Infrastructure Development Bank of Zimbabwe

NATIONAL GROWTH AND TRANSFORMATION ENABLERS

MAWAZOBD

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

- **Revenue** 8% down **$4.2m** (Jun-17: $4.6m)
- **NPL ratio** down **6%** (FY17: 7%)
- **Profit** 716% down **-$1.2m** (Jun-17: $0.2m)
- **Total Assets** 71% up **$323m** (FY17: $189m)
- **Equity** 3% down **$53.1m** (FY17: $54.8m)

CHAIRMAN'S STATEMENT

I am pleased to present the 2018 Half Year Report of the Infrastructure Development Bank of Zimbabwe, on behalf of the Board of Directors.

The Bank's performance and prospects for the future is against the background of renewed positive economic prospects for Zimbabwe ushered in by the New Dispensation on 24 November 2017.

This marks the dawn of a new era of commitment towards the implementation of vital, but often through making difficult and painful sacrifices, economic reform measures to transform the economy towards a prosperous and empowered upper middle income society.

Central will be promotion of both domestic and foreign investment in support of the productive sectors of the economy and increased export generation, with focus on value addition and beneficiation.

It is pleasing to note that, His Excellency, President E. D. Mnangagwa has already set the tone and laid a strong foundation for advancing the rebuilding and transformation of the country to become an "*Upper Middle Income Economy by 2030*", which in turn will require that we accelerate infrastructure development, which is a key enabler in the facilitation of sustainable and inclusive social and economic development.

The economic policy thrust is, thus, predicated on the creation of conditions for an increased private sector led economic recovery, targeting attraction of Foreign Direct Investment, benefiting from the opening up the country for business, thus, tackling the prevailing high levels of unemployment.

This is being complemented by the New Dispensation's implementation of governance reforms, as demonstrated by the successful holding of free, fair, credible, transparent and violence free elections on 30 July 2018, and adherence to the country's Constitutional provisions.

With the Harmonised Elections now behind us, the New Administration's thrust is now set on consolidating the work which was started in November 2017, by implementing various policy measures that address the aspirations of the people, towards a better Zimbabwe with opportunities for jobs.

This will anchor rapid economic transformation, which will be driven by deliberate measures that are aimed at creating a conducive business environment that attracts both domestic and external investment.
Furthermore, Government has developed strategies to promote Zimbabwe's re-industrialisation, with the following additional measures being undertaken to expedite the revival of business, namely:

- Accelerating the ease and cost of doing business reforms.
- Reforming State Enterprises.
- Promotion of Joint Ventures.
- Implementation of Special Economic Zones.

It is pleasing to note that the Bank is also playing its part in contributing to the country's developmental agenda by spearheading infrastructure development projects in the areas of Energy; Transport; Water and Sanitation; ICT; and Housing, among others.

This thrust is in line with SADC Industrial Development Strategy, the African Union Agenda 2063, and the UN Sustainable Development Goals.

The recent equity capital injection of US$150 million by the Government of Zimbabwe, through the Ministry of Finance and Economic Development, has significantly strengthened the Bank's capital base and has set the Bank on a solid path to champion infrastructure development in the country.

This should capacitate the Bank to continue making tremendous contributions towards complementing Government initiatives in the implementation of various projects, focusing on expeditious completion of ongoing infrastructure projects so that they begin contributing to the revival of the economy.

In this regard, the Bank played different critical roles to ensure successful completion of the following projects:

- Assisted Government to raise additional funding of over US$75 million for the successful completion of the Tugwi-Mukosi Dam construction.
- Issued energy bonds worth US$50 million to help fund outstanding works for the Kariba South Hydro Station Extension project.
- Successfully raised over US$45 million for the Zimbabwe Electricity Transmission and Distribution Company Prepaid Metering System.
- Raised funding for the following Housing projects:
- New Marimba Housing Project in Harare, US$2.8 million.
- Clipsham Views in Masvingo, US$6.4 million.
- Empumalanga West in Hwange, US$5.8 million.
- Kariba Housing Projects in Kariba, US$14.8 million, among others.

It is against this background that the Bank achieved a full year profit of just under US$1 million for the past year ending December 2017, and this is expected to grow to US$1.5 million this year.

Going forward, it is also pleasing to note that most of the coming infrastructure projects are now being developed to full bankability, with the Bank targeting the implementation of additional projects in other towns, also embracing Lupane, Gwanda, Zvishavane, Plumtree, Gweru and Mutare.

Let me also take this opportunity to extend, on behalf of the Board, Management and Staff of the Bank, my appreciation to the Government for its strong support, particularly with regards to policy guidance and equity capital injection.

We thank His Excellency the President, Cde E.D Mnangagwa and his two Vice Presidents, Hon. C. G. D. N. Chiwenga and Hon K. D. Mohadi, for their guidance.

Furthermore, the Minister of Finance and Economic Development, Hon. P. A. Chinamasa, the Chief Secretary to the President and Cabinet, Dr. M. J. M. Sibanda, and the Governor of the Reserve Bank, Dr. J. P. Mangudya, also remain supportive of enhancing the Bank's capital.

I also want to extend my appreciation to our Staff at the Bank for their continued efforts and professionalism to produce what I consider to be a good performance with regards to oversight in effective implementation of Zimbabwe's infrastructure projects, achieved in not the easiest of market environments.

My colleagues on the Board, and Management, have remained focused on achieving the Bank's mandate, and I am deeply grateful for their contribution.

Many thanks also goes to our stakeholders and business partners, which are important to our business, for their tremendous support.

Willard L. Manungo
Chairman
Infrastructure Development Bank of Zimbabwe
29 August 2018

CHIEF EXECUTIVE OFFICER'S STATEMENT

It gives me pleasure to report on the Bank's operations and financial performance for the Half-Year ended 30 June 2018 under the Work Programme theme: "Harnessing partnerships for infrastructure rehabilitation, expansion and national socio-economic transformation"

Bank Operations
During the period under review, the Bank embarked on the execution of the following two projects; both are earmarked for completion before the end of the year:

- Kariba Housing Projects (Baobab, Kasese and Batonga) - $14,8m.
- Hwange Empumalanga Housing Project - $5,8m.

A budget allocation of $10 million was approved, at the start of the year, for the purpose of acquiring land for infrastructure development. To date, land and properties worth $7,3m have been purchased in readiness of already identified future development. The land investments are spread across the country in places such as Kanyemba, Plumtree, Lupane, Gwanda, Bulawayo, Masvingo, Kwekwe, Zvishavane, Marondera and Harare.

