Barclays Bank of Zimbabwe Limited
Annual Report

for the year ended 31 December 2014

BARCLAYS

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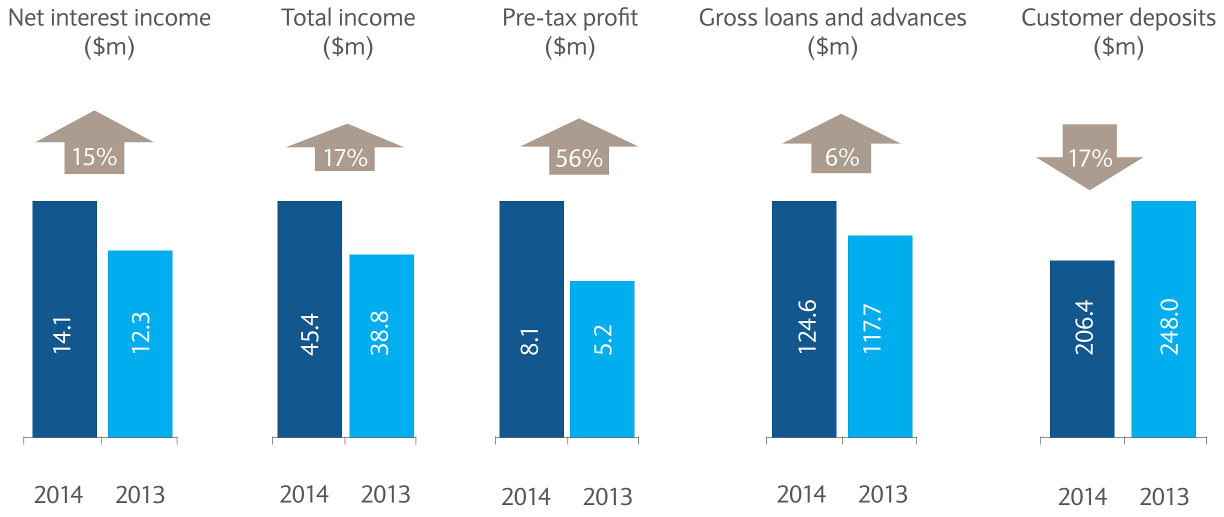
Colleague interacting with children from Shearly Cripps Children's Home during Make A Difference Day

Financial Highlights



Five year review	2010	2011	2012	2013	2014
	US$' 000	US$' 000	US$' 000	US$' 000	US$' 000
Net interest income	2,798	6,723	7,642	12,316	14,130
Impairment losses on loans and advances	(329)	(505)	(532)	(712)	(532)
Total income	32,135	39,687	36,845	38,796	45,352
Profit before tax	(1,852)	2,118	3,053	5,184	8,133
Profit after tax	(1,276)	1,404	2,125	2,952	6,589
Basic earnings per share (US cents)	(0.06)	0.07	0.10	0.14	0.31
Gross loans and advances	43,639	59,531	93,357	117,719	124,556
Total assets	228,936	260,035	281,527	307,806	292,848
Deposits from customers	181,223	213,697	224,778	247,985	206,400
Total equity	30,906	33,511	40,529	44,341	49,285

Key performance indicators	2010	2011	2012	2013	2014
Cost to income ratio	105.0%	93.0%	90.0%	85.0%	83.0%
Loans to deposit ratio	23.8%	27.4%	40.8%	46.5%	58.9%
Liquidity ratio	72.0%	69.0%	58.0%	53.0%	41.9%
Total capital adequacy ratio	30.0%	19.0%	18.0%	17.0%	20.1%
Loan loss ratio	0.8%	0.9%	0.6%	0.6%	0.4%
Impairment stock/Gross advances	1.2%	1.7%	1.7%	1.9%	2.2%
Classfied debt/Gross advances	0.4%	0.3%	1.1%	1.0%	2.0%

Chairman's Statement

At 103 years of operating in the country, and counting up, Barclays Bank of Zimbabwe is resolute in its chosen Purpose: to help people achieve their ambitions - in the right way. The Bank's shares continued to be widely and publicly held. The customer base has continued to grow. The Bank has also continued to create employment and provide career fulfilment opportunities to its employees. Over this period, the Bank has sustained a community involvement agenda; the thrust over the last two years being to empower youths through skills transfer and partnerships on programs designed to unlock their potential. The Bank is committed to continue to provide opportunity for its various stakeholders to prosper.

