Unaudited Abridged Financial Statements for the half year ended 30 June 2013

BARCLAYS

Barclays Bank of Zimbabwe Limited
www.barclays.com

Chairman's Statement

A stable but uncertain economic landscape

Relative economic stability prevailed during the first half of the year, but with signs of slowdown in the performance of some sectors. From the Mid-term fiscal review, the Government revised Gross Domestic Product (GDP) growth targets for 2013 downwards from 5% to 3.4%. Analyst reports show mining and agriculture to continue to be the primary drivers of GDP. Performance metrics for the first 5 months within the mining sector showed a mixed bag. Gold, coal and nickel production for the first five months of the year were either flat or went down year on year whilst Platinum continued its strong growth trajectory. Within the agriculture sector, tobacco continued to dominate, realising a 20% year on year growth in both volume and value. The manufacturing sector has also tended to show bigger capacity utilisation levels in the food and beverages subsector but infrastructural issues continued to riddle overall performance of this sector. For the tourism sector, arrivals were up 7.4% year on year for the first five months. The informal sector remains a significant part of the economic landscape although it continues to be difficult to measure the actual performance and contribution of this sector to the overall economic performance.

The Balance of Payment (BOP) economic indicator continued in the negative territory with some economic analysts projecting the trade deficit to close 2013 at close to US$3 billion against an estimated US$2.6 billion for 2012. Foreign Direct or Portfolio Investment inflows have also been very low. Exports have been a third of GDP whilst imports have been just over 50% of GDP. This has shown in slower growth in deposits over the first half of the year.

The multicurrency system continued to assist contain Inflation to close June 2013 at a year on year rate of 1.9%. This was also supported by a weaker South African Rand and lower aggregate demand. Effective interest rates continued to converge to a narrower range than was experienced in previous years.

Our focus remains on the long haul

We continue to focus on creating sustainable growth over the long term ensuring our value proposition adapts to the changing needs of our customers. We pride in the security that our brand epitomises and seek to leverage this attribute more aggressively as the macro economic landscape improves; keeping customers and clients are at the centre of what we do.

The first half saw the Bank embark on a number of initiatives aimed at ensuring Barclays Zimbabwe can access and leverage more Barclays Group capabilities for the benefit of its customers. Such initiatives have been in terms of lending capacity as well as channel and product offering. E-channels launched during the period bear testimony to this.

Governance structures continued to adapt to the Bank's strategy to ensure that the Bank was organised well to focus appropriately at each target customer segment. Operating policies and procedures were progressively upgraded to ensure that efficiencies inherent in being part of a Global bank are realised.

Governance, ethics and values

The Board sustained its focus to uphold the highest standards of integrity, as well as corporate governance structures and processes for the Bank that also ensure continued compliance with local legislation and regulations. Over the period under review there were no changes to the composition of the board but I advise that Mr. Julius Phiri resigned from the Board after date, with effect from 9 July 2013. I extend my most sincere appreciation for the contribution of Julius Phiri over his long and fruitful career at Barclays Zimbabwe.

Over and above the focus to sustain strong governance structures, the roll out of training programs on the Bank's values to all colleagues is a significant highlight. The core values that guide the behaviours of colleagues across all levels within the Bank are Respect, Integrity, Service, Excellence and Stewardship. We emphasise these values to ensure that on our journey to become the 'Go-To' bank our efforts are underpinned by the right behaviours. We consider our values to be part of the Bank's licence to operate in the communities we do business, and the basis on which we earn the trust of our customers and other stakeholders.

Financial Performance

Whilst we still have a long way to go to regain some lost ground, I am encouraged that we continue to be on the right track in terms of both balance sheet growth and operating levers like the channel offering. Total assets are up 15% on same period last year whilst deposits also went up 13%.

Our lending approach consistently followed our cautious growth strategy closing the period at a loan to deposit ratio of 42%. This is against the back drop of market levels of non performing loans that have been assessed by independent analysts to be higher than international benchmarks. The Bank maintained strong liquidity ratios considering the lack of a viable money market and lender of last resort arrangement. The Bank closed the period at a liquidity ratio of 57% against a regulatory minimum of 30%.

The Bank's capital position closed the period at US$41.7 million. This is considered sufficient for current levels of business and necessary reviews will be done based on the economic capital requirements to support the rate at which the Bank will grow its assets alongside the need to meet regulatory requirements from time to time. The capital adequacy ratio closed the period at 17% against a regulatory minimum of 12%.

The Bank recorded a profit after tax of US$0.8 million for the period (2012 - US$0.5 million) translating to earnings per share of 0.04 cents (2012 – 0.02 cents).

Community involvement

Even as we have just celebrated 100 years of the Bank's existence in Zimbabwe, demonstrating our commitment to citizenship remains a key priority for us. One of our values is 'Stewardship' which speaks to leaving things better than we found them. In the communities we operate, we seek to do this through community investment programs funded by the Bank as well as the direct efforts of our colleagues. A number of corporate citizenship projects were carried out during the period, focusing on youth development programs. A key high light for the first half was a training program run for school and college students themed 'Unlocking Youth Potential' and designed to impart entrepreneurial skills to the youths.

Outlook

Under a stable or improving economic landscape we are confident that the Bank will show faster growth in its performance over the next 12 months. Efforts to keep inflation low, increase exports and other sources of foreign currency and to attend to structural issues to boost real production will remain key enablers for the much needed economic recovery. Barclays Zimbabwe's performance into the future will also be underpinned by increased leverage on Barclays Group capabilities to deepen the Bank's product offering and our continued quest for excellence.

Dividend

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

Thank you

It continues to be a great privilege to serve on the Board with talented members and to enjoy the support of every colleague in the Bank over periods that sometimes have been sorely difficult. I respect the part that each colleague across all levels has and continues to play. My most sincere appreciation goes to the continued commitment on the part of each colleague as we exert effort to build the 'Go-To' bank.

A Mandiwanza
Chairman

9 August 2013

Managing Director's Statement

Our response to customers' changing needs took centre stage in the period under review with a strong focus on delivering digital banking channels, prudent growth of the balance sheet as well as playing our part to enable the next generation through sharing of our skills. We remain committed to achieving our ambition of being the "Go-To" bank and believe that our achievements so far are important steps in achieving that ambition.

Earnings performance

Barclays Zimbabwe is firmly committed to delivering sustainable results premised on delivering improved customer experience, cost containment and optimisation as well as responsiveness to any changes in the operating environment.

In the first half we continued to prudently grow our customer assets. Loans closed June 2013 at US$97.5 million, up 64% on last year and representing a year to date increase of 6.2%. Impairment allowance of US$0.2 million for the period largely comprises general provisions and translates to an annualised loan loss ratio of 0.5% (2012 full year – 0.6%). This reflects our current lending approach and the quality of our loan book. Our lending approach will continue to be influenced by the assessment of qualifying customers and any inherent risks emanating from the performance of the economy.

The Bank's deposits have grown by 2.4% over the year to date. This largely comprises demand deposits. As the Bank grows its loan book, liability growth is projected to also grow faster than the rate obtained in the first half.

