CONTENTS

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AUDITORS
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Borrowdale, Harare

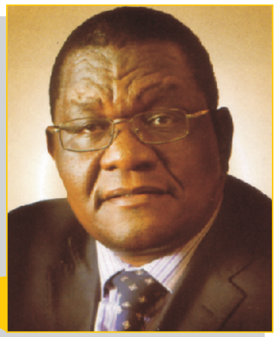
LEGAL ADVISORS
Sawyer & Mkushi
Gill, Godlonton & Gerrans
Cheda & Partners - Bulawayo

BANKERS
CBZ Bank Limited
FBC Bank Limited
BancABC Limited

BANK SECRETARY
K Kanguru
IDBZ House, 99 Rotten Row
Harare, Zimbabwe
Telephone: 263 4 750171-8
Fax: 263 4 749012

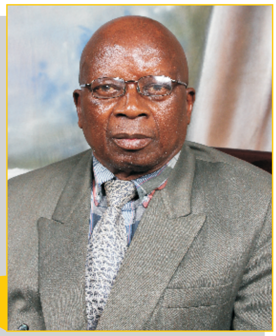
Shareholder	Shares Held	%
Government of Zimbabwe	2,136,536	87.2395%
Reserve Bank of Zimbabwe	304,408	12.4297%
ZIMRE Holdings Limited	8,001	0.3267%
Staff Share Trust	78	0.00320%
Fidelity Life Assurance Company of Zimbabwe Limited	6	0.00024%
Finnish Fund for Industrial Cooperation	5	0.00022%
African Development Bank	4	0.00016%
German Investment & Development Company	3	0.00012%
Netherlands Development Finance Company	3	0.00012%
European Investment Bank	1	0.00004%
TOTAL	2,449,045	100.00000%

Willard Lowenstern Manungo
Non Executive Chairman



Charles Chikaura
Chief Executive Officer

Joseph Mhakayakora
Non Executive Director



Shadreck Sariri Mlambo
Non Executive Director

Vavarirai Humwe Choga
Non Executive Director

Margaret Mukahanana-Sangarwe
Non Executive Director

Nelson Kudenga
Non Executive Director

Charles Simbarashe Tawha
Non Executive Director

Audit Committee
Vavarirai H Choga – Chairman
Norbert H C Chiromo
Joseph Mhakayakora
Shadreck S Mlambo

Corporate Governance Committee
Nelson Kudenga - Chairman
Vavarirai H Choga
Shadreck S Mlambo
Margaret Mukahanana-Sangarwe
Charles S Tawha

Human Resources Committee
Joseph Mhakayakora – Chairman
Charles Chikaura
Nelson Kudenga
Emmanuel Jinda
Margaret Mukahanana-Sangarwe

Investment Committee
Willard L Manungo – Chairman
Charles Chikaura
Vavarirai H Choga
Nelson Kudenga
Joseph Mhakayakora
Shadreck S Mlambo
Margaret Mukahanana-Sangarwe
Charles S Tawha

Finance and Risk Management Committee
Joseph Mhakayakora – Chairman
Charles Chikaura
Margaret Mukahanana-Sangarwe
Charles S Tawha

Charles Chikaura
Chief Executive Officer

Cassius Gambinga
Executive Director – Finance

Nicholas Nyamambi
Acting Director – Infrastructure Projects Division

Norbert Munengwa
Assistant Director – Private Sector Projects Division

Desmond Matete
Executive Director – Legal & Corporate Advisory Services

Francisca Zinyemba
Executive Director – Corporate Strategies & Human Resources

VISION

To be the preferred provider of development and related finance for economic growth and social transformation in Zimbabwe and the region

MISSION STATEMENT

To champion infrastructure development through effective mobilization of appropriate resources for sustainable socio-economic development

CORPORATE VALUES

In carrying out its Vision and Mission, the Bank's operations will be underpinned by the following values:

- Integrity. This forms the Bank's core value as it undertakes its work in a transparent and honest manner, which nurtures trust and client confidence as we deliver value to customers.
- Professionalism. In pursuit of our specialist mandate, the Bank's work will be anchored on high quality, expert application, knowledge and proficiency.
- Team Work. Our work mainly comprises collaborative efforts to harness value-driving partnerships through deliberate co-operation with various stakeholder groups.
- Service Orientation. Development banking is about sustainable value delivery to the community. Our focus is thus geared towards optimal service delivery to our clients.
- Social Responsibility. Deriving from the Bank's statutory mandate, IDBZ's activities are centred on developmental interventions to communities and the public at large with a view to improving the living standards of the population of Zimbabwe.

The Infrastructure Development Bank of Zimbabwe mandate and corporate objectives are stated in the establishing statute, the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14]. These are stated as follows:

i. the mobilisation of debt and equity funds from both internal and external sources drawn mainly from private and public sector investor-institutions, to include Government and quasi-government institutions for investment in infrastructure projects;

ii. the promotion of economic development and growth through investment in infrastructure development in all sectors such as energy, housing, water, agriculture, transport, information communication technology and other infrastructure critical for national development;

iii. to develop institutional capacity in business undertakings and enterprises of all kinds in Zimbabwe through enhanced capacity-building and utilization; and

iv. the overall improvement of living standards and quality of life of Zimbabweans through the development of infrastructure which includes roads, dams, water reticulation, sewerage, housing, technology, and other amenities and utilities for both urban and rural communities.

Introduction

It is my pleasure to report that the Group once again posted a commendable set of financial results for the year ended 31 December 2013, and in the process sustaining a profitability trend that started in 2010.

The good results were achieved in spite of the challenging operating environment, the Group's negative capital position, the acute liquidity challenges as well as the negative external factors that inhibited the ability of the IDBZ to mobilise funding from international capital markets.

Economic Environment

Growth

The global economy grew by 2.9% from 3.2% in 2012 reflecting a slowdown in major emerging economies such as China, India, Mexico and Russia. The slowdown in the global economy had a negative impact on the Zimbabwean economy through subdued commodity prices and reduced capital inflows.

On the domestic front, the operating environment in 2013 deteriorated on the back of persistent tight liquidity conditions, weak commodity prices and frequent power outages. Consequently, the economy experienced a significant dip in economic activity characterised by sluggish growth in aggregate demand and low business confidence while negative country risk perceptions impacted on investment and capital flows into the country. Reflecting the difficult operating environment, economic growth in 2013, at 3.4%, fell short of initial projections of 6.1% and was well below the strong growth rate of 10.6% achieved in 2012. The growth rate was also the lowest since the introduction of the multi-currency framework in 2009.

Sectoral performance

i. Agriculture

The agriculture sector was adversely affected by late and erratic rains and lack of access to affordable agricultural inputs. Consequently, in 2013, agriculture is estimated to have declined by 1.3%, well below the initial projection of 6.4%, to reflect under-performance in tobacco, maize, groundnuts and cotton production.

ii. Mining

The performance of the mining sector was weighed down by lack of capital, lower commodity prices and low levels of exploration. Against this background, mineral production, initially projected to grow by 17.1% in 2013, was downgraded to 6.5% due to reduced output in gold and diamonds.

iii. Manufacturing

Depressed conditions persisted in the manufacturing sector on the back of lack of funding, import competition, weaker aggregate demand and infrastructure challenges. Resultantly, average capacity utilisation declined from 44.9% in 2012 to around 39.6% in 2013 with the overall growth in the sector slowing down from 3.2% in 2012 to 1.5% in 2013. Nevertheless, manufacturing sub-sectors such as foodstuffs, drinks, tobacco and beverages posted above-average growth rates in 2013.

iv. Tourism

In the tourism sector, tourist arrivals were estimated at 2.1 million in 2013, representing a 17% growth compared to 2012, thus proving that the country was a safe tourist destination.

Prices

On the inflation front, annual inflation averaged 1.6% compared to 3.2% in 2012. The low inflation environment was the result of persistent liquidity challenges, weak aggregate demand due to depressed disposable incomes, increased import competition and an appreciating USD/Rand exchange rate which made imports from South Africa cheaper.

Financial Sector

In the banking sector, total deposits (excluding inter-bank deposits), at US$3.9 billion in 2013 were unchanged from the level recorded in 2012. The stagnant position with respect to deposits reflected uncertainty brought about by the election, liquidity shortages and liquidity challenges experienced by smaller banks in the fourth quarter of 2014 which undermined customer confidence. Amid the difficult economic conditions, the banking sector witnessed some deterioration in the quality of credit with the proportion of non-performing loans (NPLs) in total loans rising from 13.47% (US$467m) in 2012 to 15.9% (US$590m) in 2013.

The maturity structure of bank deposits has, however, remained predominantly short-term, with such deposits accounting for 82% of total deposits in 2013.

Balance of Payments

On the external front, Zimbabwe's persistent current account deficit continued to be a strain on the country's liquidity as there was a preponderant outflow of funds to pay for the unsustainably high imports bill.

Support for Infrastructure

Sound infrastructure has been identified as a key enabler to any economic endeavour and a pre-requisite for sustainable economic development and growth. The Group remains alive to its statutory mandate of mobilising resources for investment in infrastructure and related developmental projects, and in the process lessening the burden on Government to fund key infrastructure.

Within the Infrastructure and Utilities Cluster of the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) programme, the Group will play an effective intermediation and facilitative role to ensure the programme delivers on intended objectives.

To that end, IDBZ will continue to create innovative funding instruments on the back of technically feasible and commercially viable projects that have economy-wide impacts. Building on the lessons learnt from the successful launch of the maiden $30 million Infrastructure Bond issue, the Group has identified a number of infrastructure projects it intends to fund through bond issues. Appraisal work on these projects is at an advanced stage.

Through its advisory and monitoring role, and within the constraints of limited funding options, the Group has continued to provide cost effective solutions to infrastructure rehabilitation programmes being undertaken by Government.

The Group continues to engage in relationship building and collaborating with regional and international development finance institutions with the objective of creating a platform for mobilising funding for key infrastructure projects.

Other Developmental Activities

The Group continued to support the private sector with working capital requirements as part of its developmental mandate. The Group has extended financial support to all sectors of the economy, including but not limited to, tourism, manufacturing, mining and agriculture, the sectors that have the greatest prospects of contributing to the revival of the economy.

With respect to support for the marginalised groups, the Group continues to manage the Youth Development Fund, which is largely funded by Government but has recently received a timely boost from private sector entities. The Fund provides loans to small scale youth projects with potential for employment creation and poverty alleviation. The Group also provides technical support in the form of capacity building to ensure projects are undertaken in a business-like manner.

Financial Performance

Coming against the background of under-capitalisation and the liquidity challenges that prevailed during the 4th quarter, the financial performance of the Group for the year under review was commendable. The institution recorded total comprehensive income of US$2.2 million compared to $3.5 million achieved in the prior year.

This performance was achieved in spite of declining interest margins and a reduced loan book. The performance was mainly driven by non-interest income which reflects the strategic shift in focus by the Group towards long term infrastructure related business.

Cost containment and judicious management of the loan book were also key strategies which contributed to the positive result. The loan impairment charge of $1.3 million for the year was significantly lower than $2.1 recorded in the previous year.

The Group, however, continued to be hamstrung by the adverse effects of the non-performing legacy foreign debt both in terms of interest and penalty charges as well as adverse movement in the USD/EURO exchange rate.

Dividend

The Group is committed to a policy of rewarding shareholders for their continued support to the institution.

For the financial year under review, the Board has recommended a final dividend of US$0.11 per share on the issued ordinary shares.

Capitalisation

The success and full realisation of the Group's resource mobilisation mandate is predicated on adequate levels of capitalisation. To that end, the Bank's capitalisation remains a key strategic issue for the Board and Management.

One of the key strategies in the Group's re-capitalisation involves addressing the legacy foreign debt. In that regard, Government is considering a proposal which, if implemented, would have the effect of cleaning the balance sheet of the Bank through the transfer of the foreign debt to a stand-alone Special Purpose Vehicle. The net result would be a well capitalised institution capable of mobilising funding through lines of credit in the regional and international capital markets on the strength of its balance sheet.

The Group remains open to new institutional investors who share its vision of infrastructure finance and development to take up equity in the Bank. A well capitalised Bank with a broad institutional shareholder base will enhance the Bank's capacity to raise debt capital to fund the relatively large pipeline of bankable infrastructure projects.

Strategic Alliances

The Bank is a member of the SADC Development Finance Institutions network and continues to derive immense benefits from its association with this regional grouping through capacity building training programmes offered by the network.

The Group has been able to leverage on its shareholding in Norsad Finance Limited, a regional development finance institution, to access funding from the institution. The Botswana headquartered company invested $6 million in the $30 million maiden infrastructure bond issued by the Bank.

The Group has been selected as one of the regional development finance institutions to benefit from capacity building and training programmes to be hosted and financed by the Japan International Cooperation Agency ("JICA"); the Bank signed a Memorandum of Understanding and will no doubt benefit from JICA's experience and renowned expertise in developmental issues.

Corporate Governance

The Group subscribes to the principles of sound corporate governance and ethical standards in the conduct of the institution's affairs.

Hence, the Board regularly reviews its governance structures to ensure conformity to international best practice, and as a minimum to ensure adherence to the Bank's primary governance instruments, namely the IDBZ Act (Chapter 24:14), the Shareholders Agreement and Government of Zimbabwe's Corporate Governance Framework for State Enterprises and Parastatals. These have been codified into a Corporate Governance Charter which will act as a reference point and guide on matters of governance. The King I I I Code of Governance has also been embraced as an important source of corporate governance standards and principles.

To ensure effective oversight over the business of the Bank, the Board constituted a number of Board Committees, including the Audit Committee, as specialist organs to assist the Board. The Board and the various Committees meet regularly, and at least quarterly, to discharge their mandates.

The Minister is currently considering the Board's recommendations regarding full compliance with the IDBZ Act (Chapter 24:14) and the Corporate Governance Framework for State Enterprises and Parastatals on board composition.

The Bank is in the process of embracing Integrated Reporting as a business imperative. This principle recognises that in pursuing business to attain financial sustainability, the Bank has an obligation to ensure that its business strategies do not harm the environment and are supportive of Communities rights to benefit from developments taking place within their space.

Strategic Plan (2014 – 2018)

The Group has crafted a new strategic plan to guide its business operations for the next five years. Significantly, the strategic plan was formulated using the Results Based Management system ("RBM") that Government has recommended for adoption by state related institutions. In terms of the strategic plan, the Group aims to be a $1 billion financial institution by statement of financial position size by the year 2018. The plan rides on, and largely derives its objectives from, ZIMASSET.

Outlook

The Group remains bullish about its prospects. In line with the new economic programme, ZIMASSET, the institution will increase its focus and resource allocation towards the key mandate of infrastructure development by leveraging on its key competencies in advisory service and project management.

The Group will be involved in housing delivery in a significant way through servicing of land and construction of related offsite infrastructure. The initiative is expected to contribute significantly to ameliorating the dire housing situation across all major urban centres, whilst ensuring sustainable income streams for the Group.

Support for the resurgent agriculture sector will also increase, commensurate with the sector's projected contribution to Gross Domestic Product.

In the execution of the various projects and programmes, the Group will continue to be guided by the principle of financial sustainability and the need to achieve optimal economic and social impacts.

In line with its strategy of financial sustainability and growing shareholder value, the Group expects to sustain the profitability trajectory which started in 2010 and projects to post a modest profit for the year 2014.

The Group places a high premium on the human capital as a driver of competitive advantage and source of value creation. This is moreso in view of the requirement for specialist skills that the operations of a development finance institution demand. The Group will thus continue to provide an appropriate work environment and compensation structure that:

- does not undermine service and mandate delivery;
- related to productivity and reflects capacity to pay; and
- in its determination, adheres to principles of good corporate governance as enunciated from time to time by Government as a major Shareholder for remuneration in parastatals and state enterprises.

Appreciation

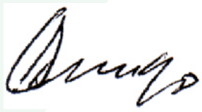
I wish to commend Management and Staff for the good financial performance under a very challenging operating environment.

I also wish to place on record my appreciation to our valued customers, suppliers and other stakeholders who have made the Group their preferred business partner.

Together we can achieve more for our Stakeholders and the Communities in which we operate. I am positive that our mutually beneficial relationships will continue to grow from strength to strength.