Significant progress in preparatory work has been achieved towards developing projects to bankability stage. An estimated upward figure of US$79 million worth of projects are expected to be approved for implementation by year end and these include:

- Osborne Mini Hydro Power - $5m
- Rooftop Solar Energy - $27m
- Chinhoyi Students Complex - $12m
- Catholic University Students Complex - $ 9m
- Lupane Students Complex - $14m
- Bindura Students Complex - $12m
- Academic & Medical Staff Accommodation (Marondera, Bulawayo, Lupane, Harare and Masvingo)

The Bank continued its role of managing Public Sector Investment Programme (PSIP) projects on behalf of the Government. In that regard, the Bank monitored the implementation of various projects worth US$78.8 million. The projects included several road projects such as Bindura-Shamva and Harare-Mutare Dualisation; irrigation infrastructure development and rehabilitation; dam construction such as Gwayi Shangani, Marovanyati, Semwa and Causeway Dams; as well as housing and institutional accommodation projects.

The Bank made noteworthy progress towards submitting the Green Climate Fund (GCF) accreditation application. In this regard, a Gap Assessment Report (GAR) to identify business processes that need strengthening was produced during the Half-Year and implementation of the recommended Action Plan is underway. The Bank remains confident that it will fulfill its role as the National Implementing Entity (NIE) in the context of GCF as mandated by the Government of Zimbabwe through the Ministry of Environment, Water and Climate (MoEWC).

The Bank reinforced its skills base by recruiting critical staff in clean finance, engineering, compliance, risk management, gender, environment and procurement. During the recruitment processes, the Bank made deliberate efforts towards addressing gender imbalance. Consequently, the share of staff who are female increased from 26% to 31% within the comparable periods. To ensure more effective and efficient service delivery in the West/Southern Region of the country, the Bank commissioned the new Bulawayo Regional Office and appointed a substantive manager.

Financial Performance
The Bank performed better than expectation with a net loss of US$1.29 million against a projected loss of US$2.5 million. Given this half year performance, the envisaged profitable position by the end of the year will be achieved as the completion of Kariba and Empumalanga Housing Projects is earmarked for the second half of 2018.

The Bank continues to improve its balance sheet despite a challenging macroeconomic environment. Total assets grew by 71% from half year 2017 to US$322.7 million during the period under review.

Outlook
It is pleasing to note that the Bank continued to make progress towards achieving tangible impacts through championing infrastructure development in the country during the Half-Year under consideration. IDBZ will remain proactive and responsive to the developmental challenges facing Zimbabwe. It will strive for even greater achievements in harnessing partnerships for infrastructure rehabilitation, expansion and national socio-economic transformation as we approach the end of our current strategy in 2020.

Appreciation
I am grateful to the Government of Zimbabwe, Ministry of Finance and Economic Development, the Reserve Bank of Zimbabwe, investors, customers and all other stakeholders for their unwavering support. I would like to also thank the Board, Management and Staff for their exceptional commitment to the Bank's work.

Thomas Zondo Sakala
Chief Executive Officer
29 August 2018

CORPORATE GOVERNANCE

Board Member	Main Board		Board Human Resources		Board Corporate Governance Committee		Board Finance and Risk Management Committee		Board Audit Committee	
	Total	Number Attended	Total	Number Attended	Total	Number Attended	Total	Number Attended	Total	Number Attended
WL Manungo (Chairman)	1	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TZ Sakala (CEO)	1	1	2	1***	Ex-officio	Ex-officio	2	2	Ex-officio	2
Col (Rtd) J Mhakayakora	1	0	2	2	N/A	N/A	2	1***	2	1
Eng N Kudenga	1	1	2	2	2	2	N/A	N/A	N/A	N/A
M Sangarwe	1	1	2	0***	2	2	2	2	N/A	N/A
Eng VH Choga	1	1	N/A	N/A	2	2	N/A	N/A	2	2
Dr SS Mlambo*	1	0*	N/A	N/A	2	0*	N/A	N/A	2	0*
CS Tawha	1	1	N/A	N/A	2	1***	2	2	N/A	N/A
NHC Chiromo**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2
E Jinda**	N/A	N/A	2	2	N/A	N/A	N/A	N/A	N/A	N/A

NOTES
1. * Dr SS Mlambo has been unable to attend meetings because of ill-health.
2. ** 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]
3. *** Leave of absence was granted
4. The CEO attends meetings of the Audit Committee and Corporate Governance Committee as ex-officio

Board of Directors
The current Board of Directors consist 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 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.

Development Finance Institutional Rating (PSGRS)
The Bank's 2018 external rating for the financial year ended 31 December 2017, 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 2016 and 2017, are summarized in the table below.

Standard	Maximum Possible Weight	2017 Rating	2016 Rating
Governance	40%	36.4%	41.4%
Financial Prudential	40%	27.3%	21.9%
Operational	20%	18.7%	17.2%
Total	100%	82.4%	80.5%
PSGRS Rating		A	A

