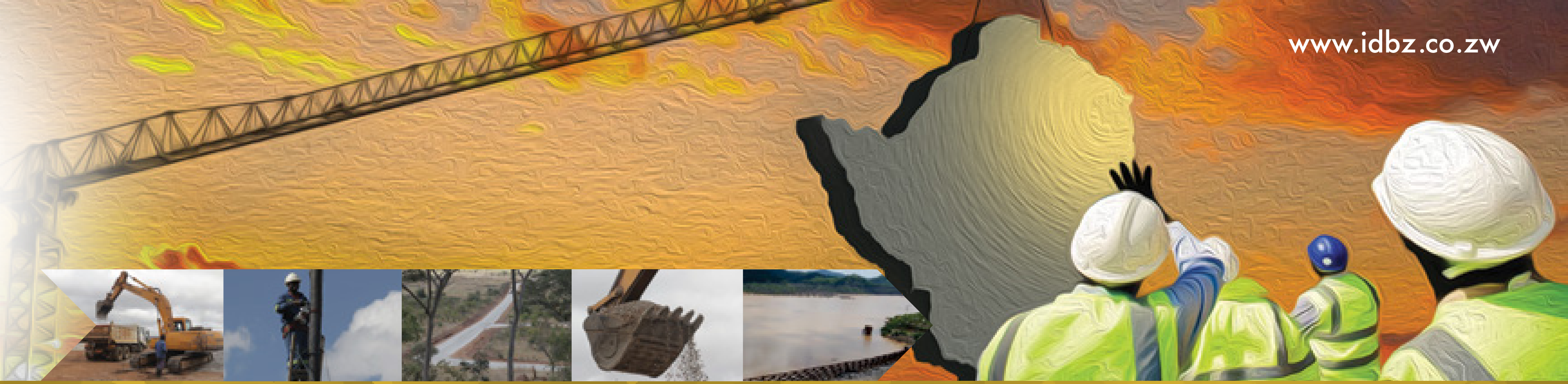


Infrastructure Development Bank of Zimbabwe

UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S HALF YEAR STATEMENT

Background

The country's economic prospects in 2017 improved mainly on the back of a good 2016/17 agricultural season and expected gains from the mining sector. Government has since revised the 2017 Gross Domestic Product (GDP) growth target from an initial 1.7% to 3.7%[1] buoyed by growth in agriculture and mining projected at 21.6% and 5.1% respectively. However, the adverse economic factors remain, that is, tight liquidity, limited fiscal space, low foreign direct investment (FDI) flows, national debt overhang, foreign currency shortages, high inflationary pressures, and limited long term savings. The Government is already working on various high-level interventions to address these challenges.

The success of Government's external debt arrears clearance strategy agreed with creditors in Lima, Peru, in October 2015 and current efforts towards improving the "Ease of Doing Business" through governance and institutional reforms, are critical to the fruition of the Bank's resource mobilisation initiatives and the country's access to development finance in general. The country needs to keep the momentum on the drive to improve economic management, accelerate structural policies reform and implement measures to enhance public sector management in order to compete favorably for investment with its peers in the region and on the continent.

Milestones Achieved

In the period under review, the Bank achieved significant milestones on its mandate. The New Marimba Housing Project in Harare was completed and delivered 357 high and medium density residential stands which were handed over to beneficiaries at an official ceremony in the first quarter. Furthermore, the implementation of the Clipsham Views Housing Project in Masvingo, which yielded 704 fully serviced low density residential stands and 69 commercial and institutional stands, was completed and handed over in July 2017.

The Bank has maintained its strategic focus on developing a multi-sectoral pipeline of projects with the following projects having reached bankability and approved by the Board during the half year for funding and implementation:

- Kariba Housing Development Projects (Baobab, Batonga, Kasese and Kasese Extension together with related water augmentation infrastructure);
- University Students and Staff Accommodation Programme (USSAP);
- Sumben Housing Project, Mount Pleasant, Harare; and,
- Empumalanga West Housing Project, Hwange.

The Bank is also currently appraising water augmentation and sewer reticulation projects for the municipalities of Victoria Falls and Chiredzi, and these projects are expected to reach bankability during the second half of the year.

The Bank has, to date, mobilised US$8.1 million through private placements of housing bonds for use towards implementation of the aforementioned housing projects and will put on public offer the balance of the funding requirements early in the second half of the year. The investor community has shown interest in the bonds, thereby assuring the projects of the required funding support.

Financial Performance

The Bank recorded improved performance as net profit for the half year rose by 16% to US$196 572 compared to same period in prior year. Profitability was weighed down by the impairment of a non-performing loan to Meikles Limited. The loan is a residual exposure from discontinued non-mandate business of availing short term facilities to corporates.

For the remainder of the year, the Bank will focus on the following to meet its 2017 work programmes and financial targets:

- timely project implementation;
- infrastructure value chain financing;
- prudent liquidity management to sustain financial solidity;
- effective cost management; and,
- resolution of non-mandate legacy NPLs.

Outlook

In the second half 2017, the Bank will start implementing the projects below, whose tendering and contract award processes for civil works are at an advanced stage:

- **Kariba Housing Development Projects** – involving the development of 1,557 high, medium and low density residential stands at Baobab, Batonga, Kasese and Kasese Extension sites in Kariba at an estimated total cost of US$14.8 million. Apart from contributing to the reduction of the national housing backlog in line with ZIMASSET, these projects will have the following impacts:
  - fulfill the staff housing needs for the Zimbabwe Power Company (ZPC) to accommodate employees for the expanded Kariba South Power Station (Units 7 & 8) under construction by Sinohydro Corporation.
  - the Kasese phase will cater for the relocation of 391 families at Mahombekombe who, for a period spanning more than 50 years, have been residing precariously under a high voltage powerline transmitting power out of Kariba South Power Station, thus posing some health hazards to those residents.
- **Empumalanga West (Hwange)** – the project targets to develop 2,135 high density residential stands at an estimated cost of US$5.8 million. The stands will be for offtake through various corporate and employer-based housing schemes as well as create the necessary housing units for Hwange Town ahead of the completion of Unit 7 & 8 for ZPC's Hwange Power Station and the ongoing Hwange Colliery Company Limited turnaround programme.
- **University Students and Staff Accommodation Project (USSAP)** – to be implemented in phases, the Project seeks to deliver accommodation for 6,412 students covering seven universities[2] in Zimbabwe at an estimated cost of US$ 75 million. The Bank is currently in the market mobilising funding to implement Phase 1 of the USSAP project which will involve construction of student halls of residence for NUST, BUSE and LSU at an estimated cost of US$35 million.
- **Sumben Housing Project (Mt Pleasant, Harare)** – the project entails servicing of 370 low density residential stands with an average size of 2 000m² at an estimated cost of US$12.1 million over a 20-month period. The demand for the stock of stands from this site remains very high with both local and diaspora homeseekers confirming offtake through the Bank's Home Saver product which offers payment terms on a five-year mortgage basis for this premier development.

Appreciation

We are greatly indebted to the Government of Zimbabwe, the Ministry of Finance and Economic Development, Reserve Bank of Zimbabwe, investors, customers and all other key stakeholders for their unwavering support that has contributed to the success of the Bank as it transitions from mandate drift back to core infrastructure delivery. To the Board, management and staff, we extend our profound gratitude and appreciation for their exceptional commitment and diligence as reflected by the progress made and performance achieved by the Bank in executing its work programmes during the period under review.

