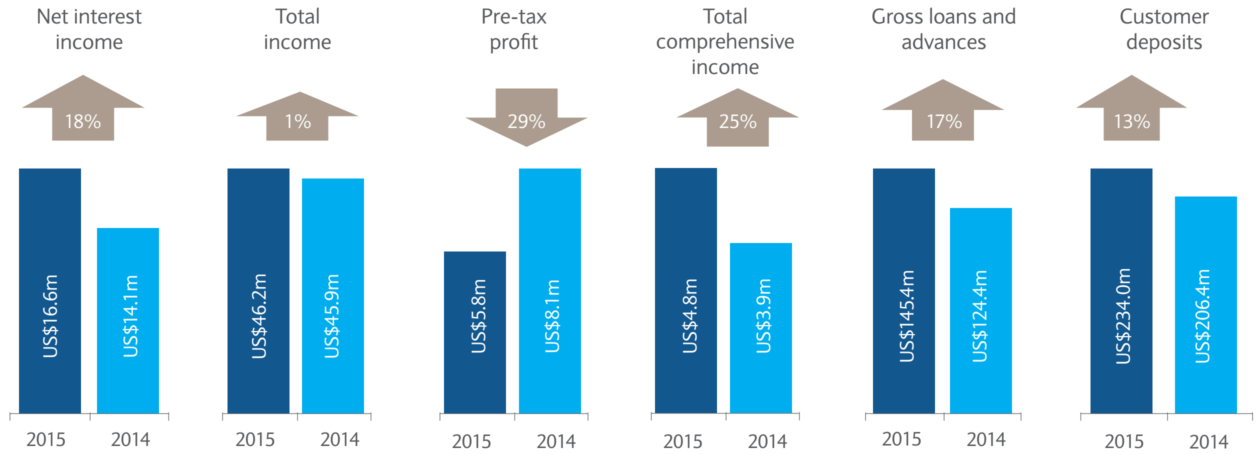
Barclays Bank of Zimbabwe Limited
Annual Report
for the year ended 31 December 2015

BARCLAYS

Contents

Financial Highlights



Five year review	2011 US$000	2012 US$000	2013 US$000	2014 US$000	2015 US$000
Net Interest income	6,723	7,642	12,316	14,129	16,627
Total income	39,687	36,845	38,796	45,885	46,190
Impairment losses on loans and advances	(505)	(532)	(712)	(532)	(1,678)
Operating expenses	(37,569)	(34,045)	(33,891)	(37,503)	(38,521)
Profit before tax	2,118	3,053	5,184	8,133	5,765
Profit after tax	1,404	2,125	2,952	6,589	3,880
Basic earnings per share (US cents)	0.07	0.10	0.14	0.31	0.18
Gross loans and advances	59,531	93,357	117,719	124,361	145,421
Loans and advances to customers	58,518	91,745	115,329	121,656	141,071
Total assets	260,035	281,527	307,806	292,848	299,311
Deposits from customers	213,697	224,778	247,985	206,400	233,973
Total equity	33,511	40,529	44,341	49,285	54,199

Key performance indicators	2011	2012	2013	2014	2015
Cost to income ratio	93.0%	90.0%	85.0%	81.7%	83.4%
Loans to deposit ratio	27.4%	40.8%	46.5%	60.3%	62.2%
Liquidity ratio	69.0%	58.0%	53.0%	41.9%	32.2%
Total capital adequacy ratio	19.0%	18.0%	17.0%	20.1%	18.4%
Loan loss ratio	0.9%	0.6%	0.6%	0.4%	1.2%
Impairment stock/Gross advances	1.7%	1.7%	1.9%	2.2%	3.0%
Classfied debt/Gross advances	0.3%	1.1%	1.0%	2.0%	1.7%

Directors' Responsibilities and Approval

The directors are responsible for overseeing the preparation, integrity and objectivity of the annual financial statements that fairly present the state of the affairs of Barclays Bank of Zimbabwe Limited ("the Bank") at the end of the financial year and the net income and cash flows for the reporting period, and other information contained in this report.

To enable the directors to meet these responsibilities:

- All directors and employees will endeavour to maintain the highest ethical standards in ensuring the Bank's business is conducted in a manner that in all reasonable circumstances is above reproach;

- The board sets standards and management implements systems of internal control and accounting and information systems aimed at providing reasonable assurance that both on and off statement of financial position assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;

- The board and management identify all key areas of risk across the Bank and endeavour to mitigate or minimise these risks by ensuring that appropriate infrastructure, controls, systems and discipline are applied and managed within predetermined procedures and constraints;

- The internal audit function reports directly to Brclays Bank of Zimbabwe Audit Committee Chairman and to Barclays Africa Group Limited Internal Audit, which operates unimpeded and independently from operational management, appraises, evaluates and, when necessary, recommends improvements to the systems of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business; and

- The internal auditors play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review.

The Bank consistently adopts appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis. The financial statements of the Bank have been prepared in accordance with the provisions of the Zimbabwe Companies Act (Chapter 24:03), the Zimbabwe Banking Act (Chapter 24:20) and comply with International Financial Reporting Standards (IFRS) and all applicable legislation.

The directors have no reason to believe that the Bank will not be a going concern in the reporting period ahead, based on forecasts and available cash resources. These financial statements have accordingly been prepared on this basis.

It is the responsibility of the independent auditors to report on the annual financial statements. Their report to the shareholders of the Bank is set out on page 12 of this report.

The directors' report on page 8 and financial statements of the Bank which appears on pages 13 to 59 were approved by the board of directors on 29 February 2016.

Chairman's Statement

The Bank continues to make good progress towards achieving its medium term targets; this against a sorely tested business environment in 2015. Over the period since dollarization the Bank continues to sustain steady growth in its customer and revenue base.

Strategy review

The Board continued to monitor the Bank's external environment. The macro economic landscape globally, regionally and locally continued to have significant influence on the Bank's strategy and its positioning in the operating environment. Global economic performance outlook has progressively been revised downwards predominantly influenced by weakening commodity prices. Currencies of regional economies have also weakened. The impact of these conditions on the Zimbabwean economy has been a sustained balance of trade deficit and low gross domestic product (GDP) growth estimated at 1.5% for 2015. Inflation remained in the negative territory over the year. The Bank continued to pursue opportunities that exist even under the prevailing challenges to support its growth focus.

The Banking industry has also constantly evolved in a number of facets. Customer preferences are shifting thereby demanding new and reconfigured infrastructure. New risks are emerging across the markets and these demand sustained focus to control and contain those risks. The Bank's strategy resolutely seeks to ensure that it has a strong control environment that facilitates sustainable growth into the future.

The Board reviewed the Bank's strategy regularly over the period. Input from key stakeholders including regulators continued to be important in shaping and validating the Bank's strategy and conduct of business in Zimbabwe. The Board emphasised the need to ensure regulatory compliance but beyond that to incorporate in its conduct of business, broader societal impacts and opportunities. The bank welcomes and incorporates within its strategy monetary and fiscal policy pronouncements made from time to time.

The Board also considered future trends under a number of assumptions and scenarios and is confident that the Bank's strategy keeps it on course to achieve the medium term targets it set to achieve.

The Board also continuously reviews the framework and lens through which the performance of the business is assessed. The Board remains satisfied that the Bank's Balanced Scorecard appropriately aligns its strategic priorities to the business plans and action programs, and appropriately measures performance taking into account the needs of the Bank's stakeholders over the short and long term horizons.

Helping people achieve their ambitions – in the right way

Barclays Bank of Zimbabwe Limited remains committed to its chosen Purpose 'to help people achieve their ambitions – in the right way'. In its Balanced Scorecard the Bank has designated five stakeholder groups around its purpose all of which are of strategic significance:

- Customers and clients - remained at the centre of the Bank's initiatives. New products were introduced and service standards monitored closely. During the year the Bank scored very strongly on measures of service and customer satisfaction. The Bank has policies and frameworks to ensure that customers and clients are treated fairly. The Bank also supports the thrust by regulators to ensure that customers are treated fairly and focuses its efforts to ensure customers and clients access products and services that meet their needs and aspirations to prosper.
- Company (investors) - The Bank continued to focus on efforts to sustain efficient and cost effective infrastructure that supports scalable results over the long term. The need to grow the capital base has meant that in the short term dividends have had to be foregone in favour of reinvesting in the business to support planned growth. Over the medium term the bank will also be working towards the regulatory increase in minimum core capital to $100 million by 2020.
- Colleagues - The Board believes that it has put in place the right measures to ensure the right people with the right skills are in the right roles. The Board has sought to promote a culture of employee engagement that supports performance and productivity. The Board considers that the systems it uses to measure colleague engagement are appropriately designed and the scores on such measures encourage us to believe we are well set on course for sustained success into the future. The Bank also keeps it a priority to ensure that opportunities are created for colleagues to have fulfilling careers.
- Conduct (regulators) - The Board continued to place a lot of emphasis on measures that ensure the Bank complies with regulatory requirements. A revamped Enterprise Risk Management Framework adopted in 2014 continued to be embedded in 2015. The Bank continued to upgrade its KYC (Know Your Customer) and Anti Money Laundering processes and the Board is confident that the Bank's efforts under 'Conduct' will compliment efforts by the local and global regulators to control financial crime risk. Beyond compliance with regulatory requirements the Bank conducts its business in a manner that sustains its relevance to the economy over the long term.
- Citizenship (communities) - The Bank continued to support a number of community investment initiatives. These include the partnership with Zimbabwe Farmers Union at an investment of more than $200,000 during the period. This program touched more than 17,500 young farmers and their families at 59 centres across the country. Over and above this anchor program, the Bank continued its partnership with Junior Achievement Zimbabwe and the Boost Fellowship.

Chairman's Statement

The Bank continues to support government and regulatory policy thrust in its lending and procurement processes. In 2015, 39% of the Bank's facilities were extended to the Agriculture sector, inclusive of offshore facilities it arranged for its customers. In its procurement processes the Bank prioritises local suppliers wherever possible, without compromising on the principle of value for money in all its expenditures. A number of youths and women are beneficiaries of loan facilities extended from time to time within the Bank's lending framework. The Bank also continues to roll out products and channels that promote financial inclusion.

Earnings, capital and liquidity

The Bank registered a profit after tax of $3,9 million translating to Earnings per Share of 0.18 cents (2014 – 0.31 cents). The total comprehensive income at $4,8 million was 25% up on the 2014 level.

The Bank sustained a capital adequacy ratio of 18%; above the regulatory threshold of 12%.The level of capital is considered to be adequate to support planned growth over the short to medium term.

The Bank has, year on year since dollarisation, sustained growth in loans and advances without losing focus on the quality of the loan book. The bank's non-performing loans have remained below 2% over the period.

The Bank closed the year with a liquidity ratio of 45%, also above the regulatory benchmark of 30%. The Board assesses that at this level of liquidity the Bank will be able to support its requirements and has ability to raise additional liquidity to support further growth in customer assets.

Dividend

In view of the thrust to sustain growth and the need to build the Bank's core capital towards increased regulatory benchmarks by 2020, no dividend is proposed for 2015.

Governance and board changes

Your board is committed to sound governance practices as guided by both international and local governance frameworks. The Bank has already started work to evaluate and attend to the implications of the Zimbabwe National Code on Governance on the Bank's policies and procedures and is encouraged by the extent to which there is alignment in the areas covered so far.

The Board oversees the Bank's strategy and holds management accountable for its implementation. The Board and its committees met on scheduled and ad hoc basis to review the performance of the business and to review Risk, Compliance and Audit practices within the Bank.

During the year two directors joined the Board. I am pleased to welcome Messrs Busisa Moyo and Sydney Mtsambiwa. Both colleagues are business leaders in their organisations and bring to the Board wealth of knowledge and experience that can only serve to strengthen the Barclays Bank of Zimbabwe Board.

At the next Annual General Meeting the Bank will bid farewell to Mr Canaan Dube who retires from the Board after serving a full tenure. Mr Dube's contribution to the Bank over the period he served on the Board is immense and most appreciated. On behalf of the Board and colleagues at Barclays Bank of Zimbabwe Limited, I would like to thank Mr Dube and wish him all success in his future endeavours.

Board priorities going forward

In view of the developments in the local and global market the Board will seek to ensure that risk continues to be kept within acceptable appetite levels and that the deployment of capital is done more efficiently. The need to continue to respond to the evolving customer needs and preferences will remain high on the Board's priorities. The Board believes that the Bank will need to continue to increase client flow. The Bank will need to continue to respond to the regulatory changes.

I appreciate

My sincere appreciation goes to my colleagues on the board for the leadership provided to the Bank. I also extend my appreciation to all colleagues at the Bank for their contribution to the 2015 result and for demonstrating a high level of engagement and desire to achieve more into the future.

A S Mandiwanza
Chairman
29 February 2016

Managing Director's Statement

Adaptability and efficiency remain pivotal components in our continued drive towards relentless execution of a relevant, scalable and sustainable business model since the beginning of our journey post dollarisation. It is our responsibility to continue to run a successful business, grounded within a prudent risk framework as we focus on a growth trajectory.

Financial Performance

Net interest income	18% growth from $14,1m to $16,6m. This was due to 16% growth in loans from $122m to $141m year on year
Total Income	Underlying growth was 7% from $43,2m (after excluding once off disposal of Available for Sale investments worth $2,7m) in 2014 to $46,2m. Income growth was largely driven by net interest income and, at underlying level, reflects growth trend year on year.
Operating Expenses	3% growth in costs from $37,5m to $38,5m. This was on account of increased administration and general expenses. Staff costs comprised 53% of total costs which is within targeted levels.
Loan loss ratio	Increased to 1,2% from 0,4% reflecting an even more prudent approach for general provisions. The increase is partly attributed to a 16% increase in the overall loan book. The basis of general provisions was also reviewed to reflect emerging trends from the global and local economic cycles. Whilst the current loan book performance continued to be very strong, some of the parameters were prudently tightened to provide for potential effects of uncertainties over the loan holding period. Over the period since dollarization the Bank has sustained a very strong loan portfolio as reflected in a non-performing loan ratio of at most 2% over the period. Most of the provisions held relate to general unidentified impairment which reflects the level of prudence being applied.
Profit result	The profit after tax result of $3,9 million for 2015 is lower than the $6,6 million achieved in 2014 partly due to once off items referred to above. Total comprehensive income at $4,8 million for 2015 is however 25% up on the level achieved for 2014.
Capital	Total regulatory capital base closed the year at $56m. The level of capital is considered to be adequate to support planned growth over the short to medium term. Capital adequacy at 18% is ahead of regulatory benchmarks. The Bank remains firmly committed to continue to meet current and future regulatory capital benchmarks
Liquidity	3% increase in the Bank's liquidity position to 45% from 42%. This is ahead of the regulatory requirement of 30% and positions the bank well into the future

'Go-To' Service experience

The Bank's ability to adapt to a fast, changing environment was fundamental to product and service delivery during the period under review. Transactional flexibility and service convenience became critical mechanisms in fulfilling changing customer needs and the business imperative to reduce cost to serve. This saw the bank continue its focus on e-channels with further development of existing channels, and introduction of some new services. The launch of Cashsend on mobile banking platforms, Cashback on Point of Sale, Box Office and DSTV payments on Internet Banking and Hello Money increased these efforts in addition to new products such as the Bonus Savings Account, the Education Protector Plan and Hospital Cash Plan.

In early 2016, Barclays will focus on transactional efficiencies that will see a transformation of traditional banking methods into paperless banking processes within branches. A newly introduced Instant Account Opening process allows for customer on-boarding from any location by use of an IPad, offering flexibility as well as anywhere, anytime banking. This will significantly contribute towards seamless customer experience.