Infrastructure Development Bank of Zimbabwe

NATIONAL GROWTH AND TRANSFORMATION ENABLERS

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Unaudited 30 June 2018 US$	Audited 31 Dec 2017 US$
ASSETS			
Cash and bank balances	6	153 230 298	40 973 320
Inventories	13	20 188 740	16 094 871
Other receivables and prepayments	11	7 237 661	4 461 502
Loans and advances to customers	10	49 490 255	53 730 361
Investment securities	7	287 967	315 786
Financial assets at fair value through other comprehensive income	8	9 556 537	9 556 537
Treasury bills and other financial assets	9	57 797 232	42 452 817
Investment in associates	12.2	3 849 661	3 907 601
Investment property	14	16 037 304	13 393 573
Intangible assets	15	145 091	155 824
Property and equipment	16	4 825 436	3 928 173
Deferred taxation		12 915	12 915
Total assets		**322 659 097**	**188 983 280**
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits from customers	20	32 066 247	45 918 559
Local lines of credit and bonds	21	218 228 329	84 211 738
Other liabilities	22	19 310 161	4 072 504
Total liabilities		269 604 737	134 202 801
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	3 578 461
Accumulated loss		(2 874 525)	(1 180 064)
Equity attributable to equity owners of the Group		47 709 338	49 403 799
Non-controlling interest in equity		5 345 022	5 376 680
Total shareholders' equity		**53 054 360**	54 780 479
Total equity and liabilities		**322 659 097**	**188 983 280**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Note	Unaudited 30 June 2018 US$	Unaudited 30 June 2017 US$
Interest and related income	23.1	4 185 473	5 422 832
Interest and related expense	23.2	(3 025 845)	(3 058 680)
Net interest income		1 159 628	2 364 152
Property sales	24	4 294 208	2 155 598
Cost of sales	24.1	(2 426 685)	(1 020 310)
Gross profit		1 867 523	1 135 288
Fees and commission income	25	1 168 712	961 901
Net gain/(loss) on investment securities		(27 820)	97 270
Dividend income		50 441	15 604
Revenue		4 218 484	4 574 215
Other income		130 610	342 796
Loan impairment charge	10.1	286 848	(394 516)
Fair value loss on investment property		-	-
Net foreign exchange gains		(8 169)	43 341
Operating expenses	26	(5 860 906)	(4 328 527)
Share of loss of associate		(57 940)	(40 737)
Profit for the year		**(1 291 073)**	**196 572**
Other comprehensive income			
Total comprehensive profit/(loss) for the year		**(1 291 073)**	**196 572**
Profit / (Loss) for the year attributable to:			
Equity holders of the parent entity		(1 259 414)	199 015
Non-controlling interest		(31 659)	(2 443)
		(1 291 073)	**196 572**
Total comprehensive loss attributable to:			
Equity holders of the parent entity		(1 259 414)	199 015
Non-controlling interest		(31 659)	(2 443)
		(1 291 073)	**196 572**
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)	27	(28)	4

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 US$	30 June 2017 US$
Cash flow from operating activities			
Profit for the year		(1 291 073)	196 572
Adjustments for:			
Depreciation	16	153 810	102 516
Amortisation	15	21 083	5 369
Loan impairment charge	10.1	(286 848)	394 516
Net unrealised losses from translation of foreign currency balances		8 320	1 095
Loss /(profit) on disposal of property and equipment		7 327	-
Net gain/(loss) on investment securities		27 820	(97 270)
Accrued non-interest income		(984 978)	(1 290 229)
Leave pay expense		135 695	128 118
Bonus expense		393 318	164 117
Insurance - amortisation		67 928	26 886
Software Licences		163 034	91 039
Bad debts written off		-	168 284
Treasury bills discount income		(156 441)	(324 360)
Other non cash items		-	17 845
Share of loss of associate		57 940	40 737
		(1 683 065)	**(374 765)**
Changes in :			
Loans and advances to customers		4 240 106	2 355 498
Treasury bills and other financial assets		(15 177 260)	-
Other receivables and prepayments		(2 776 159)	(2 463 244)
Inventories		(4 093 869)	(271 056)
Deposits from customers		(13 852 312)	(413 580)
Other liabilities		15 237 657	2 376 598
Net cash (used)/generated from operating activities		**(18 104 902)**	**1 209 451**
Cash flow from investing activities			
Acquisition of property and equipment		(1 061 423)	(343 121)
Proceeds from sale of property and equipment		13 500	3 402
Acquisition of investment property	14	(2 657 231)	(2 807 786)
Dividends received		50 443	-
Net cash used in investing activities		**(3 654 711)**	**(3 147 505)**
Cash flow from financing activities			
Proceeds from issue of bonds	21	4 184 000	1 010 000
Repayment of bonds	21	(20 267 574)	(8 221 945)
Increase in local lines of credit		150 100 165	6 101 810
Net cash generated/(used) in financing activities		**134 016 591**	**(1 110 135)**
Net increase/(decrease) in cash and cash equivalents		112 256 978	(3 048 189)
Cash and cash equivalents at the beginning of the period		40 973 320	22 833 256
Cash and cash equivalents at the end of the period	6	**153 230 298**	**19 785 067**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2018

	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$
Balance as at 1 January 2018	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
Changes on initial IFRS 9 application	-	-	-	-	-	-	(435 047)	(435 047)	-	(435 047)
Restated balance 1 January 2018	44 620	8 934 396	-	(256 617)	38 283 003	3 578 461	(1 615 111)	48 968 752	5 376 680	54 345 432
Profit for the period	-	-	-	-	-	-	(1 259 414)	(1 259 414)	(31 659)	(1 291 073)
Balance as at 30 June 2018	44 620	8 934 396	-	(256 617)	38 283 003	3 578 461	(2 874 525)	47 709 338	5 345 022	53 054 360
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	-	-	-	-	-	-	(2 510 801)	(2 510 801)	(2 443)	(2 513 245)
Balance as at 30 June 2017	44 620	8 934 396	-	(256 617)	38 283 003	3 224 878	(4 333 598)	45 896 682	260 550	46 157 231

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Infrastructure Development Bank of Zimbabwe

NATIONAL GROWTH AND TRANSFORMATION ENABLERS

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2018

NOTES: SIGNIFICANT ACCOUNTING POLICIES FOR THE HALF YEAR ENDED 30 JUNE 2018

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 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 29 August 2018.

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 2017 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

Significant assumptions and estimations, as at the date of financial reporting ,with material implications on the reported financial outturn and balances have been made in the following areas:

2.2.1 The computation of expected credit losses (IFRS 9)

The measurement of impairment losses under both IFRS 9 and IAS across all categories of financial assets requires judgement in particular ,the estimation of the amount and timing of future cashflows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

The Bank's expected credit loss(ECL)calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their inter -dependencies.

ECLs are the probability weighted estimates of credit losses measured as the present value of all cashflows due to the entity in accordance with the contract and the cashflow that the Bank expects to receive discounted at the effective interest rates of the financial asset.

2.2.2 Ascertaining of degree of control or significant influence in investee companies(IAS 27 and IAS 28)

Judgement is applied in determining whether investee companies qualify as subsidiaries ,joint ventures ,associates or simple investments. Such assessment goes beyond just level of equity interest and interrogates the level of control in the investee entity.

2.3 Changes in accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Bank's Consolidated Financial Statements as at and for the period ended 31 December 2017.

The Bank has adopted IFRS 9 Financial Instruments from 1 January 2018.

The implications of IFRS 9 are therefore discussed as follows :-

2.3.1 Implication of the adoption of IFRS 9

The Group adopted IFRS 9: Financial Instruments which replaced IAS 39.Financial Instruments-Recognition and Measurement with effect from 1 January 2018.The standard introduced new requirements for the classification, measurement and impairment assessment of financial assets and financial liabilities.