Willard L. Manungo
Board Chairman
22 August 2017

Thomas Zondo Sakala
Chief Executive Officer

[1] The World Bank projected a 2.7% GDP growth in 2017 and IMF projected a 3.1% GDP growth under active policy environment.
[2] Bindura University of Science Education (BUSE), Lupane State University (LSU), National University of Science & Technology (NUST), Catholic University of Zimbabwe (CUZ); Chinhoyi University of Technology (CUT); University of Zimbabwe (UZ) and Great Zimbabwe University (GUZ).

CORPORATE GOVERNANCE

Board of Directors

The current Board of Directors consists of eight (8) directors, only one of whom is an executive director. The size of the Board, although falling short of the prescribed minimum, is considered adequate for the current size of the Bank's operations. Legislative processes have been initiated to amend the Infrastructure Development Bank of Zimbabwe Act so as to reduce the Board size to between seven (7) and nine (9) directors. The Chairman of the Board is a non executive director.

The duties and responsibilities of the Board are outlined in 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.

BOARD AND BOARD COMMITTEE ATTENDANCE RECORD FOR PERIOD TO 30 JUNE 2017

NAME OF DIRECTOR/ MEMBER	MAIN BOARD		AUDIT COMMITTEE		HUMAN RESOURCES COMMITTEE		FINANCE & RISK MANAGEMENT COMMITTEE		CORPORATE GOVERNANCE COMMITTEE	
	Total	Number Attended	Total	Number Attended	Total	Number Attended	Total	Number Attended	Total	Number Attended
Manungo WL (Chairman)	2	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sakala TZ	2	2	1	1	2	2	1	1	1	1
Choga VH	2	2	1	1	n/a	n/a	n/a	n/a	1	1
Kudenga N	2	2	n/a	n/a	2	2	n/a	n/a	1	1
Mhakayakora J	2	2	1	1	2	2	1	0	n/a	n/a
Mlambo SS	2	0	1	0	n/a	n/a	n/a	n/a	1	0
Mukahanana-Sangarwe M	2	2	n/a	n/a	2	2	1	1	1	1
Tawha CS	2	2	n/a	n/a	n/a	n/a	1	1	1	1
Chiromo NHC	n/a	n/a	1	0	n/a	n/a	n/a	n/a	n/a	n/a
Jinda E	n/a	n/a	n/a	n/a	2	2	n/a	n/a	n/a	n/a

NOTES:1. Messrs NHC Chiromo and E Jinda are not Directors and sit on the Audit Committee and Human Resources Committee respectively as independent expert as provided for in Section 7 (2) of the IDBZ Act [Chapter 24:14]

Development Finance Institutional Rating (PSGRS)

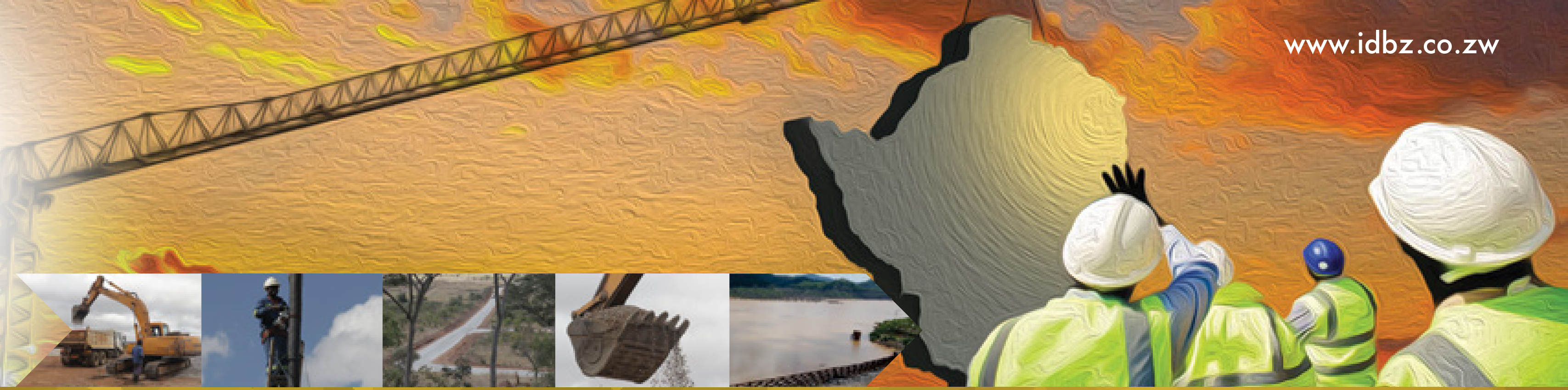
The Bank's 2017 external rating for the financial year ended 31 December 2016, which is based on the Prudential Standards, Guidelines and Rating System (PSGRS) for African Development Financial Institutions was certified by the Bank's external auditors Deloitte & Touche. The rating scale evaluates the Bank in three critical areas, namely; governance, financial prudence and operational standards. The risk assessment ratings, including 2015 and 2016, are summarized in the table below.

Standard	Maximum Possible Score	2015 Rating	2016 Rating	2017 Rating
Governance standards	46.2%	39.1%	40.8%	41.4%
Financial prudential standards	35.5%	20.7%	23.1%	21.9%
Operational standards	18.3%	16.0%	16.6%	17.2%
Total	100%	75.8%	80.5%	80.5%
PSGRS Rating		B+	A	A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Unaudited 30 June 2017 US$	Audited 31 Dec 2016 US$
ASSETS			
Cash and bank balances	6	19 785 067	22 833 256
Inventories	13	4 552 053	4 280 997
Other receivables and prepayments	11	5 465 937	3 002 693
Loans and advances to customers	10	40 001 644	46 946 762
Investment securities	7	148 783	51 513
Financial assets at fair value through other comprehensive income	8	7 518 492	7 518 492
Treasury bills and other financial assets	9	44 658 734	44 629 141
Assets pledged as collateral	10.2	18 205 988	16 560 872
Investment in associates	12.2	4 115 862	1 210 307
Investment property	14	12 187 786	9 380 000
Intangible assets	15	153 570	14 105
Property and equipment	16	3 603 836	3 508 473
Total assets		**160 397 752**	**159 936 611**
EQUITY AND LIABILITIES			
Liabilities			
Deposits from customers	20	46 590 562	47 004 142
Local lines of credit and bonds	21	55 781 221	56 868 305
Other liabilities	22	9 158 921	7 393 688
Total liabilities		**111 530 704**	**111 266 135**
Equity			
Share capital	17	44 620	44 620
Share premium	17	8 934 396	8 934 396
Non distributable reserve	18	(256 617)	(256 617)
Preference share capital	19	38 283 003	38 283 003
Fair value reserve		3 224 878	3 224 878
(Accumulated loss)/retained earnings		(1 623 782)	(1 822 797)
Equity attributable to equity owners of the Group		**48 606 498**	**48 407 483**
Non-controlling interest in equity		260 550	262 993
Total shareholders' equity		**48 867 048**	**48 670 476**
Total equity and liabilities		**160 397 752**	**159 936 611**

