Barclays Bank of Zimbabwe Limited
Annual Report 2013

BARCLAYS

Contents

Chairman's Statement

Dear shareholder

We believe that it is critical for us to continue to work on providing balanced and transparent information to all our stakeholder groups. With these financial statements we have chosen to provide some additional information to assist all stakeholders understand their Bank better.

Our journey

Barclays started operating in Zimbabwe in 1912 and was listed on the Zimbabwe Stock Exchange (ZSE) in 1991, at which point it offered 30% of its equity to local shareholders. Through the ZSE, the Bank's shares are widely and publicly held.

The Bank is a member of the Barclays Group. In addition to Barclays Bank of Zimbabwe Limited, Barclays Group has substantial operations in 11 other African markets and, additionally, operates representative offices in other African countries.

The Bank continues to work to provide Retail, Business Banking, Corporate and Investment Banking services. We value the relationships we have with all of our customers and clients and, indeed, with all our stakeholders. Barclays Bank of Zimbabwe Limited remains committed to the economy and its customers.

Our Vision – To be the 'Go-To' bank.

Our Purpose – To help people achieve their ambitions in the right way.

Our strategic focus and business model

We have communicated our strategic themes through our various pronouncements over the period. Under the dollarized economy, we have focused on scalability, sustainability and relevance to ensure long-term sustainability. Our strategic course has been underpinned, over this period, by a safe bank model that sought to emphasise the bank's liquidity and transactional services whilst growing its assets under strong risk discipline and processes to secure customer deposits. This approach has consistently been our guiding post. The Board has overseen and reviewed the Bank's strategy at least quarterly during the year.

2013 themes

- The Bank has maintained a healthy liquidity position
- Earnings and asset base continue on a steady growth trajectory
- Effort to regain previously-lost customer and client relationships started to yield significant results during the year.
- New behaviours being driven through the Bank's new Values
- Governance structures, policies and procedures continued to be adapted to new demands and changes in the market and from our regulators

Strong liquidity position

2013 continued to be characterised by significant uncertainties. Government and economic agents revised 2013 economic performance metrics downwards. According to the 2014 National Budget statement, most economic sectors performed below expectation. Against this backdrop, the Bank continued its thrust to maintain sufficient liquidity to meet the requirements of its customers and clients on demand.

Earnings and asset growth

The Bank registered a profit after tax of $3.0 million dollars and comprehensive income of $3.8 million dollars for the year. This resulted in basic earnings per share of 0.14 cents for the year (2012: 0.10 cents per share). Income growth at 5.3% was slowed down by the effect of capped charges and commissions, whilst cost containment and efficiency initiatives continued with the result that overall operating costs for 2013 were kept within the same levels as the prior year. Loans and advances grew by 26% year on year. The impairment losses and provisions for the year translate to a loan loss ratio of 0.6% demonstrating the quality of the Bank's loan portfolio as at the end of 2013. The Managing Director's review deals in more detail with the Bank's operating performance and key initiatives over the period into 2013.

Customers and clients at the centre of what we do

The Board is most encouraged by the trend of customer win-backs that started to be achieved during the year across targeted segments. The Bank consistently seeks to leverage the Barclays Group's capabilities for the benefit of its customers and clients, and some of the new product and channel initiatives during the year are a realisation of this pledge.

Chairman's Statement (continued)

Values and behaviours

Promoting our Values and translating them into the desired behaviours for all colleagues has been a key focus area for the Bank. These Values are not only shared within Barclays Zimbabwe, but subscribed to across the Barclays Group globally. Colleagues who have not lived up to the Bank's Values and have betrayed the trust the Bank has placed in them have been and will continue to be severely dealt with. The Board is confident that an absolute majority of the Bank's colleagues are committed to the Bank's Purpose and Values and to serving customers diligently.

Governance and citizenship

The process of developing and reviewing the Bank's strategy allows for significant engagement with the Board. The Board and its committees conduct regular reviews of their performance which is facilitated by external consultants. In addition to satisfying legal and regulatory responsibilities, the Board continued to focus on governance, risk and control responsibilities to ensure that the Bank adheres to sound and prudent practices in its conduct of business. In the decisions we make, we take into account broader ethical and environmental impacts.

The Bank's citizenship agenda, as it sets out into the second century of operating in Zimbabwe, is hinged on a quest to be part of efforts targeted at economic turnaround and job creation. We strongly believe in helping people achieve their ambitions in the right way, - and emphasise 'the right way'. Part of our citizenship behaviour is characterised by seeking to influence the right decisions and policies for the efficient and transparent conduct of business in our society.

We subscribe to the Barclays Group citizenship agenda to support five million young people across the globe aged between 10 and 35 years by 2015. We have over successive years provided opportunities to young and aspiring professionals by offering graduate trainee programs that we run in conjunction with the Barclays Africa Group. Between 2012 and 2013 alone, twenty-three graduates joined the Bank through the program. The graduate trainee program has continued to run even during the years the economy faced difficult times. Between 2012 and 2013 the Bank recruited seventy-nine joiners who largely comprise university graduates. We have also ensured that Zimbabwean nationals have continued to develop themselves through international programs and secondment opportunities available globally within the Barclays Group. At least twenty-two colleagues have been seconded to other Barclays offices outside Zimbabwe since dollarization. In addition, we continue to support youth development through sponsorship of and partnerships with organisations such as UNICEF, Junior Achievement Zimbabwe, BOOST Fellowship and Grassrootssoccer launched in Bulawayo. A number of schools and colleagues benefited during the year from direct sponsorships, training or opportunities for career attachment at Barclays Zimbabwe. Our tradition to support colleagues to undertake voluntary work in communities continued into the year. Projects supported were from different provinces and areas of the country, including areas where the Bank does not currently have a branch presence.

Appreciation

During the year I continued to enjoy the support of a well-engaged Board, for which I am most grateful. Mr. Julius Phiri resigned from the Board following his exit from the employment of the Bank. My heartfelt appreciation goes out to him for the immense contribution he made to the Board and the Bank as one of its executive directors.

On behalf of the Board I also sincerely appreciate the effort and commitment to the Bank that our management and staff continued to exhibit during 2013. Such commitment underpins our confidence that the Bank will achieve its objectives and targets into the future.

Going forward

Your Bank will continue its drive to grow. As a member of the Barclays Group, there will be increased leverage of Barclay's global capabilities in lending products, technology and channel initiatives. Our hope is that Government's economic policy framework will continue to ensure a stable and sound economic landscape to support private sector ambitions which would see this economy reclaiming its rightful space.

Dividend

In view of the need to increase its capital base for future business growth, the Bank proposes no dividend for 2013.

A. Mandiwanza
Chairman
11 February 2014

Managing Director's Review of Operations

2013 Highlights

Net interest income $12.3 m	▲	61%	Non funded income $27.2m	▼	9%
Total income $38.8m	▲	5%	Operating expenses $33.9m	▶	
Pre-tax profit $5.2m	▲	70%	Customer deposits $247.9m	▲	10%
Gross loans and advances to customers $117.7m	▲	26%	Loan loss ratio of 0.6%	▶	
			Liquidity ratio 53%		

Our consistent business model since 2009 has centred on scalability, sustainability and relevance, focusing attention on our ability to maintain a solid capital base, strong liquidity and a sound funding position. This effectively allowed us to be lithe and receptive to meet challenges within the economic environment. The drive to become the 'Go-To' bank has centred on our philosophy to create winning solutions for our stakeholders and make a quantifiable difference in the lives of our customers and stakeholders.

The Business Model

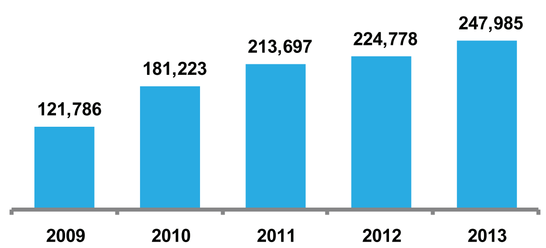
Over the years we have consistently delivered on each of our commitments to our customers and clients, illustrating a relationship built on trust and demonstrating our quest to be the 'Go-To' bank. We anticipate continued growth of our business as we have designed it specifically to be sustainable within the current environment.

The year under review was characterised by sustained growth in our lending, a marked improvement in our people agenda, diversification of our product suite and a strong presence within the community.

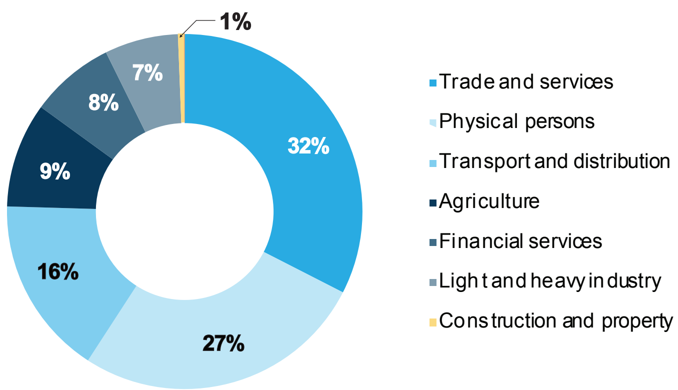
Our strategy has yielded results with pre-tax profit growth of 70% year on year. The ability to apply consistent, high quality and strong risk management processes and controls is key to how we do business, in line with our 'Go-To' strategy. This strategy saw our loan book grow by 26% as we advanced loans to individuals and businesses across most sectors of the economy. We have maintained our commitment to not only grow our asset book but to ensure a quality book. Deposits continued to grow from $225m in 2012 to $248m in 2013.

Our journey since dollarization has brought innovative initiatives and steady performance improvement. The tables and graphs below depict the five year trend to December 2013.

Customer Deposits US$ ' 000



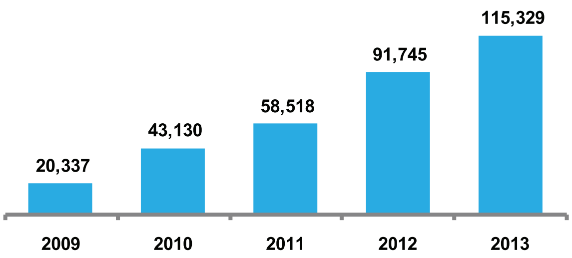
Sectoral Analysis : Customer Deposits 2013



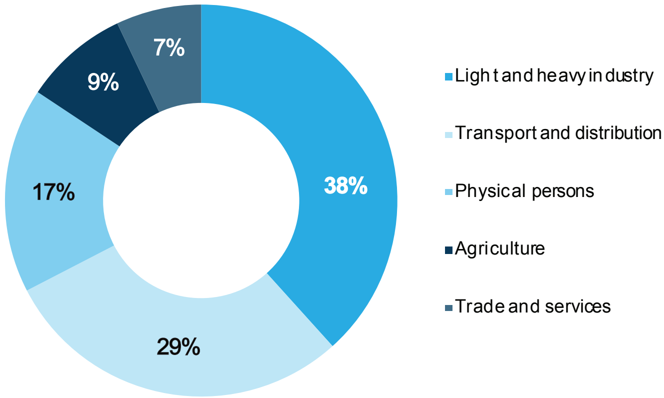
Deposit growth at a cumulative annual growth rate of 15% since dollarization has been lower than internal targets but remained steady. In tandem with the general market structure, the Bank's deposits have largely comprised short term transitory funds with about a third coming from individual customers and the balance from business entities.

Managing Director's Review of Operations (continued)

Loans and Advances US$ ' 000

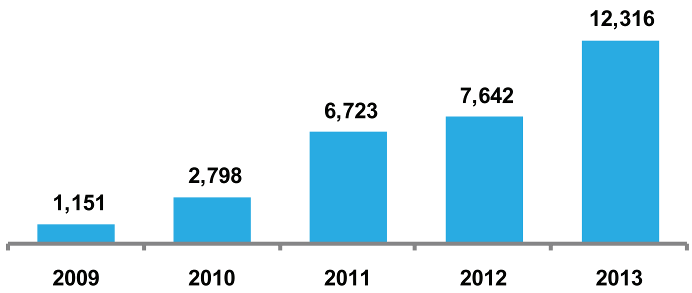


Sectoral Analysis : Loans and Advances 2013



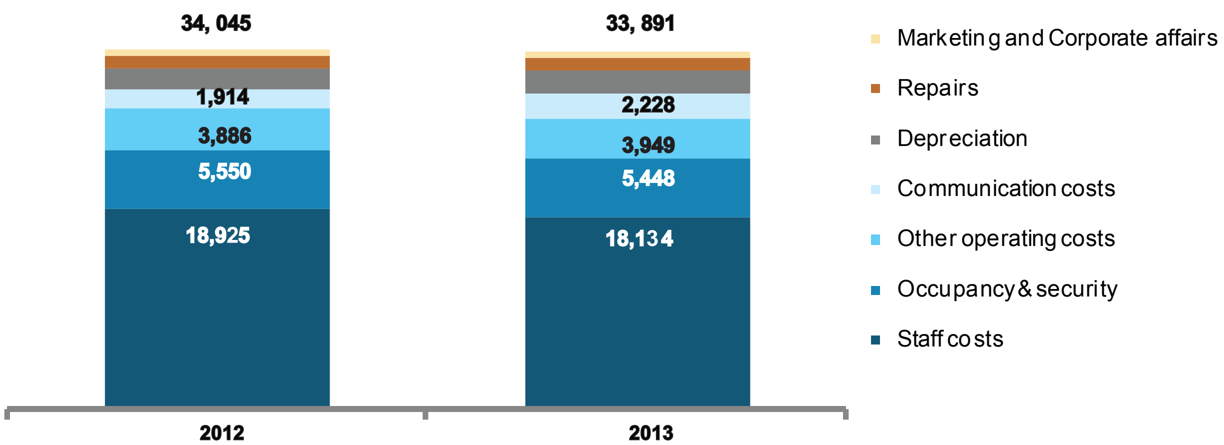
Loans have grown at a cumulative annual growth rate of 42% over the last five years. The sectorial distribution of loans and advances has been skewed towards productive sectors. The bank continues to adhere to rigorous credit screening to minimise exposure to default risk.

Net Interest Income US$ ' 000



Net interest income has grown mainly in response to the growth registered in loans and advances. Generally the average yields achieved on the Bank's loan portfolio have been stable and consistent with the nature of customers and facility structures underwritten by the Bank.

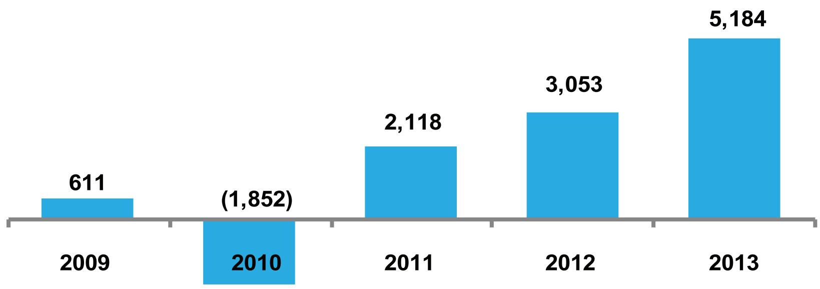
Operating Costs US$ '000



Managing Director's Review of Operations (continued)

Over the years we have embarked on initiatives to enhance operating efficiencies. This involved progressively reducing the staff numbers by half through voluntary restructuring exercises done between 2009 and 2011. Some processes were streamlined and the operating scale progressively reviewed. Between 2012 and 2013 total costs were kept flat as the business continued to explore ways to contain the cost base. Cost increases in the near future will be due to some necessary investment in branch refurbishments and technology upgrades but focus will also be to preserve the benefits created from initiatives taken so far.

Pre - Tax Profits US$ ' 000



Pre-tax profit has maintained a growth trend over the years. We maintain focus on sustainable growth over the long term. The 2013 profit after tax translates to earnings per share of 0.14 cents.

The other performance indicators of liquidity, capital adequacy and loan loss ratios have shown a strong and improving trend over the years as shown below:

Key Performance Indicator	2009	2010	2011	2012	2013
Cost to income ratio	98%	105%	93%	90%	85%
Loans : Deposit ratio	17%	24%	27%	41%	47%
Liquidity ratio	80%	72%	69%	58%	53%
Capital adequacy ratio (Total)	44%	30%	19%	18%	17%
Basic earnings per share (US cents)	0.07	(0.06)	0.07	0.10	0.14
Loan loss ratio	(1.6%)	0.8%	0.9%	0.6%	0.6%

The Bank still has to improve its cost to income ratio and initiatives are already under way to widen the positive jaws between income and cost levels. The high liquidity levels maintained by the bank have been a deliberate measure to ensure that the bank continues to meet customer payments in a timely and efficient manner. We consider it critical in the current environment to prioritise the safeguarding of depositor funds and protect long term confidence in the Bank.

