Unaudited Financial Statements
for the half year ended 30 June 2012

BARCLAYS

Barclays Bank of Zimbabwe Limited
www.barclays.com

Chairman's Statement

Dear Shareholder
The economic environment whilst still stable remains difficult with the economic performance outlook for the year also revised downwards from an initial targeted GDP growth of 9.3% to 5.6% for 2012. Economic indicators such as the performance of exports and imports and reported widening current and capital account deficits also point to strained economic performance during the first half. Against this backdrop and the potential effects on the financial services sector, your Board continues to be focused on securing customer deposits and minimising default risk in its loan portfolio, whilst working to broaden the product range and enhancing customer service.

Deposits
The Bank continues to focus on ensuring deposit concentration risk stays under control especially in the prevailing market in which the largest portion of customer liabilities is demand deposits. The net result has been 11.5% year on year growth in total deposits. Compared to December 2011 level, deposits for the bank fell 5.1% explained by a few large corporate payments. Retail deposits over the same period grew by 8.3% with further improvement in deposit concentration risk.

Lending
Whilst our lending is improving with marked facilities increasing from $78 million as at 31 December 2011 to $89 million as at 30 June 2012, growth in advances is expected to become more evident during the second half as utilisation of marked facilities increases and new loan pipeline gets processed. Product features of the Retail loans have also been enhanced. The Bank will maintain its risk discipline especially under the prevailing economic and financial landscape.

Capital
Your bank remains capitalised well above current regulatory benchmarks. The capital adequacy ratio closed at 19% compared to the regulatory minimum capital adequacy ratio of 10%. Risk weighted assets have increased in line with increases in advances and the Bank forecasts that the capital adequacy ratio will remain compliant under the projected business growth. The bank is compliant with the new capital adequacy ratio of 12% that took effect from 1 August 2012. The bank has also started working towards the proposals required to be submitted to the Reserve Bank of Zimbabwe by 30 September 2012 to meet the new minimum capital requirements.

Liquidity and funding
The liquidity ratio closed the period at 68% ahead of the regulated minimum of 27.5%. The Bank has also ensured that its liquidity is used for the utmost convenience of our customers through timely transaction settlements in cash, by local electronic transfers or cross border payments across a number of channels offered by the bank.

Earnings performance
The earnings performance for the first half reflects a slight decline in profit before tax to $831,000 from $910,000 for the same period last year. Underlying costs went up by 14% year on year compared to underlying income growth of 13%. Costs include the effect of a number of projects undertaken during the first half whose benefits extend into the second half. Increase in specific provisions largely influenced by the timing and magnitude of the growth in the loan portfolio explains the slight decrease in profit before tax. The Bank registered a profit after tax of $471,000 for the period (2011 - $732,000) translating to earnings per share of 0.02 cents (2011 – 0.03 cents).

Governance
The Board ensured the Bank continued to strive for the highest standards of corporate governance structures and processes as benchmarked against current world class practices and local legislation and regulations. There were no changes to the composition of the Board over the period and the Board maintained a majority of independent non-executive members.

Community involvement
Barclays continues to be involved with the community with some projects started last year continuing into 2012. Amongst continuing projects are the Bank's partnership programs with Junior Achievement Zimbabwe and Grassrootssoccer (both being youth education initiatives) and the Kaite project that is benefiting rural farmers in Mashonaland East and Manicaland.

Outlook
The economic environment is projected to continue presenting significant uncertainties. Policy clarity and consistency as well as fiscal discipline will remain critical to the sustenance of relatively stable and hopefully improving macro-economic fundamentals. Under such environment, the Bank projects stronger growth in customer assets and interest earning capacity in the second half. New products and channels are also lined up for the second half in line with the Bank's theme to make lives much easier for customers and colleagues. Productivity and efficiency programs will continue to be an execution priority especially as the innovative world continues to present new opportunities in the way we do business going forward.

Dividend
Considering the results for the period and the need to preserve capital for business growth, no dividend is proposed.

Thank you
The Bank celebrates its centenary in Zimbabwe this year. I would like to express my sincere appreciation to our customers, partners and the regulatory authorities that have contributed to this heritage which we are proud of. I should also thank each of the current and previous members of the Board, management and staff who each contributed to or continue to participate in unique ways for the success of Barclays Bank of Zimbabwe.

A Mandiwanza
Chairman

7 August 2012

Managing Director's Review

Our strategy is designed to deliver our long term goal of being the most preferred and secure bank, aimed at delivering value to the different stakeholders that we serve while protecting depositors' funds.

Steady growth in our focused strategy
We have made significant strides in pursuit of our strategy which is underpinned by steady growth. During the period under review we advanced loans of $60, 6 million to the productive sectors of the economy and to some of our retail customers. This represents an increase of 13% from $53,7million in the previous year. We remain committed to grow our lending in a manner that ensures that we maintain a quality loan book. Barclays will continue to drive a safe banking model which is underpinned by a robust risk management framework.

Continuous review of our customers' value proposition
Customers are at the centre of what we do. We have continued to engage our customers so that we are better placed to anticipate their needs and model our customer value proposition accordingly. In the first quarter of the year, we increased customer convenience by rolling out internet banking service to all our retail customers.

We continue our initiative to install and commission new automated teller machines (ATM) at new sites. We continue to review our channel offering so as to increase accessibility of banking services to our customers. In an effort to increase customer convenience and improve banking experience, we will be launching additional channels and products in the second half of the year. We have also focused on ensuring that our customers are able to access their money all the time without any hindrances.

Our partnership with different service providers notably in the insurance industry has also enabled us to offer broader financial solutions to both our retail and corporate customers.

Technology is a key component in our Value Delivery System
I am pleased to report that we have completed the first phase of our Wide Area Network (WAN) transformation project. The project seeks to improve the communication network of our branches and ATMs. The program saw us replace the limited capacity VSAT solution with a fibre-based, locally-sourced solution that ensures better access speeds for all our online activities.

Human capital is an important pillar of our strategy
Training and capability development continue to be a business imperative for Barclays. As part of ensuring renewal of our human capital and a robust succession plan, Barclays has invested in skills development across the entire organisational structure. In the first half of the year Barclays recruited 14 graduates who are undergoing a rigorous management development programme. Further to that, we have enrolled 12 of our middle managers on a Master of Business Administration (Banking and Finance) programme with a local university. Training and development opportunities continue to be availed to all colleagues across the business. Colleagues have an opportunity to improve their skills through face to face training and an online training facility that Barclays has invested in. During the period under review the business invested 26 197 man hours in training colleagues across all the functions. I am confident that this investment will enhance the quality of service that we deliver to our customers.

Responsible Corporate Citizenship
In view of the need to conserve energy and be alive to the calls for a better environment, Barclays has piloted the use of solar energy as an alternative source of power to generators for some ATMs. I am confident that in our small way we will be able to play our part in protecting our environment and roll out solar technology to more sites in future.

2012 is our centenary year. We are celebrating 100 years of continuous existence in Zimbabwe. In the second half of the year, we have a number of activities aimed at celebrating this milestone. I invite all our stakeholders to join us in these celebrations.

We derive our energy and commitment from our customers and the communities in which we do business. We are mindful of the various challenges that are faced by the communities we operate in. In the second half of the year, Barclays colleagues, customers and community members will be walking a total of 100 km across the 10 provinces of the country to raise money for charity. As has become a tradition, we will be rolling out our Make A Difference Day (MADD), an annual initiative targeted at making an impact to the less privileged members of our society.

Going forward
Businesses continue to be affected by power and water shortages which inadvertently result in increased cost of operation as other expensive alternatives are sought and ultimately have an impact in the pricing of products. I am mindful of the efforts that have been put in place by the government and regulators to ensure that the banking industry remains stable and I am confident results of such efforts will be realised in the short to medium term. While there are a number of macroeconomic challenges that continue to impede the anticipated levels of business growth, I am confident that the solid base we have built in the first half of 2012, through investments in technology, human capital development and channel enhancements, will enable us to consolidate our growth while weathering the challenges that the environment may present.

I am grateful to all our various stakeholders who continue to contribute to the success of Barclays and we remain committed to play a significant role in Zimbabwe's commercial life.

G T Guvamatanga
Managing Director

7 August 2012

Corporate Governance Statement

The Board of Directors is, committed to the establishment, monitoring and practice of the highest corporate governance standards in the operations and structures of the Bank. Among its top priorities is ensuring effective control and timely and accurate disclosure of material information about the Bank. Laws, regulations and regulatory guidelines and directives are observed and complied with without exception. The Bank subscribes to the principles of international best practice as guided by local regulatory and the Barclays Group Corporate Governance guidelines.

The Board of Directors is committed to the creation and sustenance of shareholder value and ensuring that the Bank's conduct in all areas remain in good stead.

Main Board
The Board of Directors is led by an independent non-executive chairman, thereby ensuring effective and constructive checks and balances between the Managing Director and Board Chairman. The Directors have held four Board meetings in the first half of 2012 during which policies governing the Bank were discussed, among other things. Special focus was also given to the strategies of the Bank with two Board business review and strategy sessions having been held in the period under review. The Board is composed of 3 executive directors and 5 independent non-executive directors.