Efficiency programs

Capital projects undertaken during the year reflect our continued thrust to preserve efficiencies created in the past and pursuit for new ones. We invested $1,9 million or 52% of total capital expenditure in information technology and equipment to allow the business to handle increasing volumes of information more efficiently. The investment sets the Bank for the successful conversion of paper based processes into more paperless processes into the future.

Empowering colleagues

Leveraging on our global heritage, the Bank focused on raising intellectual capital through a number of initiatives including secondment opportunities for employees, one-year internships for local university students through on-the-job training and exposure, ultimately equipping the undergraduates with laptops and related equipment to assist them to complete their studies, as well as the employment of Graduate Trainees to augment the human capital base of the bank. The Bank has sustained its graduate trainee program. 12 of the colleagues that came through the graduate trainee program over the recent past are now in managerial roles with 2 having also gotten the opportunity to work in other regional and global offices of Barclays. The Bank also runs an internship program that attracts students from across all local universities. An average of 15 to 20 students is taken for internship every year. These initiatives remain a critical part of our efforts to build future generations.

Empowering communities

Through strategic partnerships, our intention is to contribute significantly to the development of a future generation of entrepreneurs and business people who can positively influence economic growth. Our flagship programme with Zimbabwe Farmer’s Union, Fit For Life, enabled us to reach more than 17,500 young farmers who benefitted from skills transfer, financial literacy training including 200 farmers clubs supported with $41,000 start-up grants. 2015 also saw 140 colleague-owned community investment projects where they donated a total of 8,063 volunteerism hours in addition to our key partnerships.

The newly launched Barclays Ready to Work programme provides a blended learning solution to students who are looking for soft skills training on how to start up their own businesses or enter formal employment. We look forward to reaching more students through Ready to Work across Zimbabwe, as we focus on developing their interview, people and money management skills. Some of these programs are done through an e-learning portal.

Going forward

The year ahead will undoubtedly bring its own challenges but I am confident that we will maximise on the opportunities presented to us and achieve all that we have set out for 2016 going forward. Looking ahead, we have adopted a Shared Growth approach that seeks to deliberately apply our resources to unlocking societal solutions through innovative products, services and partnerships. We will continue to ensure that the security of depositors is sustained and that our control environment and risk management processes are reinforced. The bank’s initiatives will also continue to be responsive to the risks and opportunities emerging in the market. We will not lose sight of our key priority of serving our customers and providing them with vital banking services so that they can prosper.

G T Guvamatanga
Managing Director
29 February 2016

Directors' Report

The Directors of the Bank are pleased to submit their report to shareholders for the financial year ended 31 December 2015.

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.

Share capital

A number of members of management staff who had not yet exercised their share options left the employment of the Bank thereby forfeiting their shares totalling 330 000 shares. The total number of share options granted to the management share option scheme in 2015 was 50 000. The number of shares issued and fully paid up as at 31 December 2015 was 2 153 320 176. The breakdown of the share capital is contained in Note 34 of the Financial Statements.

Financial statements

The annexed financial statements adequately disclose the results of Barclays Bank of Zimbabwe Limited's operations during the year. The directors have deemed it prudent not to declare a dividend for the year ended 31 December 2015.

Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

Directorate

Re-election of Directors

The following re-elections were confirmed by shareholders in a general meeting during 2015:
Mrs. E. Fundira and Mr. C.F. Dube were re-elected by the shareholders, having retired by rotation, and being eligible, offered themselves for re-election.

Board Changes

There were two Board Changes in 2015 wherein Messrs Busisa Moyo and Sydney D. Mtsambiwa were appointed onto the Board of Barclays Bank of Zimbabwe Limited with effect from 02 September 2015.

As at 31 December 2015, the following were the Directors of the company:

A. S. Mandiwanza (Chairman)
C. F. Dube
G. T. Guvamatanga * (Managing Director)
E. Fundira (Mrs)
A. I. Lawson
B. Moyo
S.D. Mtsambiwa
S. Matsekete*

**Executive Directors*

Directors' remuneration

Details of the directors' remuneration are contained in Note 10 and 12 of the Financial Statements.

Auditors

At the 2015 Annual General Meeting, shareholders re-appointed Messrs KPMG as auditors of the Bank until the conclusion of the next Annual General Meeting.

By Order of the Board

J. Chilimbe
Acting Company Secretary
29 February 2016

Corporate Governance Statement

The Board of Directors is committed to the establishment, monitoring and practice of the highest corporate governance standards in the operations of Barclays Bank of Zimbabwe Limited (the Bank). Among its top priorities is ensuring effective control and timely and accurate disclosure of material information about the Bank. Laws 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, among others, 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 is beyond reproach.

Main board

The Board of Directors is led by an independent non-executive Chairman, thereby ensuring effective and constructive checks and balances between executive management and the Board. The Board of Directors held nine (9) Board meetings as at 31 December 2015 pursuant to execution of the Board's mandate. Special focus was given to the strategy of the Bank with three (3) of the Board meetings being strategy review meetings and one strategy session. The Board comprises two executive directors and six independent non-executive directors.

The Board has delegated some of its duties and responsibilities to sub-committees to ensure the efficient discharge of the Board's mandate. The ultimate responsibility of running the Bank however still remains with the Board. The sub-committees of the Board are as detailed below.

Audit committee

The primary functions of the Committee are to review the company'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 company'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. The committee is wholly comprised of independent non-executive directors. The members of the Committee as at 31 December 2015 were:-

A. I. Lawson (Chairman)
C. F. Dube
E. Fundira
B. Moyo

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 one executive member and two independent non-executive directors. The members of the Committee as at 31 December 2015 were:-

E. Fundira (Chairperson)
S.D. Mtsambiwa
G. T. Guvamatanga

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 three independent non-executive directors and one executive director. The members of the Committee as at 31 December 2015 were:-

C.F. Dube (Chairman)
A. I. Lawson
B. Moyo
S. Matsekete

Human Resources and Nominations Committee

The Human Resources and Nominations 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 three independent non-executive directors and one executive director. The members of the Committee as at 31 December 2015 were:-

C.F. Dube (Acting Chairman)
A. S. Mandiwanza
S. D. Mtsambiwa
G. T. Guvamatanga

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 comprised of executive directors and senior management.

Assets and Liabilities Committee (ALCO)

The Assets and Liabilities Committee (or Treasury Committee) is tasked with ensuring the achievement of sustainable and stable profits within a framework of acceptable financial risks and controls. The Treasury Committee 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 alignment and consistency with the Barclays 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 performance 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 2015 has commenced and will be concluded in the first quarter of 2016.

Directors` responsibility statement

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 International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24.03) and the Banking Act (Chapter 24.20) and they incorporate responsible disclosure to ensure that the information contained therein is both relevant and reliable.

These audited financial statements were approved for issue by the Board of Directors on 29 February 2016.

Directors` shareholding

The following is a schedule of the directors' shareholdings in the Bank as at 31 December 2015;

A.S. Mandiwanza	5 117
C.F. Dube	Nil
E. Fundira	2 130
G. T. Guvamatanga	Nil
S. Matsekete	10 000
A.I. Lawson	15 542
B. Moyo	Nil
S.D. Mtsambiwa	Nil

Board and committees attendance 2015

Main Board

Name	Total Meetings	Total Present	Total Absent
A. S. Mandiwanza	9	9	Nil
C. F. Dube	9	9	Nil
E. Fundira	9	9	Nil
B. Moyo *	2	2	Nil
S. D. Mtsambiwa *	2	2	Nil
A. I. Lawson	9	9	Nil
G. T. Guvamatanga	9	8	1
S. Matsekete	9	9	Nil

Audit Committee

Name	Total Meetings	Total Present	Total Absent
A. I. Lawson	7	7	Nil
E. Fundira	7	6	1
C. F. Dube	7	6	1
B. Moyo*	1	1	Nil

Human Resources & Nominations Committee

Name	Total Meetings	Total Present	Total Absent
C. F. Dube	4	4	Nil
A. S. Mandiwanza	4	4	Nil
S. D. Mtsambiwa*	1	1	Nil
G. T. Guvamatanga	4	4	Nil

Credit Committee

Name	Total Meetings	Total Present	Total Absent
E. Fundira	15	15	Nil
S. D. Mtsambiwa*	2	0	2
G. T. Guvamatanga	15	15	Nil

Loans Review Committee

Name	Total Meetings	Total Present	Total Absent
C. F. Dube	4	4	Nil
A. I. Lawson	4	4	Nil
B. Moyo*	1	1	Nil
S. Matsekete	4	4	Nil

* Directors were appointed onto the Board in September 2015 and only attended Board meetings conducted in the fourth quarter of 2015.

By Order of the Board

J. Chilimbe
Acting Company Secretary

29 February 2016

KPMG
Mutual Gardens
100 The Chase (West)
Emerald Hill
P O Box 6 Harare
Zimbabwe

Tel +263 (4) 303700
+263 (4) 302600
Fax +263 (4) 303699

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BARCLAYS BANK OF ZIMBABWE LIMITED

Report on the Financial Statements

We have audited the financial statements of Barclays Bank of Zimbabwe Limited, which comprise the statement of financial position as at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 59.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the provisions of the Zimbabwe Companies Act (Chapter 24:03), the Zimbabwe Banking Act (Chapter 24:20), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Barclays Bank of Zimbabwe Limited as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Banking Act (Chapter 24:20).

KPMG

KPMG Chartered Accountants (Zimbabwe)
Harare

29 February 2016

Statement of Comprehensive Income
for the year ended 31 December 2015

	Notes	2015 US$000	2014 US$000
Interest income	4	17 104	14 966
Interest expense	5	(477)	(837)
Net interest income		16 627	14 129
Net fee and commission income	6	25 867	25 886
Net trading income	7	2 972	2 645
Net investment income	8	32	2 681
Other income	9	692	544
Total income		46 190	45 885
Impairment losses on loans and advances	13	(1 678)	(532)
Net operating income		44 512	45 353
Staff costs	10	(20 366)	(20 296)
Infrastructure costs	11	(9 074)	(8 978)
Administration and general expenses	12	(9 081)	(8 229)
Operating expenses		(38 521)	(37 503)
Share of (loss)/profit of joint venture		(226)	283
Profit before tax		5 765	8 133
Taxation	14	(1 885)	(1 544)
Profit for the year		3 880	6 589
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on property revaluations		886	-
Deferred tax		(228)	-
		658	-
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets			
Net gain/(loss) on available-for-sale financial assets during the year		318	(80)
Reclassification adjustments relating to available-for-sale financial assets		-	(2 650)
Deferred tax		(34)	(5)
Total available for sale financial assets		284	(2 735)
Total other comprehensive gain/(loss) for the year, net of tax		942	(2 735)
Total comprehensive income for the year		4 822	3 854
Basic earnings per share (cents)	15	0.18	0.31
Diluted earnings per share (cents)	15	0.18	0.31

Statement of Financial Position
as at 31 December 2015

	Notes	2015 US$000	2014 US$000
Assets			
Cash and bank balances	16	75 629	86 831
Derivative financial instruments	17	45	47
Available for sale investments	18	32 054	6 954
Loans and receivables from banks	19	4 275	92
Loans and advances to customers	20	141 071	121 656
Held to maturity investments	21	-	4 098
Other assets	22	5 088	32 254
Property and equipment	23	21 332	20 053
Investment properties	24	5 250	5 580
Investment in joint venture	25	-	15 283
Non-current assets held for sale	26	14 272	-
Current tax assets	35	295	-
Total assets		299 311	292 848
Liabilities			
Derivative financial instruments	17	49	25
Deposits from banks	27	238	180
Deposits from customers	28	233 973	206 400
Provisions	29	1 585	1 857
Other liabilities	30	6 623	31 267
Deferred tax liabilities	32	2 508	3 481
Current tax liability	35	-	91
Bank balances due to Group companies	44.4	136	262
Total liabilities		245 112	243 563
Capital and reserves			
Share capital	34	215	215
Share premium	34	23 642	23 642
Non-distributable reserves		7 785	7 785
Available-for-sale reserves		357	73
Revaluation reserves		3 609	3 103
Share-based payment reserve		1 053	961
Retained income		17 538	13 506
Total equity		54 199	49 285
Total equity and liabilities		299 311	292 848

S. Matsekete
Chief Finance Officer

G. T. Guvamatanga
Managing Director

A. Mandiwanza
Chairman

J. Chilimbe
Acting Company Secretary

29 February 2016

Statement of Cash Flows
for the year ended 31 December 2015

	Notes	2015 US$000	2014 US$000
Cash flow from operating activities			
Profit before income tax		5 765	8,133
Adjustments for non-cash items:			
Depreciation of property and equipment	11	2 260	2 069
Impairment of equipment		1	-
Impairment losses on loans and advances	13	1 678	532
Effect of fair value loss/(gain) on investment property and share of loss/(profit) of joint venture		556	(173)
Profit on disposal of property and equipment	9	(109)	(70)
Gain on disposal of equity investment reclassified from other comprehensive income		-	(2 650)
Interest accrual on available for sale financial assets		(1 447)	-
Staff loan prepayment amortisation		(2)	10
Post-retirement medical aid fund provision		1 100	-
Share based payment expense		92	94
Net derivative liabilities/(assets)		4	(22)
Cash flow from operating activities before changes in working capital		9 898	7 923
Increase in loans and advances to customers		(21 092)	(6 870)
Decrease/(increase) in other assets		27 166	(22 623)
Increase/(decrease) in deposits from customers		27 573	(41 585)
(Decrease)/increase in other liabilities		(26 476)	22 989
Income taxes paid	35	(2 756)	(1 943)
Net cash generated/(utilised) in operating activities		14 313	(42 109)
Cash flow from investing activities			
Purchase of property and equipment	23	(3 614)	(1 668)
Proceeds from sale of property and equipment	36	1 069	102
Dividend received from Joint Venture		515	279
Purchase of investment securities		(32 611)	(6 841)
Proceeds from sale of investments		9 280	6 282
Net cash used in investing activities		(25 361)	(1 846)
Net decrease in cash and cash equivalents		(11 048)	(43 955)
Cash and cash equivalents at the beginning of the year		86 480	130 435
Cash and cash equivalents at the end of the year	16	75 432	86 480

Statement of Changes in Equity
for the year ended 31 December 2015

	Share capital US$000	Share premium US$000	Non-distributable reserves US$000	General reserves US$000	Available for sale reserves US$000	Revaluation reserves US$000	Share-based payment reserve US$000	Retained earnings US$000	Total equity US$000
Balance at 1 January 2014	215	23 642	7 785	3	1 812	3 154	867	6 863	44 341
Profit for the year	-	-	-	-	-	-	-	6 589	6 589
Other comprehensive income for the year	-	-	-	-	(1 739)	-	-	-	(1 739)
Total comprehensive income for the year	-	-	-	-	(1 739)	-	-	6 589	4 850
Recognition of share-based payments	-	-	-	-	-	-	94	-	94
Realisation of revaluation reserves	-	-	-	-	-	(51)	-	51	-
Regulatory impairment allowances	-	-	-	(3)	-	-	-	3	-
Balance at 31 December 2014	215	23 642	7 785	-	73	3 103	961	13 506	49 285
Note	34								

	Share capital US$000	Share premium US$000	Non-distributable reserves US$000	General reserves US$000	Available for sale reserves US$000	Revaluation reserves US$000	Share-based payment reserve US$000	Retained earnings US$000	Total equity US$000
Balance at 1 January 2015	215	23 642	7 785	-	73	3 103	961	13 506	49 285
Profit for the year	-	-	-	-	-	-	-	3 880	3 880
Other comprehensive income for the year	-	-	-	-	284	658	-	-	942
Total comprehensive income for the year	-	-	-	-	284	658	-	3 880	4 822
Recognition of share-based payments	-	-	-	-	-	-	92	-	92
Realisation of revaluation reserves	-	-	-	-	-	(152)	-	152	-
Balance at 31 December 2015	215	23 642	7 785	-	357	3 609	1 053	17 538	54 199
Note	34								

The new Chip and PIN card is all in all faster, safer and more convenient than cash. It uses new chip technology inserted in the card to help prevent card related crime, because it's difficult to duplicate.