Infrastructure Development Bank of Zimbabwe



UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2017

	Note	Unaudited 30 June 2017 US$	Unaudited 30 June 2016 US$
Interest and related income	23.1	5 422 832	5 773 009
Interest and related expense	23.2	(3 058 680)	(2 962 588)
Net interest income		2 364 152	2 810 421
Property sales	24	2 155 598	171 896
Cost of sales	24.1	(1 020 310)	(156 015)
Gross profit		1 135 288	15 881
Fee and commission income	25	961 901	399 679
Net gain/(loss) on investment securities	26	97 270	(200)
Dividend income		**15 604**	**34 014**
Revenue		**4 574 215**	**3 259 795**
Other income	27	342 796	214 636
Loan impairment charge	10.1	(394 516)	(516 181)
Fair value loss on investment property		-	(16 000)
Net foreign exchange gains		43 341	199 446
Operating expenses	26	(4 328 527)	(2 942 836)
Share of loss of associate		**(40 737)**	**(29 140)**
Profit for the year		**196 572**	**169 720**
Other comprehensive income		-	-
Total comprehensive income for the year		**196 572**	**169 720**
Profit for the year attributable to:			
Equity holders of the parent entity		199 015	169 181
Non-controlling interest		(2 443)	539
		196 572	**169 720**
Total comprehensive income attributable to:			
Equity holders of the parent entity		199 015	169 181
Non-controlling interest		(2 443)	539
		196 572	**169 720**
Earnings per share attributable to the equity holders of the Bank during the year (expressed in US cents per share)			
Basic and diluted earnings per share			
From profit for the year attributable to equity holders (US cents)	33	4	7

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2017

	Note	30 June 2017 US$	30 June 2016 US$
Cash flow from operating activities			
Profit for the year		196 572	169 720
Adjustments for:			
Depreciation	16	102 516	81 704
Amortisation	15	5 369	2 298
Loan impairment charge	10.1	394 516	516 181
Net unrealised losses from translation of foreign currency balances	29	1 095	2 628
Loss /(profit) on disposal of property and equipment		-	(28 415)
Profit on disposal of investment property	28	-	15 000
Net gain/(loss) on investment securities	7	(97 270)	200
Accrued non-interest income		(1 290 229)	-
Leave pay expense		128 118	-
Bonus expense		164 117	-
Insurance - amortisation		26 886	-
Software Licences		91 039	-
Bad debts written off		168 284	-
Treasury bills discount income		(324 360)	-
Other non cash items		17 845	-
Share of loss of associate	12.2	40 737	29 140
		(374 765)	**788 456**
Changes in :			
Loans and advances to customers		4 000 614	6 491 986
Trading assets pledged as collateral		(1 645 116)	5 770 414
Other receivables and prepayments		(2 463 244)	1 270 900
Inventories		(271 056)	(946 704)
Deposits from customers		(413 580)	(6 788 515)
Other liabilities		2 376 598	317 877
Net cash generated from operating activities		**1 209 451**	**6 904 414**
Cash flow from investing activities			
Acquisition of property and equipment	16	(343 121)	(181 423)
Proceeds from sale of property and equipment		3 402	42 041
Acquisition of investment property	14	(2 807 786)	69 000
Net cash used in investing activities		**(3 147 505)**	**(70 382)**
Cash flow from financing activities			
Proceeds from issue of bonds	21	1 010 000	12 350 972
Repayment of bonds	21	(8 221 945)	(4 509 493)
Increase in local lines of credit		**6 101 810**	**3 700 141**
Net cash used in financing activities		**(1 110 135)**	**11 541 620**
Net (decrease)/increase in cash and cash equivalents		(3 048 189)	18 375 652
Cash and cash equivalents at the beginning of the period		22 833 256	17 525 187
Cash and cash equivalents at the end of the period	6	**19 785 067**	**35 900 839**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2017

	Ordinary share capital US$	Share premium US$	Amounts awaiting allotment US$	Non-distributable reserve US$	Preference share capital US$	Fair value reserve US$	Retained earnings US$	Total before non-controlling interest US$	Non-controlling interest US$	Total equity US$
Unaudited										
Balance as at 1 January 2017	**44 620**	**8 934 396**	**-**	**(256 617)**	**38 283 003**	**3 224 878**	**(1 822 797)**	**48 407 483**	**262 993**	**48 670 476**
Profit for the period	-	-	-	-	-	-	199 015	199 015	(2 443)	196 572
Balance as at 30 June 2017	**44 620**	**8 934 396**	**-**	**(256 617)**	**38 283 003**	**3 224 878**	**(1 623 782)**	**48 606 498**	**260 550**	**48 867 048**
Unaudited										
Balance as at 1 January 2016	**24 490**	**9 171 552**	**-**	**(22 373 613)**	**38 283 003**	**3 016 913**	**(531 474)**	**27 590 871**	**477 430**	**28 068 301**
Profit for the period	-	-	-	-	-	-	169 181	169 181	539	169 720
Transactions with owners of the Group:										
Rights issue	-	-	20 664 063	-	-	-		20 664 063		20 664 063
Balance as at 30 June 2016	**24 490**	**9 171 552**	**20 664 063**	**(22 373 613)**	**38 283 003**	**3 016 913**	**(362 293)**	**48 424 115**	**477 969**	**48 902 084**

NOTES

SIGNIFICANT ACCOUNTING POLICIES FOR THE HALF YEAR ENDED 30 JUNE 2017

1 GROUP ACCOUNTING POLICIES

The Infrastructure Development Bank of Zimbabwe ("IDBZ" or the "Bank") 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 Rotten Row, 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 results of the Group for the half year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 22 August 2017.

2 GROUP ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies of the Group, which have been applied consistently. Kindly refer to our website (www.idbz.co.zw) under Investor relations for a detailed analysis of the significant accounting policies which are consistent with those applied in the Group's 2016 annual report.

2.1 BASIS OF PREPARATION
The Group's financial results have been prepared under policies consistent with International Financial Reporting Standards ('IFRS'). The financial results are presented in United States dollars (US$), the Group's functional currency.

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.

The financial results of the subsidiaries are prepared for the same reporting year 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 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.

2.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS
In the process of applying the Group's accounting policies, management made certain judgements and estimates that have a significant effect on the amounts recognised in the financial statements. Kindly refer to our website (www.idbz.co.zw) for a detailed analysis of the significant accounting estimates and judgements, which are consistent with those applied in the Group's 2016 annual report.

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 Department 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 mainly of non-executive directors level to ensure importance of the 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 counterparty 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.

UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

Credit risk exposure relating to on-balance sheet assets are as follows:	**Maximum Exposure 30 June 2017 US$**	**Maximum Exposure 31 Dec 2016 US$**
Cash and bank balances	19 785 067	22 833 256
Treasury bills and other financial assets	44 658 734	23 062 518
Gross loans and advances to customers	43 595 250	72 277 060
Trading assets pledged as collateral	18 205 988	16 560 872
Other receivables and prepayments (Gross)	**5 663 893**	**3 200 648**
	131 908 932	**137 934 354**
Credit risk exposure relating to off-balance sheet assets are as follows:		
Loan commitments	8 796 685	13 298 133
Financial guarantees	9 700	-
Maximum exposure to credit risk	**140 715 317**	**151 232 487**

Financial guarantees. Financial guarantees principally represent guarantees that require the Group to make certain payments if guarantee holders fail to meet their financial obligations. There was no potential obligation resulting from these guarantees both as at 30 June 2017 and 31 December 2016 respectively.

