NATIONAL GROWTH AND TRANSFORMATION ENABLERS

Infrastructure Development Bank of Zimbabwe

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

NPL ratio
7% (Dec-16: 9%)

Revenue 16% up
$8.6m (FY16: $7.4m)

Profit 176% up
$1m (FY16: -$1.3m)

Total assets 18% up
$189m (FY16: $160m)

Equity 13% up
$54.8m (Dec-16: $48.7m)

DEVELOPMENT IMPACT

Projects developed to bankability: **US$85.7m**

Project funding raised: **US$26.6m**

Serviced housing stands delivered: **1061 units**

Housing projects under implementation: **US$36m (4227 serviced stands)**

CHAIRMAN'S STATEMENT

Background

During the period under review, Zimbabwe witnessed a marked improvement in its economic performance. The Gross Domestic Product (GDP) grew by 2.8 % in 2017 compared to 0.65% in 2016. This good performance was on the back of improved agricultural sector growth of around 14.6% in 2017 compared to 5.5% in 2016. This exponential growth was due to a good rain season and strong Government support through the Command Agriculture and Presidential Input Schemes.

The improved GDP growth was supported by other sectors such as mining and quarrying (8.5%) and electricity and water (10.7%) which also performed well. Key challenges that continued to weigh down the country's growth were inadequate power supply, antiquated equipment and lack of significant new capital investment inflows, among others.

Contribution to the Country's Development Agenda

Looking forward, the Bank expects to benefit from Government policies championed by His Excellency President E. D Mnangagwa that are geared towards promoting investor friendly policies. These measures include prudent fiscal policy, re-engagement with the international community, improving the ease of doing business and pursuance of political stability.

During the period under review, the Bank continued to deliver on its infrastructure development mandate based on its Medium-Term Strategy (MTS) (2016-2020) which places focus on key economic enablers. The Bank's programmes are inspired and guided by the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset) and the United Nations Sustainable Development Goals (SDGs).

Drawing from this compass provided in government policy documents and the international development agenda, the Bank has remained steadfast in fulfilling its mandate of promoting economic development and growth, and the improvement of the living standards of Zimbabweans through development of the national stock of infrastructure which includes, but is not limited to energy, transport, water and sanitation, information communication technology (ICT) and housing.

Bank Performance

I am pleased to report that the Bank continued to impact positively on the country's development outcomes during the period under review. It has managed to perform well in development of bankable projects in various sectors particularly the housing sector and in project implementation and monitoring of Public Sector Investment Programme (PSIP) projects whose level of execution has continued to improve towards attainment of key milestones to project completion.

Notable progress was made on the implementation of on-going projects since my last report. These include:

- the New Marimba Housing Project in Harare which has delivered a total of 357 high and medium density residential stands; and
- Clipsham Views Housing Project in Masvingo which delivered 704 low density residential stands and 69 commercial and institutional stands.

The Bank successfully monitored the implementation of an array of PSIP projects and certified claims amounted to US$101.85 million with significant funding being utilized in the roads rehabilitation and dam construction project across the country. The symbiotic relationship the Bank has built with the Government is delivering positive results in infrastructure delivery and gradually closing the gap in our overall infastructure requirements to support economic growth.

In line with development finance trends at the global stage, the Bank has embraced green financing and was nominated by Government in 2017 to be the National Implementing Entity (NIE) for the Green Climate Fund (GCF). Its role will be to coordinate project packaging and other activities aimed at securing funding from the GCF and other green finance sources for climate resilient projects in the infrastructure space. In this regard, the Bank is working towards being accredited to the GCF and is also exploring funding mechanisms to broaden its resource mobilization base.

Outlook and Appreciation

Going forward, the Bank stands ready to collaborate and harness partnerships towards the provision and delivery of adequate, reliable, affordable and sustainable infrastructure and social services in support of economic growth.

Let me take this opportunity to extend my appreciation to the Government through the Minister of Finance and Economic Development, Hon. P. A. Chinamasa, MP, who has continued to facilitate the recapitalization of the Bank by availing an additional US$20 million in funding under the 2018 budget. This support will go a long way in the fulfillment of the Bank's target capital level of US$250 million under its medium-term strategy.

The Bank remains grateful to the Chief Secretary to the President and Cabinet, Dr Misheck Sibanda, for his invaluable guidance and wise counsel in the implementation of IDBZ strategies towards mandate delivery during the period under review.

The Bank also appreciates the support from its various stakeholders; our valued customers, suppliers and business partners for their continued interactions with the bank at various levels of its operations and interventions.

I also wish to acknowledge the contribution of my colleagues on the Board, management and staff for working tirelessly to lift the performance of the Bank in its mandate delivery and drive to achieve sustainable results especially in the context of a challenging macroeconomic environment.

Willard L. Manungo
Chairman
Date 30 May 2018

CHIEF EXECUTIVE OFFICER'S STATEMENT

Bank Operations

The Bank's 2017 Work Programme and Budget were crafted around the theme: **"Building Bankability."** Consistent with this theme, I am happy to report that significant progress was made to convert a number of projects that were at concept stage into bankable projects. During the period under review, the Bank developed to bankability more than US$85.7 million worth of projects.

The year also saw improved internal operational efficiency as the Bank became fit-for-purpose to achieve its developmental mandate whilst maintaining financial sustainability.

The key highlights for the reporting period include the following:

- The Bank managed to raise US$26.6 million for housing projects;
- The Bank was nominated by the Government of Zimbabwe as the Green Climate Fund (GCF) National Designated Entity (NDE);
- Projects worth US$85.7 million were approved by the Board in 2017 for funding, namely:
- Kariba Housing Project – US$14.8 million;
- Empumalanga West Housing and Waste Water Treatment Plant Rehabilitation Project – US$5.8 million;
- Sumben Housing Project – US$15.4 million;
- University Students and Staff Accommodation Programme – US$34 million; and
- Victoria Falls Municipality Water Sanitation and Health (WASH) project – US$15.7 million.
- The Bank successfully monitored the implementation of PSIP projects and certified claims amounted to US$101.85 million attributable to various projects mainly in the transport (road rehabilitations) and water (dam construction projects) sectors; and
- The Bank successfully completed the implementation of Clipsham Views Housing Project, Masvingo - US$6.7 million; and New Marimba Housing Project, Harare – US$2.9 million.

Since 2016, approximately US$5 million was disbursed from the Project Preparation and Development Fund (PPDF) towards funding of project preparation and feasibility studies for student accommodation projects, housing projects; transport and renewable (solar) energy projects.

The Bank continued to engage various Development Finance Institutions (DFIs)/ Multilateral Development Banks (MDBs) with a view to establishing cooperation frameworks that will allow the Bank to access technical assistance and co-financing opportunities for project preparation and implementation. In the medium term, it is the Bank's objective to have some of these DFIs/MDBs as strategic shareholders in line with the Bank's recapitalisation process and leveraging Government support to bring on board private sector investment to fund our national infrastructure gap.