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BARCLAYS

Barclays Bank of Zimbabwe Limited is a Registered Commercial Bank and a member of the Deposit Protection Scheme. Terms and conditions apply.

1. Statement of compliance

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in a manner required by the Zimbabwe Companies Act, (Chapter 24:03) and the Zimbabwe Banking Act (Chapter 24:20).

The financial statements are presented in United States of America Dollars (US$), the functional currency of the Bank.

2 Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Adoption of new and revised accounting standards

During the current year, the Bank has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2015. The adoption of these new and revised standards and interpretations has not resulted in material changes to the Bank's accounting policies. Further details of the new and revised accounting policies adopted during the current year can be found in note 48.1

2.2 Basis of preparation

Apart from certain items that are carried at revalued and fair valued amounts, as explained in the accounting policies below, the financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

2.3 Revenue recognition

Net fee and commision income

The Bank applies IAS 18 Revenue. Fees and commissions charged for services provided by the Bank are recognised as the services are provided, for example on completion of an underlying transaction.

Net trading income

In accordance with IAS 39 Financial Instruments; Recognition and Measurement, trading positions are held at fair value and the resulting gains and losses are included in the profit or loss component of the statement of comprehensive income, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

Income arises from both the sale and purchase of trading positions, margins which are achieved through market-making and customer business and from changes in fair value caused by movements in interest and exchange rates, equity prices and other market variables.

Own credit gains/losses arise from the fair valuation of financial liabilities designated at fair value through the profit or loss component of the statement of comprehensive income.

Gains or losses on assets or liabilities reported in the trading portfolio are included in the profit or loss component of the statement of comprehensive income under gains and losses from banking and trading activities together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

Net interest income

Interest income on loans and advances at amortised cost, available-for-sale debt investments, and interest expense on financial liabilities held at amortised cost, are calculated using the effective interest method which allocates interest, direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest method requires the Bank to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities. Due to the large number of products and types (both assets and liabilities), there are no individual estimates that are material to the results or financial position.

2.4 Leasing

All leases entered into by the Bank are primarily operating leases

As lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

As Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.5 Foreign Currencies

In preparing the financial statements for the Bank, transactions in currencies other than the Bank's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.6 Employee Benefits

Defined contribution schemes:

The Bank recognises contributions due to defined contribution plans as an expense as and when the services are rendered by employees that entitle them to such contributions. Any contributions unpaid at the reporting date are therefore included as a liability.

Defined benefit schemes:

The Bank recognises its obligation (determined using the projected unit credit method) to members of the scheme at the period end, less the fair value of the scheme assets. Scheme assets are stated at fair value as at the reporting period end.

Costs arising from regular pension cost, interest on net defined benefit liability or asset, past service cost settlements or contributions to the plan are recognised in profit or loss.

All actuarial gains and losses and the effect of the asset ceiling (if applicable) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. The amounts recognised in other comprehensive income are not recycled. The Bank may however transfer amounts recognised in other comprehensive income within equity.

Interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Gains and losses on curtailments are recognised when the curtailment occurs, which may be when a demonstrable commitment to a reduction in benefits, or reduction in eligible employees, occurs. The gain or loss comprises any change in the present value of the obligation and the fair value of the assets. Where a scheme's assets exceed its obligation, an asset is recognised to the extent that it does not exceed the present value of future contribution holidays or refunds of contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses and the effect of the asset ceiling (if applicable) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Adjustments recorded in other comprehensive income are not recycled. However, the entity may transfer those amounts recognised in other comprehensive income within equity.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses and the effect of the asset ceiling (if applicable) are recognised immediately in the statement of financial position with a charge or credit to profit or loss in the period in which they occur.

Post-employment medical aid plans

The Bank is providing health care assistance through an independent medical aid society to those of its retirees that had remained in service up to retirement age. The Bank has a separate scheme for post- retirement health care purposes. The scheme is offered to employees of the Bank on a voluntary basis. Support for existing retirees will continue on the basis of funds set aside by the bank in a sub-fund of the scheme to cater for the retirees. Support may also be provided to participating members nearing retirement, defined as those within five years of retirement as at 1 November 2013, to complement their voluntary contributions to the scheme. The level of medical aid support the bank provides to retirees can be varied depending on the Bank's circumstances.

The post-retirement medical scheme is available to all serving colleagues on a voluntary basis. Members who volunteer to participate in the scheme would make 100 per cent contributions on the basis of which, together with net investment return, the level of future medical relief would be determined. The scheme is administered by an independent life insurer.

The cost of providing healthcare benefits to retired employees is accrued as a liability in the financial statements over the reporting period that the employees provide services to the Group, using a methodology similar to that for defined benefit pension schemes

Staff costs

Short-term employee benefits, including salaries, accrued performance costs, salary deductions and taxes are recognised over the reporting period in which the employees provide the services to which the payments relate. Performance costs are recognised to the extent that the Bank has a present obligation to its employees that can be measured reliably and are recognised on an undiscounted basis over the period of service that employees are required to work to qualify for the services.

2.7 Share-based payments

The Bank operates a local equity-settled and a Group equity-settled share-based payment plans.

Employee services settled in equity instruments

The cost of the employee services received in respect of the shares or share options granted is recognised in profit or loss over the period that employees provide services, generally the period in which the award is granted or notified and the vesting date of the shares or options. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.

The number of shares and options expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a cancellation, resulting in an acceleration of recognition of the cost of the employee services.

The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability. The fair value of options granted is determined using option pricing models to estimate the numbers of shares likely to vest. These take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Market conditions that must be met in order for the award to vest are also reflected in the fair value of the award, as are any other non-vesting conditions.

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Income tax payable on taxable profits is recognised as an expense for the year in which the profits arise.

Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior reporting period.

Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Bank is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax not recognised in profit or loss

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.9 Property and equipment

Land and buildings are shown at fair value, based on periodic valuation done at least every three years by external independent valuers, less subsequent accumulated depreciation and impairment for buildings. Fair value changes are reviewed annually. Where there are significant changes in fair value, revaluation is done annually. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. All other property and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes costs that are directly attributable to the acquisition of the items.

Depreciation related to revaluation surplus is transferred to retained earnings on an annual basis

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.10 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation . Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.11 Non-Current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Immediately before classification as held for sale, the assets are remeasured in accordance with the Bank's accounting policies. Thereafter the assets are measured at the lower of their carrying amount or fair value, less cost to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the profit or loss component of the statement of comprehensive income. Gains are not recognised in excess of any cumulative impairment loss until finally sold.

Property and equipment, once classified as held for sale, are not depreciated or amortised.

2.12 Investment in joint venture

A joint venture is a contractual arrangement whereby two or more parties (venturers) undertake an economic activity that is subject to joint control through a company, partnership or other entity. Joint control exists only when the strategic financial and operating decisions relating to the activity require unanimous consent of the venturers.

The results, assets and liabilities of a jointly controlled entity are incorporated in these financial statements using the equity method of accounting. The investment in a jointly controlled entity is carried in the balance sheet at cost, plus post-acquisition changes in the Bank`s share of net assets in the entity, less distributions received and less any impairment in the value of the investment. The Bank`s profit or loss statement reflects the Bank`s share of profit after tax of the jointly controlled entity.

The Bank assesses investments in jointly controlled entities for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Where the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount.
The Bank ceases to use the equity method of accounting on the date from which it no longer has joint control or significant influence over the joint venture, or when the interest becomes held for sale.

2.13 Impairment of tangible assets

At the end of each reporting period, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14 Provisions, contingent liabilities and undrawn commitments

Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the statement of financial position but are disclosed unless the outflow of economic resources is remote.

At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18 Revenue.

Undrawn commitments

Provision is made for undrawn loan commitments if it is probable that the facility will be drawn and therefore result in the recognition of an asset at an amount less than the amount advanced.

2.15 Financial instruments

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are capitalised to the initial carrying amount of the financial asset/liability, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of significant unobservable inputs, the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either on a straight-line basis over the term of the transaction, or over the reporting period until all model inputs will become observable where appropriate, or released in full when previously unobservable inputs become observable

2.15.1 Financial asets and financial liabilities

Financial assets are classified as available-for-sale (AFS) financial assets, loans and receivables, assets at fair value through profit and loss and held to maturity. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial liabilities are either measured at amortised cost or classified as at fair value through profit or loss, which may occur when the financial liability is either held for trading or it is designated as at fair value through profit or loss

Available-for-sale (AFS) financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables or financial assets at fair value through profit or loss.

AFS financial assets include both debt and equity instruments. Financial asset debt instruments traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. Investments in equity instruments whose fair value can be reliably measured, in the opinion of the directors, but are not traded in an active market are also classified as AFS financial assets and stated at fair value at the end of each reporting period.

Subsequent changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of available for sale reserve. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available for sale reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Bank's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Fair value through profit or loss

These are financial assets classified as held for trading or which upon recognition are designated as at fair value through profit or loss. Fair value changes of these financial assets which include derivatives are recognised in profit or loss.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Foreign exchange swaps are used to manage foreign exchange risk. Changes in the fair value of the foreign exchange swap contracts are recognised as foreign exchange gains/losses in profit or loss.

Held to maturity financial assets

These are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has positive intention and ability to hold to maturity other than;

(a) those designated as available-for-sale
(b) those classified as loans and receivable

These are initially recognised at fair value and measured subsequently at amortised cost using effective interest method. Interest on held to maturity investments is recognised in profit or loss as "interest income". In the case of impairment, the impairment loss is recognised in profit or loss and the carrying amount will be reduced by this amount.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

Amortised cost instruments

Impairment on financial assets measured at amortised cost is recognised in accordance with IAS 39 Financial Instruments; Recognition and Measurement; the Bank assesses at each reporting date whether there is objective evidence that financial assets at amortised cost will not be recovered in full and, wherever necessary, recognises an impairment loss in the profit or loss component of the statement of comprehensive income. An impairment loss is recognised if there is objective evidence of impairment as a result of events that have occurred and these have adversely impacted the estimated future cash flows from the assets.

Objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Following impairment, interest income continues to be recognised at the original effective interest rate on the restated carrying amount, representing the unwind of the discount of the expected cash flows, including the principal due on non-accrual loans.
Uncollectable loans are written off against the related allowance for loan impairment on completion of the Bank's internal processes and all recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the profit or loss component of the statement of comprehensive income.

Identified impairment

Impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows of that instrument being assessed are taken into account, for example, the business prospects for the customer, the fair value of collateral, the Bank's position relative to other claimants, the reliability of customer information and the likely cost and duration of the workout process. Subjective judgements are made in this process by management.

Furthermore, judgements change with time as new information becomes available or as workout strategies evolve, resulting in revisions to the impairment allowance as individual decisions are taken case by case. Once a financial asset or a group of similar financial assets have been written down as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

Unidentified impairment

An impairment allowance is recognised when observable data indicates there is a measurable decrease in the estimated future cash flows from a group of financial assets since the original recognition of those assets, even though the decrease cannot yet be identified for the individual assets in the group. The purpose of collective assessment of impairment is to test for latent losses on a portfolio of loans that have not been individually evidenced.

In cases where the collective impairment of a portfolio cannot be individually evidenced, the Bank sets out to prove that a risk condition has taken place that will result in an impairment of assets (based on historic experience), but the losses will only be identifiable at an individual borrower level at a future date.

The emergence period concept is applied to ensure that not only impairments that exist at the reporting date are captured. The emergence period is defined as the time lapse between the occurrence of a trigger event and the impairment being identified at an individual account level. The probability of default (PD) for each exposure class is based on historical default experience, scaled for the emergence period relevant to the exposure class. This probability of default is then applied to the total population for which specific impairments have not been recognised. The resulting figure represents an estimation of the impairment that occurred during the emergence period and therefore has not specifically been identified by the Bank at the reporting date.

The impairment allowance also takes into account the expected severity of loss at default, or the loss-given default (LGD), which is the amount outstanding when default occurs that is not subsequently recovered. Recovery varies by product and depends, for example, on the level of security held in relation to each loan, and the Bank's position relative to other claimants. The LGD estimates are based on historical default experience.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that do not affect the period on which historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Available-for-sale debt instruments

Debt instruments are assessed for impairment in the same way as loans. If impairment is deemed to have occurred, the cumulative decline in the fair value of the instrument that has previously been recognised in equity (through other comprehensive income) is removed from equity (through other comprehensive income) and recognised in the profit or loss component of the statement of comprehensive income. This may be reversed through the profit or loss, if there is evidence that the circumstances of the issuer have improved.

Available-for-sale equity instruments

Where there has been a prolonged or significant decline in the fair value of an equity instrument below its acquisition cost, it is deemed to be impaired. The cumulative net loss that has been previously recognised directly in equity (through other comprehensive income) is removed from equity (through other comprehensive income) and recognised in the profit or loss component of the statement of comprehensive income. Increases in the fair value of equity instruments after impairment are recognised directly in other comprehensive income. Further declines in the fair value of equity instruments after impairment are recognised in the profit or loss component of the statement of comprehensive income. Reversals of impairment of equity instruments are not recognised in profit or loss. Increases in the fair value of equity instruments after impairment are recognised directly in other comprehensive income.

Derecognition of financial instruments

Derecognition of financial assets

Full derecognition only occurs when the rights to receive cash flows from the asset have been discharged, cancelled or have expired, or the Bank transfers both its contractual right to receive cash flows from the financial assets (or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment) and substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk. When an asset is transferred, in some circumstances, the Bank may retain an interest in it (continuing involvement) requiring the Bank to repurchase it in certain circumstances for other than its fair value on that date.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss component of the statement of comprehensive income. Where the terms of an existing liability are not substantially modified, the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.15.2 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary share capital

Proceeds are included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when paid or declared by the board.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Bank are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Any increase in the liability relating to guarantees is recognised in profit or loss. Any liability remaining is credited to profit and loss when the guarantee is discharged, cancelled or expires.

Loan commitments

The Bank enters into commitments to lend to its customers subject to certain conditions. Such loan commitments are made either for a fixed period, or are cancellable by the Bank subject to notice conditions. Provision is made for undrawn loan commitments to be provided at below-market interest rates and for similar facilities, if it is probable that the facility will be drawn and result in recognition of an asset at an amount less than the amount advanced.

2.16 Derivative financial instruments

The Bank enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2.17 Offsetting

In accordance with IAS 32 Financial Instruments: Presentation, the Bank reports financial assets and financial liabilities on a net basis on the statement of financial position only if there is a current legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.18 Cash and cash equivalents

For the purposes of the statement of cash flows, cash comprises cash on hand and demand deposits, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

2.19 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Bank and the number of basic weighted average number of ordinary shares excluding treasury shares held in employee benefit trusts or held for trading. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effects of all dilutive potential ordinary shares held.

2.20 Segment reporting

Management has determined the operating segments based on the reports reviewed by the Country Management 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 Country Management Committee assesses the performance of the operating segments monthly 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 two main business segments:

Retail and business banking – offers various products to medium and small businesses and private individuals. Services include direct debit facilities, current and savings accounts, investment savings products, debit cards, consumer loans and mortgages;

Corporate and investment banking – offers services to large corporates, financial institutions and government clients. Services include direct debit facilities, current accounts, money market deposits, overdrafts, loans and other credit facilities and foreign currency products. The business model centres on delivering specialists corporate and investment banking and financing solutions across asset classes.