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

Loans and advances (including assets pledged as collateral) are summarised as follows:	**30 June 2017 US$**	**31 Dec 2016 US$**
Neither past due nor impaired	53 427 292	77 941 405
Past due but not impaired	380 048	573 551
Individually impaired	**7 993 897**	**10 322 976**
Gross	61 801 238	88 837 932
Less: allowance for impairment	**(3 593 605)**	**(3 763 675)**
Net	**58 207 632**	**85 074 257**

3.3 Liquidity risk

Liquidity risk is the possibility that the Group may fail to cover its financial obligations as they fall due. The risk arises as a result of mismatches between the maturities of assets and liabilities.

Management manages liquidity risk through cash flow and maturity mismatch management. They meet regularly to set and review the Group's strategies. The treasury department has the responsibility to implement and maintain a liquidity management strategy to ensure that the Group has sufficient liquidity to meet its daily liquidity obligations.

The Group has developed a comprehensive contingency liquidity plan to ensure that the Group does not get affected in case of a major market upset.

The Group uses the following strategies in its liquidity risk management:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers.
- Maintains a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements;
- Diversification of liabilities to achieve a stable funding base and avoid excessive reliance on any one counter party;
- Maturity mismatch limits for its cumulative funding positions; and
- Access to inter-bank markets.

Contract maturity analysis

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

AS AT 30 JUNE 2017	**Upto 1 month US$**	**1 to 3 months US$**	**3 to 9 months US$**	**9 to 12 months US$**	**over 12 months US$**	**Total US$**
Assets						
Cash and cash equivalents	19 785 067	-	-	-	-	19 785 067
Investment securities	148 783	-	-	-	-	148 783
Financial assets at fair value through other comprehensive income	-	-	-	-	7 518 492	7 518 492
Treasury bills and other financial assets		934 926	974 258		42 749 550	44 658 734
Loans and advances to customers	7 107 587	301 717	-	586 171	32 006 169	40 001 644
Assets pledged as collateral	-		-	1 560 000	16 645 988	18 205 988
Other receivables and prepayments	-	5 465 937	-	-	-	5 465 937
Total	**27 041 437**	**6 702 580**	**974 258**	**2 146 171**	**98 920 199**	**135 784 645**
Liabilities						
Deposits from customers	38 463 945	285 771	-	-	7 840 846	46 590 562
Local lines of credit	12 493 829	-	5 401 387	5 401 387	32 484 617	55 781 220
Other liabilities	9 158 921	-	-	-	-	9 158 921
Total	**60 116 695**	**285 771**	**5 401 387**	**5 401 387**	**40 325 463**	**111 530 704**
Gap	**(33 075 258)**	**6 416 809**	**(4 427 129)**	**(3 255 216)**	**58 594 733**	**24 253 942**
Contingent liabilities:						
Loan commitments	8 796 685	-	-	-	-	8 796 685
Total gap	**(41 871 943)**	**6 416 809**	**(4 427 129)**	**(3 255 216)**	**58 594 735**	**15 457 254**
Total cumulative gap	**(41 871 943)**	**(35 455 134)**	**(39 882 263)**	**(43 187 479)**	**15 457 254**	**-**

AS AT 31 DECEMBER 2016	**Upto 1 month US$**	**1 to 3 months US$**	**3 to 9 months US$**	**9 to 12 months US$**	**over 12 months US$**	**Total US$**
Assets						
Cash and cash equivalents	22 833 256	-	-	-	-	22 833 256
Investment securities	51 513	-	-	-	-	51 513
Financial assets at fair value through other comprehensive income	-	-	-	-	7 518 492	7 518 492
Treasury bills and other financial assets		39 481	100 000	1 184 495	21 738 542	23 062 518
Loans and advances to customers	6 580 302	468 245	-	3 007 354	58 457 484	68 513 385
Assets pledged as collateral	-	139 481	974 495	210 000	15 236 896	16 560 872
Other receivables and prepayments	-	3 002 693	-	-	-	3 002 693
Total	**29 465 071**	**3 649 900**	**1 074 495**	**4 401 849**	**102 951 414**	**141 542 729**
Liabilities						
Deposits from customers	42 791 134	161 532	1 222 400	2 829 076	-	47 004 142
Local lines of credit	6 368 966	6 481 497	-	-	44 017 842	56 868 305
Other liabilities	7 393 688	-	-	-	-	7 393 688
Total	**56 553 788**	**6 643 029**	**1 222 400**	**2 829 076**	**44 017 842**	**111 266 135**
Gap	**(27 088 717)**	**(2 993 129)**	**(147 905)**	**1 572 773**	**58 933 572**	**30 276 594**
Contingent liabilities:						
Loan commitments	**13 298 133**	**-**	**-**	**-**	**-**	**13 298 133**
Total gap	**(40 386 850)**	**(2 993 129)**	**(147 905)**	**1 572 773**	**58 933 572**	**16 978 461**
Total cumulative gap	**(40 386 850)**	**(43 379 979)**	**(43 527 884)**	**(41 955 111)**	**16 978 461**	**-**

3.4 Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Market risk is the possibility of loss in the realizable value of assets or increase in the value of liabilities arising from adverse movements in interest rates, foreign exchange rates and share prices.

Interest rate risk arises due to assets and liabilities maturing at different times and thereby necessitating the rollover and re-pricing of liabilities of reinvestment and re-pricing of assets.

The Group uses the following to measure interest rate risk:

- Gap analysis;
- Duration analysis to estimate the loss in market value of the asset portfolio if interest rates move; and
- Rate sensitivity analysis involving calculation of ratios of rate sensitive assets to rate sensitive liabilities, and net rate sensitive assets liabilities to equity and total assets.

Exchange rate risk arises from foreign currency open positions. The Group manages the risk through limits on the total exposure and through dealer limits.

3.4.1 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored monthly by Management Asset Liability Committee ("MALCO").

The Group manages interest rate risk through Management Asset and Liability Committee and the strategies used include:

(a) Loan pricing, promotion and product structure;
(b) Deposit pricing, promotion and product structure;
(c) Use of alternative funding sources, including off-balance sheet alternatives to the extent such activity is authorised by the Board; and
(d) Security purchases and sales.

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.

AS AT 30 JUNE 2017	**Up to 1 month US$**	**1 to 3 months US$**	**3 to 9 months US$**	**9 to 12 months US$**	**over 12 months US$**	**Non interest bearing US$**	**Total US$**
Assets							
Cash and bank balances	19 785 067	-	-	-	-	-	19 785 067
Investment securities	148 783	-	-	-	-	-	148 783
Loans and advances to customers	7 107 587	301 717	-	586 171	32 006 169	-	40 001 644
Financial assets at fair value through other comprehensive income	-	-	-	-	-	7 518 492	7 518 492
Treasury bills and other financial assets	-	934 926	974 258		42 749 550	-	44 658 734
Assets pledged as collateral	-	-	-	1 560 000	16 645 988	-	18 205 988
Other receivables and prepayments	-	-	-	-	-	5 465 937	5 465 937
Investment in associates	-	-	-	-	-	4 115 862	4 115 862
Total assets	**27 041 437**	**1 236 643**	**974 258**	**2 146 171**	**91 401 707**	**17 100 291**	**139 900 507**
Equity and liabilities							
Deposits from customers	46 214 791	285 771	-	-	-	-	46 500 562
Local lines of credit and bonds	12 493 829	-	5 401 387	5 401 387	32 484 617	-	55 781 220
Other liabilities	-	-	-	-	-	9 158 921	9 158 921
Shareholders' equity	-	-	-	-	-	48 867 048	48 867 048
Total equity and liabilities	**58 708 620**	**285 771**	**5 401 387**	**5 401 387**	**32 484 617**	**58 025 969**	**160 307 751**
Total interest repricing gap	**(31 667 183)**	**950 872**	**(4 427 129)**	**(3 255 216)**	**58 917 090**	**(40 925 677)**	**(20 407 244)**
Total cumulative gap	**(31 667 183)**	**(30 716 311)**	**(35 143 440)**	**(38 398 656)**	**20 518 434**	**(20 407 244)**	