2014 Economic Landscape

Economic performance slowed down with the Ministry of Finance revising the projected 2014 GDP growth rate down from 6.1% to 3.1%. The external sector continued to be strained, yielding a trade deficit of $3.3bn as at December 2014 reflecting subdued local production.

The Bank considers that the economy continues to carry huge potential and interventions by government to enhance investor confidence need to be sustained in order to realise that potential. Barclays remains committed to being part of the economy over the long term. This has been demonstrated by the Bank's own efforts to support businesses across a number of sectors and in arranging significant offshore lines of credit from within the Barclays Group for the benefit of local entities. The Bank's attitude remains one of helping to seek solutions for its customers to exploit the pockets of opportunities that exist in the economy in a manner that mitigates attendant risks within acceptable levels.

The Bank's Capital and Liquidity Position

The Bank's balance sheet continues to be sound and surpasses the current minimum capital requirements. The total capital adequacy ratio of 20% at end of December 2014 is ahead of the regulatory minimum of 12%. The Reserve Bank of Zimbabwe expects the Bank to meet a minimum core capital threshold of $100 million by 2020 and recapitalisation plans to meet the 2020 thresholds were submitted. Within that plan, subject to economic conditions, organic growth over the period is a high priority.

The Bank sustained a strong liquidity position over the period. The liquidity ratio closed the period at 42%, ahead of the regulatory minimum of 30%. The Global Credit Rating Company issued its latest rating report on Barclays Bank of Zimbabwe in May 2014. The rating awarded is AA- on the long term security class, with the rating outlook assessed as Stable.

The Bank's liquidity management framework continues to be a high focus area for the Board under the current economic conditions. It continues to be the Bank's priority to ensure that customers can transact promptly in any amounts and any of the approved currencies they require. Barclays Bank of Zimbabwe also supports the efforts by the Reserve Bank to ensure that when the public chooses to transact in notes and coins, they are able to get change in their desired denominations.

Community Involvement

The Bank continued its citizenship programs with a thrust to empower youths and young adults through training and skills development programs. This continues to be done through a number of programs and partnerships which touch beneficiaries across all provinces of the country. These partnerships with UNICEF, Boost Enactus and Junior Achievement Zimbabwe saw close to 100 000 young people benefiting in 2014. In addition, every colleague at the Bank is encouraged to be part of a number of volunteerism initiatives organised through the Bank. During 2014 volunteerism increased by 25% to 9055 hours and 95% of the Bank's colleagues actively participated in the Make A Difference Day initiative.

Over the period under review, I am happy to report that the Bank went into a partnership with the Zimbabwe Farmers' Union. Under the currently concluded partnership, the Bank will fund training programs touching the lives of more than 15,000 young farmers across the country.

Within the Bank's community involvement agenda it is also ensured that the Bank considers applicable legal requirements such as those of Indigenisation and Empowerment laws. The Bank therefore continues to focus on a holistic view of its involvement in the community in all its initiatives including lending and procurement activities.

Governance

The Bank's governance standards derive from its chosen purpose – to help people achieve their ambitions in the right way. The Bank has underpinned this purpose with a set of values that the Board has sought to embed in Barclays Bank of Zimbabwe as a member of the global Barclays Group. These values are Respect, Integrity, Service, Excellence and Stewardship. The behaviours and conduct of all colleagues in the Bank are measured against these values which we have also made part of the measures of overall performance. The Board considers that sustained focus on sound governance standards would ensure that the Bank remains dependable and sound for the benefit of its customers and all its stakeholders.