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 two main business segments on the basis of determined cost drivers.

3. Judgements and estimates

In the preparation of the annual financial statements, management is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

Judgements made by management that could have a significant effect on the amounts recognised in the financial statements include:

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

- Impairment of available-for-sale equity financial assets
  The Bank determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of fair value for available-for-sale equity financial assets for which there is no observable market price requires the use of valuation techniques. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

- Income taxes
  The Bank is subject to income tax in Zimbabwe. Significant judgement is required in determining the income tax payable. There are many transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from amounts that were initially recognised, such differences will impact the income and deferred income tax provisions in the period in which such determination is made.

- Fair value of share options
  The fair value of share options that are not traded in an active market is determined using valuation techniques. The Bank uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of outstanding share options during the year was determined by reference to the Black Scholes Model.

- Post-retirement medical aid obligations
  The Bank provides existing retirees with healthcare support through a registered medical scheme. To cater for this arrangement, the bank allocated an amount to the scheme, determined on the basis of expected medical aid contributions for the life expectancy of the retirees, the expected investment returns and the expected effect of inflation on medical aid costs. The level of support that the bank would provide through the scheme can be varied depending on the Bank's circumstances and within the rules of the scheme. The maximum support given to retirees is currently 100% changing to 75% in 2016 and 50% in 2018 for those retirees where there is no commitment. For those retirees where there is a commitment the support will remain at 100%

- Investment property
  The fair value of investment property is based on the nature, location and condition of the asset. The fair value is calculated by reference to the price that would be received to sell the property in an orderly transaction at measurement date.

- Available for sale -treasury bills and bonds
  These instruments are not actively traded hence the valuation inputs are unobservable. The unobservable inputs are generally determined based on inputs of similar nature or historical observations. Treasury bills are fair valued based on yields of recent TB issues and AFtrades are fair valued based on observable proxy bid-offer spreads

- Available for sale - equity instruments
  The fair value of these unquoted equity investments is determined using discounted cash flow analysis. Free cash flows are discounted using the weighted average cost of capital of the investment. This methodology is applied consistently over time.

- Onwer occupied property
  The fair value of property is based on the nature, location and condition of the asset. The fair value is calculated by reference to the price that would be received to sell the property in an orderly transaction at measurement date.

- Useful lives and residual values
  Depreciation on other assets is calculated using the straight – line method to allocate the cost down to the residual values over their estimated useful lives, as follows:

	Useful lives Years
Property and equipment	
Buildings	50
Furniture and fittings	5
Computers	5
Office equipment	5
Motor vehicles	5

4. Interest income

	2015 US$000	2014 US$000
Bank balances	53	540
Investment securities	1 770	681
Loans and advances to customers	15 281	13 745
Total interest income	17 104	14 966

5. Interest expense

Deposits from banks	(4)	(10)
Customer deposits	(473)	(827)
Total interest expense	(477)	(837)

6. Net fee and commission income

Fee and commission income		
Account activity fees/ledger fees	10 805	10 298
Insurance commission received	197	216
Commission received	5 468	5 840
Guarantees	120	102
Card based transaction fees	4 292	3 550
Cash withdrawal fees	5 214	6 208
Total fee and commission income	26 096	26 214
Fee and commission expense		
Guarantee expense	(229)	(328)
Total fee and commission expense	(229)	(328)
Net fee and commission income	25 867	25 886

Net fee and commission income above excludes amounts included in determining the effective interest rate on financial assets measured at amortised cost.

7. Net trading income

Net foreign exchange income	2 972	2 645
Net trading income	2 972	2 645

8. Net investment income

Net gains from disposal of AFS investments	-	2 650
Dividend income	32	31
Net investment income	32	2 681

9. Other income

Gain on disposal of property and equipment	109	70
Rental income	461	474
Sundry income	122	-
Total other income	692	544

10. Staff costs

	2015 US$000	2014 US$000
Salaries and allowances	(16 693)	(17 622)
Social security costs	(200)	(201)
Pension costs: defined contribution plans	(1 413)	(1 568)
Post-retirement medical aid fund provision	(1 100)	-
Directors' remuneration - for services as management	(868)	(811)
Other	(92)	(94)
Total staff cost	(20 366)	(20 296)
Average number of employees during period	661	682

11. Infrastructure costs

	2015 US$000	2014 US$000
Repairs and maintenance	(1 657)	(1 471)
Other property costs	(1 587)	(1 845)
Security costs	(1 235)	(1 119)
Depreciation of property and equipment	(2 260)	(2 069)
Operating lease rentals	(2 334)	(2 474)
Impairment of property and equipment	(1)	-
Total Infrastructure costs	(9 074)	(8 978)

12. Administrative and general expenses

	2015 US$000	2014 US$000
Auditors' remuneration:		
Audit related services	(214)	(216)
Review services	(35)	(35)
Total auditor related fees	(249)	(251)
Consultancy, legal and professional fees	(415)	(406)
Subscription, publications, stationery and communications	(3 138)	(3 698)
Marketing, advertising and sponsorship	(501)	(715)
Travel and accommodation	(760)	(745)
Entertainment	(83)	(70)
Cash transportation	(687)	(784)
Directors fees	(150)	(215)
Insurance costs	(1 294)	(1 165)
Other administrative and general expenses	(1 804)	(180)
Total administrative and general expenses	(9 081)	(8 229)

Other administrative costs include expenses on card based platforms including write off and provisions on doubtful recoveries in respect of card based transactions.

13. Impairment losses on loans and advances

	2015 US$000	2014 US$000
Identified	(417)	(248)
Unidentified	(1 262)	(284)
Impairment raised during the reporting period	(1 679)	(532)
Recoveries of loans and advances previously written off	1	-
Statement of comprehensive income charge	(1 678)	(532)

The Bank prudently reviewed the basis and assumptions for general provisions in view of prevailing local and global economic conditions. The reviewed parameters reflect in increased general (unidentified) provision levels relative to the size of the loan book.

14 Income taxes

14.1 Income tax recognised in profit or loss

	2015 US$000	2014 US$000
Current tax		
Normal tax - current year	(2 285)	(2 084)
Normal tax – prior year adjustments	(85)	-
	(2 370)	(2 084)
Deferred tax		
Deferred tax expense recognised in the current year	485	540
	485	540
Total income tax recognised in the current year	(1 885)	(1 544)

Tax rate reconciliation

	2015	2014
Profit for the year	5 765	8 133
Income tax expense calculated at 25.75% (2014: 25.75%)	(1 484)	(2 094)
Effect of income that is exempt from taxation	160	821
Effect of expenses that are not deductible in determining taxable profit	(476)	(271)
Adjustments recognise in current year in relation to current tax of prior years	(85)	-
Income tax expense recognised in profit or loss	(1 885)	(1 544)
Statutory tax rate	25.75%	25.75%
Effective income tax rate	32.70%	18.99%

14.2 Income tax recognised in other comprehensive income

	2015	2014
Deferred tax		
Fair value remeasurement of available-for-sale financial assets	(34)	(5)
Property revaluations	(228)	-
Total income tax expense recognised directly in other comprehensive income	(262)	(5)

15. Earnings per share

	US cents	US cents
Basic earnings per share	0.18	0.31

	US$000	US$000
Basic earnings attributable to ordinary shareholders	3 880	6 589

	2015 Number of Shares	2014 Number of Shares
Issued shares at the beginning of the year	2 153 320 176	2 153 060 176
Shares issued during the year	-	260 000
Weighted average number of ordinary shares	2 153 320 176	2 153 320 176

	US cents	US cents
Diluted earnings per share	0.18	0.31

	US$000	US$000
Diluted earnings attributable to ordinary shareholders	3 880	6 589

	Number of Shares	Number of Shares
Issued number of ordinary shares	2 153 320 176	2 153 320 176
Effect of share options	320 470	511 987
Diluted average number of ordinary shares	2 153 640 646	2 153 832 163

16. Cash and bank balances

	2015 US$000	2014 US$000
Balances with central bank	52 926	52 759
Cash on hand	12 617	30 777
Balances due from group companies	9 311	3 295
Other bank balances	775	-
Cash and bank balances	75 629	86 831
Loans and receivables from banks	177	92
Bank balances due to group companies	(136)	(262)
Deposits from other banks	(238)	(181)
Total cash and cash equivalents – statement of cash flows	75 432	86 480

17. Derivative financial instruments

The Bank uses cross-currency swaps to manage the foreign currency risks arising from asset and deposit balances held which are denominated in foreign currencies. Forward exchange contracts are for trading and foreign currency risk management purposes.

Carrying amount

The fair value of the derivative financial instruments represents the present value of the positive or negative cash flows, which would have occurred if the rights and obligations arising from that instrument were closed out in an orderly market place transaction at year end.

Contract amount

The gross notional amount is the sum of the absolute value of all bought and sold contracts. The amount cannot be used to assess the market risk associated with the position and should be used only as a means of assessing the Bank's participation in derivative contracts.

	Notional Contract Amount US$000	Carrying Amount Assets US$000	Carrying Amount Liabilities US$000
2015			
Foreign exchange derivatives			
Forward foreign exchange	4 650	6	9
Currency swap	420	39	40
Total foreign exchange derivatives	5 070	45	49
2014			
Foreign exchange derivatives			
Forward foreign exchange	7 130	46	24
Currency swap	558	1	1
Total foreign exchange derivatives	7 688	47	25

18. Available for sale investments

	2015 US$000	2014 US$000
Treasury bills	1 643	6 841
Corporate bond	29 248	-
Equity securities	1 163	113
Balance at end of the year	32 054	6 954
Balance at beginning of the year	6 954	3 401
Additions	29 945	6 841
Disposals	(5 182)	(3 208)
Changes in fair value	337	(80)
Balance at end of the year	32 054	6 954

19. Loans and receivables from banks

Government bonds	4 098	-
Items in course of collection	177	92
Total carrying amount of loans and receivables from banks	4 275	92

20. Loans and advances to customers

	Retail Banking US$000	Business Banking US$000	Corporate and Investment Banking US$000	Total US$000
2015				
Personal and term loans	44 807	6 541	65 867	117 215
Overdrafts	577	4 348	23 585	28 510
Interest in suspense	-	(304)	-	(304)
Gross loans and advances to customers	45 384	10 585	89 452	145 421
Less: allowance for impairment				
Identified impairment	(617)	(637)	-	(1 254)
Unidentified impairment	(827)	(501)	(1 768)	(3 096)
Total	(1 444)	(1 138)	(1 768)	(4 350)
Net loans and advances to customers	43 940	9 447	87 684	141 071
2014				
Personal and term loans	29 518	7 935	59 222	96 675
Overdrafts	-	4 954	22 927	27 881
Interest in suspense	-	(195)	-	(195)
Gross loans and advances to customers	29 518	12 694	82 149	124 361
Less: allowance for impairment				
Identified impairment	(139)	(733)	-	(872)
Unidentified impairment	(468)	(224)	(1 141)	(1 833)
Total	(607)	(957)	(1 141)	(2 705)
Net loans and advances to customers	28 911	11 737	81 008	121 656

21. Held to maturity investments

	2015 US$000	2014 US$000
Government bonds	-	4 098
Total	-	4 098
Balance at beginning of the year	4 098	7 172
Additions	-	-
Disposals	(4 098)	(3 074)
Balance at end of the year	-	4 098

22. Other assets

	2015 US$000	2014 US$000
Prepayments and stationery	1 284	1 393
Card transactions	2 636	3 675
Other debtors	195	399
Receivable from Group	160	1 865
Staff loans market interest rate adjustment	813	663
RBZ linked client balances (Note 30)	-	24 259
Total	5 088	32 254
Current	4 546	18 069
Non-current	542	14 185
Total	5 088	32 254

Included in other assets in 2014 is US$24,259,207 relating to treasury bills and accrued interest for exporters' funds. In 2015 the Debt Assumption bill was signed into law which allowed the Government of Zimbabwe to take over the above debt. The takeover of the debt by the government and the immunity provided to banks in the Act extinguished the Bank's obligations related to the exporters' funds. The Bank derecognised the funds from the Statement of financial position in 2015 and now reports in respect of its administrative role over the treasury bills (Refer to note 46).

23. Property and equipment

	Land and buildings US$000	Computers US$000	Equipment US$000	Furniture and fittings US$000	Motor vehicles US$000	Total US$000
2015						
Balance at beginning of the year	15 302	1 768	853	231	1 899	20 053
Additions	543	1 775	122	616	558	3 614
Revaluation	886	-	-	-	-	886
Disposals	(894)	(175)	(405)	(89)	(312)	(1 875)
Depreciation charge on disposals	91	167	369	64	224	915
Depreciation charge	(284)	(748)	(415)	(113)	(700)	(2 260)
Impairment charge	-	(1)	-	-	-	(1)
Carrying amount at end of the year	15 644	2 786	524	709	1 669	21 332
Cost or valuation	15 658	5 005	2 313	1 282	4 209	28 467
Accumulated depreciation and impairment	(14)	(2 219)	(1 789)	(573)	(2 540)	(7 135)
Carrying amount at end of the year	15 644	2 786	524	709	1 669	21 332

	Land and buildings US$000	Computers US$000	Equipment US$000	Furniture and fittings US$000	Motor vehicles US$000	Total US$000
2014						
Balance at beginning of the year	15 626	1 302	1 275	232	2 052	20 487
Additions	-	964	71	84	549	1 668
Disposals	-	(416)	(9)	(101)	(295)	(821)
Depreciation charge on disposals	-	412	5	100	271	788
Depreciation charge	(324)	(494)	(489)	(84)	(678)	(2 069)
Carrying amount at end of the year	15 302	1 768	853	231	1 899	20 053
Cost or valuation	15 951	3 406	2 596	754	3 963	26 670
Accumulated depreciation and impairment	(649)	(1 638)	(1 743)	(523)	(2 064)	(6 617)
Carrying amount at end of the year	15 302	1 768	853	231	1 899	20 053

Property and equipment was subjected to impairment testing by comparing carrying amounts at the reporting date, with market prices quoted for similar assets and adjusted for different ages and also internal evaluation of obsolescence of equipment. Revaluation takes place after every three years. Land and buildings were revalued on 31 December 2015 by independent valuers. If buildings were stated on the historical cost basis, the carrying amount would be US$11,909,425 (2014: US$12,248,764). No items of property and equipment were pledged as collateral as at 31 December 2015.

24. Investment properties

	2015 US$000	2014 US$000
Fair value		
Balance at beginning of the year	5 580	5 690
Changes in fair value	(330)	(110)
Balance at the end of the year	5 250	5 580
Rental income derived from investment properties	461	474

Investment property comprises commercial properties that are leased to third parties. No contingent rents are charged. The change in fair value of investment property recorded in other income in the Statement of comprehensive income is a loss of US$330,000 (2014: US$110,000). Rental income from investment property of US$461,000 (2014: US$474,035) is recognised in other income.

The fair value of investment property was determined by external, independent property valuers, having the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Bank`s investment property portfolio annually.

The fair value measurement of the investment property has been categorised as Level 3 in the fair value hierarchy (Note 41.1) based on the inputs to the valuation technique used.

25. Joint ventures

The Bank has a 50% interest in Makasa Sun (Private) Limited, a jointly controlled entity which owns a property in Victoria Falls. Makasa Sun (Private) Limited is incorporated in Zimbabwe. The Bank's interest in Makasa Sun (Private) Limited is accounted for using the equity method in the financial statements.