The Board has delegated some of its duties and responsibilities to sub-committees to ensure the efficient discharge of the same. The ultimate responsibility of running the Bank however still remains with the main Board. The sub-committees of the Board are as follows:

Audit Committee
The primary functions of the Committee are to review the Bank's accounting policies, the contents of the financial reports, disclosure controls and procedures, management's approach to internal controls, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, oversee the relationship with the Bank's external auditors, as well as providing assurance to the Board that management's control assurance processes are being implemented and are complete and effective. At each meeting, the Committee reviews reported and noted weaknesses in controls and any deficiencies in systems and the remediation plans to address them. The Committee also monitors the ethical conduct of the Bank, its executives and senior officers and advises the Board as to whether or not the Bank is complying with the aims and objectives for which it has been established. During the period under review, there were no material losses as a result of internal control breakdowns. The Committee is wholly comprised of independent non-executive directors. The members of the Committee as at 30 June 2012 were:-

A I Lawson	Chairman-Non Executive Director
C F Dube	Non-Executive Director
E Fundira	Non-Executive Director

Board Credit Committee
The Board Credit Committee is tasked with the overall review of the bank's lending policies. At each meeting, the Committee deliberates and considers loan applications beyond the discretionary limits of management. It ensures that there are effective procedures and resources to identify and manage irregular or problem credit facilities, minimize credit loss and maximize recoveries. It also directs, monitors, reviews and considers all issues that may materially impact on the present and future quality of the Bank's Credit risk management. The Committee comprises two executive members and two independent non-executive directors. The members of the Committee as at 30 June 2012 were:-

E Fundira	Chairman -Non Executive Director
Prof. H C Sadza	Non-Executive Director
G T Guvamatanga	Managing Director
J Phiri	Risk Director

Loans Review Committee
This Committee has the overall responsibility for the complete review of the quality of the Bank's loan portfolio to ensure that the lending function conforms to sound lending policies and keeps the Board and management adequately informed on noted risks. It assists the Board with discharging its responsibility to review the quality of the Bank's loan portfolio. At every meeting, it reviews the quality of the loan portfolio with a view to ensuring compliance with the banking laws and regulations and all other applicable laws as well as internal policies. The Committee comprises two independent non-executive directors and one executive director. The members of the Committee as at 30 June 2012 were:-

C F Dube	Chairman-Non-Executive Director
A I Lawson	Non-Executive Director
S Matsekete	Finance Director

Human Resources and Nominations Committee
The Human Resources Committee assists the Board in the review of critical personnel issues as well as acting as a Remuneration and Terminal Benefits Committee. The Committee reviews and approves overall recommendations on employee remuneration as well as approving managerial appointments. The Committee ensures that the remuneration of directors is in line with the nature and size of the operations of the Bank as well as the Bank's performance. In addition, the Committee also considers nominations to the Board and succession planning for the Board. The Committee comprises two independent non-executive directors and one executive director. The members of the Committee as at 30 June 2012 were:-

Prof H C Sadza	Chairman-Non-Executive Director
A S Mandiwanza	Non-Executive Director
G T Guvamatanga	Managing Director

Executive Committee (EXCO)
The Executive Committee is the operational management forum responsible for the delivery of the Bank's operational plans. The Executive Committee acts as a link between the Board and management and is responsible for implementation of operational plans, annual budgeting and periodic review of strategic plans, as well as identification and management of key risks. The Executive Committee also reviews and approves guidelines for employee remuneration. The Executive Committee assists the Managing Director to manage the Bank, to guide and control the overall direction of the business of the Bank and acts as a medium of communication and co-ordination between business units and the Board. The Committee is composed of executive directors and senior management.

Assets and Liabilities Committee (ALCO)
ALCO is tasked with ensuring the achievement of sustainable and stable profits within a framework of acceptable financial risks and controls. ALCO ensures maximization of the value that can be generated from active management of the Bank's balance sheet and financial risk within agreed risk parameters. It manages the funding and investment of the Bank's balance sheet, liquidity and cash flow, as well as exposure of the Bank to interest rate, exchange rate, market and other related risks. It ensures that the Bank adopts the most appropriate strategy in terms of the mix of assets and liabilities given its expectation of the future and potential consequences of interest rate movements, liquidity constraints and foreign exchange exposure and capital adequacy. It also ensures that strategies conform to the Bank's risk appetite and level of exposure as determined by the Risk Management Committee. The Committee comprises executive directors and heads of functions key to the proper discharge of the Committee's responsibilities.

Risk Management Committee (also known as Risk and Control Committee)
This Committee ensures that the management and operation of the Bank's business is done within the governance and control framework established by Barclays and other regulatory bodies. It determines and approves business level policies, ensuring consistency with the Barclays

Corporate Governance Statement (continued)

Group policies. It assists the Board of Directors in the discharge of its duties relating to corporate accountability and associated risks in terms of management, assurance and reporting. At every meeting, the Committee reviews internal audit reports and assesses the integrity of the risk control systems as well as ensuring that the risk policies and strategies are effectively managed. The Committee also monitors external developments relating to the practice of corporate accountability and reporting of specific associated risks, including emerging risks and their potential impact. The Committee comprises executive directors and management.

Board Evaluation

The Board conducts an annual peer based evaluation of the effectiveness of its operations. The process entails the members collectively evaluating the effectiveness of the Board as well as each other individually as the members. The evaluation considers specific criteria such as structure of the Board, effectiveness of Committees, strategic leadership, corporate responsibility, attendance and participation of members and overall weaknesses noted. Action plans are put in place to address identified weaknesses with a view to continuously improving the performance of the Board and the individual members. The Board Evaluation for 2011 was conducted in the first half of 2012.

Directors Shareholding

The following is a schedule of the directors' shareholdings in the Bank as at 30 June 2012

A S Mandiwanza	5 117
C F Dube	Nil
Prof H C Sadza	Nil
E Fundira	2 130
G T Guvamatanga	Nil
S Matsekete	10 000
J Phiri	Nil
A I Lawson	15 542

Interim Financial Statements

The Directors are responsible for the preparation and integrity of the financial statements and related financial information contained in this report. The financial statements are prepared in accordance with generally accepted local and international accounting practices and they incorporate full and responsible disclosure to ensure that the information contained therein is both relevant and reliable.

Board and Committees Attendance H1 2012

Main Board

Name	Total Meetings	Total Present	Total Absent
A S Mandiwanza	6	6	Nil
C F Dube	6	5	1
H C Sadza	6	5	1
E Fundira	6	5	1
G T Guvamatanga	6	6	Nil
J Phiri	6	0	6
A I Lawson	6	6	Nil
S Matsekete	6	6	Nil

Audit Committee

Name	Total Meetings	Total Present	Total Absent
A I Lawson	2	2	Nil
E Fundira	2	2	Nil
C F Dube	2	2	Nil

Human Resources & Nominations Committee

Name	Total Meetings	Total Present	Total Absent
H C Sadza	2	2	Nil
A S Mandiwanza	2	2	Nil
G T Guvamatanga	2	2	Nil

Credit Committee

Name	Total Meetings	Total present	Total Absent
E Fundira	9	9	Nil
H C Sadza	9	8	1
J Phiri	9	0	9
G T Guvamatanga	9	9	Nil

Loans Review Committee

Name	Total Meetings	Total Present	Total Absent
C F Dube	2	2	Nil
A I Lawson	2	2	Nil
S Matsekete	2	2	Nil

Mr J Phiri opted for early retirement from the bank and whilst he is still working for the bank on a transitional arrangement, he would attend board meetings on a need basis.

By Order of the Board
W Chimwaradze
Company Secretary

7 August 2012

Statement of Financial Position

as at 30 June 2012

	Note	30.06.2012 US$	30.06. 2011 US$	31.12. 2011 US$
Assets				
Cash and bank balances	3	137,277,205	132,395,959	147,863,042
Statutory reserves	4	-	10,276,347	10,246,892
Loans and advances to banks	5	11,458	18,642	9,371
Loans and advances to customers	6&24	59,272,421	53,123,266	58,517,676
Derivative assets		27,258	-	-
Investment securities	7	12,289,732	1,406,896	1,629,137
Other assets	10	5,179,462	3,295,407	5,544,892
Current income tax asset		137,909	-	83,860
Investment property	11	15,000,000	15,000,000	15,000,000
Property and equipment	12	22,081,417	21,947,370	21,140,534
Total assets		251,276,862	237,463,887	260,035,404
Liabilities				
Derivative liabilities		-	-	5,687
Bank balances due to group companies	9	71,157	746,124	194,148
Deposits from banks	13	58,543	867,034	17,160
Deposits from customers	14	202,807,830	181,877,371	213,697,229
Other liabilities	17	8,907,558	15,992,859	7,826,284
Current income tax liabilities		-	202,588	-
Deferred income tax liabilities		4,978,015	5,630,993	4,784,030
Total liabilities		216,823,103	205,316,969	226,524,538
Equity				
Share capital	18	215,306	215,258	215,273
Share premium	18	23,642,135	23,633,491	23,640,259
Other reserves	18	8,396,319	7,456,033	7,924,556
Retained earnings		2,199,999	842,136	1,730,778
Total equity		34,453,759	32,146,918	33,510,866
Total equity and liabilities		251,276,862	237,463,887	260,035,404