The capital adequacy ratio has trended in tandem with the increase in loans and advances over the period. The capital adequacy ratio is above regulatory benchmarks and is projected to remain compliant, including under the new Basel II requirements.

Partners by Choice

Our customers remain at the core of how we do business. To become the 'Go-To' bank, we know that it means doing the right thing for our stakeholders in a way that makes us their natural choice for a banking partner. This extends to the provision of essential products and services as well as enhanced and memorable customer experience to reinforce our commitment to them.

For the year under review, we had a clear priority to create transactional channels that would make life easier for our customers and save them time to do the things they enjoy most. During the year, we launched a mobile banking product called 'Hello Money' that was soon supported and coupled with 'Cash send', our card-less ATM transactional offering for non-Barclays benefactors. 'Hello Money' has brought convenient banking to customers. The e-channels space continued to be an area of focus with the introduction of the Barclays Application for smart phone users who have access to the Google Play Store and the I-Store.

The last quarter of the year saw the launch of our Point of Sale facility that accommodates both MasterCard and Visa card holders. Supported by e-statements, Internet Banking, SMS alerts and various insurance products, we firmly believe that our customers can experience banking convenience anytime of the day.

Managing Director's Review of Operations (continued)

Unlocking Future Potential – Our Citizenship Agenda

In becoming the 'Go-To' bank, Barclays Bank of Zimbabwe believes that we need to be a responsible corporate citizen. Our Citizenship agenda ensures that we make decisions that help youth and young adults reach their full potential. Our commitment as a global organisation is to touch the lives of 5 million youths globally, between the ages of 10 (ten) and 35 (thirty-five) by 2015 through the transfer of enterprise, financial and life skills.

Barclays Zimbabwe provided financial support to a number of community initiatives during the year. This included partnerships with UNICEF, Junior Achievement Zimbabwe, BOOST Fellowship and Grassroots Soccer. An estimated 38 000 and 5 000 young people will respectively be indirectly and directly impacted through the programmes. Each partnership builds to empower recipients with skills to develop their future in a deliberate effort to positively impact the next generation.

A highlight of 2013 was a volunteerism initiative, 'Unlocking Youth Potential', that provided Barclays Enterprise customers with an opportunity to engage and inspire more than 1 500 young people in Bulawayo and Harare. This interaction promoted entrepreneurial thinking and challenged participants to address issues of innovative job creation opportunities.

Through the traditional 'Make a Difference Day (MADD)' initiative, colleagues across the country engaged with local communities on a variety of programmes to build and up skill recipients with an aim to create sustainable projects. Financial support was extended to 109 projects to touch the lives of 22 018 direct beneficiaries. With a 96% participation rate of Barclays Zimbabwe colleagues, 3 219 man hours were donated towards MADD in 2013.

Business into 2014

We believe the Bank is well positioned to sustain business growth going forward and hope that macro-economic policies will be supportive of our aspirations. Setting a sound macroeconomic policy framework remains imperative. As we continue with our strategy, we will push for innovation for the benefit of new and existing customers, to bank the un-banked and to implement cost effective ways to serve our customers and clients.

We remain focused on delivering long term sustainable returns, which has been a consistent theme in our strategy over the past 5 years. Leveraging our international lineage and strong regional relationship with Group businesses allows us to extend global expertise to our customers.

My sincere gratitude is given to all stakeholders who are an integral part of this organisation and continue to contribute to the success of the Bank.

G T Guvamatanga
Managing Director
11 February 2014

Director's Report

The Directors of the Bank are pleased to submit their report to shareholders for the financial year ended 31 December 2013.

Share capital

No members of management staff with share options took up their entitlements/exercised their options. The total number of share options granted to the management share option scheme in 2013 was 610,000. In the 2013 AGM, the shareholders approved the allocation of additional shares to the management share option scheme totalling 32,295,903. The number of shares issued and fully paid up as at 31 December 2013 was 2,153,060,176. The breakdown of the share capital was as follows:

	2013	Change	2012
Issued and fully paid	2,153,060,176	-	2,153 ,060,176
Shares allocated to management share option scheme	37,319,150	32,295,903	5,023,247
Shares under the control of the directors	2,809,620,674	(32,295,903)	2,841,916,577
Total authorised share capital	5,000,000,000	-	5,000,000,000

Financial statements

The annexed financial statements adequately disclose the results of Barclays Bank of Zimbabwe Limited's operations during the year. The directors have deemed it prudent not to declare a dividend for the year ended 31 December 2013.

Directorate

Re-election of Directors

The following re-elections were confirmed by shareholders in a general meeting during 2013:
Mrs. E. Fundira and Professor H.C. Sadza were re-elected by the shareholders, having retired by rotation, and being eligible, offered themselves for re-election.

Board changes

There was one Board change in 2013 wherein Mr Julius Phiri stepped down from the Board of Barclays Bank of Zimbabwe Limited following his exit from the Bank on the 31st of May 2013.

As at 31 December 2013, the following were the Directors of the company:

A. S. Mandiwanza (Chairman)
C. F. Dube
G. T. Guvamatanga * (Managing Director)
E. Fundira (Mrs)
A. I. Lawson
S. Matsekete*
Prof. H. C. Sadza

*Executive Directors

Directors' remuneration

Details of the directors' remuneration are contained in Note 22.1 to the Financial Statements.

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the annual financial statements of Barclays Bank of Zimbabwe Limited, comprising the statement of financial position as at 31 December 2013, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Zimbabwe Companies Act (Chapter 24:03). In addition, the directors are responsible for preparing the directors' report.

Director's Report (continued)

The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the ability of Barclays bank of Zimbabwe Limited to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of annual financial statements

The annual financial statements of Barclays Bank of Zimbabwe Limited as identified in the first paragraph, were approved by the board of directors on 11 February 2014

Auditors

At the 2013 Annual General Meeting, shareholders re-appointed Messrs KPMG as auditors of the Bank until the conclusion of the next Annual General Meeting.

By Order of the Board
W. Chimwaradze
Company Secretary
11 February 2014

Corporate Governance Statement

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

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

Main Board

The Board of Directors is led by an independent non-executive chairman, thereby ensuring effective and constructive checks and balances between the Managing Director and Board Chairman. The Directors held five Board meetings in 2013 during which policies governing the Bank were discussed, among other things. Special focus was also given to the strategies of the Bank with 4 Board business review and strategy sessions having been held in the period under review. The Board comprises two executive directors and five independent non-executive directors.

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

Audit Committee

The primary functions of the Committee are to review the company's accounting policies, the contents of the financial reports, disclosure controls and procedures, management's approach to internal controls, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, oversee the relationship with the company's external auditors, as well as providing assurance to the Board that management's control assurance processes are being implemented and are complete and effective. At each meeting, the Committee reviews reported and noted weaknesses in controls and any deficiencies in systems and the remediation plans to address them. The Committee also monitors the ethical conduct of the Bank, its executives and senior officers and advises the Board as to whether or not the Bank is complying with the aims and objectives for which it has been established. 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 2013 were:-

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

Board Credit Committee

The Board Credit Committee is tasked with the overall review of the bank's lending policies. At each meeting, the Committee deliberates and considers loan applications beyond the discretionary limits of management. It ensures that there are effective procedures and resources to identify and manage irregular or problem credit facilities, minimize credit loss and maximize recoveries. It also directs, monitors, reviews and considers all issues that may materially impact on the present and future quality of the Bank's Credit risk management. The Committee comprises one executive member and two independent non-executive directors. The members of the Committee as at 31 December 2013 were:-

E. Fundira (Chairperson)
Prof. H. C. Sadza
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 two independent non-executive directors and one executive director. The members of the Committee as at 31 December 2013 were:-

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

Human Resources and Nominations Committee

The Human Resources Committee assists the Board in the review of critical personnel issues as well as acting as a Remuneration and Terminal Benefits Committee. The Committee reviews and approves overall recommendations on employee remuneration as well as approving managerial appointments. The Committee ensures that the remuneration of directors is in line with the nature and size of the operations of the Bank as well as the Bank's performance. In addition, the Committee also considers nominations to the Board and

Corporate Governance Statement (continued)

succession planning for the Board. The Committee comprises two independent non-executive directors and one executive director. The members of the Committee as at 31 December 2013 were:-

Prof H.C. Sadza (Chairperson)
A. S. Mandiwanza
G. T. Guvamatanga

Executive Committee (EXCO)

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

Assets and Liabilities/Treasury Committee (ALCO)

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

Risk Management Committee (also known as Risk and Control Committee)

This Committee ensures that the management and operation of the Bank's business is done within the governance and control framework established by Barclays and other regulatory bodies. It determines and approves business level policies, ensuring consistency with the Barclays Group policies. It assists the Board of Directors in the discharge of its duties relating to corporate accountability and associated risks in terms of management, assurance and reporting. At every meeting, the Committee reviews internal audit reports and assesses the integrity of the risk control systems as well as ensuring that the risk policies and strategies are effectively managed. The Committee also monitors external developments relating to the practice of corporate accountability and reporting of specific associated risks, including emerging risks and their potential impact. The Committee comprises executive directors and management.

Board Evaluation

The Board conducts an annual peer based evaluation of the effectiveness of its operations. The process entails the members collectively evaluating the effectiveness of the Board as well as each other individually as the members. The evaluation considers specific criteria such as structure of the Board, effectiveness of committees, strategic leadership, corporate responsibility, attendance and participation of members and overall weaknesses noted. From time to time, the Board enlists the services of an independent consultant to ensure the process remains robust. Action plans are put in place to address identified weaknesses with a view to continuously improving the performance of the Board and the individual members. The Board Evaluation for 2013 has commenced and will be concluded in the first quarter of 2014.

Directors Shareholding

The following is a schedule of the directors' shareholdings in the Bank as at 31 December 2013.

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

Annual Financial Statements

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

Corporate Governance Statement (continued)

Board and Committee Attendance 2013

Main Board

Name	Total Meetings	Total Present	Total Absent
A. S. Mandiwanza	9	9	Nil
C. F. Dube	9	7	2
H. C. Sadza	9	6	3
E. Fundira	9	8	1
G. T. Guvamatanga	9	9	Nil
J. Phiri*	9	2	7
A.I.Lawson	9	9	Nil
S. Matsekete	9	9	Nil

Audit Committee

Name	Total Meetings	Total Present	Total Absent
A. I. Lawson	5	5	Nil
E. Fundira	5	5	Nil
C. F. Dube	5	5	Nil

Human Resources & Nominations Committee

Name	Total Meetings	Total Present	Total Absent
H C Sadza	2	1	1
A.S. Mandiwanza	2	2	Nil
G. T. Guvamatanga	2	2	Nil

Credit Committee

Name	Total Meetings	Meetings supposed to attend	Total Present	Total Absent
E. Fundira	17	17	17	Nil
H.C. Sadza	17	15	11	4
J. Phiri*	17	3	1	2
G.TGuvamatanga	17	13	13	Nil

Loans Review Committee

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

*Mr. Phiri stepped down from the Board in May 2013.

By Order of the Board
W. Chimwaradze
Company Secretary
11 February 2014

KPMG
Mutual Gardens
100 The Chase (West)
Emerald Hill
Harare

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+263 4 302 600
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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the shareholders of Barclays Bank of Zimbabwe Limited

Report on the Financial Statements
We have audited the financial statements of Barclays Bank of Zimbabwe Limited ("Barclays"), which comprise the statement of financial position as at 31 December 2013, and the statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 14 to 65.

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

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

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

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

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of Barclays Bank of Zimbabwe Limitedas at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Banking Act (Chapter 24:20).

KPMG

KPMG Chartered Accountants (Zimbabwe)
Harare

11 February 2014

Statement of Financial Position
as at 31 December 2013

	Note	31.12. 2013 US$	31.12. 2012 US$
Assets			
Cash and bank balances	4	130,533,824	128,111,891
Loans and advances to banks	5	103,623	300,983
Loans and advances to customers	6	115,328,746	91,744,792
Derivative assets		132,326	3,435
Investment securities	7	10,572,503	14,509,647
Other assets	9	9,629,424	5,133,433
Current income tax asset	16	49,881	-
Investment property	10	5,690,000	5,670,000
Investment in joint venture	11	15,279,225	15,252,034
Property and equipment	12	20,486,945	20,800,708
Total assets		307,806,497	281,526,923
Liabilities			
Derivative liabilities		83,770	-
Bank balances due to group companies	8	56,496	221,485
Deposits from banks	13	145,342	958
Deposits from customers	14	247,984,999	224,778,193
Other liabilities	17	8,534,339	6,348,542
Provisions	18	1,648,773	5,213,427
Current income tax liabilities	16	-	285,191
Deferred income tax liabilities	16	5,011,727	4,150,514
Total liabilities		263,465,446	240,998,310
Equity			
Share capital	19	215,306	215,306
Share premium	19	23,642,135	23,642,135
Other reserves	19	13,621,087	13,153,197
Retained earnings		6,862,523	3,517,975
Total equity		44,341,051	40,528,613
Total equity and liabilities		307,806,497	281,526,923

S Matsekete	G T Guvamatanga	A Mandiwanza	W Chimwaradze
Chief Finance Officer	Managing Director	Chairman	Company Secretary

11 February 2014

Statement of Profit & Loss and Other Comprehensive Income
for the year ended 31 December 2013

	Note	31.12. 2013 US$	31.12. 2012 US$
Interest income	21	15,023,266	9,906,870
Interest expense	21	(2,707,279)	(2,264,439)
Net interest income		12,315,987	7,642,431
Impairment losses on loans and advances	22	(712,098)	(532,182)
Net interest income after loan impairment charges		11,603,889	7,110,249
Non-funded income	23	27,191,767	29,735,237
Total Income		38,795,656	36,845,486
Operating expenses	24	(33,890,735)	(34,044,957)
Operating profit		4,904,921	2,800,529
Share of profit of joint venture		279,225	252,034
Profit before income tax		5,184,146	3,052,563
Income tax charge	16	(2,232,115)	(927,650)
Profit for the year		2,952,031	2,124,913
Other comprehensive income			
Items that are or may be reclassified into profit or loss			
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		-	(9,495)
Net change in fair value of available-for-sale financial assets		1,167,711	630,522
Tax effect thereof		(352,192)	(191,367)
		815,519	429,660
Items that may never be reclassified into profit or loss			
Revaluation of property and equipment		-	4,017,808
Tax relating to other comprehensive income		-	(811,856)
		-	3,205,952
Total other comprehensive income for the year, net of tax		815,519	3,635,612
Total comprehensive income for the year		3,767,550	5,760,525
Basic earnings per share (US cents)		0.14	0.10
Diluted earnings per share (US cents)		0.14	0.10

Statement of Cash Flows
for the year ended 31 December 2013

	Note	31.12. 2013 US$	31.12. 2012 US$
Cash flow from operating activities			
Profit before income tax		5,184,146	3,052,563
Adjustments for non-cash items:			
Impairment losses on loans and advances		712,098	532,182
Depreciation of property and equipment	12	2,202,511	1,857,827
Impairment reversal of property and equipment		-	(221,108)
Effect of fair value gain on investment property and share of profit of joint venture		(299,225)	-
Profit on disposal of property and equipment		(5,373)	(86,825)
Gain on disposal of equity investment reclassified from other comprehensive income		-	(9,495)
Staff loan prepayment amortisation		(17,033)	(21,881)
Medical aid accrual fund		(1,082,000)	1,694,797
Share based payment expense		56,701	93,470
Net derivative assets		(48,556)	(3,435)
Cash flow from operating activities before changes in working capital		6,703,269	6,888,095
Increase in loans and advances to customers		(24,279,019)	(33,737,417)
Decrease in statutory reserves		-	10,246,892
(Increase)/decrease increase in other assets		(4,243,957)	159,425
Increase in deposits from customers		23,206,806	11,080,964
(Decrease)/Increase in other liabilities		(296,857)	2,040,888
Income taxes paid		(2,058,166)	(1,333,471)
Net cash generated from operating activities		(967,924)	(4,654,624)
Cash flow from investing activities			
Purchase of property and equipment	12	(1,975,104)	(3,045,302)
Proceeds from sale of property and equipment		89,670	183,042
Purchase of investment securities		-	(10,245,376)
Proceeds from sale of investments		3,073,613	26,630
Net cash generated/(used) in investing activities		1,188,179	(13,081,006)
Net increase/(decrease) in cash and cash equivalent		220,255	(17,735,630)
Cash and cash equivalents at the beginning of the year		130,221,673	147,661,105
Effect of exchange rate changes on cash and cash equivalents		(6,319)	296,198
Cash and cash equivalents at the end of the year	4.1	130,435,609	130,221,673