To improve its internal operational efficiency, the Bank intensified efforts to implement reforms aimed at revamping its business operational processes, ICT systems and procedures, risk management systems and adaptation of result-based management that is accompanied by appropriate strategic planning and a robust monitoring and evaluation framework. Key skills have been brought on board in critical areas and staff of the Bank continue to undergo various training programmes to enhance their capacity as well as generate knowledge required to discharge their various roles and responsibilities.

Financial Performance

The Bank's revenue grew 16% to US$8.6 million during the year driven by strong performance from the housing projects portfolio which recorded a growth of 281% in net revenue from stands sales to close the year at US$6.1 million. Fees and commission income also registered growth of 172% with US$2.7 million recorded as income and this was driven by the Bank's advisory and monitoring work on key infrastructure projects.

Total comprehensive profit for the year of US$0.98 million (2016: Loss US$1.3 million) was recorded. The Bank is now benefiting from refocusing to core mandate with revenue and asset portfolio predominantly backed by medium to long term infrastructure business. Fair value gains of US$1.8 million were recorded on investment property following renovations which improved occupancy rates and income from leased properties under tenancy.

Total assets grew by 18% to US$189 million spurred by growth in the Bank's housing projects portfolio, that is, land and inventory work-in-progress. Cash and bank balances closed at US$41 million, a 79% growth from prior year, thus reflecting continued sound liquidity management whilst supporting core mandate delivery.

The loan portfolio continued to perform well, particularly the energy portfolio funded from infrastructure bonds and consequently, the Non-Performing Loan (NPL) ratio went down from 9% to 7%. Resolution of the non-performing exposure to Meikles Limited will bring the NPL ratio below the Reserve Bank of Zimbabwe threshold of 5% and concerted efforts made towards accomplishing this target.

Appreciation

I remain very grateful to the Government, the Ministry of Finance and Economic Development, the Reserve Bank of Zimbabwe and all other stakeholders for their unrelenting support. I thank the Board for their invaluable contribution and guidance, as well as Management and Staff for their sterling work and dedication towards the attainment of the Bank's vision.

Thomas Z. Sakala
Chief Executive Officer
Date 30 May 2018

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 is considered adequate for the current size of the Bank's operations. The Infrastructure Development Bank of Zimbabwe Act was amended during the year 2017 so as to reduce the board size to between seven (7) and nine (9) directors from a board size of nine (9) to twelve (12). 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.

The Board supervises the overall activities engaged in by IDBZ ensuring that the Group has adequate control systems to monitor and manage risk, and further that there is an efficient and economic use of the Group's resources. As an overarching responsibility, section 4A (e) of the Act requires that the Board formulate and enforces rules of good corporate governance and ethical practices for observance by the IDBZ Directors, Management and Staff.

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)	4	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sakala TZ	4	4	Ex-officio	Ex-officio	4	4	4	4	Ex-officio	Ex-officio
Choga VH	4	4	4	4	n/a	n/a	n/a	n/a	3	3
Kudenga N	4	4	n/a	n/a	4	4	n/a	n/a	3	3
Mhakayakora J	4	3	4	4	4	4	4	3	n/a	n/a
Mlambo SS	4	0	4	0	n/a	n/a	n/a	n/a	3	0
Mukahanana-Sangarwe M	4	3	n/a	n/a	4	3	4	3	3	2
Tawha CS	4	3	n/a	n/a	n/a	n/a	4	3	3	2
Chiromo NHC	n/a	n/a	4	3	n/a	n/a	n/a	n/a	n/a	n/a
Jinda E	n/a	n/a	n/a	n/a	4	3	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 experts. Their appointment is in line with Section 7 (2) of the IDBZ Act [Chapter 24:14]
2. The CEO attends meetings of the Audit Committee and Corporate Governance Committee as ex-officio.
3. Dr SS Mlambo has been unable to attend meetings because he is unwell.

AUDITOR'S STATEMENT

These condensed financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2017 which have been audited by Deloitte & Touche and an unmodified audit opinion issued thereon. This opinion, however, carries an Emphasis of Matter with respect to a litigation case for which a Supreme Court appeal hearing was held and judgement was reserved.

The auditor's report is available for inspection at the Bank's registered office.