The adoption of IFRS 9 has resulted in changes in the Bank's accounting policies for recognition, classification and measurement of financial assets and liabilities and the impairment assessment thereof.

The Bank has opted to recognise any effects of the changes of the financial assets and liabilities carrying amounts due to IFRS 9 in the opening retained earnings and other reserves as permitted by IFRS 9.

Business Model Assessment

The Bank's business model is assessed on the total financial instruments portfolio and is based on observable factors such as portfolio risk, performance, basis of compensation to management , frequency , value and timing of sales from the portfolio.

The assessment is based on reasonable expected scenarios without taking into account stress case scenarios

2.3.2 Impairment of Financial Assets

The adoption of IFRS 9 has replaced the Bank's Incurred Loss model under IAS 39 with the Expected Credit Loss (ECL) model.

The Bank's new impairment model applies to financial assets ,loans , loan commitment, financial guarantee contracts, cash and cash equivalent contract assets ,debt investments at FVOCI and investment securities all measured at amortised cost ,but not to investments in equity instruments.

The Bank will now be required to consider historic, current and forward-looking information (including macro-economic data).

This will result in the earlier recognition of credit losses as it will no longer be appropriate for entities to wait for an incurred loss event to have occurred before credit losses are recognised.

Under IFRS9 ,loss allowances are measured on the following bases:

- 12 months ECLs that results from the possible default events within the next 12 months after the reporting date
- Life time ECLs that result from all possible default events over the expected life of a financial instrument.

The Bank has assumed that the credit risk on a financial asset has increased significantly if it is 30 days more than past due.

Based on the above process ,the Bank places loans into Stage 1,Stage 2,Stage 3 as described below:

- Stage 1 is where credit risk has not increased significantly since initial recognition. For financial assets in stage 1,entities are required to recognise 12 month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

  Its credit risk is consciously monitored by the Bank and all repayments are current and within 30 days

- Stage 2 is where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2 entities are required to recognise lifetime ECL but interest income will continue to be recognised on a gross basis.

  Debt is past due for more than 30 days but less than 90 days as there is increased possibility of credit risk developing.

- Stage 3 is where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event under the IAS 39 model. For financial assets in stage 3, entities will continue to recognise lifetime ECL but they will now recognise interest income on a net basis. This means that interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

  Debt is past due for more than 90 days and is credit impaired.

The table below summarises the general approach:

	Stage 1	Stage 2	Stage 3
	Performing	Under-performing	Non-performing
Credit risk	Initial recognition	Significant increase in credit risk	Credit impaired assets
Recognition of ECL	12 month ECL	Lifetime ECL	Lifetime ECL
Recognition of interest	EIR on gross carrying amount	EIR on gross carrying amount	EIR on net carrying amount

Measurement of ECL
The Bank calculates ECLs based on the probability of weighted estimate of credit losses measures as the present value of cash shortfalls discounted at the effective interest rate of the financial instrument.

Presentation of impairment
Loss impairment for financial assets measured at amortised cost are deducted from the gross amount of the financial instruments. For debt securities at FVOCI,the loss is recognised in other comprehensive income , instead of reducing the carrying amount of the asset.

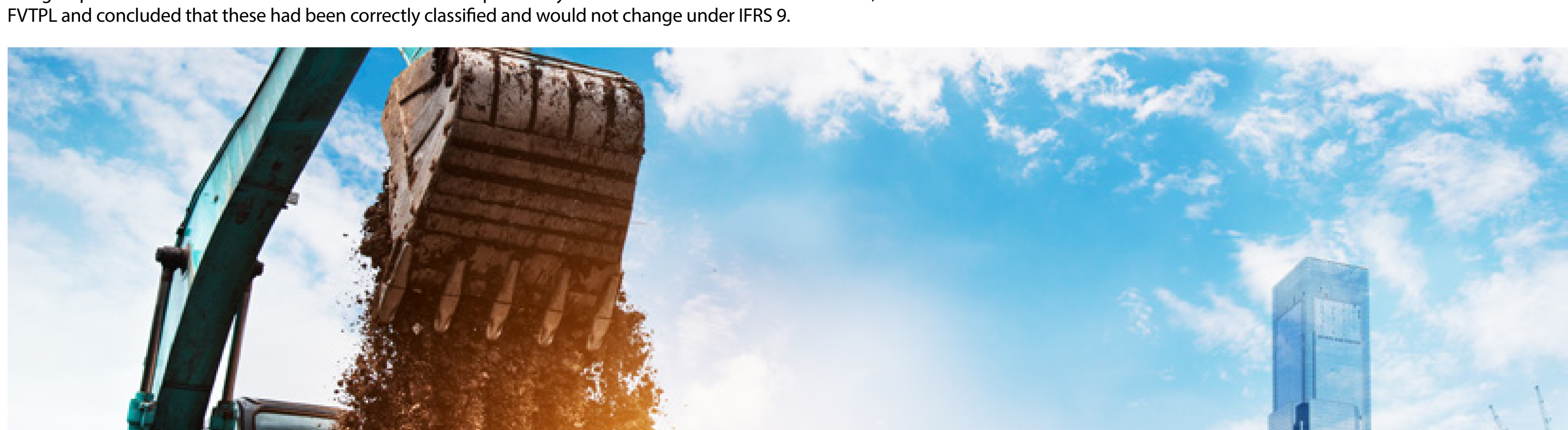
2.3.3 Transition disclosures

The following notes set out the impact of adopting IFRS 9 on the statement of financial position and retained earnings including the effect of replacing IAS 39's incurred credit loss calculation with IFRS 9's ECLs.