	Proportion of ownership interest and voting power held		Carrying amount	
			US$000	US$000
Name of joint venture	2015	2014	2015	2014
Makasa Sun (Private) Limited	50.00%	50.00%	-	15 283
Total			-	15 283

The Bank entered into an agreement of sale to dispose of its 50% shareholding in Makasa Sun (Private) Limited effective 31 December 2015 subject to a number of conditions to be fulfilled. Key conditions of the agreement of sale are to be executed in 2016. The joint venture has been reclassified to non-current asset held for sale as shown in Note 26 below.

26. Non-current asset held for sale

	2015 US$000	2014 US$000
Investment in joint venture	14 272	-
Total	14 272	-

Upon reclassification of the investment in joint venture referred to in Note 25, the asset was measured at fair value. The transaction price is the fair value. Expected disposal transaction costs of US$450,000 were recognised in the Statement of comprehensive income in 2015. Further disclosures are made on Note 47.

27. Deposits from banks

Items in the course of collection	238	180
Total	238	180

28. Deposits from customers

	Retail banking US$000	Business banking US$000	Corporate and investment banking US$000	Total US$000
2015				
Cheque account deposits	63 566	73 203	66 478	203 247
Call deposits	1 183	1 556	12 668	15 407
Savings accounts	13 941	-	-	13 941
Other	-	-	1 378	1 378
Total	78 690	74 759	80 524	233 973
2014				
Cheque account deposits	60 034	67 318	56 035	183 387
Call deposits	1 286	3 412	3 820	8 518
Savings accounts	13 447	1	-	13 448
Other	-	-	1 047	1 047
Total	74 767	70 731	60 902	206 400

Deposits from 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$1,377,341 (2014: US$1,046,717) held as collateral for loans advanced and letters of credit.

28. Deposits from customers (continued)

Concentration of customer deposits	31.12.2015 US$000	%	31.12.2014 US$000	%
Trade and services	54 200	23	57 781	28
Energy and minerals	1 702	1	305	-
Agriculture	10 351	4	7 175	3
Construction and property	4 436	2	1 435	1
Light and heavy industry	38 404	16	16 019	8
Physical persons	78 690	34	74 767	36
Transport and distribution	29 482	13	39 029	19
Financial services	16 708	7	9 889	5
Total	233 973	100	206 400	100

29. Provisions

	Staff retention incentive US$000	Outstanding employee leave US$000	Total US$000
2015			
Balance at 1 January 2015	1 298	559	1 857
Provisions made during the year	1 317	233	1 550
Provisions used during the year	(1 263)	(559)	(1 822)
Balance at 31 December 2015	1 352	233	1 585
2014			
Balance at 1 January 2014	1 199	450	1 649
Provisions made during the year	1 335	109	1 444
Provisions used during the year	(1 236)	-	(1 236)
Balance at 31 December 2014	1 298	559	1 857

The staff retention incentive represents a provision for a performance based staff incentive to be paid to staff and is included in staff costs.

Employee entitlements to annual leave are recognised when they accrue to employees. The provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date and the charge is recognised in profit or loss within "staff costs".

30. Other liabilities

	31.12. 2015 US$000	31.12. 2014 US$000
Accrued expenses	1 412	2 793
Amounts due to related parties	63	-
Internal accounts including unpresented bank drafts	4 048	4 215
RBZ linked client balances (Note 22)	-	24 259
Post-retirement medical aid liability (Note 31.3)	1 100	-
Total	6 623	31 267

31. Retirement benefit plans

31.1 Barclays Bank Pension Fund

The Barclays Bank Pension Fund ("The Fund") manages retirement funds for the active members and pensioners. The Fund is run by appointed Trustees. The Bank contributes 100% for active members and employees are free to make further contributions of their choice to the Fund. Upon retirement the active member previously would be given an option to purchase an annuity within the Fund or purchase it externally. From 2015 the option to purchase an annuity within the Fund was removed. The assets of the Funds are managed as one composite pool, with no separation for the active members and pensioners. The awarding of pension increases and increase in accumulated values to active members is done in consideration of the performance of the Fund and any requirement to increase risk reserves.

The plan assets comprise of a bank balance, equity instruments, properties and money market deposits at 31 December 2015

	31.12.2015 US$000
Cash and bank balances	645
Equities and unit trusts	9 161
Money market	3 615
Properties	35 430
Total	48 851

Defined contribution plans

The defined contribution pension plan, to which the Bank contributes 100%, is provided for permanent employees. Over and above the Bank's contribution, the employee is free to make further contributions of their choice to the Fund. Under this scheme, retirement benefits are determined by reference to the employees' and the Bank's contributions to date and the performance of the Fund.

All employees are also members of the National Social Security Authority Scheme, to which both the employer and the employees contribute. The Bank contributes 3.5% of pensionable emoluments (maximum US$700) for eligible employees.

31.2 Defined benefit pension

The Fund provides for annuities for those pensioners who opted not to purchase the annuity from an external insurer at the point of retirement. In 2015 that option was removed. All annuities are now purchased outside the Fund at the point of retirement.

A review of the Fund resulted in the conclusion that the provision of pension annuities to pensioners was a significant defined benefit. As a result, a valuation was performed based on IAS 19; Employee Benefits for the whole Fund for both the assets and liabilities.

Summary of the valuation is shown below:

	31.12.2015 US$000
Present value of pensioner obligation (defined benefit)	17 321
Active members liability (defined contribution)	20 590
Deferred pensioners	3 291
Other liabilities-risk pools	920
Total liabilities	42 122
Total assets	48 851
Net surplus (attributable to both pensioners and active members)	6 729
Surplus attributed to pensioners	2 767
Irrecoverable surplus (effect of asset ceiling)*	(2 767)
Net surplus arising from defined benefit obligation	-

*Surplus attributable to the pensioners could not be recognised as an asset by the Bank because the Bank will not receive any future benefits from the surplus in the form of contribution holidays or refunds. The Fund rules clearly state that the Bank will not be paid any refund relating to the surplus. In addition the Bank is currently not making any additional contributions for the pensioners, therefore, there will be no benefit to the Bank arising from reduced contributions or contribution holiday.

31.2 Defined benefit pension plans (continued)

The principal actuarial assumptions were as follows;	2015
Discount rate (%)	2%
Average life expectancy in years of pensioner retiring at 60-Male	18
Average life expectancy in years of pensioner retiring at 60-Female	22

Sensitivity Analysis of Key Principal Assumptions	Increase on defined benefit obligation US$000
Decrease in discount rate (0.5%)	1 280
Increase in life expectancy (1 year)	776

31.3 Post retirement medical aid

The Bank has a post-retirement medical scheme in terms of which it provides medical support to existing retirees. The maximum support given to retirees is currently 100% changing to 75% in 2016 and 50% in 2018 for the retirees where there is no commitment. For those retirees where there is commitement the support remains at 100%. Current employees participate on the scheme voluntarily and the extent of post-retirement medical relief will be equivalent to the value of their accumulated contribution and net investment return.

The future medical aid liability was valued by an independent actuary. In valuing the liability an inflation rate of 5% (2014:5%) and a discount rate of 7% (2014:7%) was used resulting in a net discount rate of 2%. The discount rate is one of the key sensitivities given the lack of a primary market in Zimbabwe and the range of interest rates that prevails in the secondary market.

The amount included in the statement of financial position arising from the Bank's obligation in respect of its defined benefit plans is as follows:

	31.12.2015 US$000	31.12.2014 US$000
Present value of funded defined benefit obligation	3 288	2 691
Fair value of plan assets	(2 188)	(2 629)
Net liability arising from defined benefit obligation	1 100	62

The net liability of US$1.1m arose from change in measurement of past service cost (US$0.8m) and decrease in plan assets value (US$0.3m), the full amount of US$1.1m was provided for in the income statement, refer to Note 10.

Movements in the present value of the defined benefit obligation in the current year were as follows:

	31.12.2015 US$000	31.12.2014 US$000
Opening present value of obligation	2 691	2 892
Interest cost	188	202
Past service cost	847	-
Benefits paid	(351)	(340)
Remeasurement of obligation	(87)	(63)
Present value of obligation at 31 December	3 288	2 691

Movements in the present value of the plan assets in the current year were as follows:

Opening fair value of plan assets	2 629	2 892
Contributions from the employer	-	-
Benefits paid	(351)	(340)
Return on plan assets	(87)	77
• Interest income on plan assets	184	202
• Remeasurement	(274)	(125)
Fair value of plan assets at 31 December	2 188	2 629

The plan assets comprise of a bank balance, equity instruments and money market deposits at 31 December 2015

	31.12.2015 US$000	31.12.2014 US$000
Equity securities	510	765
Money market deposits	1 668	1 436
Cash and bank balances	10	428
Total	2 188	2 629

Sensitivity Analysis	Reasonable possible change %	Increase on defined benefit obligation US$000
If the discount is varied from 2% to 1.5% impact on obligation is as follows	1.5	182

32. Deferred tax

Deferred tax balances

The analysis of the deferred tax assets and deferred tax liabilities is as follows:

	2015 US$000	2014 US$000
Deferred tax assets	2 162	1 689
Deferred tax liabilities	(4 670)	(5 170)
Net deferred tax liability at the end of the year	(2 508)	(3 481)

Deferred tax assets and liabilities are attributable to the following:

2015 (Assets) and liabilities	Balance at 1 January US$000	Recognised in profit or loss US$000	Recognised in other comprehensive income US$000	Other movements US$000	Balance at 31 December US$000
Property and equipment	3 911	8	228	-	4 147
Investment property	1 029	(16)	-	(750)	263
Available-for-sale financial assets	11	-	34	-	45
Impairments	(916)	(481)	-	-	(1 397)
Prepaid expenses	218	(59)	-	-	159
Deferred revenue	(447)	(232)	-	-	(679)
Provisions	(325)	295	-	-	(30)
Total	3 481	(485)	262	(750)	2 508

2014 (Assets) and liabilities	Balance at 1 January US$000	Recognised in profit or loss US$000	Recognised in other comprehensive income US$000	Recognised directly in equity US$000	Balance at 31 December US$000
Property and equipment	4 103	(192)	-	-	3 911
Investment property	1 035	(6)	-	-	1 029
Available-for-sale financial assets	1 002	-	5	(996)	11
Impairments	(739)	(177)	-	-	(916)
Prepaid expenses	101	117	-	-	218
Deferred revenue	(363)	(84)	-	-	(447)
Provisions	(127)	(198)	-	-	(325)
Total	5 012	(540)	5	(996)	3 481

33. Operating leases

Leases as lessee	2015 US$000	2014 US$000
Payments recognised as an expense		
Minimum lease payments	2 334	2 474
Total	2 334	2 474

Non-cancellable land and buildings operating lease commitments

	2015 US$000	2014 US$000
Less than one year	1 456	2 098
Between one and five years	849	1 975
Total	2 305	4 073

The Bank leases various offices and branches under operating lease arrangements. The lease terms are between 1 and 6 years and the majority of lease agreements are renewable at the end of the lease period at market rate.

34. Share capital

Authorised share capital

	2015 US$000	2014 US$000
5 000 000 000 (2014: 5 000 000 000) ordinary shares of USc0.01 per share.	500	500

Issued share capital

2 153 320 176 (2014: 2 153 320 176) ordinary shares of USc0.01 per share per share.	215	215
Share premium	23 642	23 642
Total	23 857	23 857

The total authorised number of ordinary shares at year end was 5 billion (2014: 5 billion). The Bank's shares have a nominal value of USc0,01 from date of issue in United States dollars. The unissued share capital is under the control of the directors subject to the restrictions imposed by the Zimbabwe Companies Act (Chapter 24.03), the Zimbabwe Stock Exchange listing requirements and the Articles and Memorandum of Association of the Bank.

Share premium

Premiums from the issue of shares are reported in the share premium, inlcuding amounts transferred from the currency translation reserve when the Zimbabwe economy adopted the multi-currency system in 2009.

Non-distributable reserves

This relates to the balance of currency translation reserves arising from the fair valuation of assets and liabilities on 1 January 2009 when the Bank adopted the US$ as the functional and presentation currency.

35. Taxation paid

	2015 US$000	2014 US$000
Tax (payable) /receivable at the beginning of the year	(91)	50
Current tax expense	(2 370)	(2 084)
Tax (receivable) /payable at the end of the year	(295)	91
Total	(2 756)	(1 943)

36. Proceeds on disposal of property and equipment

Carrying amount of property and equipment disposed of	960	32
Profit on disposal	109	70
Total	1 069	102

37. Classification of financial assets and liabilities

	Held for trading US$000	Held to maturity investments US$000	Financial assets carried at amortised cost US$000	Available for sale financial assets US$000	Financial liabilities carried at amortised cost US$000	Total US$000
Assets - 2015						
Cash and bank balances	-	-	75 629	-	-	75 629
Loans and advances to customers	-	-	141 071	-	-	141 071
Government bonds	-	-	4 098		-	4 098
Corporate bonds	-	-	-	29 248	-	29 248
Treasury bills	-	-	-	1 643	-	1 643
Unquoted equity securities	-	-	-	1 163	-	1 163
Items in course of collection from other banks	-	-	177	-	-	177
Swaps and forward contracts	45	-	-	-	-	45
Total	45	-	220 975	32 054	-	253 074
Liabilities – 2015						
Customer deposits	-	-	-	-	233 973	233 973
Deposits from other banks	-	-	-	-	238	238
Swaps and forward contracts	49	-	-	-	-	49
Bank balances due to group companies	-	-	-	-	136	136
Total	49	-	-	-	234 347	234 396

	Held for trading US$000	Held to maturity investments US$000	Financial assets carried at amortised cost US$000	Available for sale financial assets US$000	Financial liabilities carried at amortised cost US$000	Total US$000
Assets - 2014						
Cash and bank balances	-	-	86 831	-	-	86 831
Loans and advances to customers	-	-	121 656	-	-	121 656
Government bonds	-	4 098	-	-	-	4 098
Treasury bills	-	-	-	6 841	-	6 841
Unquoted equity securities	-	-	-	113	-	113
Items in course of collection from other banks	-	-	92	-	-	92
Swaps and forward contracts	47	-	-	-	-	47
Total	47	4 098	208 579	6 954	-	219 678
Liabilities – 2014						
Customer deposits	-	-	-	-	206 400	206 400
Deposits from other banks	-	-	-	-	180	180
Swaps and forward contracts	25	-	-	-	-	25
Bank balances due to group companies	-	-	-	-	262	262
Total	25	-	-	-	206 842	206 867

38. Risk management

Financial risk management objectives

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 and Operational Risk and Control departments are responsible for the review of risk management and the control environment.

The risks arising from financial instruments to which the Bank is exposed include among other risks credit risk, liquidity risk, market risk and operational risk.

38.1 Capital risk management

Capital risk – is the risk that the Bank is unable to maintain adequate levels of capital which could lead to an inability to support business activity or failure to meet regulatory requirements.

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, 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 contributed capital, accumulated profits, share based payment reserve and currency translation reserve.
- Tier 2 Capital: comprises impairment allowance, revaluation reserve and part of currency translation reserve.
- Tier 3 Capital: comprises operational and market risk capital.

The Reserve Bank of Zimbabwe requires each bank to maintain a core capital adequacy ratio of 8% and total capital adequacy ratio of 12%. The table below summarises the composition of regulatory capital and the ratios of the Bank.