We continued efforts to contain costs within planned levels. 56% of the total cost base is staff costs (2012 – 55%). Year on year costs went up by 8.8% resulting in a positive jaw compared to income growth of 10.1%. We remain focused on efforts to contain costs and a number of initiatives started in the first half are continuing into the second half. We project that inflationary pressure in the second half will be higher than in the first half but our target is to keep costs within our planned level.

The above initiatives delivered a profit before tax of US$1.1 million for the period under review, which is 37% up on prior year. This performance was behind our internal income growth targets which suffered from slower growth in transaction volumes and capped fees and charges.

Customer Centricity

Our Goal is very simple; to make Barclays the 'Go-To' bank for all our stakeholders. This translates into our customers instinctively making us their partner of choice. We made significant progress in our digital channel agenda with the launch of two new services whilst enhancements of our Internet banking were also done in response to customer feedback. Registration for all our digital channels remains free to all customers.

The Barclays App (Application) available in the Apple iTunes Store and the Google Play Store for Android devices is a dynamic extension of our Internet Banking and was improved in the first half to allow for Real Time Gross Settlement (RTGS) and Inter-account transfers to take place. We have seen over 1,000 downloads of this App to date and project that this will continue to grow as customers enjoy the convenience offered by the App. We also enhanced our internet banking to allow customers to self-register in the comfort of their homes and offices.

Non-customers can now also access Barclays ATMs with the introduction of two new services on the ATM. These are Cashsend and Zimswitch. Cashsend, a simple money transfer solution allows Barclays customers to send money to non-customers who can redeem the cash sent across the country through a card-less transaction at any of the 45 Barclays Zimbabwe ATMs. Our ATMs are now also accessible to all Zimswitch card holders. We expect that the use of the ATM as a banking channel will continue to grow, enhanced by an increasing and refreshed ATM network which is also being progressed. To date Barclays has installed 23 new ATMs across the country.

Earlier in the first half we launched our mobile phone banking platform called "Hello Money" which was well received by customers with registrations upwards of 14,000 since March. In the card space, the VISA Gold debit card was also launched and is available to all Prestige banking customers.

We will continue to respond to customer needs in terms of the channel initiatives, the asset and liability products we offer and a number of initiatives in our offering that are on course.

Stewardship

Financial institutions play a critical role in the progress of social growth. Our investment in creating opportunities for youth and young adults centres on their employability, financial skills and enterprise skills.

Our existing partnerships with UNICEF, Junior Achievement Zimbabwe and BOOST Fellowship will potentially touch the lives of more than 1,000 young Zimbabweans through programming initiatives based on skills transfer. Our programme of imparting life skills to more than 8,000 students in partnership with Grass Roots Soccer is in its third year of programming and has touched 7,300 lives to date.

Given the richness of our 100 year plus heritage in Zimbabwe, this will be an area of continued focus in the second half with additional initiatives set to be launched.

On the Horizon

We believe that growth in the mining sector reflects the rich natural resources that, as a leading export contributor, continues to drive our economy. We also appreciate the fact that the economy continues to be well diversified and this will continue to reflect in the customers we bank and products we offer currently and prospectively. Barclays believes that the potential within the various segments will go a long way in improving the economy.

I extend my sincere appreciation to all Barclays colleagues and stakeholders who continue to contribute to the success of Barclays.

G. T. Guvamatanga
Managing Director

9 August 2013

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 2 Board meetings as at 30 June 2013 during which policies governing the Bank were discussed, among other things. Special focus was also given to the strategies of the Bank with 2 Board business review and strategy sessions having been held in the period under review. The Board comprised 3 executive directors and 5 independent non-executive directors.

The Board has delegated some of its duties and responsibilities to sub-committees to ensure the efficient discharge of the same. The ultimate responsibility of running the Bank however still remains with the 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 composed of independent non-executive directors. The members of the Committee as at 30 June 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 comprised two executive members and two independent non-executive directors. The members of the Committee as at 30 June 2013 were:-

E Fundira (Chairman)
Prof. H C Sadza
G T Guvamatanga
J. Phiri

Loans Review Committee

This Committee has the overall responsibility for the complete review of the quality of the Bank's loan portfolio to ensure that the lending function conforms to sound lending policies and keeps the Board and management adequately informed on noted risks. It assists the Board with discharging its responsibility to review the quality of the Bank's loan portfolio. At every meeting, it reviews the quality of the loan portfolio with a view to ensuring compliance with the banking laws and regulations and all other applicable laws as well as internal policies. The Committee comprises two independent non-executive directors and one executive director. The members of the Committee as at 30 June 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 succession planning for the Board. The Committee comprises two independent non-executive directors and one executive director. The members of the Committee as at 30 June 2013 were:-

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

Corporate Governance Statement (continued)

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

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

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

Board Evaluation
The Board conducts an annual peer based evaluation of the effectiveness of its operations. The process entails the members collectively evaluating the effectiveness of the Board as well as each other individually as the members. The evaluation considers specific criteria such as structure of the Board, effectiveness of committees, strategic leadership, corporate responsibility, attendance and participation of members and overall weaknesses noted. Action plans are put in place to address identified weaknesses with a view to continuously improving the performance of the Board and the individual members. The Board Evaluation for 2012 was conducted and concluded in the first half of 2013 and the results of the evaluation were submitted to the Reserve Bank of Zimbabwe as per regulatory requirements.

Directors Shareholding
The following is a schedule of the directors' shareholdings in the Bank as at 30 June 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
J. Phiri	Nil
A.I. Lawson	15 542

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

Board and Committee Attendance
Half year ended 30 June 2013

Main Board

Name	Total Meetings	Total Present	Total Absent
A. S. Mandiwanza	4	4	Nil
C. F Dube	4	3	1
H. C. Sadza	4	3	1
E Fundira	4	3	1
G. T. Guvamatanga	4	4	Nil
J Phiri	4	2	2
A.I.Lawson	4	4	Nil
S Matsekete	4	4	Nil

Audit Committee

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

Human Resources & Nominations Committee

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

Credit Committee

Name	Total Meetings	Total present	Total Absent
E.Fundira	9	9	Nil
H.C. Sadza	9	8	1
J. Phiri	9	1	2
G.T.Guvamatanga	9	5	Nil

Loans Review Committee

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

By Order of the Board

Wellington Chimwaradze
Company Secretary

9 August 2013

Statement of Financial Position
as at 30 June 2013

	Note	30.06.2013 US$	30.06. 2012 US$	31.12. 2012 US$
Assets				
Cash and bank balances	3	130,449,635	137,277,205	128,111,891
Loans and advances to banks	4	160,998	11,458	300,983
Loans and advances to customers	5	97,471,468	59,272,421	91,744,792
Derivative assets		83,706	27,258	3,435
Investment securities	6	13,112,349	12,289,732	14,509,647
Other assets	9	6,291,179	5,179,462	5,385,467
Current income tax asset		244,358	137,909	-
Investment property	10	20,670,000	15,000,000	20,670,000
Property and equipment	11	21,095,514	22,081,417	20,800,708
Total assets		289,579,207	251,276, 862	281,526,923
Liabilities				
Derivative liabilities		81,660	-	-
Balances due to group companies		327,264	71,157	221,485
Deposits from banks	12	379,318	58,543	958
Deposits from customers	13	230,088,419	202,807,830	224,778,193
Other liabilities	16	12,846,696	8,907,558	11,561,969
Current income tax liabilities		-	-	285,191
Deferred income tax liabilities		4,128,194	4,978,015	4,150,514
Total liabilities		247,851,551	216,823,103	240,998,310
Equity				
Share capital	17	215,306	215,306	215,306
Share premium	17	23,642,135	23,642,135	23,642,135
Other reserves	17	13,345,819	8,396,319	13,153,197
Retained earnings		4,524,396	2,199,999	3,517,975
Total equity		41,727,656	34,453,759	40,528,613
Total equity and liabilities		289,579,207	251,276,862	281,526,923