Classification and measurement of financial instruments
The measurement category, classification and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

		Movement		
	Classification & Measurement	IAS 39 Carrying Amount as at 31-Dec-17 US$	Re-measurements US$	IFRS 9 US$
FINANCIAL ASSETS				
Cash and cash equivalents				
Balances with the RBZ	Amortised cost	700 500	-	700 500
Balances with other banks and cash	Amortised cost	40 272 820	-	40 272 820
Total cash and cash equivalents		40 973 320	-	40 973 320
Treasury Bills				
Medium term treasury bills acquired from the market	Amortised cost	5 776 462	-	5 776 462
Debt substitution instruments (ZAMCO treasury bills)	Amortised cost	15 017 145	-	15 017 145
Capitalisation treasury bills	Amortised cost	21 659 210	-	21 659 210
		42 452 817	-	42 452 817
On Balance Sheet Loans and Advances				
Loans, overdraft and other advances	Amortised cost	55 906 801	-	55 906 801
Gross advances		55 906 801	-	55 906 801
Allowances for loan impairment		(2 176 440)	(435 047)	(2 611 487)
Net advances		53 730 361	(435 047)	53 295 314
Contingent assets				
Guarantees	Amortised cost	38 591	-	38 591
Gross contingent assets		38 591	-	38 591
Investment securities				
Listed equity	FVTPL	315 786	-	315 786
Unlisted	FVTOCI	9 556 537	-	9 556 537
		9 872 323	-	9 872 323
Trade and other receivables				
Advance payments and sundry assets	Amortised cost	1400 599	-	1 400 599
Sundry receivables	Amortised cost	3 060 902	-	3 060 902
		4 461 501	-	4 461 501
FINANCIAL LIABILITIES				
Deposits from customers	Amortised cost	45 918 559	-	45 918 559
Local lines of credit and bonds	Amortised cost	84 211 738	-	84 211 738
Trade and other payables	Amortised cost	4 072 504	-	4 072 504
		134 202 801	-	134 202 801

The group has assessed its financial instruments which had previously been classified as FVTOCI instruments, instruments at amortised cost and others at FVTPL and concluded that these had been correctly classified and would not change under IFRS 9.



NATIONAL GROWTH AND TRANSFORMATION ENABLERS

MAWAZOBD

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2018

2.3.4 Reconciliation of impairment allowance from IAS 39 to IFRS 9

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2018:

Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

Measurement Category	Loans loss allowance under IAS 39 as at 31 December 2017	Re-measurement	Loss allowance under IFRS 9 as at 1 January 2018
	US$	US$	US$
Loans and receivables (IAS 39)/Financial assets at amortised cost (IFRS 9)	2,176,440	435,047	2,611,487
Advances and other accounts Investment securities held at amortised cost	-	-	-
Loan commitments and financial guarantees	-	-	-
TOTAL	**2,176,440**	**435,047**	**2,611,487**

2.3.5 The impact of transition to IFRS 9 is as follows:

Changes in Retained Earnings	**US$**
Cash and bank balances	(1,180,064)
Closing balance under IAS 39 (31 December 2017)	(2,611,487)
Recognition of IFRS 9 Expected credit losses (ECL)	2,176,440
Opening balance under IFRS 9 (1 January 2018)	**(1,615,111)**

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.

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 30 June 2018 US$	Maximum Exposure 31 Dec 2017 US$
Cash and bank balances	153 230 298	40 973 320
Treasury bills and other financial assets	57 797 232	42 452 817
Gross loans and advances to customers	52 779 028	55 906 801
Trading assets pledged as collateral	24 851 583	
Other receivables and prepayments (Gross)	7 435 617	4 461 502
	296 093 758	**143 794 440**
Credit risk exposure relating to off-balance sheet assets are as follows:		
Loan commitments	158 251	38 591
Financial guarantees	-	-
Maximum exposure to credit risk	**296 252 009**	**143 833 031**

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 2018 and 31 December 2017 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 2018 US$	31 Dec 2017 US$
Neither past due nor impaired	44 405 082	48 330 029
Past due but not impaired	380 048	405 228
Individually impaired	7 993 898	7 171 544
Gross	52 779 028	55 906 801
Less: allowance for impairment	(3 288 773)	(2 176 440)
Net	**49 490 255**	**53 730 361**

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 2018	**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						
Cash and cash equivalents	153 230 298	-	-	-	-	153 230 298
Investment securities	287 967	-	-	-	-	287 967
Financial assets at fair value through other comprehensive income	-	-	-	-	9 556 537	9 556 537
Treasury bills and other financial assets	-	934 926	974 258	-	55 888 048	57 797 232
Loans and advances to customers	8 531 424	303 639	-	17 862 104	22 793 088	49 490 255
Other receivables and prepayments	-	7 237 661	-	-	-	7 237 661
Total	162 049 689	8 476 226	974 258	17 862 104	88 237 673	277 599 950
Liabilities						
Deposits from customers	16 975 337	13 698 762	1 392 148	-	-	32 066 247
Local lines of credit	173 338 778	-	9 673 406	9 747 326	25 468 819	218 228 329
Other liabilities	19 310 161	-	-	-	-	19 310 161
Total	209 624 276	13 698 762	11 065 554	9 747 326	25 468 819	269 604 737
Gap	(47 574 587)	(5 222 536)	(10 091 296)	8 114 778	62 768 854	7 995 213
Contingent liabilities:						
Loan commitments	(158 251)	-	-	-	-	(158 251)
Total gap	(47 732 838)	(5 222 536)	(10 091 296)	8 114 778	62 768 854	7 836 962
Total cumulative gap	(47 732 838)	(52 955 374)	(63 046 670)	(54 931 892)	7 836 962	-

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						
Cash and cash equivalents	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	-	4 072 504			-	4 072 504
Total	41 455 056	43 792 317	10 883 790	11 192 375	26 879 263	134 202 801
Gap	6 950 351	(38 996 522)	(4 138 630)	6 647 243	46 825 080	17 287 522
Contingent liabilities:						
Loan commitments	(38 591)	-	-	-	-	(38 591)
Total gap	6 911 760	(38 996 522)	(4 138 630)	6 647 243	46 825 080	17 248 931
Total cumulative gap	6 911 760	(32 084 762)	(32 084 762)	(29 576 149)	17 248 931	-

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.

