IDBZ
Infrastructure Development Bank of Zimbabwe

NATIONAL GROWTH AND TRANSFORMATION ENABLERS

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2019

www.idbz.co.zw

MAWAZOBD

CHAIRMAN'S STATEMENT HALF YEAR ENDED JUNE 2019

Background

Zimbabwe's macroeconomic environment continued to deteriorate in 2019 with annual inflation reaching 175.66% in June 2019 from 2.91% in June 2018. Month on month inflation reached 39% from -0.05% over the same period. On average, between January 2019 and June 2019, prices have increased by 74%. The country introduced the Zimbabwe dollar as the sole legal tender on the 24th of June 2019 breaking away from the multi-currency regime and the fixed exchange rate policy.

The country's GDP growth in 2019 was revised downwards from initial projected growth of 3.1% to a decline of 2.1%. The situation was compounded by unstable weather patterns (Cyclone Idai and the El Nino phenomenon), foreign currency shortages, and inadequate power and energy supply.

Furthermore, inadequate and dilapidated economic and social infrastructure has remained an impediment to growth aspirations and attainment of Vision 2030. It is estimated that Zimbabwe requires about US$ 33.8 billion between 2019 and 2030 to close the infrastructure funding gap. Of that amount the private sector is expected to contribute US$ 8 billion (AfDB, 2019). The Bank is expected to play a critical role in mobilizing the additional resources for infrastructure development.

Despite the challenging environment the Bank remains committed to delivering on its mandate and answering to the country's developmental needs. In the housing sector, the Bank has a target of to delivering 3 266 housing stands upon of the ongoing projects.

Through its Agency Agreement with Government, the Bank is involved in monitoring the implementation of Public Sector Investment Programme countrywide. The Bank is involved in the monitoring of construction works on the following dams that are at various stages of completion: Semwa, Bindura, Dande, Causeway, Chivhu, Marovanyati, Gwayi Shangani and Tuli Manyange.

In the transport sector, some of the projects under implementation include; Mvurwi – Kanyemba Road and Pontoon, Bindura - Shamva Road, Mount Darwin – Mukumbura Road, Chivi-Mandamabwe, Gokwe Siabuwa, Mberengwa West Nicholson, Kwekwe Nkayi, Rutenga Boli Chikwalakwala and Chilonga Bridge. The road rehabilitation works under the PSIP projects which the Bank is monitoring covers 2 516 km countrywide. The Bank is also involved in the rehabilitation of various irrigation schemes in the country in line with the government developmental thrust.

The Bank is progressing well with the institutional reforms which started in 2015 and is being supported by the Government under the Institutional Support for State Enterprises Reforms and Delivery Project (ISERDP). The Bank is now focusing on coming up with a Reform Strategy that would align the Bank's Medium-Term Strategy with the Country's Vision 2030.

On the 24th of June 2019 a new eight-member Board was appointed drawn largely from the private sector with extensive experience in development finance and infrastructure development. This will give renewed impetus to the institutional reform agenda. As the Bank embarks on this exciting journey, it will seek collaboration with players in the infrastructure development value chain.

As the Board Chairman, I extend my appreciation to the previous Board and would like to continue from where they have left in ensuring that Zimbabwe has a robust, inclusive and sustainable growth and development. The journey we have started requires the collaboration of all players, both locally and internationally, in mobilizing resources for infrastructure development.

I wish to thank Government, Shareholders and other stakeholders for their continued support under very challenging economic conditions.

Joseph Mutizwa
Chairman of the Board
Date 28 August 2019

CHIEF EXECUTIVE'S STATEMENT HALF YEAR ENDED JUNE 2019

As set out in the Bank's 2019 Work Programme and Budget, the Bank is geared to meaningfully contribute to the country's developmental agenda through; infrastructure development, financing, capacity building, and knowledge generation & sharing.

During the period under review, the Bank made significant progress towards execution of its mandate, in spite of the harsh macroeconomic environment. The Kariba Housing Development Project (KHDP) and Hwange - Empumalanga West Housing Project (EWHP) are expected to be completed while the Bulawayo Student Accommodation Project (BSAC) is expected to reach 80% completion by year end. The Bank raised ZWL$2.98 million towards financing some of the ongoing projects over the reporting period.

The Bank is working on project preparation activities for projects in its pipeline and is expecting the following projects to reach bankability by the end of the year:

- Chinhoyi University of Technology Student Accommodation;
- Catholic University of Zimbabwe Student Accommodation;
- Harare Public Ablution Facilities; and
- Christmas Pass Mixed Development.

In support of Government's increased focus on infrastructure development, the Bank is providing advisory services through monitoring of implementation of PSIP projects and approved certificates reached ZW$269.24 million for the period under review. The Bank also seeks to capacitate players in the infrastructure value chain (IVC) through availing funding for their working capital and capital expenditure needs. In that regard, the IVC loan book had reached ZW$16.1 million at the end of the reporting period.

The Bank has continued to offer advisory and technical services in the execution of the following Government projects; the Beitbridge-Harare Road project and the Ministry of Primary & Secondary Education Schools Development project targeting 2056 schools.

In pursuit of being the first green bank in Zimbabwe, IDBZ has made strides towards accreditation with the Green Climate Fund and expected to reach level two application status by the end of the year. To compliment the Green Climate Fund Accreditation, the Bank will continue to work with other partners and stakeholders in mobilizing resources to respond to climate change induced challenges. In that regard, the IDBZ envisions establishing a Climate Finance Facility in 2020.

The Bank has also added its voice to the infrastructure development discourse in Zimbabwe through two studies that were completed, as follows:

- Opportunities for blending Public and Private Sector Resources Towards Infrastructure Funding: Policy Options; and
- Analysis of factors that affect the bankability of infrastructure projects in Zimbabwe with special reference to opportunities and challenges in the energy and power generation sector. Technical and policy implications.

These studies provide important lessons from Zimbabwe, Africa and the world on critical ingredients for successful infrastructure development including opportunities for blended finance and its flexible structures in financing infrastructure projects.

Financial Performance

The Bank's revenue grew by 67% from ZW$4.2 million in half year 2018 to ZW$7 million for half year 2019. This was driven by interest earned from treasury placements and coupon interest from treasury bills that the Bank received as capitalisation in 2018 . Furthermore, there were increases in fees, commission and recoveries from advisory and monitoring services provided on government projects.