	31.12.2015 US$000	31.12.2014 US$000
Share capital	215	215
Share premium	23 642	23 642
Accumulated profits	17 538	13 506
Share based payment reserve	1 053	961
Available for sale reserve	357	73
Currency translation reserve	3 508	3 405
Total core capital	46 313	41 802
Less market and operational risk capital	(7 426)	(6 237)
Tier 1 capital	38 887	35 565
Currency translation reserve movement	4 277	4 380
Revaluation reserve	3 609	3 103
General provisions(limited to 1.25% of weighted risk assets)	3 095	1 833
Tier 2 capital	10 981	9 316
Total tier 1 & 2 capital	49 868	44 881
Market risk	317	109
Operational risk	7 109	6 128
Tier 3 capital	7 426	6 237
Total tier 1 and 2 & 3 capital base	57 294	51 118
Less deductions from capital	(1 203)	(131)
Total capital base	56 091	50 987
Credit risk weighted assets	211 630	176 133
Operational risk equivalent assets	88 858	76 604
Market risk equivalent assets	3 967	1 364
Total risk weighted assets (RWAs)	304 455	254 101
Tier 1 capital ratio	13%	14%
Tier 1 and 2 capital ratio	16%	18%
Total capital adequacy ratio	18%	20%

Credit risk capital is subject to guidelines provided by the regulator which are based on Basel 1 principles. 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 regulatory guidelines which consider 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.

38.2 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. Trading portfolios include those positions arising from market–making transactions where the Bank acts as principal with clients or with the market; this is mainly to support client trading activity.

Non trading book primarily arise from the interest rate management of the Bank's retail and commercial banking assets and liabilities

Market risk measurement techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk.

The measurement techniques used to measure and control market risk include:

(i) Daily value at risk ("DVaR")

The Bank applies a 'value at risk' ("VaR") methodology to its banking portfolios to estimate the market risk of positions held if current positions were to be held unchanged for one business day.

Value at Risk 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

Stress tests provide an indication of losses that could arise in extreme positions.

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

The table below summarises the DVaR statistics for the Bank relating to currency stress.

One day risk Type of risk or activity	High US$`000	Medium US$`000	Low US$`000	Year-end US$`000
Currency	6	1	-	1
Aggregate VaR at 31December 2015	6	1	-	1
Aggregate VaR at 31December 2014	2	1	-	1

Two week risk Type of risk or activity	High	Medium	Low	Year-end
Currency	19	4	-	3
Aggregate VaR at 31December 2015	19	4	-	3
Aggregate VaR at 31 December 2014	7	3	1	3

ALCO 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.

Net interest income sensitivity ("NII")

NII measures the sensitivity of annual earnings to changes in interest rates. NII is calculated at a 10% change in interest rates.

The Bank's interest income sensitivity is shown below:

Changes in interest	31.12.2015 Impact on earnings US$000	31.12.2015 Impact on capital US$000
1000bps increase in interest rates	10 822	10 822
1000bps decrease in interest rates	(10 822)	(10 822)
Benchmark	-	-

(iii) 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.

38.3 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 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.

31 December 2015	Up to 1 month US$000	1 to 3 months US$000	3 to 6 months US$000	6 months to 1 year US$000	1 to 5 years US$000	Non-interest bearing US$000	Total US$000
Assets							
Cash and bank balances	75 629	-	-	-	-	-	75 629
Derivative assets	-	-	-	-	-	45	45
Available for sale investments	-	-	19	-	30 872	1 163	32 054
Loans and receivables from banks	177	4 098	-	-	-	-	4 275
Loans and advances to customers	141 071	-	-	-	-	-	141 071
Other assets	-	-	-	-	-	5 088	5 088
Property and equipment	-	-	-	-	-	21 332	21 332
Investment property	-	-	-	-	-	5 250	5 250
Non-current assets held for sale	-	-	-	-	-	14 272	14 272
Current tax assets	-	-	-	-	-	295	295
Total assets	216 877	4 098	19	-	30 872	47 445	299 311
Liabilities							
Derivative liabilities	-	-	-	-	-	49	49
Deposits from Banks	238	-	-	-	-	-	238
Deposits from customers	231 963	2 010	-	-	-	-	233 973
Provisions	-	-	-	-	-	1 585	1 585
Other liabilities	-	-	-	-	-	6 623	6 623
Deferred income tax liabilities	-	-	-	-	-	2 508	2 508
Current tax liabilities	-	-	-	-	-	-	-
Due to Group companies	136	-	-	-	-	-	136
Total liabilities	232 337	2 010	-	-	-	10 765	245 112
Interest rate re-pricing gap	(15 460)	2 088	19	-	30 872	36 680	54 199
Cumulative gap	(15 460)	(13 372)	(13 353)	(13 353)	17 519	54 199	

31 December 2014	Up to 1 month US$000	1 to 3 months US$000	3 to 6 months US$000	6 months to 1 year US$000	1 to 5 years US$000	Non-interest bearing US$000	Total US$000
Assets							
Cash and bank balances	86 831	-	-	-	-	-	86 831
Derivative assets	-	-	-	-	-	47	47
Available for sale investments	-	5 182	-	-	1 659	113	6 954
Held to maturity investments	-	-	-	4 098	-	-	4 098
Loans and receivables from banks	92	-	-	-	-	-	92
Loans and advances to customers	121 656	-	-	-	-	-	121 656
Other assets	5 940	-	64	-	24 195	2 055	32 254
Property and equipment	-	-	-	-	-	20 053	20 053
Investment property	-	-	-	-	-	5 580	5 580
Investment in joint venture	-	-	-	-	-	15 283	15 283
Total assets	214 519	5 182	64	4 098	25 854	43 131	292 848
Liabilities							
Derivative liabilities	-	-	-	-	-	25	25
Deposits from Banks	180	-	-	-	-	-	180
Customer accounts	202 887	1 279	2 234	-	-	-	206 400
Provisions	-	-	-	-	-	1 857	1 857
Other liabilities	-	-	64	-	24 195	7 008	31 267
Deferred income tax liabilities	-	-	-	-	-	3 481	3 481
Current tax liabilities	-	-	-	-	-	91	91
Due to Group companies	262	-	-	-	-	-	262
Total liabilities	203 329	1 279	2 298	-	24 195	12 462	243 563
Interest rate re-pricing gap	11 190	3 903	(2 234)	4 098	1 660	30 670	49 285
Cumulative gap	11 190	15 093	12 859	16 957	18 617	49 285	

38.4 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. Currency swaps are also used to manage foreign exchange risk where necessary.

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

At 31 December 2015	USD US$000	GBP (USD equiv) US$000	Rand (USD equiv) US$000	Other foreign currency US$000	Total US$000
Assets					
Cash and bank balances	72 176	715	1 918	820	75 629
Derivative financial instruments	-	-	45	-	45
Available for sale investments	32 054	-	-	-	32 054
Loans and advances to customers	141 071	-	-	-	141 071
Loans and receivables from banks	4 275	-	-	-	4 275
Other assets	2 830	-	-	-	2 830
Total assets	252 406	715	1 963	820	255 904
Liabilities					
Derivative financial instrument	-	-	49	-	49
Deposits from banks	238	-	-	-	238
Deposits from customers	225 376	501	5 991	2 105	233 973
Other liabilities	6 110	262	165	86	6 623
Due to group companies	80	2	-	54	136
Total liabilities	231 804	765	6 205	2 245	241 019
Net currency positions	20 602	(50)	(4 242)	(1 425)	14 885

At 31 December 2014	USD US$000	GBP (USD equiv) US$000	Rand (USD equiv) US$000	Other foreign currency (USD equiv) US$000	Total US$000
Assets					
Cash and bank balances	77 174	1 890	4 565	3 202	86 831
Derivative financial instruments	-	-	47	-	47
Available for sale investments	6 954	-	-	-	6 954
Held to maturity investments	4 098	-	-	-	4 098
Loans and advances to customers	121 656	--		-	121 656
Loans and receivables from banks	92	-	-	-	92
Other assets	28 796	1 450	-	-	30 246
Total assets	238 770	3 340	4 612	3 202	249 924
Liabilities					
Derivative financial instrument	-	-	25	-	25
Deposits from banks	181	-	-	-	181
Deposits from customers	198 533	1 638	3 518	2 711	206 400
Other liabilities	30 666	284	220	97	31 267
Due to group companies	22	7	233	-	262
Total liabilities	229 402	1 929	3 996	2 808	238 135
Net currency positions	9 368	1 411	616	394	11 789

38.5 Credit risk

Credit risk is the risk of financial loss should the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. The Bank actively seeks to originate and manage credit risk in such a way as to achieve sustainable asset growth and risk adjusted returns in line with board-approved risk parameters. The credit risk that the Bank faces arises mainly from corporate and retail loans advances and counterparty credit risk arising from derivative contracts entered into with our clients. Other sources of credit risk arise from treasury bills, government bonds, settlement balances with counterparties and bank balances with Central Bank and other related banks. Credit risk management objectives are;

- Supporting the achievement of sustainable asset and revenue growth in line with our risk parameters
- Operating sound credit granting processes and monitoring credit risk using appropriate models to assist decision making
- Ensure credit risk taking is based on sound credit risk management principles and controls
- Continually improving collection and recovery

Risk limit and mitigation policies

The Bank uses a range of policies and practices to mitigate credit risk. These include credit scoring, marking limits against counter parties, credit insurance, monitoring cashflows and utilisation against limit and collateral.

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.
- Cash cover

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

The Bank maintains an early warning list for those customers who are believed to be facing difficulties. Customers are categorised into Early Warning Lists ("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.

The Bank has Credit Risk and Loans Review Committees, chaired by non-executive directors to monitor the risk.

Impairment and provisioning policies

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 (PD);
(ii) current exposures to the counterparty (EAD); and
(iii) the likely loss in the event of a default (LGD).
Internal estimate of PDs and LGDs are based on model scores and observed historical data.

Under IFRS impairment allowances are recognised where there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition of the assets and where these events had an impact on estimated future cash flows of the financial assets or portfolio of financial assets. To determine if a loss event has occurred, historical economic information similar to the current economic climate, overall customer risk profile, payment record and the realisable value of any collateral are taken into consideration.

Unidentified impairment

Unidentified impairment allowances are raised to cover losses which are judged to be incurred but not yet specifically identified in customer exposures at the balance sheet date, and which have not been specifically reported. The calculation is based on the asset's probability of moving from performing to default within a given emergence period. The emergence period is defined as the time lapse between the occurrence of trigger event (unidentified event) and the impairment being identified at an individual account level (identified impairment). Unidentified impairment = Probability of Default (PD) x Loss Given Default (LGD) x Exposure x Emergence period.

Identified impairment

Retail identified impairment is triggered when a contractual payment is missed. The impairment is calculated as Probability of Default (PD) x Loss Given Default (LGD) x Outstanding Amount. Higher PDs are applied to those customers who will have missed more contractual payments. Corporate identified impairment is calculated on accounts reflected on ELW3 (Category 3) and accounts currently going through a legal process. Impairment is calculated on an individual basis and is the difference between outstanding balance and present value of future cash flows including value of collateral.

Write–offs - A loan is written off when circumstances after impairment indicate that the prospect of further recovery does not exist.
Regulatory impairment – Excess of regulatory impairment allowance to IFRS is accounted for through reserves as a General Reserve.

Maximum exposure to credit risk before credit enhancements

	2015 US$000	2014 US$000
Loans and receivables from banks	4 275	92
Loans and advances to customers	145 421	124 361
Guarantees provided	4 384	2 073
Treasury bills and corporate bonds	30 892	10 939
Bank balances	63 012	56 054
Other settlement balances (included in other assets)	2 797	3 675
Total	250 781	197 194

The above table represents a worst case scenario of credit risk exposure to the Bank at 31 December 2015, without taking account of any collateral held or other credit enhancements attached. For on-statement of financial position assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position. Bank balances, excluding US$52,926,350 held at Central Bank are held with banks which have the following credit ratings:

- Barclays Bank London A+
- Barclays Bank New York* A+

Other settlement balances are held by counterparties with the following ratings;

- VISA A+
- MasterCard International A

* *(not rated separately. Rating derives from Barclays Bank London rating)*

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 into 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.

Maximum exposure to credit risk stratification and analysis

2015	Loans and receivables from banks US$000	Loans and advances to customers US$000	Guarantees provided US$000	Treasury bills and bonds US$000	Bank balances US$000	Other assets US$000	Total US$000
Credit exposure							
Neither past due nor impaired	4 275	142 715	4 384	30 892	63 012	2 797	248 075
Past due but not impaired	-	-	-	-	-	-	-
Individually impaired excluding non-performing	-	468	-	-	-	-	468
Non-performing loans	-	2 542	-	-	-	-	2542
Interest in suspense	-	(304)	-	-	-	-	(304)
Gross exposure	4 275	145 421	4 384	30 892	63 012	2 797	250 781

2014	Loans and receivables from banks US$000	Loans and advances to customers US$000	Guarantees provided US$000	Treasury bills and bonds US$000	Bank balances US$000	Other assets US$000	Total US$000
Credit exposure							
Neither past due nor impaired	92	120 635	2 073	10 939	56 054	3 675	193 468
Past due but not impaired	-	1 450	-	-	-	-	1 450
Individually impaired excluding non-performing	-	-	-	-	-	-	-
Non-performing loans	-	2 471	-	-	-	-	2 471
Interest in suspense	-	(195)	-	-	-	-	(195)
Gross exposure	92	124 361	2 073	10 939	56 054	3 675	197 194

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 can be classified as past due but not impaired, impaired or renegotiated.

Loans and advances past due but not impaired

These are loans and advances which are less than 90 days past due and there is other supporting evidence that they are not impaired.

Loans and advances individually impaired

A loan is considered impaired if the customer misses instalments or fails to repay the loan on due date.

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.

Loans and advances renegotiated

During the year ended December 2015, the Bank did not have any renegotiated loans and advances to customers and banks.

Impairment analysis and reconciliation

	Unidentified US$000	Identified US$000	Total US$000
2015			
Balance at beginning of the year	1 833	872	2 705
Bad debts written off	-	(35)	(35)
Increase in impairment provision *	1 263	417	1 680
Balance at end of the year	3 096	1 254	4 350

* Refer to Note 13 for additional disclosure relating to increase in unidentified impairment

	Unidentified US$000	Identified US$000	Total US$000
2014			
Balance at beginning of the year	1 549	709	2 258
Amounts written off	-	(85)	(85)
Increase in impairment provision	284	248	532
Balance at end of the year	1 833	872	2 705

38.6. Loans and advances credit risk concentration

Industry/Sector	2015 US$000	%	2014 US$000	%
Trade and services	21,606	15	8,412	7
Energy and minerals	1,677	1	-	-
Agriculture	12,690	9	12,795	10
Construction and property	3,368	2	-	-
Light and heavy industry	25,275	17	37,704	30
Physical persons	45,384	31	29,518	24
Transport and distribution	35,725	25	36,127	29
Total	145,725	100	124,556	100

2015 Industry/Sector	Total loans US$000	Past due/ Impaired loans US$000	Write offs/ (recoveries) US$000	Impairment allowance US$000
Trade and services	21 606	188	-	179
Energy and minerals	1 677	-	-	-
Agriculture	12 690	1 741	-	459
Construction and property	3 368	-	-	-
Light and heavy industry	25 275	-	-	-
Physical persons	45 384	1 081	35	616
Transport and distribution	35 725	-	-	-
Gross value at 31 December 2015	145 725	3 010	35	1 254

2014 Industry/Sector	Total loans US$000	Past due/ Impaired loans US$000	Write offs/ (recoveries) US$000	Impairment allowance US$000
Trade and services	8 412	161	85	161
Energy and minerals	-	-	-	-
Agriculture	12 795	3 499	-	572
Construction and property	-	-	-	-
Light and heavy industry	37 704	-	-	-
Physical persons	29 518	260	-	139
Transport and distribution	36 127	-	-	-
Gross value at 31 December 2014	124 556	3 920	85	872

Collateral held for exposure

An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers are as shown below:

	31.12.2015 US$000	31.12.2014 US$000
Neither past due nor impaired	27 022	23 693
Past due but not impaired	-	-
Individually impaired	-	-
Non-performing loans	2 442	2 245
Total	29 464	25 938

38.7 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. Liquidity risk is inherent in all banking operations and can be affected by a range of Bank specific and market wide events. The efficient management of liquidity is essential to the Bank in maintaining confidence in the financial markets and ensuring that the business is sustainable.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Bank's short, medium and long-term funding and liquidity management requirements.