Statement of Changes in Equity
for the year ended 31 December 2013

	Share capital US$	Share premium US$	Available- for-sale reserves US$	Non-distributable reserves US$	Property revaluation reserves US$	General reserves US$	Accumulated profits US$	Share option reserve US$	Total US$
Balance at 1 January 2012	215,273	23,640,259	567,236	6,632,717	-	6,235	1,730,778	718,368	33,510,866
Profit or loss									
Profit for the year	-	-	-	-	-	-	2,124,913	-	2,124,913
Other comprehensive income									
Fair value gain on available for-sale- financial assets, net of tax	-	-	438,680	-	-	-	-	-	438,680
Gain on disposal of available for sale reserve reclassified to profit or loss	-	-	(9,020)	-	-	-	-	-	(9,020)
Revaluation of property, net of tax	-	-	-	-	3,205,952	-	-	-	3,205,952
Total comprehensive income for the year	-	-	429,660	-	3,205,952	-	2,124,913	-	5,760,525
Transactions with owners									
Employee share option scheme:									
-value of employee services charged to profit or loss	-	-	-	-	-	-	-	50,600	50,600
-group share based payments	-	-	-	-	-	-	-	42,870	42,870
-transfer to share capital and share premium on exercise of options	33	1,876	-	-	-	-	-	(1,909)	-
Other movements									
Regulatory impairment allowances	-	-	-	-	-	337,716	(337,716)	-	-
Deferred tax adjustment on reclassification from PPE to investment property	-	-	-	861,867	-	-	-	-	861,867
Adjustment to other assets				301,885	-	-	-	-	301,885
Balance at 31 December 2012	215,306	23,642,135	996,896	7,796,469	3,205,952	343,951	3,517,975	809,929	40,528,613
Balance at 1 January 2013	215,306	23,642,135	996,896	7,796,469	3,205,952	343,951	3,517,975	809,929	40,528,613
Profit or loss									
Profit for the year	-	-	-	-	-	-	2,952,031	-	2,952,031
Other comprehensive income									
Fair value gain on available for-sale- financial assets, net of tax	-	-	815,519	-	-	-	-	-	815,519
Gain on disposal of available for sale reserve reclassified to profit or loss	-	-	-	-	-	-	-	-	-
Revaluation of property, net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	815,519	-	-	-	2,952,031	-	3,767,550
Realisation of revaluation surplus, net of tax	-	-	-	-	(51,420)	-	51,420	-	-
Transactions with owners									
Employee share option scheme:									
-value of employee services charged to profit or loss	-	-	-	-	-	-	-	40,182	40,182
-group share based payments	-	-	-	-	-	-	-	16,519	16,519
-transfer to share capital and share premium on exercise of options	-	-	-	-	-	-	-	-	-
Other movements									
Regulatory impairment allowances	-	-	-	-	-	(341,097)	341,097	-	-
Adjustment to other assets	-	-	-	(11,813)	-	-	-	-	(11,813)
Balance at 31 December 2013	215,306	23,642,135	1,812,415	7,784,656	3,154,532	2,854	6,862,523	866,630	44,341,051

Notes to the Financial Statements
for the year ended 31 December 2013

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

The audited financial statements for the year were approved for issue by the Board of Directors on 11 February 2014.

2. Basis of preparation

2.1 Statement of compliance
The Bank's financial statements have been prepared in accordance with International Financial Reporting Standards, ("IFRS") and in a manner required by the Zimbabwe Companies Act (Chapter 24:03), the relevant statutory instrument ("SI") SI 33/99 and SI 62/96 and the Zimbabwe Banking Act, (Chapter 24:20).

2.2 Basis of measurement
The audited financial statements have been prepared on the historical cost basis except for the following :
(i) Available-for-sale financial assets measured at fair value
(ii) Investment property measured at fair value
(iii) The liability for pensioners` medical aid recognised as the present value of expected future medical payments based on employee life expectancy.
(iv) Derivative assets/liabilities measured at fair value.
(v) Buildings are measured using the revaluation model. Revaluation is performed after every 3 years.

2.3 Functional and presentation currency
These audited financial statements for the year are presented in United States of America dollars (US$) which is the Bank's functional currency.

2.4 Summary of significant accounting policies
The accounting policies applied in the preparation of the audited financial statements are consistent with prior year. The disclosures on risks from financial instruments are presented in the financial risk management report contained in note 30 to the financial statements.

The Bank classifies its expenses by nature of expense.

The statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities and investing activities. Cash and cash equivalents include highly liquid investments. Note 4 to the financial statements shows in which item of the statement of financial position cash and cash equivalents are included.

The cash flows from operating activities are determined by using the indirect method. Profit before income tax is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing activities are eliminated.
Interest received or paid is classified as operating cash flows.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

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

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IAS 19	Employee Benefits (2011)	1 January 2013
IAS 28	Investments in Associates and Joint Ventures (2011)	1 January 2013
IFRS 7	Disclosures – Offsetting of Financial Assets and Financial Liabilities (Amendments to IFRS 7)	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013

IAS 19 Employee Benefits (2011)
Under IAS 19 (2011), the Bank determines the net interest expense (income) on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability (asset) now comprises:

- Interest cost on the defined benefit obligation;
- Interest income on plan assets; and
- Interest on the effect of asset ceiling.

The change did not have any material impact on the Bank`s financial statements.

IAS 28 (2011) Investments in Associates and Joint Ventures

IAS 28 (2011) supersedes IAS 28 (2008) and carries forward the existing accounting and disclosure requirements with limited amendments. These include:

- IFRS 5: "Non-current assets held for sale and discontinued operations" is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and

- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the company does not re-measure the retained interest.

The Bank has adopted this new standard in its financial statements for the year ending 31 December 2013.

IFRS 7 Disclosures – Offsetting of Financial Assets and Financial Liabilities

Amendments to IFRS 7: " Disclosures – Offsetting of Financial Assets and Financial Liabilities" sets out more extensive disclosures about offsetting (also known as netting) of financial instruments. The objective of the new disclosures is to enable users of financial statements to evaluate the effect or potential effect of netting on the Bank`s financial position.

The new rules require the Bank to identify and disclose not only the financial assets and liabilities that have been offset in the statement of financial position but also those assets and liabilities that would be offset if future events, such as bankruptcy or termination of contracts, were to arise. The Bank has adopted this new standard and the change did not have any material impact to its financial statements for the year ending 31 December 2013.

IFRS 11 Joint arrangements

IFRS 11: "Joint arrangements establishes principles for financial reporting by parties to a joint arrangement and it supersedes IAS31- "Interests in Joint Ventures" and SIC-13- "Jointly Controlled Entities-Non monetary contributions by Venturers" and is effective for annual periods beginning on or after 1 January 2013. It requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. The IFRS classifies joint arrangements into two types-joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. The Bank has adopted this new standard in its financial statements for the year ending 31 December 2013.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12: "Disclosure of Interests in Other Entities" applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It is effective for annual periods beginning on or after 1 January 2013.
IFRS 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. The required disclosures aim to provide information to enable user to evaluate:

- The nature of, and risks associated with, an entity's interests in other entities; and
- The effects of those interests on the entity's financial position, financial performance and cash flows.

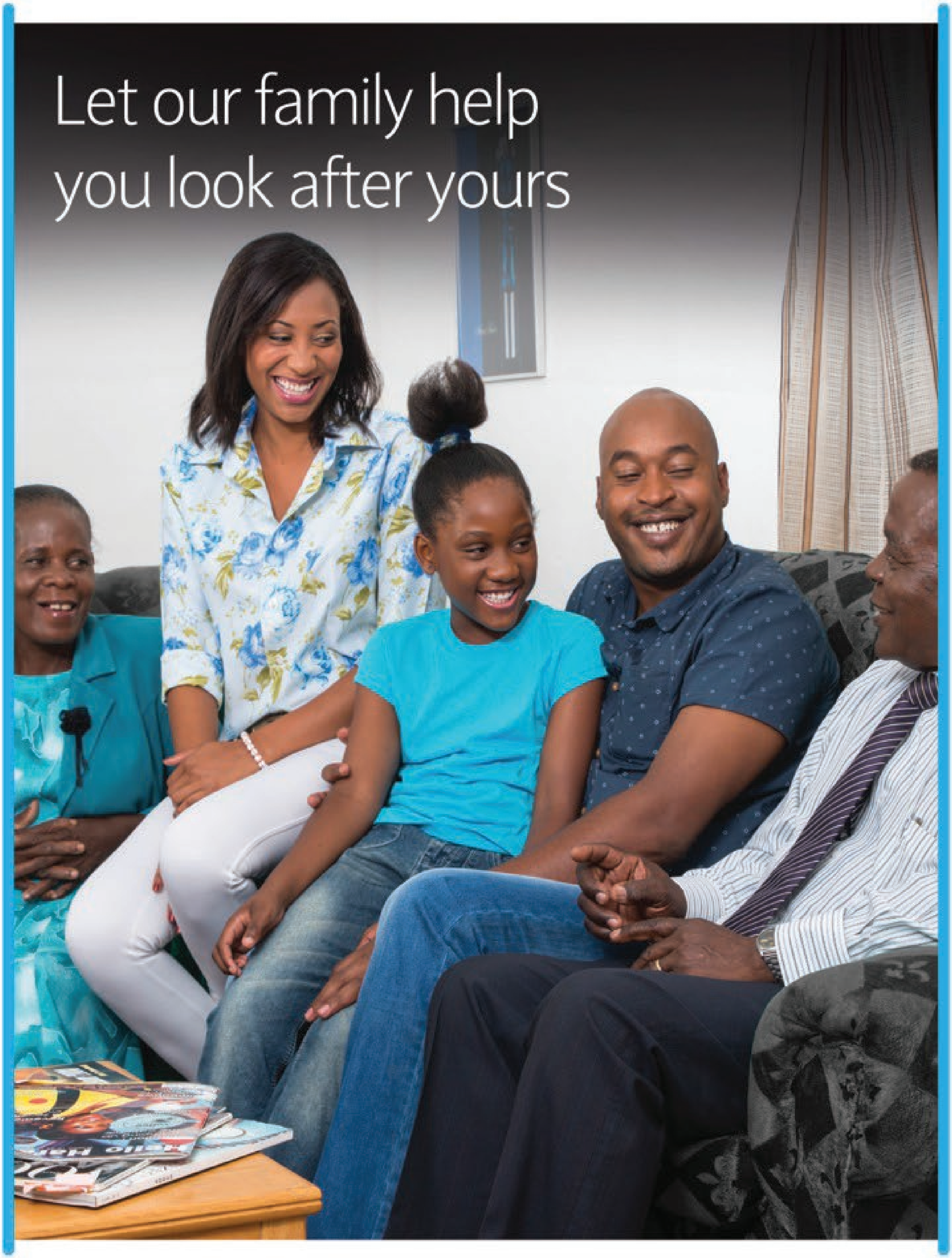
The Bank has adopted this new standard in its financial statements for the year ending 31 December 2013 and this has increased the level of disclosure provided for the entity's interests in joint arrangements

IFRS 13 Fair Value Measurement

IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosure requirements for fair value measurements. The key principles in IFRS 13 are as follows:

- Fair value is an exit price
- Measurement considers characteristics of the asset or liability and not entity-specific characteristics
- Measurement assumes a transaction in the entity's principal (or most advantageous) market between market participants
- Price is not adjusted for transaction costs
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs
- The three-level fair value hierarchy is extended to all fair value measurements

The standard has been applied prospectively and comparatives have not been restated.



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

The following new standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2013 and are expected to be relevant to the Bank.

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Financial Instruments	1 January 2017

IFRS 9 (2009) Financial Instruments

IFRS 9: "Financial Instruments" addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39: "Financial Instruments: Recognition and Measurements." Under IFRS 9(2009) there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or finacial assets measured at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host. The standard will be applied retrospectively, subject to transitional provisions.

2.5 Foreign currency transactions and balances

Foreign currency transactions are transactions denominated, or that require settlement in a foreign currency. They are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated at the closing exchange rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. All foreign exchange gains and losses are recognised in profit or loss except for changes on available-for-sale investments.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available for sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial instruments, such as equities classified as available-for sale financial assets, are included in other comprehensive income.

2.6. Financial assets and liabilities

In accordance with IAS 39: "Financial Instruments: Recognition and Measurement", all financial assets and liabilities – which include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned category. Financial assets and liabilities are recognised when the Bank becomes a party to the transaction.

2.6.1 Financial assets

(a) Classification

The Bank classifies its financial assets in one of the following IAS 39 categories: loans and receivables, available-for-sale financial assets and held to maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial instruments at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(a) those that the Bank upon initial recognition designates as available for sale; or
(b) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest method. Loans and receivables are recognised in the statement of financial position as loans and advances to other banks or customers or as investment securities. Interest on loans is included in profit or loss and is recognised as 'interest income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in profit or loss as 'impairment losses on loans and advances'.

(ii) Available-for-sale financial assets

Available-for-sale financial assets which comprise equity and debt securities, are those non-derivative financial assets that are designated as available for sale or are not classified as;
(a) loans and receivables
(b) held-to-maturity investments or
(c) financial assets at fair value through profit or loss

Available-for-sale financial assets are initially recognised at fair value, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until they are derecognised. Dividends on available-for-sale equity instruments are recognised in profit or loss in 'dividend income' when the Bank's right to receive payment is established.

(iii) Held to maturity investments

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

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

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

(iv) Derivative financial assets

Derivative financial assets are measured at fair value. Changes in fair value are recognised in profit or loss.

(b) Recognition

The Bank uses trade date accounting for regular way contracts when recording financial asset transactions.

(c) Derecognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2.6.2 Financial liabilities

The Bank's financial liabilities are classified into financial liabilities at amortised cost and derivative financial liabilities at fair value through profit or loss. Financial liabilities are derecognised when they are discharged, cancelled or expire.

(a) Financial liabilities measured at amortised cost

Financial liabilities that are not classified as "at fair value through profit or loss'' fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from other banks or customers and amounts due to group companies. The Bank does not have any financial liabilities classified as 'at fair value through profit or loss'.

2.7 Classes of financial instruments

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

<table>
<tr><th colspan="2">Category (as defined by IAS 39)</th><th colspan="2">Class (as determined by the Bank)</th><th>Subclasses</th></tr>
<tr><td rowspan="10">Financial assets</td><td rowspan="5">Loans and receivables</td><td colspan="3">Loans and advances to bank</td></tr>
<tr><td rowspan="4">Loans and advances to customers</td><td rowspan="2">Loans to individuals (retail)</td><td>Overdrafts</td></tr>
<tr><td>Term loans</td></tr>
<tr><td rowspan="2">Loans to corporate entities</td><td>Overdrafts</td></tr>
<tr><td>Term loans</td></tr>
<tr><td rowspan="3">Available-for-sale financial assets</td><td colspan="2" rowspan="2">Equity investments securities</td><td>Listed</td></tr>
<tr><td>Unlisted</td></tr>
<tr><td colspan="3">Treasury bills</td></tr>
<tr><td>Held to maturity</td><td colspan="3">Government bonds</td></tr>
<tr><td>Financial assets at fair value through profit or loss</td><td colspan="3">Forward exchange contracts and currency swaps</td></tr>
</table>

Category (as defined by IAS 39)		Class (as determined by the Bank)	Subclasses
Financial liabilities	Financial liabilities at amortised cost	Deposits from banks	
		Deposits from Customers	Demand
			Savings
			Time
Off-statement of financial position items	Financial liabilities at fair value through profit or loss	Forward exchange contracts and currency swaps(contract value)*	
	Loan commitments		
	Guarantees*, acceptances and other financial facilities (contract value)		

*Fair value movement of forward exchange contracts, currency swaps and guarantees is accounted for on the statement of financial position.

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

2.9 Interest income and expense
Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.10 Fee and commission income
Fees and commissions are generally recognised on an accrual basis when the service has been provided.

Custody and other portfolio management fees are recognised based on a percentage of portfolio size.

2.11 Dividend income
Dividends are recognised in profit or loss in 'non-funded income' when the entity's right to receive payment is established.

2.12 Impairment of financial assets

2.12.1 Assets carried at amortised cost
The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:
(a) significant financial difficulty of the issuer or obligor;
(b) a breach of contract, such as a default or delinquency in interest or principal payments;
(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
(d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
(e) the disappearance of an active market for that financial asset because of financial difficulties; or
(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
   (i) adverse changes in the payment status of borrowers in the portfolio; and
   (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

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The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months; in exceptional cases, longer periods are warranted.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Bank grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist. When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

2.12.2 Assets classified as available-for-sale

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses on equity instruments are recognised in profit or loss and impairment reversals are recognised in other comprehensive income.