Consequent to the change in functional currency, the Bank's interest in a foreign domiciled development finance institution (DFI) worth US$4.5 million was remeasured using the spot exchange rate ruling at 30 June 2019. The interest is held at fair value through other comprehensive income and exchange gains of ZW$30 million were recorded in other comprehensive income.

The Bank recorded total comprehensive income of $26.6 million for the half year 2019.

Appreciation

We are greatly indebted to the Government of Zimbabwe, the Ministry of Finance and Economic Development, the Reserve Bank of Zimbabwe, other shareholders and all the stakeholders for their continued support.

Thomas Zondo Sakala
Chief Executive Officer
Date: 28 August 2019

CORPORATE GOVERNANCE

Board of Directors

The current Board of Directors consists of eight (8) directors, only one of whom is an executive director. The size of the Board is considered adequate for the current size of the Bank's operations. The Chairman of the Board is a non executive director.

The duties and responsibilities of the Board are outlined in section 4A of the Infrastructure Development Bank of Zimbabwe Act (Chapter 24:14). The Board is responsible for formulating and implementing policies and strategies necessary for the achievement of the Group's objectives.

BOARD & BOARD COMMITTEE ATTENDANCE RECORD FOR THE PERIOD JANUARY TO JUNE 2019

Board Member	Main Board	Board Human Resources	Board Corporate Governance Committee	Board Finance and Risk Management Committee	Board Audit Committee
Col (Rtd) J Mhakayakora (Acting Chairman)	1	N/A	N/A	N/A	N/A
TZ Sakala (CEO)	1	1	EX-officio	2	Ex-officio
Eng N Kudenga	1	2	2	N/A	N/A
M Sangarwe	2	2	1	2	0
Eng VH Choga	2	N/A	2	N/A	2
P Kunaka	1	2	N/A	1	1
CS Tawha	2	N/A	2	2	1
NHC Chiromo**	N/A	N/A	N/A	N/A	2
E Jinda**	N/A	1	N/A	N/A	N/A

1. ** Messrs NHC Chiromo and E Jinda are not Directors and sit on the Audit Committee and Human Resources Committee respectively as independent experts. Their appointment is in line with Section 7 (2) of the IDBZ Act [Chapter 24:14]
2. The CEO attends meetings of the Audit Committee and Corporate Governance Committee as ex-officio

A new 8 member board was appointed by the Minister of Finance and Economic Development Hon Prof Mthuli Ncube on the 24th of June 2019. The new board comprises of :-

- Joseph Mutizwa (Chairman)
- Kupukile Mlambo
- Luke E. M. Ngwerume
- Sibusisiwe P. Bango
- Reginald Mugwara
- Jeremiah Mutonga
- Tadious Muzorora
- Nobert Mugwagwa

PSGRS – Development Finance Institutional Rating

The Bank was rated under the Prudential Standards, Guidelines and Rating System (PSGRS). The framework falls under the purview of African Association of Development Finance Institutions (AADFI) and requires Independent validation of the rating by an external auditor. The Bank's 2019 rating for the financial year ended 31 December 2018 was assigned a grade of "A+" and validated by our external auditors Baker Tilly. The rating scale evaluates three critical areas; Governance, Financial and Operational Standards. The risk assessment ratings are summarised as shown on the table;

PSGRS Standard	Maximum possible weight	2018 score	2017 score
Governance	40%	42.62%	36.4%
Financial	40%	27.83%	27.3%
Operational	20%	17.17%	18.7%
Overall Score		87.62%	82.4%
PSGRS rating		A+	A

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Unaudited 30 June 2019 ZW$	Audited 31 Dec 2018 ZW$
ASSETS			
Cash and bank balances	5	83 619 321	279 936 582
Inventories	11	28 300 254	23 757 254
Other receivables and prepayments	10	14 412 681	8 656 006
Loans and advances to customers	9	36 583 078	45 415 257
Investment securities	6	457 757	314 054
Financial assets at fair value through other comprehensive income	7	36 191 740	7 063 092
Treasury bills and other financial assets	8	265 055 619	197 196 876
Investment in associates		2 992 163	2 933 850
Investment property	12	39 412 534	15 830 000
Intangible assets	14	122 133	125 078
Property and equipment	13	9 449 887	9 006 013
Deferred taxation		31 879	31 879
Total assets		**516 629 046**	**590 265 941**
Equity and liabilities			
Liabilities			
Deposits from customers	16	32 485 512	35 166 771
Local lines of credit and bonds	17	217 376 290	337 501 690
Other liabilities	18	14 997 680	13 630 563
Total liabilities		**264 859 482**	**386 299 024**
Equity			
Share capital	15	65 281	65 281
Share premium	15	31 785 732	31 785 732
Amounts awaiting allotment		130 000 000	130 000 000
Non distributable reserve		23 488 383	(256 617)
Preference share capital		38 283 003	38 283 003
Fair value reserve		30 589 226	631 474
(Accumulated loss)/retained earnings		(8 740 029)	(2 863 414)
Equity attributable to equity owners of the Group		245 471 596	197 645 459
Non-controlling interest in equity		6 297 968	6 321 458
Total shareholders' equity		**251 769 564**	**203 966 917**
Total equity and liabilities		**516 629 046**	**590 265 941**

Joseph Mutizwa
Chairman of the Board
Date: 28 August 2019

Thomas Z. Sakala
Chief Executive Officer
Date: 28 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2019

	Note	Unaudited 30 June 2019 ZW$	Unaudited 30 June 2018 ZW$
Interest and related income	19.1	9 654 921	4 185 473
Interest and related expense	19.2	(6 463 916)	(3 025 845)
Net interest income		3 191 005	1 159 628
Property sales		50 150	4 294 208
Cost of sales		(5 964)	(2 426 685)
Gross profit		44 186	1 867 523
Fee and commission income	20	3 638 082	1 168 712
Net gain/(loss) on investment securities		143 703	(27 820)
Dividend income		7 033	50 441
Revenue		7 024 009	4 218 484
Other income		290 871	130 610
Loan impairment write-back	9.1	561 442	286 848
Fair value loss on investment property		-	-
Net foreign exchange gains		279 987	(8 169)
Operating expenses	21	(11 553 283)	(5 860 906)
Share of loss of associate		(3 130)	(57 940)
Loss for the year		**(3 400 104)**	**(1 291 073)**
Other comprehensive income		-	-
Items that may be reclassified to profit and loss			
Exchange gain on financial assets at fair value through other comprehensive income (net of tax)	7	29 957 753	
Total comprehensive income for the year		**26 557 649**	**(1 291 073)**
Profit for the year attributable to:			
Equity holders of the parent entity		(3 376 615)	(1 259 414)
Non-controlling interest		(23 489)	(31 659)
		(3 400 104)	(1 291 073)
Total comprehensive income attributable to:			
Equity holders of the parent entity		26 581 138	(1 259 414)
Non-controlling interest		(23 489)	(31 659)
		26 557 649	**(1 291 073)**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2019