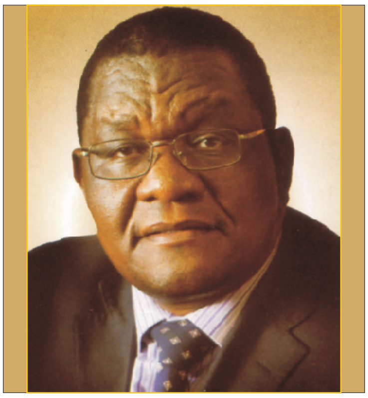
I would also like to thank my colleagues on the Board for their wise counsel and for providing guidance and able leadership to the Group as it navigates the turbulent operating environment.

On behalf of the Board, Management and Staff, I wish to extend my appreciation to the Shareholders, especially Government of Zimbabwe as the major shareholder, for their continued support.



W L Manungo
Chairman

25 April 2014



Introduction

It is my pleasure to report on the operations of the Group for the year 2013.

In spite of the challenging operating environment, and against the background of legacy structural issues that continue to constrain the Group's potential and capacity to fully discharge its infrastructure development mandate, the IDBZ once again posted a profit for the year 2013.

The resolution of the legacy foreign debt, the main source of the Group's under-capitalisation, remains a key strategic issue for the Group. To underscore the debilitating effect of the legacy debt, a total of $1.2 million was charged to income both in terms of interest charges and foreign currency exchange losses arising from unfavourable exchange rate movements as the foreign debt is largely denominated in EURO.

Operating Environment

The operating environment deteriorated in 2013 on the back of persistent tight liquidity conditions, weak commodity prices and frequent power outages. Consequently, the economy experienced a significant decline in economic activity. There was a marked slowdown in aggregate demand whilst business confidence remained subdued. This was compounded by negative country risk perceptions which impacted negatively on investment and capital flows. The challenging operating conditions were ultimately reflected in the economic growth of 3.4%, well below the initial projections of 6.1%, and substantially below the strong growth rate of 10.6% achieved in prior year.

The slowdown in economic growth was also due to the performance of the global economy where economic growth slowed down to 2.9% from 3.2% achieved in 2012 and largely reflected performance in the major emerging economies of China, India and Russia.

Sectoral Performance

On a sectoral basis, agriculture is estimated to have declined by 1.3%, on the back of under-performance in tobacco, maize, groundnuts and cotton production.

The mining sector, weighed down by lack of capital and lower international commodity prices, grew by 6.5% in 2013, well below the initial projection of 17.1%.

Reeling from lack of capital, import competition and weak aggregate demand, the manufacturing sector could only manage a growth of 1.5% as capacity utilization declined by 5.3 percentage points to 39.6%.

The tourism sector managed to buck the trend and posted an impressive growth of 17% on the back of the country's re-rating as a safe tourist destination. The industry also benefitted from the hosting of the World Tourism Organization annual convention in the resort town of Victoria Falls.

Resource Mobilisation

Resource Mobilisation for infrastructure projects and other developmental needs remains a key deliverable for the Bank. The mandate has been re-enforced through the Zimbabwe Agenda for Sustainable Socio-Economic Transformation ("ZIMASSET"), a new economic development blueprint that will guide Government's development agenda and trajectory for the next five years. In terms of ZIMASSET, the Group is expected to play a key role under the programme's Infrastructure and Utilities Cluster.

Lines of Credit

Pursuant to the foregoing, and following IDBZ's removal from sanctions by the United States Treasury, the Group will intensify efforts to mobilize external lines of credit from regional and international development finance institutions for deployment into key infrastructure projects.

I am pleased to report that two lines of credit totaling $40 million await drawdown once the Bank has satisfied the requisite conditions precedent. The resource, which has a long term maturity, will be channeled to key productive sectors of the economy to meet their capital expenditure requirements. Negotiations with other regional development finance institutions for similar funding structures are at different levels of consummation. This strategy is critical in view of the current liquidity challenges the country is experiencing which has brought to the fore the limit to which Zimbabwe's developmental needs can be funded from the domestic capital markets.

Bonds

Riding on the success of the Group's US$30 million maiden infrastructure bond issue in 2012 and amid strident calls for similar instruments by the local institutional investors desirous of meeting statutory requirements, the Group has identified and appraised a number of infrastructure related projects it intends of finance through bond issues in 2014. The planned issues amount to US$100 million.

Other structures

The Group is also in discussion with relevant authorities regarding its capitalization through land and mineral resources, as per ZIMASSET.

Operations Review

Even as the IDBZ's strategic focus inexorably shifts towards the core long term infrastructure business, the Group remains alive to the need to support the short term working capital requirements of strategic industries with potential to create employment and generate foreign currency. To that end, and within the constraints of the prevailing liquidity shortages, the Group has continued to channel resources towards supporting industry and commerce, including the resurgent agriculture, with working capital for short periods consistent with the short term nature of the available funding.

Private Sector Projects

The short and medium term business of the Bank is managed through its Private Sector Projects Division, which incorporates Corporate Banking Unit, International Banking Unit, and Agribusiness Unit.

i. Corporate Banking

   There was a marked slowdown in lending in response to the liquidity challenges that continued to wreak havoc economy-wide. In spite of the increased demand for working capital across all sectors of the economy, the Group scaled back on new lending and instead intensified collection efforts on outstanding loans in order to create and preserve liquidity.

   During the year under review, the approved loan facilities stood at US$68 million against a utilization level of US$32 million. The low utilization level was a reflection of the liquidity constraints bedeviling the economy and the absence of appropriately priced and tenured credit facilities for the targeted customers.

ii. International Banking

   The removal from sanctions in early 2013 has allowed the Bank to undertake banking transactions previously outsourced to other local financial institutions, thus ensuring the

Group realizes the full benefit that ordinarily accrues from the international intermediation business. Pursuant to the strategy to grow the international banking products, the Bank has established correspondent banking relationships with a number of reputable international banks. The successful consummation of these relationships has significantly reduced the transaction costs for the Bank's valued customers whilst also providing an opportunity for the Bank to benefit from foreign currency trading.

iii. Agri-business

Agriculture has continued to sustain its growth trajectory and slowly but surely reclaiming its status as the country's key economic driver. The Bank has continued to support this key industry which has the capacity to create massive levels of employment, earn and save foreign currency through exports and import substitution.

The Bank set up the Agribusiness Unit in 2011 with a mandate to provide short term and medium term agribusiness loan facilities that would assist farmers in rehabilitating existing farm infrastructure as well as re-equipment. The agribusiness loan book has grown from US$2.2 million in 2012 to US$3.6million. Although there is an insatiable demand for working capital and capital expenditure finance in the agriculture sector, the Bank will continue to be prudent and selective in its lending to ensure good quality assets are created in the portfolio.

Treasury operations

The Treasury Unit performs the critical functions of mobilizing short term funding, trading, liquidity management, asset and liabilities management and financial risk management.

Due to the market wide liquidity challenges that prevailed during the 4th quarter of the year, the Bank invoked its liquidity contingency plan, and managed to successfully contain the crisis, albeit at a cost to the institution in terms of loss of income as priority was given to liquidity at the expense of profitability.

As a strategy, going forward, the Bank will substitute more of the short term deposits with external lines of credit and project linked Bills and Bonds with longer maturities.

Special programmes

The Bank is involved in the implementation of a number of Government development programmes aimed at resuscitating the national economy and uplifting the living standards of people and communities. One of such programmes is the Youth Development Fund which was set up by Government to champion youth development and empowerment programmes.

During the year under review, the Bank disbursed a total of $294,600 to 182 projects which resulted in the creation of 709 jobs.

Infrastructure development and financing

Infrastructure development and financing are the anchor upon which the IDBZ mandate and corporate objectives will be realized. In that regard, during the year under review and within the constraint of limited funding options, the Bank continued to lay the groundwork for the realization of its infrastructure development mandate by negotiating and securing fund raising mandates from key infrastructure players in the public sector. This process has seen the Bank putting together a formidable pipeline of technically feasible and financially viable infrastructure projects developed and appraised to various stages of bankability.

Project implementation of at least two projects should commence in the year 2014, thus ensuring a steady stream of income from the respective projects.

The Bank's dream of growing into a billion dollar bank by statement of financial position size by 2018 is a target that is well within the reach of the institution, especially considering the opportunities around the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) economic blue print, wherein IDBZ was identified as a key player in the realisation of the programme's objectives under the Infrastructure and Utilities Cluster.

The Group is working with relevant Government departments with a view to turning the ZIMASSET objectives into reality, and has made representations regarding how the Group can be capacitated to effectively deliver against the set targets. In particular, representations have been made regarding recapitalization of IDBZ through land and mineral concessions; the former to provide quick win solutions through development of residential stands using local resources, whilst the latter will be the carrot the institution will deploy to attract international capital.

Infrastructure mandates

i) Kariba South Power Station Extension Project
The project entails the construction of two additional power generation units of 150 MW each, thus increasing the total generation capacity to 1050 MW at a total cost of US$540 million. The contract was awarded to Sino Hydro through an open tender on a engineering, procurement and construction basis ("EPC"). The EPC contractor has committed to mobilizing 90% of the project costs. The Group has a mandate to raise US$40 million to meet Zimbabwe Power Company's ("ZPC") own contribution to the 300 MW extension project. The Bank will mobilize the funding through a local Infrastructure Development Bond which is planned for issue in the second half of 2014.

ii) Harare Power Station Repowering Project
The Bank secured a mandate to mobilize US$20 million as part of total funding required for the rehabilitation of the Harare Power Station. The tender process to engage the Engineering, Procurement and Construction (EPC) contractor will be finalized in 2014, following which the Bank expects to immediately engage in fundraising through local infrastructure bond issues.

iv. Tel*One IMS Project
The Bank secured a mandate from Tel*One, a telecommunication state enterprise, to mobilise funding for the utility's Internet Protocol Multimedia Sub-system (IMS) and fibre optic project. The total funding requirement is US$32 million which the Bank intends to raise through a local infrastructure bond issue. Project appraisal is substantially complete.

v. Norton Medical Centre project
The Group resuscitated the Norton Medical Centre project which had been mothballed since dollarization. IDBZ is a 60% shareholder in the project, whilst the balance is held by a consortium of local medical practitioners. A feasibility study was commissioned which indicated that the project was still technically

feasible and financially viable. The Group is exploring optimal funding options for the project whose cost to completion is estimated at US$5.4 million.

vi. Waneka Properties Housing project (Phase 2)

The project involves the construction of twelve (12) blocks of flats, at Graniteside in Mbare, Harare, with a total of two hundred and eighty-eight (288) units. The first phase involving the construction of 3 blocks of flats was completed in 2010 and delivered a total of 72 one-bed-roomed flat units.

The second and final phase, which comprises nine (9) blocks of two-bed-roomed flats with a total output of two hundred and sixteen (216) flat units, is being undertaken as a joint venture with the Ministry of National Housing and Social Amenities who will provide the bulk of the funding.

Construction work began in the second half of 2013 and the entire nine blocks are expected to be completed in 2014.

Government projects under IDBZ management

The efficient management of Public Sector Investment Projects ("PSIP") was a key deliverable for the Group during the year under review. For the fiscal year 2013, Government allocated US$123 million for the programme. However, actual funds made available to projects by Government amounted to US$118 million which were all disbursed, thus ensuring a 100% disbursement rate.

It is noteworthy that the actual amount made available for projects fell far short of the amount required to cover all certificates presented by Implementing Agents for work done. As at 31 December 2013, US$104.6 million worth of payment certificates had not been settled because of the Government's limited fiscal space emanating from liquidity challenges being experienced in the economy.

Key sectors allocated funds under IDBZ management during 2013 were Transport and Communication, Water and Sanitation, Housing, and Institutional Accommodation and Offices.

i. Dams and Major Water Supply Projects

- The bulk of the allocation for dams and water supply projects was channeled towards construction of Tokwe-Murkosi Dam project. As at the end of 2013, the cumulative cost for this project stood at US$223.5 million of which US$63.3 million was disbursed in the year under review. At the end of the review period the project was estimated to be 84% complete in physical terms.

- The Mtshabezi Pipeline project had a cumulative cost of US$33.3 million and was estimated to be 99.9% complete as at 31 December 2013.
  - The Gwaai-Shangani Dam project, with a cumulative expenditure figure US$28.9 million, was 15% complete as at the end of December 2013.
  - Beitbridge Water Supply upgrading project, with a cumulative expenditure of US$13.9 million was 96% complete as at the end of the year under review.
  - Mutange Dam project, with a total expenditure of US$10.4 million, was 96% complete.

- Wenimbi Pipeline project was completed at a cost of US$8.7 million.

ii. Housing Infrastructure

During the period under review, the Ministry of National Housing approved and appointed contractors for eight housing projects, namely, Mbizo 22 in Kwekwe, Dzivaresekwa, Carrick Creigh and Sunway City Residential Infrastructure in Harare, Chikanga in Mutare, Paradise Park in Marondera and Parklands Mews in Bulawayo.

All these projects have a combined contract value of US$28.3 million. Most of the projects are now at selling stage and the proceeds from these sales have helped in creating a revolving fund that is contributing towards funding of the uncompleted projects. A total of US$7.3 million was disbursed towards housing projects in 2013.

iii. Transport Projects

Work at the Harare International Airport and J.M Nkomo Airport continued during the review period, with the latter being commissioned and operationalised in December 2013. Work at the Harare International Airport is ongoing. In 2013, US$4.4 million was disbursed towards Harare International Airport project while US$1.7 million was disbursed towards J.M Nkomo Airport. Rehabilitation of rail infrastructure also continued in 2013, with US$ 4.7 million disbursed towards the project.

iv. Institutional Accommodation and Offices

Projects in this category included construction of Central Registry Building in Harare and construction of Halls of Residence for Midlands State University, Bindura University, and Lupane State University. A total of US$4.9 million was disbursed towards the state universities halls of residence whilst US$538 000 was disbursed towards construction of the Central Registry Building.

Consolidated Financial Results for the Year Ended 31 December 2013

Consolidated Statement of Profit or Loss and Comprehensive Income

The Group recorded a net profit of US$2.2 million, a decrease of 38% from the prior year. The performance was weighed down by the acute liquidity challenges experienced in the fourth quarter which resulted in a significant decline in the trading book.

Net interest income decreased by 22% from US$7.0 million recorded in 2012 to US$5.4 million in the year under review. The decline was largely attributed to the increase in the cost of funding and interest charge of $1.25 million on the non performing legacy foreign debt.

Fees and commission income increased by 123% to US$5.3 million against US$2.4 million recorded in the prior year, a reflection of the increased contribution of non funded income as the Bank shifted focus towards the core mandate of infrastructure development and financing.

The loan impairment charge for the year at US$1.3 million was a significant reduction from the prior year (FY2012: $2.1 million). The decline was attributed to strengthened credit risk management processes.

Operating expenses were US$10.1 million (FY2012: US$9.8 million), an increase of 3% from the previous year and was driven by inflation.

Consolidated Statement of Financial Position

The Group's total assets declined from $111.5 million to $105.9 million in the year under review. The economy-wide liquidity environment constrained the Group's capacity to grow the loan book.

The Group's capital position improved from a negative equity of US$11.3 million in 2012 to a negative equity position of US$6.9 million as a result of an additional equity injection of $3.3 million and retained income of $2.2 million for the year.

The negative equity position is mainly as a result of the US$39.9 million legacy foreign debt. A process of hiving-off the debt through a Bill of Parliament is in progress. This process will ensure that the Group is adequately capitalized to begin to seriously address its resource mobilization and infrastructure development mandate.

Consolidated Statement of Cash Flows

The Group cash balances stood at US$3.3 million (FY2012: US$10.9 million).

IT System

The Bank implemented the Rubikon Core Banking application in 2011 to replace an old system that had become unstable and severely limited in its application and therefore ability to meet, the growing information needs of IDBZ.

During the year under review, the Bank availed internet banking product to its clients and also improved its business continuity processes and general IT controls in line with best practices.