2.13 Derivative financial instruments

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

2.14 Share-based payments

The Bank engages in equity-settled share-based payment transactions in respect of services received from some of its employees.

The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of the employee services received in respect of the shares or share options granted is recognised in profit or loss with a corresponding recognition in equity over the period that the services are received, which is the vesting period.

The fair value of the options granted is determined using an option pricing model, Black Scholes, which takes into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Except for those which include terms related to market conditions, vesting conditions included in the terms of the grant are not taken into account when estimating fair value. Non-market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of employee service so that ultimately, the amount recognised in profit or loss reflects the number of vested shares or share options. Where vesting conditions are related to market conditions, the charges for the services received are recognised regardless of whether or not the market related vesting condition is met, provided that the non-market vesting conditions are met.

The Bank participates in the Barclays Bank Plc share option scheme. These options are granted and settled by Barclays Bank Plc. The fair value of share options is accounted for as an equity reserve.

2.15 Cash, bank balances and cash equivalents

2.15.1 Cash and bank balances

Cash and bank balances comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and cash and balances with Central Bank. Cash and bank balances are measured at amortised cost in the statement of financial position.

2.15.2 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances above (2.15.1), other short term liquid loans, advances to banks less deposits from banks and payables to other banks. Cash and cash equivalents are measured at amortised cost in the statement of financial position.

2.16 Investment property

Investment property is held to earn rental income and capital appreciation and is not occupied by the Bank.

Recognition of investment property takes place only when it is probable that future economic benefits that are associated with the investment property will flow to the entity and the cost can be reliably measured.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Operating expenses are paid in full by the lessee. Investment property is initially measured at cost, including transaction costs and subsequently shown at fair value, based on periodic but at least annual valuation by external independent valuers. Gains and losses arising from changes in the fair value of the property are included in profit or loss in the period in which they arise. The fair value of investment property is based on the nature, location and condition of the asset. The fair value is calculated by reference to the price that would be received to sell the property in an orderly transaction at measurement date.

2.17 Property and equipment

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

Subsequent costs are included in the asset's carrying amount or are recognised as separate assets, as appropriate, only when it is probable the future economic benefits associated with the assets will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced parts are derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and debited against non-distributable reserves directly in equity, all other decreases are recognised in profit or loss. Only revaluation surpluses previously recognised directly in equity are transferred from non-distributable reserves' to 'retained earnings' on disposal of assets. Land is not depreciated. Depreciation on other assets is calculated using the straight – line method to allocate the cost down to the residual values over their estimated useful lives, as follows:

Asset category	%
Freehold buildings	2
Leasehold buildings	2
Furniture and fittings	20
Computers	20
Office equipment	20
Motor Vehicles	20

Depreciation is charged on a pro rata basis from the purchase date to the date of disposal. Capital work in progress is stated at cost and is not depreciated. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When the carrying amount of an asset is greater than its estimated recoverable amount it is immediately written down to its recoverable amount. The recoverable amount is the higher of the asset's fair value less the costs to sell and values in use. These adjustments are recognised in profit or loss. A reversal of an impairment loss for equipment is recognised immediately in profit or loss. The increased carrying amount of the equipment attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the equipment in prior years. Gains and losses on disposals are determined by comparing proceeds and carrying amount. The gains or losses are recognised in other income in profit or loss. All repairs and maintenance costs are recognised to profit or loss.

2.18 Leases

(a) Operating lease – lessor

Assets leased to customers under agreements which do not transfer substantially all the risks and rewards of ownership, are classified as operating leases. The leased assets are included within property and equipment on the Bank's statement of financial position and depreciation is provided on the depreciable amount of these assets on a systematic basis over their estimated useful lives. Lease income is recognised on a straight line basis over the period of the lease.

(b) Operating lease - lessee

The leases entered into by the Bank are primarily operating leases.Operating lease rentals payable are recognised as an expense in profit or loss on a straight-line basis over the lease term.

2.19 Income tax

2.19.1 Current income tax

The tax expense for the period comprises current and deferred income tax. Income tax expense is calculated on the basis of the applicable tax laws and is recognised as an expense in profit or loss for the period except to the extent of current tax related to items that are recognised in other comprehensive income or directly to equity. In these circumstances, current income tax is recognised in other comprehensive income or equity, as appropriate.

2.19.2 Deferred income tax

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property and equipment, investment property and revaluation of property and equipment and certain financial assets, and liabilities. Deferred income tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Bank and it is probable that the difference will not reverse in the foreseeable future.

Deferred income tax related to fair value re-measurement of available-for-sale investments which is recognised in other comprehensive income, is also recognised in the other comprehensive income and subsequently in profit or loss together with the deferred gains or loss.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority.

2.20 Employee benefits

2.20.1 Retirement benefit obligations

The Bank operates a defined contribution plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as staff costs in profit or loss in the period during which related services are being rendered.

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

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

2.20.3 Termination benefits
Termination benefits are expensed at the earlier of when the Bank can no longer withdraw the offer of those benefits and when the Bank recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

2.20.4 Equity compensation benefits
Share options are granted on appointment to a managerial position. The share option grant price is the mid-market price on the date preceding that on which the share option was granted. Non-managerial employees benefit from shares held by the Employee Share Participation Trust in the form of dividends declared. On retirement, non-managerial employees are allocated shares by the Employee Participation Trust.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

2.20.5 Performance related staff retention incentive
The Bank recognises a liability and an expense for performance related staff payments based on individual staff member's performance. The Bank recognises a provision where contractually obliged or where there is a past practice that may be considered to have created a constructive obligation.

2.21 Financial guarantee contracts
Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given.
Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in profit or loss the fee income earned on a straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the reporting date. The corresponding liability is recognised in other liabilities in the statement of financial position. These estimates are determined based on experience of similar transaction and history of past losses, supplemented by the judgement of management. Any increase in the liability relating to guarantees is recognised in profit or loss under other operating expenses.

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets.

2.23.1 Share issue costs
Incremental costs directly attributable to the issue of new shares or options are shown directly in equity as a deduction, net of tax, from the proceeds.

2.23.2 Dividends on ordinary shares
Dividends on ordinary shares are recognised in equity in the period in which they are declared by the Bank's directors. Dividends for the year that are declared after the statement of financial position date are dealt with in the subsequent events note.

2.24 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of the entity. The Bank has determined the Country Management Committee as its chief operating decision-maker. In accordance with IFRS 8, Segment Reporting, the Bank has the following business segments: Retail Banking, Corporate Banking and Treasury.

2.25 Subsidiaries
Subsidiaries are entities controlled by the Bank. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Bank. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. Subsidiaries are not consolidated if the assets and liabilities are not material.

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

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

The Bank assesses investments in jointly controlled entities for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Where the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount.

The Bank ceases to use the equity method of accounting on the date from which it no longer has joint control or significant influence over the joint venture, or when the interest becomes held for sale.

2.27 Fiduciary activities
The Bank commonly acts as a trustee and in other fiduciary capacities, which result in holding or placing of assets on behalf of individuals, trusts, post employment benefit plans and other institutions. As these are not assets of the Bank they are not reflected in the statement of financial position. These assets and the income arising thereon have been disclosed in Note 23.1.

3. Critical accounting estimates and judgements
The Bank's financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the financial statements. The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Bank's results and financial situation due to their materiality.

3.1 Impairment losses on loans and advances
The Bank reviews its loan portfolios to assess impairment at least monthly. In determining whether an impairment loss should be recognised in profit or loss, the Bank makes judgements as to whether there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio.
Management uses estimates based on historical loss experience for assets with credit risk characteristics.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. For specific impairment the expected cash flows are discounted using the original effective interest rate when the loan was granted.

3.2 Impairment of available-for-sale equity financial assets
The Bank determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of fair value for available-for-sale equity financial assets for which there is no observable market price requires the use of valuation techniques (refer Note 15 for detailed disclosure). This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

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

3.4 Fair value of share options
The fair value of share options that are not traded in an active market is determined using valuation techniques. The Bank uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of outstanding share options during the year was determined by reference to the Black Scholes Model. Refer to Note 19.8 for the detailed assumptions used in the Black Scholes Model.

3.5 Post retirement medical aid obligations
The Bank provides existing retirees with healthcare support through a registered medical scheme. To cater for this arrangement, the bank allocated an amount to the scheme, determined on the basis of expected medical aid contributions for the life expectancy of the retirees, the expected investment returns and the expected effect of inflation on medical aid costs. The bank also set aside within the scheme, a provision to complement the voluntary contributions that volunteering members nearing retirement (defined as those members within 5 years of retirement as at 1 November 2013) would make to the scheme. The maximum support provided by the bank to retirees is currently at 100%, changing to 75% in 2016 and 50% in 2018. The level of support that the bank would provide through the scheme can be varied depending on the Bank's circumstances and within the rules of the scheme.

4. Cash and bank balances

	31.12. 2013 US$	31.12. 2012 US$
Cash in hand	38,617,716	56,494,955
Balances with the Central Bank other than mandatory reserve deposits	65,720,862	51,560,655
Bank balances due from group companies (Note 8.3)	26,195,246	20,056,281
Total cash and bank balances	130,533,824	128,111,891
Current	130,533,824	128,111,891
Non-current	-	-
Total	130,533,824	128,111,891

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

	31.12. 2013 US$	31.12. 2012 US$
Cash and bank balances (Note 4)	130,533,824	128,111,891
Loans and advances to banks (Note 5)	103,623	300,983
Bank balances due to group companies (Note 8.3)	(56,496)	(221,485)
Deposits from other banks (Note 13)	(145,342)	(958)
Treasury bills (Note 7.2)	-	2,031,242
Total cash and cash equivalents-statement of cash flows	130,435,609	130,221,673

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5. Loans and advances to banks

	31.12. 2013 US$	31.12. 2012 US$
Items in course of collection from other banks	103,623	300,983
Placements with other banks	-	-
Included in cash and cash equivalents	103,623	300,983
Loans and advances to other banks	103,623	300,983
Less allowance for impairment	-	-
Total	103,623	300,983
Current	103,623	300,983
Non-current	-	-
Total	103,623	300,983

6. Loans and advances to customers

	31.12. 2013 US$	31.12. 2012 US$
Personal lending	19,865,880	13,467,781
Wholesale and corporate loans and advances	97,852,960	79,889,617
Gross loans and advances to customers	117,718,840	93,357,398
Less allowance for impairment	(2,257,503)	(1,545,405)
Interest on classified debt	(132,591)	(67,201)
Loans and advances to customers	115,328,746	91,744,792
Current	83,130,477	67,183,119
Non-current	32,198,269	24,561,673
Total	115,328,746	91,744,792

7. Investment securities

	31.12. 2013 US$	31.12. 2012 US$
Investment securities held-to-maturity (Note 7.1)	7,171,763	10,245,376
investment securities available-for-sale (Note 7.2)	3,400,740	4,264,271
At 31 December	10,572,503	14,509,647

7.1 Investment securities held-to-maturity

	2013	2012
At 1 January	10,245,376	-
Additions - Government bonds	-	10,245,376
Sale and redemption	(3,073,613)	-
At 31 December	7,171,763	10,245,376
Current	3,073,613	3,073,613
Non-current	4,098,150	7,171,763
Total	7,171,763	10,245,376

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7.2 Investment securities available-for-sale

	2013 US$	2012 US$
As at 1 January	4,264,271	1,629,137
Additions	-	2,031,242
Sale and redemption	(2,031,242)	(26,630)
Gains from changes in fair value	1,167,711	630,522
At 31 December	3,400,740	4,264,271
Treasury bills	-	2,031,242
Equity investments	3,400,740	2,233,029
Total	3,400,740	4,264,271
Current	-	2,031,242
Non-current	3,400,740	2,230,029
Total	3,400,740	4,264,271

The fair value for quoted securities was determined using the closing stock market price on 31 December 2013. Fair value for unquoted securities was determined using the net asset value method and use of valuation methods like enterprise value. Treasury bills were valued at cost plus accrued interest due to unavailability of market values as the investments were not traded.

8. Related party balances and transactions

The Bank is controlled by Afcarme Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 68% (2012:68%) of the ordinary shares. The remaining 32% of the shares are widely held. The ultimate parent of the Bank is Barclays Bank Plc incorporated in the United Kingdom. There are other companies which are related to Barclays Bank of Zimbabwe Limited through common shareholdings or common directorship. In the normal course of business, placings of foreign currencies made with group companies are at market interest rates. The related party transactions, outstanding balances at year-end and related expense and income for the year are as follows:

8.1 Loans and advances to related parties

	Directors and other key management personnel	
	2013 US$	2012 US$
Loans outstanding at 1 January	520,775	95,001
Loans issued during the year	317,237	509,740
Loan repayments during the year	(130,106)	(83,966)
Loans outstanding at 31 December	707,906	520,775
Current	162,657	124,658
Non-current	545,249	396,117
Total	707,906	520,775
Interest income earned	32,218	19,692

Of the loans advanced to directors and other key management personnel US$439,346 is secured and repayable over 15-20 years. The balance of US$268,560 is unsecured and repayable monthly over 3 years at average interest rates of 5,5% (2012:5.5%). Loans and advances to non executive directors during the year ended 31 December 2013 were US$13,189 (2012: US$19,503) repayable within 3 years and at an average interest rate of 5.5%.

No impairment losses have been recognised in respect of loans advanced to related parties (2012:nil)

8.2 Deposits from related parties

	Directors and other key management personnel	
	2013 US$	2012 US$
Deposits at 1 January	209,906	7,113
Deposits received during the year	2,795,888	2,517,358
Deposits repaid during the year	(2,875,630)	(2,314,565)
Deposits at 31 December	130,164	209,906
Current	130,164	209,906
Non-current	-	-
Total	130,164	209,906
Interest expense on deposits	-	-

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

8.3 Bank balances with group companies

	31.12. 2013 US$	31.12. 2012 US$
Bank balances due from group companies (Note 4)	26,195,246	20,056,281
Bank balances due to group companies (Note 4.1)	(56,496)	(221,485)
Other balances due from group companies (Note 9)	1,802,297	1,453,116
Total	27,941,047	21,287,912

The balances were assessed and no impairment losses have been recognised for bank balances due from group companies.

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

	Deposits 31.12.2013 US$	Loan advances 31.12.2013 US$	Deposits 31.12.2012 US$	Loan advances 31.12.2012 US$
Dairiboard Holdings Limited	404,586	1,555,000	321,131	595,000
Delta Corporation Limited	572,459	7,337,145	1,686,719	10,337,145
Edgars Stores Limited	102,417	14,400,000	120,882	17,755,458
Tobacco Sales Limited	227,601	4,000,000	809,292	4,000,000
Barclays Bank Pension Fund	103,307	-	111,958	-
Total	1,410,370	27,292,145	3,049,982	32,687,603
Current	1,410,370	16,492,145	3,049,982	18,532,145
Non-current	-	10,800,000	-	14,155,458
Total	1,410,370	27,292,145	3,049,982	32,687,603

Repayments on the loans to the related parties were made on due dates. New loans were also granted. Interest income on the loans was US$2,430,228(2012: US$1,180,796). The balances were assessed and no impairment losses have been recognised for balances with related parties through common directorship/trusteeship.

8.5 Foreign exchange swaps and contracts with related parties

As at 31 December 2013, the Bank had the following outstanding swap and forward exchange contract transactions with ABSA and Barclays Capital.

Counterparty	Up to 1 month US$	1 to 2 months US$	2 to 3 months US$	3 to 6 months US$	Total US$
ABSA	1,218,559	436,822	194,216	724,458	2,574,055
Barclays Capital	1,754,156	942,960	188,361	466,551	3,352,028
At 31 December 2013	2,972,715	1,379,782	382,577	1,191,009	5,926,083
At 31 December 2012	3,394,394	890,236	764,058	-	5,048,688

8.6 Key management compensation

	2013 US$	2012 US$
Salaries and other short-term employee benefits	1,551,444	1,193,555
Post-employment benefits	140,571	118,424
Share-based payments	53,642	311,852
Total	1,745,657	1,623,831

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.

9. Other assets

	31.12. 2013 US$	31.12. 2012 US$
Prepayments and stationery	1,049,850	794,906
Card transactions	5,429,995	1,278,595
Other debtors	646,150	984,411
Receivable from Group	1,802,297	1,453,116
Remittances in transit	1,060	1,449
Staff loans market interest rate adjustment	700,072	620,956
Total	9,629,424	5,133,433
Current	9,162,709	4,712,363
Non-current	466,715	421,070
Total	9,629,424	5,133,433

10. Investment property

10.1. Reconciliation of carrying amount

	2013 US$	2012 US$
Investment property at fair value as at 1 January	5,670,000	-
Net gains from fair value adjustment	20,000	-
Transfers from property and equipment (note 12)	-	5,670,000
Investment property at fair value as at 31 December	5,690,000	5,670,000
Non-current	5,690,000	5,670,000
Total	5,690,000	5,670,000

Investment property comprises three commercial properties that are leased to third parties. No contingent rents are charged. The change in fair value of investment property recorded in other income in profit or loss is a gain of US$20,000. (2012: Nil). Rental income from investment property of US$552,782 (2012: US$580,901) 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 fair value (Note 15) based on the inputs to the valuation technique used.