	Note	30 June 2019 ZW$	30 June 2018 ZW$
Cash flow from operating activities			
Loss for the year		(3 400 104)	(1 291 073)
Adjustments for:			
Depreciation	13	389 334	153 810
Amortisation	14	21 945	21 083
Loan impairment charge	9.1	(561 442)	(286 848)
Net unrealised losses from translation of foreign currency balances		(279 679)	8 320
Loss /(profit) on disposal of property and equipment		-	7 327
Net gain/(loss) on investment securities		(143 703)	27 820
Accrued non-interest income		353 005	(984 978)
Leave pay expense		292 019	135 695
Bonus expense		198 434	393 318
Insurance - amortisation		127 762	67 928
Software Licences		-	163 034
Treasury bills discount loss		3 857 984	(156 441)
Other non cash items		-	-
Share of loss of associate		3 130	57 940
		858 685	(1 683 065)
Changes in :			
Loans and advances to customers		8 270 737	4 240 106
Treasury bills and other financial assets		(71 087 573)	(15 177 260)
Other receivables and prepayments		(5 756 675)	(2 776 159)
Inventories		(4 543 000)	(4 093 869)
Deposits from customers		(2 681 260)	(13 852 312)
Cyclone Idai disbursement facility		(1 584 610)	
Other liabilities		1 367 117	15 237 657
Net cash generated from operating activities		(75 156 579)	(18 104 902)
Cash flow from investing activities			
Acquisition of property and equipment		(852 207)	(1 061 423)
Proceeds from sale of property and equipment		-	13 500
Acquisition of investment property	12	(277 674)	(2 657 231)
Proceeds from sale of investment property		94 500	
Dividends received		99	50 443
Net cash used in investing activities		(1 035 282)	(3 654 711)
Cash flow from financing activities			
Proceeds from issue of bonds	17	2 980 000	4 184 000
Repayment of bonds	17	(17 547 734)	(20 267 574)
Increase in local lines of credit		(105 557 666)	150 100 165
Net cash used in financing activities		(120 125 400)	134 016 591
Net increase/(decrease) in cash and cash equivalents		(196 317 261)	112 256 978
Cash and cash equivalents at the beginning of the period		279 936 582	40 973 320
Cash and cash equivalents at the end of the period	5	83 619 321	153 230 298

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2019

	Ordinary share capital ZW$	Share premium ZW$	Amounts Awaiting allotment ZW$	Non distributable reserve ZW$	Preference share capital ZW$	Emergency Relief Fund Reserve ZW$	Fair value reserve ZW$	Accumulated Losses ZW$	Total before non-controlling interest ZW$	Non controlling interest ZW$	Total equity ZW$
Balance as at 1 January 2019	65 281	31 785 731	130 000 000	(256 617)	38 283 003	-	631 473	(2 863 414)	**197 645 457**	6 321 458	**203 966 915**
Transfer to Emergency Relief Fund Reserve (Cyclone Idai)	-	-	-	-	-	2 500 000	-	(2 500 000)	-	-	-
Cyclone Idai disbursement						(2 500 000)			**(2 500 000)**		**(2 500 000)**
Exchange gain on financial assets at FVOCI (effects of changes in functioning currency)							29 957 753		**29 957 753**		**29 957 753**
Effects of change in functioning currency on non-monetary assets				23 745 000					**23 745 000**		**23 745 000**
Loss for the period	-	-	-	-	-	-	-	(3 376 615)	**(3 376 615)**	(23 489)	**(3 400 104)**
Balance as at 30 June 2019	**65 281**	**31 785 732**	**130 000 000**	**23 488 383**	**38 283 003**	**-**	**30 589 226**	**(8 740 029)**	**245 471 596**	**6 297 969**	**251 769 564**
Unaudited											
Balance as at 1 January 2018 (Restated)	44 620	8 934 396	-	(256 617)	38 283 003	-	3 578 461	(1 615 111)	**48 968 752**	5 376 680	**54 345 433**
Profit for the period	-	-	-	-	-	-	-	(1 259 414)	**(1 259 414)**	(31 659)	**(1 291 073)**
Balance as at 30 June 2018	**44 620**	**8 934 396**	**-**	**(256 617)**	**38 283 003**	**-**	**3 578 461**	**(2 874 525)**	**47 709 338**	**5 345 022**	**53 054 359**

NOTES: SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019

1 GROUP ACCOUNTING POLICIES

The Infrastructure Development Bank of Zimbabwe ("IDBZ" or the "Bank") is a development financial institution whose founding Act is the IDBZ Act (Chapter 24:14). The address of the Bank's registered office is IDBZ House, 99 Rotten Row, Harare, Zimbabwe. IDBZ and its subsidiaries (together the "Group") are primarily involved in mobilising and providing finance for infrastructure development activities and management of infrastructure development projects.

The consolidated financial results of the Group for the half year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Board of Directors on **28 August 2019**.

2 GROUP ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies of the Group, which have been applied consistently. Refer to our website (www.idbz.co.zw) under Investor Relations for a detailed analysis of the significant accounting policies which are consistent with those applied in the Group's 2018 annual report.

2.1 BASIS OF PREPARATION

Change in functional and reporting currency Following the re-introduction of a local currency on 22 February 2019 and the establishment of an interbank currency market in Zimbabwe through Statutory Instruments (SI) 32 and 33 of 2019 and Exchange Control Directive RU28 of 2019, the Group's functional and reporting currency was changed from United States dollars ("USD" or "US$") to Zimbabwean dollars ("ZWL" or "ZW$")

Paragraph 4(1)d of SI33 states that all assets and liabilities that were expressed in US$ immediately before 20 February, 2019 were deemed, for accounting purposes, on and after the effective date, to be valued in the local currency at a rate of 1:1 to the United States Dollar. Consequently, no adjustment has been made on prior period figures, which were expressed in US$ in previous years. The balances have since 20 February 2019, assumed the same values in ZW$. The accounting treatment of the change in functional currency is a complex matter and is under consultation at industry level. At 22 February 2019, the Group had a portfolio of assets that was strictly denominated in US$. This included non-monetary assets that were converted to ZW$ at a rate of 2.5 at conversation date and monetary assets that are translated to the ruling exchange rate at each reporting date. For non-monetary assets, the gain or loss at conversion was translated directly to equity.