Liquidity risk management objectives are;

- Growing and diversifying the funding base to support asset growth and other strategic initiatives, balanced with a strategy to reduce the weighted cost of funds;
- To maintain the market confidence in the Bank;
- Maintaining adequate levels of surplus liquid asset holdings in order to remain within the liquidity risk appetite;
- Set early warning indicators to identify the emergence of increased liquidity risk or vulnerabilities;
- To maintain a contingency funding plan that is comprehensive.

Liquidity risk management process

Liquidity risk is managed as;

a) Business as usual referring to the management of cash inflows and outflows of the bank in the ordinary course of business.

b) Stress liquidity risk – refers to management of liquidity risk during times of unexpected outflows. 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 of future cash flows to ensure that funding requirements are met;
- Maintaining a high balance of cash and near cash balances that can easily be liquidated as protection against unforeseen funding gaps;
- Monitoring 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;
- Managing concentration of deposits

Liquidity ratios	31.12.2015 US$000	31.12.2014 US$000
Total liquid assets	104 679	86 481
Deposits from customers	233 973	206 400
Liquidity ratio	45%	42%
Reserve Bank of Zimbabwe minimum	30%	30%

Liquidity profiling as at 31 December 2015

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.

On balance sheet items as at 31 December 2015	Less than 1 month US$000	1-3 months US$000	3-6 months US$000	6-12 months US$000	1-5 years US$000	5+ years US$000	Total US$000	Carrying amount US$000
Assets held for managing liquidity risk (contractual maturity dates)								
Cash and bank balances	75 629	-	-	-	-	-	75 629	75 629
Derivative financial instruments	45	-	-	-	-	-	45	45
Available for sale investments	-	-	41	41	33 703	-	33 785	32 054
Loans and receivables from banks	2 243	2 058					4 301	4 275
Loans and advances to customers	19 159	25 086	22 717	32 646	85 092	577	185 277	141 071
Held to maturity investments	-	-	-	-	-	-	-	-
Other assets	2 830	-	-	-	-	-	2 830	5 088
Current income tax asset	-	295	-	-	-	-	295	295
Total assets	99 906	27 439	22 758	32 687	118 795	577	302 162	258 457
Liabilities								
Derivative financial instruments	49	-	-	-	-	-	49	49
Deposits from Banks	238	-	-	-	-	-	238	238
Customer accounts	231 983	2016	-	-	-	-	233 999	233 973
Provisions	233	1352	-	-	-	-	1 585	1 585
Other liabilities	6 623	-	-	-	-	-	6 623	6 623
Due to Group companies	136	-	-	-	-	-	136	136
Total liabilities - (contractual maturity)	239 262	3 368	-	-	-	-	242 630	242 604
Liquidity gap	(139 356)	24 071	22 758	32 687	118 795	577	59 532	
Cumulative liquidity gap	(139 356)	(115 285)	(92 527)	(59 840)	58 955	59 532	-	

Contingent liabilities and commitments as at 31 December 2015

	Up to 1 month US$000	1 to 3 months US$000	3 to 6 months US$000	6 to 12 months US$000	1 to 5 years US$000	Total US$000
Assets						
Guarantees and letters of credit	3 124	539	-	720	-	4 383
Commitment to lend	8 681	65	4 688	30 864	8 939	53 237
Total assets	11 805	604	4 688	31 584	8 939	57 620
Liabilities						
Guarantees and letters of credit	3 124	539	-	720	-	4 383
Commitment to lend	53 237	-	-	-	-	53 237
Total liabilities	56 361	539	-	720	-	57 620
Liquidity gap	(44 556)	65	4 688	30 864	8 939	-

Liquidity profiling as at 31 December 2014

On balance sheet items as at 31 December 2014	Less than 1 month US$000	1-3 months US$000	3-6 months US$000	6-12 months US$000	1-5 years US$000	5+ years US$000	Total US$000	Carrying amount US$000
Assets								
Cash and bank balances	86 831	-	-	-	-	-	86 831	86 831
Derivative financial instruments	16	14	11	6	-	-	47	47
Available for sale investments	-	5 267	-	-	1 726	-	6 993	6 841
Loans and recevables from banks	92	-	-	-	-	-	92	92
Loans and advances to customers	13 812	37 166	8 615	34 305	63 564	855	158 317	121 656
Held to maturity investments	-	-	72	4 186	-	-	4 258	4 098
Other assets	5 940	-	64	-	24 195	-	30 199	30 199
Total assets	106 691	42 447	8 762	38 497	89 485	855	286 737	249 765
Liabilities								
Derivative financial instruments	9	9	7	-	-	-	25	25
Deposits from Banks	180	-	-	-	-	-	180	180
Customer accounts	202 902	1 291	2 274	-	-	-	206 467	206 400
Provisions	559	1 298	-	-	-	-	1 857	1 857
Other liabilities	7 007	-	64	-	24 195	-	31 266	31 267
Due to Group companies	262	-	-	-	-	-	262	262
Current income tax liabilities	-	91	-	-	-	-	91	91
Total liabilities	210 919	2 689	2 345	2	24 195	-	240 148	240 082
Liquidity gap	(104 228)	39 759	6 417	38 495	65 290	855	46 588	
Cumulative liquidity gap	(104 228)	(64 469)	(58 052)	(19 557)	45 733	46 588	-	

Contingent liabilities and commitments as at 31 December 2014

	Up to 1 month US$000	1 to 3 months US$000	3 to 6 months US$000	6 to 12 months US$000	1 to 5 years US$000	Total US$000
Assets						
Guarantees and letters of credit	836	10	15	1 213	-	2 074
Commitment to lend	897	7 611	767	29 249	-	38 524
Total assets	1 733	7 621	782	30 462	-	40 598
Liabilities						
Guarantees and letters of credit	836	10	15	1 213	-	2 074
Commitment to lend	38 524	-	-	-	-	38 524
Total liabilities	39 360	10	15	1 213	-	40 598
Liquidity gap	(37 627)	7 611	767	29 249	-	-

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 Group.

39. 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 of the Board 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 ensure 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 regular basis. The assessment results are reviewed by Operational Risk Management department. Barclays Internal Audit audits selected functions at given times.

Risks and Ratings
The Central Bank conducts regular examinations of Banks and financial institutions it regulates. The last on-site examination of the Bank was, as at 13 July 2012 and it assessed the overall condition of the Bank to be fair. This is a score of "3" on the CAMELS rating scale. The CAMELS rating evaluates banks on capital adequacy, asset quality, management and corporate governance, liquidity and funds management and sensitivity to market risks.

The CAMELS and Risk Assessment System (RAS) ratings are summarised in the following tables;

CAMELS ratings

CAMELS component	Latest Rating - July 2012
Capital	2 - Satisfactory
Asset quality	2 - Satisfactory
Management	3 - Fair
Earnings	3 - Fair
Liquidity	2 - Satisfactory
Sensitivity to market risk	1 - Strong

Summary risk matrix - July 2012 onsite supervision

Type of risk	Level of inherent risk	Adequacy of risk management systems	Overall composite risk	Direction of overall composite risk
Credit	Low	Acceptable	Low	Stable
Liquidity	Low	Strong	Low	Stable
Foreign exchange	Low	Strong	Low	Stable
Interest rate	Low	Strong	Low	Stable
Strategic risk	High	Weak	High	Increasing
Operational risk	Moderate	Strong	Moderate	Stable
Legal and compliance	Moderate	Acceptable	Moderate	Stable
Reputation	Moderate	Acceptable	Moderate	Increasing
Overall	Moderate	Acceptable	Moderate	Stable

Interpretation of risk matrix

Level of inherent risk
Low - reflects lower than average probability of an adverse impact on a banking institution's capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the banking institution's overall financial condition.

Moderate - could reasonably be expected to result in a loss which could be absorbed by a banking institution in the normal course of business.

High - reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the banking institution.

Adequacy of risk management systems
Weak - risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution's risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects, particularly as indicated by continued exceptions or by the failure to adhere to written policies and procedures.

Acceptable - management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses, these have been recognised and are being addressed. Management information systems are generally adequate.

Strong - management effectively identifies and controls all types of risk posed by the relevant functional areas or per inherent risk. The Board and senior management are active participants in managing risk and ensure appropriate policies and limits are put in place. The policies comprehensively define the Bank's risk tolerance. Responsibilities and accountabilities are effectively communicated.

Overall composite risk

Low - would be assigned to low inherent risk areas. Moderate risk areas may be assigned to a low composite risk where internal controls and risk management systems are strong and effectively mitigate much of the risk.

Moderate - risk management systems appropriately mitigates inherent risk. For a given low risk area, significant weaknesses in the risk management systems may result in a moderate composite risk assessment. On the other hand, a strong risk management system may reduce the risk so that any potential financial loss from the activity would have only a moderate negative impact on the financial condition of the organisation.

High - risk management systems do not significantly mitigate the high inherent risk. Thus, the activity could potentially result in a financial loss that would have a significant impact on the Bank's overall condition.

Direction of overall composite risk

Increasing - based on the current information, risk is expected to increase in the next 12 months.
Decreasing - based on current information, risk is expected to decrease in the next 12 months.
Stable - based on current information, risk is expected to be stable in the next 12 months.

External Credit Ratings

Rating agent	Latest credit ratings 2014/15	Previous credit ratings 2013/14	Previous credit ratings 2012/13
Global Credit Rating Co.	AA-	AA-	AA-

The last rating was done in May 2015 and expires in May 2016

40. Fair Value of Financial Instruments not Held at Fair Value

The disclosed fair value of these financial assets and financial liabilities measured at amortised cost approximate their carrying value because of their short term nature except for loans and advances which are at variable interest rates.

	2015 Carrying amount US$000	Fair value US$000	2014 Carrying amount US$000	Fair value US$000
Financial Assets				
Cash and bank balances	75 629	75 629	86 831	86 831
Loans and receivables from banks	4 275	4 275	92	92
Loans and advances to customers	141 071	141 071	121 656	121 656
RBZ linked client balances	-	-	24 259	24 259
Treasury bills	-	-	6 841	6 841
Bonds	-	-	4 098	4 098
Total	220 975	220 975	243 778	243 778
Financial Liabilities				
Deposits from banks	238	238	181	181
Due to customers	233 973	233 973	206 400	206 400
RBZ linked client balances	-	-	24 259	24 259
Bank balances due to group companies	136	136	262	262
Total	234 347	234 347	231 102	231 102

41. Fair value hierarchy of assets and liabilities held at fair value

41.1 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2015	Level 1 US$000	Level 2 US$000	Level 3 US$000	Total US$000
Recurring fair value measurements				
Financial Assets				
Derivative assets	-	45	-	45
Corporate bond	-	-	29 248	29 248
Treasury bills	-	-	1 643	1 643
Unquoted equity instruments	-	-	1 163	1 163
Total	-	45	32 054	32 099
Financial Liabilities				
Derivative liabilities	-	49	-	49
Total	-	49	-	49
Non-financial assets				
Investment property	-	-	5 250	5 250
Total	-	-	5 250	5 250
Non-reccurring fair value measurements				
Owner occupied properties	-	-	15 644	15 644
Total	-	-	15 644	15 644

2014	Level 1 US$000	Level 2 US$000	Level 3 US$000	Total US$000
Recurring fair value measurements				
Financial Assets				
Derivative assets	-	47	-	47
Treasury bills	-	-	1 659	1 659
Bonds	-	-	4 098	4 098
Unquoted equity securities	-	-	113	113
Total	-	47	5 870	5 917
Financial Liabilities				
Derivative liabilities	-	25	-	25
Total	-	25	-	25
Non-financial assets				
Investment properties	-	-	5 580	5 580
Total	-	-	5 580	5 580

41.2 Valuation techniques for the level 2 fair value measurement of assets and liabilities held at fair value

The table below sets out information about the valuation techniques applied at the end of the reporting period in measuring assets and liabilities whose fair value is categorised as Level 2 in the fair value hierarchy. A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations is set out in the table below:

Category of asset/liability	Valuation technique applied	Significant observable inputs
Foreign Exchange Contracts	Discounted cash flow	Interest and foreign currency exchange rates

41.3 Valuation techniques for the level 3 fair value measurement of assets and liabilities held at fair value

The table below sets out information about the significant unobservable inputs used at the end of the reporting period in measuring assets and liabilities whose fair value is categorised as Level 3 in the fair value hierarchy

Category of asset/liability	Valuation techniques applied	Significant unobservable inputs	Range of estimates utilised for the unobservable inputs
Unquoted available for sale securities	Discounted free cash flows	Free cash flows and discount rate	14%
Investment properties	Discounted cash flow	Long term market discount rate	7% to 10%
Owner occupied properties	Discounted cash flow	Long term market discount rate	7% to 10%
Treasury bills	Discounted cash flow	Discount rate – not actively traded	7%
Corporate bond	Proxy Bid Offer spread	Discount rate – not actively traded	0.6%

Reconciliation of recurring level 3 fair value measurements

	Available for sale securities US$000	Investment properties US$000	Total US$000
Balance at 1 January 2015	113	5 580	5 693
Additions	29 944	-	29 944
Transfers in*	1 679	-	1679
Total gains and losses recognised in profit or loss	-	(330)	(330)
Total gains and losses recognised in other comprehensive income	318	-	318
Balance at 31 December 2015	32 054	5 250	37 304
Balance at 1 January 2014	81	5 690	5 771
Total gains and losses recognised in profit or loss	-	(110)	(110)
Total gains and losses recognised in other comprehensive income	32	-	32
Balance at 31 December 2014	113	5 580	5 693

* The treasury bills were not measured at fair value in 2014.

42. Segment reporting

Management has determined the operating segments based on the reports reviewed by the Country Management 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 Country Management Committee assesses the performance of the operating segments monthly 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 two broad business segments:

Retail and business banking – offers various products to medium and small businesses and private individuals. Services include direct debit facilities, current and savings accounts, investment savings products, debit cards, consumer loans and mortgages;

Corporate and investment banking – offers services to large corporates, financial institutions and government clients. Services include direct debit facilities, current accounts, money market deposits, overdrafts, loans and other credit facilities and foreign currency products. The business model centres on delivering specialists corporate and investment banking and financing solutions across asset classes.

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 two main business segments on the basis of determined cost drivers.