Interest rate repricing gap analysis

AS AT 30 JUNE 2018	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	153 230 298	-	-	-	-	-	153 230 298
Investment securities	287 967	-	-	-	-	-	287 967
Loans and advances to customers	8 531 424	303 639	-	17 862 104	22 793 088	-	49 490 255
Financial assets at fair value through other comprehensive income	-	-	-	-	-	9 556 537	9 556 537
Treasury bills and other financial assets	-	969 080	-	6 013 656	50 814 496	-	57 797 232
Assets pledged as collateral	-	910 485	-	3 660 485	19 240 613	-	23 811 583
Other receivables and prepayments	-	-	-	-	-	7 237 661	7 237 661
Investment in associates	-	-	-	-	-	3 849 661	3 849 661
Total assets	162 049 689	2 183 204	-	27 536 245	92 848 197	20 643 859	305 261 194
Equity and liabilities							
Deposits from customers	16 975 337	13 698 762	1 392 148	-	-	-	32 066 247
Local lines of credit and bonds	173 338 778	-	9 673 406	9 747 326	25 468 819	-	218 228 329
Other liabilities	-	-	-	-	-	19 310 161	19 310 161
Shareholders' equity	-	-	-	-	-	53 054 360	53 054 360
Total equity and liabilities	190 314 115	13 698 762	11 065 554	9 747 326	25 468 819	72 364 521	322 659 097
Total interest repricing gap	(28 264 426)	(11 515 558)	(11 065 554)	17 788 919	67 379 378	(51 720 662)	(17 397 903)
Total cumulative gap	(28 264 426)	(39 779 984)	(50 845 538)	(33 056 619)	34 322 759	(17 397 903)	-

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							
Cash and 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
Assets pledged as collateral	-	-	-	-	-	4 461 502	4 461 502
Other receivables and prepayments	-	-	-	-	-	3 907 601	3 907 601
Investment in associates	-						
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 and bonds	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)	-

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 2018 US$	Effect on profit for the period 30 June 2017 US$
5% increase / (decrease)	209 274	271 142
10% increase / (decrease)	418 547	542 283

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.

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 2018 US$	Fair value 30 June 2018 US$	Carrying value 31 Dec 2017 US$	Fair value 31 Dec 2017 US$
Financial assets :				
Treasury bills and other financial assets	57 797 232	57 797 232	42 452 817	42 452 817
Loans and advances to customers	49 490 255	49 490 255	53 730 361	53 730 361
Financial liabilities:				
Deposits from customers	32 066 247	32 066 247	45 918 559	45 918 559
Bonds and local Lines of credit	218 228 329	218 228 329	84 211 738	107 387 010

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

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

- Mortgages over residential properties; and

- Charges over business assets such as premises, inventory and trade receivables.

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. 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.

6 CASH AND BANK BALANCES

	30 June 2018 US$	31 Dec 2017 US$
Cash on hand	182 086	206 396
Balances with banks	153 048 212	40 766 924
	153 230 298	40 973 320
Current	**153 230 298**	**40 973 320**

7 INVESTMENT SECURITIES

	30 June 2018 US$	31 Dec 2017 US$
Listed investments	287 967	315 786
	287 967	**4315 786**

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

	30 June 2018 US$	31 Dec 2017 US$
Unlisted securities:		
Equity securities - Zimbabwe	2 009 355	2 009 355
Equity securities - Botswana	7 547 182	7 547 182
	9 556 537	**9 556 537**

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

9 TREASURY BILLS AND OTHER FINANCIAL ASSETS

	30 June 2018 US$	31 Dec 2017 US$
Treasury bills as substitution for debt instruments	15 902 468	15 940 516
Capitalisation treasury bills	21 562 580	20 411 154
Treasury bills acquired from market	20 012 454	5 440 352
Accrued interest	319 730	660 795
	57 797 232	**42 452 817**

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.

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 2018 US$	31 Dec 2017 US$
Individual - term loans	6 457 989	5 993 776
Corporate - corporate customers	46 321 039	49 913 025
Gross loans and advances to customers	52 779 028	55 906 801
Less: allowance for impairment (note 10.1)	(3 288 773)	(2 176 440)
Net loans and advances to customers	49 490 255	53 730 361
Current	26 697 167	24 357 880
Non-current	22 793 088	29 372 481
	49 490 255	**53 730 361**

10.1 Allowances for impairment of loans and advances

Specific allowances for impairment

Balance at 1 January	2 176 440	2 129 315
Net allowance for loan impairment through statement of profit or loss	(286 848)	464 360
Loans written off	1 399 181	(417 235)
Balance at 31 December	**3 288 773**	**2 176 440**

Net loan impairment charge June 2018

Loan impairment charge

Stage 1-12 Month Expected Credit Loss Allowance charge	771 157
Stage 2- Lifetime Expected Credit loss Allowance not credit impaired	126 879
Stage 3- Lifetime Expected Credit Loss Allowance credit impaired	2 390 737
Net loan impairment loss	**3 288 773**

Adoption of IFRS 9 on 1 January 2018 came with a 3 stage impaired approach for financial assets as opposed to IAS 39 which required collective and specific impairment charge. This has necessitated the change in presentation of the impairment charge as at 30 June 2018, while the one for 30 June 2017 is maintained as is since the Bank elected not to restate the comparatives in line with the provision of IFRS 9.

10.1.1 Maturity analysis of loans and advances to customers

Up to one month	8 531 424	7 116 301
Up to three months	303 639	306 608
Up to one year	17 862 104	16 934 970
Up to 3 years	10 074 110	24 456 666
Up to 5 years	3 181 277	2 083 198
Later than 5 years	9 537 701	2 832 618
	49 490 255	**53 730 361**

10.1.2 Analysis of ECL in relation to loans and advances

	2 018				2 017
	Stage1	Stage 2	Stage 3	Total	IAS 39 Total
Loans and advances subject to Stage 1:12 month ECL	42 916 430	-	-	42 916 430	55 906 801
Loans and advances subject to Stage 2:Life ECL not credit impaired	-	2 618 696	-	2 618 696	-
Loans and advances subject to Stage 3:Life ECL credit impaired	-	-	7 243 902	7 243 902	-
Gross loans and advances	**42 916 430**	**2 618 696**	**7 243 902**	**52 779 028**	**55 906 801**
Less Impairment allowances					
Stage 1:12 month ECL	(771 157)	-	-	(771 157)	(2 176 440)
Stage 2:Life ECL not credit impaired	-	(126 879)	-	(126 879)	-
Stage 3:Life ECL credit impaired	-	-	(2 390 737)	(2 390 737)	-
Net Loans and advances to client	**42 145 273**	**2 491 817**	**4 853 165**	**49 490 255**	**53 730 361**