Statement of Comprehensive Income

for the half year ended 30 June 2012

	Note	30.06. 2012 US$	30.06. 2011 US$	31.12. 2011 US$
Interest and similar income		5,396,809	3,834,652	8,872,854
Interest and similar expense		(1,113,952)	(905,661)	(2,149,762)
Net interest income		4,282,857	2,928,991	6,723,092
Impairment losses on loans and advances	24	(285,680)	(43,228)	(504,962)
Net interest income after loan impairment losses		3,997,177	2,885,763	6,218,130
Special Support from Barclays Head Office		-	7,692,960	7,692,960
Non-funded income	19	13,517,310	12,621,356	25,776,283
Total income		17,514,487	23,200,079	39,687,373
Operating expenses	20.2	(16,683,215)	(22,290,193)	(37,569,273)
Profit before income tax		831,272	909,886	2,118,100
Income tax expense	16	(359,839)	(178,077)	(713,995)
Profit for the period		471,433	731,809	1,404,105
Other comprehensive income	21			
Gain on available–for-sale financial assets		259,405	279,340	501,581
Income tax expense relating to other comprehensive income		(82,278)	(82,699)	(151,774)
Other comprehensive income for the period, net of income tax		177,127	196,641	349,807
Total comprehensive income for the period		648,560	928,450	1,753,912
Basic earnings per share (US cents)		0.02	0.03	0.07
Diluted earnings per share (US cents)		0.02	0.03	0.07

Statement of Cash Flows

for the half year ended 30 June 2012

	Note	30.06.2012 US$	30.06. 2011 US$	31.12. 2011 US$
Cash flow from operating activities				
Profit before income tax		831,272	909,886	2,118,100
Adjustments for non-cash items:				
Impairment losses on loans and advances		285,680	43,228	504,962
Depreciation of property and equipment		840,967	765,534	1,584,436
Impairment of equipment charge/(reversal)		25,892	(40,440)	(60,789)
(Profit)/loss on disposal of property and equipment		(9,226)	(4,095)	245,891
Staff loan prepayment amortisation		(63,084)	(42,298)	(29,783)
Medical aid accrual fund		350,689	379,425	1,008,352
Share options		65,537	312,360	412,821
Derivative (assets)/ liabilities		(27,258)	-	5,687
Cash flow from operating activities before changes in working capital		2,300,469	2,323,600	5,789,677
Increase in loans and advances to customers		(977,341)	(9,994,694)	(15,863,353)
Decrease in statutory reserves		10,246,892	1,006	30,461
Decrease /(increase) in other assets		365,430	123,492	(2,117,621)
(Decrease)/increase in deposits from customers		(10,889,399)	654,794	32,474,652
Increase/(decrease) in other liabilities		724,896	7,803,838	(999,934)
Income taxes paid		(302,183)	(27,608)	(1,328,139)
Net cash generated from operating activities		1,468,764	884,428	17,985,743
Cash flow from investing activities				
Purchase of property and equipment	12	(1,822,598)	(816,049)	(1,245,385)
Proceeds from sale of property and equipment		24,082	6,833	194,516
Purchase of investment securities and accrued interest		(10,401,190)	-	-
Net cash used in investing activities		(12,199,706)	(809,216)	(1,050,869)
Net (decrease)/increase in cash and cash equivalents		(10,730,942)	75,212	16,934,874
Cash and cash equivalents at the beginning of the period		147,661,105	130,726,231	130,726,231
Other changes on cash and cash equivalents		228,800	-	-
Cash and cash equivalents at the end of the period	3	137,158,963	130,801,443	147,661,105

Unaudited Financial Statements
for the half year ended 30 June 2012

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Statement of Changes in Equity

for the half year ended 30 June 2012

	Share capital US$	Share premium US$	Available for sale reserves US$	Non-distributable reserves US$	General reserves US$	Accumulated profits US$	Share option reserve US$	Total US$
Balance at 1 January 2011	215,258	23,633,491	217,429	6,194,692	100,912	231,996	312,330	30,906,108
Comprehensive income								
Profit for the period	-	-	-	-	-	731,809	-	731,809
Other comprehensive income								
Fair value gain on available-for-sale-financial assets, net of income tax	-	-	196,641	-	-	-	-	196,641
Regulatory impairment allowances	-	-	-	-	121,669	(121,669)	-	-
Total comprehensive income for the period	-	-	196,641	-	121,669	610,140	-	928,450
Transactions with owners								
Employee share option scheme:								
- value of employee services charged to income statement	-	-	-	-	-	-	32,679	32,679
- group share based payments	-	-	-	-	-	-	279,681	279,681
- transfer to share capital and share premium on exercise of options	-	-	-	-	-	-	-	-
Balance at 30 June 2011	215,258	23,633,491	414,070	6,194,692	222,581	842,136	624,690	32,146,918
Balance at 1 January 2012	215,273	23,640,259	567,236	6,632,717	6,235	1,730,778	718,368	33,510,866
Comprehensive income								
Profit for the period	-	-	-	-	-	471,433	-	471,433
Other comprehensive income								
Fair value gain on available-for-sale-financial assets, net of income tax	-	-	177,127	-	-	-	-	177,127
Regulatory impairment allowances	-	-	-	-	2,212	(2,212)	-	-
Total comprehensive income for the period	-	-	177,127	-	2,212	469,221	-	648,560
Transactions with owners								
Employee share option scheme:								
- value of employee services charged to income statement	-	-	-	-	-	-	23,977	23,977
- group share based payments	-	-	-	-	-	-	41,556	41,556
- transfer to share capital and share premium on exercise of options	33	1,876	-	-	-	-	(1,909)	-
Adjustment to cash balances	-	-	-	228,800	-	-	-	228,800
Balance at 30 June 2012	215,306	23,642,135	744,363	6,861,517	8,447	2,199,999	781,992	34,453,759

Notes to the Financial Statements

for the half year ended 30 June 2012

1. General information

Barclays Bank of Zimbabwe Limited ('the Bank') provides retail, corporate and investment banking services in Zimbabwe. The Bank which is incorporated and domiciled in Zimbabwe is a registered commercial Bank under the Zimbabwe Banking Act, Chapter (24:20). The ultimate parent company is Barclays Bank Plc. The Bank has a primary listing on the Zimbabwe Stock Exchange.

The unaudited financial statements for the half year were approved for issue by the Board of Directors on 07 August 2012.

2. Basis of preparation

2.1 Statement of compliance

The Bank's unaudited financial statements have been prepared in accordance with International Accounting Standard, ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and in a manner required by the Zimbabwe Companies Act (Chapter 24.03) and the Zimbabwe Banking Act (chapter 24.20).

2.2 Basis of measurement

The unaudited financial statements have been prepared on the historical cost basis except for the following;
1. Available-for-sale financial assets are measured at fair value
2. Investment property is measured at fair value
3. The liability for pensioners` medical aid is recognised as the present value of expected future medical payment based on employee life expectancy
4. Derivative assets measured at fair value

2.3 Functional and presentation currency

These unaudited financial statements are presented in United States of America dollars (US$) which is the Bank's functional currency.

2.4 Accounting policies

The accounting policies applied in the preparation of the unaudited financial statements are consistent with prior year.

3. Cash and bank balances

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US
Cash on hand	33,181,339	23,465,528	34,051,513
Balances with the Central Bank other than mandatory reserve deposits	88,772,144	23,189,774	28,314,858
Bank balances due from group companies (note 9.4)	15,323,722	85,740,657	85,496,671
Total cash and bank balances – statement of financial position	137,277,205	132,395,959	147,863,042
Current	137,277,205	132,395,959	147,863,042
Non-current	-	-	-
Total	137,277,205	132,395,959	147,863,042

3.1. Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash on hand, deposits held on call with other banks and other short-term highly liquid investments with original maturities of three months or less.

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US
Cash and bank balances (note 3)	137,277,205	132,395,959	147,863,042
Loans and advances to banks (note 5)	11,458	18,642	9,371
Bank balances due to group companies (note 9.4)	(71,157)	(746,124)	(194,148)
Deposits from other banks (note 13)	(58,543)	(867,034)	(17,160)
Total cash and cash equivalents-statement of cash flows	137,158,963	130,801,443	147,661,105

4. Statutory reserves

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US
Statutory reserves	-	10,276,347	10,246,892
Total	-	10,276,347	10,246,892

Statutory reserves were converted to Government bonds with effect from 1 January 2012.The maturity of the bonds ranges from 2 to 4 years. (refer to note 7.1).