Infrastructure Development Bank of Zimbabwe

NATIONAL GROWTH AND TRANSFORMATION ENABLERS

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 US$	2016 US$
ASSETS			
Cash and bank balances	6	40 973 320	22 833 256
Inventories	13	16 094 871	4 280 997
Other receivables and prepayments	11	4 461 502	3 002 693
Loans and advances to customers	10	53 730 361	65 141 796
Investment securities	7	315 786	51 513
Financial assets at fair value through other comprehensive income	8	9 556 537	7 518 492
Treasury bills and other financial assets	9	42 452 817	42 994 979
Investment in joint operations and associates	12	3 907 601	1 210 307
Investment property	14	13 393 573	9 380 000
Intangible assets	21	155 824	14 105
Property and equipment	16	3 928 173	3 508 473
Deferred taxation	15	12 915	-
Total assets		**188 983 280**	**159 936 611**
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits from customers	20	45 918 559	47 004 142
Local lines of credit and bonds	22	84 211 738	56 868 305
Other liabilities	23	4 072 504	7 393 688
Total liabilities		134 202 801	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		3 578 461	3 224 878
Accumulated losses		(1 180 064)	(1 822 797)
Equity attributable to equity owners of the Group		49 403 799	48 407 483
Non-controlling interest in equity		5 376 680	262 993
Total shareholders' equity		54 780 479	48 670 476
Total equity and liabilities		**188 983 280**	**159 936 611**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 US$	2016 US$
Interest and related income	24.1	10 130 403	12 147 443
Interest and related expense	24.2	(6 613 388)	(6 301 291)
Net interest income		3 517 015	5 846 152
Property sales	25	6 104 829	1 600 324
Cost of sales		(3 795 529)	(1 070 821)
Net income on property sales		2 309 300	529 503
Fees and commission income	26	2 733 467	1 004 969
Dividend income		26 530	44 983
Revenue		8 586 312	7 425 607
Other income	28	740 919	1 771 021
Loan impairment charge	10.1	(464 360)	(1 597 558)
Fair value loss on investment property	29	1 790 001	(1 660 560)
Net Gain on financial assets at fair value through profit or loss	27	264 273	2 256
Net foreign exchange gains	30	53 505	322 175
Operating expenses	31	(10 108 148)	(7 606 248)
Share of loss of associate		(248 997)	(162 453)
Profit / (Loss) for the year before taxation		**613 505**	**(1 505 760)**
Income tax credit		12 915	-
Profit / (Loss) for the year		**626 420**	**(1 505 760)**
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	8	353 583	207 965
Other comprehensive income for the year net of tax		353 583	207 965
Total comprehensive profit/(loss) for the year		**980 003**	**(1 297 795)**
Profit / (Loss) for the year attributable to:			
Equity holders of the parent entity		642 733	(1 291 323)
Non-controlling interest		(16 313)	(214 437)
		626 420	**(1 505 760)**
Total comprehensive loss attributable to:			
Equity holders of the parent entity		996 316	(1 083 358)
Non-controlling interest		(16 313)	(214 437)
		980 003	**(1 297 795)**
Basic profit /(loss) per share from profit/(loss) for the year attributable to equity holders (US cents)	**33**	**14**	**(29)**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 US$	2016 US$
Cash flow from operating activities			
Profit / (Loss) for the year		613 505	(1 505 760)
Adjustments for:			
Depreciation	16	223 856	159 793
Amortisation	21	23 492	4 596
Loan impairment charge	10.1	464 360	1 597 558
Provisions and accruals		85 895	871 348
Sundry debtors impairment		85 012	197 955
Net (losses)/gains from translation of foreign currency balances	30	(53 505)	13 568
Profit/(loss) on disposal of property and equipment		2 976	(29 460)
Loss on disposal of investment property	14	-	7 566
Unrealised fair value (gain)/ loss on investment property	14	(1 790 001)	1 652 994
Loss on financial assets measured at fair value through profit and loss		(264 273)	(2 256)
Share of loss of associate	12.5	248 997	162 453
Bad debts recovered		(343 407)	(1 268 624)
Impairment for property plant and equipment		-	540 000
Other non-cash items		-	(52 308)
		(703 093)	**2 349 423**
Changes in :			
Loans and advances to customers		7 023 417	(4 066 669)
Other receivables and prepayments		1 458 810	309 869
Inventories		(11 678 835)	(1 936 002)
Deposits from customers		(1 085 583)	(1 603 775)
Other liabilities		(345 894)	(449 418)
Net cash used in operating activities		**(5 331 178)**	**(5 396 571)**
Cash flow from investing activities			
Acquisition of property and equipment	16	(647 264)	(1 002 128)
Proceeds from sale of property and equipment		2 182	193 158
Acquisition of financial assets at fair value through other comprehensive income		(1 684 463)	-
Proceeds from sale of investment property		21 078	68 955
Acquisition of investment property		(1 917 660)	(750 246)
Net cash used in investing activities		**(4 226 127)**	**(1 490 261)**
Cash flow from financing activities			
Proceeds from issue of bonds	22	26 897 648	22 549 700
Repayment of bonds	22	(16 006 583)	(13 222 682)
Rights issue			1 956 332
Increase in local lines of credit	22	16 806 304	911 551
Net cash generated from financing activities		**27 697 369**	**12 194 901**
Net increase in cash and cash equivalents		**18 140 064**	**5 308 069**
Cash and cash equivalents at 1 January 2017		22 833 256	17 525 187
Cash and cash equivalents at 31 December 2017	**6**	**40 973 320**	**22 833 256**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Ordinary share capital US$	Share premium US$	Non distributable reserve US$	Preference share capital US$	Fair value reserve US$	Accumulated Losses US$	Total before non-controlling interest US$	Non controlling interest US$	Total equity US$
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
Non controlling interest from new subsidiaries								5 130 000	5 130 000
Profit / (Loss) for the year						642 733	642 733	(16 313)	626 420
Other comprehensive income:									
Net fair value gain on financial assets at fair value					353 583		353 583	-	353 583
Balance as at 31 December 2017	44 620	8 934 396	(256 617)	38 283 003	3 578 461	(1 180 064)	49 403 799	5 376 680	54 780 479
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
Loss for the year	-	-	-	-	-	(1 291 323)	(1 291 323)	(214 437)	(1 505 760)
Other comprehensive income:									
Net fair value gain on financial assets at fair value									
through other comprehensive income	-	-	-	-	207 965	-	207 965	-	207 965
Transfer from share premium to non distributable reserve	-	(22 116 996)	22 116 996	-	-	-	-	-	-
Transactions with owners of the Group:									
Rights issue	20 130	21 879 840	-	-	-	-	21 899 970	-	21 899 970
Balance as at 31 December 2016	44 620	8 934 396	(256 617)	38 283 003	3 224 878	(1 822 797)	48 407 483	262 993	48 670 476

NOTES: SIGNIFICANT ACCOUNTING POLICIESFOR THE YEAR ENDED 31 DECEMBER 2017

1 INFRASTRUCTURE DEVELOPMENT BANK GROUP PROFILE AND PRINCIPAL ACTIVITIES

The Infrastructure Development Bank of Zimbabwe ('IDBZ'/ the 'Bank'/'the Group') is a development finance 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 statements were approved by the directors on 30 May 2018.

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

These consolidated financial statements for the year ended 31 December 2017 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 Companies Act (Chapter 24:03), Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14) and the Banking Act (Chapter 24:20).

Currency

The financial statements are expressed in United States of America dollars ('USD') which is both the functional and presentation currency.

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 Unit 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 emphasised 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.

The Group manages credit exposure to any entity through credit limits. A credit limit is set for each customer after assessment of the financial strength of the customer and assessment of other qualitative factors which influence the performance of the customer. The Group has in place a management credit committee that assesses credit proposals and exercise credit approval authority, up to a set limit. Approval of credit at higher levels requires the approval of the Board.

Individual loans are reviewed continuously through monthly reassessment of the credit grading so that problems can be detected and managed at an early stage. Periodic reassessment is also done based on management information received. Impairment allowances are adjusted monthly in line with the reassessed credit grades.

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. The Group monitors the credit performance of customers on the utilised balances to minimise potential losses on the unutilised balances.

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

Credit risk exposure relating to on-balance sheet assets are as follows:	Maximum Exposure 31 Dec 2017 US$	Maximum Exposure 31 Dec 2016 US$
Bank balances	40 973 320	22 833 256
Treasury bills and other financial assets	42 452 817	42 994 979
Gross loans and advances to customers	55 906 801	67 271 309
Other receivables and prepayments	4 461 502	3 002 693
	143 794 440	136 102 237
Credit risk exposure relating to off-balance sheet assets are as follows:		
Loan commitments	38 591	13 298 133
Financial guarantees	-	-
Maximum exposure to credit risk	143 833 031	149 400 370

Financial guarantees. Financial guarantees principally represent guarantees that require the Group to make certain payments if guarantee holders fail to meet their financial obligations. There was no potential obligation resulting from these guarantees

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

Loans and advances (including assets pledged as collateral) are summarised as follows:	2017 US$	2016 US$
Neither past due nor impaired	48 330 029	56 374 584
Past due but not impaired	405 228	573 551
Individually impaired	7 171 544	10 322 976
Gross	55 906 801	67 271 111
Less: allowance for impairment	(2 176 440)	(2 129 315)
Net	53 730 361	65 141 796