11. Investment in a joint venture

The Bank has a 50% interest in Makasa Sun (Private) Limited, a jointly controlled entity which owns a property in Victoria Falls. Makasa Sun (Private) Limited is incorporated in Zimbabwe. The Bank's interest in Makasa Sun (Private) Limited is accounted for using the equity method in the financial statements. Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the financial statements are set out below;

	31.12.2013 US$	31.12.2012 US$
Current assets, including cash and cash equivalents	681,492	620,947
Non-current assets	30,000,000	30,000,000
Current liabilities, including tax payable	(16,550)	(26,245)
Non-current liabilities, including deferred tax liabilities	(1,500,000)	(1,500,000)
Equity	30,558.451	30,489,157
Proportion of the Bank's ownership	50%	50%
Carrying amount of the investment	15,279,225	15,252,034

Summarised statement of profit or loss of Makasa Sun (Private) Limited

	2013 US$	2012 US$
Rental income	759,080	679,315
Operating expenses	(6,958)	(17,205)
Profit before income tax	752,122	662,110
Income tax expense	(193,671)	(172,953)
Profit for the year	558,451	489,157
Barclays Bank's share of profit for the year	279,225	252,034

The joint venture had no contingent liabilities or capital commitments as at 31 December 2013 (2012: Nil).

12. Property and equipment

Year ended 31 December 2013

	Leasehold Land US$	Buildings US$	Computers US$	Equipment US$	Furniture and fittings US$	Motor vehicles US$	Totals US$
Opening carrying amount	43,414	15,907,502	977,327	1,562,041	255,992	2,054,432	20,800,708
Additions	-	-	890,360	210,675	123,009	751,060	1,975,104
Disposals	-	-	(326,810)	(21,752)	-	(246,419)	(594,981)
Depreciation charge on disposals	-	-	288,462	11,601	-	208,562	508,625
Depreciation charge	-	(324,624)	(526,968)	(487,965)	(147,244)	(715,710)	(2,202,511)
Closing carrying amount	43,414	15,582,878	1,302,371	1,274,600	231,757	2,051,925	20,486,945
At 31 December							
Cost or valuation	43,414	15,907,502	2,858,481	2,533,429	771,053	3,708,592	25,822,471
Accumulated depreciation and impairment	-	(324,624)	(1,556,110)	(1,258,829)	(539,296)	(1,656,667)	(5,335,526)
Carrying amount	43,414	15,582,878	1,302,371	1,274,600	231,757	2,051,925	20,486,945
At 31 December							
Cost or valuation	43,414	15,907,502	2,858,481	2,533,429	771,053	3,708,592	25,822,471
Accumulated depreciation and impairment	-	(324,624)	(1,556,110)	(1,258,829)	(539,296)	(1,656,667)	(5,335,526)
Carrying amount	43,414	15,582,878	1,302,371	1,274,600	231,757	2,051,925	20,486,945

Year ended 31 December 2012

	Leasehold Land US$	Buildings US$	Computers US$	Equipment US$	Furniture and fittings US$	Motor vehicles US$	Totals US$
Opening carrying amount	40,000	17,576,935	926,757	1,093,219	277,926	1,225,697	21,140,534
Additions	3,414	129,399	496,264	874,172	110,616	1,431,437	3,045,302
Revaluation surplus	-	4,017,808	-	-	-	-	4,017,808
Disposals	-	-	(72,598)	(15,462)	(24,437)	(275,050)	(387,547)
Depreciation charge on disposals	-	-	58,777	9,685	21,002	201,866	291,330
Transfers to investment property	-	(5,670,000)	-	-	-	-	(5,670,000)
Depreciation charge	-	(393,640)	(425,502)	(386,821)	(122,346)	(529,518)	(1,857,827)
Impairment reversal	-	247,000	-	-	-	-	247,000
Impairment charge	-	-	(6,371)	(12,752)	(6,769)	-	(25,892)
Closing carrying amount	43,414	15,907,502	977,327	1,562,041	255,992	2,054,432	20,800,708
At 31 December							
Cost or valuation	43,414	15,907,502	2,281,550	2,357,887	648,044	3,203,951	24,442,348
Accumulated depreciation and impairment	-	-	(1,304,223)	(795,846)	(392,052)	(1,149,519)	(3,641,640)
Carrying amount	43,414	15,907,502	977,327	1,562,041	255,992	2,054,432	20,800,708

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 obsolesce of equipment. Land and buildings were last revalued on 31 December 2012 by independent valuers. Revaluation takes place after every three years. There is no revaluation that has taken place in the current year. If buildings were stated on the historical cost basis, the carrying amount would be US$12,460,722 (2012: US$12,716,094). No items of property and equipment were pledged as at 31 December 2013.

13. Deposits from banks

	31.12. 2013 US$	31.12. 2012 US$
Items in course of collection	145,342	958
Total	145,342	958
Current	145,342	958
Total	145,342	958

The above comprises financial instruments classified as liabilities at amortised cost.

14. Deposits from customers

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

	31.12. 2013 US$	31.12. 2012 US$
Large corporate and business banking customers:		
- Current/settlement accounts	146,154,818	122,814,653
- Time deposits	6,297,120	1,300,000
Small to medium enterprises (“SMEs”)		
- Current/settlement accounts	28,859,128	25,680,884
- Time deposits	500,958	-
Retail customers:		
- Current/demand accounts	65,570,421	74,881,684
- Time deposits	602,554	100,972
Total	247,984,999	224,778,193
Current	247,984,999	224,778,193
Total	247,984,999	224,778,193

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Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Fair value of deposits from customers approximates carrying amount because of their short tenure. Included in customer accounts are deposits of US$1,066,963 (2012: US$1,616,163) held as collateral for loans advanced and letters of credit. The fair value of the deposits approximates carrying amount.

14.1 Concentrations of customer deposits were as follows:

	31.12.2013 US$	%	31.12.2012 US$	%
Trade and services	80,598,197	32	70,290,529	31
Energy and minerals	142,941	-	965,772	-
Agriculture	23,608,610	9	9,470,774	4
Construction and property	1,377,248	1	2,064,374	1
Light and heavy industry	16,652,785	7	13,426,380	7
Physical persons	66,172,975	27	74,982,656	33
Transport and distribution	40,355,110	16	38,605,959	17
Financial services	19,077,133	8	14,971,749	7
Total	247,984,999	100	224,778,193	100

15. Fair value of assets and liabilities

The table below summarises the carrying amounts and fair values of financial assets and liabilities presented on the Bank's statement of financial position.

	Carrying value 31.12.2013 US$	Fair value 31.12. 2013 US$	Carrying value 31.12.2012 US$	Fair value 31.12. 2012 US$
Financial assets				
Cash and bank balances	130,533,824	130,533,824	128,111,891	128,111,891
Loans and advances to other banks	103,623	103,623	300,983	300,983
Loans and advances to customers				
- Retail customers (individual)	19,614,742	19,614,742	13,447,936	13,447,936
- Large corporate customers	95,655,380	95,655,380	78,159,465	78,159,465
- SMEs	58,624,	58,624,	137,391	137,391
- Other	-	-	-	-
Government bonds	7,171,763	7,171,763	10,245,376	10,245,376
Total	253,137,956	253,137,956	230,403,042	230,403,042
Financial liabilities				
Deposits from other banks	145,342	145,342	958	958
Due to customers				
- Retail customers	66,172,975	66,172,975	74,982,656	74,982,656
- Large corporate customers	152,451,938	152,451,938	124,114,653	124,114,653
- SMEs	29,360,086	29,360,086	25,680,884	25,680,884
Bank balances due to group companies	56,496	56,496	221,485	221,485
Total	248,186,837	248,186,837	225,000,636	225,000,636

Contingent liabilities and commitments

	Contractual amount 31.12.2013 US$	Fair value 31.12. 2013 US$	Contractual amount 31.12.2012 US$	Fair value 31.12. 2012 US$
Loan commitment	41,964,258	41,964,258	37,293,026	37,293,026
Guarantees and letters of credit	1,503,830	1,503,830	2,394,524	21,517
Total	43,468,088	43,468,088	39,687,550	37,314,543

(a) Loans and advances to other banks

Loans and advances to other banks include inter-bank placements and items in the course of collection. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value.

(b) Loans and advances to customers
Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. As loans and advances are issued at variable rates the carrying amount approximates fair value.

(c) Deposits from banks and due to customers
The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. All deposits are in this category and therefore the carrying amount approximates fair value. Term deposits are offered at market rates therefore carrying amount approximates fair value.

(d) Contingent liabilities and commitments
The estimated fair values of these financial instruments are based on market prices for similar facilities. When this information is not available, fair value is estimated using discounted cash flow analysis.

15.1 Fair value hierarchy
The Bank measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements:

- Level 1 – inputs that are quoted prices (unadjusted) in active markets for identical instruments. This level includes listed equity securities traded on the Zimbabwe Stock Exchange and New York Stock Exchange.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes equity investments and debt instruments with significant unobservable components. This category includes non-listed equity investments.

The hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

	Fair values US$	Level 1 US$	Level 2 US$	Level 3 US$	Valuation techniques and inputs
Derivative assets	132,326	-	132,326	-	Present value for similar items in active markets
Equity investment securities - listed	3,319,673	3,319,673	-	-	Quoted prices
Equity investment securities - unlisted	81,067	-	-	81,067	Net asset value
Investment property	5,690,000			5,690,000	Discounted cashflow at risk adjusted interest rates
Total assets at 31 December 2013	9,223,066	3,319,673	132,326	5,771,067	
Derivative liabilities	83,770	-	83,770	-	Present value for similar items in active markets
Share options	866,630	-	866,630	-	Volatility, dividend yield and risk free rate of return.
Total liabilities at 31 December 2013	950,400	-	950,400	-	

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

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Reconciliation of level 3 items	2013			2012		
	Available-for-sale financial assets US$	Investment property US$	Total assets US$	Available-for-sale financial assets US$	Investment property US$	Total assets US$
Balance at 1 January	70,836	5,670,000	5,740,836	88,423	-	88,423
Transfers into Level 3	-	-	-	-	5,670,000	5,670,000
Transfers out of Level 3	-	-	-	-	-	-
Total gains or losses for the period	10,231	20,000	30,231	(17,587)	-	(17,587)
- Included in profit or loss	-	20,000	20,000	-	-	-
- Included in other comprehensive income	10,231	-	10,231	(17,587)	-	(17,587)
Purchases	-	-	-	-	-	-
Balance at 31 December	81,067	5,690,000	5,771,067	70,836	5,670,000	5,740,836

Valuation techniques and inputs

The table below sets out information about significant unobservable inputs used at year end in measuring financial instruments and investment property categorised as Level 3 in the fair value hierarchy.

Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31/12/2013	Valuation technique	Significant unobservable input	Range of estimate/ (weighted average)	Fair value measurement sensitivity to unobservable inputs
Available for sale securities	81,067	Net asset value	n/a	n/a	n/a
Investment property	5,690,000	Discounted cashflow	Long term market discount rate	10%	Significant increase in the discount rate would result in a lower fair value

Significant unobservable inputs are developed as follows:

- Market interest rate is derived from interest rates offered to customers in the ordinary course of business
- The Bank has determined that the reported net asset value on available-for-sale assets represents fair value at the end of the reporting period.
- 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.

Whilst the Bank believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

16. Taxation

16.1 Income tax expense:

	31.12. 2013 US$	31.12. 2012 US$
Current income taxes on income for the financial year	(1,723,094)	(1,702,523)
Deferred income tax: origination and reversal of temporary differences	(509,021)	774,873
Income tax charge	(2,232,115)	(927,650)

The income tax rate applicable to the Bank's 2013 income is 25,75% (2012:25,75%).

16.2 Reconciliation of income tax expense

The tax on the Bank's profit before income tax differs from the theoretical amount that would arise using the principal tax rate of 25.75% (2012:25.75%) as follows;

	31.12. 2013 US$	31.12. 2012 US$
Profit before income tax	5,184,146	3,052,563
Income tax charged based on profit for the year	(1,334,918)	(786,035)
Tax effect of :		
Income subject to tax at lower rates/ not subject to tax	142,965	154,434
Expenses not deductible for tax purposes	(966,219)	(185,839)
Adjustments to capital allowances	(73,943)	(110,210)
Tax charge	(2,232,115)	(927,650)

16.3 Current income tax (asset)/liability

	2013 US$	2012 US$
Balance at beginning of year	285,191	(83,860)
Assessable current tax liability	1,723,094	1,702,522
Adjustment recognised for current tax of prior periods	-	-
Tax paid	(2,058,166)	(1,333,471)
Closing current income tax (asset)/liability	(49,881)	285,191
- Current tax liability to be recovered after more than 12 months	-	-
- Current tax liability to be recovered within 12 months	(49,881)	285,191
Total	(49,881)	285,191

In the Bank`s assessment and based on professional advice received there are no tax-related contingent liabilities and contingent assets in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

16.4 Deferred income tax assets and liabilities

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25.75%, (2012:25.75%)

The movement on the deferred income tax account is as follows:

	2013 US$	2012 US$
At 1 January	4,150,514	4,784,030
Recognised in profit or loss	509,021	(774,873)
-Movement during the year (Note 16.4a)	509,021	(774,873)
Available-for-sale securities: recognised in equity	352,192	191,368
- Fair value remeasurement	352,192	192,699
- Transfer to statement of comprehensive income	-	(1,331)
Revaluation and classification of properties	-	(50,011)
Movement relating to revaluation surplus	-	811,856
Rate adjustment on reclassification from property and equipment to investment property	-	(861,867)
At 31 December	5,011,727	4,150,514

16.4(a) Analysis of charge/(credit) in profit or loss

The deferred income tax charge/(credit) in profit or loss comprises the following temporary differences:

	2013 US$	2012 US$
Accelerated tax depreciation	(127,070)	26,719
Allowances for impairments	(253,165)	(137,037)
Other provisions	895,985	(409,879)
Other temporary difference	(6,729)	(254,676)
Total	509,021	(774,873)

16.4(b) Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are attributable to the following items:

Deferred income tax assets	31.12. 2013 US$	31.12. 2012 US$
Medical aid provision	-	1,023,305
Charges for loan impairment	738,981	397,943
Other provisions	490,633	436,758
Total	1,229,614	1,858,006

Deferred income tax liabilities	31.12. 2013 US$	31.12. 2012 US$
Accelerated tax depreciation	3,299,775	4,452,444
Revaluation surplus	803,955	811,856
Available for sale investments	1,001,953	649,761
Prepaid expenses	101,158	94,459
Other	1,034,500	-
Total	6,241,341	6,008,520
Total net deferred income tax	5,011,727	4,150,514

Deferred income tax assets are recognised for the tax losses carried forward only to the extent that realisation of the related tax benefit is probable.

16.4(c) Reversal temporary differences

Deferred income tax assets	31.12. 2013 US$	31.12. 2012 US$
- Deferred income tax asset to be realised after more than 12 months	397,942	966,455
- Deferred income tax asset to be realised within 12 months	831,672	891,551
Total	1,229,614	1,858,006

Deferred income tax liabilities	31.12. 2013 US$	31.12. 2012 US$
- Deferred income tax liability to be recovered after more than 12 months	4,948,657	5,114,461
- Deferred income tax liability to be recovered within 12 months	1,292,684	894,059
Total	6,241,341	6,008,520

17. Other liabilities

	31.12. 2013 US$	31.12. 2012 US$
Accrued expenses	1,435,940	883,960
Internal accounts including bank cheque account	7,098,399	5,464,582
Total	8,534,339	6,348,542
Current	8,534,339	6,348,542
Total	8,534,339	6,348,542

18. Provisions

	31.12. 2013 US$	31.12. 2012 US$
Staff retention incentive	1,199,046	936,291
Outstanding employee leave	449,727	303,136
Future medical aid liability	-	3,974,000
Total	1,648,773	5,213,427
Current	1,648,773	1,554,427
Non-current	-	3,659,000
Total	1,648,773	5,213,427

18.1 Staff retention incentive

The amount represents a provision for a performance based staff retention incentive to be paid to staff and is included in staff costs – Note 24.1.