To ensure the IT system continues to meet current and future information processing needs of the Bank, the performance of the core banking system is subjected to regular reviews to assess system stability and scalability and to also benchmark against international best practice. Preliminary assessments have indicated that the Bank requires a more robust system that is tried and tested internationally and with an efficient support service. In that regard, Management will in the coming year motivate for the upgrading of the IT system to ensure it continues to support the growing information needs of the Bank.

Human Capital and Capacity Building

Human Capital remains the Group's most prized asset, more so in view of the nature of IDBZ business which relies on specialist skills to deliver value to its stakeholders. To that end, the Bank places a high premium on skills development through structured training programmes focusing on development finance and infrastructure development. The Bank always strives to create and sustain an environment that is conducive to attracting and retaining appropriate skills needed to drive the business.

The Group enrolled a number of its specialist staff for training and capacity building programmes organized by the SADC- Development Finance Resource Centre. These programmes were in the following areas: corporate governance, project finance and financial modeling, risk management, public private partnerships (PPP), and project preparation, monitoring and evaluation.

Institutional capacity building

The Group recognizes that delivering on its mandate requires collaborative efforts from other role players. To that end, and as part of its mandate, IDBZ is assigned the role of capacitating Government implementing agencies, such as parastatals involved in infrastructure development and local authorities, to ensure they have the institutional capacity to manage projects within budget and agreed timeframes.

Pursuant to the above stated objective, the Group has developed an Institutional Capacity Building Policy to guide its training and development programmes with respect to project implementing agencies.

During the year under review, the Group delivered four (4) institutional capacity building programmes as follows:

- Capacity building programme for the National Railway of Zimbabwe ("NRZ"),
- Capacity building programe for the Zimbabwe Power Company ("ZPC"),
- Capacity building programme for Local authorities in the eastern region, and
- Investment appraisal and risk analysis training for local development finance institutions, including IDBZ staff.

Industrial Relations and Staff Welfare

The Group is committed to the maintenance of harmonious industrial relations across the entirety of its workforce, and in keeping with that philosophy, IDBZ has developed and implemented a number of staff focused welfare schemes that recognize the value the Bank places on its human capital.

The Group created a revolving housing loan facility to assist staff in meeting building costs. This followed the allocation of residential stands to staff from the institution's land bank. The Group is committed to continue availing this facility to staff, subject to availability of financial resources.

Outlook

Management is of the firm conviction that the current economic challenges in the economy are but a temporary phase. In that regard, IDBZ looks into the future with renewed hope and optimism, and, working through the Infrastructure and Utilities Cluster, is ready to play its part in the economic revival and growth of the country and contribute towards the realization of the national dream as outlined in the ZIMASSET economic blue print. At a micro level, the Group will make full use of the available opportunities to grow shareholder value in a financially, economically and environmentally sustainable manner consistent with IDBZ corporate values and objectives as defined in the establishment mandate.

C Chikaura
Chief Executive Officer

25 April 2014

Introduction

Good corporate governance remains the cornerstone upon which IDBZ strives to build a profitable, socially responsible and economically sustainable business that serves the interest of all stakeholders. To that end, corporate governance in the Group is anchored on the principles of fairness, transparency, accountability and responsibility. The Board and Management recognize that the IDBZ, as a development finance institution, has a responsibility that goes beyond profit maximization, and accordingly take deliberate measures aimed at developing and nurturing the competing but complimentary needs of the various stakeholders that constitute the IDBZ community.

Governance Framework

Established in 2005 as a successor organization to the Zimbabwe Development Bank ("ZDB"), IDBZ is governed by an Act of Parliament, the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14]. The Bank was set up and charged with an expanded mandate mainly focusing on infrastructure development, a key enabler in the social –economic development of Zimbabwe. The Bank is regulated by the Minister of Finance.

Beyond seeking compliance with the applicable laws and statutes, and regulations, IDBZ has fully embraced the principles of good corporate governance as recommended in King I I I Code of Governance and the Corporate Governance Framework for State Enterprises and Parastatals introduced by the Government of Zimbabwe in October, 2010.

Although IDBZ is not licensed or governed in terms of the Banking Act, the Bank has consistently observed the prudential lending guidelines and other best practice guidelines issued from time to time by the Reserve Bank of Zimbabwe as it discharges its statutory role of regulating the financial services sector.

IDBZ has fully embraced the Results-Based Management System ("RBMS"), a performance management and reporting framework introduced by Government for adoption by all government and government related institutions. The Group's Five Year Strategic Plan 2014 – 2018 was formulated based on the RBM system.

In the preparation of financial statements, the Group fully complies with applicable International Financial Reporting Standards ("IFRSs") as well as provisions of the Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14).

In accordance with best practices corporate governance, the Board has adopted performance evaluation system for the Board. The Board Member self appraisal system is expected to enhance board effectiveness, whilst highlighting areas for further training and development. This initiative is in line with the recommendations of King I I I Code of Governance as well as the Corporate Governance Framework for State Enterprises and Parastatals, which the IDBZ is committed to fully embracing.

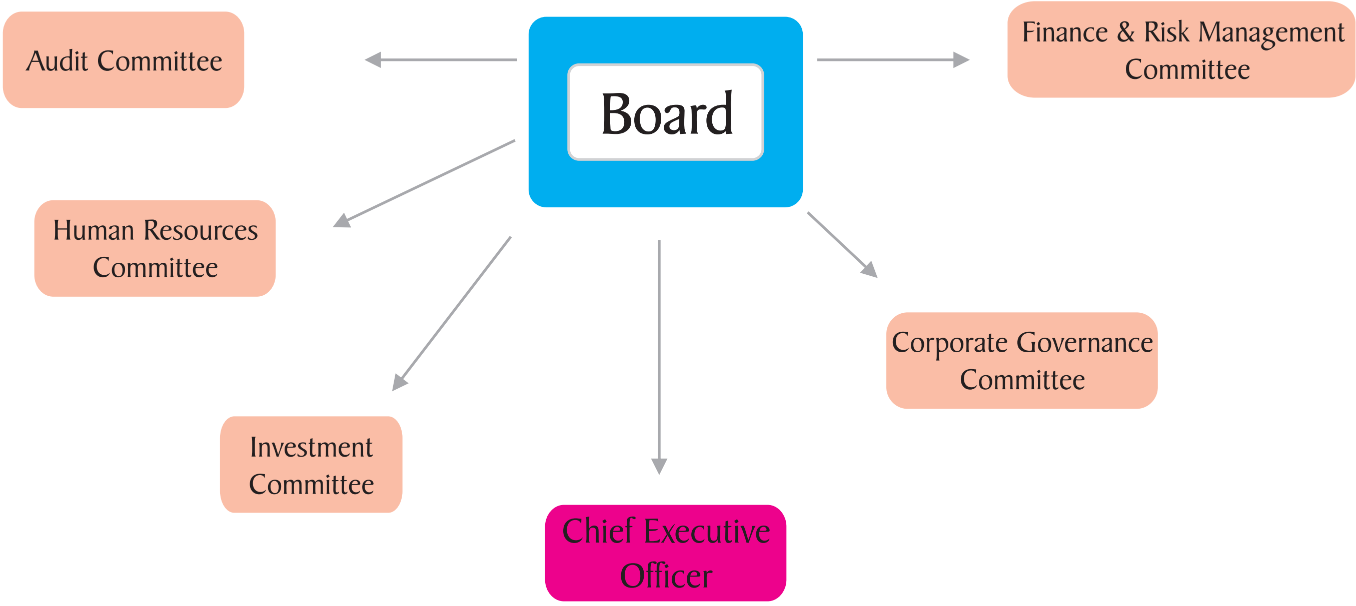
Corporate Governance Charter

The Bank has developed a corporate governance charter whose main objective is to codify the various governance standards and instruments that govern the operations of the IDBZ into one document which would become the reference point on issues of governance and regulatory compliance. The charter is a consolidation of relevant provisions of the IDBZ Act (Chapter 24:14), the Public Finance Management Act (Chapter 29:19), the Corporate Governance Framework (CGF) for State Enterprises and Parastatals and the Bank's Shareholder Regulations.

The charter will serve as a compliance check list on all governance matters, including compliance with laws and regulations.

Code of Conduct and Ethical Framework

To ensure the operations of the Group are conducted on the highest ethical plane, IDBZ has in place policies that govern staff interactions with customers and other stakeholders. The Code of Ethics Policy provides a framework under which staff and people who interact with the Bank are expected to conduct themselves. The Code is designed to promote honest and ethical conduct and is founded on the Bank's core values of integrity, professionalism, team work, service orientation and social responsibility.



Board of Directors
Section 4 (2) of the Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14) provides that the Board shall consist of no fewer that twelve (12) and not more than fifteen (15) directors. The current Board consists of eight (8) directors, only one of whom is an executive director. The Chairman of the Board is a non executive director.

The Minister of Finance, as the regulator, is fully seized with the issue of regularizing the IDBZ board composition to ensure compliance with the Act. In the process of regularizing the board composition, the Minister has also been sensitised to the recommendations of the King I I I Report on Corporate Governance regarding the board composition, which emphasizes the maintenance of an appropriate balance between executive and non executive directors, and to be alive to the need to strike an appropriate gender balance.

The duties and responsibilities of the Board are outlined in section 4A of the Infrastructure Development Bank of Zimbabwe Act [Chapter 24:14], and are amplified and codified into a Board Charter.

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 the IDBZ ensuring that the Group has adequate control systems to monitor and manage risk, and further ensure that there is an efficient and economic use of the Group's resources.

As an overarching responsibility, section 4A (e) of the Act enjoins the Board to formulate and enforce rules of good corporate governance and ethical practices for observance by the IDBZ directors, management and staff. At the first board meeting of the year, each director is required to declare any interest he/she may, directly or indirectly, have in the business of the IDBZ. A director is duty bound to recuse him/herself whenever an issue comes up for deliberation by the board in which the director has a direct or indirect interest.

To effectively discharge its oversight and stewardship over the business operations of the Group, the Board meets regularly and at least once every quarter to conduct business, particularly to review, consider and approve the Group's financial performance, the state and management of its financial affairs through budgetary processes, adherence to international accounting standards and practices; lending and risk management policies; resource allocation and utilization; the engagement and supervision of executive management and implementation of high level corporate and business strategy towards the achievement of the Group's overall goals and objectives.

Delegation of Authority
For effectiveness and better exercise of its functions, the Board has constituted Board Committees to which it delegates some of its functions, duties and responsibilities. These powers and functions can also be delegated to the Chief Executive Officer, with clear parameters and guidance on how to exercise those

delegated functions and/or powers on behalf of the Board. The Board Committees operate under precise terms of reference that are regularly reviewed to ensure they remain relevant and in sync with the Group's strategic objectives.

Board & Board Investment Committee Attendance Record for Year

Director	21 Feb, 2013	21 May, 2013	6 Aug, 2013	27 Nov, 2013	%
Willard L Manungo Non Executive Chairman	✓	✓	✓	✓	100%
Charles Chikaura Chief Executive Officer	✓	✓	✓	✓	100%
Vavarirai H Choga Non executive director	X	✓	X	✓	50%
Nelson Kudenga Non executive director	✓	✓	✓	X	75%
Joseph Mhakayakora Non executive director	X	✓	✓	✓	75%
Shadreck Sariri Mlambo Non executive director	✓	✓	X	✓	75%
Margaret Mukahanana - Sangarwe Non executive director	✓	X	X	✓	50%
Charles Simbabrashe Tawha Non executive director	✓	X	✓	✓	75%

Bank Secretary

In order to support the Board in exercising its functions and responsibilities, the office of the Bank Secretary serves as the coordinating interface between the Management, the Board, its various Committees and Shareholders of the Bank. The Secretary is available to give advice to the Board and, as custodian of corporate information and records of the Group, to give access to relevant information, documents and records regarding the operations of IDBZ. With appropriate clearance from the Board Chairman, any Board member has a right to seek and obtain, at the Group's cost, independent expert and/or professional advice on any subject or aspect relating to the business operations of the IDBZ.

Board Remuneration

The remuneration of the Board is determined on basis of market surveys of similar institutions and recommended for approval by the Minister of Finance. The remuneration takes into account the time and effort the board members are expected to devote to the affairs of IDBZ and must be within the institution's capacity to pay.

Board Committees

For the effective discharge of its functions and in order to enhance oversight on the various areas of the Group's operations, the Board constituted and appointed five (5) Committees which operate under clearly defined areas of responsibility and terms of reference.

In the discharge of their respective terms of reference, the Board Committees ensure transparency, full reporting and disclosure of key decisions and recommendation of the Committees to the main Board. Members of the Board Committees are able to seek independent professional advice when required subject to the consent of the Board Chairman. The Board has power to appoint to a Board Committee any person(s) for their skill and/or expertise as professionals to become Committee Members even though such persons or professionals are not themselves directors of IDBZ. This provision, which is entrenched in the Act, is intended to enhance the effectiveness of Board Committee functions, particularly in areas requiring certain expertise, technical and professional input.

The respective terms of reference for IDBZ's Board Committees are set out below:

Investment Committee

Chaired by a non-executive director, the Board Investment Committee is made up of all members of the Board and the Committee's main functions are to:

- consider and approve credit applications from the Group's business units within set approval limits;
- determine the form and value of collateral/security to be taken against loan exposures;
- consider and approve all equity investment proposals or applications; and,
- assess and review from time to time the soundness and appropriateness of the Group's strategy for growing the loan book and the overall business portfolio.

Audit Committee

The Audit Committee is chaired by a non-executive director and is made up of four (4) members, including the Committee Chairman. All members of the Committee are non-executive members; one member is not a director of IDBZ and was appointed for his skill and experience in finance and audit. He is a Chartered Accountant by profession. The Committee's terms of reference are:

- to ensure financial statements are prepared in compliance with the enabling Act and in accordance with applicable International Financial Reporting Standards;
- to consider and/or review reasons for major year – on – year financial fluctuations in the Group's accounts
- to evaluate the effectiveness of management information systems and internal controls;
- to review, for adequacy, and approve the Internal Auditors' annual audit programmes and monitor the independence and effectiveness of the internal audit function;
- to review and approve audit programmes for the external auditor and monitor the effectiveness of the external audit function;
- to recommend the appointment or discharge of the Group's external auditor including the terms of engagement and remuneration for the auditors; and,
- to ensure effective and smooth cooperation between internal audit, risk management and compliance functions of the Group.

Audit Committee attendance record for the year

Member	29 Jan, 2013	26 April, 2013	21 June, 2013	21 Aug, 2013	22 Nov 2013	%
Vavarirai Humwe Choga (Chairman)	✓	✓	✓	✓	✓	100%
Joseph Mhakayakora (Member)	✓	✓	✓	✓	✓	100%
Shadreck Sariri Mlambo (Member)	✓	x	✓	✓	x	60%
Norbert HC Chiromo (Member – Independent)	✓	✓	✓	x	✓	80%

Corporate Governance Committee

This Committee is at the centre of the Board's emphasis on good corporate governance standards and practices; its terms of reference are as follows:

- to render assistance to the Board in the fulfillment of its oversight responsibilities regarding the effectiveness of the Group's corporate governance structures, practices and procedures;
- to develop and recommend to the full Board a set of corporate governance principles for adoption by the IDBZ from time to time in line with developments in international best practice;
- to review the process of identifying candidates for appointment to the Board and to develop and recommend programmes for post-induction development/training for Board Members; and,
- to oversee the self-appraisal and performance evaluation of the Board and individual directors;

The Corporate Governance Committee comprises five (5) members, including the Committee Chairperson, all of whom are non-executive directors. The Chairperson of the Committee, together with the Board Chairman and the Board Secretary are responsible for managing the board member self appraisal process and ensuring its integrity and effectiveness as a governance tool.

The Committee met once on 10 October, 2013. All members attended the meeting. In view of the increasing importance that the Bank now attaches to corporate governance, the Committee resolved to meet at least quarterly in line with its terms of reference and to ensure governance issues remain an area of special focus at board level.