10.1.3 Sectoral analysis of loans and advances to customers

	Percentage (%)	30 June 2018 US$	Percentage (%)	31 Dec 2017 US$
Manufacturing	2.94%	1 550 439	2.76%	1 545 202
Retail	1.40%	737 787	1.33%	744 745
Agro processing	0.24%	124 054	0.21%	116 343
Mining	0.21%	111 871	0.19%	104 359
Financial Services	6.65%	3 509 641	5.93%	3 316 984
Transport	0.70%	371 157	0.81%	451 851
Tourism and hospitality	8.94%	4 720 507	7.97%	4 458 309
Telecommunications	2.02%	1 065 122	2.67%	1 494 486
Construction	2.55%	1 348 330	1.25%	700 000
Energy	42.94%	22 665 777	54.04%	30 211 036
Mortgages	11.96%	6 312 000	8.86%	4 952 778
Individuals and other services	19.44%	10 262 343	13.97%	7 810 708
Gross value of loans and advances	100%	52 779 028	100%	55 906 801
Less allowance for impairment		(3 288 773)		(2 176 440)
		49 490 255		**53 730 361**

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 2018 US$	31 Dec 2017 US$	30 June 2018 US$	31 Dec 2017 US$
Treasury bills and other financial assets	23 811 583	-	18 345 956	
Bankers Acceptance	-	-		-
Government guarantees	-	-		-
Bonds	1 040 000	1 560 000	934 510	1 560 000
Current	**24 851 583**	**1 560 000**	**19 280 466**	**1 560 000**

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

All collateral agreements mature within 12 months.

11 OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2018 US$	31 Dec 2017 US$
Receivables	3 285 618	3 258 859
Less: allowance for impairment	(197 956)	(197 956)
Net receivables	3 087 662	3 060 903
Pre-payments	4 149 999	1 400 599
	7 237 661	4 461 502
Current	7 237 661	4 461 502

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 2018 %	as at 31 Dec 2017 %
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	90
Kariba Housing Development Project	Property development	Zimbabwe	90	90
Mazvel Investments (Private) Limited	Property development	Zimbabwe	51	51
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 2018 US$ Carrying Amount	%	31 Dec 2017 US$ Carrying Amount	%
Africom Continental (Private) Limited	Information Communication Technology	Zimbabwe	854 454	33.31%	913 214	33.31%
Mosi oa Tunya Development Company (Private) Limited	Tourism and Hospitality	Zimbabwe	2 946 207	20.60%	2,945,387	20.60%
Aggregate information of associates that are not individually material		Zimbabwe	49 000		49 000	
			3 849 661		**3 907 601**	

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

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

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

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

Name of subsidiary	Interest and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	30 June 2018 %	31 Dec 2017 %	30 June 2018 US$	31 Dec 2017 US$	30 June 2018 US$	31 Dec 2017 US$
Waneka Properties (Private) Limited	30	30	(19 389)	5 614	104 641	124 030
Norton Medical Investments (Private) Limited	40	40	(2 381)	(3 497)	138 699	141 080
Hwange Empumalanga West Housing Project	10	10	(1 118)	-	1 228 882	1 230 000
Kariba Housing Development Project	10	10	(8 771)	-	(8 771)	-
Mazvel Investments (Private) Limited	49	49	-	(18 430)	3 881 570	3 881 570
Total			**(31 659)**	**(16 313)**	**5 345 021**	**5 376 680**

Infrastructure Development Bank of Zimbabwe

NATIONAL GROWTH AND TRANSFORMATION ENABLERS

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2018

13 INVENTORIES

	30 June 2018 US$	31 Dec 2017 US$
Inventory - housing units	130 013	130 013
Inventory - serviced stands	5 754 372	3 978 495
Work in progress	14 269 105	11 942 811
Consumables and materials	35 250	43 552
	20 188 740	**16 094 871**
Current	**20 188 740**	**16 094 871**

14 INVESTMENT PROPERTY

	30 June 2018 US$	31 Dec 2017 US$
Balance as at 1 January	13 393 573	9 380 000
Additions during the year	2 657 231	2 244 649
Disposals during the year	(13 500)	(21 077)
Net gain /(loss) from fair value adjustment : (loss)/ profit on disposal	-	-
Net gain/(loss) from fair value adjustment : unrealised fair value loss	-	1 790 001
Balance	**16 037 304**	**13 393 573**

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.	**30 June 2018 US$**	**30 June 2017 US$**
	196 240	**170 026**

15 INTANGIBLE ASSETS

	30 June 2018 US$	31 Dec 2017 US$
Carrying amounts of:		
Licenses	145 091	155 824
	145 091	155 824

Cost	Capitalised development US$	Licenses US$	30 June 2018 US$	31 Dec 2017 US$
Balance as at beginning of period	932 484	288 601	1 221 085	1 055 878
Additions	-	10 350	10 350	165 211
Balance as at the end of the reporting period	932 484	298 951	1 231 435	1 221 089
Accumulated amortisation and impairment				
Balance as at beginning of period	(932 484)	(132 777)	(1 065 261)	(1 041 773)
Additions				
Amortisation expense	-	(21 083)	(21 083)	(23 492)
Balance as at 30 June 2018	**(932 484)**	**(153 860)**	**(1 086 344)**	**(1 065 265)**

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 and buildings US$	Computer and office equipment US$	Motor vehicles US$	Fixtures and fittings US$	Capital work in progress US$	Total US$
Half year ended 30 June 2018						
Opening net book amount	2 527 513	248 172	262 612	29 876	860 000	3 928 173
Additions	508 858	132 975	170 173	239 067	-	1 051 073
Disposals	-	-		-	-	-
Depreciation charge	(29 620)	(58 950)	(50 310)	(14 930)	-	(153 810)
Net book amount	**3 006 751**	**322 197**	**382 475**	**254 013**	**860 000**	**4 825 436**
At 30 June 2018						
Cost	3 461 389	1 425 008	1 113 866	824 698	1 400 000	8 224 961
Accumulated depreciation	(454 638)	(1 102 812)	(731 390)	(570 685)	(540 000)	(3 399 525)
Net book amount	**3 006 751**	**322 196**	**382 476**	**254 013**	**860 000**	**4 825 436**
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
Impairments through profit or 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	(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**

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$ 153 810 (2017 half year: US$ 102 516) has been charged to operating expenses (note 26).