Statement of Profit & Loss and Other Comprehensive Income
for the half year ended 30 June 2013

	Note	30.06.2013 US$	30.06. 2012 US$	31.12. 2012 US$
Interest and similar income		7,017,549	5,396,809	9,906,870
Interest and similar expense		(1,247,297)	(1,113,952)	(2,264,439)
Net interest income		5,770,252	4,282,857	7,642,431
Impairment losses on loans and advances	23	(223,441)	(285,680)	(532,182)
Net interest income after loan impairment losses		5,546,811	3,997,177	7,110,249
Non-funded income	18	13,740,218	13,517,310	29,987,271
Total income		19,287,029	17,514,487	37,097,520
Operating expenses	19	(18,146,360)	(16,683,215)	(34,044,957)
Profit before income tax		1,140,669	831,272	3,052,563
Income tax expense	15	(296,452)	(359,839)	(927,650)
Profit for the period		844,217	471,433	2,124,913
Other comprehensive income				
Gain on disposal of available -for-sale financial assets reclassified to other income		-	-	(9,495)
Gain on available -for-sale financial assets		478,986	259,405	630,522
Tax effect thereof		(144,657)	(82,278)	(191,367)
Property revaluation surplus		-	-	4,017,808
Tax effect thereof		-	-	(811,856)
Total other comprehensive income for the period, net of tax		334,329	177,127	3,635,612
Total comprehensive income for the period		1,178,546	648,560	5,760,525
Basic earnings per share (US cents)		0.04	0.02	0.10
Diluted earnings per share (US cents)		0.04	0.02	0.10

Statement of Cash Flows
for the half year ended 30 June 2013

	Note	30.06.2013 US$	30.06. 2012 US$	31.12. 2012 US$
Cash flow from operating activities				
Profit before income tax		1,140,669	831,272	3,052,563
Adjustments for non-cash items:				
Impairment losses on loans and advances		223,441	285,680	532,182
Depreciation of property and equipment	11	1,072,774	840,967	1,857,827
Impairment of equipment charge		-	25,892	25,892
Impairment reversal of property		-	-	(247,000)
Loss/ (profit) on disposal of property and equipment		34,652	(9,226)	(86,825)
Gain on disposal of equity investment reclassified from other comprehensive income		-	-	(9,495)
Accrued interest – Government bonds		(154,958)	-	-
Staff loan prepayment amortisation		(5,403)	(63,084)	(21,881)
Medical aid accrual fund		780,433	350,689	1,694,797
Share options		32,310	65,537	93,470
Derivative asset		(2,046)	(27,258)	(3,435)
Cash flow from operating activities before changes in working capital		3,121,872	2,300,469	6,888,095
Increase in loans and advances to customers		(5,944,714)	(977,341)	(33,737,417)
Decrease in statutory reserves		-	10,246,892	10,246,892
(Increase) /Decrease in other assets		(905,712)	209,616	159,425
Increase /(Decrease) in deposits from customers		5,310,226	(10,889,399)	11,080,964
Increase in other liabilities		761,029	724,896	2,040,888
Income taxes paid		(992,976)	(302,183)	(1,333,471)
Net cash generated from operating activities		1,349,725	1,312,950	(4,654,624)
Cash flow from investing activities				
Purchase of property and equipment	11	(1,421,454)	(1,822,598)	(3,045,302)
Proceeds from sale of property and equipment		19,221	24,082	183,042
Purchase of investment securities		-	(10,245,376)	(10,245,376)
Proceeds from sale of investment		-	-	26,630
Net cash used in investing activities		(1,402,233)	(12,043,892)	(13,081,006)
Net decrease in cash and cash equivalents		(52,508)	(10,730,942)	(17,735,630)
Cash and cash equivalents at the beginning of the period		130,221,673	147,661,105	147,661,105
Other changes on cash and cash equivalents		(8,379)	228,800	296,198
Cash and cash equivalents at the end of the period	3.1	130,160,786	137,158,963	130,221,673

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Statement of Changes In Equity
for the half year ended 30 June 2013

	Share capital US$	Share premium US$	Available for sale reserves US$	Non-distributable reserves US$	Property Revaluation Reserve 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
Comprehensive income									
Profit for the period	-	-	-	-	-	-	471,433	-	471,433
Other comprehensive income									
Fair value gain on available-for-sale-financial assets, net of income tax	-	-	177,127	-	-	-	-	-	177,127
Regulatory impairment allowances	-	-	-	-	-	2,212	(2,212)	-	-
Total comprehensive income for the period	-	-	177,127	-	-	2,212	469,221	-	648,560
Transactions with owners									
Employee share option scheme:									
- value of employee services charged to income statement	-	-	-	-	-	-	-	23,977	23,977
- group share based payments	-	-	-	-	-	-	-	41,556	41,556
- transfer to share capital and share premium on exercise of options	33	1,876	-	-	-	-	-	(1,909)	-
Adjustment to cash balances	-	-	-	228,800	-	-	-	-	228,800
Balance at 30 June 2012	215,306	23,642,135	744,363	6,861,517	-	8,447	2,199,999	781,992	34,453,759
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
Comprehensive income									
Profit for the period	-	-	-	-	-	-	844,217	-	844,217
Other comprehensive income									
Fair value gain on available-for-sale-financial assets, net of income tax	-	-	334,329	-	-	-	-	-	334,329
Realisation of revaluation surplus, net of tax	-	-	-	-	(25,710)	-	25,710	-	-
Regulatory impairment allowances	-	-	-	-	-	(136,494)	136,494	-	-
Total comprehensive income for the period	-	-	334,329	-	(25,710)	(136,494)	1,006,421	-	1,178,546
Transactions with owners									
Employee share option scheme:									
- value of employee services charged to income statement	-	-	-	-	-	-	-	20,817	20,817
- group share based payments	-	-	-	-	-	-	-	11,493	11,493
- transfer to share capital and share premium on exercise of options	-	-	-	-	-	-	-	-	-
Adjustment to cash balances	-	-	-	(11,813)	-	-	-	-	(11,813)
Balance at 30 June 2013	215,306	23,642,135	1,331,225	7,784,656	3,180,242	207,457	4,524,396	842,239	41,727,656

Notes to the financial statements
for the half year ended 30 June 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 unaudited financial statements for the half year were approved for issue by the Board of Directors on 9 August 2013.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

The unaudited financial statements have been prepared on the historical cost basis except for the following:

1. Available-for-sale financial assets measured at fair value;
2. Investment property is measured at fair value;
3. The liability for pensioners` medical aid is recognised as the present value of expected future medical payments based on employee life expectancy;
4. Derivative assets measured at fair value; and
5. Buildings are measured using the revaluation model. Revaluations are done after every 3 years.