Attendance record for 2013

Member	18 Dec, 2013	%
Nelson Kudenga (Chairman)	✓	100%
Vavarirai H Choga (Member)	✓	100%
Margaret Sangarwe (Member)	✓	100%
Shadreck S Mlambo (Member)	✓	100%
Charles Tawha (Member)	✓	100%

Finance and Risk Management Committee

The Risk Management Committee is charged with the responsibility of overseeing the overall risk management processes, enforcement of risk mitigation strategies and procedures in the Group and to keep the Board fully appraised on the major risk areas within the business operations of IDBZ. The Committee's terms of reference are set out as follows:

- to identify risks likely to adversely affect the Group's operations and communicate these to the relevant business units together with appropriate recommendations for mitigating the same;
- to review, for adequacy and effectiveness, the Group's overall risk identification, measurement and monitoring methods and mitigation procedures thereto;
- to ensure that comprehensive risk assessment policies and procedures are in place to cover the entire spectrum of the Group's business activities and implementation of bank-wide risk mitigation methodologies;
- to ensure adequate monitoring and follow-up mechanisms in respect of action plans recommended to address highlighted risk areas;
- to review the assets and liabilities profile of the Group and recommend an appropriate mix;
- to review and recommend prudent management of capital, investments, liquidity and exposures to interest rate, exchange rate or other market-movement related risks;
- to review and approve the Annual Budget for the Group;
- to review and approve strategy issues such as capital raising, joint ventures, offshore funding and offshore borrowings;
- to review the overall loan portfolio of IDBZ for growth and quality and to review the Group's related lending practices and monitoring effectiveness in achieving the overall mandate and set corporate objectives; and,
- to review the risk mitigation and management practices and procedures underlying the loan portfolio and the effectiveness of loan rehabilitation; delinquent loan management and bad book recovery strategies and policies of the Group.

The Committee comprises four (4) members, including the Chairman. Three (3) members, including the Chairman are non-executives, whilst the Chief Executive Officer is the executive member of this Committee.

Committee attendance record for 2013

Member	13 March, 2013	21 July, 2013	23 Oct, 2013	18 Dec, 2013	%
Joseph Mhakayakora (Chairman)	✓	✓	✓	✓	100%
Charles Chikaura (Member — Executive)	✓	✓	✓	✓	100%
Margaret Sangarwe (Member)	✓	✓	✓	✓	100%
Charles Tawha (Member)	✓	✓	✓	X	75%

Human Resources Committee

The Human Resources Committee is chaired by a non-executive director and is made up of five (5) members, inclusive of the Committee Chairman, all of whom, with the exception of the Chief Executive Officer are non-executive directors. One member is not a director of the IDBZ and was appointed for his skill and experience in human resources management and organizational effectiveness systems.

The Committee is charged with ensuring the prevalence and observance of good labour and employment practices by IDBZ in order that harmonious industrial relations prevail throughout the Group. In this role, the Committee is charged with ensuring that the Group adopts best practice human resources recruitment and compensation policies and that key skills are retained through competitive reward systems. The Committee's terms of reference are:

- to determine overall remuneration, retention and incentive schemes and benefits of executive management of the Group and to review the Chief Executive Officer's recommendations from time to time on granting of awards under the compensation and retention schemes established for IDBZ staff;
- to recommend and monitor the level and structure of remuneration for senior executive management;
- to review and recommend to the Board the Group's overall compensation policy for all staff under the IDBZ's employ;
- to oversee succession planning policies for executive management and their adequacy;
- to review, at least once annually, the organizational structure of the IDBZ and, where appropriate, recommend to the Board any material changes thereto; and,
- to review and approve the proposed appointment of any person to a senior executive management position in the Group.

Committee's attendance record for the year

Member	10 April, 2013	17 April, 2013	16 May 2013	24 June, 2013	2 Oct, 2013	%
Joseph Mhakayakora (Chairman)	✓	✓	✓	✓	✓	100%
Charles Chikaura (Member – Executive)	✓	✓	✓	✓	✓	100%
Nelson Kudenga (Member)	✓	X	X	✓	✓	60%
Margaret Sangarwe (Member)	X	X	X	X	✓	20%
Emmanual Jinda (Member - Independent)	✓	✓	✓	✓	✓	100%

Key

✓ - Attended

X - Apology

Kennias Kanguru
Bank Secretary

25 April 2014

Introduction

The Group's Risk Management Strategy is to carry out its development finance and related banking business, and meet shareholder and stakeholder interests within the confines of the Board approved Enterprise Wide Risk Management ("EWRM") framework. Risk is inherent in the Group's daily activities and is managed through a process of ongoing identification, measurement, control, monitoring and reporting.

Risk Management Structure

The Board of Directors has the overall responsibility for establishing the Group' risk appetite which it carries out through the following broad guidelines:

- providing strategic direction towards risk management; and
- constantly monitoring and evaluating the Bank's risk management strategy.

The Board has appointed the Board Finance and Risk Management Committee which has the responsibility to monitor the overall Enterprise Wide Risk Management ("EWRM") process within the Group. The Risk Management and Compliance Unit works closely with the Board Finance and Risk Management Committee to ensure that operating procedures are compliant with overall risk management framework as well as legal and regulatory frameworks.

The Group's risk management processes are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Group's compliance therewith, whilst the Group Legal Department provides advice and support on legal matters.

Risk Spectrum

The principal risks to which the Group is exposed are classified as follows;

Credit Risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations and it arises principally from the Group`s loans and advances to customers and other banks.

The Group manages and controls credit risk through a comprehensive process of credit analysis and setting limits on the amount of risk it is willing to accept for any counterparty and by monitoring exposures in relation to such limits as outlined in the Policy on Exposure Limits. The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular reviews of collateral. Counterparty limits are established through the use of a credit risk classification system, which assigns each counterparty a risk rating. The Group's credit risk classification system is in line with the Reserve Bank of Zimbabwe's recommended guideline on loan classification as per Basel II requirements.

The Bank's Lending Policy, which is subject to continuous review, regulates the granting of all credit facilities and aspects of credit risk management. The analysis involves an assessment of the customer's risk profile and at a minimum an evaluation of the following;

- evaluation of the borrower`s industry, and macro-economic factors;
- purpose of credit and source and history of repayment;
- repayment capacity of the borrower;
- the proposed terms and conditions and covenants;
- adequacy and enforceability of collaterals; and
- approval from appropriate authority

Credit Management Process

In order to maintain credit discipline, credit policy formulation, credit limit setting, monitoring of credit facilities and review of credit facilities are functions that are performed by a unit independent of the loan origination function. The lending units are responsible for marketing, credit transaction initiation and credit appraisal. The Risk Management Unit does independent credit risk review of the application and produces an independent risk analysis report whose primary focus is the applicant creditworthiness and compliance with policies on credit rating, obligor and sector limits, collateral, and risk pricing among others. The Group's credit policies provide guidelines on the following issues;

- Loan credit evaluation and pricing guide;
- Credit limits and approval authority;
- Risk grading and provisioning requirements;
- Credit origination and credit administration and loan documentation procedures;
- Risk mitigation and collaterals and procedure for exceptions to the credit policy; and
- Procedure for handling problem loans including non-performing loans (NPL's).

Continuous monitoring of outstanding facilities is carried out by the Bank's Central Credit Department.

Liquidity Risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due under both normal and stress circumstances.

To manage liquidity risk, management has arranged for diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Group has developed internal control processes and contingency plans for managing liquidity risk.

The Management Asset and Liability Management Committee ("MALCO"), which comprises of senior management, the treasury function and the risk management department, is tasked with the responsibility of managing liquidity risk centrally. Daily liquidity management is however delegated to the Head of Treasury under the guidance of MALCO. MALCO endeavors to achieve a balance between the need to provide for liquidity and achieve profitability.

MALCO ensures that asset growth initiatives are prudent in that asset growth is:

- Not funded by "Hot Money" and permanently by wholesale deposits;
- Adequately considers the volatility of the source of funds;
- Uses funds or capital resources that support profitable asset growth;
- Does not disrupt Group's ability to liquidate market positions at minimal cost; and
- Growth does not negatively affect the Group's capital adequacy.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Group's assets and liabilities positions are managed and monitored using other sensitivity analyses.

Market risks are monitored in real time by responsible Treasury traders/dealers and daily by Risk Management responsible for reporting to the executive, regular

MALCO, Finance and Risk Management Committee and the Audit Committee. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group has established limits on the interest rate gaps for stipulated periods and the policy is to monitor the positions on a daily basis to ensure positions are maintained within the established limits. A Contingency Funding Plan is in place to ensure efficient management of stress liquidity situations should they arise.

Operational Risk

Operational Risk is the direct or indirect loss arising from a variety of causes associated with the Group`s processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks. Operational risks arise from all the Group`s operations and are faced by all sections or divisions of the Group.

In an effort to effectively manage operational risks the Group acquired an operational risk system, "CURA". By making use of the system, the Group has a defined methodology of quantifying, tracking and reporting on all operational risk issues and this has enhanced the Group's risk awareness culture. Each division has a risk champion responsible for identifying risk areas and capturing risk events in the system as they occur. The solution encompasses all the key recommendations an organization must adopt to effectively manage Operational risks as it is aligned to the Group`s Operational Risk Framework and other popular frameworks such as ISO31000, COSO, Basel II, etc.

The Group does not expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, dual authorisation and reconciliation procedures, staff education and self-assessments.

Project Risk

This is the collection of threats to the management of the project and hence to the achievement of the project's end results within cost and time. The Project Sponsor/Project Manager may manage these on a day to day basis. This represents all types of project failures, e.g. financial technical, environmental, etc, all of which could not only have a financial impact for IDBZ but also expose the Group to impaired/tarnished reputation.

The Group has in place a system to minimize project risk by ensuring that:

- Management of risks is an essential contribution to the achievement of business objectives;
- Risk management systems: This grouping sets out principles related to the design, developing and management of systems, which will provide reliable information for risk management purposes;
- Risk management policies and the benefits of effective risk management are clearly communicated to all staff;
- A consistent approach to risk management is fully embedded in the project management processes; and
- The Board supports and promotes risk management, understands and accepts the time and resource implications of any countermeasures.

Strategic Risk

Strategic risk is the risk of an unattractive or adverse impact on capital and earnings due to business policy decisions (made or not made), changes in the economic environment, deficient or insufficient implementation of decisions, or a failure to adapt to changes in the environment.

The Board is ultimately responsible for the development, approval and application of the Group`s strategic risk principles. The Board approves the Group`s strategy, whilst management is responsible for implementation and ensuring regular reviews are done in line with changes in operating conditions.

Reputation Risk

Reputation risk is the potential that negative publicity regarding an institution's business practices, whether true or not, will cause a decline in the customer base, costly litigation, or revenue reductions. Safeguarding the Bank`s reputation is of paramount importance to its continued success and is the responsibility of each staff member.

IDBZ uses a multi-pronged strategy to manage this risk, with the Public Relations and Corporate Communications department being the lead champion. The Group employs corporate governance best practices and adheres to the values of professionalism, integrity, ethics, transparency and accountability in the market place, the workplace and the community at large.

Legal and Compliance Risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, internal policies, and procedures, or ethical standards. Compliance risk also arises in situations where the laws or rules governing certain products or activities of the Bank's clients may be ambiguous or untested. This risk exposes the Group to fines, civil money penalties, payment of damages, and the voiding of contracts.

The Bank manages this risk through a dedicated Legal Services and Corporate Advisory department, which together with the Risk and Compliance Department identify, assess and monitor the Group's exposure to legal and compliance risk in its business activities, products, processes, systems and practices.

External Credit Rating

The Bank's external rating was certified by PricewaterhouseCoopers, Chartered Accountants ("PWC"), the retiring external auditors, based on the prudential standards, guidelines and rating system for African development banks. The last rating was conducted on 5 August 2013 and it assessed the overall condition of the Bank to be above average with a rating of 64%. The rating scale evaluates the bank's governance standards, financial prudential standards, and operational standards. The risk assessment ratings are summarized in the table below.

Standard	Maximum Possible Rating	PWC Validation Rating
Governance Standards	40%	34%
Financial Prudential - Standards	40%	16%
Operational Standards	20%	14%
Overall Rating		64%

T Mabuto
Head – Risk and Compliance

25 April 2014

Business of the IDBZ Group
The Group is involved in the provision of infrastructure financing and resource mobilization. It also provides short and medium term loan products and advisory services to complement its core mandate.

General Policy Directions of the Minister
In terms of Section 9A(1) of the Act, the Minister of Finance may give the Board general directions regarding the policy it is to observe in the exercise of its functions, and the Board shall take all necessary steps to comply with every such direction.

Section 9A(3) requires the Board to set out in its annual report, the terms of every direction given to it in terms of this provision by the Minister and any views or comments the Board expressed on such direction.

During the period under review there were no general directions of a policy nature given to the IDBZ by the Minister.

Authorized and Issued Share Capital
The authorized share capital of the Bank remained at 15,000,000 ordinary shares with a nominal value of US$0.01 each whilst the issued ordinary share capital increased by 117,932 shares to 2,449,046 shares with a nominal value of US$0.01 each. The movement in the issued share capital is explained in note 16 to the consolidated financial statements.

Investments
As at the year end, the Group had the following sizeable investments:

Subsidiaries		
Zimbabwe Development Fund Trust	-	100%
Waneka Properties (Private) Limited	-	70%
Manellie Investments (Private) Limited	-	100%
Norton Medical Investments (Private) Limited	-	60%
Poundstone Investments (Private) Limited	-	100%
Associates		
Africom Continental (Private) Limited	-	33.21%
Chengetedzai Depository Company Limited	-	15%

The Group completed the purchase of the Norsad Finance Limited shares from Government of Zimbabwe. The investment was valued at US$3.3 million for the 400 ordinary shares which represented 4.5% of the total shareholding. The transaction was settled through a debt to equity swap involving funds owed to the Group by Government.

Financial Results for the year
The results for the year are fully dealt with in the financial statements forming part of the Annual Report.

Dividends
The Directors propose a dividend of US$0.10 per share on the ordinary shares for the year ended 31 December 2013.

Corporate Governance and Performance Monitoring System
The Group fully complied with the corporate governance and performance monitoring system established by Government for implementation by State Enterprises and Parastatals ("SEPs"). The framework requires these entities to submit half yearly reports to Government through their parent Ministries. Furthermore the Bank has fully embraced Results Based Management ("RBM") system of performance management; the IDBZ 5Year Strategic Plan (2014-18) was formulated on the basis of the RBM system.

Compliance with the Corporate Governance Framework ("CGF") for State Enterprises and Parastatals
The Group substantially complied with provisions of the Corporate Governance Framework for State Enterprises. The areas of non-compliance were predominantly in section 3 of the CGF which deals with Board of Directors and Senior Management where compliance was internally rated at 59% against the overall compliance rating of 74%. The Bank is working with the Minister to ensure the composition of the IDBZ Board of Directors substantially complies with both the enabling Act and the Corporate Governance Framework for State Enterprises and Parastatals.

Going concern
The financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgments and estimates. The Group carries in its books a foreign debt amounting to US$39.9 million arising from lines of credit availed to the predecessor organisation, the Zimbabwe Development Bank, and the proceeds of such foreign loans were used to fund export oriented local projects. Whilst the bulk of the loans by value were repaid in full, the balance turned into non-performing assets. These lines of credit, which are secured by Government guarantees, have negatively affected the financial position of the Group. In order to strengthen IDBZ's statement of financial position and financial performance, Government has agreed in principle to take over the foreign debt and is working on the legal processes necessary to achieve that objective.

Accordingly, and taking into account the Group's performance in the period under review and future business prospects presented by the scope, breadth and width of the IDBZ's mandate, the Directors have a reasonable expectation that the Group has adequate resources to continue as a going concern in the foreseeable future.

The Ministry of Finance has once again demonstrated its support to IDBZ by issuing a letter of comfort to support the Bank's going concern assumption.

Subsidiary and Associate companies
Information regarding the Group's subsidiary and associate companies is given in notes to the financial statements.

Directorate
There were no movements on the Board of Directors. The Minister is considering recommendations from the Board regarding the regularization of the board composition to fully comply with section 4(2) of the Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14) whilst ensuring substantial compliance with the Corporate Governance Framework for State Enterprises and Parastatals.

Directors' interest in Infrastructure Development Group of Zimbabwe
During the year, no Director held either directly or indirectly any interest in the share capital of the Infrastructure Development Bank of Zimbabwe.