AS AT 31 DECEMBER 2016	**Up to 1 month US$**	**1 to 3 months US$**	**3 to 9 months US$**	**9 to 12 months US$**	**over 12 months US$**	**Non interest bearing US$**	**Total US$**
Assets							
Cash & bank balances	22 833 256	-	-	-	-	-	22 833 256
Investment securities	-	-	-	-	-	51 513	51 513
Loans and advances to customers	6 580 302	468 245	-	3 007 354	58 457 484	-	68 513 385
Financial assets at fair value through other comprehensive income	-	-	-	-	-	7 518 492	7 518 492
Treasury bills & other financial assets	-	39 481	100 000	1 184 495	21 738 542	-	23 062 518
Assets pledged as collateral	-	139 481	974 495	210 000	15 236 896	-	16 560 872
Other receivables and prepayments	-	-	-	-	-	3 002 693	3 002 693
Investment in associate	-	-	-	-	-	1 210 307	1 210 307
Total assets	**29 413 558**	**647 207**	**1 074 495**	**4 401 849**	**95 432 922**	**11 783 005**	**142 753 036**
Equity and liabilities							
Deposits from customers	42 791 134	161 532	1 222 400	2 829 076	-	-	47 004 142
Local lines of credit and bonds	6 368 966	6 481 497			44 017 842	-	56 868 305
Other liabilities	-	-	-	-	-	7 393 688	7 393 688
Shareholders' equity	-	-	-	-	-	48 670 476	48 670 476
Total equity & liabilities	**49 160 100**	**6 643 029**	**1 222 400**	**2 829 076**	**44 017 842**	**56 064 164**	**159 936 611**
Total interest repricing gap	**(19 746 542)**	**(5 995 822)**	**(147 905)**	**1 572 773**	**51 415 080**	**(44 281 159)**	**(17 183 575)**
Total cumulative gap	**(19 746 542)**	**(25 742 364)**	**(25 890 269)**	**(24 317 496)**	**27 097 584**	**(17 183 575)**	**-**

3.4.2 Interest risk sensitivity analysis

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

Interest rate change	**Effect on profit for the period 30 June 2017 US$**	**Effect on profit for the period 30 June 2016 US$**
5% increase / (decrease)	**271 142**	**607 372**
10% increase / (decrease)	**542 283**	**1 214 744**

4 CAPITAL MANAGEMENT

The Group's objective when managing capital are :

- To safe guard the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders, and
- To maintain a strong capital base to support the development of its business

The allocation of capital between specific business operations is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific operations is undertaken independently of those responsible for the operations. The Management Assets and Liability Committee ("MALCO") sets the assets and liability management policies which determine the eventual asset allocation dependent on desired risk return profiles based on MALCO forecasts on the different markets the Group participates in and economic fundamentals. The Group Risk Department monitors and ensures adherence to these policies as well as continuously measure the efficacy of these policies through MALCO and various other credit committees.

5 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES

5.1.1 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2017.

At 30 June 2017	Level 1 US$	Level 2 US$	Level 3 US$
Investment securities	148 783	-	-
Financial assets at fair value through other comprehensive income	-	-	7 518 492
Total assets	**148 783**	**-**	**7 518 492**
At 31 December 2016			
Investment securities	51 513	-	-
Financial assets at fair value through other comprehensive income	-	-	7 518 492
Total assets	**51 513**	**-**	**7 518 492**

5.1.2 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 value 30 June 2017 US$	Fair value 30 June 2017 US$	Carrying value 31 Dec 2016 US$	Fair value 31 Dec 2016 US$
Financial assets :				
Treasury bills and other financial assets	44 658 734	44 658 734	23 062 518	23 062 518
Loans and advances to customers	40 001 644	40 001 644	46 946 762	46 946 762
Trading assets pledged as collateral	18 205 988	18 205 988	16 560 872	16 560 872
Financial liabilities:				
Deposits from customers	46 590 562	46 590 562	47 004 142	47 004 142
Bonds	55 781 221	55 781 221	56 868 305	56 868 305

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

5.1.3 Risk limit control and mitigation policies

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

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

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

a) Collateral

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

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.

5.2 Impairment allowance policy

Impairment allowances are recognised for financial reporting purposes only for losses that have been incurred at the statement of financial position date based on objective evidence of impairment.

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collectively assessed impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgements and statistical techniques.

6 CASH AND BANK BALANCES

	30 June 2017 US$	31 Dec 2016 US$
Cash on hand	206 219	277 112
Balances with banks	**19 578 848**	**22 556 144**
	19 785 067	**22 833 256**
Current	**19 785 067**	**22 833 256**

7 INVESTMENT SECURITIES

	30 June 2017 US$	31 Dec 2016 US$
Listed investments	148 783	51 513
	148 783	**51 513**

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	US$	US$
Unlisted securities:		
Equity securities - Zimbabwe	252 797	252 797
Equity securities - Botswana	7 265 695	7 265 695
	7 518 492	**7 518 492**

The fair values of unlisted securities are determined annually by professional valuations carried out by independent valuers.

9 TREASURY BILLS AND OTHER FINANCIAL ASSETS

TREASURY BILLS AND OTHER FINANCIAL ASSETS	30 June 2017 US$	31 Dec 2016 US$
Treasury bills as substitution for debt instruments	16 718 762	16 858 243
Capitalisation treasury bills	21 566 623	21 566 623
Treasury bills acquired from market	5 846 516	5 846 516
Accrued interest	526 833	357 759
	44 658 734	**44 629 141**

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.

Classification

The Capitalisation Treasury bills have been classified as loans and receivables in terms of IAS 39:-''Financial Instruments: Recognition and Measurement''. Consequently, the assets is included in the statement of financial position at amortised cost, having been accounted for at fair value at initial recognition.

Measurement

The computation of the fair value at initial recognition falls into level 3 of the fair value hierarchy in terms of IFRS 13:-''Fair Value Measurement'' due to the absence of a recognisable market in which similar instruments are traded. The valuation was constructed as follows:

Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
The Discounted Cash-flow valuation technique was applied by identifying a risk adjusted discount rate for comparable risk profiles and applying this on the contractual cash-flows in order to determine the present value of the instrument.	A discount rate of 5% was applied. This was development principally from adding a supposed fair rate of return to the projected inflation profile over the term of the instrument which yielded a range of 3.93% to 5.5%. The supposed fair return was based on the US 10 year Bond. The rates above were corroborated by reference to:- a) Rates applicable to similar loans to Government of Zimbabwe over the same term. b) External loan rates to private sector players in Zimbabwe after adjustment for risk margins and charges.	The estimated fair value would increase / (decrease) if a different risk adjusted discount rate was applied. Below is an indication of the sensitivity analysis at different rates:-

Rate	Basis	Increase/ decrease in capital
3.93%	Minimum	683 324
4.63%	Average	1 311 211
5.50%	Maximum	2 061 054

