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Barclays Bank of Zimbabwe Limited
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Audited Abridged Financial Results for the year ended 31 December 2016

Chairman's Statement

The Bank delivered a strong underlying performance in 2016. This is against strong headwinds in the macro-economic environment that tested the resilience of the Bank's strategy and business model. We believe the 2016 result does not only demonstrate the strength of the Bank's strategy but also reflects the result of committed effort on the part of the Board, management and all colleagues to provide the best possible service under difficult circumstances that prevailed during the year. The management team also invested a lot of effort to build new client relationships and deepen existing ones, to sustain growth into the future.

A challenging economic landscape

The external sector continued to underperform with imports still far outstripping exports. According to the Monetory Policy Statement of 15 February 2017, the country imported merchandise valued at $5.4billion yielding a trade deficit of $2.0billion in 2016. Whilst commodity prices showed a trend of recovery there is still need to improve the yield on exports by both growing export volumes and promoting value added exports. Policies that foster import substitution to optimise the use of export earnings are necessary and welcome. To be more effective, these need to be augmented with a thrust to enhance productivity across all sectors and the efficiency of local infrastructure. Enhancing local efficiencies and promoting productivity would improve the competitiveness of exports as well as assist to attract much needed investment from local and foreign investors alike.

The second half of the year saw the market experience worsening cash shortages and further strain on the capacity to make foreign payments. Measures introduced by the Reserve Bank of Zimbabwe (RBZ) to address the challenges that emerged during the first half continue to be sustained. Cash withdrawal limits were introduced alongside enhanced controls on foreign payments. On 28 November 2016 the RBZ introduced bond notes which were issued in tandem with the introduction of an export incentive scheme aimed at encouraging exports and diaspora remittances.

Within this landscape the Bank will continue to prioritise efforts to ensure the security of depositors' funds whilst also seeking to preserve value.

The Bank's focus under Barclays Bank PLC intention to divest

In the interim statement I issued on 4 August 2016 I advised that Barclays Bank PLC had, on 1 March 2016, announced its intention to divest from Barclays Africa, including Barclays Bank of Zimbabwe Limited. This intention has not changed and as of the end of 2016, the major shareholder was evaluating transaction options around the possible divestiture. As soon as specific transaction steps start, due advices and updates will be provided.

Under this scenario your Board has remained focused on sustaining the Bank's sound performance into the future. The board and management entered this transition with a clear strategy and business model. The strategy and business model are anchored on the local business's heritage of operating in Zimbabwe for 104 years, sustaining disciplined governance structures and processes, deep relationships with customers and clients and grounded skills base and experience of management and staff at the Bank.

The Bank continued to broaden its product offering. For example the mortgage loans product was re-introduced in May 2016. E-channels were enhanced with more partners enlisted on the Bank's bill payment offering. New customers and client relationships were gained and segment reach extended without compromising the quality of assets or earnings. These strategies reflect in the remarkable 2016 full year result.

Favourable capital, liquidity and quality of assets

The Bank meets not only the regulatory benchmarks and thresholds on capital, liquidity and quality of assets, but also satisfies internal economic targets even as the balance sheet scale grew remarkably over the year.

The Bank's performance for 2016 sets it on course to meet the 2020 minimum core capital level of $100million. The total capital adequacy ratio closed the year at 22%, ahead of the regulatory threshold of 12%. The latest onsite examination by the Reserve Bank also rated the capital position as 'strong'.

The Bank's liquidity position continued to reflect favourably closing the year at 69%, ahead of the regulatory benchmark of 30% and the level of 46% for prior year. At this level of liquidity, the Bank sustained competitive service levels across its payment channels.

The Bank's lending strategy continued to recognise the high credit risk that is inherent in the market, under the current operating environment. The non performing loans ratio for the Bank closed the year at 1.6%, well below the market average of 7.9% as at 31 December 2016. The board remains focused on sustaining disciplined lending practices.

Earnings

The Bank registered a profit after tax of $10.8million (2015: $3.9million) translating to a basic earnings per share of 0.50 cents for the year (2015 – 0.18 cents per share).

The Bank's business model has remained consistent over the period. Revenue growth largely reflects increase in balance sheet scale and strong treasury performance.

Barclays Zimbabwe in the local community

Over successive years, the Bank, within its overall strategy, seeks to support the economy's policy thrust to promote financial inclusion and special interest groups. This reflects in the Bank's products, and channel offerings. For example, the Bank's loan facilities to the agriculture sector benefit more than 4,500 small scale farmers that include women and youths. Similar citizenship thrust is reflected in the employment and training opportunities offered by the Bank.

The partnership with the Zimbabwe Farmer's Union went into its second year running, benefiting young farmers across 16 districts in the country. Other community investment partnerships established from prior years continue to be sustained.

Colleagues at Barclays Bank of Zimbabwe continued the tradition to partner with the Bank in giving back to the community and supported 138 community projects.

Governance

To respond to the requirements of the new Banking Amendment Act promulgated in May 2016, and to promote best practice, the Board constituted a separate Board Risk Committee, with the view to further strengthen the governance structures and Board oversight. The Committee is chaired by Mr Busisa Moyo, and includes Mrs Sara Moyo and Mr Sydney Mtsambiwa.

May I also take this opportunity to welcome Mrs Violet Mutandwa who joined the Bank in September 2016 to assume the role of Company Secretary.

The Bank was subjected to a routine full onsite examination by the Reserve Bank during the year. The ratings showed an overall 'Satisfactory' assessment with a number of indicators being rated 'Strong'. This reflects continued improvement in the governance and control environment at the Bank.

Sincere appreciation

I need to express, on behalf of the Board, most sincere appreciation to management and staff for their unmatched commitment to serve our clients and customers sometimes under difficult external conditions. This spirit needs to be sustained into the future.

May I also thank my fellow Board members for their continued commitment and strong contribution during the year.

Going forward

We entered 2017 with strategy and implementation programs that consider a number of economic fundamentals remaining weak, and competitive pressures increasing. We also planned to spend significant effort to prepare for a smooth and stable transition whenever the divestiture by Barclays Bank PLC sets to be effectuated. We derive immense confidence from the commitment we see in the team, that the Bank will continue to meet the requirements of its customers and clients into the future, and be stewarded on solid ground.

Dividend

To arrive at the decision on the divdend, the Board considers a number of factors. These include the requirement for economic capital to support business plans going forward, the assessment of risks inherent in the market that could impact the Bank's performance as well as regulatory requirements on capital. After due consideration of the foregoing, the Board does not propose a dividend for the period under review.

A.S. Mandiwanza
Chairman

24 February 2017

Managing Director`s Review of Operations

2016 was a pivotal year for Barclays Bank of Zimbabwe. The Bank rose above challenges presented by the environment and the announcement by Barclays Bank PLC of its intention to divest from Barclays Africa, including Barclays Bank of Zimbabwe, to deliver its best performance yet since 2009. A culmination of consistent strategic execution, the performance achieved in the year under review is a testament to local capabilities, relentless focus and keeping customers at the heart of everything we do.

Strategy Execution and Business Performance.

Remaining true to our ethos of being a bank that works with and is relevant to the local community to achieve shared growth has been the hallmark of our DNA, validated by the significantly improved results achieved in 2016.

From 2009 we set a task for ourselves to build a sustainable business that is relevant to customers and national needs, whilst being scalable in adapting to the local environment. Our 2016 Full Year results show that tangible progress has been made towards that goal despite the headwinds faced in the second half of the year. One underlying principle of our strategy was scalability. As the environment evolved in 2016 the need to be faster in our execution, simplification of business processes whilst pursuing cost effective strategies, became imperative. The success of this strategy is demonstrated in profit before tax that is 150% better than our performance in 2015, and a progressive compound annual growth rate (CAGR) of 38% over a five year period. With a capital adequacy ratio of 22%, we are making steady progress with our objective to build a sustainable business that is well positioned to meet the 2020 capital requirement. A return on equity result of 18% was achieved whilst yields on total assets remained work in progress at 2.3%.