Directors' emoluments
Directors' emoluments are disclosed in the notes to the financial statements.

Interest of Directors and Officers
During the financial year, no contracts were entered into in which Directors or Officers of IDBZ had an interest which significantly affected the business of the Group.

The Directors had no interest in any third party or company responsible for managing any of the business activities of IDBZ.

Auditors
Shareholders will be asked to approve the remuneration of the Auditors for the year ended 31 December 2013.

The Directors' Report is made in accordance with a Resolution of the Board.

WL Manungo	C Chikaura
Chairman	Chief Executive Officer

25 April 2014

Financial statements for Infrastructure Development Bank of Zimbabwe

The directors are responsible for the preparation and integrity of the financial statements and other information contained in this Annual Report.

To enable the directors to meet these responsibilities, systems of accounting and internal controls are maintained that are aimed at providing reasonable assurance that assets are safeguarded and that the risk of error, fraud or loss is controlled in a cost effective manner. The Group's Internal Audit function, which has unrestricted access to the audit committee regularly, evaluates these systems and makes recommendations for improvements where necessary.

The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") and the directors are of the opinion that they fairly present the results of operations for the year and the financial position of the Group at the year end.

The financial statements have been prepared on the going concern basis and the board has no reason to believe, based on available information and cash resources, that it is not appropriate.

The responsibility of the independent auditors is to report on the financial statements. Their report to the members is set out on pages 36 and37 of this report.

The financial statements were approved by the Board of Directors on 25 April 2014 and are signed on its behalf by the Chairman and Chief Executive Officer.

W L Manungo	C Chikaura
Chairman	Chief Executive Officer

25 April 2014

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REPORT OF THE INDEPENDENT AUDITORS TO MEMBERS OF INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE

We have audited the accompanying consolidated financial statements of Infrastructure Development Bank of Zimbabwe and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31December 2013 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 38 to 92.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14) This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Infrastructure Development Bank of Zimbabwe at 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

We draw attention to the matters highlighted below:

- As disclosed in note 19, the Group has shareholder loans denominated in various foreign currencies amounting to US$39,889,575 (2012: US$37,544,268) as at 31 December 2013, 80% of which are guaranteed by the Government of Zimbabwe. The loans are past due and the Group is unable to service the interest charges and to repay the capital.

- For the year ended 31 December 2013, total liabilities of the Group exceeded the total assets by US$6,357,901 (2012: US$11,344,865).

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our audit opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Infrastructure Development Bank Act (Chapter 24:14).

Deloitte & Touche
Chartered Accountants (Zimbabwe)

25 April 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	2013 US$	2012 US$
ASSETS			
Cash and cash equivalents	6	3 286 076	10 897 032
Financial assets at fair value through profit or loss	7	8 851	6 198
Available for sale financial assets	8	5 534 695	173 156
Loans and advances to customers	9	63 254 495	66 443 494
Trading assets pledged as collateral	9.3	12 494 118	11 244 420
Other receivables and prepayments	10	2 153 000	3 769 328
Investment in associates	11.2	1 892 580	2 599 337
Inventories	12	1 326 744	185 249
Investment property	13	11 472 305	11 128 092
Intangible assets	14	473 040	665 632
Property and equipment	15	4 023 038	4 398 337
Total assets		105 918 942	111 510 275
Equity and liabilities			
LIABILITIES			
Deposits from customers	18	36 164 718	57 070 817
Foreign lines of credit	19	49 595 104	39 797 560
Local lines of credit and bonds	20	23 105 367	22 910 708
Other liabilities	21	3 411 654	3 076 055
Total liabilities		112 276 843	122 855 140
EQUITY			
Share capital	16	24 490	23 311
Share premium	16	9 171 552	5 847 969
Non distributable reserve	17.1	(22 373 613)	(22 373 613)
Mark to market reserve		1 575 182	-
Retained earnings		4 782 329	4 681 067
Deficit attributable to equity owners of IDBZ		(6 820 060)	(11 821 266)
Non-controlling interest in equity		462 159	476 401
Total shareholders' deficit		(6 357 901)	(11 344 865)
Total equity and liabilities		105 918 942	111 510 275

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

Willard L. Manungo
(Chairman of the Board)

Charles Chikaura
(Chief Executive Officer)

Kennias Kanguru
(Bank Secretary)

25 April 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 US$	2012 US$
Interest and related income	22.1	13 421 294	13 513 891
Interest and related expense	22.2	(8 007 498)	(6 547 998)
Net interest income		5 413 796	6 965 893
Fee and commission income	24	5 340 967	2 398 819
Net gains on financial assets at fair value through profit or loss	25	2 653	3 542
Dividend income		265	1 224
Revenue		10 757 681	9 369 478
Other income	26	897 226	1 628 227
Loan impairment charge	23	(1 289 021)	(2 097 028)
Fair value gain on investment property	27	1 320 350	4 264 869
Net foreign exchange (losses)/gains	28	(329 063)	337 088
Operating expenses	29	(10 063 419)	(9 772 524)
Share of loss from associate	11.2	(706 757)	(220 858)
Profit for the year		586 997	3 509 252
Other comprehensive income			
Items that may be reclassified to profit and loss			
Net fair value gain on available-for-sale financial assets	8	1 575 182	-
Total comprehensive income for the year		2 162 179	3 509 252
Profit for the year attributable to:			
Equity holders of the parent entity		601 240	3 574 289
Non-controlling interest		(14 243)	(65 037)
		586 997	3 509 252
Total comprehensive income attributable to:			
Equity holders of the parent entity		2 176 422	3 574 289
Non-controlling interest		(14 243)	(65 037)
		2 162 179	3 509 252
Earnings per share from continuing operations 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	30	26	151

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital US$	Share premium US$	Non distributable reserve ("NDR") US$	Mark to market reserve US$	Retained earnings US$	Total before non-controlling interest US$	Non controlling interest US$	Total equity US$
Balance as at 31 December 2012	23 311	5 847 969	(22 373 613)	-	4 681 067	(11 821 266)	476 401	(11 344 865)
Profit for the year	-	-	-	-	601 240	601 240	(14 243)	586 997
Other comprehensive income								
Fair value reserve - available-for-sale financial assets	-	-	-	1 575 182	-	1 575 182	-	1 575 182
Transactions with owners of the Group:								
Issue of shares	1 179	3 323 583	-	-	-	3 324 762	-	3 324 762
Dividend declared	-	-	-	-	(499 978)	(499 978)	-	(499 978)
Balance as at 31 December 2013	24 490	9 171 552	(22 373 613)	1 575 182	4 782 329	(6 820 060)	462 158	(6 357 902)
Balance as at 1 January 2012	23 311	5 847 969	(22 373 613)	-	1,606,756	(14 895 577)	537 427	(14 358 150)
Profit for the year	-	-	-	-	3 574 289	3 574 289	(65 037)	3 509 253
Other comprehensive income	-	-	-	-	-	-	-	-
Transactions with owners of the Group:								
Derecognition of non-controlling interests	-	-	-	-	-	-	4 011	4 011
Dividend paid	-	-	-	-	(499 978)	(499 978)	-	(499 978)
Balance as at 31 December 2012	23 311	5 847 969	(22 373 613)	-	4 681 067	(11 821 266)	476 401	(11 344 865)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 US$	2012 US$
Cash flow from operating activities			
Profit for the year		586 997	3 509 252
Adjustments for:			
-Depreciation	15	522 443	343 068
-Amortisation	14	258 786	231 038
-Loan impairment charge	9	1 289 021	2 097 028
-Unrealised foreign exchange losses	28	1 103 110	137 905
- (Gain)/loss on disposal of property and equipment		(123 643)	177 580
-Profit on disposal of investment property	13	(32 137)	(553 000)
-Unrealised fair value gain on investment property	13	(1 288 213)	(3 711 869)
-Profit on disposal of subsidiaries		-	(494 061)
-Non-cash interest expense on foreign lines of credit		1 247 013	1 313 566
-Provisions and accruals		128 186	849 189
-Net gains on financial assets measured at fair value through profit or loss	7	(2 653)	(3 542)
-Share of loss from associate	11.2	706 757	220 858
-Repayment of loan through encumbered assets		-	(1 200 000)
-Other non cash items		18 520	(7 723)
		4 414 188	2 909 289
Changes in			
- Loans and advances to customers		1 899 978	(37 991 561)
- Trading assets pledged as collateral		(1 249 698)	(214 449)
- Other receivables and prepayments		1 616 328	211 254
- Inventories		(1 141 495)	64 692
- Deposits from customers		(20 906 099)	10 368 132
- Other liabilities		(311 086)	(49 107)
Net cash used in operating activities		(15 677 885)	(24 701 750)
Cash flow from investing activities			
Acquisition of property and equipment	15	(161 746)	(359 159)
Proceeds from sale of property and equipment		138 226	38 925
Acquisition of interests in associates		-	(1 050 000)
Proceeds from sale of interest in a subsidiary		-	687 831
Acquisition of available for sale financial assets		(461 595)	(173 156)
Acquisition of intangible assets	14	(66 194)	(189 454)
Proceeds from sale of investment property		976 137	252 100
Net cash used in investing activities		424 828	(792 913)
Cash flow from financing activities			
Payment of dividends		-	(499 978)
Receipt of foreign lines of credit	19	8 113 750	2 253 292
Repayment of foreign lines of credit	19	(661 512)	(1 200 000)
Proceeds from issue of bonds	20	13 620 102	17 950 965
Repayment of bonds	20	(8 950 870)	-
Repayment of local lines of credit	20	(4 474 556)	(5 861 393)
Net cash from financing activities		7 646 914	12 642 886
Net decrease in cash and cash equivalents		(7 606 143)	(12 851 777)
Effect of exchange rate fluctuations on cash and cash equivalents held		(4 813)	-
Cash and cash equivalents at 1 January		10 897 032	23 748 808
Cash and cash equivalents at 31 December	6	3 286 076	10 897 032

1 GROUP PROFILE AND PRINCIPAL ACTIVITIES

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 statements were approved by the directors on 25 April 2014.

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 and presentation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Committee ("IFRIC") Interpretations and in the manner required by the Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial ssets at fair value through profit or loss and investment property.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.25.

2.1.1 New standards, amendments and interpretations, effective on or after 1 January 2013

The following new standards, amendments and interpretations are effective for accounting periods beginning on or after 1 January 2013 and are relevant to the Group.

Standard/ Interpretation	Content	Applicable for financial years beginning on/ after
IAS 1 (amendment)	'Presentation of Financial Statements', on presentation of items of OCI	1 January 2012
IFRS 7 (amendment)	'Financial instruments: Disclosures', on asset and liability offestting	1 January 2013
IFRS 10	'Consolidated financial statements' on defining control	1 January 2013
IFRS 11	'Joint arrangements' on the rights and obligations of the parties to an arrangement	1 January 2013
IFRS 12	'Disclosures of interests in other entities'	1 January 2013
IFRS 13	''Fair value measurement', definition of fair value and a single	1 January 2013

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offseting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US Generally Accepted Accounting Principles.

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US Generally Accepted Accounting Principles, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

2.1.2 New standards, amendments and interpretations, effective on or after 1 January 2013

The following new standards, amendments and interpretations are effective for accounting periods beginning on or after 1 January 2013 and are not relevant to the Group:

Standard/ Interpretation	Content	Applicable for financial years beginning on/ after
IFRS 9	"Financial instruments', on classification, measurement and recognition of financial assets and financial liabilities.	1 January 2015
IFRIC 21	Levies', on levies to be paid that are not income tax.	
IAS 19 (revised)	Employee Benefits	1 January 2013
IAS 36	Impairment of assets', on the recoverable amount disclosures for non-financial assets.	1 January 2013

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

IAS 19, 'Employee benefits' was revised in June 2011. The amendment has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of Cash Generating Units which had been included in IAS 36 by the issue of IFRS 13. The amendment is not mandatory for the group until 1 January 2014, however the Group has decided to early adopt the amendment as of 1 January 2013.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in the United States of America dollar ("US$"), which is the functional and presentation currency of the Bank and all its subsidiaries.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss and other comprehensive income.

All foreign exchange gains and losses are presented in the statement of profit and loss and other comprehensive income within net foreign exchange gains or losses.

2.3 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

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

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

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

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

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

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

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

(c) Disposal of subsidiaries

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

(d) Associates

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

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

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of an associate' in the statement of comprehensive income.

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

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

2.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with other banks, and other short-term highly liquid investments with original maturities of three months or less. The Bank which was created by an Act of parliament, The Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14) is not registered under the Zimbabwe Banking Act (Chapter 24.20) and is not regulated by the Reserve Bank of Zimbabwe and this has no statutory reserve balances with the Reserve Bank of Zimbabwe.

2.5 Financial assets and liabilities

2.5.1 Financial assets

The Group classifies its financial assets in the following categories at fair value through profit or loss, available for sale, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and the Group does not intend to sell them immediately or in the short-term. The Group's loans and receivables comprise 'loans and advances to customers', 'assets pledged as collateral', 'other receivables and prepayments' and 'cash and cash equivalents' in the statement of financial position.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

2.5.2 Financial liabilities

The Group's financial liabilities are measured at amortised cost. Financial liabilities measured at amortised cost include deposits from other banks or customers, lines of credit and bonds and other liabilities. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or have expired.

a) Customer deposits

Customer deposits are recognised initially at fair value, net of transaction costs incurred. Deposits are subsequently shown at amortised costs using the effective interest method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income.

b) Lines of credit and bonds

Lines of credit are recognised initially at fair value, net of transaction costs incurred. Lines of credit 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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.5.3 Recognition and measurement

Regular purchases and sales of financial assets are recognised or derecognised on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss and financial assets available for sale are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as 'gains or losses from investment securities'. Dividends on available-for-sale equity investments are recognised in the statement of comprehensive income as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity specific inputs.

2.5.4 Categories of financial instruments

The Group classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen in the table below:

Category (as defined by IAS 39) Financial Instruments: Recognition and Measurement		Class (as determined by the Group)		Subclasses (as determined by the Group)
Financial assets	Financial assets at fair value through profit or loss	Financial assets held for trading		Equity securities listed on the Zimbabwe Stock Exchange
				Bankers' acceptances
	Loans and receivables	Balances with other banks and cash		
		Loans and advances to other banks		
		Loans and advances to customers	Loans to Individuals	Staff loans
			Loans to corporate entities	Large corporate customers
				SMEs
				Bankers' acceptances
	Available for sale financial assets	Investment securities - equity securities		Unlisted equity securities
Financial liabilities	Financial liabilities at amortised cost	Deposits from other banks		
		Lines of credit and bond		
		Customers deposits		Large corporate customers
				SMEs
				Individuals
Contingent liabilities and commitments	Loan commitments			
	Guarantees and letters of credit			

2.5.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.5.6 Impairment of financial assets

a) Assets carried at amortised cost

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairments are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measured.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, defaults or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate of measuring any impairment is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instruments' fair value using an observable market price.

If, in a subsequent period, the amount of the impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment is recognised in the statement of comprehensive income.

b) Assets classified as available for sale
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss. impairment recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. If in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment was recognised in the statement of comprehensive income, the impairment is reversed through the statement of comprehensive income.

2.6 Income taxes
All the receipts and accruals of the Group are exempt from income tax in terms of sub paragraph of paragraph 2 of the Third Schedule of the Zimbabwe Income Tax Act (Chapter 23:06) and by virtue of the Section 10 of the Zimbabwe Capital Gains Tax Act (Chapter 23:01) from capital gains tax.

2.7 Loans and advances to customers
Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and the Group does not intend to sell immediately or in the near term.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. Loans and advances are stated net of impairment.

Impairment allowance on loans and advances to customers
Impairments are held in respect of loans and advances. The level of impairment is determined in accordance with the provisions set out in International Accounting Standard, ("IAS"), 39, Financial Instruments: Recognition and Measurement.

An allowance for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of the loans and advances. The amount of the allowance is the difference between the carrying amount and the recoverable amount.

The loan loss allowance also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the statement of financial position date. These have been estimated based upon historical cost patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate. When a loan is uncollectible, it is written off against the related allowance for impairment. Subsequent recoveries are credited to the statement of comprehensive income.