10 LOANS AND ADVANCES TO CUSTOMERS

	30 June 2017 US$	31 Dec 2016 US$
Individual		
- term loans	4 015 595	3 008 704
Corporate		
- corporate customers	**39 579 654**	**47 701 733**
Gross loans and advances to customers	43 595 250	50 710 437
Less: allowance for impairment (note 11.1)	**(3 593 605)**	**(3 763 675)**
Net loans and advances to customers	**40 001 644**	**46 946 762**
Current	7 995 475	10 055 901
Non-current	32 006 169	36 890 861
	40 001 644	**46 946 762**

10.1 Allowances for impairment of loans and advances

Specific allowances for impairment		
Balance at 1 January	3 763 675	2 966 108
Net allowance for loan impairment through statement of profit or loss	70 156	1 597 558
Loans written off	**(240 226)**	**(799 991)**
Balance at 31 December	**3 593 605**	**3 763 675**

10.1.1 Maturity analysis of loans and advances to customers

Up to one month	7 107 587	6 580 302
Up to three months	301 717	468 245
Up to one year	586 171	3 007 354
Up to 3 years	23 950 056	26 341 848
Up to 5 years	4 062 963	1 373 352
Later than 5 years	3 993 150	9 175 661
	40 001 644	**46 946 762**

10.1.2 Sectorial analysis of loans and advances to customers

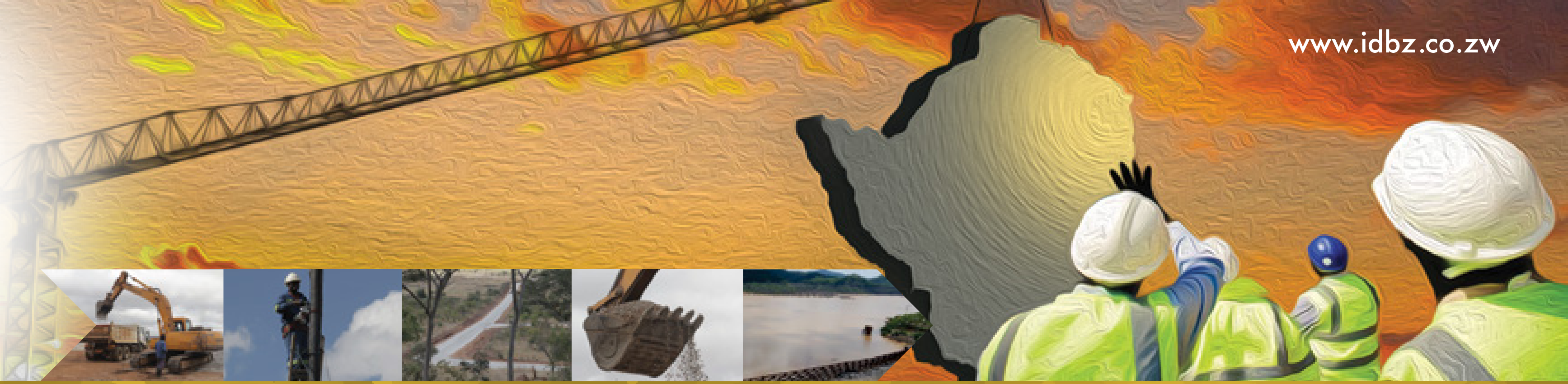
	Percentage (%)	30 June 2017 US$	Percentage (%)	31 Dec 2016 US$
Manufacturing	4.61%	2 009 895	3.72%	1 888 708
Retail	2.43%	1 058 735	2.53%	1 285 166
Agro processing	0.25%	108 957	0.18%	90 820
Mining	0.26%	113 490	0.20%	103 901
Financial Services	5.42%	2 364 335	6.56%	3 327 399
Transport	0.54%	235 424	0.21%	107 243
Tourism and hospitality	2.73%	1 189 850	13.23%	6 710 562
Telecommunications	2.37%	1 034 018	0.10%	49 006
Construction	0.00%	478	0.03%	12 928
Energy	59.98%	26 147 255	46.86%	23 764 931
Mortgages	18.44%	8 038 066	7.51%	3 808 321
Individuals and other services	2.97%	**1 294 745**	18.85%	**9 561 452**
Gross value of loans and advances	100%	43 595 248	100%	50 710 437
Less allowance for impairment		(3 593 605)		(3 763 675)
		40 001 643		**46 946 762**

10.2 Assets pledged as collateral

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

	Asset		Related liability	
	30 June 2017 US$	31 Dec 2016 US$	30 June 2017 US$	31 Dec 2016 US$
Treasury bills and other financial assets	16 645 988	15 000 872	13 427 001	11 654 518
Bankers Acceptance	-	-	-	-
Government guarantees	.	-	-	-
Bonds	**1 560 000**	**1 560 000**	**1 459 936**	**1 247 790**
Current	**18 205 988**	**16 560 872**	**14 886 937**	**12 902 308**

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.



UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

All collateral agreements mature within 12 months.

11 OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2017 US$	31 Dec 2016 US$
Receivables	1 859 805	1 611 339
Less: allowance for impairment	**(197 956)**	**(197 955)**
Net receivables	1 661 849	1 413 384
Pre-payments	**3 804 088**	**1 589 309**
	5 465 937	3 002 693
Current	**5 465 937**	**3 002 693**

12 INVESTMENTS IN SUBSIDIARIES, JOINT OPERATIONS AND ASSOCIATES

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 2017 %	as at 31 Dec 2016 %
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
Special purpose entities				
Clipsham Views	Joint Operation in housing development	Zimbabwe	56	56

All subsidiaries and joint operation have been consolidated in these financial statements.

12.2 Investment in associates

Details of the Group's material investment in associates at the end of the reporting period is as follows:

Name of associate	Principal activity	Place of incorporation and operation	30 June 2017 US$ Carrying Amount	%	31 Dec 2016 US$ Carrying Amount	%
Africom Continental (Private) Limited	Information Communication Technology	Zimbabwe	1 120 571	33.31%	1 161 307	33.31%
Mosi oa Tunya Development Company (Private) Limited	Tourism and Hospitality	Zimbabwe	2 946 291	20.60%	-	-
Aggregate information of associates that are not individually material		Zimbabwe	49 000		49 000	
			4 115 862		**1 210 307**	

The above associates is accounted for using the equity method in these consolidated financial statements.

13 INVENTORIES

	30 June 2017 US$	31 Dec 2016 US$
Inventory - housing units	130 013	130 013
Inventory - land	831 831	360 000
Work in progress	3 395 491	3 762 667
Consumables and materials	194 718	28 317
	4 552 053	**4 280 997**
Current	**4 552 053**	**4 280 997**

14 INVESTMENT PROPERTY

	30 June 2017 US$	31 Dec 2016 US$
Balance as at 1 January	9 380 000	10 299 886
Additions during the year	2 807 786	1 042 106
Disposals during the year		(301 432)
Net gain /(loss) from fair value adjustment : (loss)/ profit on disposal	-	(7 566)
Net gain/(loss) from fair value adjustment : unrealised fair value loss	-	(1 652 994)
Balance as at 30 June	**12 187 786**	**9 380 000**
	30 June 2017 US$	**30 June 2016 US$**
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.	**170 026**	**355 263**

15 INTANGIBLE ASSETS

	30 June 2017 US$	31 Dec 2016 US$
Carrying amounts of:		
Capitalised development	-	-
Licenses	153 570	14 105
	153 570	**14 105**

Cost	Capitalised development US$	Licenses US$	30 June 2017 US$	31 Dec 2016 US$
Balance as at beginning of period	932 484	123 394	1 055 878	1 055 878
Additions	-	144 834	144 834	-
Balance as at the end of the reporting period	**932 484**	**268 228**	**1 200 712**	**1 055 878**
Accumulated amortisation and impairment				
Balance as at beginning of period	(932 484)	(109 289)	(1 041 773)	(1 037 177)
Additions				
Amortisation expense	-	(5 369)	(5 369)	(4 596)
Balance as at 30 June 2017	**(932 484)**	**(114 658)**	**(1 047 142)**	**(1 041 773)**

Intangible assets are carried at cost less accumulated amortisation charge. The intangible assets, which comprise computer software are amortised over a useful life of 4 years.