Impact of inflation of financial reporting

At 30 June 2019, year-on-year inflation was reported to be 175.66% resulting in considerations to report under IAS 29: "Financial Reporting in Hyperinflationary Economies". Whilst objective evidence suggests that conditions for reporting under IAS 29 may have been achieved, paragraph 4 suggests that it is preferable for all entities that report in the currency of the same hyperinflationary economy to apply the standard from the same date. As a result, the Group will continue to track developments and accounting guidelines in relation to this matter.

Basis of consolidation

The Group's consolidated financial results incorporate the financial statements of the Bank and entities controlled by the Bank. Control is achieved when the Bank has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The results of subsidiaries acquired or disposed of during the year are incorporated from the dates control was acquired and up to the date control ceased.

The financial results of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

All intra-group balances, transactions, income and expenses, profits and losses resulting from intra-group transactions that are recognised in assets and liabilities and income and expenses are eliminated in full.

Non-controlling interests represent the portion of profit and net assets that is not held by the Group and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

2.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

- Calculation of expected credit losses which are model driven per IFRS 9
- Valuation of investment properties
- Determination of the fair value of financial assets under IFRS 13
- Determination of control or significant influence in the SPVs that the Group uses to pursue its mandate.

2.3 Changes in accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Bank's Consolidated Financial Statements as at and for the period ended 31 December 2018.

3 RISK MANAGEMENT

3.1 Risk Management Policies

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including fair value interest rate risk, cash flow interest rate risk, foreign exchange risk, and price risk).

Risk management is a key function of management. The dynamism characterising the financial services sector has increased the importance of risk management. The Group has put in place a risk management framework to identify the type and areas of risk and to measure and assess all risks to enable management to make sound judgements and decisions and thereby limit losses.

The Board of Directors has overall responsibility for setting policies for risk management. The implementation and monitoring of the risk policies is through appropriate risk management structures with delegated authority from the Board. The Risk Management and Compliance Unit independently monitors risk throughout the Group according to set risk policies and provides advice and support on compliance matters. The Group manages risk within applicable laws. Each department is responsible for ensuring that its conduct complies with all the applicable laws and regulations.

In addition, the Group Internal Audit Unit is responsible for independent review of risk management and control environment; and the Group Legal Counsel provides advice and support on legal matters.

A Finance and Risk Management Committee has been set at Board level and it consists of non-executive directors to ensure the importance of this function is emphasised at a higher Level.

3.2 Credit risk

Credit risk is the possibility of loss arising from the inability of a client or a counterparty to meet its commitments to the Group. It is inherent in most banking products and activities. Credit risk management and control within the Group is guided by the Group's credit policy. The credit policy outlines procedures for accurate assessment, proper approval and consistent monitoring of credit risk.

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

Credit risk exposure relating to on-balance sheet assets are as follows:	Maximum Exposure 30 June 2019 ZW$	Maximum Exposure 31 Dec 2018 ZW$
Cash and bank balances	83 619 321	279 936 582
Treasury bills and other financial assets	265 055 619	191 044 009
Gross loans and advances to customers	39 883 177	48 721 491
Trading assets pledged as collateral	4 804 763	6 152 867
Other receivables and prepayments (Gross)	14 610 637	9 779 594
	407 973 517	535 634 543
Credit risk exposure relating to off-balance sheet assets are as follows:		
Loan commitments	589 248	992 837
Financial guarantees	-	-
Maximum exposure to credit risk	408 562 765	536 627 380

Financial guarantees principally represent guarantees that require the Group to make certain payments if guarantee holders fail to meet their financial obligations. There was no potential obligation resulting from these guarantees both as at 30 June 2019 and 31 December 2018 respectively.

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

Loans and advances (including assets pledged as collateral) are summarised as follows:	30 June 2019 ZW$	31 Dec 2018 ZW$
Stage 1	30 800 654	39 760 398
Stage 2	14 530	866 549
Stage 3	9 067 994	8 094 544
Gross	**39 883 178**	**48 721 491**
Less: allowance for impairment	(3 300 100)	(3 306 234)
Net	**36 583 078**	**45 415 257**

3.3 Liquidity risk

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

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

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

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

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

Contract maturity analysis

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

AS AT 30 JUNE 2019	Up to 1 month ZW$	1 to 3 months ZW$	3 to 9 months ZW$	9 to 12 months ZW$	over 12 months ZW$	Total ZW$
Assets						
Cash and cash equivalents	83 619 321	-	-	-	-	83 619 321
Investment securities	457 757	-	-	-	-	457 757
Financial assets at fair value through other comprehensive income	-	-	-	-	36 191 740	36 191 740
Treasury bills and other financial assets	-	-	-		265 055 619	265 055 619
Loans and advances to customers	6 498 547	378 902	8 273 505	1 340 690	20,091,435	36 583 079
Other receivables and prepayments	-	14 412 681	-	-	-	14 412 681
Total	**90 575 625**	**14 791 583**	**8 273 505**	**1 340 690**	**321 338 794**	**436 320 197**
Liabilities						
Deposits from customers	27 179 382	5 303 129	-	-	-	32 482 512
Local lines of credit	184 872 196	-	9 673 406	9 747 326	13 083 362	217 376 290
Other liabilities	14 997 680	-	-	-	-	14 997 680
Total	**227 049 258**	**5 303 129**	**9 673 406**	**9 747 326**	**13 083 362**	**264 856 481**
Gap	**(136 473 633)**	**9 488 454**	**(1 399 901)**	**(8 406 636)**	**308 255 432**	**171 463 716**
Contingent liabilities:						
Loan commitments	589 248	-	-	-	-	589 248
Total gap	**(137 062 881)**	**9 488 454**	**(1 399 901)**	**(8 406 636)**	**308 255 432**	**170 874 468**
Total cumulative gap	**(137 062 881)**	**(127 574 427)**	**(128 974 328)**	**(137 380 964)**	**170 874 468**	**-**