Measured and controlled steps were taken to review our risk appetite, expanding into new sectors like the public sector whilst still retaining non performing loans (NPLs) below 2% compared to a market average of 7.9%. It is pleasing that we maintained sound margins whilst demonstrating fairness to clients in terms of pricing of our asset products. Our loans to deposit ratio at 37% is a reflection of a faster growth in deposits while interest earning assets are up by 17% year on year. Net interest income therefore grew by 10% whilst total income is up 26% year on year. Being responsive to the changing macro-economic environment, a trading income uplift of 261% was attained compared to 2015 whilst net fees and commissions were up by 10%. Operating expenses were higher by 11% when compared to the previous year, largely driven by higher branch operations costs on the back of steep cash handling related expenses, including cash in transit costs as well as an increase in post-retirement medical costs. The post-retirement medical fund was wound down and replaced with a third party annuity or similar product arrangement depending on the preference of each pensioner.

A scalable business is one that is fully responsive and adaptable to the fluidity presented by a changing environment. In this regard we made further investments into our IT infrastructure as well as our digital platforms. This enhanced convenience to the banking public while improving operating efficiencies for the bank. Further investments were made into the branch network as two collapsible 'honey unit' branches were converted into fully fledged modernised branches in order to serve our clients better.

As cash shortages became a consumer reality, we pioneered the introduction of weekly limits in order to reduce the cost of banking for our customers. We made good on our intention to deliver a broader set of convenience channels, which enable our customers to complete transactions such as bill payments for electricity (pre-paid and post-paid), local authorities' utilities, as well as DSTV, both conveniently and at a much lower cost. Functionalities like RTGS and inter-account transfers further add to the suite of available services. We sustained timely processing of RTGS transactions for our clients, assisted by a stable 'straight-through-processing' systems. The introduction of paperless banking and a further upgrade to our point of sale infrastructure to include ZimSwitch were key initiatives that we delivered in the year. In recognition of our progress, we were honoured with six awards, including a Euro Money award in 2016 for being the best cash manager in 2015.

The bank attained a Satisfactory rating on an On-site review by the Reserve Bank and a Satisfactory rating on the control environment was also made by the Barclays Internal Audit function. Issues and control enhancement actions identified were closed within set timeframes. We regard audit matters as high priority in our quest to ensure that the Bank operates within strong governance and control frameworks in order for it to sustain into the future.

Demonstrating our value to society

Citizenship for us at Barclays means leaving things better than the way they were. We have taken deliberate steps to be part of the answer when it comes to solving some of the critical needs facing Zimbabwe today. We played key advisory and financing roles in the areas of electricity provision, agriculture, petroleum and foreign currency generation.

We participated as funders or advisors in six key transactions of national relevance during the year. We facilitated over $257million in terms of foreign currency payments for the key sectors of agriculture, manufacturing and energy. In the agriculture sector our support was towards the importation of fertiliser, seed and chemicals playing our part in contributing towards a successful 2016/17 planting season. With around $50million offshore funding we arranged for the tobacco industry, 4,500 indigenous farmers that contribute to the foreign currency earning capacity of the country benefitted. The completion of Tokwe-Mukorsi dam was made possible with our contribution to arrange foreign currency required to see the project through.

Steadfast progress was made in the financial inclusion agenda with a funding facility available of over $20million towards SME's. Being appointed as the lead financing partner by a leading Global Development Organisation to support its initiative in lending to SMEs is witness to our capability in supporting growth in under-served sectors, in a way that is sustainable and delivers tangible results. Utilisation of the funds available under this scheme is projected to grow significantly in 2017. Capacity building of participants drawn from a number of districts through EXPOs and trainings on how to find and establish markets as well as financial literacy was another key element.

In the personal lending space, we supported the needs of individual customers to the extent of $50million, fully understanding that not all personal loans are channelled towards consumptive but also to productive use in the real sector. The introduction of a mortgage product further augmented our proposition whilst also securitising our retail book.

We continued to invest our time and skills to support various initiatives in the community retaining our focus on young people. Our two year flagship partnership with Zimbabwe Farmer's Union which is valued at $400,000 had a direct and indirect impact on over 30,000 young farmers in 16 districts in its two years of implementation. Our colleagues gave over 6,000 hours of their time through volunteerism to impact over 17,000 young people, investing an extra $58,000. We trained budding entrepreneurs through partnerships with BOOST and Junior Achievement Zimbabwe funding programmes to the extent of $82,000. We continued our student attachment and graduate training programme. Providing attachment to 18 students from 5 different universities and employing 7 graduates during the year meant that our input into the future of young people is further cemented.

Customer focus

2016 saw enhanced focus on making the lives of customers easier as they dealt with the effects of increased cash shortages. We made every effort to have cash available for all our clients and improved our digital product suite. Our enhanced mobile banking platform was launched towards the end of the year. Improved lines of communication with clients were an imperative augmented with the launch and full adoption of social media channels. Our product suite was enhanced with the introduction of our Ignition account for youth, as well as new insurance products like the credit life cover, hospital cash back and education protection plan. We are pleased that an increasing number of transactions shifted to our digital channels, something that will remain an area of focus in 2017. The nine workshops held for our commercial clients in order to help them navigate changes in the macro-economy as well as gain a better understanding of issues relating to exchange control, were well appreciated by clients.

Our capability

Having a local team that is both talented and skilled continues to be an imperative for the success of our business. I am pleased that the top leadership of the Bank are seasoned bankers with over 100 years collective experience in running a professional and profitable bank. We however believe strongly in nurturing young talent and therefore continued to invest in the diversity of skills. Role related training continued to anchor skills growth in several areas across the Bank. Inclusion remained a central issue with more females joining senior leadership positions within the Bank. Whilst there is more to do, we have made progress in this regard.

Board's steer and guidance

The successes registered by the Bank could not have been possible without the support we got from the Board. We remain grateful to the Board for its steer and guidance.

Our future

Whilst the Barclays Bank PLC plans to divest from Barclays Zimbabwe remain a reality, the key anchors for this business are its colleagues and the customers whom we diligently serve. The Bank is therefore well positioned to continue to provide sustainable solutions that meet the needs of our various stakeholders into the future. Be assured of our commitment to continuously adapt ourselves in order to meet the needs of what will remain a challenging macro-economic environment. Our strategy is sound, and we believe that it will allow the business to continue to sustain for the next 104 years in Zimbabwe

G. T. Guvamatanga
Managing Director

24 February 2017

Audited Abridged Financial Results for the year ended 31 December 2016

Corporate Governance Statement

The Board of Directors of Barclays Bank of Zimbabwe Limited ("the Bank") is cognisant that good governance requires continuous effort. In order to achieve good governance, the Board remains committed to the establishment, monitoring and implementation of the highest corporate governance standards in the operations of the Bank. The Board continuously reviews these standards to ensure that it modifies and aligns them with local and international corporate governance requirements.

Among the Board's top priorities is ensuring effective internal controls are in place and timely and accurate disclosure of material information about the Bank. The Bank subscribes to the principles of international best practice in corporate governance as guided by, among others, the Banking Act, the Corporate Governance Guideline, the National Code on Corporate Governance, the King III report on Corporate Governance as well as the Barclays Group Corporate Governance guidelines. The Board's approach to governance is not that of mere compliance with applicable guidelines or standards but rather a considered application of principles that ultimately ensures good governance.