5. Loans and advances to banks

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US
Items in course of collection from other banks	11,458	18,642	9,371
Placements with other banks	-	-	-
Included in cash and cash equivalents	11,458	18,642	9,371
Loans and advances to other banks	11,458	18,642	9,371
Less: allowance for impairment	-	-	-
Total	11,458	18,642	9,371
Current	11,458	18,642	9,371
Non-current	-	-	-
Total	11,458	18,642	9,371

6. Loans and advances to customers

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US
Personal lending	5,687,956	3,339,110	4,252,131
Wholesale and corporate loans and advances	54,883,370	50,335,646	55,278,768
Gross loans and advances to customers (note 24.1a)	60,571,326	53,674,756	59,530,899
Less allowance for impairment (note 24.1g)	(1,298,905)	(551,490)	(1,013,223)
Loans and advances to customers	59,272,421	53,123,266	58,517,676
Current	56,155,539	53,123,266	55,675,391
Non-current	3,116,882	-	2,842,285
Total	59,272,421	53,123,266	58,517,676

7. Investment securities

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US
Held-to-maturity investment securities (note 7.1)	10,401,190	-	-
Available-for-sale investment securities (note 7.2)	1,888,542	1,406,896	1,629,137
At 30 June 2012	12,289,732	1,406,896	1,629,137

7.1 Held-to-maturity investment securities

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US
At 1 January	-	-	-
Government bonds	10,401,190	-	-
At 30 June 2012	10,401,190	-	-
Current	-	-	-
Non-current	10,401,190	-	-
Total	10,401,190	-	-

7.2 Available-for-sale investment securities

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US
As at 1 January	1,629,137	1,127,556	1,127,556
Additions	-	-	-
Sale and redemption	-	-	-
Gains from changes in fair value	259,405	279,340	501,581
Impairment losses	-	-	-
At end of period	1,888,542	1,406,896	1,629,137
Current	-	-	-
Non-Current	1,888,542	1,406,896	1,629,137
Total	1,888,542	1,406,896	1,629,137

Notes to the Financial Statements

for the half year ended 30 June 2012 (continued)

7.3 Assets and liabilities measured at fair value at 30 June 2012

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Derivative assets	-	27,258	-	27,258
Investment securities - equity	1,818,389	-	70,153	1,888,542
Total assets 30 June 2012	1,818,389	27,258	70,153	1,915,800
Total assets 30 June 2011	1,318,799	-	88,097	1,406,896
Total assets 31 December 2011	1,540,714	-	88,423	1,629,137
Share Options	-	781,992	-	781,992
Total liabilities 30 June 2012	-	781,992	-	781,992
Total liabilities 30 June 2011	-	624,690	-	624,690
Total liabilities 31 December 2011	-	718,368	-	718,368

7.4 Reconciliation of level 3 items

Reconciliation of level 3 items	30.06.2012 Available for sale Financial assets US$	30.06.2012 Total assets US$	30.06.2011 Available for sale Financial assets US$	30.06.2011 Total assets US$
Balance at 1 January	88,423	88,423	76,526	76,526
Total (losses)/ gains – other comprehensive income	(18,270)	(18,270)	11,571	11,571
At end of period	70,153	70,153	88,097	88,097

The following table shows the sensitivity of level 3 measurements to changes in fair value where fair value changes by 10%

	30.06.2012 Favourable changes US$	30.06.2012 Unfavourable changes US$
Available-for-sale financial assets	7,015	(7,015)

8. Investment in subsidiary companies

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Fincor Finance Corporation Limited 100% (2011 -100%)	-	-	-
Barclays Merchant Bank Limited 100% (2011 -100%)	-	-	-
Brains Computer Processing (Private) Limited 100% (2011-100%)	-	-	-

All subsidiaries are incorporated and domiciled in Zimbabwe; and are currently dormant and their assets and liabilities are immaterial.

9. Related party balances and transactions

The Bank is controlled by Afcarme Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 68% (2011:68%) of the ordinary shares. The remaining 32% of the shares are widely held. The ultimate parent of the Bank is Barclays Bank Plc incorporated in the United Kingdom. There are other companies which are related to Barclays Bank of Zimbabwe Limited through common shareholdings or common directorship. In the normal course of business, placings of foreign currencies made with group companies are at market interest rates. The volumes of related party transactions, outstanding balances at year-end and related expense and income for the year are as follows:

	Directors and other key management personnel		
	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Loans outstanding at 1 January	95,001	70,346	70,346
Loans issued during the year	361,694	157,599	105,327
Loan repayments during the year	(38,080)	(65,289)	(80,672)
Loans outstanding at end of period	418,615	162,656	95,001
Current	85,426	162,656	36,240
Non-current	333,189	-	58,761
Total	418,615	162,656	95,001
Interest income earned	6,668	1,595	2,664

Of the loans advanced to directors and other key management personnel $147,488 is not secured. No impairment losses have been recognised in respect of loans advanced to related parties (2011: nil)

9.2 Intra-group exposures

The Bank, during the ordinary course of business did not advance loans and/or guarantees to other group companies and their directors.

9.3 Deposits from related parties other than common directorship/trusteeship

	Directors and other key management personnel		
	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Deposits at 1 January	7,113	33,956	33,956
Deposits received during the period	649,272	860,712	1,846,951
Deposits repaid during the period	(646,797)	(894,668)	(1,873,794)
Deposits at end of period	9,588	-	7,113
Current	9,588	-	7,113
Non-current	-	-	-
Total	9,588	-	7,113
Interest expense on deposits	-	-	-

The above deposits are unsecured, carry no interest and are repayable on demand.

9.4 Bank balances with group companies

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Bank balances due from group companies (note 3)	15,323,722	85,740,657	85,496,671
Bank balances due to group companies (note 3)	(71,157)	(746,124)	(194,148)
Total	15,252,565	84,994,533	85,302,523

No impairment losses have been recognised for bank balances due from group companies.

9.5 Key management compensation

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Salaries and other short-term employee benefits	542,199	570,082	981,826
Post-employment benefits	55,569	36,823	68,322
Share-based payments	-	9,904	6,066
Termination benefits	-	-	2,575,592
Total	597,768	616,809	3,631,806

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank directly or indirectly. These include the Managing Director, Chief Finance Officer, Risk Director, Banking Divisional Director, Commercial Divisional Director, Chief Operating Officer, Head of Human Resources, Head of Compliance, Head of Premier, Wealth and Customer Service and Company Secretary.

9.6 Balances with related parties-related through common directorship/trusteeship

	30.06.2012		30.06.2011		31.12.2011	
	Deposits US$	Loan advances US$	Deposits US$	Loan advances US$	Deposits US$	Loan advances US$
Current	903,166	14,984,750	918,547	9,915.750	1,090,272	12,183,000
Non-current	-	-	-	-	-	-
Total	903,166	14,984,750	918,547	9,915,750	1,090,272	12,183,000

Deposits, loans and advances were made on terms equivalent to those that prevail in arm`s length transactions.

10. Other assets

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Prepayments and stationery	1,072,674	748,075	1,108,190
Other debtors	3,245,920	2,460,503	4,030,093
Remittances in transit	999	-	1,001
Staff loans prepayment	859,869	86,829	405,608
Total	5,179,462	3,295,407	5,544,892
Current	5,179,462	3,295,407	5,544,892
Non-current	-	-	-
Total	5,179,462	3,295,407	5,544,892

11. Investment property

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Investment property at fair value as at 1 January	15,000,000	15,000,000	15,000,000
Net gains from fair value adjustment	-	-	-
Other changes	-	-	-
Investment property at fair value as at end of period	15,000,000	15,000,000	15,000,000

Barclays Bank jointly controls a property in Victoria Falls with the Barclays Bank Staff Pension Fund. The Bank's share (50%) of the Investment property was valued at US$15 million as at 30 June 2012 (2011:US$15million). Investment property generated net rental income of US$100,511.

12. Property and equipment

	Lease hold Land US$	Buildings US$	Computers US$	Other equipment US$	Furniture and fittings US$	Motor vehicles US$	Totals US$
Net book value at 1 January 2012	40,000	17,576,935	940,138	1,079,838	277,926	1,225,697	21,140,534
Additions	3,414	129,399	397,967	757,525	34,353	499,940	1,822,598
Revaluation surplus	-	-	-	-	-	-	-
Disposals	-	-	-	-	(837)	(41,050)	(41,887)
Depreciation charge on disposals	-	-	-	-	516	26,515	27,031
Depreciation and impairment charge	-	(187,012)	(213,527)	(173,352)	(62,623)	(230,345)	(866,859)
Closing net book amount	43,414	17,519,322	1,124,578	1,664,011	249,335	1,480,757	22,081,417
At 30 June 2012							
Cost or valuation	43,414	19,064,399	2,269,232	2,243,321	595,381	2,506,454	26,722,201
Accumulated depreciation and impairment	-	(1,545,077)	(1,144,654)	(579,310)	(346,046)	(1,025,697)	(4,640,784)
Net book amount	43,414	17,519,322	1,124,578	1,664,011	249,335	1,480,757	22,081,417

Other equipment was impaired by US$25,892 as at 30 June 2012 due to obsolescence.

13. Deposits from banks

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Items in course of collection	58,543	867,034	17,160
Deposits from banks	-	-	-
Other money-market deposits	-	-	-
Total	58,543	867,034	17,160
Current	58,543	867,034	17,160
Non-current	-	-	-
Total	58,543	867,034	17,160

The above comprises financial instruments classified as liabilities at amortised cost. Fair value of deposits from banks approximate carrying amount because of their short tenure.

14. Deposits from customers

Deposits due to customers are primarily composed of amounts payable on demand.