The Board continued to oversee the development and deployment of the Bank's strategy. The Board also continued to focus on its risk and control responsibilities to ensure that the Bank adheres to sound and prudent practices in its conduct of business. Performance review of each Board member and of the Board and its committees is facilitated by external consultants.

At the end of November 2014, Professor Hope Sadza retired from the Board after serving for 9 years. Professor Sadza was a very valuable member of the Board who also chaired the Human Resources and Nominations Committee and was a member of the Board Credit Committee. On behalf of other Board members and all colleagues at the Bank, I would like to thank Professor Sadza for her immense contribution during her tenure on the Board and for agreeing to assist in managing the transition as the Bank seeks her replacement.

Earnings Results

The financial highlights and the Managing Director's review of Operations cover the various elements of the business performance in 2014. The Bank registered a profit after tax of $6.6 million dollars for the year (2013:$3.0 million). This result translates to a basic earnings per share of 0.31 cents (2013:0.14 cents per share). Total comprehensive income for the year at $3.9 million reflects a 2% increase over prior year.

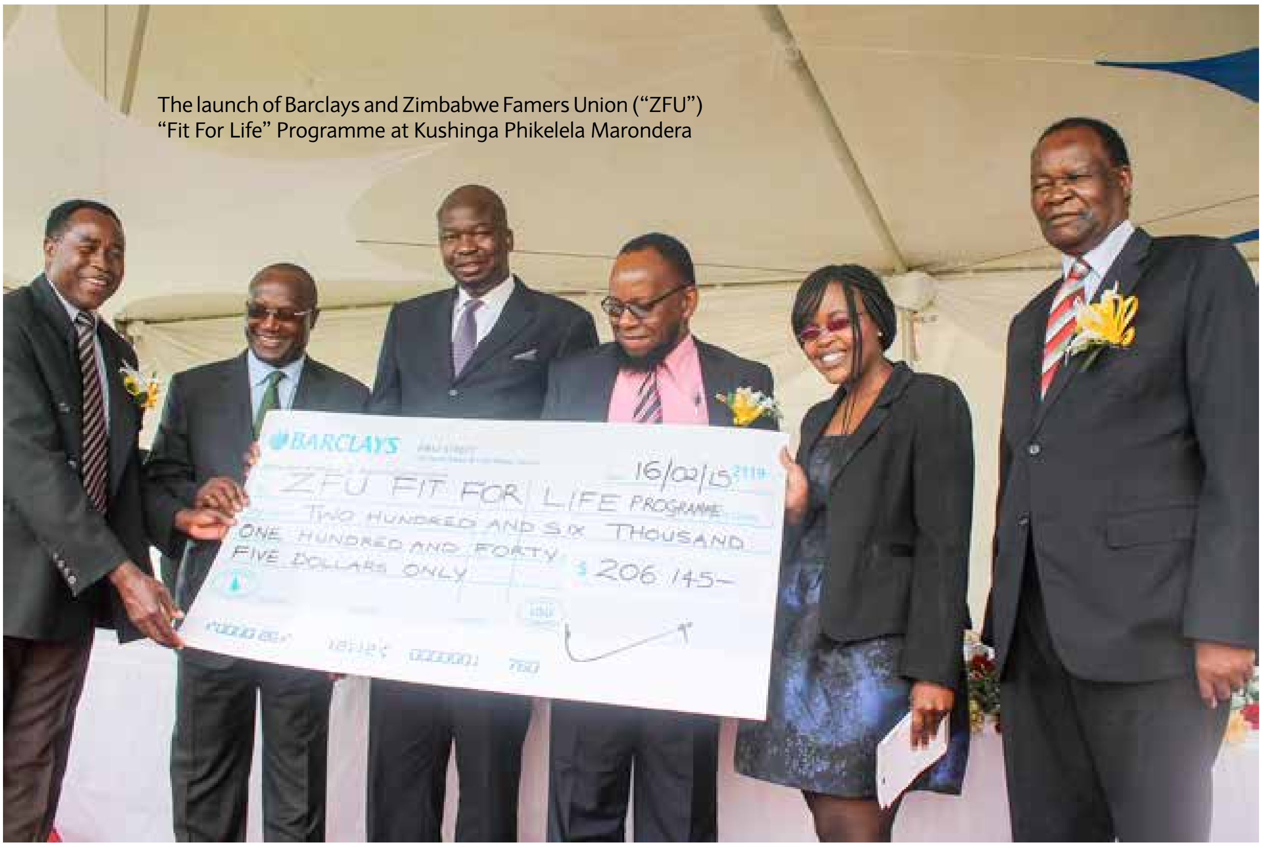
Dividend

The Bank seeks to continue to build growth momentum which requires increase in the capital base. In view of this thrust, the Bank does not propose a dividend for the period under review.

Going Forward

The business environment continues to be challenging but with huge potential. Your Bank continues plans to grow under a thrust to sustain stable or improving macro-economic fundamentals. As reported at the interim results, we believe that efforts underway to demonstrate policy clarity and consistency will be sustained in order to promote growth in long term investment by both locals and foreigners. Barclays Bank of Zimbabwe will continue to seek to support efforts to grow the economy whilst also ensuring that depositors' security is preserved.

A. S. Mandiwanza
Chairman
26 March 2015



The launch of Barclays and Zimbabwe Famers Union ("ZFU") "Fit For Life" Programme at Kushinga Phikelela Marondera

Managing Director's Review of Operations

2014 Highlights

Our 2014 performance is a reflection of our sustained focus on long term quality growth based on a scalable strategy that is relevant to all our key stakeholders and the market.

Our Model

To deliver on our priorities, we have remained consistent in implementing our current business model that has largely focused on the growth of a quality loan book and our commitment to become the 'Go-To' bank for our stakeholders.

Whilst we have seen a growth in our loan book within the current environment, we are cognisant of the need to prioritise the review of our offering in order to broaden our product range. In 2015, we look forward to leveraging on our global lineage to increase lines of credit within the first quarter of the year. In 2014 US$112m external lines of credit were made available to our customers on the back of our global network.