The Board is committed to the creation and sustenance of shareholder value and is accountable to its shareholders as well as to all other stakeholders including the Bank's employees, customers, suppliers, regulatory authorities and the community from which it operates.

Main Board

Board responsibilities
The Board is responsible for the adoption of the Bank's strategic plans, monitoring of strategy implementation, operational performance and management, determination of policies and processes to ensure effective risk management and internal control and director selection, orientation and evaluation. In accordance with the principles laid out in the Board Charter, the Board must act in a way they consider, in good faith, would promote the success of the Bank for the benefit of the shareholders and all other stakeholders.

Board Chairman and non-executive directors
The Board of directors is led by an independent non-executive Chairman, whose primary duties include to provide leadership of the Board and manage the business of the Board through setting its agenda and taking full account of issues and concerns of the Board, to establish and develop an effective working relationship with the Executive directors, to drive improvements in the performance of the Board and its committees, to assist in the identification and recruitment of talent to the Board, to manage performance appraisal arrangements for directors including oversight for the annual Board effectiveness review and to proactively manage regulatory relationships in conjunction with Management. In addition, the non-executive directors proactively engage with the Bank's management to challenge and improve strategy implementation, to provide challenge, counsel and support to Management and to test and challenge the implementation of controls, processes and policies which enable risk to be effectively assessed and managed. The Chairman works together with the non-executive directors to ensure that there are effective checks and balances between executive management and the Board.

Executive directors
The executive management team is led by the Managing Director. The main responsibilities of executive management include reporting to the Board on implementation of strategy, effectiveness of risk management and control systems, business and financial performance, preparation of financial statements and keeping the Board fully informed of any material developments affecting the business.

Board diversity
The Board recognises the importance of diversity and inclusion in its decision making processes. It is made up of eight independent non-executive directors, three of whom are female and five are male; and two executive directors. The Board members have an array of experience which includes investment, commercial and retail banking, accounting, legal, corporate finance, marketing, business administration, economics, human resources management and executive management.

Access to information
Openness and transparency are key enablers for the Board to discharge its mandate fully and effectively. The non-executive directors have unrestricted access to all relevant records and information of the Bank as well as to management. As one of its key deliverables, management is mandated to keep the Board informed of material developments in and affecting the Bank.

Conflict of interest
The Board has in place a policy that manages conflict of interest including situational and transactional conflict. Directors disclose their interests on joining the Board and at every meeting of the directors they disclose any additional interests and confirm or update their declarations of interest accordingly.

Director induction and development
The Board acknowledges the value of being a learning Board, in so far as it enhances Board conformance and Board performance. As part of its learning program, the Board has in place a comprehensive induction plan for on-boarding new directors. During the year 2016, two Board members Mrs T. Moyo and Mrs S. N. Moyo joined the Board and went through the induction programme. Further, as part of continuing director development, the Board went through two training sessions, one facilitated by the Reserve Bank of Zimbabwe ("RBZ") and another by internal and external facilitators.

Board activities
The Board of Directors held thirteen (13) Board meetings as at 31 December 2016 pursuant to the execution of the Board's mandate. The principal activities undertaken by the Board during the course of the year 2016 included the setting and adoption of strategy, the review of strategy and business operations, credit sanctioning as per approved limits, review of internal controls and financial reports, review of the quality of the loan book and recruitment, remuneration and performance reviews of senior management. Special focus was placed to prepare for the major shareholder's divestiture vis a vis the Board's role in the process, the Board's duties and obligations to the major shareholder, other shareholders and stakeholders as well as the impact the divestiture would have on all our stakeholders together with the corresponding mitigants to manage any attendant risks.

Board and director evaluation
In order to assess the performance and effectiveness of individual directors, the Board Chairman, Committees and overall performance of the Board, the Board conducts an annual evaluation process facilitated by an external party. The evaluation process involves directors completing evaluation questionnaires and one on one meetings with the facilitator. The results of the evaluation are collated, a report is produced and feedback provided to the Board. The Board also submits the evaluation report to the Reserve Bank of Zimbabwe. The Board conducted its evaluation for the year ended 2015 and a report was submitted to the Board and to the RBZ. Board performance and evaluation was rated as strong by the directors. Further the Board is in the process of conducting evaluations for the year ended 31 December 2016 which report will be submitted to the Reserve Bank of Zimbabwe by 31 March 2017.

Board committees
The Board has delegated some of its duties and responsibilities to five 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 regulated by terms of reference which are reviewed every year or as and when necessary. The Committees meet at least once every quarter and are all chaired by an Independent non-executive director as detailed below.

Audit Committee
The primary functions of the Committee are to oversee the financial management discipline of the Bank, review the Bank's accounting policies, the contents of the financial reports, disclosure controls and procedures, management's approach to internal controls, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, oversee the relationship with the Bank's external auditors, as well as providing assurance to the Board that management's control assurance processes are being implemented and are complete and effective. At each meeting, the Committee reviews reported and noted weaknesses in controls and any deficiencies in systems and the remediation plans to address them. The Committee also monitors the ethical conduct of the Bank, its executives and senior officers and advises the Board as to whether or not the Bank is complying with the aims and objectives for which it has been established. During the period under review, there were no material losses as a result of internal control breakdowns. The committee is wholly comprised of independent non-executive directors. The members of the Committee as at 31 December 2016 were:-

A. I. Lawson (Chairman)
C. F. Dube
E. Fundira
T. Moyo
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 three independent non-executive directors. The members of the Committee as at 31 December 2016 were:-

E. Fundira (Chairperson)
A. Lawson
T. Moyo
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 2016 were:-

C. F. Dube (Chairman)
S. N. Moyo
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 2016 were:-

S. D. Mtsambiwa (Chairman)
S. N. Moyo
A. S. Mandiwanza
G. T. Guvamatanga

Board Risk Committee
The Board Risk Committee is charged with the responsibility to oversee the Bank's overall enterprise risk environment under three broad areas of Operational Risk, Credit Risk Management and Market Risk. These are controlled and managed independently from risk taking functions and other committees of the Bank. The committee is responsible for the policies and procedures designed to monitor, evaluate and respond to risk trends and risk levels across the Bank ensuring that they are kept within acceptable levels. The committee comprises:-

B. Moyo
S. D. Mtsambiwa
S. N. Moyo

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 comprises executive directors and senior management.

Assets and Liabilities Committee (ALCO)/Treasury Committee
The 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.

Directors shareholding
The following is a schedule of the directors' shareholdings in the Bank as at 31 December 2016;

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

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

These results have been prepared under the supervision of Samuel Matsekete CA(Z), PAAB Registered Accountant number 2540.

Board and committees attendance 2016

Main Board

Name	Total Meetings	Total Present	LOA**
A. S. Mandiwanza	13	12	1
C. F. Dube	13	13	Nil
E. Fundira	13	12	1
B. Moyo	13	11	2
S. D. Mtsambiwa	13	9	4
A. I. Lawson	13	13	Nil
T. Moyo	10	10	Nil
S. N. Moyo	10	8	2
G. T. Guvamatanga	13	12	1
S. Matsekete	13	13	Nil

Audit Committee

Name	Total Meetings	Total Present	LOA**
A. I. Lawson	6	6	Nil
C. F. Dube	6	5	1
E. Fundira	6	6	Nil
B. Moyo	6	5	1
T. Moyo	3	3	Nil

Human Resources and Nominations Committee

Name	Total Meetings	Total Present	LOA**
S. D. Mtsambiwa	4	4	Nil
A. S. Mandiwanza	4	4	Nil
S. N. Moyo	3	3	Nil
G. T. Guvamatanga	4	4	Nil

Credit Committee

Name	Total Meetings	Total Present	LOA**
E. Fundira	13	13	Nil
A. Lawson	7	7	Nil
T. Moyo	7	4	3
G.T. Guvamatanga	13	12	1

Loans Review Committee

Name	Total Meetings	Total Present	LOA**
C. F. Dube	4	4	Nil
B. Moyo	4	3	1
S. N. Moyo	2	2	Nil
S. Matsekete	4	4	Nil

Board Risk Committee
This committee was established during the fourth quarter of 2016 and commences its meetings in 2017.