3.3 Liquidity risk

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

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

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

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

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

Contract maturity analysis

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

As at 31 December 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$	Total US$
Assets						
Bank balances	40 973 320	-	-	-	-	40 973 320
Investment securities	315 786	-	-	-	-	315 786
Financial assets at fair value through other comprehensive income	-	-	-	-	9 556 537	9 556 537
Treasury Bills and other financial assets	-	27 685	6 745 160	904 648	34 775 324	42 452 817
Loans and advances to customers	7 116 301	306 608	-	16 934 970	29 372 482	53 730 361
Other receivables and prepayments	-	4 461 502	-	-	-	4 461 502
Total	48 405 407	4 795 795	6 745 160	17 839 618	73 704 343	151 490 323
Liabilities						
Deposits from customers	18 082 950	27 348 308	89 358	397 943	-	45 918 559
Bonds	196 835	12 371 505	10 794 432	10 794 432	26 879 263	61 036 467
Local Lines of Credit	23 175 271					23 175 271
Other liabilities	-	4 072 505	-	-	-	4 072 505
Total	41 455 056	43 792 318	10 883 790	11 192 375	26 879 263	134 202 802
Gap	6 950 351	(38 996 523)	(4 138 630)	6 647 243	46 825 080	17 287 521
Contingent liabilities:						
Loan commitments	(38 591)	-	-	-	-	(38 591)
Total gap	6 911 760	(38 996 523)	(4 138 630)	6 647 243	46 825 080	17 248 930
Total cumulative gap	6 911 760	(32 084 763)	(36 223 393)	(29 576 150)	17 248 930	

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$	Total US$
Assets						
Bank balances	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	-	178 962	1 074 495	1 394 495	40 347 027	42 994 979
Loans and advances to customers	6 580 302	468 245	-	3 007 354	55 085 895	65 141 796
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
Bonds	-	6 481 496	-	-	44 017 842	50 499 338
Local lines of credit	6 368 966					6 368 966
Other liabilities	7 393 688	-	-	-	-	7 393 688
Total	56 553 788	6 643 028	1 222 400	2 829 076	44 017 842	111 266 134
Gap	(27 088 717)	(2 993 128)	(147 905)	1 572 773	58 933 572	30 276 595
Contingent liabilities:						
Loan commitments	(13 298 133)	-	-	-	-	(13 298 133)
Total gap	(40 386 850)	(2 993 128)	(147 905)	1 572 773	58 933 572	16 978 462
Total cumulative gap	(40 386 850)	(43 379 978)	(43 527 883)	(41 955 110)	16 978 462	

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.

3.4.2. Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. The Group's quoted equity securities are publicly traded on the Zimbabwe Stock Exchange.

Below is a summary of the impact of increases/(decreases) of the equity index on the Group`s profit for the year and on equity. The analysis is based on the assumption that the equity index had increased/(decreased) by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

Profit for the year would increase or decrease by US$15,789 (2016: US$2,576).

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

AS AT 31 December 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							
Bank balances	40 973 320	-	-	-	-	-	40 973 320
Investment securities	-	-	-	-	-	315 786	315 786
Loans and advances to customers	7 116 301	306 608	-	16 934 970	29 372 482	-	53 730 361
Financial assets at fair value through other comprehensive income	-	-	-	-	-	9 556 537	9 556 537
Treasury bills and other financial assets	-	27 685	6 745 160	904 648	34 775 325	-	42 452 818
Other receivables and prepayments	-	-	-	-	-	4 461 502	4 461 502
Investment in associates	-	-	-	-	-	3 907 601	3 907 601
Total assets	48 089 621	334 293	6 745 160	17 839 618	64 147 807	18 241 426	155 397 925
Equity and liabilities							
Deposits from customers	18 082 950	27 348 308	89 358	397 943	-	-	45 918 559
Bonds	196 835	12 371 505	10 794 432	10 794 432	26 879 263	-	61 036 467
Local lines of credit	23 175 272	-	-	-	-	-	23 175 272
Other liabilities	-	-	-	-	-	4 072 504	4 072 504
Shareholders' equity	-	-	-	-	-	54 780 479	54 780 479
Total equity and liabilities	41 455 057	39 719 813	10 883 790	11 192 375	26 879 263	58 852 983	188 983 281
Total interest repricing gap	6 634 564	(39 385 520)	(4 138 630)	6 647 243	37 268 544	(40 611 557)	(33 585 356)
Total cumulative gap	6 634 564	(32 750 956)	(36 889 586)	(30 242 343)	7 026 200	(33 585 356)	

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							
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	55 085 895	-	65 141 796
Financial assets at fair value through other comprehensive income	-	-	-	-	-	7 518 492	7 518 492
Treasury bills and other financial assets	-	178 962	1 074 495	1 394 495	40 347 027	-	42 994 979
Other receivables and prepayments	-	-	-	-	-	3 002 693	3 002 693
Investment in associates	-	-	-	-	-	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
Bonds	-	6 481 496	-	-	44 017 842	-	50 499 338
Local lines of credit	6 368 966	-	-	-	-	-	6 368 966
Other liabilities	-	-	-	-	-	7 393 688	7 393 688
Shareholders' equity	-	-	-	-	-	48 670 476	48 670 476
Total equity and liabilities	49 160 100	6 643 028	1 222 400	2 829 076	44 017 842	56 064 164	159 936 610
Total interest repricing gap	(19 746 542)	(5 995 821)	(147 905)	1 572 773	51 415 080	(44 281 159)	(17 183 574)
Total cumulative gap	(19 746 542)	(25 742 363)	(25 890 268)	(24 317 495)	27 097 585	(17 183 574)	

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

Interest rate change	Effect on profit for the year 2017 US$	Effect on profit for the year 2016 US$
5% increase / (decrease)	506 520	607 372
10% increase / (decrease)	1 013 040	1 214 744

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

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

As at 31 December 2017	US$	ZAR US$ equivalent	BWP US$ equivalent	GBP US$ equivalent	EURO US$ equivalent	Other US$ equivalent	Total US$
Assets							
Bank balances	40 936 638	23 942	84	1 379	11 276	-	40 973 320
Investment securities	315 786	-	-	-	-	-	315 786
Loans and advances to customers	53 730 361	-	-	-	-	-	53 730 361
Treasury bills and other financial assets	42 452 817	-	-	-	-	-	42 452 817
Financial assets at fair value through other comprehensive income	9 556 537	-	-	-	-	-	9 556 537
Other receivables and prepayments	4 461 502	-	-	-	-	-	4 461 502
	151 453 641	23 942	84	1 379	11 276	-	151 490 324
Equity and liabilities							
Deposits from customers	45 917 442	836	92	24	448	(283)	45 918 559
Bonds	61 036 468	-	-	-	-	-	61 036 468
Local lines of credit	23 175 271	-	-	-	-	-	23 175 271
Other liabilities	4 072 504	-	-	-	-	-	4 072 504
	134 201 685	836	92	24	448	(283)	134 202 802
Net foreign exchange position	17 251 956	23 106	176	1 355	10 828	(283)	17 287 138

As at 31 December 2016	US$	ZAR US$ equivalent	BWP US$ equivalent	GBP US$ equivalent	EURO US$ equivalent	Other US$ equivalent	Total US$
Assets							
Bank balances	22 732 371	75 734	1 220	22 497	1 434	-	22 833 256
Investment securities	51 513	-	-	-	-	-	51 513
Loans and advances to customers	65 141 796	-	-	-	-	-	65 141 796
Treasury bills and other financial assets	42 994 979	-	-	-	-	-	42 994 979
Financial assets at fair value through other comprehensive income	7 518 492						7 518 492
Other receivables and prepayments	3 002 693	-	-	-	-	-	3 002 693
	141 441 844	75 734	1 220	22 497	1 434	-	141 542 729
Equity and liabilities							
Deposits from customers	46 916 653	65 674	(132)	21 622	427	(102)	47 004 142
Bonds	6 368 967						6 368 967
Local lines of credit	50 499 338	-	-	-	-	-	50 499 338
Other liabilities	7 393 688	-	-	-	-	-	7 393 688
	111 178 646	65 674	(132)	21 622	427	(102)	111 266 135
Net foreign exchange position	30 263 198	10 060	1 352	875	1 007	102	30 276 594

The Group had no off balance sheet foreign currency exposure as at 31 December 2017 (31 December 2016 - US$nil).