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Large corporate customers:			
- Current/settlement accounts	113,416,840	108,114,108	128,764,335
Small to medium enterprises ("SMEs")			
- Current/settlement accounts	26,099,904	23,158,893	26,490,475
Retail customers:			
- Current/demand accounts	63,291,086	50,604,370	58,442,419
Total	202,807,830	181,877,371	213,697,229

Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Fair value of deposits from customers approximates carrying amount because of their short tenure. Included in customer accounts are deposits of US$1,689,256(2011: US$1,110,054) held as collateral for loans advanced and letters of credit. The fair value of deposits approximates carrying amount.

14.1 Concentrations of customer deposits were as follows:

Industry/Sector	30.06.2012 US$	%	30.06.2011 US$	%	31.12.2011 US$	%
Trade and services	76,775,655	38	74,335,621	41	98,114,076	46
Energy and minerals	9,658,345	5	3,310,644	2	1,826,770	1
Agriculture	4,438,981	2	5,358,625	3	6,866,223	3
Construction and property	1,398,386	1	2,038,540	1	543,566	-
Light and heavy industry	14,801,956	7	17,146,106	9	15,212,261	7
Physical persons	52,482,944	26	50,522,752	28	58,442,419	27
Transport and distribution	26,009,811	12	9,819,248	5	10,899,392	5
Financial services	15,728,159	8	15,988,515	9	16,296,874	8
State	1,513,593	1	3,357,320	2	5,495,648	3
Other	-	-	-	-	-	-
Total	202,807,830	100	181,877,371	100	213,697,229	100

15. Other financial liabilities

During the period, the Bank did not carry financial liabilities whose carrying amount was different from their fair value.

16. Income tax expense:

Current income tax and deferred income tax on temporary differences have been fully provided for. Deferred income tax is calculated using the liability method.

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Income tax expense:			
Current income taxes on income for the reporting period	248,134	275,207	1,289,135
Deferred income tax: origination and reversal of temporary differences	111,705	(97,130)	(575,140)
Income tax	359,839	178,077	713,995

The income tax rate applicable to the Bank's 2012 income is 25,75% (2011:25,75%).

Notes to the Financial Statements

for the half year ended 30 June 2012 (continued)

17. Other liabilities

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Accrued expenses	919,811	11,438,638	3,409,336
Internal accounts including bank cheques	3,770,161	1,821,654	587,078
Future medical aid liability	2,629,892	1,650,276	2,279,203
Remittances in transit	-	12,769	-
Other provisions	1,587,694	1,069,522	1,550,667
Total	8,907,558	15,992,859	7,826,284
Current	6,560,690	14,574,567	5,774,395
Non-current	2,346,868	1,418,292	2,051,889
Total	8,907,558	15,992,859	7,826,284

18. Share capital and other reserves

18.1 Share capital

	Number of shares (millions)	Ordinary shares US$	Share premium US$	Total US$
Authorised shares				
Ordinary shares of USc0.01	5,000	500,000	-	500,000
Issued shares				
At 1 January 2012	2,153	215,273	23,640,259	23,855,532
Employee share option scheme:	-	-	-	-
Proceeds from shares issued	-	33	1,876	1,909
At 30 June 2012	2,153	215,306	23,642,135	23,857,441

18.2 Other reserves

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Non-distributable reserve	6,861,517	6,194,692	6,632,717
Available-for-sale reserve	744,363	414,070	567,236
Share option reserve	781,992	624,690	718,368
General reserve	8,447	222,581	6,235
Total	8,396,319	7,456,033	7,924,556

The unissued share capital is under the control of the directors subject to the restrictions imposed by the Zimbabwe Companies Act (Chapter 24.03), Zimbabwe Stock Exchange Listing requirements and the Articles and Memorandum of Association of the Bank.

19. Non-funded income

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Ledger fees	3,337,694	4,019,416	8,581,089
Cash withdrawal fees	4,103,104	3,674,094	7,723,919
Other fees and commission income	4,384,968	3,123,514	6,061,633
Net foreign exchange income	1,295,685	1,430,368	2,652,272
Rental income - jointly controlled property	100,511	100,874	205,189
Rental income – other bank properties	286,122	276,127	501,274
Profit /(loss)on disposal of assets	9,226	(4,277)	49,667
Bad debts recovered	-	1,240	1,240
Total	13,517,310	12,621,356	25,776,283

20. Operating expenses

20.1 Staff costs

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Salaries and allowances	7,773,423	6,495,740	12,848,097
Retrenchment cost	-	7,863,054	7,860,519
Social security costs	22,588	24,947	48,446
Share options granted to directors and employees	65,537	312,360	412,821
Pension costs: defined contribution plans	632,914	631,299	1,309,276
Post employment medical benefits	501,694	379,425	1,008,352
Directors' remuneration:			
Fees - for services as directors	48,626	30,879	85,446
Other – for services as management	182,493	178,873	330,917
Total staff costs	9,227,275	15,916,577	23,903,874

20.2 Other administrative expenses include:

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Property and equipment:			
-repairs and maintenance	578,902	429,620	1,116,326
-depreciation	840,967	765,534	1,584,436
-other property costs	627,709	417,190	1,027,690
-impairment of equipment charge/(reversal)	25,892	(40,440)	(60,789)
Security costs	958,907	978,773	1,988,285
Communications costs	546,085	605,974	1,318,509
Auditor's remuneration:-			
-current year audit fees	118,500	107,523	117,415
-prior year audit fees	-	-	75,407
-other	-	-	41,912
Operating lease payments	1,175,697	748,760	1,809,773
Other operating expenses	2,583,281	2,360,682	4,646,435
Total other administrative expenses	7,455,940	6,373,616	13,665,399
Total staff costs (note 20.1)	9,227,275	15,916,577	23,903,874
Total operating expenses	16,683,215	22,290,193	37,569,273
The number of persons employed as at period end	644	690	619

21. Other comprehensive income

	30.06.2012 Before tax amount US$	30.06.2012 Income tax US$	30.06. 2012 After tax amount US$
Available-for-sale financial assets	259,405	(82,278)	177,127
Other comprehensive income	259,405	(82,278)	177,127

22. Loan commitments, guarantees and other financial facilities

At 30 June, the contractual amounts of the Bank's contingent liabilities and commitments that commit it to extend credit to customers, guarantees and other facilities were as follows;

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Loan commitments	23,754,859	9,292,693	16,712,192
Guarantees and standby letters of credit	4,650,325	1,309,154	1,384,544
Total	28,405,184	10,601,847	18,096,736

22.1. Assets under custody

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Total funds under custody	233,786,723	252,041,653	370,082,170
Fees and commission income earned	357,469	406,190	828,355

The bank provides custodial services to individuals and institutions by holding assets (mainly share certificates) on behalf of customers. The fees and commission income earned on custodial services is included in other fees and commissions income in note 19.

23. Segment analysis

Management has determined the operating segments based on the reports reviewed by the Executive Committee (the Chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. All operating segments used by the Bank meet the definition of a reportable segment under IFRS 8 (Operating segments). The Executive Committee assesses the performance of the operating segments based on a measure of profit or loss. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and legal expenses. The measure also excludes the effects of equity-settled share-based payments and unrealised gains or losses on financial instruments.

The Bank has three main business segments

- Retail banking – incorporating direct debit facilities, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans;
- Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities and foreign currency products;
- Treasury - incorporating financial instruments and foreign currency trading. Treasury also includes the management of the overall bank operating asset balances and balance sheet structure.

Revenue allocated to the segments is from external customers who are domiciled in Zimbabwe. There were no trading revenues from transactions with a single external customer that amounted to 10% or more of the Bank's revenues. Costs incurred by support functions are allocated to the three main business segments on the basis of determined cost drivers.

23.1 Segment results of operations

The segment information provided to the Executive Committee for the segments for the half year ended 30 June 2012 is as follows:-

	Retail banking US$	Corporate banking US$	Treasury banking US$	Total US$
Net interest income from external customers	757,414	3,158,524	366,919	4,282,857
Loan impairment charges	(18,574)	(267,106)	-	(285,680)
Net fee and commission income	7,387,354	3,851,871	1,821,352	1,312,1451
Other income	-	-	395,859	395,859
- Staff costs	(6,330,620)	(2,366,070)	(481,959)	(9,178,649)
- General and administrative expenses	(2,112,839)	(863,003)	(175,742)	(3,151,584)
- Depreciation	(505,290)	(258,725)	(67,789)	(831,804)
- Other operating expenses	(2,334,020)	(1,006,549)	(174,374)	(3,514,943)
Operating (loss)/profit	(3,156,575)	2,242,707	1,745,140	831,272
Income tax credit/(expense)	812,818	(577,497)	(595,159)	(359,839)
Total assets	22,343,627	54,764,166	174,169,069	251,276,862
Total liabilities	63,291,086	139,516,744	14,015,273	216,823,103

24. Financial risk management

The Bank's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. Internal audit is responsible for the independent review of risk management and the control environment.

The risks arising from financial instruments to which the Bank is exposed are financial risks which include credit risk, liquidity risk, market risk and operational risk. Also discussed below are strategic, legal, reputational risk elements and detailed policies on risk mitigation.