Our lending book has supported a cross section of industry and commerce with a significant weight within the manufacturing sector. This has been followed by the distribution and agricultural and agro-processing sectors. We would however, like to develop more structured products and increase our participation in this area. Smaller businesses will continue to be supported through a number of products and structures that allow us to serve customer segments that we have not yet fully participated in.

Satisfying Customer Needs

At Barclays, our customers are at the very core of our operations. Generally across the industry, deposits are transitory but as Barclays Bank of Zimbabwe, we have maintained a core deposit base and ensured structures to prioritise customer transactions in a timely manner. We have consistently provided for customers as and when they require money, in the various denominations of their choice and at any time of the day through our e-channels. We have continued to support regulatory initiatives by providing quality notes and coins to the transacting public.

The year ahead will see an amplified drive towards supporting our diverse customer segments. We anticipate an increased focus on customer support mechanisms and structures that address tailor-made solutions and services. With leverage on Group capabilities, we look to deliver the best services and products to our customers.

We seek to continue our journey to further improve our e-channels as this remains a priority in an increasingly technologically demanding environment. The development and launch of products that will provide platforms for us to integrate many of our channels within our customer segments, is anticipated to create easier transactional avenues through our end-to-end networks. This seamless integration will make banking easier for all our customers, allowing for simple and instant transactions.

Investment in Human Capital

We continue to invest in our colleagues. Our programmes are designed to provide opportunities for young graduates through the Graduate Training Programme, secondments and training opportunities within the wider Barclays business.

Our Contribution to 5 million Futures

2015 will see the culmination of a three year commitment to touch the lives of five million young futures across the globe. Through our investment programmes, we take a proactive role in the development of the next generation through development of enterprise, employability and financial skills of youth and young adults.

2015 Outlook

2015 will be a pivotal year for Barclays Bank of Zimbabwe as we continue to grow our loan book, supported by more product and liability growth initiatives. We begin the year on a positive trajectory and seek to sustain efficiencies in a competitive cost-to-save model. Our customer channels will remain a priority with specific emphasis on our e-channels product offering. We will continue to stay sustainable in a manner that will reflect local laws and community adherence.