Foreign exchange risk

The table below indicates the extent to which the Group is exposed to foreign exchange risk as at 31 December 2017.

Exchange rate change	Effect on profit for the year 2017 US$	Effect on profit for the year 2016 US$
5% appreciation/(depreciation)	-	670
10% appreciation/(depreciation)	-	1 340

4 CAPITAL MANAGEMENT

The Group's objective when managing capital are :

- To safeguard 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 and Compliance Unit monitors and ensures adherence to these policies as well as continuously measure the efficacy of these policies through MALCO and various other credit committees.

Although maximisation of the return on risk adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

The Group's capital is monitored using the dollar amount of the net shareholders' equity position, noting and explaining the causes of significant changes.

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 31 December 2017.

At 31 December 2017	Level 1 US$	Level 2 US$	Level 3 US$
Investment securities	315 786	-	-
Financial assets at fair value through other comprehensive income	-	-	9 556 537
Total assets	315 786	-	9 556 537
Total liabilities	-	-	-
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
Total liabilities	-	-	-

Capitalisation Treasury Bills
Following a rights issue in the year ended 31 December 2016 to existing shareholders, the Bank received capitalisation treasury bills to settle the transaction with a face value of $18 707 797 and $2 858 826 .

The capitalisation treasury bills mature on 27 May 2021 and 24 March 2022 with coupon rates of 3% and 5% respectively which are payable biannually.

These treasury bills have been classified as loans & receivables in terms of IAS 39 Financial Instruments: Recognition and Measurement.

Consequently, the asset is included in the statement of financial position at amortised cost, having been accounted for at fair value at initial recognition.

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' due to the absence of a recognizable 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
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	483 583
4.63%	Average	926 093
5.00%	Rate applied	1 155 469
5.50%	Maximum	1 460 576

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 2017 US$	Fair value 2017 US$	Carrying value 2016 US$	Fair value 2016 US$
Financial assets :				
Treasury bills and other financial assets	42 452 817	42 452 817	38 063 390	38 063 390
Loans and advances to customers	53 730 361	53 730 361	48 506 762	48 506 762
Assets pledged as collateral	-	-	-	-
Financial liabilities:				
Deposits from customers	45 918 559	45 918 559	47 004 142	47 004 142
Bonds	61 036 468	61 036 468	50 499 338	50 499 338
Local Lines of credit:	23 175 271	23 175 271	6 368 967	6 368 967

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.

5.2 Impairment allowance

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. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes.

5.2.1 Impairment allowance policy

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39 Financial Instruments: Recognition and Measurement, based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral; and
- Downgrading below investment grade level.

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

	2017 US$	2016 US$
Cash on hand	206 396	277 112
Balances with banks	40 766 924	22 556 144
	40 973 320	22 833 256

7 INVESTMENT SECURITIES

	2017 US$	2016 US$
At 1 January	51 513	13 563
Additions	-	35 694
Net gain through profit or loss	264 273	2 256
At 31 December	315 786	51 513

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').

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2017 US$	2016 US$
At 1 January	7 518 492	6 969 069
Reclassification from non current assets held for sale	-	341 458
Additions	1 684 462	-
Net fair value gains on financial assets at fair value through other comprehensive income	353 583	207 965
At 31 December	**9 556 537**	**7 518 492**

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

	2017 US$	2016 US$
Unlisted securities:		
Equity securities - Zimbabwe	2 009 355	252 797
Equity securities - Botswana	7 547 182	7 265 695
At 31 December	**9 556 537**	**7 518 492**

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

9 TREASURY BILLS AND OTHER FINANCIAL ASSETS

	2017 US$	2016 US$
Treasury bills as substitution for debt instruments	15 940 516	16 858 243
Capitalisation Treasury Bills	20 411 154	19 932 461
Treasury bills acquired from the market	5 440 352	5 846 516
Accrued Interest	660 795	357 759
	42 452 817	42 994 979

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.

9.1 Assets pledged as collateral

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

	Assets		Related liability	
	2017 US$	2016 US$	2017 US$	2016 US$
Treasury bills	27 902 450	15 000 872	22 494 305	11 654 518
Current	27 902 450	15 000 872	22 494 305	11 654 518

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.

10 LOANS AND ADVANCES TO CUSTOMERS

	2017 US$	2016 US$
Individual		
- Term loans and mortgages	5 993 776	3 008 705
Corporate		
- Corporate customers	49 913 025	64 262 406
Gross loans and advances to customers	55 906 801	67 271 111
Less: allowance for impairment (Note 10.1)	(2 176 440)	(2 129 315)
Net loans and advances to customers	53 730 361	65 141 796
Current	24 357 880	10 056 099
Non-current	29 372 481	55 085 697
	53 730 361	65 141 796

10.1 Allowances for impairment of loans and advances

	2017 US$	2016 US$
Specific allowances for impairment		
Balance at 1 January	2 129 513	969 313
Allowance for loan impairment through statement of profit or loss	464 361	1 597 558
Loans written off	(417 434)	(437 556)
Balance at 31 December	2 176 440	2 129 315

10.1.1 Maturity analysis of loans and advances to customers

	2017 US$	2016 US$
Up to one month	7 116 301	6 580 302
Up to three months	306 608	468 245
Up to one year	16 934 970	3 007 354
Up to 3 years	24 456 666	44 536 684
Up to 5 years	2 083 198	1 373 352
Later than 5 years	2 832 618	9 175 859
	53 730 361	65 141 796

10.1.2 Sectorial analysis of loans and advances to customers

	Percentage (%)	2017 US$	Percentage (%)	2016 US$
Manufacturing	3%	1 545 202	3%	1 888 708
Retail	1%	744 745	2%	1 285 166
Agro processing	0%	116 343	0%	90 820
Mining	0%	104 359	0%	103 901
Financial Services	6%	3 316 984	5%	2 327 399
Transport	1%	451 851	0%	107 243
Tourism and hospitality	8%	4 458 309	9%	3 325 605
Telecommunications	1%	1 494 486	1%	49 006
Construction	1%	700 000	1%	12 928
Energy	54%	30 211 036	63%	44 710 562
Mortgages	9%	4 952 778	5%	3 808 321
Individuals and other services	14%	7 810 708	13%	9 561 452
Gross value of loans and advances	100%	55 906 801	100%	67 271 111
Less allowance for impairment		(2 176 440)		(2 129 315)
		53 730 361		65 141 796

10.2 Assets pledged as collateral

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

	Asset		Related liability	
	2017 US$	2016 US$	2017 US$	2016 US$
Bonds	1 560 000	1 560 000	1 560 000	1 247 790
Current	-	-	1 560 000	1 247 790

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.