Segment results of operations

Statement of comprehensive income

	Retail and Business Banking US$000	Corporate and Investment Banking US$000	Total US$000
2015			
Net interest income	9 125	7 502	16 627
Net fee and commission income	23 796	2 071	25 867
Net trading income	939	2 033	2 972
Net investment income	17	15	32
Other income	387	305	692
Total income	34 264	11 926	46 190
Credit impairment charge	(1 015)	(663)	(1 678)
Net operating income	33 249	11 263	44 512
Staff costs	(15 542)	(4 824)	(20 366)
Infrastructure costs	(5 408)	(1 406)	(6 814)
Depreciation and amortisation	(1 708)	(552)	(2 260)
Administrative expenses	(6 650)	(2 431)	(9 081)
Operating expenses	(29 308)	(9 213)	(38 521)
Share of loss of joint ventures	(125)	(101)	(226)
Profit before tax	3 816	1 949	5 765
Taxation	(1 247)	(638)	(1 885)
Profit for the year	2 569	1 311	3 880
Total assets	149 323	149 988	299 311
Total liabilities	161 759	83 353	245 112
2014			
Net interest income	5 787	8 342	14 129
Fee and commission income	21 759	4 127	25 886
Net trading income	953	1 692	2 645
Net investment income	1 485	1 196	2 681
Other income	322	222	544
Total income	30 306	15 579	45 885
Credit impairment charge	(502)	(30)	(532)
Net operating income	29 804	15 549	45 353
Staff costs	(15 434)	(4 862)	(20 296)
Infrastructure costs	(5 612)	(1 297)	(6 909)
Depreciation and amortisation	(1 541)	(528)	(2 069)
Administrative expenses	(5 802)	(2 427)	(8 229)
Operating expenses	(28 389)	(9 114)	(37 503)
Share of profit of joint venture	157	126	283
Profit before tax	1 572	6 561	8 133
Taxation	(298)	(1 246)	(1 544)
Profit for the year	1 274	5 315	6 589
Total assets	145 036	147 812	292 848
Total liabilities	167 573	75 990	243 563

43. Share-based payments

43.1 Local managerial share option scheme

This scheme benefits managerial employees. Managerial employees are granted shares in Barclays Bank of Zimbabwe Limited. Share options granted before 1 September 2008 were exercisable on the grant date. Share options issued thereafter have a vesting period of three years. The Bank has no legal or constructive obligation to repurchase or settle the options in cash.

The following assumptions were input into the valuation model, same as prior year:
Volatility of 81.83%
Dividend yield 0%
Nominal risk free rate of return of 8.60%
Expected option exercise date is 2 years after vesting period.

In the valuation, volatility was calculated as the standard deviation of lognormal weekly returns for a full year. Volatility is a measure of the amount by which the price is expected to fluctuate between the grant date and the exercise date.

Movements during the period

The following reconciles the share options outstanding at the beginning and end of the period:

	2015		2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 1 January	6 480 000	0.05	6 510 000	0.05
Granted during the year	50 000	0.04	580 000	0.04
Forfeited during the year	(380 000)	0.14	(350 000)	0.03
Exercised during the year	-	-	(260 000)	-
Outstanding at 31 December	6 150 000	0.05	6 480 000	0.05
Exercisable at 31 December	5 420 000	0.05	3 140 000	0.07

The weighted average contractual life of the outstanding share options is 8.3 years and the weighted average share price was US$0.04.

43.2 Group share option scheme

Barclays Bank Plc operates several share option schemes whereby local executive management are beneficiaries. Barclays Bank Plc settles the obligation when the employee exercises the option. Barclays Bank of Zimbabwe Limited has no obligation to pay the parent company when the employee exercises the option. The schemes are as follows:

Share value plan (SVP)

Equity settled – 3 year vesting period 1/3 per year. 1 year fair value is based on average Barclay Bank Plc share price on day of award. Fair value of each option at year end was US$3.76.

Movements in the number of share options outstanding are as follows:

	2015 Number of shares	2014 Number of shares
At 1 January	72 177	12 949
Granted	14 289	65 549
Forfeited	-	-
Exercised	(7 254)	(6 321)
At 31 December	79 212	72 177

The waited average contractual life of the outstanding shre options at year end is 1.19 years.

44. Related parties

The Bank is controlled by Afcarme Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 68% (2014:68%) 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.

44.1 Directors and key management compensation

	2015 US$000	2014 US$000
Salaries and other short term benefits	1 918	1 785
Post-employment benefits	150	148
Share based payments	59	26
Total	2 127	1 959

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, Head of Credit Risk, Banking Divisional Director, Commercial Divisional Director, Head of Operations, Chief Technology Officer, Chief Internal Auditor, Head of Compliance, Company Secretary and Head of Human Resources.

44.2 Loans to directors and key management

	2015 US$000	2014 US$000
Loans outstanding at I January	693	708
Loans issued during the year	197	115
Loans repayments during the year	(316)	(130)
Loans outstanding at 31 December	574	693
Interest earned	43	40

Of the loans advanced to directors and other key management personnel US$236,121 is secured and repayable over 15-20 years. The balance of US$337,134 is unsecured and repayable monthly over 3 years at average interest rates of 5,9% (2014:5.9%). Loans and advances to non-executive directors during the year ended 31 December 2015 were US$40,139 (2014: US$17 020) repayable within 3 years at average interest rates of 12%.

No impairment losses have been recognised in respect of loans advanced to related parties (2014:nil)

44.3 Deposits from directors and key management

	2015 US$000	2014 US$000
Deposits at I January	254	130
Deposits received during the year	2 737	2 839
Deposits repaid during the year	(2 871)	(2 715)
Deposits at 31 December	120	254
Interest paid	-	-

44.4 Balances with group companies

	31.12.2015 US$000	31.12.2014 US$000
Bank balances due from group companies	9 311	3 295
Bank balances due to group companies	(136)	(262)
Other balances due from group companies	160	1 865
Other balances due to group companies	(63)	-
Total	9 272	4 898

44.5 Foreign exchange contracts and swaps with related parties

	Up to 1 month US$000	1-3 months US$000	Total contract values US$000
ABSA	3,274	-	3,274
Barclays Capital	1,540	-	1,540
At 31 December 2015	4,814	-	4,814
At 31 December 2014	1 896	2 302	4 198

44.6 Balances with related parties – related through common directorship

	Deposits 31.12.2015 US$000	Loans and advances 31.12.2015 US$000	Deposits 31.12.2014 US$000	Loans and advances 31.12.2014 US$000
Dairibord Holdings Limited	7	1 025	357	1 000
Delta Corporation Limited	358	8 200	658	8 200
Edgars Stores Limited	505	7 200	446	10 800
Tobacco Sales Limited	16	4 000	568	4 031
The Zimbabwe Bata Shoe Company	-	1 649	-	1 953
Hippo Valley Estates	685	7 606	-	-
Triangle Limited	5 448	-	-	-
United Refineries	60	-	-	-
Barclays Bank Pension Fund	295	-	43	-
Total	7 374	29 680	2 072	25 984
Current	7 374	17 880	2 072	10 584
Non-current	-	11 800	-	15 400
Total	7 374	29 680	2 072	25 984

Repayments on the loans to the related parties were made on due dates. New loans were also granted. Interest income on the loans was US$2,479,590 (2014: US$2,147,003). The balances were assessed and no impairment losses have been recognised for balances with related parties through common directorship/trusteeship.

45. Capital commitments and contingencies

45.1 Capital commitments

	2015 US$000	2014 US$000
Authorised and contracted for	307	111
Authorised but not yet contracted for	-	1 972
Total	307	2 083

45.2 Contingent assets and liabilities

Loan commitments	53 237	38 524
Guarantees and letters of credit	4 384	2 073
Total	57 621	40 597

45.3. Litigation

There were no litigations that require disclosure in the financial statements.

45.4 Labour Act Amendments

During the 2015 financial period the Government of Zimbabwe amended the Labour Act. Within the new amendments there is a requirement for compensation to an employee whose employment is terminated by either of the following ways;

(i) their termination is in terms of an employment code, or model code;
(ii) the employer and employee mutually agree in writing to the termination;
(iii) the employee was engaged for a period of fixed duration or for the performance of some specific service.

This would imply that the Bank has to make a provision for future payments related to termination of employment through any one of the ways stated above. Clarification in relation to the impact of the amendment and applicability is still being assessed at industry level. Barclays Bank of Zimbabwe Limited assesses that the cases which it would potentially need to provide for are immaterial based on the interpretation in the guidance it has received.

46. Assets under administration

The Bank has assets for exporters and parastatals under its administration. These amounts were as a result of the transfer of exporter and parastatals' funds to the Reserve Bank of Zimbabwe "RBZ" in the previous years, after issuance of Exchange Control Directives by the RBZ. Final settlement of the principal amount to the exporters and parastatals was done through the Bank's name on the RBZ Central Securities Depository. The Bank's role is solely of an administrative nature, involving crediting interest and principal amounts into customers' accounts after payment by the Government of Zimbabwe and when a customer wants to move the treasury bills to another financial institution the Bank will notify the RBZ.

The treasury bills and the accrued interest are not on the Bank's Statement of financial position.

47. Events after the reporting date

After the reporting date, the prospective buyer of the Bank's interest in Makasa Sun (Pvt) Ltd, Dawn Properties Limited signed the agreement of sale. The Bank did a press announcement to this effect and the parties are now working to fulfil the conditions precedent in the agreement.

There were no other events noted after reporting date that required disclosure or to be adjusted for in the financial statements of Barclays Bank of Zimbabwe Limited.

48. New accounting pronouncements

48.1 Standards, amendments and interpretations, effective on or after 1 January 2015

There were no new standards, amendments and interpretations effective 2015 which were of major impact to the Bank.

48.2 Standards, amendments and interpretations that are not yet effective and have not been early adopted.

The following new standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2015 and are expected to be relevant to the Bank. The Bank will not early adopt the standards.

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 15	Revenue from Contracts with Customers • Provides a single, principle based five step model to be applied to all contracts with customers • New revenue disclosures are also introduced	1 January 2018
IFRS 9	Financial Instruments • IFRS9 will replace IAS39 Financial Instruments: Recognition and measurement • Provides revised guidance on the classification and measurement of financial instruments and the new expected credit loss model on calculating impairment on financial instruments	1 January 2018
IFRS 7	Financial Instruments Disclosures- Additional disclosures	1 January 2018

The Bank is in the process of assessing the potential impact that the adoption of these Standards and interpretations may have on its future financial performance or disclosures in the annual financial statements.

Analysis of Shareholding
for the year ended 31 December 2015

Top 20 shareholders	Shares	%
Afcarme Zimbabwe Holdings (Pvt) Ltd	1 457 266 232	67.68
Stanbic Nominees	128 249 796	5.96
Scb Nominees	111 950 977	5.20
Old Mutual Life Assurance Company Zimbabwe Limited	95 207 153	4.42
Barclays Zimbabwe Nominees P/L	54 293 567	2.52
Amaval Investments (Pvt) Ltd	24 974 673	1.16
Mining Industry Pension Fund	14 141 174	0.66
Comm And Allied Industries Pf	13 294 045	0.62
The Adventure Centre (Pvt) Ltd	12 699 098	0.59
Guramatunhu Family Trust	12 441 275	0.58
Danchen Investments	10 932 348	0.51
Old Mutual Zimbabwe Limited	9 739 023	0.45
Anglo American Ass Co Pf-Imara	9 274 022	0.43
Mundell Family Trust	7 937 816	0.37
National Foods P F-Imara	6 458 571	0.30
Avenell Investments (Pvt) Ltd	5 223 822	0.24
Moray Investments Holdings Ltd	5 000 000	0.23
Local Authorities Pension Fund	4 572 434	0.21
Fredex Financial Services	3 785 285	0.18
Amzim Pension Fund - Imara	3 380 807	0.16
Selected shares	1 990 822 118	92.47
Non-selected shares	162 498 058	7.53
Total issued shares	2 153 320 176	100

Analysis by volume

Volume	Shares	%	Holders	%
1-5000	8 326 266	0.39	5 047	59.79
5001-10000	6 493 785	0.30	951	11.27
10001-25000	21 745 739	1.01	1 304	15.45
25001-50000	22 162 706	1.03	673	7.97
50001-100001	11 293 780	0.52	169	2.00
100001-200000	16 044 366	0.75	113	1.34
200001-500000	21 704 224	1.01	70	0.83
500001-1000000	26 543 662	1.23	39	0.46
1000001 and Above	2 019 005 648	93.76	75	0.89
Total	2 153 320 176	100	8 441	100

Analysis of Shareholding

Analysis by industry

Industry	Shares	%	Holders	%
Financial Services - Majority Shareholder	1 457 266 232	67.68	01	0.01
Pension Funds	180 539 956	8.38	153	1.81
Insurance Companies	95 270 127	4.42	16	0.19
Individuals	86 548 477	4.01	7 046	83.47
Nominee Companies	59 509 848	2.76	83	0.98
Financial Organisations	5 886 539	0.27	18	0.21
Other	268 298 997	12.48	1 124	13.33
Total	2 153 320 176	100	8 441	100

Notice of Annual General Meeting

Notice is hereby given that the Thirty Fifth Annual General Meeting of Shareholders of Barclays Bank of Zimbabwe Limited will be held at Meikles Hotel, in the Mirabelle Room on the 05th of May 2016, at 1500 hours for the purpose of transacting the following business:-

Agenda

Ordinary business

Shareholders will be requested to pass the following ordinary resolutions, with or without amendment:-

1. To receive, consider and adopt the Financial Statements and Report of the Directors and Auditors for the financial year ended 31 December 2015.

2. To appoint retiring directors by single resolution.

3. To approve the re-election, by a single resolution, of Messrs Busisa Moyo and Sydney Dalintyebo Mtsambiwa and Mesdames Tembiwe Moyo and Sara Nyaradzo Moyo as directors of the Company who following their appointment in terms of Article 109 of the Articles of Association, retire from the Board and being eligible, offer themselves for re-election.

4. To approve the re-election, by a single resolution, of Messrs A. I. Lawson and A. S. Mandiwanza as directors of the Company, who in terms of Article 102 of the Articles of Association, retire from the Board and being eligible, offer themselves for re-election.

5. To approve directors' fees and remuneration for the past year.

6. To re-appoint KPMG as Auditors of the Company until the conclusion of the next Annual General Meeting.

7. To fix the remuneration of the auditors, for the past year's audit.

In terms of the Companies Act (Chapter 24.03), a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company.

By Order of the Board
Acting Company Secretary

Barclay House
Cnr. First Street / Jason Moyo Avenue

Harare

29 February 2016

Annual General Meeting Form of Proxy

I, We………

of……

being a member / members of Barclays Bank Zimbabwe Limited and entitled to……………………… vote(s) hereby

appoint……

of……

or failing him/her………

of……

or failing him / her the Chairman of the meeting as my / our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held (date and venue to be advised by notice in the press) and at any adjournment thereof.

Signed this………………………………………………………………………………day of ………………………2016

Signature of member……

Note:

1. Unless otherwise instructed the proxy will vote as he / she sees fit.
2. In terms of Section 129 of the Companies Act (Chapter 24:03) a member of the company is entitled to appoint one or more persons to act in the alternative as his / her proxy, to attend vote, and speak in his stead. A proxy needs not be a member of the Company.
3. Article 81 of the Company's Articles of Association provides that instruments of proxy must be deposited at the Registered Office of the Company not less than forty-eight hours before the time of holding the meeting.

Contact Details

Head Office and Registered Office
Barclay House
Corner First Street & Jason Moyo Avenue
P O Box 1279
Harare, Zimbabwe
Switchboard: +(263) (4) 758280-9
Telex: ZW2605, 24185
Fax: +(263) (4) 755278
E-mail: customer-service@barclays.com
Internet: www.barclays.co.zw

External Auditor
KPMG
Old Mutual Gardens
100 The Chase (West)
Emerald Hill
P O Box 6
Harare, Zimbabwe
Telephone: +(263) (4) 303700, 302600
Email: enquiries@kpmg.co.zw
Internet: www.kpmg.com

Share Transfer Secretary
Corpserve Registrars (Private) Limited
Second Floor, ZB Centre
No. 59 Kwame Nkrumah Ave
P O Box 2208
Harare, Zimbabwe
Telephone: +(263) (4) 750711-2
Fax: +(263) (4) 752626
Email: enquiries@corpserve.co.zw
Internet: www.corpserveregistrars.com

Legal Advisors
Scanlen & Holderness
CABS Centre
2nd Street & Jason Moyo Avenue
P O Box 188
Harare, Zimbabwe
Tel: +263 (4) 702560-8
Fax: +263 (4) 700826/702569
Email: scanlen@mweb.co.zw
Internet: www.scanlenandholderness.com