24.1 Credit risk

Credit risk is the risk that the Bank's customers, clients or counterparties default on their loan or credit commitments. Default occurs when counterparties are not able or willing to pay interest, repay capital or otherwise fulfil their contractual obligations under loan agreements or other credit facilities.

Risk limit and mitigation policies

The Bank uses a range of policies and practices to mitigate credit risk. The most traditional of these is taking of security for funds advanced and credit scoring all customer borrowing applications and only lending to those which meet the preset criteria. The Bank monitors cash flows and utilisation against limits to identify customers under stress and takes corrective action in consultation with the customer. The Bank has Credit Risk and Loans Review Committees, chaired by non-executive directors to monitor the risks. In measuring credit risk of loans and advances the Bank reflects three components;

i) the probability of default by the client or counterparty on its contractual obligations;
ii) current exposures to the counterparty and its likely future development; and
iii) the likely recovery ratio on the defaulted obligations

Principal collateral types used for loans and advances are:

- Mortgages over residential and commercial properties; and
- Charges over business assets such as premises, inventory and accounts receivable; moveable assets and shares.

Legal department is responsible for conducting sufficient legal review to confirm that the approved collateral is legally effective. Value of loan to value of security is assessed on grant date and continuously monitored. Each customer based on their probability of default are graded into one of the internal grades, reflecting their credit quality.

Impairment and provisioning policies ("EWL")

The Bank maintains an Early Warning List, ("EWL") for those customers who are believed to be facing difficulties. Customers are categorised into EWL 1-3. Those in EWL1 have temporary problems and the risk of default is low. EWL2 implies there are doubts that the customer will pay but the risk of default is medium. EWL3 implies that there are doubts that the customer will pay and the risk of default is high.

Internal policies allow for the calculation of identified and unidentified impairment (on homogenous portfolios). Unidentified impairment is also calculated on each portfolio level. The Bank has a monitoring mechanism in place which grades its assets into various categories as prescribed by the regulator in the banking regulations. An impairment allowance is then raised in compliance with the banking regulations and International Financial Reporting Standards.

The following tables below analyse credit risk exposure to loans and advances in detail:

24.1(a) Loans and advances are summarised below as follows:

	30.06.2012		30.06.2011		31.12.2011	
	Loans and advances to customers US$	Loans and advances to banks US$	Loans and advances to customers US$	Loans and advances to banks US$	Loans and advances to customers US$	Loans and advances to banks US$
Neither past due nor impaired	59,009,906	11,458	53,452,027	18,642	59,347,184	9,371
Past due but not impaired (note 24.1c)	880,725	-	54,901	-	-	-
Individually impaired (note 24.1d)	680,695	-	167,828	-	183,715	-
Gross value of loans and advances	60,571,326	11,458	53,674,756	18,642	59,530,899	9,371
Less: allowance for impairment (note 24.1g)	(1,298,905)	-	(551,490)	-	(1,013,223)	-
Net value of loans and advances	59,272,421	11,458	53,123,266	18,642	58,517,676	9,371

The Bank secures its loans and advances with liens over residential or commercial property, stock or other financial securities but is generally not permitted to sell or re-pledge the security in the absence of default by the owner of the collateral. The Bank has an internal rating scale which is mapped onto the Basel II grading system. Balances in neither past due nor impaired category are investment grade, those in past due but not impaired category are standard monitoring grade and individually impaired is default grade.

24.1(b) Loans and advances neither past due nor impaired

Loans and advances neither past due nor impaired and which are not part of renegotiated loans are considered to be investment grade. Past due loans and advances are those whose repayments (capital and interests) are outstanding for more than 30 days. Such loans are either impaired or renegotiated (note 24.1d and 24.1f).

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for the half year ended 30 June 2012 (continued)

Gross amount of loans and advances that were past due but not impaired were as follows:

24.1 (c) Loans and advances past due but not impaired

Late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary.

	30.06.2012			30.06.2011			31.12.2011		
	Personal loans US$	Wholesale and corporate loans US$	Total US$	Personal loans US$	Wholesale and corporate loans US$	Total US$	Personal loans US$	Wholesale and corporate loans US$	Total US$
Up to 1 month	-	880,725	880,725	-	11,223	11,223	-	-	-
1-3 months	-	-	-	-	20,493	20,493	-	-	-
3-6 months	-	-	-	-	23,185	23,185	-	-	-
6-12 months	-	-	-	-	-	-	-	-	-
Over 12 months	-	-	-	-	-	-	-	-	-
Total	-	880,725	880,725	-	54,901	54,901	-	-	-
Fair value of collateral	-	-	-	-	1,250,000	1,250,000	-	-	-
Amount under collateralisation	-	-	-	-	1,046,901	1,046,901	-	-	-

24.1(d) Loans and advances individually impaired

	30.06.2012			30.06.2011			31.12.2011		
	Personal loans US$	Wholesale and corporate loans US$	Total US$	Personal loans US$	Wholesale and corporate loans US$	Total US$	Personal loans US$	Wholesale and corporate loans US$	Total US$
Gross carrying amount	25,319	655,376	680,695	6,953	160,875	167,828	22,840	160,875	183,715
Less allowance for impairment	(3,497)	(440,494)	(443,991)	(5,912)	(160,875)	(166,787)	(3,754)	(160,875)	(164,629)
Net carrying amount	21,822	214,882	236,704	1,041	-	1,041	19,086	-	19,086
Fair value of collateral	-	400,000	-	-	-	-	-	-	-

24.1(e) Non-performing loans and advances

These are loans and overdrafts on which interest is no longer accrued or included in income unless the customer pays back. These non-performing (past due) assets include balances where the principal amount and / or interest is due and unpaid for 90 days or more.

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Total non-performing loans and receivables	655,376	160,875	164,648
Less specific allowance for impairment	(440,494)	(160,875)	(163,950)
Net carrying amount	214,882	-	698

24.1(f) Loans and advances renegotiated

During the half year ended 30 June 2012, the Bank renegotiated loans and advances to customers and banks were nil.

24.1(g) Allowance for impairment

Reconciliation of allowance for impairment

	30.06.2012		30.06.2011		31.12.2011	
	Specific allowance for impairment US$	Collective allowance for impairment US	Specific allowance for impairment US$	Collective allowance for impairment US$	Specific allowance for impairment US$	Collective allowance for impairment US$
Balance at 1 January	164,629	848,594	160,875	348,603	160,875	348,603
Income received on claims previously written off	-	-	-	-	-	-
New allowance	279,619	-	-	-	-	-
Increase in impairment allowances	2,459	6,320	7,128	36,100	4,971	499,991
Release	(2,716)	-	-	-	-	-
Loans written off	-	-	(1,216)	-	(1,217)	-
At end of period	443,991	854,914	166,787	384,703	164,629	848,594

Reconciliation of allowance by nature of advance

	Residential mortgage loans US$	Other personal lendings US$	Wholesale corporate loans US$	Total US$
As at 1 January 2012	-	41,439	971,784	1,013,223
Charge for the period	-	16,361	269,319	285,680
New allowance	-	-	279,619	279,619
Increase in impairment allowances	-	19,079	(10,300)	8,779
Release	-	(2,716)	-	(2,716)
Income received on claims previously written off	-	-	-	-
Amounts written off during the year as uncollectible	-	-	-	-
At 30 June 2012	-	57,802	1,241,103	1,298,905

Impairment allowances are determined in terms of the requirements of IAS 39, "Financial Instruments: Recognition and Measurement." Impairment allowances in excess of this, as required by the banking regulations, are accounted for as a transfer from distributable reserves to general reserves. Assets are written off when it is considered that recovery is no longer possible or when the cost to recover exceeds the amount to be recovered.

24.1(h) Repossessed collateral

During the period, the Bank did not repossess any assets held as collateral on loans and advances to customers.

24.1(i) Credit risk concentration

Industry/Sector	30.06.2012 Loans and advances US$	%	30.06.2011 Loans and advances US$	%	31.12.2011 Loans and advances US$	%
Trade and services	11,569,512	20	8,009,410	15	9,475,795	16
Energy and minerals	-	-	-	-	-	-
Agriculture	11,202,219	19	18,275,862	34	16,166,889	27
Construction and property	-	-	1,010	-	1,010	-
Light and heavy industry	23,379,248	39	18,868,423	35	24,343,356	41
Physical persons	5,687,956	8	3,339,110	6	4,252,131	7
Transport and distribution	8,732,391	14	5,180,941	10	5,291,718	9
Financial services	-	-	-	-	-	-
State	-	-	-	-	-	-
Other	-	-	-	-	-	-
Gross amount	60,571,326	100	53,674,756	100	59,530,899	100
Less impairment allowance	(1,298,905)	-	(551,490)	-	(1,013,223)	-
Net amount	59,272,421	-	53,123,266	-	58,517,676	-

24.1(j) Profile of credit risk as at 30 June 2012

Industry/Sector	Total loans US$	Past due Impaired loans US$	Write offs/ (recoveries) US$	Impairment allowance US$
Trade and services	11,569,512	160,875	-	160,875
Energy and minerals	-	-	-	-
Agriculture	11,202,219	494,501	-	279,619
Construction and property	-	-	-	-
Light and heavy industry	23,379,248	-	-	-
Physical persons	5,687,956	3,509,	-	3,497
Transport and distribution	8,732,391	-	-	-
Financial services	-	-	-	-
State	-	-	-	-
Other	-	-	-	-
Gross amount at end of period	60,571,326	658,885	-	443,991

24.2 Liquidity risk

Liquidity risk is the risk that the Bank may fail to meet its payment obligations when they fall due and to replace funds when they are withdrawn, the consequences of which may be the failure to meet the obligations to repay deposits and fulfil commitments to lend.