All collateral agreements mature within 12 months.

11 OTHER RECEIVABLES AND PREPAYMENTS

	2017 US$	2016 US$
Receivables	3 258 859	1 611 339
Less: allowance for impairment	(197 956)	(197 955)
Net receivables	3 060 903	1 413 384
Pre-payments	1 400 599	1 589 309
	4 461 502	3 002 693
Current	4 461 502	3 002 693

12 INVESTMENTS IN SUBSIDIARIES, JOINT OPERATION AND ASSOCIATES

The Group enters into business arrangement 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. The Group's accounting policies describe how these business arrangements are evaluated.

12.1 Investment in subsidiaries and joint operations

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

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			as at 31 Dec 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
Hwange Empumalanga West Housing Project	Property development	Zimbabwe	90	-
Kariba Housing Development Project	Property development	Zimbabwe	90	-
Mazvel Investments (Private) Limited	Property development	Zimbabwe	51	-
Special purpose entities				
Clipsham Views Housing Project	Joint Operation	Zimbabwe	56	56

The Bank entered into a joint operation with Gorge Safaris (Private) Limited and Gorge Holdings (Private) Limited (the Developers) and formed an unincorporated vehicle Clipsham Views Housing Project to undertake a housing development project in Masvingo worth $4.4 million. IDBZ and the Developers agree that the Parties shall, as members of the joint operation, jointly execute the development and construction of the roads, storm water drainage, water and electricity reticulation on Lot 2 of Clipsham Masvingo comprising approximately 691 units/stands of 1,500 square metres and 12 units/stands of 4,000square metres in extent and size, being a low density residential project. The project also includes 26 industrial stands, 3 hospitality, 24 institutional and 16 commercial stands with a total road network of approximately 23.7 kilometres.

Municipality of Kariba and IDBZ formed an unincorporated Project Vehicle named Kariba Housing Project for the sole purposes of carrying out the development and construction of offsite and onsite infrastructure of low, medium and high density suburbs in Kariba. The Bank is expected to inject US$14,8 million cash into the project which translates to 100% of the total project cost. The Bank shall however cede a 10% ownership in the Project Vehicle in favour of Municipality of Kariba through a notional loan of $1,48 million to the Municipality of Kariba. IDBZ will therefore hold 90% interest in the Project Vehicle while Municipality of Kariba will hold a 10% interest.

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.

The Bank is expected to inject US$5 800 000 cash into the project which translates to 100% of the total project cost. The Bank shall however cede a 10% ownership in the Project Vehicle in favour of Hwange Local Board through a notional loan of $842 083 and land worth $1 230 000. IDBZ will therefore hold 90% interest in the Project Vehicle while Hwange Local Board will hold a 10% interest.

Markaram Investments (Private) Limited and IDBZ formed an incorporated Project Vehicle, Mazvel Investment(Private) Limited for the sole purposes of carrying out the development of 119,2593 hectares of land.

Mazvel shall transfer 10 200 ordinary shares in Mazvel and the Bank is expected to inject US$4,1 million cash into the project which translates to 51% shareholding into Mazvel.

All subsidiaries, joint operations and associates 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:

		Place of incorporation	Proportion of ownership interest and voting power held by the Group	
			as at 31 Dec 2017 %	as at 31 Dec 2016 %
Africom Continental (Private) Limited	Information Communication Technology	Zimbabwe	33.31%	33.31%
Mosi oa Tunya Development Company (Private) Limited	Tourism and Hospitality	Zimbabwe	20.60%	-

On or about 2 December 2016, infrastructure Development Bank of Zimbabwe became a shareholder in the Mosi oa Tunya Development Company (Private) Limited in its own right following conclusion of a Debt to Equity Conversion Agreement by IDBZ and the Ministry of Tourism and Hospitality.

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

Share of losses of associates	2017 US$	2016 US$
Balance as at 1 January	(1 783 637)	(1 621 184)
Loss for the year	(248 997)	(162 453)
Balance as at 31 December	(2 032 634)	(1 783 637)

Carrying amount of the Investment in Associates	2017 US$	2016 US$
Balance as at 1 January	1 210 307	1 372 760
Acquisation of associates	2 946 291	-
Share of loss from associates	(248 997)	(162 453)
Balance as at 31 December	3 907 601	1 210 307

13 INVENTORIES

INVENTORIES	2017 US$	2016 US$
Inventory - housing units	130 013	130 013
Inventory - serviced stands	3 978 495	360 000
Work in progress	11 942 811	3 762 667
Consumables and materials	43 552	28 317
	16 094 871	4 280 997
	16 094 871	4 280 997

The Group incurred US$10 413 532 on project implementation costs on Clipsham and New Marimba for the year ended 31 December 2017(2016:US$3 497 970).

Servicing of stands at New Marimba Park and Clipsham Views was completed, hence all work in progress was recognised as serviced stands under Inventory.

Included in work in progress are land development costs for stands situated in Kariba, Mount Pleasant and Hwange. These are qualifying costs for capitalisation in accordance with IAS 2. The costs included in the work in progress are US$3.1 million for Kariba Housing Development Project, US$2.6 million for Hwange Emplumalanga West Housing Project and US$5.2 million for Mazvel Investments (Private) Limited.

14 INVESTMENT PROPERTY

INVESTMENT PROPERTY	2017 US$	2016 US$
Balance as at 1 January	9 380 000	10 299 886
Additions during the year	2 244 649	1 042 106
Disposals during the year	(21 077)	(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	1 790 001	(1 652 994)
Balance as at 31 December	13 393 573	9 380 000
Analysis by nature		
Residential stands	2 240 000	1 986 888
Commercial and industrial properties	11 153 573	7 393 112
	13 393 573	9 380 000

Included in Investment property is a property in Kadoma that the bank does not have title to as the title transfers are still underway.
No investment properties are 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.

Rental income	372 182	355 263

Investment properties includes a number of commercial, industrial and residential properties that are leased to third parties. On average the leases contain a cancellable period of up to one year. Subsequent renewals are negotiated with the lessee.

The Group's investment properties were revalued as at 31 December 2017 by independent professionally qualified valuators who hold a recognised relevant professional qualification and have recent experience in the locations and categories of the investment properties valued.

15 DEFERRED TAX ASSET

DEFERRED TAX ASSET	2017 US$	2016 US$
The analysis of deferred tax asset is as follows:		
Unutilised tax Loss	12 915	-

The deferred tax asset has arisen from the taxable operations of the Group's subsidiary, Mazvel Investments (Private) Limited.