Specific impairment for non-performing loans, covering identified impaired loans, are based on periodic evaluations of the loans and advances and take account of past loss experience, economic conditions and changes in the nature and level of risk exposure. Corporate loans are analysed on a case-by-case basis taking into account breaches of key loan conditions.

Specific impairment against loans and advances is based on an appraisal of the loan portfolio, and is made where the repayment of identified loans is in doubt. Portfolio impairment is made in relation to losses which, although not separately identified, are known from experience to exist in any loan portfolio.

Impairment allowances are applied to write-off loans and advances when all security has been realised and further recoveries are considered to be unlikely. Recoveries of bad debts that would have been written off are shown as other income in the statement of comprehensive income.

Non-performing loans
Interest on loans and advances is accrued until such time as reasonable doubt exists about its collectability, thereafter and until all or part of the loan is written-off, interest continues to accrue on customers' accounts but is not included in income. Such suspended interest is deducted from loans and advances in the statement of financial position.

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

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

2.9 Inventories
Inventories comprise substanitally work-in-progress of properties under construction. All inventories are valued at the lower of cost or net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

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

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

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

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

Fair value measurement of property under construction is only applied if the fair value is considered to be reliably measurable.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. Inorder to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:
- The provisions of the construction contract;
- The stage of completion;
- Whether the project/property is standard (typical for the market) or non-standard;
- The level of reliability of cash inflows after completion;
- Past experience with similar constructions;
- The development risk specific to the construction; and
- Status of construction permits.

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

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

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

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

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

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

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

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

2.11 Property and equipment

Recognition and measurement
Items of property and equipment, are measured at historical cost less accumulated depreciation and impairment.

Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the cost of dismantling the asset and removing items and restoring site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day to day servicing of property and equipment is recognised in the statement of comprehensive income as incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line basis to allocate their cos to their residual values over their useful lives .

Buildings	30 years
Motor vehicles	4 - 5 years
Office equipment	3 years
Furniture and fittings	3 - 10 years
Computer hardware	3 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses on disposals are determined by comparing the proceeds, with the carrying amount and are recognised in the statement of comprehensive income.

2.12 Intangible assets

Software licences
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives. Software has a maximum expected useful life of 4 years.

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

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

2.14 Share capital

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

Repurchase of share capital (treasury shares)
When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, and is deducted from equity attributable to the equity holders until the shares are cancelled or reissued. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/(from) retained earnings/(accumulated losses).

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

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

2.16 Trade payables

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

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

2.17 Leases

Group as lessor

Leases where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. The outstanding principal amounts less unearned finance charges, are included in advances to customers in the statement of financial position.

The finance charges earned are computed at the effective interest rate in the contracts and are brought into income in proportion to balances outstanding under each contract. The unearned portion of finance charges is shown as a deduction from loans and advances. The Group has no finance leases during the reporting period ended 31 December 2013 (2012:US$ nil).

Group as lessee

Leases of assets under which the lessor effectively retains all the risks and rewards incidental to ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of lease.

2.18 Financial guarantees

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

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

2.19 Related parties

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

2.20 Revenue recognition

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

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

2.20.1 Net Interest income

Interest income is recognised in the statement of comprehensive income for all interest-bearing instruments on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liabilities to the carrying amount of the financial asset or liabilities. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

Where financial assets have been impaired, interest income continues to be recognised on the impaired value, based on the original effective interest rate. Net interest income excludes fair value adjustments on interest-bearing financial instruments. Fair value adjustments on financial instruments are reported under other income.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of a financial asset or liability.

2.20.2 Non-interest income

Non-interest income includes advisory and arrangement fees, net revenue from foreign exchange trading and net gains on the realisation or revaluation of investment properties. All such commissions and fees including service fees, investment management fees, placement and syndication fees are recognised as the related services are performed.

2.20.3 Dividend income

Dividend income is recognised when the right to receive income is established. Usually this is at the ex-dividend date for equity securities. Dividends are reflected as a component of non-interest income based on the underlying classification of the equity instruments.

2.20.4 Rental income

Rental income from the investment property is accounted for on an accrual basis.

2.21 Employee benefits

2.21.1 Pension scheme

The Group subscribes to the Infrastructure Development Bank of Zimbabwe's group pension scheme, a defined contribution plan. A defined contribution plan, is a plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions should the fund at any time not hold sufficient assets to pay all employees the benefits relating to their service in the current and prior periods. The Group's obligations for contributions to this group scheme are recognised as an expense in the statement of comprehensive income as they are incurred.

2.21.2 Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.21.3 Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.22 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. The diluted EPS figure is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of outstanding shares for the effects of all potentially dilutive ordinary shares.

2.23 Dividend distribution

Dividend distribution to the Bank's shareholders is recognised as a liability in the period in which the dividends are declared by the Bank's directors.

2.24 Fiduciary activities

The Group manages, on behalf of the Ministry of Finance, loan (and collection thereof) and fiscal funding disbursements to implementing agencies for infrastructure projects.

The assets and income arising thereon are excluded from these consolidated financial statements as they are not assets of the Group.

2.25 Critical accounting estimates and judgements in applying accounting policies

The Group's financial position and its financial results are influenced by assumptions, estimates and management judgment, which necessarily have to be made in the course of the preparation of the financial statements.

The Group makes estimates and assumptions concerning the future. The resulting estimates will, by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of carrying a material adjustment to the carrying amount of assets and liabilities within the next financial year addressed below:

2.25.1 Impairment on loans and advances

The Group reviews its loan portfolio to assess impairment at least monthly. In determining whether an impairment should be recorded in the statement of profit and loss, the Group makes judgements as to whether there is measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. Management uses estimates based on historical loss experience for assets with credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. For specific impairment the expected cash flows are discounted using the original effective interest rate when the loan was granted.

2.25.2 Impairment of available-for-sale financial assets

The Group determines that available-for-sale financial assets are impaired when there is a significant or prolonged decline in the fair value below its costs. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

2.25.3 Useful lives and residual values of property and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property and equipment. The estimate is based on projected life cycles for these assets. Management will increase the depreciation charges where useful lives are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned.

2.25.4 Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group uses market observable data to the extent that it is available. Where this is not available, the Group uses third party qualified valuers to perform the valuation.

2.26 Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the consolidated financial statements. Additional information on the going concern assumption is disclosed in note 35.

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 Department is responsible for independent review of risk management and control environment; and the Group Legal Department provides advice and support on legal matters.

A Risk Management Committee has been set at Board level and it consists 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 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 2013 US$	Maximum Exposure 31 Dec 2012 US$
Cash and cash equivalents	3 286 076	10 897 032
Loans and advances to customers	73 678 763	76 087 580
Trading assets pledged as collateral	12 494 118	11 244 420
Other receivables and prepayments	2 153 000	3 769 328
	91 611 957	101 998 360
Credit risk exposure relating to off-balance sheet assets are as follows:		
Loan commitments	7 602 206	32 460 959
Maximum exposure to credit risk	99 214 163	134 459 319

The reduction in credit risk exposure was due to the following:
(a) Reduction is the bank's deposits
(b) Recovery of loans and advances.

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 (excluding trading assets pledged as collateral) are summarised as follows:	Loans and advances to customers 2013 US$	Loans and advances to customers 2012 US$
Neither past due nor impaired	40 030 260	39 731 466
Past due but not impaired	14 278 406	-
Individually impaired	19 370 097	36 356 112
Gross	73 678 763	76 087 578
Less: allowance for impairment	(10 424 268)	(9 644 084)
Net	63 254 495	66 443 494

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 to maintain a wide diversification by currency, provider, product and term.

As at 31 December 2013	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	3 286 076	-	-	-	-	3 286 076
Financial assets at fair value through profit or loss	8 851	-	-	-	-	8 851
Other receivables and prepayments	-	2 153 000	-	-	-	2 153 000
Available for sale financial assets	-	-	-	-	5 534 695	5 534 695
Loans and advances to customers	146 393	4 659 858	3 858 986	10 262 996	44 326 263	63 254 496
Assets pledged as collateral	-	12 494 118	-	-	-	12 494 118
Total assets	3 441 320	19 306 976	3 858 986	10 262 996	49 860 958	86 731 236
Liabilities						
Deposits from customers	-	36 164 718	-	-	-	36 164 718
Foreign lines of credit	39 889 575	-	-	4 852 765	4 852 765	49 595 105
Local lines of credit	485 187	-	-	11 310 090	11 310 090	23 105 367
Other liabilities	-	3 411 654	-	-	-	3 411 654
Total liabilities	40 374 762	39 576 372	-	16 162 855	16 162 855	112 276 844
Gap	(36 933 442)	(20 269 396)	3 858 986	(5 899 859)	33 698 103	(25 545 608)
Contingent liabilities:						
Loan commitments	7 602 206	-	-	-	-	7 602 206
Total gap	(44 535 648)	(20 269 396)	3 858 986	(5 899 859)	33 698 103	(33 147 814)
Total cumulative gap	(44 535 648)	(64 805 044)	(60 946 058)	(66 845 917)	(33 147 814)	-

As at 31 December 2012	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	10 897 032	-	-	-	-	10 897 032
Financial assets at fair value through profit or loss	6 198	-	-	-	-	6 198
Other receivables and prepayments	-	3 769 328	-	-	-	3 769 328
Available for sale financial assets	-	-	-	-	173 156	173 156
Loans and advances to customers	9 441 761	9 538 704	35 580 362	-	13 308 587	67 869 414
Trading assets pledged as collateral	-	11 244 420	-	-	-	11 244 420
Total assets	20 344 991	24 552 452	35 580 362	-	13 481 743	93 959 548
Liabilities						
Deposits from customers	57 070 817	-	-	-	-	57 070 817
Foreign lines of credit	37 427 322	-	-	-	2 370 238	39 797 560
Local lines of credit	4 875 100	-	-	5 006 346	13 029 262	22 910 708
Other liabilities	-	3 076 055	-	-	-	3 076 055
Total liabilities	99 373 239	3 076 055	-	5 006 346	15 399 500	122 855 140
Gap	(79 028 248)	21 476 397	35 580 362	(5 006 346)	(1 917 757)	(28 895 592)
Contingent liabilities:						
Loan commitments	32 460 959	-	-	-	-	32 460 959
Total gap	(111 489 207)	21 476 397	35 580 362	(5 006 346)	(1 917 757)	(61 356 551)
Total cumulative gap	(111 489 207)	(90 012 810)	(54 432 448)	(59 438 794)	(61 356 551)	-

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.

3.4.1 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 2013	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 cash equivalents	3 286 076	-	-	-	-	-	3 286 076
Financial assets of fair value through profit or loss	8 851	-	-	-	-	-	8 851
Loans and advances to customers	146 393	4 659 858	3 858 986	10 262 996	44 326 263	-	63 254 496
Available for sale financial assets	-	-	-	-	-	5 534 695	5 534 695
Trading assets pledged as collateral	-	12 494 118	-	-	-	-	12 494 118
Other receivables and prepayments	-	-	-	-	-	2 153 000	2 153 000
Investment in associates	-	-	-	-	-	1 892 580	1 892 580
Inventories	-	-	-	-	-	1 326 744	1 326 744
Investment property	-	-	-	-	-	11 472 305	11 472 305
Intangible assets	-	-	-	-	-	473 040	473 040
Property and equipment	-	-	-	-	-	4 023 038	4 023 038
Total assets	3 441 320	17 153 976	3 858 986	10 262 996	44 326 263	26 875 402	105 918 943
Equity and liabilities							
Deposits from customers	36 164 718	-	-	-	-	-	36 164 718
Foreign lines of credit	39 889 575	-	-	4 852 765	4 852 765	-	49 595 105
Local lines of credit and bonds	485 187	-	-	11 310 090	11 310 090	-	23 105 367
Other liabilities	-	-	-	-	-	3 411 654	3 411 654
Shareholders' equity	-	-	-	-	-	(6 357 901)	(6 357 901)
Total equity and liabilities	76 539 480	-	-	16 162 855	16 162 855	(2 946 247)	105 918 943
Total interest repricing gap	(73 098 160)	17 153 976	3 858 986	(5 899 859)	28 163 408	29 821 649	-
Total cumulative gap	(73 098 159)	(55 944 184)	(52 085 198)	(57 985 057)	(29 821 649)	-	-

3.4.1 Interest rate risk (Continued)

As at 31 December 2012	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 cash equivalents	10 897 032	-	-	-	-	-	10 897 032
Financial assets of fair value through profit or loss	6 198	-	-	-	-	-	6 198
Loans and advances to customers	9 441 761	9 538 704	35 580 362	-	11 882 667	-	66 443 494
Available for sale financial assets	-	-	-	-	-	173 156	173 156
Trading assets pledged as collateral	-	11 244 420	-	-	-	-	11 244 420
Other receivables and prepayments	-	-	-	-	-	3 769 328	3 769 328
Investment in associates	-	-	-	-	-	2 599 337	2 599 337
Inventories	-	-	-	-	-	185 249	185 249
Investment property	-	-	-	-	-	11 128 092	11 128 092
Intangible assets	-	-	-	-	-	665 632	665 632
Property and equipment	-	-	-	-	-	4 398 337	4 398 337
Total assets	20 344 991	20 783 124	35 580 362	-	11 882 667	22 919 131	111 510 275
Equity and liabilities							
Deposits from customers	57 070 817	-	-	-	-	-	57 070 817
Foreign lines of credit	37 544 268	-	-	-	2 253 292	-	39 797 560
Local lines of credit and bonds	4 875 100	-	-	6 068 299	11 967 310	-	22 910 708
Other liabilities	-	-	-	-	-	3 076 055	3 076 055
Shareholders' equity	-	-	-	-	-	(11 344 865)	(11 344 865)
Total equity and liabilities	99 490 185	-	-	6 068 299	14 220 602	(8 268 810)	111 510 275
Total interest repricing gap	(79 145 194)	20 783 124	35 580 362	(6 068 299)	(2 337 935)	31 187 941	-
Total cumulative gap	(79 145 194)	(58 362 070)	(22 781 708)	(28 850 007)	(31 187 941)	-	-

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 MALCO committee.

Interest rate change	Effect on profit for the year 2013 US$	Effect on profit for the year 2012 US$
5% increase / (decrease)	671 065	675 695
10% increase / (decrease)	1 342 129	1 351 389

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.

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

3.4.4. Foreign exchange risk

As at 31 December 2013	US$	ZAR US$ equivalent	BWP US$ equivalent	GBP US$ equivalent	Euro US$ equivalent	Other US$ equivalent	Total US$
Assets							
Balances with banks and cash	3 225 981	22 900	4 297	8 504	25 295	-	3 286 076
Financial assets of fair value through profit or loss	8 851	-	-	-	-	-	8 851
Loans and advances to customers	63 254 495	-	-	-	-	-	63 254 495
Available for sale financial assets	5 534 695						5 534 695
Trading assets pledged as collateral	12 494 118	-	-	-	-	-	12 494 118
Other receivables and prepayments	2 153 000	-	-	-	-	-	2 153 000
	86 671 140	22 900	4 297	8 504	25 295	-	86 731 235
Equity and liabilities							
Deposits from customers	36 153 679	10 017	-	-	1 023	-	36 164 719
Foreign lines of credit	20 130 779	-	-	1 916 722	23 033 508	4 514 096	49 595 105
Local lines of credit and bonds	23 105 367	-	-	-	-	-	23 105 367
Other liabilities	3 411 654	-	-	-	-	-	3 411 654
	82 801 479	10 017	-	1 916 722	23 034 531	4 514 096	112 276 845
Net foreign exchange position	3 869 661	12 883	4 297	(1 908 218)	(23 009 236)	(4 514 096)	-

Foreign exchange risk

The table below indicates the extent to which the Group is exposed to foreign exchange risk as at 31 December 2012.The Group is mainly exposed to the Euro as a result of the legacy debt and below is a sensitivity analysis on the Euro exposure:

Exchange rate change	Effect on profit for the year 2013 US$	Effect on profit for the year 2012 US$
5% appreciation/(depreciation)	1 150 462	1 038 095
10% appreciation/(depreciation)	2 300 924	2 076 191

3.4.4. Foreign exchange risk (continued)

As at 31 December 2012		ZAR	BWP	GBP	Euro	Other	
		US$	US$	US$	US$	US$	Total
Assets	US$	equivalent	equivalent	equivalent	equivalent	equivalent	US$
Balances with banks and cash	10 732 200	23 419	10 075	2 894	115 843	12 600	10 897 032
Financial assets of fair value through profit or loss	6 198	-	-	-	-	-	6 198
Loans and advances to customers	66 443 494	-	-	-	-	-	66 443 494
Available for sale financial assets	173 156	-	-	-	-	-	173 156
Trading assets pledged as collateral	11 244 420						11 244 420
Other receivables and prepayments	3 769 328	-	-	-	-	-	3 769 328
	92 368 796	23 419	10 075	2 894	115 843	12 600	92 533 628
As at 31 December 2012							
Equity and liabilities							
Deposits from customers	57 052 036	14 788	2 794	97	1 102	-	57 070 817
Foreign lines of credit	12 396 374	-	-	1 811 417	20 876 647	4 713 122	39 797 560
Local lines of credit and bonds	22 910 708	-	-	-	-	-	22 910 708
Other liabilities	3 076 055	-	-	-	-	-	3 076 055
	95 435 174	14 788	2 794	1 811 514	20 877 749	4 713 122	122 855 141
Net foreign exchange position	(3 066 378)	8 631	7 281	(1 808 620)	(20 761 906)	(4 700 522)	-

The Group had no off balance sheet foreign currency exposure as at 31 December 2013 (31 December 2012 - US$nil).