16 PROPERTY AND EQUIPMENT

	Land & buildings US$	Computer & office equipment US$	Motor vehicles US$	Fixtures & fittings US$	Capital work in progress US$	Total US$
Half year ended 30 June 2017						
Opening net book amount	2 223 285	181 617	240 754	2 817	860 000	3 508 473
Additions	15 161	85 485	81 831	15 810	-	198 287
Disposals	-	(408)		-	-	(408)
Depreciation charge	(28 019)	(39 633)	(25 985)	(8 879)	-	(102 516)
Net book amount	**2 210 427**	**227 061**	**296 600**	**9 748**	**860 000**	**3 603 836**
At 30 June 2017						
Cost	2 606 836	1 222 669	943 693	555 468	1 400 000	6 728 666
Accumulated depreciation	(396 409)	(995 608)	(647 093)	(545 720)	(540 000)	(3 124 830)
Net book amount	**2 210 427**	**227 061**	**296 600**	**9 748**	**860 000**	**3 603 836**
Year ended 31 Dcember 2016						
Opening net book amount	1 674 550	78 922	66 116	5 117	1 400 000	3 224 705
Additions	591 676	161 972	243 488	4 992	-	1 002 128
Impairements through profit or loss					(540 000)	(540 000)
Disposals	-	(4 940)	(13 627)	-	-	(18 567)
Depreciation charge	(42 941)	(54 337)	(55 223)	(7 292)	-	(159 793)
Net book amount	**2 223 285**	**181 617**	**240 754**	**2 817**	**860 000**	**3 508 473**
At 31 Dcember 2016						
Cost	2 591 675	1 138 832	861 863	539 657	1 400 000	6 532 027
Accumulated depreciation and impairement	(368 390)	(957 215)	(621 109)	(536 840)	(540 000)	(3 023 554)
Net book amount	**2 223 285**	**181 617**	**240 754**	**2 817**	**860 000**	**3 508 473**

Property and equipment are subjected to impairment testing by comparing the carrying amounts at the reporting date, with the market prices quoted for similar assets and adjusted for different ages. No items of property and equipment were considered impaired at the statement of financial position date.

Depreciation expense for the half year of US$ 102 516 (2016 half year: US$ 81 704) has been charged to operating expenses.

17 SHARE CAPITAL AND SHARE PREMIUM

Authorised share capital

15 000 000 ordinary shares with a nominal value of US$0,01.

The directors are authorised to issue an unlimited number of preference shares as approved by shareholders.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

Issued share capital	Number of shares	Share capital US$	Share premium US$	Amount awaiting allotment	Total US$
At 1 January 2016	2 449 046	24 490	9 171 552	-	9 196 042
Issue of shares	2 013 044	20 130	21 879 840	-	21 899 970
Transfer to reserve			(22 116 996)		(22 116 996)
At 31 December 2016	**4 462 090**	**44 620**	**8 934 396**	**-**	**8 979 016**
At 1 January 2017	**4 462 090**	**44 620**	**8 934 396**	**-**	**8 979 016**
Issue of shares	-	-	-	-	-
At 30 June 2017	**4 462 090**	**44 620**	**8 934 396**	**-**	**8 979 016**

18 NON-DISTRIBUTABLE RESERVE

During the year 2016 a resolution was passed by the shareholders to transfer $22 116 996 from Share Premium account to Non Distributable Reserve for the purposes of eliminating a negative reserve which occurred upon translation of balances from the Zimbabwean dollar to the United States dollar when the multi-currency regime was introduced in 2009.

19 PREFERENCE SHARE CAPITAL

The preference shares are non-cumulative, non-redeemable, paid up and carry a 5% dividend payable out of distributable profits.

The preference shares have a nominal value of US$100.00 per share

Issued preference share capital	Number of shares	Preference Share capital US$	Total US$
At 1 January 2016	**382 830**	**38 283 003**	**38 283 003**
At 31 December 2016	**382 830**	**38 283 003**	**38 283 003**
At 1 January 2017	**382 830**	**38 283 003**	**38 283 003**
Issue of shares	**-**	**-**	**-**
At 30 June 2017	**382 830**	**38 283 003**	**38 283 003**

20 DEPOSITS FROM CUSTOMERS

Deposits from customers are primarily comprised of amounts payable on demand and term deposits.	30 June 2017 US$	31 Dec 2016 US$
Large corporate customers	46 150 564	43 374 633
Retail customers	439 998	3 629 509
	46 590 562	**47 004 142**

20.1 Maturity analysis of deposits from customers

Up to one month	46 214 791	41 122 893
Up to three months	285 771	4 658 849
Up to six months	-	1 222 400
	46 500 562	**47 004 142**

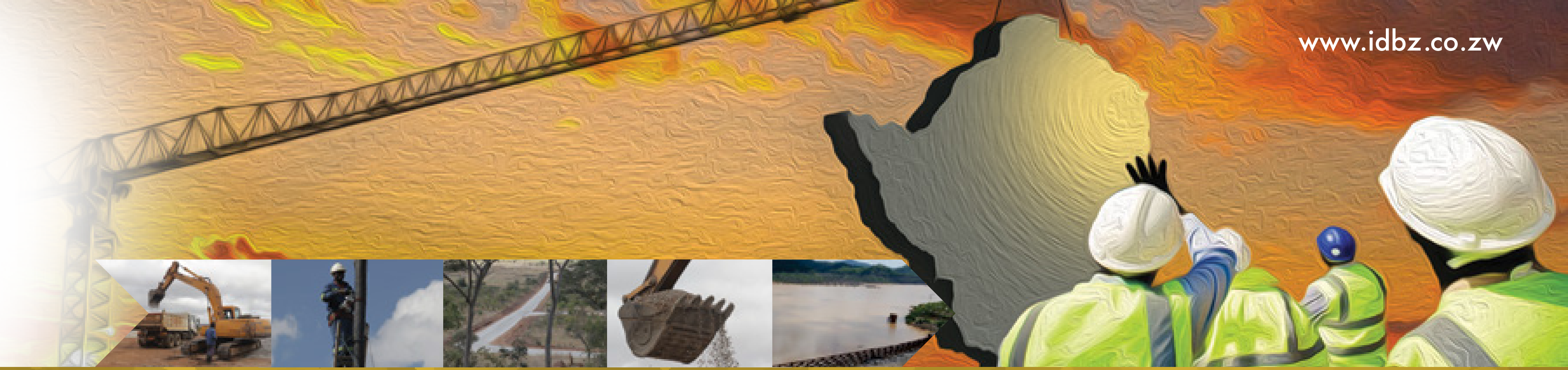
Deposits due to customers only include financial instruments classified as liabilities at amortised cost.

The fair value of the deposits approximate the fair value due to their short tenure.