24.2(a) Liquidity risk management process

The Bank identifies this risk through periodic liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps. The Bank's Assets and Liabilities Committee ("ALCO") monitors and manages liquidity risk.

The Bank's liquidity management process as carried out by the ALCO and Treasury units includes:

- Day to day funding and monitoring future cash flows to ensure that funding requirements are met;
- Maintaining a high balance of cash that can easily be liquidated as protection against unforeseen funding gaps;
- Monitoring balance sheet liquidity ratios against internal and regulatory benchmarks;
- Limits are set across the business to control liquidity risk;
- Early warning indicators are set to identify the emergence of increased liquidity risk
- Sources of liquidity are regularly reviewed by ALCO to maintain a wide diversification of source of funding.

24.2(b) Liquidity ratios

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Cash and bank balances	137,277,205	132,395,959	147,863,042
Loans and advances to banks	11,458	18,642	9,371
Deposits from banks	(58,543)	(867,034)	(17,160)
Bank balances due to group companies	(71,157)	(746,124)	(194,148)
Total liquid assets	137,158,963	130,801,443	147,661,105
Deposits from customers	202,807,830	181,877,371	213,697,229
Other money market deposits	-	-	-
Total liabilities to the public	202,807,830	181,877,371	213,697,229
Liquidity ratio	68%	72%	69%
RBZ Minimum	27.5%	20%	27.5%

24.2(c) Liquidity profiling as at 30 June 2012

The amounts disclosed in the table below are the contractual undiscounted cash flows. The assets which are used to manage liquidity risk which is mainly cash are also included on the table based on the contractual maturity profile.

	Up to 1 month US$	1 to 3 months US$	3 months to 6 year US$	6 months to 1 year US$	1 to 5 years US$	Over 5 years US$	Total US$
On balance sheet items-as at 30.06.2012							
Liabilities							
Bank balances due to group companies	71,157	-	-	-	-	-	71,157
Deposits from banks	58,543	-	-	-	-	-	58,543
Deposits from customers	202,807,830	-	-	-	-	-	202,807,830
Other liabilities	5,436,798	75,504	454,276	613,104	1,208,064	1,119,812	8,907,558
Total liabilities-(contractual maturity)	208,374,328	75,504	454,276	613,104	1,208,064	1,119,812	211,845,088
Assets held for managing liquidity risk (contractual maturity dates)							
Cash and bank balances	137,277,205	-	-	-	-	-	137,277,205
Loans and advances to banks	11,458	-	-	-	-	-	11,458
Loans and advances to customers	32,081,722	17,467,452	7,069,291	815,615	5,394,447	539,543	63,368,070
Current income tax assets	-	137,909	-	-	-	-	137,909
Government bonds	155,814	-	155,814	311,628	10,781,981	-	11,405,237
Total assets	169,526,199	17,605,361	7,225,105	1,127,243	16,176,428	539,543	212,199,879
Liquidity gap	(38,848,129)	17,529,857	6,770,829	514,139	14,968,364	(580,269)	354,791
Cumulative liquidity gap	(38,848,129)	(21,318,272)	(14,547,443)	(14,033,304)	935,060	354,791	

Contingent liabilities and commitments

	Up to 1 month US$	1 to 3 months US$	3 months to 6 year US$	6 months to 1 year US$	1 to 5 years US$	Over 5 years US$	Total US$
Assets							
Guarantees and letters of credit	3,374,552	-	1,781	750,000	523,992	-	4,650,325
Commitment to lend	23,754,859	-	-	-	-	-	23,754,859
Total assets	27,129,411	-	1,781	750,00	523,992	-	28,405,184
Liabilities							
Guarantees and letters of credit	3,374,552	-	1,781	750,00	523,992	-	4,650,325
Commitment to lend	23,754,859	-	-	-	-	-	23,754,859
Total liabilities	27,129,411	-	1,781	750,00	523,992	-	28,405,184
Liquidity gap	-	-	-	-	-	-	-

The Bank determines ideal weights for maturity time buckets which are used to benchmark the actual maturity profile. Maturity mismatches across the time buckets are managed through the tenor of new advances and the profile of time deposits by ALCO and should the need arise through support from Barclays Africa.

24.3 Market Risk

The Bank 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, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The Bank separates exposures to market risk into either trading or banking book. The Bank does not have a trading book. All the market risk is arising from the banking book which includes the retail and wholesale banking assets.

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for the half year ended 30 June 2012

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Notes to the Financial Statements

for the half year ended 30 June 2012 (continued)

24.3(a) Market risk measurement techniques

The Bank applies a 'value at risk' ("VaR") methodology to its banking portfolios to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The measurement techniques used to measure and control market risk include:

(i) Daily Value at Risk ("DVaR")

Value at Risk ("VaR") is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the maximum amount the Bank might lose but only to a certain level of confidence. There is therefore a statistical probability that actual loss could be greater than the 'VaR' estimate. The 'VaR' model makes assumptions on the pattern of market movements based on historical holding periods. The use of this approach does not prevent losses outside of these limits.

In the event of more significant market movements, 'DVaR' is an estimate of the potential loss which might arise from unfavourable market movements, if the current positions were held unchanged for one business day, measured to a confidence of 99%. Daily losses exceeding the 'DVaR' figure are likely to occur, on average twice in every 100 business days.

(ii) Stress tests

Interest rate stress risk is the daily monitoring of the potential loss if there is a large interest rate movement (expected once in every five years). Stress tests provide an indication of losses that could arise in extreme positions.

Foreign exchange stress risk is the potential loss against the Bank if there is a large foreign exchange movement (expected once in every five years).

(iii) Annual Earnings at Risk ("AEaR")

AEaR measures the sensitivity of annual earnings to shocks in the market rates at the 99th percentile for change over a one year period. This shock is consistent with the standardised interest rate shock recommended by Basel II framework for assessing banking book interest rate risk.

(iv) Economic capital

Economic capital methodologies are used to calculate risk sensitive capital allocations for businesses incurring market risk. Consequently the businesses incur capital charges related to their market risk. The table below summarises the DVaR statistics for the Bank. The assumed interest volatility for the DVaR is the daily volatility of 5% and 10% for long dated and short dated instruments observed over a period of one year.

One day risk Type of risk or activity	High US$	Medium US$	Low US$	Half year-end US$
Currency	3,589	1,583	530	2,404
Interest	296,411	207,958	24,198	285,436
Aggregate VaR at 30 June 2012	300,000	209,541	24,728	287,840

Two week risk Type of risk or activity	High US$	Medium US$	Low US$	Half year-end US$
Currency	11,350	5,007	1,676	7,603
Interest	937,333	657,620	76,522	902,628
Aggregate VaR at 30 June 2012	948,683	662,627	78,198	910,231

ALCO, together closely monitors this risk. The Bank is satisfied with its risk management processes and systems in place which have enabled the Bank to minimise losses.

24.4 Interest rate risk

Interest rate risk is the risk that the Bank will be adversely affected by changes in the level or volatility of market interest rates.

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The responsibility of managing interest rate risk lies with the Assets and Liabilities Committee (ALCO). On a day to day basis, risks are managed through a number of management committees. Through this process, the Bank monitors compliance within the overall risk policy framework and ensures that the framework is kept up to date. Risk management information is provided on a regular basis to the Risk and Control Committee and the Board.

The table below summarises the Bank's interest rate risk exposure.