	2013 US$	2012 US$
Balance at 1 January	936,291	910,447
Recognised in profit or loss	1,238,639	962,969
Utilised during the year	(975,884)	(937,125)
Balance as at 31 December	1,199,046	936,291

18.2 Provision for outstanding employee leave

Employee entitlements to annual leave are recognised when they accrue to employees. The provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date and the charge is recognised in profit or loss within "staff costs" (Note 24.1)

	2013 US$	2012 US$
Balance at 1 January	303,136	640,220
Recognised in profit or loss	147,217	(55,244)
Utilised during the year	(626)	(281,840)
Balance as at 31 December	449,727	303,136
Provision for staff retention incentive	1,199,046	936,291
Total other provisions	1,648,773	1,239,427

19. Share capital and other reserves

19.1 Share capital

	Number of shares (millions)	Ordinary shares US$	Share premium US$	Total US$
Authorised shares				
Ordinary shares of USc0.01 each	5,000	500,000	-	500,000
Issued shares				
At 1 January 2013	2,153	215,306	23,642,135	23,857,441
Employee share option scheme:	-	-	-	-
Proceeds from shares issued	-	-	-	-
At 31 December 2013	2,153	215,306	23,642,135	23,857,441

19.2 Other reserves

	31.12. 2013 US$	31.12. 2012 US$
Non distributable reserve	7,784,656	7,796,469
Property revaluation reserve	3,154,532	3,205,952
Share option reserve	866,630	809,929
Available-for-sale reserve	1,812,415	996,896
General reserve	2,854	343,951
Total	13,621,087	13,153,197

The total authorised number of ordinary shares at year end was 5 billion (2012: 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.

19.3 Share premium

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

19.4 Non distributable reserves

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

19.5 Available for sale reserve

The reserve shows the effects from the fair value measurement of financial instruments of the category "available for sale" after deduction of deferred income taxes.

19.6 General reserve
This amount represents the amount transferred from retained earnings to cover for the excess of the impairment allowance required by the Reserve Bank of Zimbabwe over and above the amount calculated in accordance with IAS39, ''Financial Instruments: Recognition and Measurement''.

19.7 Share option reserve
This reserve shows the effects of fair value measurements performed on the share options granted.

19.8 Share option scheme
The Bank has two share option schemes, a local managerial share option scheme and a group share option scheme.

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

There were no share options exercised in the period (2012:0.33million shares) being issued. Share options granted in 2013 had an average grant price of US$0,04 (2012:US$0,04). The share options were valued by an independent valuer using the Black Scholes model with an average option value price of US$0.05.
The following assumptions were input into the valuation model:
- Volatility of 58%
- Dividend yield 0%
- Nominal risk free rate of return of 4.42%
- Expected option exercise date is 1 year after vesting period.

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

	2013		2012	
Movements in the number of share options outstanding are as follows:	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
At 1 January	5,950,000	US$0,06	4,080,000	US$0,07
Granted	610,000	US$0,03	2,250,000	US$0,04
Forfeited	(230,000)	US$0,12	(50,000)	US$0,05
Exercised	-	-	(330,000)	US$0,04
At 31 December	6,330,000	US$0,05	5,950,000	US$0,06
Exercisable at 31 December	2,940,000	US$0,07	2,430,000	US$0,05

The exercise price of the share options outstanding at 31 December 2013 ranges from $0,03 to $0,20.

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

Incentive share plan (ISP):
Equity settled – 3 year vesting period, fair value is based on average Barclay share price on day of grant.

Movements in the number of share options outstanding are as follows:	2013 Number of shares	2012 Number of shares
At 1 January	-	105,465
Granted	-	-
Forfeited	-	(8,916)
Exercised	-	(96,549)
At 31 December	-	-

Share value plan (SVP)

Equity settled – 3 year vesting period 1/3 per year. 1 year fair value is based on average Barclay Bank Plc share price on day of award. Fair value of each option at year end was US$5.07. Options will expire after 1year from reporting date.

Movements in the number of share options outstanding are as follows:	2013 Number of shares	2012 Number of shares
At 1 January	11,752	7,602
Granted	6,600	7,164
Forfeited	-	-
Exercised	(5,403)	(3,014)
At 31 December	12,949	11,752

20. Dividends per share

Final dividends are not accounted for until they have been declared by the Board. No dividend in respect of 2013 is proposed (2012: US$nil).

21. Net interest income

	31.12. 2013 US$	31.12. 2012 US$
Interest income	15,023,266	9,906,870
Loans and advances:		
- To customers	11,792,499	6,931,866
- Cash and bank balances	2,907,092	2,630,422
Investment securities	323,675	344,582
Interest expense	2,707,279	2,264,439
Deposits from other banks	27,993	-
Deposits due to customers	2,679,286	2,264,439
Net interest income	12,315,987	7,642,431

No interest income was accrued on impaired financial assets.

22. Impairment losses on loans and advances

	31.12. 2013 US$	31.12. 2012 US$
Specific allowance for impairment losses	48,354	495,928
Collective allowance for impairment losses	663,744	36,254
Total	712,098	532,182

23. Non funded income

	2013 US$	2012 US$
Ledger fees	7,966,883	8,860,262
Cash withdrawal fees	6,746,598	8,225,900
Other fee and commission income	9,272,947	7,817,993
Custody compensation	-	1,453,116
Net foreign exchange income	2,647,183	2,710,240
Rental income	552,783	580,901
Profit on disposal of assets	5,373	86,825
Bad debts recovered	-	-
Total	27,191,767	29,735,237

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

23.1 Custodial Services

	2013 US$	2012 US$
Fees and Commission income earned (included in other fees and commission note 23)	289,968	658,906
Total funds under custody	93,943,735	60,748,989

The Bank provides custody and trustee services to third parties, which involve the Bank making allocation, purchase and sale transactions based on client instructions and holding assets (mainly share certificates) on behalf of customers. The custody business is currently being run off and the remaining clients are moving their portfolios elsewhere.

23.2 Net foreign exchange income

	2013 US$	2012 US$
Net foreign exchange gain	36,676	12,981
Foreign currency trading income	2,610,507	2,697,259
Total	2,647,183	2,710,240

24. Operating expenses

24.1 Staff costs

	2013 US$	2012 US$
Salaries and allowances	16,896,169	14,863,017
Retrenchment cost	206,183	-
Social security costs	131,886	45,527
Share options granted to directors and employees	56,701	93,470
Pension costs: defined contribution plans	1,492,674	1,402,162
Post employment medical benefits	(1,082,000)	2,009,597
Directors' remuneration:		
Fees - for services as directors	85,574	105,604
Other – for services as management	347,040	405,923
Total staff costs	18,134,227	18,925,300

24.2 Other administrative expenses include:

	2013 US$	2012 US$
Repairs and maintenance	1,173,435	1,344,083
Depreciation	2,202,511	1,857,827
Other property costs	1,250,269	1,172,895
Impairment reversal	-	(221,108)
Security and related costs	1,770,728	2,016,096
Communication costs	2,228,334	1,913,960
Auditors remuneration:-		
- audit fees	305,829	179,679
- other	34,961	49,505
Operating lease payments	2,427,123	2,360,517
Other expenses	4,363,318	4,446,203
Total other administrative expenses	15,756,508	15,119,657
Total staff costs (note 23.1)	18,134,227	18,925,300
Total operating expenses	33,890,735	34,044,957

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25. Earnings per share

25.1 Basic earnings per share
Basic earnings/(loss) per share are calculated by dividing the profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

	31.12. 2013 US$	31.12. 2012 US$
Profit attributable to equity holders (US$)	2,952,031	2,124,913
Weighted average number of ordinary shares in issue (millions)	2,153	2,153
Basic earnings per share (US cents)	0.14	0.10

25.2 Diluted earnings per share
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Bank has a share option scheme. Share options outstanding under the scheme are dilutive potential ordinary shares. For these share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Bank's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	31.12. 2013 US$	31.12. 2012 US$
Profit attributable to shareholders (US$)	2,952,031	2,124,913
Weighted average number of ordinary shares in issue (millions)	2,153	2,153
Adjustment for share options (millions)	-	-
Weighted average number of ordinary shares for diluted earnings per share (millions)	2,153	2,153
Diluted earnings per share (US cents)	0.14	0.10

All instruments that dilute basic earnings per share are included in the calculation. There is no potential dilution on basic earnings per share.

26. Contingent liabilities and commitments

26.1 Loan commitments, guarantees and letters of credit
At 31 December 2013, the contractual amounts of the Bank's financial instruments that commit it to extend credit to customers, guarantee and other facilities were as follows:

	31.12. 2013 US$	31.12. 2012 US$
Loan commitments	41,964,258	37,293,026
Guarantees and standby letters of credit	1,503,830	2,394,524
Total	43,468,088	39,687,550

The table below summarises the maturity profile of loan commitments, guarantees and letters of credit.

Contingent liabilities and commitments	Up to 1 month US$	1 to 3 months US$	3 to 6 months US$	6 months to 1 year US$	1 to 5 years US$	Over 5 years US$	Total US$
Assets							
Guarantees and letters of credit	-	3,500	141,900	1,358,430	-	-	1,503,830
Commitment to lend	41,964,258	-	-	-	-	-	41,964,258
Total at 31 December 2013	41,964,258	3,500	141,900	1,358,430	-	-	43,468,088
As at 31 December 2012	37,763,427	854,146	1,000	1,068,977	-	-	39,687,550
Liabilities							
Guarantees and letters of credit	-	3,500	141,900	1,358,430	-	-	1,503,830
Commitments to lend	41,964,258	-	-	-	-	-	41,964,258
Total at 31 December 2013	41,964,258	3,500	141,900	1,358,430	-	-	43,468,088
As at 31 December 2012	37,763,427	854,146	1,000	1,068,977	-	-	39,687,550

26.2 Capital commitments

	31.12. 2013 US$	31.12. 2012 US$
Authorised and contracted	-	750,000
Authorised, but not contracted	-	-
Total capital commitments	-	750,000

Capital commitments relate to items of property and equipment and expenditure will be funded from current resources.

26.3 Operating lease commitments – where the Bank is the lessee

The future minimum lease payments under non cancellable operating leases are as follows;

	31.12. 2013 US$	31.12. 2012 US$
Not later than 1 year	2,831,689	1,891,692
Later than 1 year and not later than 5 years	3,619,855	5,075,151
Later than 5 years	-	-
Total	6,451,544	6,966,843

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

26.4 Legal proceedings

The Bank does not have any litigation assessed with input from appropriate professional advisors to be leading to significant loss being incurred by the Bank. This assessment was done based on information, and advice available up to the date of reporting.

27. Retirement benefit obligations

All eligible employees of the Bank are members of the defined contribution pension scheme which is administered independently.

27.1 Statement of comprehensive income charge (Note 24.1)

	31.12. 2013 US$	31.12. 2012 US$
- Pension benefits	1,542,874	1,402,162
- National Social Security Authority	132,289	45,527
- Post employment medical funds	(1,082,000)	2,009,597
Total	593,163	3,457,286

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27.2 Barclays Bank Staff Pension Fund – Defined Contribution Scheme

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

27.3 National Social Security Scheme

All employees are 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) of eligible employees.

27.4 Post-retirement medical scheme

The Bank set up a post-retirement medical scheme in terms of which it provides medical support to existing retirees. Current employees participate on the scheme voluntarily and the extent of post-retirement medical relief will be equivalent to the value of their accumulated contribution and net investment return. The scheme is effectively administered for two categories being;
(a) Existing retirees and those nearing retirement and,
(b) Current employees.

27.4.1 Existing retirees and those nearing retirement

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

27.4.1.1 Net liability

	31.12. 2013 US$	31.12. 2012 US$
Present value of liability	2,892,000	3,974,000
Fair value of plan assets	(2,892,000)	-
Net liability	-	3,974,000

27.4.1.2 Reconciliation of plan liability

	2013	2012
Present value of obligation at 1 January	3,974,000	2,279,203
Interest cost	397,400	227,920
Past service cost	-	1,781,677
Benefits paid	(543,358)	(314,800)
Measurement of obligation	(936,042)	-
• actuarial (gain)/loss due to demographic assumptions	(936,042)	-
• actuarial (gain)/loss due to financial assumptions	-	-
Present value of obligation at 31 December	2,892,000	3,974,000

Future medical aid liability was valued by an independent actuary. In valuing the liability an inflation rate of 5% (2012:5%) and a discount rate of 7% (2012:7%) was used. The discount rate is one of the key sensitivities given the lack of a primary market in Zimbabwe and the range of interest rates that prevails in the secondary market. If a net discount rate of 1.75% and 1,5% is applied, the liability will increase by US$36,000 and US$116,000 respectively.

27.4.1.3 Reconciliation of plan assets

	2013	2012
Fair value of plan assets at 1 January	-	-
Contributions received	2,892,000	-
Benefits paid	-	-
Return on plan assets	-	-
• Interest income on plan assets	-	-
• Remeasurement	-	-
Fair value of plan assets at 31 December	2,892,000	-

Notes to the Financial Statements
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The plan assets comprise of a bank balance at 31 December 2013.

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

28. Segment analysis
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. The Country Management Committee assesses the performance of the operating segments based on a measure of profit or loss. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and legal expenses. The measure also excludes the effects of equity-settled share-based payments and unrealised gains or losses on financial instruments.

The Bank has three main business segments:

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

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

28.1 Segment results of operations
The segment information provided to the Country Management Committee for the segments for the year ended 31 December 2013 is as follows:-

At 31 December 2013	Retail banking US$	Corporate banking US$	Treasury banking US$	Total US$
Net interest income from external customers	2,469,186	9,307,046	539,755	12,315,987
Loan impairment charges	(231,299)	(480,799)	-	(712,098)
Net fee and commission income	16,339,593	7,013,647	548,376	23,901,616
Other income	454,075	755,493	2,359,808	3,569,376
- Staff costs	(12,484,195)	(4,555,463)	(1,094,569)	(18,134,227)
- General and administrative expenses	(1,126,927)	(402,073)	(70,799)	(1,599,799)
- Depreciation	(1,503,581)	(532,785)	(166,145)	(2,202,511)
- Other operating expenses	(7,709,351)	(2,735,700)	(1,509,147)	(11,954,198)
Operating (loss)/profit	(3,792,499)	8,369,366	607,279	5,184,146
Income tax expense	976,568	(2,155,112)	(1,053,572)	(2,232,115)
Total assets	47,434,813	95,793,727	164,577,957	307,806,497
Total liabilities	70,607,913	158,357,554	34,499,979	263,465,446

At 31 December 2012	Retail banking US$	Corporate banking US$	Treasury banking US$	Total US$
Net interest income from external customers	1,161,942	5,769,593	710,896	7,642,431
Loan impairment charges	21,594	(553,776)	-	(532,182)
Net fee and commission income	16,029,557	9,516,901	801,722	26,348,180
Other income	62,005	62,005	3,515,081	3,639,091
- Staff costs	(12,992,395)	(4,868,981)	(1,063,924)	(18,925,300)
- General and administrative expenses	(3,710,786)	(1,565,068)	(243,330)	(5,519,184)
- Depreciation and impairment	(1,139,815)	(415,579)	(81,325)	(1,636,719)
- Other operating expenses	(5,896,851)	(1,773,519)	(293,384)	(7,963,754)
Operating (loss)/profit	(6,464,749)	6,171,576	3,345,736	3,052,563
Income tax expense	1,664,673	(1,589,181)	(1,003,142)	(927,650)
Total assets	36,918,254	81,276,410	163,332,259	281,526,923
Total liabilities	74,982,656	150,270,067	15,745,587	240,998,310

29. Banking and trading book

All items in these financial statements are under the banking book as the Bank does not have any items under the trading book.

30. Financial risk management

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

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

The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. Internal audit is responsible for the review of risk management and the control environment.

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

30.1 Credit risk

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

Risk limit and mitigation policies

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

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

Principal collateral types used for loans and advances are:
mortgages over residential and commercial properties; and
charges over business assets such as premises, inventory and accounts receivable, moveable assets and shares.

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.

Impairment and provisioning policies

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.

Internal policies allow for the calculation of specific, identified and collective impairment (on homogenous portfolios). Unidentified impairment is also calculated on each portfolio level. The Bank has a monitoring mechanism in place which grades its assets into various categories as prescribed by the regulator in the banking regulations. Impairments are then raised in compliance with the banking regulations and international financial reporting standards.

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

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

	31.12.2013 Loans and advances to customers US$	31.12.2013 Loans and advances to banks US$	31.12.2012 Loans and advances to customers US$	31.12.2012 Loans and advances to banks US$
Neither past due nor impaired	116,528,748	103,623	92,302,280	300,983
Past due but not impaired (Note 30.1c)	-	-	-	-
Individually impaired (Note 30.1d)	1,190,092	-	1,055,118	-
Gross value of loans and advances	117,718,840	103,623	93,357,398	300,983
Less: allowance for impairment (Note 30.1g)	(2,257,503)	-	(1,545,405)	-
Interest on classified debt	(132,591)	-	(67,201)	-
Net value of loans and advances	115,328,746	103,623	91,744,792	300,983

The Bank secures its loans and advances with liens over residential or commercial property, stock or other financial securities but is generally not permitted to sell or re-pledge the security in the absence of default by the owner of the collateral.