2.3 Functional and presentation currency

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

2.4 Accounting policies

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

3. Cash and bank balances

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Cash on hand	25,445,513	33,181,339	56,494,955
Balances with the Central Bank other than mandatory reserve deposits	86,664,761	88,772,144	51,560,655
Bank balances due from group companies (Note 8.4)	18,127,073	15,323,722	20,056,281
Other bank balances	212,288	-	-
Total cash and bank balances – statement of financial position	130,449,635	137,277,205	128,111,891
Current	130,449,635	137,277,205	128,111,891
Non-current	-	-	-
Total	130,449,635	137,277,205	128,111,891

3.1. Cash and cash equivalents

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

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Cash and bank balances (Note 3)	130,449,635	137,277,205	128,111,891
Loans and advances to banks (Note 4)	160,998	11,458	300,983
Bank balances due to group companies (Note 8.4)	(70,529)	(71,157)	(221,485)
Deposits from other banks (Note 12)	(379,318)	(58,543)	(958)
Treasury bills (Note 6.2)	-	-	2,031,242
Total cash and cash equivalents-statement of cash flows	130,160,786	137,158,963	130,221,673

4. Loans and advances to banks

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Items in course of collection from other banks	160,998	11,458	300,983
Placements with other banks	-	-	-
Included in cash and cash equivalents	160,998	11,458	300,983
Loans and advances to other banks	160,998	11,458	300,983
Less: allowance for impairment	-	-	-
Total	160,998	11,458	300,983
Current	160,998	11,458	300,983
Non-current	-	-	-
Total	160,998	11,458	300,983

5. Loans and advances to customers

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Personal lending	15,364,120	5,687,956	13,467,781
Wholesale and corporate loans and advances	83,985,834	54,883,370	79,889,617
Gross loans and advances to customers (Note 23.1a)	99,349,954	60,571,326	93,357,398
Less allowance for impairment (Note 23.1g)	(1,768,846)	(1,298,905)	(1,545,405)
Interest in suspense	(109,640)	-	(67,201)
Loans and advances to customers	97,471,468	59,272,421	91,744,792
Current	75,983,827	56,155,539	67,183,119
Non-current	21,487,641	3,116,882	24,561,673
Total	97,471,468	59,272,421	91,744,792

A further analysis of loans and advances is included on Note 23.

6. Investment securities

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Held-to-maturity investment securities	10,400,334	10,401,190	10,245,376
Available-for-sale investment securities	2,712,015	1,888,542	4,264,271
At end of period	13,112,349	12,289,732	14,509,647

6.1 Held-to-maturity investment securities

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
At 1 January	10,245,376	-	-
Additions	-	10,245,376	10,245,376
Accrued interest	154,958	155,814	-
At end of period	10,400,334	10,401,190	10,245,376
Current	3,228,571	155,814	3,073,613
Non-current	7,171,763	10,245,376	7,171,763
Total	10,400,334	10,401,190	10,245,376

6.2 Available-for-sale Investment securities

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
As at 1 January	4,264,271	1,629,137	1,629,137
Additions	-	-	2,031,242
Sale and redemption	(2,031,242)	-	(26,630)
Gains from changes in fair value	478,986	259,405	630,522
Impairment losses	-	-	-
At end of period	2,712,015	1,888,542	4,264,271
Treasury bills	-	-	2,031,242
Equity Investments	2,712,015	1,888,542	2,233,029
Total	2,712,015	1,888,542	4,264,271
Current	-	-	2,031,242
Non-Current	2,712,015	1,888,542	2,233,029
Total	2,712,015	1,888,542	4,264,271

6.3 Assets and liabilities measured at fair value at 30 June 2013

	Level 1	Level 2	Level 3	Total
Derivative assets	-	83,706	-	83,706
Investment securities - equity	2,645,058	-	66,957	2,712,015
Total assets 30 June 2013	2,645,058	83,706	66,957	2,795,721
Total assets 30 June 2012	1,818,389	27,258	70,153	1,915,800
Total assets 31 December 2012	2,162,193	3,435	70,836	2,236,464
Derivative liabilities	-	81,660	-	81,660
Share Options	-	842,239	-	842,239
Total liabilities 30 June 2013	-	923,899		923,899
Total liabilities30 June 2012	-	781,992	-	781,992
Total liabilities 31 December 2012	-	809,929	-	809,929

6.4 Valuation techniques and inputs

Level 2 items

Share options are valued using the Black Scholes model.

Derivative financial instruments are valued using the discounted cash flow method. This 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 reporting date.

Level 3 items

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

Description	Fair value at 30 June 2013	Valuation technique	Unobservable input	Range (weighted average)
Investment securities - equities	US$66,957	Net asset value	n/a	n/a

The Bank has determined that the reported net asset value represents fair value at the end of the reporting period.

6.5 Reconciliation of level 3 items

	30.06.2013 Available for sale Financial assets US$	30.06.2013 Total assets US$	30.06.2012 Available for sale Financial assets US$	30.06.2012 Total assets US$
Balance at 1 January	70,836	70,836	88,423	88,423
Total losses – other comprehensive income	(3,879)	(3,879)	(18,270)	(18,270)
At end of period	66,957	66,957	70,153	70,153

Notes to the financial statements
for the half year ended 30 June 2013 (continued)

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

	30.06.2013 Favourable Changes US$	30.06.2013 Unfavourable Changes US$
Available-for-sale financial assets	6,696	(6,696)

7. Investment in subsidiary companies

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Fincor Finance Corporation Limited 100% (2012 -100%)	-	-	-
Barclays Merchant Bank Limited 100% (2012 -100%)	-	-	-
Brains Computer Processing (Private) Limited 100% (2012-100%)	-	-	-

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

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 directorships. In the normal course of business, placings of foreign currencies made with group companies are at market interest rates. The volumes of related party transactions, outstanding balances at year-end and related expense and income for the year are as follows:

8.1 Loans and advances to related parties other than common directorship/trusteeship

	Directors and other key management personnel		
	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Loans outstanding at 1 January	520,775	95,001	95,001
Loans issued during the year	37,670	361,694	509,740
Loan repayments during the year	(64,739)	(38,080)	(83,966)
Loans outstanding at end of period	493,706	418,615	520,775
Current	129,272	85,426	124,658
Non-current	364,434	333,189	396,117
Total	493,706	418,615	520,775
Interest income earned	14,148	6,668	19,692

The loans advanced to directors and other key management personnel of $261,728 are secured and the balance of $231,978 is not secured. No impairment losses have been recognised in respect of loans advanced to related parties (2012: nil)

8.2 Intra-group exposures

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

8.3 Deposits from related parties other than common directorship/trusteeship

	Directors and other key management personnel		
	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Deposits at 1 January	209,906	7,113	7,113
Deposits received during the period	1,437,655	649,272	2,517,358
Deposits repaid during the period	(1,530,964)	(646,797)	(2,314,565)
Deposits at end of period	116,597	9,588	209,906
Current	116,597	9,588	209,906
Non-current	-	-	-
Total	116,597	9,588	209,906
Interest expense on deposits	-	-	-