20.2 Sectorial analysis of deposits from customers

	30 June 2017 Percentage (%)	US$	31 Dec 2016 Percentage (%)	US$
Financial markets	22%	10 230 000	19%	9 162 315
Fund managers and pension funds	14%	6 494 781	13%	6 238 134
Individuals	1%	439 998	1%	510 847

Infrastructure Development Bank of Zimbabwe



UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

Government and public sector institutions	56%	25 994 899	64%	30 222 712
Other services	7%	3 430 885	2%	870 134
	100%	**46 590 562**	**100%**	**47 004 142**

21 LOCAL LINES OF CREDIT AND BONDS

	30 June 2017 US$	31 Dec 2016 US$
Bonds	43 287 392	50 499 338
Lines of credit	12 493 829	6 368 967
Total	**55 781 221**	**56 868 305**
Current	23 296 604	6 368 967
Non current	32 484 617	50 499 338
	55 781 221	**56 868 305**

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

	Bonds 30 June 2017 US$	Lines of credit 30 June 2017 US$	Bonds 31 Dec 2016 US$	Lines of credit 31 Dec 2016 US$
At 1 January	50 476 286	6 392 019	41 149 268	5 457 416
New issues / funding	1 010 000	30 822 227	22 549 700	58 208 002
Repayments / disbursements	(8 221 945)	(24 720 417)	(13 222 682)	(57 273 399)
At 30 June	**43 264 341**	**12 493 829**	**50 476 286**	**6 392 019**

22 OTHER LIABILITIES

	30 June 2017 US$	31 Dec 2016 US$
Accruals	1 323 328	1 108 208
Provision for outstanding employee leave	153 157	170 904
Dividend payable	245 040	245 040
Deferred income (mainly off-plan housing stands sales)	5 123 090	4 953 296
Other	**2 314 306**	**916 240**
	9 158 920	7 393 688
Current	**9 158 921**	**7 393 688**

Included in deferred Income is an amount of $3 961 170 arising from the disposal off-plan, of residential stands under the New Marimba and Clipsham Housing project.

Sale agreements are being executed with the buyers of the residential stands and revenue accrual will begin thereafter.

23 NET INTEREST INCOME

23.1 Interest and related income:

NET INTEREST INCOME	30 June 2017 US$	30 June 2016 US$
Loans and advances to large corporates	3 136 958	3 293 992
Loans and advances to individuals	115 072	81 542
Treasury bills and other financials assets	1 449 372	1 170 969
Placements with local banks	342 878	797 151
Mortgages	177 357	181 275
Cash and bank balances	201 195	248 080
	5 422 832	**5 773 009**

23.2 Interest and related expense:

Bonds	2 245 307	2 364 398
Deposits from large corporates	809 540	594 765
Deposits from individuals	3 833	3 425
	3 058 680	**2 962 588**

24 SALES

	30 June 2017 US$	30 June 2016 US$
Property sales	2 155 598	171 896
	2 155 598	**171 896**

24.1 COST OF SALES

Cost of construction of property	1 020 310	156 015
	1 020 310	**156 015**

The Group concluded sales of stands on the New Marimba housing project.

25 FEE AND COMMISSION INCOME

Advisory and management fees	847 023	183 582
Capital raising fees	-	142 108
Banking service fees	114 878	68 633
Structured deal income	-	1 504
Credit related fees	-	3 852
	961 901	**399 679**

26 OPERATING EXPENSES

Staff costs	2 955 912	2 019 027
Administration expenses	1 150 658	805 307
Audit fees	114 072	34 500
Depreciation	102 516	81 704
Amortisation of intangible assets	5 369	2 298
	4 328 527	**2 942 836**

Included in staff costs are pension contributions under the National Social Security Authority, a defined contribution fund and the Group's separate trustee administered fund. Contributions to this fund are charged against income when incurred. The Group has no further obligations once the contributions have been paid.

Key management compensation which is included under staff costs above are disclosed under Note 31 Related Party Disclosure

27 EARNINGS PER SHARE

	30 June 2017	30 June 2016
Basic and diluted earning per share Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Bank by the number of ordinary shares in issue during the year. The calculation of basic earnings per share at 30 June was based on the following:		
Profit attributable to equity holders	199 015	169 181
Weighted average number of issued ordinary shares	**4 462 090**	**2 449 049**
Basic earnings per share (US cents)	**4**	**7**

28 CONTINGENCIES

Contingent liability on a litigation case

The Group is involved in a case where Engen Petroleum Zimbabwe (Private) Limited is making a claim against Wedzera Petroleum (Private) Limited as first defendant for payment of the sum of USD847,848 in respect of fuel supplied to Wedzera on the back of a guarantee purportedly issued by IDBZ. IDBZ is cited as a second defendant in the matter. The bank guarantee was attained fraudulently hence it has no binding effect on the Bank. At the conclusion of the trial at the High Court of Zimbabwe, a judgement was entered against IDBZ on 15 April 2016 imputing liability on IDBZ to pay USD847,848 per the guarantee. IDBZ appealed against the judgement of the High Court to the Supreme Court; maintaining that the guarantees relied upon by Engen were invalid by virtue of them having been fraudulently procured.

The appeal was heard by the Supreme Court on 23 May 2017 and judgment was reserved

29 COMMITMENTS

Loan commitments, guarantees and other financial facilities

At 30 June 2017, the Group had contractual amounts for off-statement of financial position financial instruments that commit it to extend guarantees and loans as follows:

Financial guarantees	9 700	-
Loan commitments	8 796 685	13 298 133

30 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.

	30 June 2017 US$	31 Dec 2016 US$
The Government of Zimbabwe disburses, through the Group, fiscal allocations to parastatals and government infrastructure projects. The funds are being managed by the Group for a fee and with no credit risk residual to the Group.		
Held on behalf of:		
Government of Zimbabwe	**258 340 365**	**244 271 837**
Represented by:		
Sinking fund	-	-
Amounts awaiting disbursement	12 493 829	6 392 019
Loans and advances to parastatals and government implementing agencies	245 146 536	237 879 818
	257 640 365	**244 271 837**

31 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.

Identity of related parties

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

The following transactions were carried out with related parties:
A number of banking transactions are entered into with related parties in the normal course of business. For the year half year ended 30 June 2017, these included:

a) 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:

	30 June 2017 US$	30 June 2016 US$
Salaries and other short-term employee benefits	559 714	277 617
Post-employment benefits	22 260	33 539
Termination benefits	-	50 179
Total	**581 974**	**361 335**

b) Loans and advances to related parties

	Directors and other key management personnel 30 June 2017 US$	Associated companies 30 June 2017 US$	Directors and other key management personnel 31 Dec 2016 US$	Associated companies 31 Dec 2016 US$
Loans outstanding as at the end of the period	**657 096**	-	**387 240**	-
Interest income earned for the half year	**2 344**	-	**12 244**	-

No allowance for impairment was required for the half year ended 30 June 2017 (2016: US$ nil) for the loans made to key management personnel

The loans issued to directors and other key management personnel are unsecured, carry fixed interest rates and are payable on an amortising basis.

c) Deposits from related parties

Deposits from related parties	Directors and other key management personnel 30 June 2017 US$	Associated companies 30 June 2017 US$	Directors and other key management personnel 31 Dec 2016 US$	Associated companies 31 Dec 2016 US$
Deposits balance as at the end of the period	-	**143 807**	**4 899**	**17 725**
Interest expense on deposits for the half year	-	-	-	-

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

d) Director's shareholdings

As at 30 June 2017, the Directors did not hold directly and indirectly any shareholding in the Group.