanbic Bank Zimbabwe

Stanbic is the most informative institution on the property question. Management states it holds ZWG 1.85 billion (about US$68.7m) in investment property, equal to 34% of total equity — and it established a Board Properties Oversight Committee in 2025 to govern the portfolio. Total assets closed FY2025 at about US$1.35 billion and the capital adequacy ratio was 38.1%, well above the 12% minimum. The property position is the single largest source of balance-sheet concentration, even as the bank's lending franchise is the sector's strongest.

Sources: Stanbic FY2025 results; Money and Moves (2026).

4.2 BancABC Zimbabwe

BancABC's FY2025 abridged audited accounts — the most detailed disclosure reviewed — confirm investment property of ZWG 472.6 million (about US$18.2m), down from ZWG 646.0 million in 2024. Total equity was ZWG 1.72 billion (US$66.3m), giving an investment-property-to-equity ratio of 27.5%. A separate ZWG 203.5 million revaluation reserve relates to owner-occupied property under IAS 16, not investment property. Capital adequacy was 27%.

Source: BancABC FY2025 Abridged Audited Consolidated Financial Statements (primary).

4.3 The institutions that do not disclose

CBZ Holdings (the largest group, with a dedicated Property Investment segment and an H1 2025 fair-value loss of US$25.1m on investment property), FBC Holdings (which created FBC Properties in 2025 and cited "a reduction in non-core revaluation gains"), First Capital Bank (USD-functional, VFEX-listed, and explicitly noted by analysts as not relying on property revaluation), NMBZ Holdings (which flagged IAS 21/IFRS 13/IAS 8 non-compliance on prior-period property fair values), and ZB Financial Holdings (whose subsidiary Mashonaland Holdings is a listed property company) all carry investment property — but none break it out as a separate line in their published abridged results. The exposure is real; the number is not public.

Sources: CBZ H1 2025 briefing; FBC FY2025 results; First Capital FY2025 results; Lucent Consultancy (2026); ZB / Mashonaland disclosures.

Figure 4 — Data availability and investment-property exposure, FY2025

Institution	Total assets (USD)	Total equity (USD)	Investment Property (IP in USD)	IP / equity	Disclosure
Stanbic	US$1.35bn	~US$209m	US$68.7m	34%	Confirmed (mgmt)
BancABC	US$269.8m	US$66.3m	US$18.2m	27.5%	Confirmed (primary)
CBZ Holdings	US$1.50bn	~US$349m	Not isolated	n/a	Partial (segment)
FBC Holdings	US$839m	~US$158m	Not disclosed	n/a	None
First Capital	US$332m	~US$91m	Not disclosed	n/a	None
NMBZ Holdings	US$340.6m	~US$79m	Not disclosed	n/a	None
ZB Financial	US$619m	~US$284m	Not disclosed	n/a	None
CONFIRMED AVG	**—**	**~US$275m**	**US$86.9m**	**31.6%**	**Two institutions**
SECTOR ESTIMATE*	**~US$5.25bn**	**~US$1.24bn**	**US$150–250m**	**~15–25%**	**Extrapolation**

*Sector estimate applies the confirmed 31.6% ratio to estimated sector equity, scaled to ~20% at the midpoint for First Capital's lower property orientation and data uncertainty; range reflects ±30% sensitivity. Equity implied from PAT ÷ ROE where not stated.

5. How Much of Sector Equity Is Property?

Among the two banks that disclose, investment property averages 31.6% of equity. Extrapolated across the listed sector — and scaled down for First Capital's confirmed lower orientation and the uncertainty of estimation — investment property is on the order of 15–25% of listed financial-sector equity, or roughly US$150–250 million. The chart below shows the confirmed institutions against the sector estimate.