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

8.4 Balances with group companies

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Bank balances due from group companies (Note 3)	18,127,073	15,323,722	20,056,281
Bank balances due to group companies (Note 3)	(70,529)	(71,157)	(221,485)
Other balances due to group companies	(256,735)	-	-
Other balances due from group companies (Note 9)	1,453,116	-	1,453,116
Total	19,252,925	15,252,565	21,287,912

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

8.5 Key management compensation

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Salaries and other short-term employee benefits	623,731	542,199	1,193,555
Post-employment benefits	60,496	55,569	118,424
Share-based payments	-	-	311,852
Termination benefits	-	-	-
Total	684,227	597,768	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 included the Managing Director, Chief Finance Officer, Risk Director, Banking Divisional Director, Commercial Divisional Director, Head of Operations, Chief Technology Officer, Head of Human Resources, Head of Compliance and Company Secretary.

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

	30.06.2013		30.06.2012		31.12.2012	
	Deposits US$	Loan advances US$	Deposits US$	Loan advances US$	Deposits US$	Loan advances US$
Current	1,232,778	19,937,145	903,166	14,984,750	3,049,982	18,532,145
Non-current	-	12,600,000	-	-	-	14,155,458
Total	1,232,778	32,537,145	903,166	14,984,750	3,049,982	32,687,603

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

9. Other assets

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Prepayments and stationery	811,794	1,072,674	794,906
Card transactions	1,438,566	-	1,278,595
Other debtors	3,409,331	3,245,920	2,689,651
Remittances in transit	317	999	1,449
Staff loans prepayment	631,171	859,869	620,956
Total	6,291,179	5,179,462	5,385,467
Current	5,869,560	5,179,462	4,964,397
Non-current	421,619	-	421,070
Total	6,291,179	5,179,462	5,385,467

Included in other debtors is a receivable from Barclays Bank Plc of US$1,453,116 for compensation of loss of custody business.

10. Investment property

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Investment property at fair value as at 1 January	20,670,000	15,000,000	15,000,000
Net gains from fair value adjustment	-	-	-
Transfers from property and equipment	-	-	5,670,000
Other changes	-	-	-
Investment property at fair value as at end of period	20,670,000	15,000,000	20,670,000

Barclays Bank jointly controls a property in Victoria Falls with the Barclays Bank Staff Pension Fund. The Bank's share (50%) of the Investment property was valued at US$15 million as at 30 June 2013 (2012:US$15million). Investment property generated net rental income of US$106,468.

The approval from the Reserve Bank of Zimbabwe to hold the property was extended to 31 December 2013. In the meantime options to dispose of the property are being evaluated.

11. Property and equipment

Half year ended 30 June 2013

	Lease hold Land US$	Buildings US$	Computers US$	Other equipment US$	Furniture and fittings US$	Motor vehicles US$	Totals US$
Net book value at 1 January 2013	43,414	15,907,502	990,708	1,548,660	255,992	2,054,432	20,800,708
Additions	-	-	767,909	160,338	95,678	397,529	1,421,454
Revaluation surplus	-	-	-	-	-	-	-
Disposals	-	-	(325,785)	(21,752)	-	(34,800)	(382,337)
Depreciation charge on disposals	-	-	287,539	11,601	-	29,323	328,463
Depreciation charge	-	(162,312)	(249,115)	(240,214)	(69,565)	(351,568)	(1,072,774)
Closing net book amount	43,414	15,745,190	1,471,256	1,458,633	282,105	2,094,916	21,095,514
At 30 June 2013							
Cost or valuation	43,414	15,907,502	2,737,055	2,483,092	743,722	3,566,680	25,481,465
Accumulated depreciation and impairment	-	(162,312)	(1,265,799)	(1,024,459)	(461,617)	(1,471,764)	(4,385,951)
Net book amount	43,414	15,745,190	1,471,256	1,458,633	282,105	2,094,916	21,095,514

There is no impairment of property and equipment required from an assessment done as at balance sheet date.

12. Deposits from other banks

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Items in course of collection	379,318	58,543	958
Deposits from other banks	-	-	-
Other money-market deposits	-	-	-
Total	379,318	58,543	958
Current	379,318	58,543	958
Non-current	-	-	-
Total	379,318	58,543	958

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

13. Deposits from customers

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

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Large corporate customers:			
- Current/settlement accounts	125,692,561	113,416,840	122,814,653
- Time	1,955,988	-	1,300,000
Small to medium enterprises ("SMEs"):			
- Current/settlement accounts	28,234,406	26,099,904	25,680,884
- Time	-	-	-
Retail customers:			
- Current/demand accounts	71,726,406	63,291,086	74,881,684
- Time	2,479,058	-	100,972
Total	230,088,419	202,807,830	224,778,193

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$1,171,521 (2012: US$1,689,256) held as collateral for loans advanced and letters of credit.

13.1 Concentrations of customer deposits were as follows:

Industry/Sector	30.06.2013 US$	%	30.06.2012 US$	%	31.12.2012 US$	%
Trade and services	75,548,598	33	76,775,655	38	70,290,529	31
Energy and minerals	4,410,816	2	9,658,345	5	965,772	-
Agriculture	3,441,873	1	4,438,981	2	9,470,774	4
Construction and property	1,013,569	-	1,398,386	1	2,064,374	1
Light and heavy industry	16,217,369	8	14,801,956	7	13,426,380	7
Physical persons	74,205,464	32	52,482,944	26	74,982,656	33
Transport and distribution	38,829,830	17	26,009,811	12	38,605,959	17
Financial services	16,420,900	7	15,728,159	8	14,971,749	7
State	-	-	1,513,593	1	-	-
Total	230,088,419	100	202,807,830	100	224,778,193	100

14. Other financial liabilities

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

15. Income tax expense:

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

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Income tax expense:			
Current income taxes on income for the reporting period	463,428	248,134	1,702,523
Deferred income tax: origination and reversal of temporary differences	(166,976)	111,705	(774,873)
Income tax	296,452	359,839	927,650

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

16. Other liabilities

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Accrued expenses	1,424,886	919,811	883,960
Internal accounts including bank cheques account	5,224,345	3,770,161	5,464,582
Future medical aid liability	4,754,433	2,629,892	3,974,000
Other provisions	1,443,032	1,587,694	1,239,427
Total	12,846,696	8,907,558	11,561,969
Current	8,407,587	6,560,690	7,902,969
Non-current	4,439,109	2,346,868	3,659,000
Total	12,846,696	8,907,558	11,561,969

17. Share capital and other reserves

17.1 Share capital

	Number of shares (millions)	Ordinary shares US$	Share premium US$	Total US$
Authorised shares				
Ordinary shares of USc0.01	5,000	500,000	-	500,000
Issued shares				
At 1 January 2013	2,153	215,306	23,642,135	23,857,441
Employee share option scheme:	-	-	-	-
Proceeds from shares issued	-	-	-	-
At 30 June 2013	2,153	215,306	23,642,135	23,857,441