The Bank has an internal rating scale which is now being mapped into the Basel II grading system. Balances in neither past due nor impaired category are investment grade, those in past due but not impaired category are standard monitoring grade and individually impaired is default grade.

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

Loans and advances neither past due nor impaired and which are not part of renegotiated loans are considered to be investment grade. Past due loans and advances are those whose repayments (capital and interests) are outstanding for more than 30 days. Such loans are either impaired or renegotiated (Note 30.1(f)).

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

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

	31.12.2013 Personal Loans US$	31.12.2013 Wholesale and corporate loans US$	31.12.2013 Total US$	31.12.2012 Personal Loans US$	31.12.2012 Wholesale and corporate loans US$	31.12.2012 Total US$
Up to 1 month	-	-	-	-	-	-
1-3 months	-	-	-	-	-	-
3-6 months	-	-	-	-	-	-
6-12 months	-	-	-	-	-	-
Over 12 months	-	-	-	-	-	-
Total	-	-	-	-	-	-
Fair value of collateral	-	-	-	-	-	-
Amount under collateralisation	-	-	-	-	-	-

30.1(d) Loans and advances individually impaired

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

	31.12.2013 Personal Loans US$	31.12.2013 Wholesale and corporate loans US$	31.12.2013 Total US$	31.12.2012 Personal Loans US$	31.12.2012 Wholesale and corporate loans US$	31.12.2012 Total US$
Gross carrying amount	126,229	1,063,863	1,190,092	64,384	990,734	1,055,118
Less allowance for impairment	(38,789)	(670,123)	(708,912)	(6,006)	(654,558)	(660,564)
Net carrying amount	87,440	393,740	481,180	58,378	336,176	394,554

30.1(e) Non performing loans and advances

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

	31.12. 2013 US$	31.12. 2012 US$
Total non-performing loans and receivables	1,094,997	990,734
Less specific allowance for impairment	(701,257)	(654,558)
Net carrying amount	393,740	336,176

30.1(f) Loans and advances renegotiated

During the year ended December 2013, the Bank did not have any renegotiated loans and advances to customers and banks.

30.1(g) Allowance for impairment

Reconciliation of allowance for impairment

	2013 Specific allowance for impairment US$	2013 Collective allowance for impairment US$	2012 Specific allowance for impairment US$	2012 Collective allowance for impairment US$
Balance at 1 January	660,564	884,841	164,629	848,594
New impairment allowance	87,783	1,431,129	455,891	-
Increase in impairment allowances	(39,435)	(767,379)	40,044	36,247
As at 31 December	708,912	1,548,591	660,564	884,841

Reconciliation of allowance by nature of advance

	Other personal loans US$	Wholesale corporate loans US$	Total US$
Balance at 1 January 2013	19,845	1,525,560	1,545,405
Charge for the year	231,293	480,805	712,098
New allowance	274,883	1,244,029	1,518,912
Increase in impairment allowances	(43,590)	(763,224)	(806,814)
Income received on claims previously written off	-	-	-
Amounts written off during the year as uncollectible	-	-	-
At 31 December 2013	251,138	2,006,365	2,257,503

	Other personal loans US$	Wholesale corporate loans US$	Total US$
Balance at 1 January 2012	41,439	971,784	1,013,223
Charge for the year	(21,594)	553,776	532,182
New allowance	-	455,891	455,891
Increase in impairment allowances	(21,594)	97,885	76,291
Amounts written off during the year as uncollectible	-	-	-
At 31 December 2012	19,845	1,525,560	1,545,405

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

30.1(h) Repossessed collateral

During 2013, the Bank did not repossess any assets held as collateral on loans and advances to customers.

30.1(i) Credit risk concentration

	31.12.2013		31.12.2012	
Industry/Sector	Loans and advances US$	%	Loans and advances US$	%
Trade and services	8,306,488	7	11,666,582	12
Energy and minerals	-	-	-	-
Agriculture	10,169,194	9	13,078,243	15
Construction and property	-	-	-	-
Light and heavy industry	45,078,881	38	31,173,378	33
Physical persons	19,865,880	17	13,467,781	14
Transport and distribution	34,298,397	29	23,971,414	26
Financial services	-	-	-	-
State	-	-	-	-
Other	-	-	-	-
Gross amount	117,718,840	100	93,357,398	100
Less impairment allowance	(2,257,503)	-	(1,545,405)	-
Interest on classified debt	(132,591)	-	(67,201)	-
Less changes in fair value	-	-	-	-
Net amount	115,328,746	-	91,744,792	-

30.1(j) Concentration of credit risk

As at 31 December 2013

Industry/Sector	Total loans US$	Past due/ Impaired loans US$	Write offs/ (recoveries) US$	Impairment allowance US$
Trade and services	8,306,487	282,112	-	245,759
Energy and minerals	-	-	-	-
Agriculture	10,169,194	781,751	-	424,365
Construction and property	-	-	-	-
Light and heavy industry	45,078,882	-	-	-
Physical persons	19,865,880	126,229	-	38,788
Transport and distribution	34,298,397	-	-	-
Financial services	-	-	-	-
State	-	-	-	-
Other	-	-	-	-
Gross amount at 31 December 2013	117,718,840	1,190,092	-	708,912

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As at 31 December 2012

Industry/Sector	Total loans US$	Past due/ Impaired loans US$	Write offs/ (recoveries) US$	Impairment allowance US$
Trade and services	11,666,582	160,875	-	160,875
Energy and minerals	-	-	-	-
Agriculture	13,078,243	829,859	-	493,683
Construction and property	-	-	-	-
Light and heavy industry	31,173,378	-	-	-
Physical persons	13,467,781	64,384	-	6,006
Transport and distribution	23,971,414	-	-	-
Financial services	-	-	-	-
State	-	-	-	-
Other	-	-	-	-
Gross value at 31 December 2012	93,357,398	1,055,118	-	660,564

30.1(k) Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to on-statement of financial position assets are as follows:	31.12. 2013 US$	31.12. 2012 US$
Treasury bills and government bonds	7,171,763	12,276,618
Loans and advances to banks	103,623	300,983
Loans to individuals	19,614,742	13,447,936
Loans to corporate customers		
-Large corporate customers	95,655,380	78,159,465
-Small and medium size enterprises ('SMEs')	58,624	137,391
Total loans and advances	122,604,132	104,322,393
Bank balances	91,916,108	71,616,936
Total on statement of financial position	214,520,240	175,939,329
Contingent liabilities and commitments		
-Financial guarantees and letters of credit	1,503,830	2,394,524
-Loan commitments	41,964,258	37,293,026
Total off statement of financial position credit risk exposure	43,468,088	39,687,550
Total credit risk exposure	257,988,328	215,626,879

The above table represents a worst case scenario of credit risk exposure to the Bank at 31 December 2013, without taking account of any collateral held or other credit enhancements attached. For on-statement of financial position assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

Bank balances, excluding US$65,720,862 held at Central Bank are held with banks which have the following credit ratings:
Barclays Bank PLC London A+
Barclays Bank PLC New York A+ (not rated separately. Rating derives from Barclays Bank PLC London rating)

30.1 (l) Concentration of credit risk relating to contingent liabilities and commitments is as follows

Contingent liabilities and commitments	Agriculture US$	Light and heavy industry US$	Physical persons US$	Transport and distribution US$	Financial services US$	State US$	Other US$	Total US$
Financial guarantees	25,000	669,755	-	-	14,700	-	794,375	1,503,830
Loan commitments and other credit related obligations	14,425,640	9,610,216	-	297,429	-	-	17,630,973	41,964,258
As at 31 December 2013	14,450,640	10,279,971	-	297,429	14,700	-	18,425,348	43,468,088
As at 31 December 2012	24,371,005	12,686,015	-	244,542	25,071	-	2,360,917	39,687,550

30.1 (m) 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. 2013 US$	31.12. 2012 US$
Neither past due nor impaired	30,572,216	11,373,529
Past due but not impaired	-	-
Individually impaired	425,000	585,000
Total	30,997,216	11,958,529

Collateral comprises cash, cession of book debts, stocks and mortgage bonds.

30.2 Liquidity risk

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

30.2(a) Liquidity risk management process

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

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

- Day to day funding and monitoring future cash flows to ensure that funding requirements are met;
- Maintaining a high balance of cash that can easily be liquidated as protection against unforeseen funding gaps;
- Monitoring 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.

30.2(b) Liquidity ratios

	31.12. 2013 US$	31.12. 2012 US$
Cash and bank balances	130,533,824	128,111,891
Loans and advances to banks	103,623	300,983
Deposits from banks	(145,342)	(958)
Amounts due to group companies	(56,496)	(221,485)
Treasury bills	-	2,031,242
Total liquid assets	130,435,609	130,221,673
Deposits from customers	240,584,367	223,377,221
Other money market deposits	7,400,632	1,400,972
Total liabilities to the public	247,984,999	224,778,193
Liquidity ratio	53%	58%
RBZ minimum	30%	30%

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30.2(c) Liquidity profiling as at 31 December 2013

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

	Up to 1 month US$	1 to 3 months US$	3 to 6 months US$	6 months to 1 year US$	1 to 5 years US$	Over 5 years US$	Total US$	Carrying amount US$
On statement of financial position items-as at 31 December 2013								
Liabilities								
Derivative liabilities	29,130	41,411	13,229	-	-	-	83,770	83,770
Bank balances due to group companies	56,496	-	-	-	-	-	56,496	56,496
Deposits from banks	145,342	-	-	-	-	-	145,342	145,342
Deposits from customers	247,895,964	76,597	13,221	-	-	-	247,985,782	247,984,999
Other liabilities	8,984,066	1,199,046	-	-	-	-	10,183,112	10,183,112
Total liabilities-(contractual maturity)	257,110,998	1,317,054	26,450	-	-	-	258,454,502	258,453,719
Assets held for managing liquidity risk (contractual maturity dates)								
Cash and bank balances	130,533,824	-	-	-	-	-	130,533,824	130,533,824
Government bonds	-	-	117,822	3,191,435	4,241,585	-	7,550,842	7,171,763
Loans and advances to banks	103,623	-	-	-	-	-	103,623	103,623
Loans and advances to customers	9,615,611	31,801,214	9,858,297	48,106,186	31,318,020	880,249	131,579,577	115,328,746
Derivative assets	59,091	51,861	21,374	-	-	-	132,326	132,326
Other assets	9,629,424	-	-	-	-	-	9,629,424	9,629,424
Current income tax assets	-	49,881	-	-	-	-	49,881	49,881
Total Assets	149,941,573	31,902,956	9,997,493	51,297,621	35,559,605	880,249	279,579,497	262,949,587
Liquidity gap	(107,169,425)	30,585,902	9,971,043	51,297,621	35,559,605	880,249	21,124,995	
Cumulated liquidity gap	(107,169,425)	(76,583,523)	(66,612,480)	(15,314,859)	20,244,746	21,124,995		
Contingent liabilities and commitments								
Assets								
Guarantees and letters of credit	-	3,500	141,900	1,358,430	-	-	1,503,830	-
Commitment to lend	41,964,258	-	-	-	-	-	41,964,258	-
Total assets	41,964,258	3,500	141,900	1,358,430	-	-	43,468,088	-
Liabilities								
Guarantees and letters of credit	-	3,500	141,900	1,358,430	-	-	1,503,830	-
Commitment to lend	41,964,258	-	-	-	-	-	41,964,258	-
Total liabilities	41,964,258	3,500	141,900	1,358,430	-	-	43,468,088	-
Liquidity gap	-	-	-	-	-	-	-	

Liquidity profiling as at 31 December 2012

	Up to 1 month US$	1 to 3 months US$	3 to 6 months US$	6 months to 1 year US$	1 to 5 years US$	Over 5 years US$	Total US$	Carrying amount US$
On statement of financial position items-as at 31 December 2012								
Liabilities								
Bank balances due to group companies	221,485	-	-	-	-	-	221,485	221,485
Deposits from banks	958	-	-	-	-	-	958	958
Deposits from customers	224,778,193	-	-	-	-	-	224,778,193	224,778,193
Other liabilities	6,643,565	1,023,154	78,750	157,500	1,260,000	2,399,000	11,561,969	11,561,969
Current income tax liabilities	-	285,191	-	-	-	-	285,191	285,191
Total liabilities-(contractual maturity)	231,644,201	1,308,345	78,750	157,500	1,260,000	2,399,000	236,847,796	236,847,796
Assets held for managing liquidity risk (contractual maturity dates)								
Cash and bank balances	128,111,891	-	-	-	-	-	128,111,891	128,111,891
Government bonds	2,042,433	-	156,242	3,229,855	7,550,842	-	12,979,372	10,245,376
Loans and advances to banks	300,983	-	-	-	-	-	300,983	300,983
Loans and advances to customers	45,509,644	16,439,742	7,286,121	5,415,394	27,194,608	307,800	102,153,309	91,744,792
Other assets	511,424	1,453,116	-	-	-	-	1,964,540	1,964,540
Total Assets	176,476,375	17,892,858	7,442,363	8,645,249	34,745,450	307,800	245,510,095	232,367,582
Liquidity gap	(55,167,826)	16,584,513	7,363,613	8,487,749	33,485,450	(2,091,200)	8,662,299	
Cumulated liquidity gap	(55,167,826)	(38,583,313)	(31,219,700)	(22,731,951)	10,753,499	8,662,299		
Contingent liabilities and commitments								
Assets								
Guarantees and letters of credit	470,401	854,146	1,000	1,068,977	-	-	2,394,524	-
Commitment to lend	37,293,026	-	-	-	-	-	37,293,026	-
Total assets	37,763,427	854,146	1,000	1,068,977	-	-	39,687,550	-
Liabilities								
Guarantees and letters of credit	470,401	854,146	1,000	1,068,977	-	-	2,394,524	-
Commitment to lend	37,293,026	-	-	-	-	-	37,293,026	-
Total liabilities	37,763,427	854,146	1,000	1,068,977	-	-	39,687,550	-
Liquidity gap	-	-	-	-	-	-	-	-

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

30.3 Market Risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

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

30.3(a) Market risk measurement techniques

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

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

Value at Risk is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the maximum amount the Bank might lose but only to a certain level of confidence. There is therefore a statistical probability that actual loss could be greater than the 'VaR' estimate. The 'VaR' model makes assumptions on the pattern of market movements based on historical holding periods. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. 'DVaR' is an estimate of the potential loss which might arise from unfavourable market movements, if the current positions were held unchanged for one business day, measured to a confidence of 99%. Daily losses exceeding the 'DVaR' figure are likely to occur, on average twice in every 100 business days.

(ii) Stress tests

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

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

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

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

(iv) Economic capital

Economic capital methodologies are used to calculate risk sensitive capital allocations for businesses incurring market risk. Consequently the businesses incur capital charges related to their market risk.

The table below summarises the DVaR statistics for the Bank. The assumed interest volatility for the DVaR is the daily volatility of 5% and 10% for long dated and short dated instruments observed over a period of one year.

One day risk Type of risk or activity	High US$	Medium US$	Low US$	Year-end US$
Currency	1,180	607	200	1,180
Interest	5,846	2,806	266	3,445
Aggregate VaR at 31 December 2013	7,026	3,413	466	4,625

One day risk Type of risk or activity	High US$	Medium US$	Low US$	Year-end US$
Currency	3,732	1,919	633	3,732
Interest	18,487	8,873	840	10,894
Aggregate VaR at 31 December 2013	22,219	10,792	1,473	14,626

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.

30.4 Interest rate risk

Interest rate risk is the risk that the Bank will be adversely affected by changes in the level or volatility of market interest rates. The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The responsibility of managing 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.