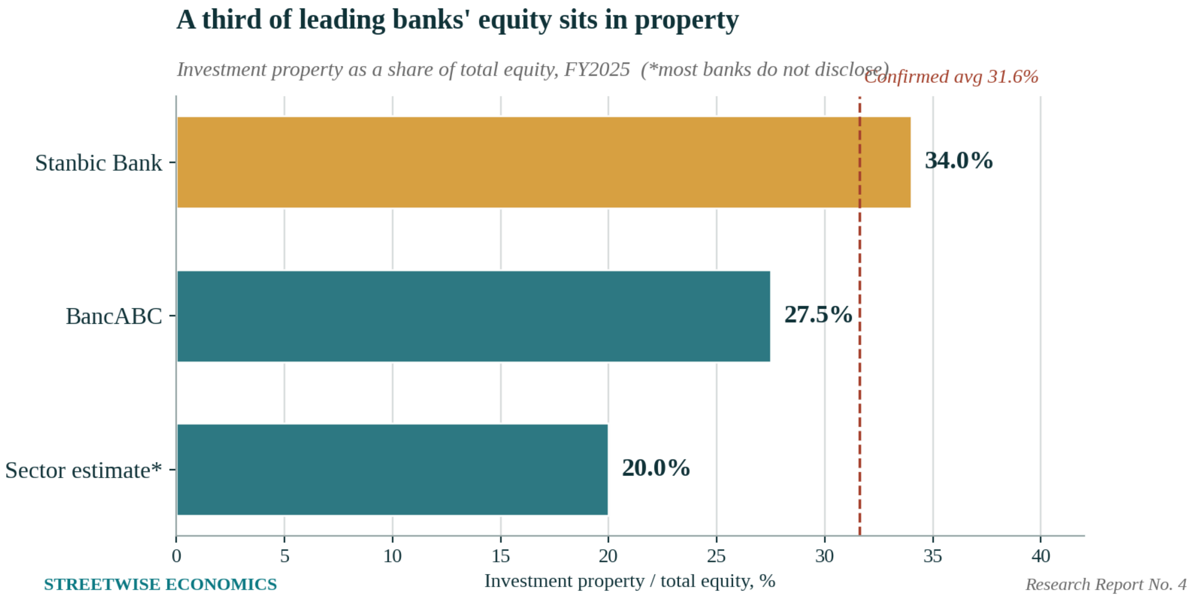

Figure 5 — Investment property as a share of total equity, FY2025. Source: Streetwise analysis of bank disclosures.

The RBZ's own aggregate is consistent with a material number: "fixed assets" were 9.06% of total banking-sector assets at Q3 2025 (about ZWG 18.2 billion of ZWG 200.66 billion), a ceiling within which investment property is a substantial subset. And the income-mix evidence — property revaluation at 19% of non-interest income as recently as September 2024 — implies a portfolio large enough to move sector earnings.

6. Stress Test: What a Correction Would Cost

Because the IAS 40 model sends 100% of a write-down through the income statement, the effect on equity is direct and calculable. For a bank carrying property at 34% of equity, a 20% correction reduces equity by 6.8%; a 40% correction by 13.6%. For BancABC, at 27.5% of equity, the same scenarios reduce equity by 5.5% and 11.0%.