17.2 Other reserves

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Non distributable reserve	7,784,656	6,861,517	7,796,469
Property revaluation reserve	3,180,242	-	3,205,952
Available-for-sale reserve	1,331,225	744,363	996,896
Share option reserve	842,239	781,992	809,929
General reserve	207,457	8,447	343,951
Total	13,345,819	8,396,319	13,153,197

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

Notes to the financial statements
for the half year ended 30 June 2013 (continued)

18. Non-funded income

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Ledger fees	3,069,817	3,337,694	8,860,262
Cash withdrawal fees	4,458,502	4,103,104	8,225,900
Other fee and commission income	4,473,745	4,384,968	7,808,901
Custody compensation	-	-	1,453,116
Net foreign exchange income	1,344,194	1,295,685	2,710,240
Rental income	393,960	386,633	842,027
Profit on disposal of assets	-	9,226	86,825
Total	13,740,218	13,517,310	29,987,271

19. Operating expenses

19.1 Staff costs

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Salaries and allowances	8,145,695	7,773,423	14,863,017
Social security costs	35,559	22,588	45,527
Share options granted to directors and employees	32,310	65,537	93,470
Pension costs: defined contribution plans	738,374	632,914	1,402,162
Post employment medical benefits	923,421	501,694	2,009,597
Directors' remuneration:			
Fees - for services as directors	44,812	48,626	105,604
Other – for services as management	221,762	182,493	405,923
Total staff costs	10,141,933	9,227,275	18,925,300

19.2 Other administrative expenses include:

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Property and equipment:			
-repairs and maintenance	494,084	578,902	1,344,083
-depreciation	1,072,774	840,967	1,883,719
-other property costs	680,570	627,709	1,172,895
-impairment of equipment (reversal)/charge	-	25,892	(247,000)
Security costs	955,158	958,907	2,016,096
Communications costs	718,900	546,085	1,913,960
Auditor's remuneration:-			
-current year audit fees	-	22,149	149,213
-prior year audit fees	94,554	76,803	30,466
-other	20,040	19,548	49,505
Operating lease payments	1,209,762	1,175,697	2,360,517
Other operating expenses	2,758,585	2,583,281	4,446,203
Total other administrative expenses	8,004,427	7,455,940	15,119,657
Total staff costs (note 19.1)	10,141,933	9,227,275	18,925,300
Total operating expenses	18,146,360	16,683,215	34,044,957

20. Assets under custody

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Fees and commission income earned (included in other fees and commission note 18)	139,268	357,469	658,906
Total funds under custody	97,676,978	233,786,723	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.

21. Loan commitments, guarantees and other financial facilities

At period end, the contractual amounts of the Bank's contingent liabilities and commitments to extend credit to customers, guarantees and other facilities were as follows:

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Loan commitments	29,809,300	23,754,859	37,293,026
Guarantees and standby letters of credit	1,519,690	4,650,325	2,394,524
Total	31,328,990	28,405,184	39,687,550

22. Segment analysis

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

The Bank has three main business segments

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

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

22.1 Segment results of operations

The segment information provided to the Executive Committee for the segments for the half year ended 30 June 2013 is as follows:-

30 June 2013	Retail banking US$	Corporate banking US$	Treasury banking US$	Total US$
Net interest income from external customers	1,103,652	4,314,852	351,748	5,770,252
Loan impairment charges	(162,591)	(60,850)	-	(223,441)
Net fee and commission income	8,352,841	3,803,701	1,068,803	13,225,345
Other income	79,803	33,856	401,214	514,873
- Staff costs	(6,929,683)	(2,613,118)	(599,132)	(10,141,933)
- General and administrative expenses	(1,943,117)	(510,340)	(701,434)	(3,154,891)
- Depreciation	(728,636)	(261,699)	(82,439)	(1,072,774)
- Other operating expenses	(2,488,654)	(1,095,183)	(192,925)	(3,776,762)
Operating (loss)/profit	(2,716,385)	3,611,219	245,835	1,140,669
Income tax credit/(expense)	690,546	(929,889)	(57,109)	(296,452)
Total assets	33,001,228	82,087,876	174,490,103)	289,579,207
Total liabilities	86,129,781	141,616,193	20,105,577	247,851,551

23. 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 practice.

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

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

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

23.1 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 mitigation policies

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

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

Principal collateral types used for loans and advances are:

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

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

Impairment and provisioning policies ("EWL")

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

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

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

23.1(a) Loans and advances are summarised as follows:

	30.06.2013		30.06.2012		31.12.2012	
	Loans and advances to customers US$	Loans and advances to banks US$	Loans and advances to customers US$	Loans and advances to banks US$	Loans and advances to customers US$	Loans and advances to banks US$
Neither past due nor impaired	98,213,177	160,998	59,009,906	11,458	92,302,280	300,983
Past due but not impaired (note 23.1c)	-	-	880,725	-	-	-
Individually impaired (note 23.1d)	1,136,777	-	680,695	-	1,055,118	-
Gross value of loans and advances	99,349,954	160,998	60,571,326	11,458	93,357,398	300,983
Less: allowance for impairment (note 23.1g)	(1,768,846)	-	(1,298,905)	-	(1,545,405)	-
Interest in suspense	(109,640)	-	-	-	(67,201)	-
Net value of loans and advances	97,471,468	160,998	59,272,421	11,458	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 mapped onto the Basel II grading system. Balances in neither past due nor impaired category are investment grade, those in past due but not impaired category are standard monitoring grade and individually impaired is default grade.

23.1(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 interest) are outstanding for more than 30 days. Such loans are either impaired or renegotiated (note 23.1f).

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

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

	30.06.2013			30.06.2012			31.12.2012		
	Personal loans US$	Wholesale and corporate loans US$	Total US$	Personal loans US$	Wholesale and corporate loans US$	Total US$	Personal loans US$	Wholesale and corporate loans US$	Total US$
Up to 1 month	-	-	-	-	880,725	880,725	-	-	-
1-3 months	-	-	-	-	-	-	-	-	-
3-6 months	-	-	-	-	-	-	-	-	-
6-12 months	-	-	-	-	-	-	-	-	-
Over 12 months	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	880,725	880,725	-	-	-
Fair value of collateral	-	-	-	-	-	-	-	-	-
Amount under collateralisation	-	-	-	-	-	-	-	-	-

23.1(d) Loans and advances individually impaired

	30.06.2013			30.06.2012			31.12.2012		
	Personal loans US$	Wholesale and corporate loans US$	Total US$	Personal loans US$	Wholesale and corporate loans US$	Total US$	Personal loans US$	Wholesale and corporate loans US$	Total US$
Gross carrying amount	104,342	1,032,435	1,136,777	25,319	655,376	680,695	64,384	990,734	1,055,118
Less allowance for impairment	(19,202)	(665,727)	(684,929)	(3,497)	(440,494)	(443,991)	(6,006)	(654,558)	(660,564)
Net carrying amount	85,140	366,708	451,848	21,822	214,882	236,704	58,378	336,176	394,554

23.1(e) Non-performing loans and advances

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

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Total non-performing loans and receivables	724,768	655,376	990,734
Less specific allowance for impairment	(484,663)	(440,494)	(654,558)
Net carrying amount	240,105	214,882	336,176

23.1(f) Loans and advances renegotiated

During the half year ended 30 June 2013, the Bank did not have any renegotiated loans and advances to customers and banks.