AS AT 31 DECEMBER 2018	Up to 1 month ZW$	1 to 3 months ZW$	3 to 9 months ZW$	9 to 12 months ZW$	over 12 months ZW$	Total ZW$
Assets						
Cash and cash equivalents	279 936 582	-	-	-	-	279 936 582
Investment securities	314 054	-	-	-	-	314 054
Financial assets at fair value through other comprehensive income	-	-	-	-	7 063 092	7 063 092
Treasury bills and other financial assets	-	12 454	6 947 412	-	184 084 138	191 044 009
Loans and advances to customers	7 965 005	472 257	-	17 006 561	19 971 434	45 415 257
Total	**288 215 641**	**484 711**	**6 947 412**	**17 006 561**	**211 118 664**	**523 772 989**
Liabilities						
Deposits from customers	24 486 515	10 599 282	80 974	-		35 116 771
Bonds	1 240 357	-	12 972 563	10 124 205	17 825 571	42 162 696
Local lines of credit	295 338 993					295 338 993
Other liabilities	-	13 630 562	-	-	-	13 630 562
Total	**321 065 865**	**24 229 844**	**13 053 537**	**10 124 205**	**17 825 571**	**386 299 022**
Gap	**(32 850 224)**	**(23 745 133)**	**(6 106 123)**	**6 882 356**	**193 293 093**	**137 473 967**
Contingent liabilities:						
Loan commitments	992 837	-	-	-	-	992 837
Total gap	**(33 843 061)**	**(23 745 134)**	**(6 106 120)**	**6 882 356**	**193 293 094**	**136 481 130**
Total cumulative gap	**(33 843 061)**	**(57 588 194)**	**(63 694 319)**	**(56 811 963)**	**136 481 130**	**-**

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.

3.4.1 Interest rate risk

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

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

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

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Interest rate repricing gap analysis

AS AT 30 JUNE 2019	Up to 1 month ZW$	1 to 3 months ZW$	3 to 9 months ZW$	9 to 12 months ZW$	over 12 months ZW$	Non interest bearing ZW$	Total ZW$
Assets							
Cash and bank balances	83 619 321	-	-	-	-	-	83 619 321
Investment securities	457 757	-	-	-	-		457 757
Loans and advances to customers	6 498 547	378 902	8 273 505	1 340 690	20 091 435	-	36 583 078
Financial assets at fair value through other comprehensive income	-	-	-	-	-	36 191 740	36 191 740
Treasury bills and other financial assets	-	-	-	-	265 055 619	-	265 055 619
Assets pledged as collateral	-	910 485	-	3 660 485	19 240 613	-	23 811 583
Other receivables and prepayments	-	-	-	-	-	14 412 681	14 412 681
Investment in associates	-	-	-	-	-	2 992 163	2 992 163
Total assets	**90 575 625**	**1 289 387**	**8 273 505**	**5 001 175**	**304 387 667**	**53 596 584**	**463 123 943**
Equity and liabilities							
Deposits from customers	27 179 383	5 303 129	-	-	-	-	32 482 512
Local lines of credit and bonds	184 872 196	-	9 673 406	9 747 326	13 083 362	-	217 376 290
Other liabilities	-	-	-	-	-	14 997 680	14 997 680
Shareholders' equity	-	-	-	-	-	251 769 564	251 769 564
Total equity and liabilities	**212 051 579**	**5 303 129**	**9 673 407**	**9 747 326**	**13 083 362**	**266 767 244**	**516 626 047**
Total interest repricing gap	**(121 475 954)**	**(4 013 742)**	**(1 399 902)**	**(4 746 151)**	**291 304 304**	**(213 170 661)**	**(53 502 105)**
Total cumulative gap	**(121 475 954)**	**(125 489 695)**	**(126 889 597)**	**(131 635 748)**	**159 668 556**	**(53 502 105)**	

AS AT 31 DECEMBER 2018	Up to 1 month ZW$	1 to 3 months ZW$	3 to 9 months ZW$	9 to 12 months ZW$	over 12 months ZW$	Non interest bearing ZW$	Total ZW$
Assets							
Cash & bank balances	279 936 582	-	-	-	-	-	279 936 582
Investment securities	-	-	-	-	-	314 054	314 054
Loans and advances to customers	7 965 005	472 257	-	17 006 561	19 971 434	-	45 415 257
Financial assets at fair value through other comprehensive income	-	-	-	-	-	7 063 092	7 063 092
Treasury bills & other financial assets	-	12 454	6 947 417	-	184 084 139	-	191 044 009
Total assets	**287 901 587**	**484 711**	**6 947 417**	**17 006 561**	**204 055 573**	**7 377 146**	**523 772 996**
Equity and liabilities							
Deposits from customers	25 995 665	10 599 282	80 974	-	-	-	36 675 921
Bonds	1 240 357	-	12 972 563	10 124 205	17 825 571	-	42 162 697
Local lines of credit and bonds	295 338 993						295 338 993
Other liabilities	-	-	-	-	-	13 630 563	13 630 563
Total equity and liabilities	**322 575 015**	**10 599 282**	**13 053 537**	**10 124 205**	**17 825 571**	**13 630 563**	**387 808 174**
Total interest repricing gap	(34 673 428)	(10 114 571)	(6 106 120)	6 882 356	186 230 002	(6 253 420)	135 964 822
Total cumulative gap	**(34 673 428)**	**(44 787 999)**	**(50 894 119)**	**(44 011 763)**	**142 218 240**	**135 964 822**	**-**

4 FAIR VALUE FINANCIAL ASSETS AND LIABILITIES

4.1.1 Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2019.

At 30 June 2019	Level 1 ZW$	Level 2 ZW$	Level 3 ZW$
Investment securities	457 757	-	-
Financial assets at fair value through other comprehensive income	-	-	36 191 740
Total assets	457 757	-	36 191 740
At 31 December 2018			
Investment securities	314 054	-	-
Financial assets at fair value through other comprehensive income	-	-	7 063 092
Total assets	314 054	-	7 063 092

4.1.2 Financial instruments not measured at fair value

The table below summarises the carrying amounts of those financial assets and liabilities presented in the Group's statement of financial position. The fair value of the financial instruments approximates carrying amount.