**LOA – Leave of absence granted

Compliance
The board is of the view that the Bank complied with the applicable laws and regulations throughout the reporting period.

By Order of the Board

V. Mutandwa
Company Secretary

24 February 2017

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Audited Abridged Financial Results for the year ended 31 December 2016

Statement of Comprehensive Income
for the year ended 31 December 2016

	Notes	2016 US$000	2015 US$000
Interest income	2	18 672	17 104
Interest expense	3	(378)	(477)
Net interest income		18 294	16 627
Net fee and commission income	4	28 326	25 867
Net trading income	5	10 743	2 972
Net investment income	6	218	32
Other income	7	447	692
Total income		58 028	46 190
Impairment losses on loans and advances	11	(1 177)	(1 678)
Net operating income		56 851	44 512
Staff costs	8	(23 113)	(20 366)
Infrastructure costs	9	(8 971)	(9 074)
Administration and general expenses	10	(10 570)	(9 081)
Operating expenses		(42 654)	(38 521)
Share of profit/(loss) of joint venture		244	(226)
Profit before tax		14 441	5 765
Taxation	12	(3 616)	(1 885)
Profit for the year		10 825	3 880
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 on available-for-sale financial assets during the year		82	318
Deferred tax		(24)	(34)
Total available for sale financial assets		58	284
Total other comprehensive gain for the year, net of tax		58	942
Total comprehensive income for the year		10 883	4 822
Basic earnings per share (cents)		0.50	0.18
Diluted earnings per share (cents)		0.50	0.18

Statement of Financial Position
as at 31 December 2016

	Notes	2016 US$000	2015 US$000
Assets			
Cash and bank balances	13	220 326	75 629
Derivative financial instruments	14	224	45
Available-for-sale investments	15	34 104	32 054
Loans and receivables from banks	16	33 195	4 275
Loans and advances to customers	17	140 327	141 071
Other assets	18	6 719	5 088
Property and equipment	19	21 285	21 332
Investment properties	20	5 250	5 250
Non-current assets held for sale	21	14 519	14 272
Current tax assets		261	295
Total assets		476 210	299 311
Liabilities			
Derivative financial instruments	14	122	49
Deposits from banks	22	2 552	238
Deposits from customers	23	391 709	233 973
Provisions	24	2 023	1 585
Other liabilities	25	10 117	6 623
Deferred tax liabilities		1 908	2 508
Bank balances due to Group companies	33.4	2 586	136
Total liabilities		411 017	245 112
Capital and reserves			
Share capital	26	215	215
Share premium	26	23 642	23 642
Non-distributable reserves		7 785	7 785
Available-for-sale reserves		415	357
Revaluation reserves		3 519	3 609
Share-based payment reserve		1 164	1 053
Retained income		28 453	17 538
Total equity		65 193	54 199
Total equity and liabilities		476 210	299 311

Statement of Cash Flows
for the year ended 31 December 2016

	Notes	2016 US$000	2015 US$000
Cash flow from operating activities			
Profit before income tax		14 441	5 765
Adjustments for non-cash items:			
Depreciation of property and equipment	9	2 450	2 260
Impairment of equipment		-	1
Impairment losses on loans and advances	11	1 177	1 678
Effect of share of (profit)/loss of joint venture and fair value loss on investment property		(244)	556
Profit on disposal of property and equipment		(82)	(109)
Interest accrual on financial assets		(3 307)	(1 447)
Staff loan prepayment amortisation		(31)	(2)
Post-retirement medical aid fund provision		210	1 100
Share based payment expense		111	92
Net derivative (assets)/liabilities		(102)	4
Cash flow from operating activities before changes in working capital		14 623	9 898
Increase in loans and advances to customers		(402)	(21 092)
(Increase)/decrease in other assets		(5 112)	27 166
Increase in deposits from customers		157 736	27 573
Increase /(decrease) in other liabilities		3 722	(26 476)
Income taxes paid		(4 206)	(2 756)
Net cash generated in operating activities		166 361	14 313
Cash flow from investing activities			
Purchase of property and equipment	19	(2 710)	(3 614)
Proceeds from sale of property and equipment		389	1 069
Dividend received from investment securities		218	515
Purchase of investment securities		(42 981)	(32 611)
Proceeds from sale of investment securities		15 427	9 280
Net cash used in investing activities		(29 657)	(25 361)
Net increase/(decrease) in cash and cash equivalents		136 704	(11 048)
Cash and cash equivalents at the beginning of the year		75 432	86 480
Cash and cash equivalents at the end of the year	13	212 136	75 432

Statement of Changes in Equity
for the year ended 31 December 2016

	Share capital US$000	Share premium US$000	Non-distributable 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 2016	215	23 642	7 785	357	3 609	1 053	17 538	54 199
Profit for the year	-	-	-	-	-	-	10 825	10 825
Other comprehensive income for the year	-	-	-	58	-	-	-	58
Total comprehensive income for the year	-	-	-	58	-	-	10 825	10 883
Recognition of share-based payments	-	-	-	-	-	111	-	111
Realisation of revaluation reserves	-	-	-	-	(90)	-	90	-
Balance at 31 December 2016	215	23 642	7 785	415	3 519	1 164	28 453	65 193
Note	26							

	Share capital US$000	Share premium US$000	Non-distributable 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	26							

Audited Abridged Financial Results for the year ended 31 December 2016

Notes to the Financial Results
for the year ended 31 December 2016

1 Basis of preparation

The Bank's audited financial results are prepared and presented on the basis that they reflect the information necessary to be a fair summary of the annual financial statements from which they are derived. This includes financial results that agree with or can be recalculated from the related information in the audited financial statements and that contain the information necessary so as not to be misleading in the circumstances. The information contained in these financial results does not contain all the disclosures required by International Financial Reporting standards, the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Banking Act (Chapter 24:20), which are disclosed in the full annual financial statements from which this set of financial results were derived. For a better understanding of the Bank`s financial position, its financial performance and cash flows for the year, these financial results should be read in conjunction with the audited annual financial statements.

The full signed annual report can be obtained upon request from the company secretary at the registered office of the Bank. The complete set of financial statements for the year ended 31 December 2016 has been audited by KPMG Chartered Accountants (Zimbabwe) and an unqualified audit opinion issued thereon.

1.1 Basis of measurement

The audited abridged financial results for the period have been prepared on the historical cost basis except for the following;

(i) Available-for-sale (AFS) financial assets measured at fair value;
(ii) Investment property measured at fair value;
(iii) The liability for pensioners is recognised at the present value of expected future payments based on pensioners' life expectancy;
(iv) Derivative assets/liabilities measured at fair value;
(v) Buildings are measured using the revaluation model. Revalution is performed after every three years.

1.2 Functional and presentation currency

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

1.3 Accounting policies

The accounting policies applied in the preparation of the audited abridged financial results are consistent with the financial statements for the year ended 31 December 2015.