16 PROPERTY AND EQUIPMENT

	Land and buildings US$	Computer and office equipment US$	Motor vehicles US$	Fixtures and fittings US$	Capital work in progress US$	Total US$
Year ended 31 December 2017						
Opening net book amount	2 223 285	181 617	240 754	2 817	860 000	3 508 473
Additions	360 856	158 605	81 830	45 973	-	647 264
Impairment Adjustment through profit/loss	-				-	-
Disposals	-	(3 709)	-	-	-	(3 709)
Depreciation charge	(56 628)	(88 341)	(59 972)	(18 914)	-	(223 855)
Net book amount	2 527 513	248 172	262 612	29 876	860 000	3 928 173
At 31 December 2017						
Cost	2 952 531	1 292 033	943 692	585 630	1 400 000	7 173 886
Accumulated depreciation and impairment losses	(425 018)	(1 043 861)	(681 080)	(555 754)	(540 000)	(3 245 713)
Net book amount	2 527 513	248 172	262 612	29 876	860 000	3 928 173
Year ended 31 December 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
Impairment Adjustment through profit/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 December 2016						
Cost	2 591 675	1 138 832	861 863	539 657	1 400 000	6 532 027
Accumulated depreciation	(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.

Depreciation expense of US$223 856 (2016: US$159 793) has been charged to operating expenses (Note 31).

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.

Issued share capital	Number of shares	Share capital US$	Share premium US$	Total US$
At 1 January 2017	4 462 090	44 620	8 934 396	8 979 016
Issue of shares	-	-	-	-
Transfer from Share premium to Non-distributable reserves	-	-	-	-
At 31 December 2017	4 462 090	44 620	8 934 396	8 979 016
At 1 January 2016	2 449 046	24 490	9 171 550	9 196 040
Issue of shares	2 013 044	20 130	21 879 841	21 899 971
Transfer from Share premium to Non-distributable reserves	-	-	(22 116 995)	(22 116 995)
At 31 December 2016	4 462 090	44 620	8 934 396	8 979 016

18 NON-DISTRIBUTABLE RESERVE

The reserve arose from the net effect of restatement of assets and liabilities previously denominated in the Zimbabwe dollar to the United States dollars following the introduction of the multi-currency regime in the Zimbabwean economy on 1 January 2009. The reserve is negative because at the time of conversion, the Group's liabilities, fairly valued, exceeded that of its assets.

During the year 2016 a resolution was passed by the shareholders to transfer US$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 5% non-cumulative, non-redeemable and paid up preference shares with a par value of US$100.00 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 US$	Total US$
At 1 January 2017	382 830	38 283 003	38 283 003
Issue of shares	-	-	-
At 31 December 2017	382 830	38 283 003	38 283 003
At 1 January 2016	382 830	38 283 003	38 283 003
Issue of shares			
At 31 December 2016	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.

	2017 US$	2016 US$
Large corporate customers	42 289 050	43 374 633
Retail customers	3 629 509	3 629 509
	45 918 559	47 004 142

20.1 Maturity analysis of deposits from customers

Up to one month	18 480 893	41 122 893
Up to three months	27 348 308	4 658 849
Above six months	89 358	1 222 400
	45 918 559	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

	2017 Percentage (%)	US$	2016 Percentage (%)	US$
Financial markets	26%	11 843 014	19%	9 162 315
Fund managers and pension funds	21%	9 530 244	13%	6 238 134
Individuals	1%	429 388	1%	510 847
Government and public sector institutions	40%	18 440 641	64%	30 222 711
Other services	12%	5 675 272	2%	870 135
	100%	45 918 559	100%	47 004 142

21 INTANGIBLE ASSETS

INTANGIBLE ASSETS		US$	US$
Carrying amounts of:			
Capitalised development		141 719	-
Licenses		14 105	14 105
		155 824	14 105

Cost	Capitalised development US$	Licenses US$	Total US$
Balance as at 1 January 2016	932 484	123 394	1 055 878
Additions	-	-	-
Balance as at 31 December 2016	932 484	123 394	1 055 878
Additions	165 211	-	165 211
Balance as at 31 December 2017	1 097 695	123 394	1 221 089
Accumulated amortisation and impairment			
Balance as at 1 January 2016	(932 484)	(104 693)	(1 037 177)
Amortisation expense	-	(4 596)	(4 596)
Balance as at 31 December 2016	(932 484)	(109 289)	(1 041 773)
Amortisation expense	(23 492)	-	(23 492)
Balance as at 31 December 2017	(955 976)	(109 289)	(1 065 265)
Net book amount as at 31 December 2017	141 719	14 105	155 824

Cost	Capitalised development US$	Licenses US$	Total US$
Balance as at 1 January 2015	932 484	123 394	1 055 878
Additions	-	-	-
Balance as at 31 December 2015	932 484	123 394	1 055 878
Additions	-	-	-
Balance as at 31 December 2016	932 484	123 394	1 055 878
Accumulated amortisation and impairment			
Balance as at 1 January 2015	(777 587)	(69 174)	(846 761)
Amortisation expense	(154 897)	(35 519)	(190 417)
Balance as at 31 December 2015	(932 484)	(104 693)	(1 037 178)
Amortisation expense	-	(4 596)	(4 596)
Balance as at 31 December 2016	(932 484)	(109 289)	(1 041 774)
Net book amount as at 31 December 2016	-	14 105	14 105

The following useful lives are used in the calculation of amortisation

Capitalised development	4 years
Licenses	4 years

22 LOCAL LINES OF CREDIT AND BONDS

	2017 US$	2016 US$
Bonds	61 036 467	50 499 338
Lines of credit	23 175 271	6 368 967
Total	**84 211 738**	**56 868 305**
Current	21 785 700	6 368 967
Non current	62 426 038	50 499 338
	84 211 738	**56 868 305**

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

	Bonds 2017 US$	Lines of credit 2017 US$	Bonds 2016 US$	Lines of credit 2016 US$
At 1 January	50 499 337	6 368 967	41 172 319	5 457 416
New issues/funding	26 897 648	102 429 815	22 549 700	58 208 002
Repayments/ Disbursements	(16 360 518)	(85 623 511)	(13 222 682)	(57 296 451)
At 31 December	61 036 467	23 175 271	50 499 337	6 368 967

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.

23 OTHER LIABILITIES

		2017 US$	2016 US$
23.1	**Accruals**	2 956 255	1 108 208
	Provision for outstanding employee leave (Note 23.2)	201 408	170 904
	Dividend payable	245 040	245 040
	Deferred income	129 959	4 953 296
	Other	539 842	916 240
		4 072 504	7 393 688
	Current	4 072 504	7 393 688

23.2 Provision for outstanding employee leave

Employee entitlements to annual leave are recognised when they accrue to employees. The provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the reporting period and the charge is recognised in the statement of comprehensive income within 'employee benefit costs' (Note 31.1).