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$	Amount awaiting allotment	Total US$
At 1 January 2017	4 462 090	44 620	8 934 396	-	8 979 016
Issue of shares	-	-	-	-	-
Transfer to reserve			-		-
At 31 December 2017	4 462 090	44 620	8 934 396	-	8 979 016
At 1 January 2018	**4 462 090**	**44 620**	**8 934 396**	**-**	**8 979 016**
Issue of shares	-	-	-	-	-
At 30 June 2018	**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	Preference		
	Number of shares	Share capital US$	Total US$
At 1 January 2017	382 830	38 283 003	38 283 003
At 31 December 2017	382 830	38 283 003	38 283 003
At 1 January 2018	**382 830**	**38 283 003**	**38 283 003**
Issue of shares	-	-	-
At 30 June 2018	**382 830**	**38 283 003**	**38 283 003**

20 DEPOSITS FROM CUSTOMERS

	30 June 2018 US$	31 Dec 2017 US$
Deposits from customers are primarily comprised of amounts payable on demand and term deposits.		
Large corporate customers	29 207 087	42 289 050
Retail customers	2 859 160	3 629 509
	32 066 247	**45 918 559**

20.1 Maturity analysis of deposits from customers

Up to one month	16 975 337	18 480 893
Up to three months	13 698 762	27 348 308
Up to six months	1 392 148	89 358
	32 066 247	**45 918 559**

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 2018 Percentage (%)	US$	31 Dec 2017 Percentage (%)	US$
Financial markets	15%	4 662 669	26%	11 843 014
Fund managers and pension funds	20%	6 390 544	21%	9 530 244
Individuals	9%	2 859 160	1%	429 388
Government and public sector institutions	54%	17 290 817	40%	18 440 641
Other services	3%	863 057	12%	5 675 272
	100%	**32 066 247**	**100%**	**45 918 559**

21 LOCAL LINES OF CREDIT AND BONDS

	30 June 2018 US$	31 Dec 2017 US$
Bonds	44 952 893	61 036 467
Lines of credit	173 275 436	23 175 271
Total	**218 228 329**	**84 211 738**
Current	192 759 509	21 785 700
Non current	25 468 820	62 426 038
	218 228 329	**84 211 738**

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

	Bonds 30 June 2018 US$	Lines of credit 30 June 2018 US$	Bonds 31 Dec 2017 US$	Lines of credit 31 Dec 2017 US$
At 1 January	61 036 467	23 175 271	50 499 337	6 368 967
New issues / funding	4 184 000	212 132 483	26 897 648	102 429 815
Repayments / disbursements	(20 267 574)	(62 032 318)	(16 360 518)	(85 623 511)
At 30 June	**44 952 893**	**173 275 436**	**61 036 467**	**23 175 271**

22 OTHER LIABILITIES

	30 June 2018 US$	31 Dec 2017 US$
Accruals	16 332 530	2 956 255
Provision for outstanding employee leave	239 986	201 408
Dividend payable	245 040	245 040
Deferred income (mainly off-plan housing stands sales)	680 592	129 959
Other	1 812 013	539 842
	19 310 161	**4 072 504**
Current	**19 310 161**	**4 072 504**

23 NET INTEREST INCOME

23.1 Interest and related income:

	30 June 2018 US$	30 June 2017 US$
Loans and advances to large corporates	2 106 321	3 136 958
Loans and advances to individuals	172 316	115 072
Treasury bills and other financials assets	1 157 056	1 449 372
Placements with local banks	212 945	342 878
Mortgages	265 171	177 357
Cash and bank balances	271 664	201 195
	4 185 473	**5 422 832**

23.2 Interest and related expense:

Bonds	2 177 452	2 245 307
Deposits from large corporates	834 112	809 540
Deposits from individuals	14 281	3 833
	3 025 845	**3 058 680**

		30 June 2018 US$	30 June 2017 US$
24	**SALES**		
	Property sales	4 294 208	2 155 598
		4 294 208	**2 155 598**
24.1	**COST OF SALES**		
	Cost of construction of property	2 426 685	1 020 310
		2 426 685	**1 020 310**
25	**FEE AND COMMISSION INCOME**		
	Advisory and management fees	1 105 579	847 023
	Banking service fees	63 133	114 878
		1 168 712	**961 901**
26	**OPERATING EXPENSES**		
	Staff costs	3 681 333	2 955 912
	Administration expenses	1 893 130	1 150 658
	Audit fees	111 550	114 072
	Depreciation	153 810	102 516
	Amortisation of intangible assets	21 083	5 369
		5 860 906	**4 328 527**

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

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:

	30 June 2018	30 June 2017
Profit attributable to equity holders	(1 259 414)	199 015
Weighted average number of issued ordinary shares	4 462 090	4 462 090
Basic earnings per share (US cents)	(28)	4

28 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 USD847,848 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 USD847,848 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 Matebeleland with an approximate fair value of US$1,050,000. However, there are 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.

29 COMMITMENTS

		30 June 2018	30 June 2017
a)	**Loan commitments, guarantees and other financial facilities** At 30 June 2018, the Group had contractual amounts for off-statement of financial position financial instruments that commit it to extend guarantees and loans as follows:	**30 June 2018**	**30 June 2017**
	Financial guarantees	-	9 700
	Loan commitments	158 251	8 796 685
b)	**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	60 000	21 117

The lease rentals are renegotiated annually in January.

30 FUNDS UNDER MANAGEMENT

		30 June 2018 US$	31 Dec 2017 US$
a)	**Government funds under management**	**30 June 2018 US$**	**31 Dec 2017 US$**
	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	433 081 984	288 464 825
	Represented by:		
	Sinking fund	-	-
	Amounts awaiting disbursement	173 275 436	35 706 757
	Loans and advances to parastatals and government implementing agencies	259 806 548	252 758 068
		433 081 984	**288 464 825**

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 2018, 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 2018 US$	30 June 2017 US$
Salaries and other short-term employee benefits	447 129	559 714
Post-employment benefits	23 052	22 260
Termination benefits	-	-
Total	**470 181**	**581 974**

b) Loans and advances to related parties

	Directors and other key management personnel 30 June 2018 US$	Associated companies 30 June 2018 US$	Directors and other key management personnel 31 Dec 2017 US$	Associated companies 31 Dec 2017 US$
Loans outstanding as at the end of the period	735 876	-	1 023 941	-
Interest income earned for the half year	15 907	-	44 267	-

c) Deposits from related parties

	Directors and other key management personnel 30 June 2018 US$	Associated companies 30 June 2018 US$	Directors and other key management personnel 31 Dec 2017 US$	Associated companies 31 Dec 2017 US$
Deposits balance as at the end of the period	-	-	869	-
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 2018, the Directors did not hold directly and indirectly any shareholding in the Group.