		2016 US$000	2015 US$000
2	Interest income		
	Bank balances	69	53
	Investment securities	3 831	1 770
	Loans and advances to customers	14 772	15 281
	Total interest income	18 672	17 104
3	Interest expense		
	Deposits from banks	-	(4)
	Customer deposits	(378)	(473)
	Total interest expense	(378)	(477)
4	Net fee and commission income		
	Fee and commission income		
	Account activity fees/ledger fees	8 644	10 805
	Insurance commission received	314	197
	Commission received	9 114	5 468
	Guarantees	166	120
	Card based transaction fees	3 203	4 292
	Cash withdrawal fees	7 058	5 214
	Total fee and commission income	28 499	26 096
	Fee and commission expense		
	Guarantee expense	(173)	(229)
	Total fee and commission expense	(173)	(229)
	Net fee and commission income	28 326	25 867

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

		2016 US$000	2015 US$000
5	Net trading income		
	Net foreign exchange income	10 743	2 972
	Net trading income	10 743	2 972
6	Net investment income		
	Dividend income	218	32
	Net investment income	218	32
7	Other income		
	Gain on disposal of property and equipment	82	109
	Rental income	365	461
	Sundry income	-	122
	Total other income	447	692
8	Staff costs		
	Salaries and allowances	(18 487)	(16 693)
	Social security costs	(191)	(200)
	Pension costs: defined contribution plans	(1 869)	(1 413)
	Post-retirement medical aid expense	(1 651)	(1 100)
	Directors' remuneration - for services as management	(804)	(868)
	Other	(111)	(92)
	Total staff cost	(23 113)	(20 366)
9	Infrastructure costs		
	Repairs and maintenance	(1 327)	(1 657)
	Other property costs	(1 739)	(1 587)
	Security costs	(1 158)	(1 235)
	Depreciation of property and equipment	(2 450)	(2 260)
	Operating lease rentals	(2 297)	(2 334)
	Impairment of property and equipment	-	(1)
	Total infrastructure costs	(8 971)	(9 074)
10	Administrative and general expenses		
	Auditors' remuneration:		
	Audit related services	(217)	(214)
	Review services	(35)	(35)
	Total auditor related fees	(252)	(249)
	Consultancy, legal and professional fees	(501)	(415)
	Subscription, publications, stationery and communications	(3 323)	(3 138)
	Marketing, advertising and sponsorship	(623)	(501)
	Travel and accommodation	(622)	(760)
	Entertainment	(37)	(83)
	Cash transportation	(1 365)	(687)
	Directors fees	(202)	(150)
	Insurance costs	(1 975)	(1 294)
	Other administrative and general expenses	(1 670)	(1 804)
	Total administrative and general expenses	(10 570)	(9 081)
11	Impairment losses on loans and advances		
	Identified	(967)	(417)
	Unidentified	(213)	(1 262)
	Impairment raised during the reporting period	(1 180)	(1 679)
	Recoveries of loans and advances previously written off	3	1
	Statement of comprehensive income charge	(1 177)	(1 678)

		2016 US$000	2015 US$000
12	Income taxes		
	Income tax recognised in profit or loss		
	Current tax		
	Normal tax - current year	(4 240)	(2 285)
	Normal tax - prior year adjustments	-	(85)
		(4 240)	(2 370)
	Deferred tax		
	Deferred tax expense recognised in the current year	624	485
		624	485
	Total income tax recognised in the current year	(3 616)	(1 885)

		31.12.2016 US$000	31.12.2015 US$000
13	Cash and bank balances		
	Balances with the Central Bank	182 904	52 926
	Money market assets	10 000	-
	Cash on hand	23 027	12 617
	Balances due from group companies	2 865	9 311
	Other bank balances	1 530	775
	Cash and bank balances	220 326	75 629
	Restricted balances with the Central Bank	(3 248)	-
	Items in course of collection from banks	196	177
	Bank balances due to group companies	(2 586)	(136)
	Deposits from other banks	(2 552)	(238)
	Total cash and cash equivalents – statement of cash flows	212 136	75 432

Balances with the Central Bank and foreign banks are used to facilitate customer transactions which include payments and cash withdrawals. During the year the Central Bank through Exchange Control Operational Guide 8 (ECOGAD8) introduced prioritisation criteria which has to be followed when making foreign payments for customers. After prioritisation foreign payments are then made subject to availability of bank balances with foreign correspondent banks, resulting in possible delay of payment of telegraphic transfers. However, no delay is expected in the settlement of local transactions through the Real Time Gross Settlement system.

Included in cash and cash equivalents are bond notes. The bond note is a debt instrument which has been disclosed under cash and cash equivalents since it meets the definition of cash and cash equivalents and is pegged at an exchange rate of 1:1 with the US$.

14 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
31 December 2016			
Foreign exchange derivatives			
Currency swap	10 089	224	122
Total foreign exchange derivatives	10 089	224	122
31 December 2015			
Foreign exchange derivatives			
Forward foreign exchange	4 650	6	9
Currency swap	420	39	40
Total foreign exchange derivatives	5 070	45	49

		31.12.2016 US$000	31.12.2015 US$000
15	Available for sale investments		
	Treasury bills	1 628	1 643
	Corporate bond	31 352	29 248
	Equity securities	1 124	1 163
	Balance at end of the year	34 104	32 054
	Balance at beginning of the year	32 054	6 954
	Additions	-	29 945
	Accrued interest	1 968	-
	Disposals	-	(5 182)
	Changes in fair value	82	337
	Balance at end of the year	34 104	32 054
16	Loans and receivables from banks		
	Treasury bills	32 999	4 098
	Items in course of collection	196	177
	Total carrying amount of loans and receivables from banks	33 195	4 275

The treasury bills are classified as loans and receivables and subsequently measured at amortised cost.

17 Loans and advances to customers

	Retail Banking US$000	Business Banking US$000	Corporate and Investment Banking US$000	Total US$000
31 December 2016				
Personal and term loans	44 116	6 631	65 527	116 274
Mortgage loans	5 742	-	-	5 742
Overdrafts	235	2 200	21 452	23 887
Interest in suspense	-	(292)	-	(292)
Gross loans and advances to customers	50 093	8 539	86 979	145 611
Less: allowance for impairment				
Identified impairment	(1 519)	(456)	-	(1 975)
Unidentified impairment	(855)	(533)	(1 921)	(3 309)
Total	(2 374)	(989)	(1 921)	(5 284)
Net loans and advances to customers	47 719	7 550	85 058	140 327
31 December 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

		31.12.2016 US$000	31.12.2015 US$000
18	Other assets		
	Prepayments and stationery	1 982	1 284
	Card transaction balances	2 259	2 636
	Other debtors	239	195
	Receivable from Group	151	160
	Staff loans market interest rate adjustment	2 088	813
		6 719	5 088
	Current	5 153	4 546
	Non-current	1 566	542
	Total	6 719	5 088

Audited Abridged Financial Results for the year ended 31 December 2016

Notes to the Financial Results
for the year ended 31 December 2016

19 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
2016						
Balance at beginning of the year	15 644	2 786	524	709	1 669	21 332
Additions	-	619	129	117	1 845	2 710
Disposals	(152)	(5)	(7)	(34)	(1 261)	(1 459)
Depreciation charge on disposals	13	1	7	29	1 102	1 152
Depreciation charge	(290)	(919)	(286)	(186)	(769)	(2 450)
Carrying amount at end of the year	15 215	2 482	367	635	2 586	21 285
Cost or valuation	15 506	5 620	2 435	1 366	4 792	29 719
Accumulated depreciation and impairment	(291)	(3 138)	(2 068)	(731)	(2 206)	(8 434)
Carrying amount at end of the year	15 215	2 482	367	635	2 586	21 285

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 an independent valuer. If buildings were stated on the historical cost basis, the carrying amount would be US$11,602,426 (2015: US$11,909,425). No items of property and equipment were pledged as collateral as at 31 December 2016.