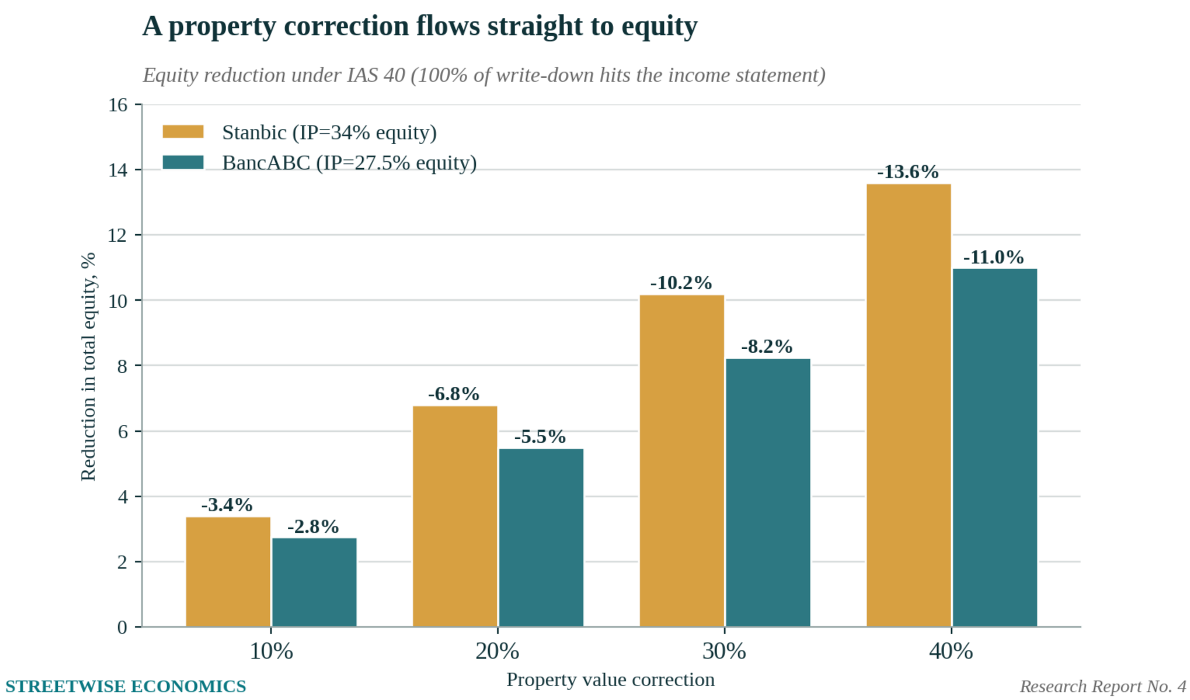

Figure 6 — Equity reduction under property-correction scenarios. Source: Streetwise analysis (IAS 40 basis).

With sector average capital adequacy at 31.71%, these are erosions of headroom rather than solvency events in the central case. But they fall on top of each other: a single correction hits every property-heavy bank at once, and — as the next section shows — the pension sector simultaneously. The sensitivity range is wide because the inputs are soft. A ±30% move in the assumed correction size, or a ±200bps move in the capitalisation rate underlying the valuations, shifts the equity impact materially. That softness is the argument for disclosure, not against the estimate.

7. The Divergence: Banks vs Pensions

The most striking finding when the two reports are read together is that the banking and pension sectors have moved in opposite directions on the same asset. Banks stopped booking property revaluation gains by 2025. Pension funds did not: their investment property climbed from US$0.63 billion in December 2023 to US$1.16 billion by June 2025, and the concentration (44.1% of assets) barely moved as the currency steadied.