As at 31 December 2013

	Up to 1 month US$	1 to 3 months US$	3 to 6 months US$	6 months to 1 year US$	1 to 5 years US$	Non-bearing interest US$	Total US$
Assets							
Cash and bank balances	55,798,549	-	-	-	-	74,735,275	130,533,824
Government bonds and Treasury bills	-	-	-	3,073,613	4,098,150	-	7,171,763
Derivative assets	-	-	-	-	-	132,326	132,326
Loans and advances to banks	103,623	-	-	-	-	-	103,623
Loans and advances to customers	105,077,372	62,962	10,188,412	-	-	-	115,328,746
Other assets	9,629,424	-	-	-	-	-	9,629,424
Available- for- sale financial assets	-	-	-	-	-	3,400,740	3,400,740
Investment property	-	-	-	-	-	5,690,000	5,690,000
Investment in joint venture	-	-	-	-	-	15,279,225	15,279,225
Property and equipment	-	-	-	-	-	20,486,945	20,486,945
Current income tax assets	-	-	-	-	-	49,881	49,881
Total assets	170,608,968	62,962	10,188,412	3,073,613	4,098,150	119,774,392	307,806,497
Liabilities							
Derivative liabilities	-	-	-	-	-	83,770	83,770
Bank balances due to group companies	56,496	-	-	-	-	-	56,496
Deposits from banks	145,342	-	-	-	-	-	145,342
Deposits from customers	247,895,964	76,000	13,035	-	-	-	247,984,999
Other liabilities	-	-	-	-	-	10,183,112	10,183,112
Deferred income tax liabilities	-	-	-	-	-	5,011,727	5,011,727
Total liabilities	248,097,802	76,000	13,035	-	-	15,278,609	263,465,446
Interest rate re-pricing gap	(77,488,834)	(13,038)	10,175,377	3,073,613	4,098,150	104,495,783	44,341,051
Cumulative gap	(77,488,834)	(77,501,872)	(67,326,495)	(64,252,882)	(60,154,732)	44,341,051	

As at 31 December 2012

	Up to 1 month US$	1 to 3 months US$	3 to 6 months US$	6 months to 1 year US$	1 to 5 years US$	Non-bearing interest US$	Total US$
Assets							
Cash and bank balances	71,616,936	-	-	-	-	56,494,955	128,111,891
Government bonds and Treasury bills	2,031,242	-	-	3,073,613	7,171,763	2,233,029	14,509,647
Derivative assets	-	-	-	-	-	3,435	3,435
Loans and advances to banks	300,983	-	-	-	-	-	300,983
Loans and advances to customers	91,744,792	-	-	-	-	-	91,744,792
Other assets	-	-	-	-	-	5,385,467	5,385,467
Investment property	-	-	-	-	-	20,670,000	20,670,000
Property and equipment						20,800,708	20,800,708
Total assets	165,693,953	-	-	3,073,613	7,171,763	105,587,594	281,526,923
Liabilities							
Derivative liabilities	-	-	-	-	-	-	-
Bank balances due to group companies	221,485	-	-	-	-	-	221,485
Deposits from banks	958	-	-	-	-	-	958
Deposits from customers	224,778,193	-	-	-	-	-	224,778,193
Other liabilities	-	-	-	-	-	11,561,969	11,561,969
Current income tax liabilities	-	-	-	-	-	285,191	285,191
Deferred income tax liabilities	-	-	-	-	-	4,150,514	4,150,514
Total liabilities	225,000,636	-	-	-	-	15,997,674	240,998,310
Interest rate re-pricing gap	(59,306,683)	-	-	3,073,613	7,171,763	88,589,920	40,528,613
Cumulative gap	(59,306,683)	(59,306,683)	(59,306,683)	(56,233,070)	(49,061,307)	40,528,613	

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

	31.12.2013 Impact on earnings US$	31.12.2013 Impact on capital US$	31.12.2012 Impact on earnings US$	31.12.2012 Impact on capital US$
1000bps increase in interest rates	(5,083,996)	(5,083,996)	(1,435,030)	(1,435,030)
1000bps decrease in interest rates	5,083,996	5,083,996	1,435,030	1,435,030
Bench	-	-	-	-

30.5 Foreign exchange risk

This is a risk that the value of a financial liability or asset denominated in foreign currency will fluctuate due to changes in the exchange rate. The Bank takes on exposures to the effects of fluctuations in the prevailing foreign currency exchange rates in the financial position and cash flows. Foreign exchange risk is managed through use of Daily Value at Risk techniques and Stress tests. In addition mismatches on foreign exchange assets and liabilities are minimised through the daily monitoring of the net foreign exchange exposure by treasury. 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 2013	US$	GBP (US$ equiv)	Rand (US$ equiv)	Other foreign currency (US$ equiv)	Total US$
Assets					
Cash and bank balances	118,380,235	3,121,722	6,348,468	2,683,399	130,533,824
Investment securities	10,572,503	-	-	-	10,572,503
Loans and advances to banks	103,623	-	-	-	103,623
Loans and advances to customers	115,328,611	35	99	1	115,328,746
Other assets	4,672,009	1,538,582	-	-	6,210,591
Total assets	249,056,981	4,660,339	6,348,567	2,683,400	262,749,287
Liabilities					
Bank balances due to group companies	41,819	14,677	-	-	56,496
Deposits from banks	145,342	-	-	-	145,342
Deposits from customers	238,656,041	2,804,235	4,286,432	2,238,291	247,984,999
Other liabilities	9,537,227	301,955	241,048	102,882	10,183,112
Total liabilities	248,380,429	3,120,867	4,527,480	2,341,173	258,369,949
Net currency positions	676,552	1,539,472	1,821,087	342,227	4,379,338

At 31 December 2012	US$	GBP (US$ equiv)	Rand (US$ equiv)	Other foreign currency (US$ equiv)	Total US$
Assets					
Cash and bank balances	113,809,367	3,048,148	8,504,667	2,749,709	128,111,891
Investment securities	14,509,647	-	-	-	14,509,647
Loans and advances to banks	300,983	-	-	-	300,983
Loans and advances to customers	91,744,649	41	50	52	91,744,792
Other assets	1,278,595	1,453,116	-	-	2,731,711
Total assets	221,643,241	4,501,305	8,504,717	2,749,761	237,399,024
Liabilities					
Bank balances due to group companies	14,498	5,868	201,119	-	221,485
Deposits from banks	958	-	-	-	958
Deposits from customers	214,911,177	2,808,745	5,070,232	1,988,039	224,778,193
Other liabilities	10,266,131	299,880	290,967	704,991	11,561,969
Total liabilities	225,192,764	3,114,493	5,562,318	2,693,030	236,562,605
Net currency positions	(3,549,523)	1,386,812	2,942,399	56,731	836,419

Foreign exchange rates

	31.12. 2013 US$	31.12. 2012 US$
United States of America Dollar ("US$")	1.0000	1.0000
British Pound ("GBP")	1.6478	1.6175
South African Rand ("ZAR")	10.4623	8.4701
Botswana Pula	0.1143	0.1286
Euro	1.3793	1.3194

Botswana pula and Euro are included as other foreign currencies because at year end the Bank had no material exposure to these currencies.

30.6 Derivative 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.

30.6 (i) 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.

30.6 (ii) 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.

	31.12.2013 Fair value assets US$	31.12.2013 Contract amount US$	31.12.2012 Fair value liabilities US$	31.12.2012 Contract amount US$
Foreign exchange	48,556	10,017,831	3,435	7,051,891
Total	48,556	10,017,831	3,435	7,051,891

31. Capital management

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 accumulated profits, share options 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.

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Capital adequacy

	31.12. 2013 US$	31.12. 2012 US$
Share capital	215,306	215,306
Share premium	23,642,135	23,642,135
Accumulated profits	6,862,523	3,517,975
Share option reserve fund	866,630	809,929
Available for sale reserve	1,812,415	996,896
Currency translation reserve	3,405,069	3,405,069
Total core capital	36,804,078	32,587,310
Less market and operational risk capital	(5,898,917)	(5,385,149)
Tier 1 capital	30,905,161	27,202,161
Currency translation reserve movement	4,379,587	4,391,400
Revaluation reserve	3,154,532	3,205,952
General provisions(limited to 1.25% of weighted risk assets)	1,551,445	1,228,797
Tier 2 capital	9,085,564	8,826,149
Total tier 1 & 2 capital	39,990,725	36,028,310
Market risk	77,137	127,381
Operational risk	5,821,780	5,257,768
Tier 3 capital	5,898,917	5,385,149
Total tier 1 and 2 & 3 capital base	45,889,642	41,413,459
Less deductions from capital	(3,413,929)	(2,233,029)
Total capital base	42,475,713	39,180,430
Credit risk weighted assets	178,738,814	147,564,127
Operational risk equivalent assets	72,772,244	65,722,099
Market risk equivalent assets	964,222	1,592,269
Total risk weighted assets (RWAs)	252,475,280	214,878,495
Tier 1 capital ratio	12%	13%
Tier 1 and 2 capital ratio	16%	17%
Total capital adequacy ratio	17%	18%

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

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

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

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

32. Other risks

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

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

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

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

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

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

CAMELS ratings

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

Summary risk matrix - July 2012 onsite supervision

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

Notes to the Financial Statements
for the year ended 31 December 2013

Interpretation of risk matrix

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

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

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

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

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

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

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

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

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

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

External credit ratings

Rating agent	Latest credit ratings – 2013/14	Previous credit ratings – 2012/13	Previous credit ratings – 2011/12
Global Credit Rating Co.	AA-	AA-	AA-

The last rating was done in June 2013 and expires in June 2014.
The Reserve Bank of Zimbabwe gave the Bank a rating of "Fair" after an On-Site examination done in 2012.

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

35. Events after reporting date
The Reserve Bank of Zimbabwe issued a monetary policy statement on 29 January 2014. In terms of that policy the minimum regulatory capital applicable to commercial banks was maintained at US$25 million. The new level of US$100 million minimum capital is now applicable from 31 December 2020. The Bank`s capital level is currently compliant and the Bank will make the regulatory submissions required in terms of the monetary policy statement towards meeting the 2020 deadline. As at the date of reporting no other significant or reportable post statement of financial position events were identified.

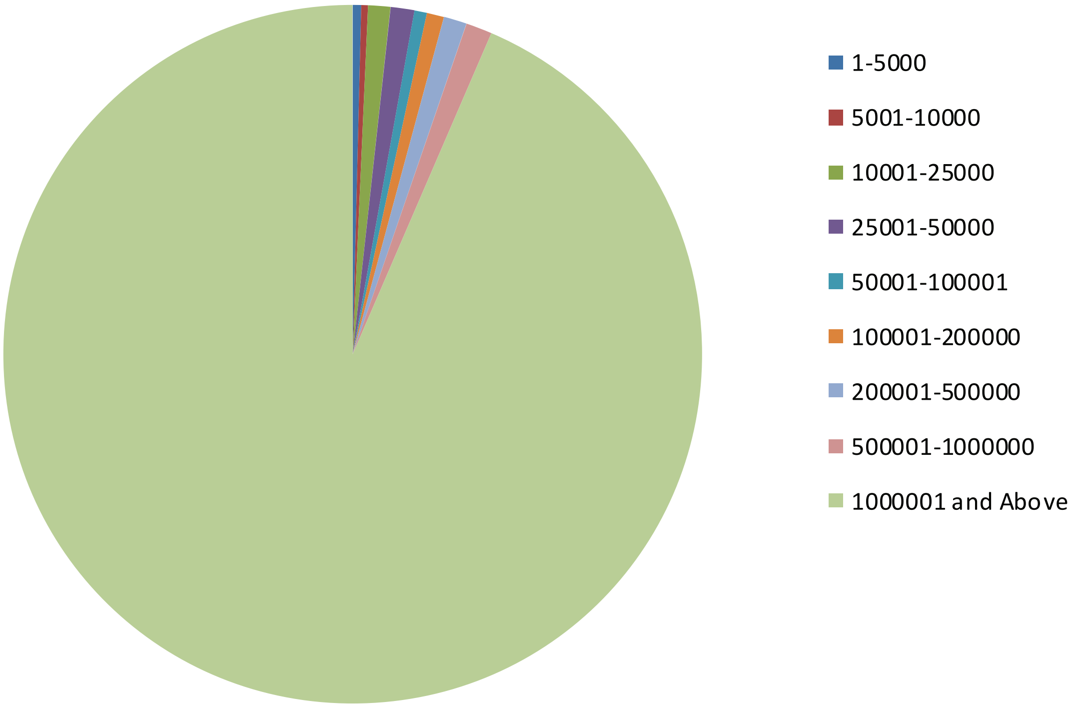
Analysis of Shareholding

36. Analysis of shareholding as at 31 December 2013

36.1 Analysis by volume

Volume	Shares	%	Holders	%
1-5000	8,404,606	0.39%	5,072	59.16%
5001-10000	6,666,360	0.31%	976	11.38%
10001-25000	22,277,669	1.03%	1,332	15.54%
25001-50000	23,587,993	1.10%	715	8.34%
50001-100001	12,498,344	0.58%	186	2.17%
100001-200000	17,123,485	0.80%	118	1.38%
200001-500000	23,142,170	1.07%	73	0.85%
500001-1000000	25,905,912	1.20%	39	0.45%
1000001 and Above	2,013,453,637	93.52%	62	0.72%
Total	2,153,060,176	100.00%	8,573	100.00%

Barclays Bank of Zimbabwe Limited Shares Analysis by Volume

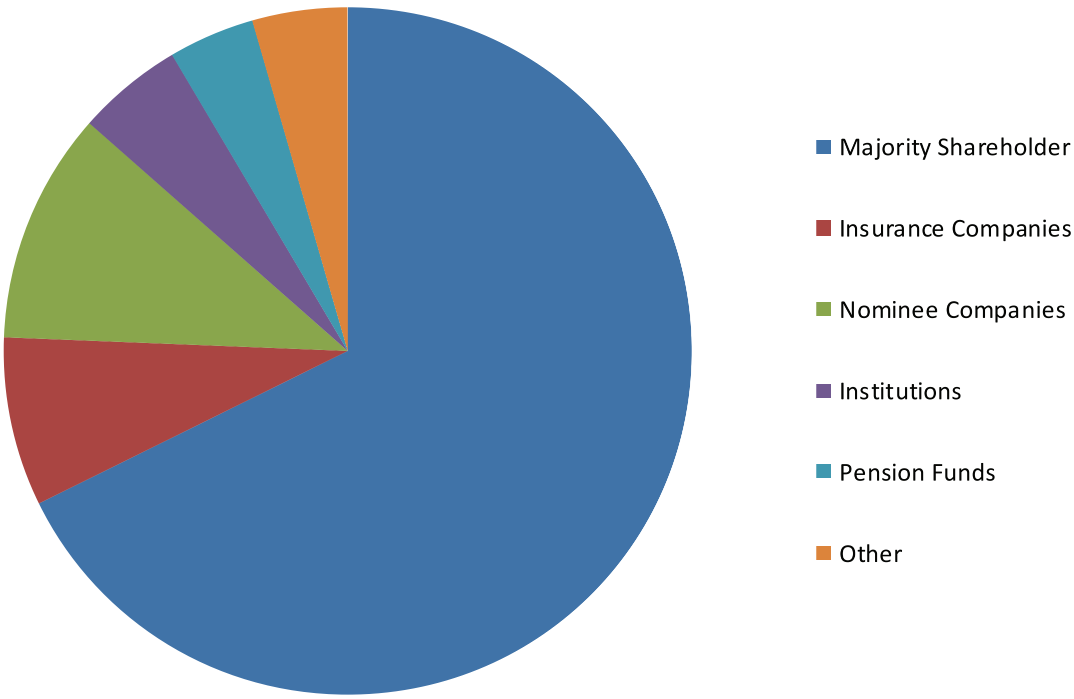


Analysis of Shareholding (continued)

36.2 Analysis by industry

Industry	Shares	%	Holders	%
Majority Shareholder	1,457,191,127	67.68%	1	0.01%
Insurance Companies	171,227,624	7.95%	27	0.31%
Nominee Companies	234,156,201	10.88%	129	1.50%
Institutions	107,241,898	4.98%	807	9.41%
Pension Funds	86,989,010	4.04%	141	1.64%
Other	96,254,316	4.47%	7,468	87.11%
Total	2,153,060,176	100.00%	8,573	100.00%

Barclays Bank of Zimbabwe Limited Share Analysis by Industry



Notice of Annual General Meeting

Notice is hereby given that the Thirty Third Annual General Meeting of Shareholders of Barclays Bank of Zimbabwe Limited will be held (date and venue to be advised by notice in the press) for the purpose of transacting the following business:-

Agenda

Ordinary Business

1. To receive, consider and adopt the Financial Statements and Report of the Directors and Auditors for the financial year ended 31 December 2013.
2. To approve the re-election, by a single resolution, of Messrs A.I Lawson and A. Mandiwanza as directors of the Company, who in terms of Article 102 of the Articles of Association, retire from the Board and being eligible, offer themselves for re-election.
3. To approve directors' fees and remuneration for the past year.
4. To re-appoint KPMG as Auditors of the Company until the conclusion of the next Annual General Meeting.
5. To fix the remuneration of the auditors, for the past year's audit.

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

By Order of the Board
W.Chimwaradze
Company Secretary
11 February 2014

Barclay House
Cnr First Street/Jason Moyo Avenue
Harare

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