20. Investment properties

	2016 US$000	2015 US$000
Fair value		
Balance at beginning of the year	5 250	5 580
Changes in fair value	-	(330)
Balance at the end of the year	5 250	5 250
Rental income derived from investment properties	365	461

Investment property comprises commercial properties that are leased to third parties. No contingent rents are charged. There was no change in fair value of investment property during the period (2015: loss of US$330,000). Rental income from investment property of US$365,000 (2015: US$461,000) 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 31) based on the inputs to the valuation technique used.

21 Non-current asset held for sale

	31.12.2016 US$000	31.12.2015 US$000
Investment in joint venture	14 519	14 272
Balance at 31 December	14 519	14 272

The Bank is negotiating with a potential buyer of its 50% shareholding in Makasa Sun (Private) Limited and the negotiations are at an advanced stage. The transaction is highly probable as per management`s assessment. The previous agreement lapsed before key conditions had been met. The joint venture therefore continues to be classified as Non-current asset held for sale.

The investment in joint venture is measured at fair value.

22 Deposits from banks

	31.12.2016 US$000	31.12.2015 US$000
Items in the course of collection	2 552	238
Balance at 31 December	2 552	238

23 Deposits from customers

	Retail banking US$000	Business banking US$000	Corporate and investment banking US$000	Total US$000
31 December 2016				
Cheque account deposits	63 006	97 292	205 454	365 752
Call deposits	669	450	11 909	13 028
Savings accounts	11 610	1	-	11 611
Other	-	-	1 318	1 318
Balance at 31 December 2016	75 285	97 743	218 681	391 709
31 December 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
Balance at 31 December 2015	78 690	74 759	80 524	233 973

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$1,318,000 (2015: US$1,377,341) held as collateral for loans advanced and letters of credit. Also refer to Note 13 which explains cash and bank balances.

Concentration of customer deposits	31.12.2016 US$000	%	31.12.2015 US$000	%
Trade and services	120 454	31	54 200	23
Energy and minerals	58 835	15	1 702	1
Agriculture	15 345	4	10 351	4
Construction and property	7 750	2	4 436	2
Light and heavy industry	42 861	11	38 404	16
Physical persons	75 285	19	78 690	34
Transport and distribution	56 051	14	29 482	13
Financial services	15 128	4	16 708	7
Total	391 709	100	233 973	100

24 Provisions

	31.12.2016 US$000	31.12.2015 US$000
Staff retention incentive	1 567	1 352
Outstanding employee leave	456	233
Balance at 31 December	2 023	1 585

25 Other liabilities

	31.12.2016 US$000	31.12.2015 US$000
Accrued expenses	2 793	1 412
Amounts due to related parties	203	63
Internal accounts including unpresented bank drafts	7 121	4 048
Post-retirement medical aid liability (note 25.1)	-	1 100
Balance at 31 December	10 117	6 623

25.1 Post-retirement medical aid

	31.12.2016 US$000	31.12.2015 US$000
Present value of funded defined benefit obligation	-	3 288
Fair value of plan assets	-	(2 188)
Net liability arising from defined benefit obligation	-	1 100

During the year the Bank sold and transferred the post-retirement medical fund and obligation to a third party at total value of US$4,6million. The effective date for the transfer was 1 December 2016. This was necessitated by the need for the Bank to manage risks associated with flactuations in asset values and the liability and to release capital which would be locked up in this liability.

The Bank's obligations relating to the pensioners medical aid have been fully extinguished after the buy-out by the third party.

25.2 Retirement benefit plans

Barclays Bank Pension Fund
The Barclays Bank Pension Fund ("The Fund") manages retirement funds for the active members and pensioners. The part for pensioners has significant defined benefit features.

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 which increased by 3% in 2016, the employee with effect from January 2017 contributes 4% whereas in 2016 employee contributions to the Fund were voluntary. 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.

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. All annuities are now purchased outside the Fund at the point of retirement with effect from 1 May 2015.

The provision of pension annuities to pensioners is 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:

	31.12.2016 US$000	31.12.2015 US$000
Present value of pensioner obligation (defined benefit)	16 291	17 321
Active members liability (defined contribution)	24 363	20 590
Deferred pensioners	4 753	3 291
Other liabilities-risk pools	1 090	920
Other sundry liabilities	828	-
Total liabilities	47 325	42 122
Total assets	52 157	48 851
Net surplus (attributable to the Fund)	4 832	6 729

The surplus is attributable to the Fund and the Trustees have discretion as to the application and appropriation of the surplus. The surplus 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.

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

	2016 US$000
Opening present value of obligation	17 321
Interest cost	353
Past service cost	-
Benefits paid	(963)
Remeasurement of obligation	(420)
Present value of obligation at 31 December	16 291

26 Share capital
Authorised share capital

	2016 US$000	2015 US$000
5 000 000 000 (2015: 5 000 000 000) ordinary shares of USc0.01 per share.	500	500

Issued share capital

2 153 320 176 (2015: 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 (2015: 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.

27 Classification of financial assets and liabilities

31 December 2016	Held for trading 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					
Cash and bank balances	-	220 326	-	-	220 326
Loans and advances to customers	-	140 327	-	-	140 327
Corporate bonds	-	-	31 352	-	31 352
Treasury bills	-	32 999	1 628	-	34 627
Unquoted equity securities	-	-	1 124	-	1 124
Items in course of collection from other banks	-	196	-	-	196
Swaps and foreign exchange contracts	224	-	-	-	224
Total	224	393 848	34 104	-	428 176
Liabilities					
Customer deposits	-	-	-	391 709	391 709
Deposits from other banks	-	-	-	2 552	2 552
Swaps and foreign exchange contracts	122	-	-	-	122
Bank balances due to group companies	-	-	-	2 586	2 586
Total	122	-	-	396 847	396 969
31 December 2015					
Assets					
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 foreign exchange contracts	45	-	-	-	45
Total	45	220 975	32 054	-	253 074
				-	
Liabilities					
Customer deposits	-	-	-	233 973	233 973
Deposits from other banks	-	-	-	238	238
Swaps and foreign exchange contracts	49	-	-	-	49
Bank balances due to group companies	-	-	-	136	136
Total	49	-	-	234 347	234 396

28 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.

Audited Abridged Financial Results for the year ended 31 December 2016

Notes to the Financial Results
for the year ended 31 December 2016

28.1 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.

	31.12.2016 US$000	31.12.2015 US$000
Share capital	215	215
Share premium	23 642	23 642
Accumulated profits	28 453	17 538
Share option reserve fund	1 164	1 053
Available for sale reserve	415	357
Currency translation reserve	3 508	3 508
Total core capital	57 397	46 313
Less market and operational risk capital	(8 025)	(7 426)
Tier 1 capital	49 372	38 887
Currency translation reserve movement	4 277	4 277
Revaluation reserve	3 519	3 609
General provisions (limited to 1.25% of weighted risk assets)	3 309	3 095
Tier 2 capital	11 105	10 981
Total tier 1 & 2 capital	60 477	49 868
Market risk	564	317
Operational risk	7 461	7 109
Tier 3 capital	8 025	7 426
Total tier 1 and 2 & 3 capital base	68 502	57 294
Less deductions from capital	(1 162)	(1 203)
Total capital base	67 340	56 091
Credit risk weighted assets	199 668	211 630
Operational risk equivalent assets	93 263	88 858
Market risk equivalent assets	7 052	3 967
Total risk weighted assets (RWAs)	299 983	304 455
Tier 1 capital ratio	16%	13%
Tier 1 and 2 capital ratio	20%	16%
Total capital adequacy ratio	22%	18%

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 business growth and capital projects. Growth in advances will continue to be pursued cautiously and in such a way as to achieve economic asset yields.