23.1(g) Allowance for impairment

Reconciliation of allowance for impairment

	30.06.2013		30.06.2012		31.12.2012	
	Specific allowance for impairment US$	Collective allowance for impairment US	Specific allowance for impaiment US$	Collective allowance for impaiment US$	Specific allowance for impaiment US$	Collective allowance for impairment US$
Balance at 1 January	660,564	884,841	164,629	848,594	164,629	848,594
Income received on claims previously written off	-	-	-	-	-	-
New allowance	-	-	279,619	-	455,891	-
Increase in impairment allowances	37,301	712,097	2,459	6,320	40,044	36,247
Release	(12,936)	(513,021)	(2,716)	-	-	-
Amounts written off	-	-	-	-	-	-
At end of period	684,929	1,083,917	443,991	854,914	660,564	884,841

Notes to the financial statements
for the half year ended 30 June 2013 (continued)

Reconciliation of allowance by nature of advance

	Other personal lendings US$	Wholesale corporate loans US$	Total US$
As at 1 January 2013	19,845	1,525,560	1,545,405
Charge for the period	162,590	60,851	223,441
New allowance	-	-	-
Increase in impairment allowances	176,091	573,307	749,398
Release	(13,501)	(512,456)	(525,957)
Amounts written off during the period.	-	-	-
At 30 June 2013	182,435	1,586,411	1,768,846

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.

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

23.1(i) Credit risk concentration

Industry/Sector	30.06.2013 Loans and advances US$	%	30.06.2012 Loans and advances US$	%	31.12.2012 Loans and advances US$	%
Trade and services	9,858,979	10	11,569,512	20	11,666,582	12
Energy and minerals	-	-	-	-	-	-
Agriculture	11,926,016	12	11,202,219	19	13,078,243	15
Construction and property	-	-	-	-	-	-
Light and heavy industry	39,373,967	40	23,379,248	39	31,173,378	33
Physical persons	15,364,120	15	5,687,956	8	13,467,781	14
Transport and distribution	22,826,872	23	8,732,391	14	23,971,414	26
Financial services	-	-	-	-	-	-
State	-	-	-	-	-	-
Gross amount	99,349,954	100	60,571,326	100	93,357,398	100
Less impairment allowance	(1,768,846)		(1,298,905)	-	(1,545,405)	-
Interest in suspense	(109,640)		-	-	(67,201)	
Net amount	97,471,468		59,272,421	-	91,744,792	-

23.1(j) Profile of credit risk as at 30 June 2013

Industry/Sector	Total loans US$	Past due Impaired loans US$	Write offs/ (recoveries) US$	Impairment allowance US$
Trade and services	9,858,979	274,835	-	245,759
Energy and minerals	-	-	-	-
Agriculture	11,926,016	757,600	-	419,968
Construction and property	-	-	-	-
Light and heavy industry	39,373,967	-	-	-
Physical persons	15,364,120	104,342	-	19,202
Transport and distribution	22,826,872	-	-	-
Financial services	-	-	-	-
State	-	-	-	-
Other	-	-	-	-
Gross amount at end of period	99,349,954	1,136,777	-	684,929

23.2 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.

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

The Bank's liquidity management process as carried out by the ALCO and Treasury units includes:
- Day to day funding and monitoring future cash flows to ensure that funding requirements are met;
- Maintaining a high balance of cash that can easily be liquidated as protection against unforeseen funding gaps;
- Monitoring balance sheet liquidity ratios against internal and regulatory benchmarks;
- Limits are set 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.

23.2(b) Liquidity ratios

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Cash and bank balances	130,449,635	137,277,205	128,111,891
Loans and advances to banks	160,998	11,458	300,983
Deposits from banks	(379,318)	(58,543)	(958)
Bank balances due to group companies	(70,529)	(71,157)	(221,485)
Treasury bills	-	-	2,031,242
Total liquid assets	130,160,786	137,158,963	130,221,673
Deposits from customers	225,653,373	202,807,830	223,377,221
Other money market deposits	4,435,046	-	1,400,972
Total liabilities to the public	230,088,419	202,807,830	224,778,193
Liquidity ratio	57%	68%	58%
RBZ Minimum	30%	27.5%	30%

23.2(c) Liquidity profiling as at 30 June 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$	6 months to 1 year US$	6 months to 1 year US$	1 to 5 years US$	Over 5 years US$	Total US$
On balance sheet items-as at 30.06.2013							
Liabilities							
Balances due to group companies	327,264	-	-	-	-	-	327,264
Deposits from banks	379,318	-	-	-	-	-	379,318
Deposits from customers	229,968,815	123,217	1,034	-	-	-	230,093,066
Other liabilities	7,104,719	15,400	547,753	676,284	1,261,296	3,241,244	12,846,696
Total liabilities-(contractual maturity)	237,780,116	138,617	548,787	676,284	1,261,296	3,241,244	243,646,344
Assets held for managing liquidity risk (contractual maturity dates)							
Cash and bank balances	130,449,635	-	-	-	-	-	130,449,635
Loans and advances to banks	160,998	-	-	-	-	-	160,998
Loans and advances to customers	42,376,676	9,727,969	23,335,156	6,403,420	23,423,813	145,308	105,412,342
Current income tax assets	-	244,358	-	-	-	-	244,358
Government bonds	154,958	-	3,229,855	117,822	7,433,020	-	10,935,655
Other assets	1,866,114	-	-	-	-	-	1,866,114
Total assets	175,008,381	9,972,327	26,565,011	6,521,242	30,856,833	145,308	249,069,102
Liquidity gap	(62,771,735)	9,833,710	26,016,224	5,844,958	29,595,537	(3,095,936)	5,422,758
Cumulated liquidity gap	(62,771,735)	(52,938,025)	(26,921,801)	(21,076,843)	8,518,694	5,422,758	-

Contingent liabilities and commitments

Assets	Up to 1 month US$	1 to 3 months US$	6 months to 1 year US$	6 months to 1 year US$	1 to 5 years US$	Over 5 years US$	Total US$
Guarantees and letters of credit	382,315	350,000	1,500	785,875	-	-	1,519,690
Commitment to lend	29,809,300	-	-	-	-	-	29,809,300
Total assets	30,191,615	350,000	1,500	785,875	-	-	31,328,990
Liabilities							
Guarantees and letters of credit	382,315	350,000	1,500	785,875	-	-	1,519,690
Commitment to lend	29,809,300	-	-	-	-	-	29,809,300
Total liabilities	30,191,615	350,000	1,500	785,875	-	-	31,328,990
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.

23.3 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.