	Carrying value 30 June 2019 ZW$	Fair value 30 June 2019 ZW$	Carrying value 31 Dec 2018 ZW$	Fair value 31 Dec 2018 ZW$
Financial assets :				
Treasury bills and other financial assets	265 055 619	265 055 619	191 044 009	191 044 009
Loans and advances to customers	36 583 078	36 583 078	45 415 257	45 415 257
Assets pledged as collateral	4 804 763	4 804 763	6 152 867	6 152 867
	306 443 460	306 443 460	242 612 133	242 612 133
Financial liabilities:				
Deposits from customers	32 485 512	32 485 512	35 166 771	35 166 771
Bonds and local Lines of credit	217 376 290	217 376 290	337 501 690	337 501 690
	249 861 802	249 861 802	372 668 461	372 668 461

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

5 CASH AND BANK BALANCES

	30 June 2019 ZW$	31 Dec 2018 ZW$
Cash on hand	548 946	107 081
Balances with banks	83 070 375	279 829 501
	83 619 321	**279 936 582**

6 INVESTMENT SECURITIES

	30 June 2019 ZW$	31 Dec 2018 ZW$
Listed investments	457 757	314 054
	457 757	**314 054**

Changes in fair value of investment securities are presented as non-cash adjustments to cash flows from operating activities in the statement of cash flows. Changes in fair values of investment securities are recorded in statement of profit or loss and other comprehensive income. The fair value of all equity securities is based on their current bid prices in an active market, the Zimbabwe Stock Exchange ("ZSE").

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2019 ZW$	31 Dec 2018 ZW$
Unlisted securities:		
Equity securities - Zimbabwe	1 757 536	2 586 641
Equity securities - Botswana	34 434 204	4 476 451
	36 191 740	**7 063 092**

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

8 TREASURY BILLS AND OTHER FINANCIAL ASSETS

	30 June 2019 ZW$	31 Dec 2018 ZW$
Treasury bills as substitution for debt instruments	15 902 468	22 697 405
Capitalisation treasury bills	228 820 967	162 987 440
Treasury bills acquired from market	20 012 454	8 500 000
Accrued interest	319 730	3 012 031
	265 055 619	**197 196 876**

It is the Group's intention to hold these treasury bills to maturity and use these financial assets as collateral in raising money market deposits.

9 LOANS AND ADVANCES TO CUSTOMERS

	30 June 2019 ZW$	31 Dec 2018 ZW$
Individual		
- term loans	9 632 424	15 638 348
Corporate		
- corporate customers	30 250 754	33 083 143
Gross loans and advances to customers	**39 883 177**	**48 721 491**
Less: allowance for impairment (note 9.1)	(3 300 100)	(3 306 234)
Net loans and advances to customers	36 583 078	45 415 257
Current	16 040 240	25 443 823
Non-current	20 542 838	19 971 434
	36 583 078	45 415 257

9.1 Allowances for impairment of loans and advances

Specific allowances for impairment		
Balance at 1 January	2 176 440	2 129 315
Net allowance for loan impairment through statement of profit or loss	(561 442)	464 360
Loans written off	1 685 102	(417 235)
Balance	3 300 100	2 176 440

Net loan impairment charge June 2019

Loan impairment charge

Stage 1-12 Month Expected Credit Loss Allowance charge	263 453	721 234
Stage 2- Lifetime Expected Credit loss Allowance not credit impaired	4 174	37 750
Stage 3- Lifetime Expected Credit Loss Allowance credit impaired	3 032 473	2 547 249
Net loan impairment loss	3 300 100	3 306 233

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

9.1.1 Maturity analysis of loans and advances to customers

Up to one month	6 396 550	7 965 005
Up to three months	321 563	472 257
Up to one year	9 322 127	17 006 560
Up to 3 years	4 613 645	4 373 997
Up to 5 years	1 837 508	10 160 643
Later than 5 years	14 091 685	5 436 795
	36 583 078	45 415 257

9.1.2 Analysis of ECL in relation to loans and advances

Analysis of ECL in relation to loans and advances	Stage1	Stage 2	Stage 3	30 June 2019 ZW$ Total	31 Dec 2018 ZW$
	30 800 654	-	-	30 800 654	39 760 398
Loans and advances subject to Stage 1:12 month ECL	-	14 530	-	14 530	866 549
Loans and advances subject to Stage 2:Life ECL not credit impaired			9 067 993	9 067 993	8 094 544
Loans and advances subject to Stage 3:Life ECL credit impaired					
Gross loans and advances	**30 800 654**	**14 530**	**9 067 993**	**39 883 177**	**48 721 491**
Less Impairment allowances					
Stage 1:12 month ECL	(263 453)			(263 453)	(721 235)
Stage 2:Life ECL not credit impaired		(4 173)		(4 173)	(37 750)
Stage 3:Life ECL credit impaired			(3 032 473)	(3 032 473)	(2 547 249)
Net Loans and advances to client					
	30 537 201	**18 704**	**6 035 520**	**36 583 078**	**45 415 257**

9.1.3 Sectorial analysis of loans and advances to customers

	Percentage (%)	30 June 2019 ZW$	Percentage (%)	31 Dec 2018 ZW$
Manufacturing	5.94%	2 368 754	4.04%	1 970 143
Retail	1.95%	775 975	1.62%	788 983
Agro processing	0.32%	129 046	0.25%	122 145
Mining	7.28%	2 904 002	5.27%	2 567 382
Financial Services	6.78%	2 705 622	6.20%	3 019 871
Transport	1.79%	712 878	0.71%	345 279
Tourism and hospitality	9.80%	3 908 997	10.38%	5 057 280
Telecommunications	0.00%	-	1.00%	432 982
Construction	2.24%	895 154	1.00%	839 762
Energy	19.00%	7 578 095	31.01%	15 107 239
Mortgages	13.91%	5 547 135	13.01%	6 340 898
Individuals and other services	30.98%	12 357 520	24.90%	12 129 527
Gross value of loans and advances	**100%**	**39 883 178**	**100%**	**48 721 491**
Less allowance for impairment		(3 300 100)		(3 306 234)
		36 583 078		**45 415 257**

9.2 Assets pledged as collateral

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

	Asset		Related liability	
	30 June 2019 ZW$	31 Dec 2018 ZW$	30 June 2019 ZW$	31 Dec 2018 ZW$
Treasury bills and other financial assets	4 284 763	-	4 284 763	
Bankers Acceptance	-	-		-
Government guarantees	-	-		-
Bonds	520 000	6 152 867	520 000	6 152 867
Current	**4 804 763**	**6 152 867**	**4 804 763**	**6 152 867**

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

All collateral agreements mature within 12 months.