28.2 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 arises 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 VaR at 31 December 2016	9	2	-	3
Currency VaR at 31 December 2015	6	1	-	1

Two week risk Type of risk or activity	High US$000	Medium US$000	Low US$000	Year-end US$000
Currency VaR at 31 December 2016	28	8	1	9
Currency VaR at 31 December 2015	19	4	-	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	2016 Impact on earnings US$000	2015 Impact on earnings US$000
1000bps increase in interest rates	18 484	10 822
1000bps decrease in interest rates	(18 484)	(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.

28.3 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 interest rate risk lies with the Assets and Liabilities Committee (ALCO). On a day to day basis, risks are managed through a number of management committees. Through this process, the Bank monitors compliance within the overall risk policy framework and ensures that the framework is kept up to date. Risk management information is provided on a regular basis to the Risk and Control Committee and the Board.

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

31 December 2016	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	220 326	-	-	-	-	-	220 326
Derivative assets	-	-	-	-	-	224	224
Available for sale investments	-	31 352	542	-	1 086	1 124	34 104
Loans and receivables from banks	3 317	5	4 767	25 106	-	-	33 195
Loans and advances to customers	140 327	-	-	-	-	-	140 327
Other assets	-	-	-	-	-	6 719	6 719
Property and equipment	-	-	-	-	-	21 285	21 285
Investment property	-	-	-	-	-	5 250	5 250
Non-current assets held for sale	-	-	-	-	-	14 519	14 519
Current tax assets	-	-	-	-	-	261	261
Total assets	363 970	31 357	5 309	25 106	1 086	49 382	476 210
Liabilities							
Derivative liabilities	-	-	-	-	-	122	122
Deposits from Banks	2 552	-	-	-	-	-	2 552
Deposits from customers	389 899	1 810	-	-	-	-	391 709
Provisions	-	-	-	-	-	2 023	2 023
Other liabilities	-	-	-	-	-	10 117	10 117
Deferred income tax liabilities	-	-	-	-	-	1 908	1 908
Due to Group companies	2 586	-	-	-	-	-	2 586
Total liabilities	395 037	1 810	-	-	-	14 170	411 017
Interest rate re-pricing gap	(31 067)	29 547	5 309	25 106	1 086	35 212	65 193
Cumulative gap	(31 067)	(1 520)	3 789	28 895	29 981	65 193	-

28.4 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 2016	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	214 510	442	3 392	1 982	220 326
Derivative financial instruments	-	-	-	224	224
Available for sale investments	34 104	-	-	-	34 104
Loans and receivables from banks	33 195	-	-	-	33 195
Loans and advances to customers	140 327	-	-	-	140 327
Other assets	2 649	-	-	-	2 649
Total assets	424 785	442	3 392	2 206	430 825
Liabilities					
Derivative financial instrument	-	-	-	122	122
Deposits from banks	2 552	-	-	-	2 552
Deposits from customers	375 380	414	2 230	13 685	391 709
Other liabilities	9 602	232	194	89	10 117
Due to group companies	271	1	2 191	123	2 586
Total liabilities	387 805	647	4 615	14 019	407 086
Net currency positions	36 980	(205)	(1 223)	(11 813)	23 739

Also refer to Note 13 which explains cash and bank balances.

28.5 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 that includes 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.

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Maximum exposure to credit risk stratification and analysis

31 December 2016	Loans and receivables from banks US$000	Loans and advances to customers US$000	Guarantees provided US$000	Available for sale financial instruments US$000	Bank balances US$000	Other assets US$000	Total US$000
Credit exposure							
Neither past due nor impaired	33 195	130 785	3 848	32 980	197 299	2 649	400 756
Past due but not impaired	-	9 050	-	-	-	-	9 050
Individually impaired excluding non-performing	-	3 681	-	-	-	-	3 681
Non-performing loans	-	2 388	-	-	-	-	2 388
Interest in suspense	-	(292)	-	-	-	-	(292)
Gross exposure	33 195	145 612	3 848	32 980	197 299	2 649	415 583
31 December 2015	US$000	US$000	US$000	US$000	US$000	US$000	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	-	-	-	-	2 542
Interest in suspense	-	(304)	-	-	-	-	(304)
Gross exposure	4 275	145 421	4 384	30 892	63 012	2 797	250 781

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 2016, 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
2016			
Balance at beginning of the year	3 096	1 254	4 350
Bad debts written off	-	(246)	(246)
Increase in impairment provision	213	967	1 180
Balance at end of the year	3 309	1 975	5 284
2015			
Balance at beginning of the year	1 833	872	2 705
Amounts 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

28.6. Loans and advances credit risk concentration

Industry/Sector	31.12.2016 US$000	%	31.12.2015 US$000	%
Trade and services	21 184	14	21 606	15
Energy and minerals	12 694	9	1 677	1
Agriculture	17 081	12	12 690	9
Construction and property	2 279	2	3 368	2
Light and heavy industry	32 007	22	25 275	17
Physical persons	50 093	34	45 384	31
Transport and distribution	10 566	7	35 725	25
Total	145 904	100	145 725	100

31 December 2016 Industry/Sector	Total loans US$000	Past due/ Impaired loans US$000	Write offs/ (recoveries) US$000	Impairment allowance US$000
Trade and services	21 184	3	-	3
Energy and minerals	12 694	9 050	-	-
Agriculture	17 081	1 012		453
Construction and property	2 279	-	-	-
Light and heavy industry	32 007	-	-	-
Physical persons	50 093	2 133	246	1 519
Transport and distribution	10 566	2 921	-	-
Gross value at 31 December 2016	145 904	15 119	246	1 975

31 December 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

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:

	31.12.2016 US$000	31.12.2015 US$000
Neither past due nor impaired	23 400	27 022
Past due but not impaired	-	-
Individually impaired	4 000	-
Non-performing loans	680	2 442
Total	28 080	29 464

28.7 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

	31.12.2016 US$000	31.12.2015 US$000
Total liquid assets	281 332	111 007
Deposits from customers and other short term liabilities	409 104	242 106
Liquidity ratio	69%	46%
Reserve Bank of Zimbabwe minimum	30%	30%

Liquidity profiling as at 31 December 2016
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 2016	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	220 326	-	-	-	-	-	220 326	220 326
Derivative financial instruments	224	-	-	-	-	-	224	224
Available for sale investments	-	31 599	604	28	1 184	-	33 415	32 980
Loans and advances to banks	3 323	6	4 967	26 422	-	-	34 718	33 195
Loans and advances to customers	5 077	30 008	31 531	33 630	72 450	4 305	177 001	140 327
Other assets	2 649	-	-	-	-	-	2 649	2 649
Current income tax asset	-	261	-	-	-	-	261	261
Total assets	231 599	61 874	37 102	60 080	73 634	4 305	468 594	429 962
Liabilities								
Derivative financial instruments	122	-	-	-	-	-	122	122
Deposits from Banks	2 552	-	-	-	-	-	2 552	2 552
Customer accounts	389 900	1 813	-	-	-	-	391 713	391 709
Provisions	456	1 567	-	-	-	-	2 023	2 023
Other liabilities	10 117	-	-	-	-	-	10 117	10 117
Due to Group companies	2 586	-	-	-	-	-	2 586	2 586
Total liabilities - (contractual maturity)	405 733	3 380	-	-	-	-	409 113	409 109
Liquidity gap	(174 134)	58 494	37 102	60 080	73 634	4 305	59 481	
Cumulative liquidity gap	(174 134)	(115 640)	(78 538)	(18 458)	55 176	59 481	-	

Contingent liabilities and commitments as at 31 December 2016

	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	3 291	353	-	104	100	3 848
Commitment to lend	18 753	19 088	94	3 270	1 714	42 919
Total assets	22 044	19 441	94	3 374	1 814	46 767
Liabilities						
Guarantees and letters of credit	3 291	353	-	104	100	3 848
Commitment to lend	42 919	-	-	-	-	42 919
Total liabilities	46 210	353	-	104	100	46 767
Liquidity gap	(24 166)	19 088	94	3 270	1 714	-

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.