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

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

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

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

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

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

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

One day risk Type of risk or activity	High US$	Medium US$	Low US$	Half year-end US$
Currency	1,129	252	200	242
Interest	516,052	141,684	(614,003)	(614,003)
Aggregate VaR at 30 June 2013	517,181	141,936	(613,803)	(613,761)

Two week risk Type of risk or activity	High US$	Medium US$	Low US$	Half year-end US$
Currency	3,569	798	633	766
Interest	1,631,901	448,044	(1,941,646)	(1,941,646)
Aggregate VaR at 30 June 2013	1,635,470	448,842	(1,941,013)	(1,940,880)

ALCO, together with the Market Risk Department, 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.

23.4 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 this 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 30 June 2013

	Up to 1 month US$	1 to 3 months US$	6 months to 1 year US$	6 months to 1 year US$	1 to 5 years US$	Over 5 years US$	Non interest bearing US$	Total US$
Assets								
Cash and bank balances	105,004,122	-	-	-	-	-	25,445,513	130,449,635
Investment securities	154,958	-	3,073,613	-	7,173,763	-	2,712,015	13,112,349
Derivative asset	-	-	-	-	-	-	83,706	83,706
Loans and advances to banks	160,998	-	-	-	-	-	-	160,998
Loans and advances to customers	97,471,468	-	-	-	-	-	-	97,471,468
Other assets	-	-	-	-	-	-	6,291,179	6,291,179
Current income tax assets	-	-	-	-	-	-	244,358	244,358
Investment property	-	-	-	-	-	-	20,670,000	20,670,000
Property and equipment	-	-	-	-	-	-	21,095,514	21,095,514
Total assets	202,791,546	-	3,073,613	-	7,171,763	-	76,542,285	289,579,207
Liabilities								
Balances due to group companies	327,264	-	-	-	-	-	-	327,264
Derivative liabilities	-	-	-	-	-	-	81,660	81,660
Deposits from banks	379,318	-	-	-	-	-	-	379,318
Deposits from customers	229,965,368	122,051	-	1,000	-	-	-	230,088,419
Other liabilities	-	-	-	-	-	-	12,846,696	12,846,696
Deferred income tax liabilities	-	-	-	-	-	-	4,128,194	4,128,194
Total liabilities	230,671,950	122,051	-	1,000	-	-	17,056,550	247,851,551
Interest rate re-pricing gap	(27,880,404)	(122,051)	3,073,613	(1,000)	7,171,763	-	59,485,735	41,727,656
Cumulative gap	(27,880,404)	(28,002,455)	(24,928,842)	(24,929,842)	(17,758,079)	(17,758,079)	41,727,656	-

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

	30.06.2013		30.06.2012		31.12.2012	
	Impact on earnings	Impact on capital	Impact on earnings	Impact on capital	Impact on earnings$	Impact on capital
1000 bps increase	(3,070,000)	(3,070,000)	(1,427,180)	(1,427,180)	(1,435,030)	(1,435,030)
1000 bps decrease	3,070,000	3,070,000	1,427,180	1,427,180	1,435,030	1,435,030
Bench	-	-	-	-	-	-

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

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

At 30 June 2013	US$	GBP (US$ equiv)	Rand (US$ equiv)	Other foreign currency (US$ equiv)	Total US$
Assets					
Cash and bank balances	120,523,340	3,230,926	4,542,322	2,153,047	130,449,635
Loans and advances to other banks	160,998	-	-	-	160,998
Loans and advances to customers	97,471,362	14	40	52	97,471,468
Investment securities	13,112,349	-	-	-	13,112,349
Other assets	6,291,179	-	-	-	6,291,179
Total assets	237,559,228	3,230,940	4,542,362	2,153,099	247,485,629
Liabilities					
Balances due to group companies	138,778	20,755	157,842	9,889	327,264
Deposits from banks	379,318	-	-	-	379,318
Deposits from customers	221,821,647	2,935,502	3,490,860	1,840,410	230,088,419
Other liabilities	12,125,282	287,766	253,789	179,859	12,846,696
Total liabilities	234,465,025	3,244,023	3,902,491	2,030,158	243,641,697
Net currency positions	3,094,203	(13,083)	639,871	122,941	3,843,932

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

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

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

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

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

Capital adequacy

	30.06.2013 US$	30.06.2012 US$	31.12.2012 US$
Share capital	215,306	215,306	215,306
Share premium	23,642,135	23,642,135	23,642,135
Accumulated profits	4,524,396	2,199,999	3,517,975
Share option reserve fund	842,239	781,992	809,929
Available for sale reserve	1,331,225	744,363	996,896
Currency translation reserve	3,405,069	6,861,517	3,405,069
Total core capital	33,960,370	34,445,312	32,587,310
Less market and operational risk capital	(6,133,220)	(5,394,041)	(5,385,149)
Tier 1 capital	27,827,150	29,051,271	27,202,161
Currency translation reserve movement	4,379,587	-	4,391,400
Revaluation reserve	3,180,242	-	3,205,952
General provisions(limited to 1.25% of weighted risk assets)	1,083,917	854,914	1,228,797
Tier 2 capital	8,643,746	854,914	8,826,149
Total tier 1 & 2 capital	36,470,896	29,906,185	36,028,310
Market risk	95,645	112,048	127,381
Operational risk	6,037,575	5,281,993	5,257,768
Tier 3 capital	6,133,220	5,394,041	5,385,149
Total tier 1, 2 & 3 capital base	42,604,116	35,300,226	41,413,459
Less deductions from capital	(2,712,015)	(1,890,615)	(2,233,029)
Total capital base	39,892,101	33,409,611	39,180,430
Credit risk weighted assets	156,152,618	111,088,043	147,564,127
Operational risk equivalent assets	75,469,695	66,024,915	65,722,099
Market risk equivalent assets	1,195,561	1,223,334	1,592,269
Total risk weighted assets (RWAs)	232,817,874	178,337,092	214,878,495
Tier 1 capital ratio	12%	16%	13%
Tier 1 and 2 capital ratio	16%	17%	17%
Total capital adequacy ratio	17%	19%	18%

Following the 2012 on-site examination by the Central Bank, US$3,4 million in currency translation reserve was confirmed as Tier 1 capital, and US$2,8 million reclassified to Tier 2 capital, as a result the 30 June 2012 figures have not been restated.

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. The Bank will also adjust its capital to meet regulatory capital requirements from time to time.

25. Other risks

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

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

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

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

26. Risk and ratings
The Central Bank conducts regular examinations of Banks and financial institutions it regulates.

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

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

CAMELS ratings

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

Summary risk matrix - July 2012 onsite supervision

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

Interpretation of risk matrix

Level of inherent risk
Low - reflects lower than average probability of an adverse impact on a banking institution's capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the banking institution's overall financial condition.
Moderate - could reasonably be expected to result in a loss which could be absorbed by a banking institution in the normal course of business.
High - reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the banking institution.

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

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

28. Events after reporting date
There were no events noted after reporting date up to the date of releasing the results, that required amounts included in the financial statements to be restated.

29. Shareholding Structure

Afcarme Zimbabwe Holdings (Private) Limited (Barclays Bank PLC)	68% (2012:68%)
Public	32% (2012:32%)

30. Dividend
No dividend is proposed in respect of the half year ended 30 June 2013.

By Order of the Board

W Chimwaradze
Company Secretary

Barclay House
Cnr First Street /
Jason Moyo Avenue
Harare

9 August 2013