10 OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2019 ZW$	31 Dec 2018 ZW$
Receivables	5 430 557	5 945 396
Less: allowance for impairment	-	-
Net receivables	5 430 557	5 945 396
Pre-payments	9 180 080	2 710 610
	14 610 637	**8 656 006**
Current	**14 412 681**	**8 656 006**

11 INVENTORIES

Inventory - housing units	**130 013**	**130 013**
Inventory - serviced stands	5 599 463	12 094 489
Work in progress	21 956 304	11 432 289
Consumables and materials	614 474	100 463
	28 300 254	**23 757 254**

12 INVESTMENT PROPERTY

	30 June 2019 ZW$	31 Dec 2018 ZW$
Balance as at 1 January	15 830 000	13 393 573
Additions during the year	277 674	3 525 492
Disposals during the year	(440 140)	(27 000)
Effects of changes in functional currency	23 745 000	
Net gain /(loss) from fair value adjustment : (loss)/ profit on disposal	-	-
Net gain/(loss) from fair value adjustment : unrealised fair value loss	-	(1 062 065)
Balance	**39 412 534**	**15 830 000**

	30 June 2019 ZW$	31 Dec 2018 ZW$
Included in the consolidated statement of profit or loss and other comprehensive income are the following amounts which relate to investment properties held by the Group.		
Rental income	**214 643**	**348 660**

The Group's investment property is held under a revaluation model. At 31 December 2018, the assets were valued by an independent professional valuer in Nostro USD. At 22 February 2019, the assets were converted to ZW$ using the rate of US$1: ZW$ 2.5 which was the opening trading rate in the interbank market.

13 PROPERTY AND EQUIPMENT

Half year ended 30 June 2019	Land and buildings ZW$	Computer and office equipment ZW$	Motor vehicles ZW$	Fixtures and fittings ZW$	Capital work in progress ZW$	Total ZW$
Opening net book amount	6 478 663	598 685	673 922	394 744	860 000	9 006 014
Additions	-	814 843	-	18 363	-	833 207
Disposals	-	-	-	-	-	-
Depreciation charge	(39 869)	(177 248)	(85 840)	(86 377)	-	(389 334)
Net book amount	**6 438 794**	**1 236 281**	**588 082**	**326 730**	**860 000**	**9 449 887**
At 30 June 2019						
Cost	6 971 370	2 616 832	1 253 618	1 059 585	1 400 000	13 301 405
Accumulated depreciation	(532 576)	(1 380 551)	(665 536)	(732 855)	(540 000)	(3 851 518)
Net book amount	**6 438 794**	**1 236 281**	**588 082**	**326 730**	**860 000**	**9 449 887**
Year ended 31 December 2018						
Opening net book amount	2 527 513	248 172	262 612	29 876	860 000	3 928 173
Additions	4 018 839	510 207	533 081	455 862	-	5 517 989
Impairments through profit or loss					-	-
Disposals	-	(520)	-	(270)	-	(790)
Depreciation charge	(67 688)	(159 174)	(121 773)	(90 724)	-	(439 359)
Net book amount	**6 478 664**	**598 685**	**673 920**	**394 744**	**860 000**	**9 006 013**
At 31 December 2018						
Cost	6 971 370	1 801 545	1 253 618	1 041 222	1 400 000	12 467 755
Accumulated depreciation and impairment	(492 706)	(1 202 862)	(579 696)	(646 478)	(540 000)	(3 461 742)
Net book amount	**6 478 664**	**598 685**	**673 922**	**394 744**	**860 000**	**9 006 013**

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

Depreciation expense for the half year of ZW$ 389 334 (2018 half year: ZW$ 153 810) has been charged to operating expenses (note 21).

14 INTANGIBLE ASSETS

INTANGIBLE ASSETS	30 June 2019 ZW$	31 Dec 2018 ZW$
Computer Software		
Carrying amounts at beginning of year	125 078	155 824
Additions at cost	19 000	12 282
Accumulated Amortisation	(21 945)	(43 028)
Balance at year end	**122 133**	**125 078**

The following useful lives are used in the calculation of amortisation

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

15 SHARE CAPITAL AND SHARE PREMIUM

Authorised share capital 15 000 000 ordinary shares with a nominal value of ZW$0,01.

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

Issued share capital	Number of shares	Share capital ZW$	Share premium ZW$	Amount awaiting allotment	Total ZW$
At 1 January 2018	6 528 190	65 281	31 785 732	130 000 000	161 851 013
Issue of shares	-	-	-	-	-
Transfer to reserve			-		-
At 31 December 2018	**6 528 190**	**65 281**	**31 785 732**	**130 000 000**	**161 851 013**
At 1 January 2019	6 528 190	65 281	31 785 732	130 000 000	161 851 013
Issue of shares	-	-	-	-	-
At 30 June 2019	**6 528 190**	**65 281**	**31 785 732**	**130 000 000**	**161 851 013**

16 DEPOSITS FROM CUSTOMERS

	30 June 2019 ZW$	31 Dec 2018 ZW$
Deposits from customers are primarily comprised of amounts payable on demand and term deposits.		
Large corporate customers	29 175 956	32 527 560
Retail customers	3 309 556	2 639 211
	32 485 512	**35 166 771**

16.1 Maturity analysis of deposits from customers

Up to one month	30 896 384	24 474 044
Up to three months	5 303 129	10 599 282
Up to six months	(3 714 002)	93 445
	32 485 512	**35 166 771**

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.