29 Other risks

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

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

Reputation risk
The Bank adheres to very strict reputation standards set for Barclays international operations and based on its chosen set of values. 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 in managing conduct risk.

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 30 June 2016 and it assessed the overall condition of the Bank to be satisfactory. This is a score of "2" 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 - June 2016
Capital	1 - Strong
Asset quality	2 - Satisfactory
Management	2 - Satisfactory
Earnings	1 - Strong
Liquidity and funds management	2 - Satisfactory
Sensitivity to market risk	1 - Strong

Summary risk matrix - June 2016 onsite supervision

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

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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 2016/17	Previous credit ratings 2015/16	Previous credit ratings 2014/15
Global Credit Rating Co.	AA-	AA-	AA-

The last rating was done in May 2016 and expires in May 2017

30 Fair value of financial instruments not measured 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.

	31.12.2016 Carrying amount US$000	Fair value US$000	31.12.2015 Carrying amount US$000	Fair value US$000
Financial assets				
Cash and bank balances	220 326	220 326	75 629	75 629
Loans and advances to banks	33 195	33 195	4 275	4 275
Loans and advances to customers	140 327	140 327	140 327	140 327
Other assets	2 649	2 649	2 830	2 830
Total	396 497	396 497	223 805	223 805
Financial liabilities				
Deposits from banks	2 552	2 552	238	238
Due to customers	391 709	391 709	233 973	233 973
Bank balances due to group companies	2 586	2 586	136	136
Other liabilites	10 117	10 117	6 623	6 623
Total	406 964	406 964	240 970	240 970

31 Fair value hierarchy of assets and liabilities held at fair value

31.1 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).

2016	Level 1 US$000	Level 2 US$000	Level 3 US$000	Total US$000
Recurring fair value measurements				
Financial Assets				
Derivative assets	-	224	-	224
Corporate bond	-	-	31 352	31 352
Treasury bills	-	-	1 628	1 628
Unquoted equity instruments	-	-	1 124	1 124
Balance at 31 December 2016	-	224	34 104	34 328
Balance at 31 December 2015	-	45	32 054	32 099
Financial Liabilities				
Derivative liabilities	-	122	-	122
Balance at 31 December 2016	-	122	-	122
Balance at 31 December 2015	-	49		49
Non-financial assets				
Investment property	-	-	5 250	5 250
Non-current asset held for sale	-	-	14 519	14 519
Balance at 31 December 2016	-	-	19 769	19 769
Balance at 31 December 2015			19 522	19 522

31.2 Reconciliation of recurring level 3 fair value measurements

	Available for sale securities US$000	Investment properties US$000	Non-current asset held for sale US$000	Total US$000
Balance at 1 January 2016	32 054	5 250	14 272	51 576
Additions	-	-	-	-
Accrued interest	1 968	-	-	1 968
Total gains and losses recognised in profit or loss	-	-	247	247
Total gains and losses recognised in other comprehensive income	82	-	-	82
Balance at 31 December 2016	34 104	5 250	14 519	53 873
Balance at 1 January 2015	113	5 580	-	5 693
Additions	29 944	-	14 272	29 944
Transfers in	1 679	-	-	1 679
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	14 272	51 576

32 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 specialist 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
2016			
Net interest income	10 612	7 682	18 294
Net fee and commission income	24 677	3 649	28 326
Net trading income	2 228	8 515	10 743
Net investment income	93	125	218
Other income	191	256	447
Total income	37 801	20 227	58 028
Credit impairment charge	(1 024)	(153)	(1 177)
Net operating income	36 777	20 074	56 851
Staff costs	(17 722)	(5 391)	(23 113)
Infrastructure costs (excluding depreciation)	(5,269)	(1,252)	(6,521)
Depreciation and amortisation	(1,846)	(604)	(2,450)
Administrative expenses	(7 738)	(2 832)	(10 570)
Operating expenses	(32 575)	(10 079)	(42 654)
Share of profit of joint venture	105	139	244
Profit before tax	4 307	10 134	14 441
Taxation	(1 078)	(2 538)	(3 616)
Profit for the year	3 229	7 596	10 825
Total assets	206 272	269 938	476 210
Total liabilities	183 096	227 921	411 017

33 Related parties
The Bank is controlled by Afcarme Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 68% (2015:68%) 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.

33.1 Directors and key management compensation

	2016 US$000	2015 US$000
Salaries and other short term benefits	1 788	1 918
Post-employment benefits	176	150
Share based payments	31	59
Total	1 995	2 127

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.

33.2 Loans to directors and key management

	2016 US$000	2015 US$000
Loans outstanding at 1 January	574	693
Loans issued during the year	1 169	197
Loan repayments during the year	(299)	(316)
Loans outstanding at 31 December	1 444	574
Interest earned	64	43

Of the loans advanced to directors and other key management personnel US$ 991,656 is secured and repayable over 7-18 years. The balance of US$ 452,742 is unsecured and repayable monthly over 4 years at average interest rates of 6.3% (2015:5.9%). Loans and advances to non-executive directors during the year ended 31 December 2016 were US$37,218 (2015: US$40,139) repayable within 2 years at average interest rates of 13%.

No impairment losses have been recognised in respect of loans advanced to related parties (2015:nil)

33.3 Deposits from directors and key management

	2016 US$000	2015 US$000
Deposits at 1 January	120	254
Deposits received during the year	4 398	2 737
Deposits repaid during the year	(4 377)	(2 871)
Deposits at 31 December	141	120

33.4 Balances with group companies

	2016 US$000	2015 US$000
Bank balances due from group companies	2 865	9 311
Bank balances due to group companies	(2 586)	(136)
Other balances due from group companies	151	160
Other balances due to group companies	(203)	(63)
Total	227	9 272

33.5 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	6 089	-	6 089
Barclays Capital	4 000	-	4 000
At 31 December 2016	10 089	-	10 089
At 31 December 2015	4 814	-	4 814

33.6 Balances with related parties – related through common directorship

	31 December 2016 Deposits US$000	Loans and advances US$000	31 December 2015 Deposits US$000	Loans and advances US$000
Current	29 047	29 337	7 374	17 880
Non-current	-	2 000	-	11 800
Total	29 047	31 337	7 374	29 680

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$1,959,907 (2015: US$2,479,590). The balances were assessed and no impairment losses have been recognised for balances with related parties through common directorship/trusteeship.

34. 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.

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

36. Barclays Bank Plc divestiture
On 1 March 2016 Barclays Bank Plc announced its intention to sell the stake it owns in its Barclays Africa susidiaries including Barclays Bank of Zimbabwe Limited over a period of up to three years. As of the reporting date, that intention still remained and the major shareholder was evaluating transaction options and holding discussions with interested third parties. Further advices and notices would be issued if and as soon as the divestiture process evolves into a transaction mode. The Bank has continued to receive support from Barclays Bank Plc on the day to day running of the business.