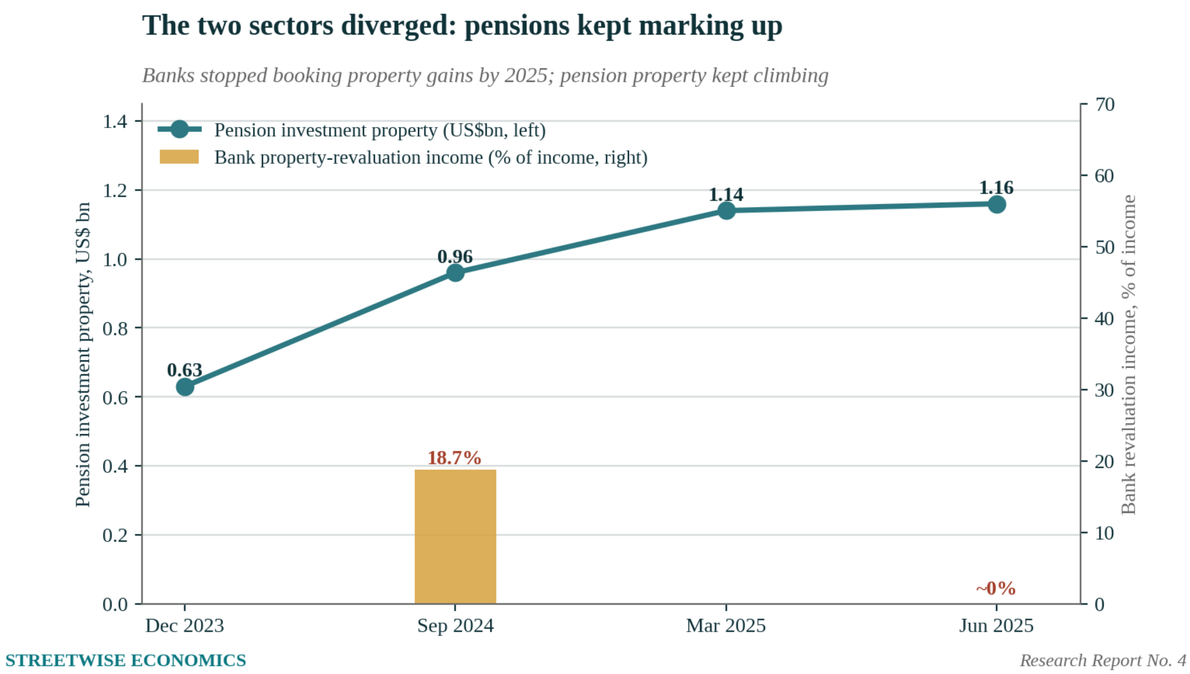

Figure 7 — Pension property (rising) against bank property-revaluation income (gone). Sources: IPEC; RBZ.

The same buildings, valued on two different trajectories, supervised by two different regulators (the RBZ and IPEC) as if the risks were unrelated. They are not. A correction in Harare commercial property would reduce bank equity and pension assets at the same time — the textbook definition of a correlated, systemic exposure.

8. The Disclosure Gap

The single most practical finding is how little is public. Abridged results satisfy listing requirements but rarely break out investment property. This matters on three counts. First, fair value is a soft number — a valuer's estimate on a thin market — and if the market cannot see it, it cannot challenge it. Second, fair-value-through-P&L means past gains are already embedded in retained earnings, so a bank profitable through mark-ups looks identical to one profitable through lending, until the mark-up reverses. Third, investment property is risk-weighted and consumes regulatory capital, yet the market cannot see how much. A rule requiring investment property as a separate line — already implicit in IFRS — would cost nothing and close the gap.

9. What Should Change

1. Mandatory disclosure of investment property in abridged results. Any institution holding investment property above a minimum threshold of (5% of assets or 10% of equity) should disclose it as a separate line, with the capitalisation rate and valuer identity. The cost is zero; the transparency benefit is large.

2. **Publish IFRS 13 valuation sensitivities.** Every institution should disclose the value impact of a ±200bps move in the capitalisation rate — standard practice for every listed property vehicle in South Africa (JSE/King IV) and the UK (FCA), and already required in substance by IFRS 13 Level 3.

3. **Coordinate stress-testing across the RBZ and IPEC.** The two regulators should run a shared property-correction scenario — a 30% write-down, say — and publish the combined impact on bank capital and pension assets, rather than supervising one exposure as two unrelated risks.

10. Methodology and Data Note

Investment-property figures are cited only where confirmed from primary abridged documents (BancABC) or verbatim management commentary cross-referenced to published results (Stanbic). All other institutions are marked "not disclosed." No individual-bank figure has been estimated. Exchange rate: RBZ official mid-rate 31 December 2025, ZWG 25.9807/USD; income-statement items reported at management's weighted-average rate are cited as published. Equity is implied from PAT ÷ ROE where not stated, a one-year approximation. The sector investment-property estimate applies the confirmed 31.6% IP/equity ratio to estimated sector equity, scaled to ~20% at the midpoint, with a ±30% range. All listed banks reviewed use the IAS 40 fair-value-through-P&L model. Pre-2024 ZWL figures are not converted to USD because the hyperinflationary basis is not comparable; the three-year trend is therefore read at sector level (RBZ ratios) and at bank level only for FY2024–FY2025.

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Work With Streetwise Economics

Streetwise Economics is an independent economic research and advisory practice founded by Isaac Jonas, an applied economist based in Abbotsford, British Columbia, working at the intersection of North American markets and Southern Africa's real economy. He holds a Master of Food and Resource Economics and an MA in Resource, Environment and Sustainability from the University of British Columbia, and a BSc Economics from the University of Zimbabwe, and is a Mastercard Foundation Scholar. This is the fourth report in an ongoing Streetwise series applying transparent, reproducible methods to the questions Zimbabwean businesses, investors and institutions actually face.

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