16.2 Sectorial analysis of deposits from customers

	30 June 2019 Percentage (%)	ZW$	31 Dec 2018 Percentage (%)	ZW$
Financial markets	0%	-	0%	-
Fund managers and pension funds	4%	1 184 190	5%	151 857
Individuals	53%	17 376 912	8%	3 033 136
Government and public sector institutions	38%	12 332 602	37%	13 392 426
Other services	5%	1 591 808	51%	18 589 352
	100%	**32 485 512**	**100%**	**35 166 771**

17 LOCAL LINES OF CREDIT AND BONDS

	30 June 2019 ZW$	31 Dec 2018 ZW$
Bonds	32 567 436	47 562 252
Lines of credit	184 808 854	289 939 438
Total	**217 376 290**	**337 501 690**
Current	204 292 927	24 337 126
Non current	13 083 363	313 164 564
	217 376 290	**337 501 690**

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

	Bonds 30 June 2019 ZW$	Lines of credit 30 June 2019 ZW$	Bonds 31 Dec 2018 ZW$	Lines of credit 31 Dec 2018 ZW$
At 1 January	47 562 250	289 939 440	61 036 467	23 175 271
New issues / funding	2 980 000	189 811 188	16 330 429	458 621 481
Repayments / disbursements	(17 547 734)	(295 368 854)	(29 804 646)	(191 857 312)
At 30 June	**32 994 516**	**184 381 774**	**47 562 250**	**289 939 440**

18 OTHER LIABILITIES

	30 June 2019 ZW$	31 Dec 2018 ZW$
Accruals	4 882 244	3 386 037
Provision for outstanding employee leave	508 313	248 983
Dividend payable	245 040	245 040
Value Added Tax Liability	1 687 779	23 351
Projects Accounts payable	3 627 421	3 627 421
Deferred income (mainly off-plan housing stands sales)	264 301	458 386
Other	3 782 582	5 641 345
	14 997 680	13 630 563
Current	**14 997 680**	**13 630 563**

19 NET INTEREST INCOME

19.1 Interest and related income:

	30 June 2019 ZW$	30 June 2018 ZW$
Loans and advances to large corporates	1 214 684	2 106 321
Loans and advances to individuals	179 074	172 316
Treasury bills and other financials assets	4 127 106	1 157 056
Placements with local banks	411 358	212 945
Mortgages	159 879	265 171
Cash and bank balances	3 562 820	271 664
	9 654 921	**4 185 473**

19.2 Interest and related expense:

Bonds	1 852 021	2 177 452
Deposits from large corporates	4 587 833	834 112
Deposits from individuals	24 062	14 281
	6 463 916	**3 025 845**

20 FEE AND COMMISSION INCOME

Advisory and management fees	3 559 732	1 105 579
Banking service fees	78 351	63 133
	3 638 082	**1 168 712**

21 OPERATING EXPENSES

Staff costs	6 161 715	3 681 333
Administration expenses	4 921 639	1 893 130
Audit fees	58 650	111 550
Depreciation	389 334	153 810
Amortisation of intangible assets	21 945	21 083
	11 553 283	**5 860 906**

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

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

22 CONTINGENCIES

a) Contingent liability on a litigation case

The Group is involved in a case where Engen Petroleum Zimbabwe (Private) Limited made a claim against Wedzera Petroleum (Private) Limited as first defendant and Infrastructure Development Bank of Zimbabwe ("IDBZ" / "the Bank") as second defendant for payment of the sum of $847,848 with interest and cost in respect of fuel supplied to Wedzera on the back of a guarantee purportedly issued by IDBZ. The bank guarantee was attained fraudulently hence it has no binding effect on the Bank. At the conclusion of the trial at the High Court of Zimbabwe, a judgment dated 15 April 2016 was entered against Wedzera Petroleum and IDBZ imputing joint and several liability on the Bank to pay $847,848 per the purported guarantee. IDBZ appealed against the judgment of the High Court to the Supreme Court thus effectively staying execution of the High Court judgment. The Bank's appeal is on the basis that the guarantees relied upon by Engen were invalid by virtue of them having been fraudulently procured. The appeal hearing was held on 23 May 2017 and judgment was reserved.

b) Contingent assets

The Group, through its loan recovery efforts, foreclosed on agricultural farms in Matebeleland with an approximate fair value of ZW$1,050,000. However, there has severe challenges in obtaining vacant possession of the agricultural farms due to circumstances beyond the Group's control, whether legal or otherwise. As such, no economic benefits are yet to be derived from the agricultural farms and hence, the Group has not recognised these assets in the financial statements.

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

23 COMMITMENTS

a) Loan commitments, guarantees and other financial facilities

At 30 June 2019, the Group had contractual amounts for off-statement of financial position financial instruments that commit it to extend guarantees and loans as follows:	30 June 2019	30 June 2018
Financial guarantees	-	-
Loan commitments	589 248	158 251

b) Operating lease commitments

No later than 1 year	68 743	60 000

The lease rentals are renegotiated annually in January.

24 FUNDS UNDER MANAGEMENT

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.

FUNDS UNDER MANAGEMENT	30 June 2019 ZW$	31 Dec 2018 ZW$
Government funds under management		
The Government of Zimbabwe disburses, through the Group, fiscal allocations to parastatals and government infrastructure projects. The funds are being managed by the Group for a fee and with no credit risk residual to the Group.		
Held on behalf of:		
Government of Zimbabwe	217 376 290	337 501 690
Represented by:		
Government Bonds	32 567 436	35 030 764
Amounts awaiting disbursement	184 808 854	302 470 926
	217 376 290	337 501 690

25 RELATED PARTIES

Related party transactions are a normal feature of business and are disclosed in terms of IAS 24: Related Party Disclosures. Related party transactions may affect the assessment of operations, risk and opportunity facing the organisation.

Identity of related parties

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

The following transactions were carried out with related parties:

A number of banking transactions are entered into with related parties in the normal course of business. For the year half year ended 30 June 2018, these included:

a) Key management compensation

Key management includes directors (executive and non-executive) and members of the Executive Committee. The compensation paid or payable to key management for employee services is shown below:

	30 June 2019 ZW$	30 June 2018 ZW$
Salaries and other short-term employee benefits	761 537	447 129
Post-employment benefits	39 208	23 052
Termination benefits	-	-
Total	**800 745**	**470 181**

b) Loans and advances to related parties

	Directors and other key management personnel 30 June 2019 ZW$	Associated companies 30 June 2019 ZW$	Directors and other key management personnel 30 June 2018 ZW$	Associated companies 30 June 2018 ZW$
Loans outstanding as at the end of the period	2 542 686	-	735 876	-
Interest income earned for the half year	32 461	-	15 907	-

No allowance for impairment was required for the half year ended 30 June 2019 (2018: ZW$ nil) for the loans made to key management personnel

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

c) Deposits from related parties

Deposits from related parties	Directors and other key management personnel 30 June 2019 ZW$	Associated companies 30 June 2019 ZW$	Directors and other key management personnel 30 June 2018 ZW$	Associated companies 30 June 2018 ZW$
Deposits balance as at the end of the period	3 001	750	-	-
Interest expense on deposits for the half year	-	-	-	-

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

d) Director's shareholdings

As at 30 June 2019, the Directors did not hold directly and indirectly any shareholding in the Group.