	2017	2016
Balance at 1 January	170 904	339 231
Net Reversals during the year	(13 381)	(11 115)
Utilised during the year	43 885	(157 212)
Balance as at 31 December	201 408	170 904

24 NET INTEREST INCOME

24.1 Interest and related income:

	2017 US$	2016 US$
Loans and advances to large corporates	5 972 821	7 090 703
Treasury bills and other financial assets	2 732 548	2 521 830
Placements with local banks	543 923	1 347 613
Mortgages	358 057	355 942
Bank balances	523 054	831 355
	10 130 403	12 147 443

24.2 Interest and related expense:

Deposits from large corporates	(1 971 902)	(1 779 435)
Deposits from individuals	(21 469)	(6 571)
Bonds	(4 620 017)	(4 515 285)
	(6 613 388)	(6 301 291)

25 SALES

	2017 US$	2016 US$
Property sales	6 104 829	1 600 324
Cost of construction of property	(3 795 529)	(1 070 821)
Gross profit	2 309 300	529 503

Sales of housing stands were recorded on New Marimba medium density project and Clipsham Views Housing Project.

26 FEE AND COMMISSION INCOME

Advisory and management fees	2 357 336	515 781
Capital raising fees	-	338 316
Banking service fees	148 211	135 730
Credit related fees	227 920	15 142
	2 733 467	1 004 969

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

Listed equity securities (Note 7)	264 273	2 256

28 OTHER INCOME

Rental income	372 182	355 263
Other operating income	368 737	1 415 758
Profit/(loss) on fixed assets disposal	(2 976)	29 460
Bad debts recovered	343 407	1 331 167
Sundry income	28 306	53 629
Structured deals income	-	1 502
	740 919	1 771 021

29 FAIR VALUE LOSS ON INVESTMENT PROPERTY

Loss on disposal of investment property	-	(7 566)
Unrealised gain/(loss) from fair value adjustment of investment property	1 790 001	(1 652 994)
	1 790 001	(1 660 560)

30 NET FOREIGN EXCHANGE GAINS/(LOSSES)

Net realised gains from foreign currency trade	53 170	335 743
Net unrealised gains/(losses) from translation of foreign currency balances	335	(13 568)
	53 505	322 175

31 OPERATING EXPENSES

	2017 US$	2016 US$
Employee benefit costs	6 283 222	4 563 429
Directors remuneration: - for services as directors	250 076	244 976
Depreciation and amortisation	247 348	164 389
Administrative costs	3 327 502	2 633 454
	10 108 148	7 606 248

32 TAXATION

Income tax expense		
Current tax credit	(12 915)	-
Deferred tax	-	-
Tax Credit	(12 915)	-
Reconciliation of income tax credit		
Based on results for the period at a normal rate of 25.75%		
Arising due to:		
Accounting loss	(50 341)	
Tax Credit at 25.75%	(12 963)	
Non-deductible expenses	47.90	-
Non-taxable income	-	-
Tax rate differential on capital gains	-	-
Tax Credit	(12 915)	-

33 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. (2016 - US$nil)

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

Profit/(Loss) attributable to equity holders	642 733	(1 291 323)
Weighted average number of issued ordinary shares	4 462 090	4 462 090
Basic profit / (loss) per share (US cents)	14	(29)

34 CONTINGENCIES

a) Contingent liability on a litigation case

The Group is involved in a case where Engen Petroleum Zimbabwe (Private) Limited made a claim against Wedzera Petroleum (Private) Limited as first defendant and Infrastructure Development Bank of Zimbabwe ('IDBZ' / 'the Bank') as second defendant for payment of the sum of US$ 847,848 in respect of fuel supplied to Wedzera on the back of guarantee purportedly issued by IDBZ.

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 judgment dated 15 April 2016 was entered against Wedzera Petroleum and IDBZ imputing joint and several liability on the Bank to pay US$847,848 per the purported guarantee. IDBZ appealed against the judgment of the High Court to the Supreme Court thus effectively staying execution of the High Court judgment. The Bank's appeal is on the basis that the guarantees relied upon by Engen were invalid by virtue of them having been fraudulently procured. The appeal hearing was held on 23 May 2017 and judgment was reserved.

b) Contingent assets

The Group, through its loan recovery efforts, foreclosed on agricultural farms in Matebeland with an approximate fair value of US$1,05 million. However, there has severe challenges in obtaining vacant possession of the agricultural farms due to circumstances beyond the Group's control, whether legal or otherwise. As such, no economic benefits are yet to be derived from the agricultural farms and hence, the Group has not recognised these assets in the financial statements.

A contingent asset has been recognised in anticipation of receipt of compensation with respect to the loss of control of the land.

35 COMMITMENTS

Loan commitments, guarantees and other financial facilities

At 31 December 2017, the Group had contractual amounts for off-statement of financial position financial instruments that commit it to extend guarantees and loans as follows:

Loan commitments	38 519	13 298 133

Operating lease commitments

The Group leases premises and lease terms are for five years and are renewable at the end of the lease period. The future aggregate minimum lease payments under non-cancellable leases are as follows:

No later than 1 year	33 512	21 117

The lease rentals are renegotiated annually in January.

36 FUNDS UNDER MANAGEMENT

	2017 US$	2016 US$
a) Government funds under management The Government of Zimbabwe disburses, through the Group, fiscal allocations to parastatals and government infrastructure projects. The funds are being managed by the Group for a fee and with no credit risk residual to the Group.		
Held on behalf of:		
Government of Zimbabwe	288 464 825	244 271 837
Represented by:		
Sinking fund	-	-
Amounts awaiting disbursement	35 706 757	6 392 019
Loans and advances to parastatals and government implementing agencies	252 758 068	237 879 818
	288 464 825	244 271 837

37 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 ended 31 December 2017, these included:

a) Sales and purchases of goods and services

There were no sales and purchases of goods and services with any related parties.

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:

	2017 US$	2016 US$
Salaries and other short-term employee benefits	942 423	854 161
Post-employment benefits	45 311	34 608
Termination benefits	-	69 871
Total	987 734	958 640

c) Loans and advances to related parties

	Directors and other key management personnel 2017 US$	Associated companies 2017 US$	Directors and other key management personnel 2016 US$	Associated companies 2016 US$
Loans outstanding at 31 December	1 023 941	-	387 240	-
Interest income earned	44 267	-	12 244	-

No allowance for impairment was required in 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 reducing balance.

d) Deposits from related parties

	Directors and other key manage-ment personnel 2017 US$	Associated companies 2017 US$	Directors and other key manage-ment personnel 2016 US$	Associated companies 2016 US$
Deposits at 31 December	869	-	4 899	17 725
Interest expense on deposits	-	-	-	-

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

e) Director's shareholdings

As at 31 December 2017, the Directors did not hold directly and indirectly any shareholding in the Group.

38 GOING CONCERN

The Group's operations have been significantly affected and may continue to be affected by the challenging environment particularly the lack of liquidity in the Zimbabwean economy. However, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

In the current year, the Group has made a profit of US$0.6 million (2016: Loss of US$1.5 million), which has resulted in an accumulated loss of US$1.2 million (2016: US$1.9 million).

In addition, section 32 of the Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14), stipulates that the Bank cannot be wound up except by or under the authority of an Act of the Parliament of Zimbabwe.

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the Group to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.