	Up to 1 month US$	1 to 3 months US$	6 months to 1 year US$	6 months to 1 year US$	1 to 5 years US$	Over 5 years US$	Non interest bearing US$	Total US$
Assets								
Cash and bank balances	39,629,979	-	-	-	-	-	97,647,226	137,277,205
Government bonds	-	-	-	-	10,245,376	-	155,814	10,401,190
Derivative asset		-	-	-	-	-	27,258	27,258
Loans and advances to banks	11,458	-	-	-	-	-		11,458
Loans and advances to customers	59,272,421	-	-	-	-	-		59,272,421
Other assets	-	-	-	-	-	-	5,179,462	5,179,462
Available- for-sale investments	-	-	-	-	-	-	1,888,542	1,888,542
Current income tax assets	-	-	-	-	-	-	137,909	137,909
Investment property	-	-	-	-	-	-	15,000,000	15,000,000
Property and equipment	-	-	-	-	-	-	22,081,417	22,081,417
Total assets	98,913,858	-	-	-	10,245,376	-	142,117,628	251,276,862
Liabilities								
Bank balances due to group companies	71,157	-	-	-	-	-	-	71,157
Deposits from banks	58,543	-	-	-	-	-	-	58,543
Deposits from customers	202,807,830	-	-	-	-	-	-	202,807,830
Other liabilities	-	-	-	-	-	-	8,907,558	8,907,558
Deferred income tax liabilities	-	-	-	-	-	-	4,978,015	4,978,015
Total liabilities	202,937,530	-	-	-	-	-	13,885,573	216,823,103
Interest rate re-pricing gap	(104,023,672)	-	-	-	10,245,376	-	128,232,055	34,453,759
Cumulative gap	(104,023,672)	(104,023,672)	(104,023,672)	(104,023,672)	(93,778,296)	(93,778,296)	34,453,759	

The Bank's interest rate risk position is shown below:

	30.06.2012		30.06.2011		31.12.2011	
	Impact on earnings US$	Impact on capital US$	Impact on earnings US$	Impact on capital US$	Impact on earnings US$	Impact on capital US$
1000 bps increase	(1,427,180)	(1,427,180)	(110,950)	(110,950)	(269,000)	(269,000)
1000 bps decrease	1,427,180	1,427,180	110,950	110,950	269,000	269,000
Bench	-	-	-	-	-	-

24.5 Foreign exchange risk

This is a risk that the value of a financial liability or asset denominated in foreign currency will fluctuate due to changes in the exchange rate. The Bank takes on exposures to the effects of fluctuations in the prevailing foreign currency exchange rates in the financial position and cash flows. Foreign exchange risk is managed through use of Daily Value at Risk techniques and Stress tests. In addition mismatches on foreign exchange assets and liabilities are minimised through the daily monitoring of the net foreign exchange exposure by treasury.

The table below summarises the Bank's financial instruments at carrying amounts, categorised by currency.

At 30 June 2012	US$	GBP (US$ equiv)	Rand (US$ equiv)	Other foreign currency US$	Total US$
Assets					
Cash and bank balances	126,135,895	3,020,710	5,254,977	2,865,623	137,277,205
Loans and advances to other banks	11,458	-	-	-	11,458
Loans and advances to customers	59,272,173	32	167	49	59,272,421
Investment securities	12,289,732	-	-	-	12,289,732
Other assets	5,179,462	-	-	-	5,179,462
Total assets	202,888,720	3,020,742	5,255,144	2,865,672	214,030,278
Liabilities					
Bank balances due to group companies	52,517	5,876	12,764	-	71,157
Deposits from banks	3,802	-	-	54,741	58,543
Deposits from customers	193,072,660	2,757,197	4,551,653	2,426,320	202,807,830
Other liabilities	8,245,379	276,829	290,317	95,033	8,907,558
Total liabilities	201,374,358	3,039,902	4,854,734	2,576,094	211,845,088
Net currency positions	1,514,362	(19,160)	400,410	289,578	2,185,190

25. Capital management.

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the balance sheet are:

- to comply with the capital requirements set by the banking regulators;
- to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to customers and other stakeholders and;
- to maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management and the Directors, employing techniques based on guidelines developed by the Basel Committee as implemented by the Reserve Bank of Zimbabwe for supervisory purposes. The Bank's regulatory capital is managed by management and comprises three tiers

- Tier 1 Capital: comprises accumulated profits, share options reserve and currency translation reserve.
- Tier 2 Capital: comprises impairment allowance and revaluation reserve.
- Tier 3 Capital: comprises operational and market risk capital.

The Reserve Bank of Zimbabwe required each bank to maintain a total regulatory capital adequacy ratio of 10% for the period under review.

The table below summarises the composition of regulatory capital and the ratios of the Bank

Capital adequacy

	30.06.2012 US$	30.06.2011 US$	31.12.2011 US$
Share capital	215,306	215,258	215,273
Share premium	23,642,135	23,633,491	23,640,259
Accumulated profits	2,199,999	842,136	1,730,778
Share option reserve fund	781,992	624,690	718,368
Revaluation reserve - available-for-sale reserve	744,363	414,070	567,236
Currency translation reserve	6,861,517	6,194,692	6,632,717
Total capital	34,445,312	31,924,337	33,504,631
Less market and operational risk	(5,394,041)	(3,966,553)	(3,974,066)
Tier 1 capital	29,051,271	27,957,784	29,530,565
Revaluation reserves	-	-	-
General provisions(limited to 1.25% of weighted risk assets)	854,914	384,703	848,593
Tier 2 capital	854,914	384,703	848,593
Market risk	112,047	2,507	10,020
Operational risk	5,281,993	3,964,046	3,964,046
Tier 3 capital	5,394,041	3,966,553	3,974,066
Total tier 1, 2 and 3 capital	35,300,226	32,309,040	34,353,224
Deductions from capital	(1,890,615)	(1,406,896)	(1,629,137)
Net capital (Total capital after prudential deductions)	33,409,611	30,902,144	32,724,087
Credit risk weighted assets	111,088,043	113,492,149	122,502,943
Operational risk equivalent assets	66,024,915	49,550,572	49,550,572
Market risk equivalent assets	1,223,334	31,338	125,245
Total risk weighted assets (RWAs)	178,337,092	163,074,059	172,178,760
Tier 1 capital ratio	16%	17%	17%
Tier 1 and 2 capital ratio	17%	17%	18%
Total capital adequacy ratio	19%	19%	19%

Credit risk capital is subject to internal ratings based approach which uses guidelines provided by the regulator. On this approach the banking book exposures are categorised into broad classes of assets with different underlying risk characteristics. Risk components are transformed into risk weighted assets using predetermined exposure and loss probability factors. Capital requirements for credit risk are derived from the risk weighted assets.

Market risk capital is assessed using internal models approach that considers the risk characteristics of the different trading book assets. Risk components are transformed into risk weighted assets and, therefore, capital requirements, based on predetermined exposure and loss probability factors.

Operational risk capital is assessed using the standardised approach. This approach is tied to average gross income over three years per regulated business lines as indicator of scale of operations. Total capital charge for operational risk equals the sum of charges per business lines.

Total capital for the Bank is assessed to be sufficient to support current business and planned capital projects. Growth in advances will continue to be pursued cautiously and in such a way as to achieve economic asset yields.

26. Other risks

Strategic risk

The roles of the Chairman and the Managing Director are not vested in the same person. The executive team formulates the strategy under the guidance of the Board which approves it. The executive directors bear the responsibility to execute the approved strategy. The Board reviews the performance and suitability of the strategy at least quarterly.

Legal and compliance risk

The Risk Management Committee ensures that the management and operations of the Bank's business is done within the governance and regulatory control framework established by Barclays Bank Plc, the Reserve Bank of Zimbabwe and other regulatory bodies. A dedicated legal and compliance unit is in place to monitor legal and compliance requirements and ensures that they are met on a daily basis.

Reputation risk

The Bank adheres to very strict reputation standards set for Barclays international operations. The Human Resources Committee of the Board assists the Board in ensuring that staff complies with set policies and practices consistent with the reputation demands of both the Bank and the industry. The compliance unit and human resources function monitor compliance by both management and staff with the Bank's ethical codes and compliance standards.

Operational risk

This is the risk of losses arising from inadequate or failed internal processes, people and or systems or from external events. Practices to minimise operational risk are embedded across all transaction cycles. Risk workshops are held for the purpose of identifying major risks in the operating environment and methods of mitigating the risks. The Bank employs the standardised approach to determine capital required to cover operational risk. Each function carries out a risk and control assessment of their processes on a semi-annual basis. The assessment results are reviewed by Operational Risk Management department. Barclays Internal Audit audits selected functions at given times.

Rating agent	Latest credit ratings – 2011/12	Previous credit ratings – 2010/11	Previous credit ratings 2009/10
Global Credit Rating Co.	AA-	AA-	AA-

The last rating was done in May 2011 and expired in April 2012.

27. Going concern

The directors have assessed the ability of the Bank to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

28. Events after reporting date

As per the 2012 Mid -Term Monetary Policy issued by the Reserve Bank of Zimbabwe on 31 July 2012 there are new minimum capital requirements for banking institutions. This requires commercial banks to have a minimum capital of US$100 million by June 2014. The phased approach to compliance with this directive requires increase in banks' capital as follows:

- compliance with 25% of the prescribed minimum equity capital by 31 December 2012;
- compliance with 50% of the prescribed minimum equity capital by 30 June 2013;
- compliance with 75% of the prescribed minimum equity capital by 31 December 2013; and
- compliance with 100% of the prescribed minimum equity capital by 30 June 2014.

For the current year, the Bank meets the requirement of $25 million by year end. The Bank will need to communicate a comprehensive recapitalisation plan to the Reserve Bank by 30 September 2012 to meet the set directive.

Interms of the same policy, the minimum capital adequacy ratio was increased to 12% with effect from 1 August 2012. Barclays Bank of Zimbabwe is compliant with this new ratio.

29. Shareholding structure

Afcarme Zimbabwe Holdings (Private) Limited (Barclays Bank PLC) 68% (2011:68%), Zimbabwe public 32% (2011:32%).

30. Dividend

No dividend is proposed in respect of the half year ended 30 June 2012.

By Order of the Board
W Chimwaradze
Company Secretary
07 August 2012

Barclay House
Cnr First Street /
Jason Moyo Avenue
Harare