3.4 Market risk (continued)

3.4.5. 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$ 443 (2012 : US$310).

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.

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 2013.

5.1.2 Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities presented in the Group's statement of financial position at their fair values. Fair value of deposits from customers approximates carrying amount.

It is assessed that the carrying amounts approximates their fair values because of their nature and their short tenure.

(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.

5.1.3 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:

At 31 December 2013	Level 1 US$	Level 2 US$	Level 3 US$
Investment securities	8 851	-	-
Available for sale financial assets	-	-	5 534 695
Total assets	8 851	-	5 534 695
Total liabilities	-	-	-
At 31 December 2012			
Investment securities	6 198	-	-
Available for sale financial assets	-	-	173 156
Total assets	6 198	-	173 156
Total liabilities	-	-	-

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:

	Carrying value 2013 US$	Fair value 2013 US$	Carrying value 2012 US$	Fair value 2012 US$
Financial assets :				
Loans and advances to customers	63 254 495	63 254 495	66 443 494	66 443 494
Trading assets pledged as collateral	12 494 118	12 494 118	11 244 420	11 244 420
Available for sale financial assets	5 534 695	5 534 695	173 156	173 156
Financial liabilities:				
Deposit from customers	36 164 718	36 164 718	57 070 817	57 070 817
Lines of credit:				
- foreign	49 595 104	49 595 104	39 797 560	39 797 560
- local	23 105 367	23 105 367	22 910 708	22 910 708

- 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 minimise the credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

b) Credit-related commitments

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

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

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.

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 CASH EQUIVALENTS	2013 US$	2012 US$
Cash on hand	432 317	310 764
Balances with banks	2 853 759	10 586 268
	3 286 076	10 897 032
Current	3 286 076	10 897 032
Cash and cash equivalents include the following for the purposes of the statement of cash flows:		
Cash and cash equivalents	3 286 076	10 897 032

7 FINANCIAL ASSETS AF FAIR VALUE THROUGH PROFIT OR LOSS	2013 US$	2012 US$
At 1 January	6 198	43 904
Disposals	-	(41 248)
Net gains/(loss) through profit and loss	2 653	3 542
At 31 December	8 851	6 198

Financial assets at fair value through profit or loss are presented within 'operating activities' as part of "non cash adjustments" in the statement of cash flows. Changes in fair values of financial assets at fair value through profit or loss are recorded in statement of comprehensive income (note 25). The fair value of all equity securities is based on their current bid prices in an active market, the Zimbabwe Stock Exchange ("ZSE")

8 AVAILABLE FOR SALE FINANCIAL ASSETS	2013 US$	2012 US$
At 1 January	173 156	-
Additions	461 595	173 156
Receipt on shareholder rights issue followed (note 16)	3 324 762	-
Net fair value gains transferred to equity	1 575 182	-
At 31 December	5 534 695	173 156

Available-for-sale financial assets include the following;

Unlisted securities:		
Equity securities - Zimbabwe	881 197	173 156
Equity securities - Botswana	4 653 498	-
	5 534 695	173 156

Available-for-sale financial assets are all denominated in the US dollar.

The fair values of unlisted securities are based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to the unlisted securities of 12%.

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as available for sale.

None of these financial assets is either past due or impaired.

9 LOANS AND ADVANCES TO CUSTOMERS

	2013 US$	2012 US$
Individual		
- term loans	2 489 049	2 166 029
Corporate		
- corporate customers	71 189 714	73 921 549
Gross loans and advances to customers	73 678 763	76 087 578
Less: allowance for impairment (note 9.1)	(10 424 268)	(9 644 084)
Net loans and advances to customers	63 254 495	66 443 494
Current	44 326 263	54 560 827
Non-current	18 928 232	11 882 667

9.1 Allowances for impairment of loans and advances

Specific allowances for impairment		
Balance at 1 January	9 644 084	8 170 902
Allowance for loan impairment	1 289 021	2 097 028
Loans written off	(508 837)	(623 846)
Balance at 31 December	10 424 268	9 644 084

9.2.1 Maturity analysis of loans and advances to customers

Up to one month	146 393	9 441 761
Up to three months	4 659 858	9 538 704
Up to one year	14 121 982	35 580 362
Up to 3 years	44 326 262	11 882 667
	63 254 496	66 443 494

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Group determined that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreements.

Past due but not impaired loans
Loans and securities where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of securities/collateral available and/or the stage of collection of amounts owed to the Group.

Loans with renegotiated terms
Loans with renegotiated terms are loans that have been restructured due to deterioration of the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category.

Allowances for impairment
The Group establishes an allowance for impairment that represents its estimate of incurred losses in its loan portfolio. The main components of this allowances are a specific loss component that relates to individually significant exposures, and a collective loan loss allowances established for the group of homogenous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy
The Group writes off a loan/security balance (and any related allowances for impairment) when the Group's Credit Control Unit determines that the loans/securities are uncollectible. This determination is reached after considering information such as occurrence of significant changes in the borrower/issuer's financial position such that the borrower/ issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

9.2.2 Sectorial analysis of loans and advances to customers	Percentage (%)	2013 US$	Percentage (%)	2012 US$
Manufacturing	18%	13 208 852	24%	19 342 584
Retail	8%	5 550 454	11%	8 371 180
Agro processing	7%	5 442 569	6%	4 777 610
Mining	5%	3 824 498	5%	3 869 348
Tourism and hospitality	13%	9 456 835	16%	12 621 743
Telecommunications	4%	2 595 532	1%	1 089 905
Construction	3%	2 042 202	4%	3 146 169
Energy	27%	20 000 080	26%	17 984 416
Individuals and other services	16%	11 557 741	6%	4 884 623
Gross value of loans and advances	100%	73 678 763	100%	76 087 578
Less allowance for impairment		(10 424 268)		(9 644 084)
		63 254 495		66 443 494

9.3 Trading assets pledged as collateral

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

	Asset 2013 US$	Asset 2012 US$	Related liability 2013 US$	Related liability 2012 US$
Financial assets held to maturity	12 494 118	11 244 420	11 469 093	16 544 862

Trading assets pledged as collateral are purchased Bankers' Acceptances which are subsequently pledged as collateral for fixed deposits and bankers acceptances from other financial institutions.

All collateral agreements mature within 12 months.

10 OTHER RECEIVABLES AND PREPAYMENTS

	2013 US$	2012 US$
Receivables	2 162 628	3 742 960
Less: allowance for impairment	(136 638)	(525 792)
Net receivables	2 025 990	3 217 168
Pre-payments	127 010	552 160
	2 153 000	3 769 328
Current	2 153 000	3 769 328

11 INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

11.1 Investment in subsidiaries

The Group has investments in other entities with the respective shareholding in each as follows:

	%	Shareholding as at 31 Dec 2013 $	%	Shareholding as at 31 Dec 2012 $
Subsidiaries				
Waneka Investments (Private) Limited	70	283 218	70	283 218
Manellie Investments (Private) Limited	100	249 540	100	249 540
Norton Medical Investments (Private) Limited	60	498 605	60	498 605
Special purpose entities				
Poundstone Investments (Private) Limited	100	26 000	100	26 000
		1 057 363		1 057 363

All subsidiaries have been consolidated in these financial statements.

11.2 Investment in associate

The Group has an investment in an associate with the shareholding and carrying amount as follows:

	Shareholding as at 31 Dec 2013 %	Shareholding as at 31 Dec 2012 %
Africom Continental (Private) Limited	33	33

	2013 US$	2012 US$
At 1 January	2 599 337	1 696 055
Share of loss of associate	(706 757)	(220 858)
Investments acquired	-	1 050 000
Reclassified from non current asset held for sale	-	74 140
At 31 December	1 892 580	2 599 337

12 INVENTORIES

Work in progress	1 292 102	167 657
Finished goods	34 642	17 592
	1 326 744	185 249
Current	1 326 744	185 249

In line with the Group's mandate, the increase in work in progress of US$1 124 445 is as a result of property development of flats in Waneka Properties (Pvt) Ltd. The development is a second phase project estimated to be completed in the 2014 financial reporting period.

13 INVESTMENT PROPERTY

	2013 US$	2012 US$
Balance as at 1 January	11 128 092	6 447 760
Replacements during the year	-	5 463
Additions during the year	-	1 200 000
Disposals during the year	(976 137)	(790 000)
Net gain from fair value adjustment : profit on disposal	32 137	553 000
Net gain from fair value adjustment : unrealised fair value gain	1 288 213	3 711 869
Balance as at 31 December	11 472 305	11 128 092
Analysis by nature		
Residential stands	2 525 905	2 181 692
Commercial and industrial properties	8 946 400	8 946 400
	11 472 305	11 128 092

13 INVESTMENT PROPERTY (CONTINUED)

	2013 US$	2012 US$
Investment properties to the value of $7 380 000 are pledged as collateral security for fixed term deposits (refer to Note 18).		
Included in the statement of comprehensive income are the following amounts which relate to investment properties held by the Group.		
Rental income	406 413	304 031

Investment property includes a number of commercial 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 carrying amount of the investment property is at fair value as determined by an independent valuation. Fair values were determined having regard to market transactions for similar properties in the same location as the Group's investment properties.

The Group's investment properties were revalued at 31 December 2013 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and categories of the investment properties valued.

14 INTANGIBLE ASSETS

Computer software

	2013 US$	2012 US$
Year ended 31 December		
Opening net book amount	665 632	706 878
Additions	66 194	189 792
Amortisation	(258 786)	(231 038)
Closing net book amount	473 040	665 632
At 31 December		
Cost	1 055 878	989 684
Accumulated amortisation	(582 838)	(324 052)
Closing net book amount	473 040	665 632

Amortisation of US$ 258 786 (2012: US$ 231 038) has been charged to operating expenses.

15 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 2012						
Opening net book amount	1 819 137	235 424	658 730	10 539	1 400 000	4 123 830
Additions	-	221 790	601 214	11 076	-	834 080
Disposals	-	-	(216 505)	-	-	(216 505)
Depreciation charge	(36 146)	(130 674)	(165 048)	(11 200)	-	(343 068)
Net book amount	1 782 991	326 540	878 391	10 415	1 400 000	4 398 337
At 31 December 2012						
Cost	2 000 000	827 837	1 938 319	481 247	1 400 000	6 647 403
Accumulated depreciation	(217 009)	(501 297)	(1 059 928)	(470 832)	-	(2 249 066)
Net book amount	1 782 991	326 540	878 391	10 415	1 400 000	4 398 337
Year ended 31 December 2013						
Opening net book amount	1 782 991	326 540	878 391	10 415	1 400 000	4 398 337
Additions	-	136 689	1 236	23 821	-	161 746
Disposals	-	-	(14 601)	-	-	(14 601)
Depreciation charge	(36 147)	(186 884)	(280 309)	(19 104)	-	(522 444)
Net book amount	1 746 844	276 345	584 717	15 132	1 400 000	4 023 038
At 31 December 2013						
Cost	2 000 000	964 526	1 448 468	505 068	1 400 000	6 318 061
Accumulated depreciation	(253 156)	(688 181)	(863 751)	(489 936)	-	(2 295 023)
Net book amount	1 746 844	276 345	584 735	15 132	1 400 000	4 023 038

Land and buildings with a carrying amount of $1 746 844 are pledged as collateral security for fixed term deposits (refer to Note 18).

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 of US$ 522 443 (2012: US$ 343 068) has been charged to operating expenses (note 29).

16 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.

Issued share capital

	Number of shares	Share capital US$	Share premium US$	Total US$
At 1 January 2012	2 153 760	21 537	849 743	871 280
Issue of shares	177 354	1 774	4 998 226	5 000 000
At 31 December 2012	2 331 114	23 311	5 847 969	5 871 280
At 1 January 2013	2 331 114	23 311	5 847 969	5 871 280
Issue of shares	117 932	1 179	3 323 583	3 324 762
At 31 December 2013	2 449 046	24 490	9 171 552	9 196 042

The Bank issued 117,932 shares on 31 December 2013 (5% of the total ordinary share capital issued) to an existing shareholder. The issue was made pursuant to the shareholder's following their rights on an outstanding rights issue. Consideration received from the issue was a 4.55% investment in Norsad Finance Limited, classified as available-for-sale financial asset, valued at $3 324 762 (refer to note 8) on initial recognition.

Norsad Finance Limited is a Development Finance Institution domiciled in Botswana and was established to contribute to the private sector development of Southern African countries, by way of availing funding, to enterprises that are financially, socially and environmentally sustainable and which will create jobs with decent working conditions, adopt good governance and, overall, assist economic growth and poverty alleviation in Southern African countries.

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

17 OTHER EQUITY RESERVES

17.1 Non distributable reserve

The reserve arose as the net effect to the United States dollars of restatement of assets and liabilities previously denominated in the Zimbabwe dollar following the introduction of the multi-currency regime in the Zimbabwean economy on 1 January 2009.

18 DEPOSITS FROM CUSTOMERS

Deposits due to customers are primarily comprised of amounts payable on demand and term deposits.

	2013 US$	2012 US$
Large corporate customers	35 577 510	56 764 299
Retail customers	587 208	306 518
	36 164 718	57 070 817

Included in term deposits are mortgage backed deposits secured to the tune of $9 126 844 by the Bank's investment properties and land and buildings (Refer to notes 13 and 15).

18.1 Maturity analysis of deposits from customers

	2013	2012
Up to one month	34 182 323	36 988 177
Up to three months	1 982 395	500 000
Up to six months	-	19 582 640
	36 164 718	57 070 817

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.

18.2 Sectorial analysis of deposits from customers

	2013 Percentage (%)	US$	2012 Percentage (%)	US$
Communication	0%	-	3%	400 000
Financial markets	18%	6 621 926	1%	1 400 000
Fund managers and pension funds	20%	7 133 289	19%	11 430 450
Individuals	2%	559 126	0%	6 652 011
Government and public sector institutions	42%	15 315 333	75%	30 433 838
Other services	18%	6 535 044	2%	6 754 518
	100%	36 164 718	100%	57 070 817

19 FOREIGN LINES OF CREDIT

	2013 US$	2012 US$
Lines of credit	49 595 104	39 797 560

19.1 Maturity analysis of loans

	2013	2012
Principal balances not yet due	9 705 529	2 253 292
Arrears	39 889 575	37 544 268
	49 595 104	39 797 560

19.2 Maturity analysis of gross amount

	2013	2012
On demand, due to being in arrears	39 889 575	37 544 268
Maturity within 1 year	-	-
Maturity after 1 year but within 5 years	9 705 529	2 253 292
Maturity after 5 years	-	-
	49 595 104	39 797 560

19.3

	2013	2012
Current	39 889 575	37 544 268
Non-current	9 705 529	2 253 292
	49 595 104	39 797 560

19.4 Detailed analysis by currency

Year ended 31 December 2013 Foreign currency	Interest rate	Final redemption date	Principal balance opening FC	Draw down FC	Repayment FC	Principal balance closing FC	Arrears own currency FC	Capital billings FC	Exchange rate	Arrears closing balance US$	Total lines of credit US$
GBP											
EIB I	5.00%	1999	-	-	-	-	116 415	-	1.648	191 816	191 816
EIB IV	4.35%	2004	-	-	-	-	1 046 857	-	1.648	1 724 906	1 724 906
CHF											
EIB I	5.00%	1999	-	-	-	-	531 318	-	1.126	598 061	598 061
EIB IV	3.00%	2004	-	-	-	-	1 631 176	-	1.126	1 836 082	1 836 082
JPY											
EIB I	5.00%	1999	-	-	-	-	84 200 953	-	0.010	801 868	801 868
EIB II	3.00%	2002	-	-	-	-	134 206 499	-	0.010	1 278 084	1 278 084
EURO											
DEG INCOME NOTES	8.00%	2001	-	-	-	-	1 745 819	-	1.379	2 407 309	2 407 309
EIB II	3.00%	2002	-	-	-	-	6 740 426	-	1.379	9 308 678	9 308 678
EIB IV (ex ITL)	3.00%	2004	-	-	-	-	4 770 908	-	1.379	6 578 605	6 578 605
EIB IV (ex FFr)	3.00%	2004	-	-	-	-	3 436 736	-	1.379	4 738 915	4 738 915
USD											
EIB IV	2.61%	2004	-	-	-	-	5 821 143	-	1.000	5 821 143	5 821 143
FINN FUND II	3.00%	2004	-	-	-	-	4 604 106	-	1.000	4 604 106	4 604 106
Total shareholders' loans										39 889 575	39 889 575
USD											
CBZ Bank Limited - ZETREF	5.19%	2014	2 253 292	8 113 750	661 512	9 705 529	-	-	1.000	9 705 529	9 705 529
										49 595 104	49 595 104

80% of the loans were guaranteed by the Government of Zimbabwe.
Exchange rates have been rounded off to the nearest 3 decimal places

Year ended 31 December 2012 Foreign currency	Interest rate	Final date	Principal balance opening FC	Draw down FC	Repayment FC	Principal balance closing FC	Arrears own currency FC	Capital billings FC	Exchange rate	Arrears closing balance US$	Total lines of credit US$
GBP											
EIB I	5.00%	1999	-	-	-	-	110 871	-	1.626	180 267	180 267
EIB IV	4.35%	2004	-	-	-	-	1 003 217	-	1.626	1 631 150	1 631 150
CHF											
EIB I	5.00%	1999	-	-	-	-	506 017	-	1.092	552 631	552 631
EIB IV	3.00%	2004	-	-	-	-	1 583 666	-	1.092	1 729 553	1 729 553
JPY											
EIB I	5.00%	1999	-	-	-	-	80 191 383	-	0.012	926 130	926 130
EIB II	3.00%	2002	-	-	-	-	130 297 572	-	0.012	1 504 807	1 504 807
EURO											
DEG INCOME NOTES	8.00%	2001	-	-	-	-	1 616 496	-	1.296	2 094 817	2 094 817
EIB II	3.00%	2002	-	-	-	-	6 524 685	-	1.296	8 455 340	8 455 340
EIB IV (ex ITL)	3.00%	2004	-	-	-	-	4 631 949	-	1.296	6 002 543	6 002 543
EIB IV (ex FFr)	3.00%	2004	-	-	-	-	3 336 637	-	1.296	4 323 947	4 323 947
USD											
COMMODITIES -CFC	3.00%	2017	1 200 000	-	1 200 000	-	-	-	-	-	-
EIB IV	2.61%	2004	-	-	-	-	5 673 076	-	1.000	5 673 076	5 673 076
FINN FUND II	3.00%	2004	-	-	-	-	4 470 006	-	1.000	4 470 006	4 470 006
Total shareholders' loans										37 544 268	37 544 268
USD											
CBZ Bank Limited - ZETREF	5.19%	2014		2 253 292	-	2 253 292	-	-	1.000	2 253 292	2 253 292
										39 797 560	39 797 560

80% of the loans were guaranteed by the Government of Zimbabwe.
Exchange rates have been rounded off to the nearest 3 decimal places

20 LOCAL LINES OF CREDIT AND BONDS

	2013 US$	2012 US$
Bonds	22 620 180	17 950 965
Lines of credit	485 187	4 959 743
Total	23 105 367	22 910 708
Current	8 025 247	10 943 398
Non current	15 080 120	11 967 310
	23 105 367	22 910 708

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

	Bonds 2013 US$	Lines of credit 2013 US$	Bonds 2012 US$	Lines of credit 2012 US$
At 1 January	17 950 965	4 959 743	-	10 821 136
New issues	13 620 102	-	17 950 965	-
Repayments	(8 950 887)	(4 474 556)	-	(5 861 393)
At 31 December	22 620 180	485 187	17 950 965	4 959 743

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.

21 OTHER LIABILITIES

	2013 US$	2012 US$
Accruals	464 569	803 153
Provision for outstanding employee leave (note 21.1)	512 810	533 502
Dividend payable	499 978	-
Other	1 934 297	1 739 400
	3 411 654	3 076 055
Current	3 411 654	3 076 055

21.1 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 statement of financial position date and the charge is recognised in the statement of comprehensive income within "employee benefit costs" (note 29.1).

	2013 US$	2012 US$
Balance at 1 January	533 502	349 196
Additional provisions	18 520	218 178
Utilised during the year	(39 212)	(33 872)
Balance as at 31 December	512 810	533 502

22 NET INTEREST INCOME

22.1 Interest and related income:		
Loans and advances to customers	13 421 294	13 513 891
22.2 Interest and related expense:		
Deposits due to customers	(6 760 485)	(5 210 432)
Foreign lines of credit	(1 247 013)	(1 313 566)
	(8 007 498)	(6 523 998)

23 LOAN IMPAIRMENT CHARGE

Loans and advances to customers (note 9)		
Increase in impairment	(1 289 021)	(2 097 028)

		2013 US$	2012 US$
24	**FEE AND COMMISSION INCOME**		
	Advisory and management fees	3 167 397	1 944 559
	Other	2 173 570	454 260
		5 340 967	2 398 819
25	**NET GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**		
	Listed equity securities (note 7)	2 653	3 542
26	**OTHER INCOME**		
	Rental income	406 413	304 031
	Other operating income	490 813	1 324 196
		897 226	1 628 227
27	**FAIR VALUE GAIN ON INVESTMENT PROPERTY**		
	Profit on disposal of investment property	32 137	553 000
	Unrealised gains from fair value adjustment of investment property	1 288 213	3 711 869
		1 320 350	4 264 869
28	**NET FOREIGN EXCHANGE GAINS/(LOSSES)**		
	Net realised gains from dealing in foreign currency	774 047	474 993
	Net unrealised losses from translation of foreign currency balances	(1 103 110)	(137 905)
		(329 063)	337 088
29	**OPERATING EXPENSES**		
	Repairs and maintenance	163 195	345 896
	Employee benefit costs (note 29.1)	6 674 259	6 191 977
	Telecommunication and postage	81 214	71 414
	IT and software costs	245 081	244 656
	Directors remuneration:		
	- for services as directors	330 275	179 400
	Operating lease payments	201 317	174 406
	Water, electricity and rates	199 898	210 134
	Professional fees	120 271	151 252
	Audit fees paid:		
	- current year audit	33 465	-
	- prior year year audit	158 895	271 200
	Depreciation	522 443	343 068
	Amortisation	258 786	231 038
	Fuel and lubricants	61 922	69 687
	Travel and entertainment	121 388	233 773
	Marketing and public relations	81 485	49 199
	Insurance and security	277 264	206 577
	Subscriptions	69 712	54 265
	Printing and stationery	83 748	73 573
	Bank charges	36 193	47 382
	Strategic planning expenses	37 146	35 226
	Canteen expenses	38 807	31 520

29 OPERATING EXPENSES (Continued)

	2013 US$	2012 US$
Staff training	50 435	49 473
Refreshments	41 825	37 688
Other administrative costs	174 395	469 720
	10 063 419	9 772 524

29.1 Employee benefit costs

	2013 US$	2012 US$
Salaries and bonuses	5 137 395	4 924 439
Pension costs	605 638	454 600
Post employment medical benefits	254 475	243 512
Leave pay expense	18 520	150 434
Other staff expenses	658 230	418 992
	6 674 258	6 191 977

Post employment benefits

Pension Fund

The Group operates a defined contribution plan for all permanent employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are paid to a separately administered fund on a mandatory basis. Contributions to this fund are charged against income when incurred. The Group has no further obligations once the contributions have been paid.

Contributions for during the year	523 027	378 211

National Social Security Authority Scheme

The Group and all its employees contribute to the National Social Security Authority Scheme, which was promulgated under the National Social Security Act (Chapter 17:04). The Group's obligations under the scheme are limited to specific contributions legislated from time to time.

Contributions for the year	82 611	59 451

30 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. No dilutive instruments were held during the year (2012 - US$nil).

The calculation of basic earnings per share at 31 December was based on the following:	2013	2012
Profit attributable to equity holders (US$)	601 240	3 509 252
Weighted average number of issued ordinary shares	2 331 114	2 331 114
Basic earnings per share (cents)	26	151

31 CONTINGENCIES

a) Contingent assets
The Group has 20% shareholding in both Shungu Engineering (Private) Limited and Bestafoam (Private) Limited and there are shareholder issues in these entities, hence the Group is not able to have access to financial records and operations on the respective companies. The directors are of the opinion that the results of recent and continuing negotiations with co-shareholders have given strong indications that access to financial records and operations is probable in full in the near future.

b) Contingencies on investment property
As part of the Group's strategy on recovering non-performing loans, foreclosures on bonded assets are pursued. As at reporting date, properties valued US$1.2 million were acquired in 2012 by the Group in lieu of loan exposures from clients. The affected clients were subsequently placed under judicial management before title transfer was finalised. The transaction had reached an irreversible stage in the title transfer. However, progress on transfer has been slowed due to the finalisation of the judicial management processes on the relevant clients (Refer to note 13).

32 COMMITMENTS

a) Loan commitments, guarantees and other financial facilities
At 31 December 2013, the Group had contractual amounts for off-statement of financial position financial instruments that commit it to extend guarantees and loans as follows:

	2013 US$	2012 US$
Loan commitments	7 602 206	32 460 959

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	172 602	210 048

The lease rentals are renegotiated annually in January.

33 FUNDS UNDER MANAGEMENT	2013 US$	2012 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.

	2013 US$	2012 US$
Held on behalf of:		
Government of Zimbabwe	191 478 587	198 001 375
Represented by:		
Sinking fund	-	6 960 621
Amounts awaiting disbursement	485 187	4 959 743
Loans and advances to parastatals and government implementing agencies	190 993 400	186 081 011
	191 478 587	198 001 375

34 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 2013, 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:

	2013 US$	2012 US$
Salaries and other short-term employee benefits	1 705 092	1 300 794
Post-employment benefits	161 731	91 775
Total	1 866 823	1 392 569

c) Loans and advances to related parties

	Directors and other key management personnel 2013 US$	Associated companies 2013 US$	Directors and other key management personnel 2012 US$	Associated companies 2012 US$
Loans outstanding at 31 December	426 688	1 349 917	412 867	1 677 686
Interest income earned	16 996	98 549	16 445	269 923

No allowance for impairment was required in 2013 (2012: US$ nil) for the loans made to key management personnel and a general allowance of $12 184 was made on loans advanced to associated companies (2012: US$ 82 861).

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

d) Deposits from related parties

	Directors and other key management personnel 2013 US$	Associated Companies 2013 US$	Directors and other key management personnel 2012 US$	Associated Companies 2012 US$
Deposits at 31 December	4 124	234 388	14 732	-
Interest expense on deposits	-	15 387	1 103	-

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

e) Director's shareholdings

As at 31 December 2013, the directors did not hold directly and indirectly any shareholding in the Bank.

35 GOING CONCERN

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the consolidated financial statements.

Note 19 indicates that the Group has foreign currency denominated shareholders loans amounting to US$39.8 million as at 31 December 2013 that are overdue. These loans were advanced by foreign shareholders of the Bank who now own less than 1% of the Bank's ordinary shares and these loans are guaranteed, to the extent of 80% of their stated value, by the Government of Zimbabwe, the major shareholder of the Bank. The Group is currently unable to service the interest charges on these loans or repay the principal amount.

As at 31 December 2013 total liabilities of the Group exceeded total assets by US$6 357 901 (31 December 2012 - US$11 344 865).

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern, without further support from its shareholders.

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.

The Ministry of Finance has issued a letter of support in which it indicates that based on its previous support, the Government of Zimbabwe is committed to supporting the Group by way of further capitalization should the Group be asked to repay the debt in the near future.

The directors have also initiated motions, through the Ministry of Finance, to have the legacy debt hived off the Group's statement of financial position through a bill of parliament and the process is at an advanced stage of engagement between the Bank and Ministry of Finance. The removal of the legacy debt will result in the Group's total assets exceeding total liabilities.

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.

36 EVENTS AFTER THE REPORTING DATE

There were no significant reporting events that occurred post the reporting date.

Notice is hereby given that the 29th Annual General Meeting of Members of the Infrastructure Development Bank of Zimbabwe (IDBZ) will be held in the Boardroom, IDBZ House, 99 Rotten Row, Harare, Zimbabwe on Thursday, 26th of June 2014 at 11:00 hours to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Financial Statements and Reports of the Directors and Auditors for the year ended 31 December 2013;

2. To approve the payment of a dividend for the financial year ended 31 December 2013;

3. To approve the remuneration of the auditors for the year ended 31 December 2013;

4. To re-appoint Deloitte &Touche, Chartered Accountants (Zimbabwe) as external auditors of the Bank for the year ending 31 December 2014 in terms of Section 25B (1) of the IDBZ Act (Chapter 24:14), who will hold office until the conclusion of the next Annual General Meeting;

5. To approve the remuneration of the Directors for the year ended 31 December 2013;

6. To transact any other business that may be transacted at the Annual General Meeting.

SPECIAL BUSINESS

7. ORDINARY RESOLUTION
   That the authority given to the Directors of the Bank to issue ordinary shares in the capital of the Infrastructure Development Bank of Zimbabwe (IDBZ) to institutional investors up to a maximum of 49% of the issued share capital through private placement, be and is hereby extended by twelve months from date of the Annual General Meeting. Upon its expiration and it being considered necessary to extend it, this authority shall be subject to further renewal by Shareholders at the Bank's next Annual General Meeting.

A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote in his stead. A proxy need not be a Member of the Bank. Proxy forms must be lodged at the Registered Office of the Bank not less than 48 hours before the time appointed for the meeting.

By Order of the Board

K Kanguru
Bank Secretary

4 June 2014

Registered Office:
99 Rotten Row
Harare Zimbabwe
Telephone 263 4 774 226/7, 750 171 - 8
Fax: 263 4 749012

PROXY FORM

I/WE ....

of ....

being the registered holder of ....

Ordinary Shares in the Infrastructure Development Bank of Zimbabwe (IDBZ)

hereby appoint ....

of ....

or, failing him, the Chairman of the meeting as my/our proxies, to vote for me/us and on my/our behalf at the ANNUAL GENERAL MEETING of the Bank to be held in the Boardroom, IDBZ House, 99 Rotten Row, Harare, Zimbabwe on Thursday, 26 June 2014 commencing at 11:00 hours and at any adjournment thereof.

Signed this .... Day of 2014

Signature of Member ....

NOTE:

A member entitled to attend and vote at the meeting may appoint any person or persons to attend, speak and vote in his stead. A proxy need not be a Member of the Bank. Proxy forms must be lodged with the Secretary not less than forty-eight (48) hours before the time appointed for the meeting.

Registered Office:
99 Rotten Row
P O Box 1720 Harare
Zimbabwe
Tel: 774226/7, 750171-8
Fax: 749012