At Barclays, we have been focused not only on what we do but also on how we do it. We are grounded in our five values of Respect, Integrity, Service, Excellence and Stewardship and aim to make every relationship with our stakeholders, a 'Go-To' relationship in which we can help them to achieve their goals and ultimately to Prosper. The year ahead remains challenging, however we are confident in our prospects of truly becoming the 'Go-To' bank in Zimbabwe.

G. T. Guvamatanga
Managing Director
26 March 2015

Directors' Report

The Directors of the Bank are pleased to submit their report to shareholders for the financial year ended 31 December 2014.

Share Capital

A number of members of management staff with share options took up their entitlements/exercised their options totalling 260,000 shares. The total number of share options granted to the management share option scheme in 2014 was 580,000. The number of shares issued and fully paid up as at 31 December 2014 was 2,153,320,176. The breakdown of the share capital was as follows:

	2014	Change	2013
Issued and fully paid	2,153,320,176	260,000	2,153,060,176
Shares allocated to management share option scheme	37,059,150	(260,000)	37,319,150
Shares under the control of the directors	2,809,620,674	-	2,809,620,674
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 2014.

Directorate

Re-election of Directors

The following re-elections were confirmed by shareholders in a general meeting during 2014:
Mr. A. I. Lawson and Mr. A. S. Mandiwanza 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 2014 wherein Professor Hope Cynthia Sadza retired from the Board of Barclays Bank of Zimbabwe Limited on the 26th of November 2014 in terms of the Articles of Association.

As at 31 December 2014, 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*

**Executive Directors*

Directors' Remuneration

Details of the directors' remuneration are contained in note 25.1 to the Financial Statements.

Directors' Responsibility Statement

The preparation and presentation of the annual financial statements of Barclays Bank of Zimbabwe Limited and all the information contained herein is the responsibility of the Directors. The information contained in these financial statements has been prepared on the going concern basis and in accordance with provisions of the Companies Act (Chapter 24:03) as applicable to a financial institution registered in terms of the Banking Act (Chapter 24:20). These financial statements have also been prepared in compliance with International Financial Reporting Standards.

Auditors

At the 2014 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

Wellington Chimwaradze
Company Secretary
26 March 2015

Corporate Governance Statement

The Board of Directors is committed to the establishment, monitoring and practice of the highest corporate governance standards in the operations of Barclays Bank of Zimbabwe Limited (the Bank). Among its top priorities is ensuring effective control and timely and accurate disclosure of material information about the Bank. Laws and regulatory guidelines and directives are observed and complied with. The Bank subscribes to the principles of international best practice as guided by, among others, local regulatory and the Barclays Group Corporate Governance guidelines.

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

Main Board

The Board of Directors is led by an independent non-executive Chairman, thereby ensuring effective and constructive checks and balances between executive management and the Board. The Board of Directors held eight (8) Board meetings for the year ended 31 December 2014 pursuant to execution of the Board's mandate. Special focus was given to the strategy of the Bank with three (3) of the Board meetings being strategy review meetings. The Board comprised 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 Board's mandate. The ultimate responsibility of running the Bank however still remains with the Board. The sub-committees of the Board are as detailed below.

Audit Committee

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

E. Fundira (Chairperson)
Prof. H. C. Sadza**
G. T. Guvamatanga

Loans Review Committee

This Committee has the overall responsibility for the 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 comprised of two independent non-executive directors and one executive director. The members of the Committee for the year were:-

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

Human Resources and Nominations Committee

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

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

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

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

Board Evaluation

The Board conducts an annual peer based performance evaluation of the effectiveness of its operations. The process entails the members collectively evaluating the effectiveness of the Board as well as each other individually as the members. The evaluation considers specific criteria such as structure of the Board, effectiveness of committees, strategic leadership, corporate responsibility, attendance and participation of members and overall weaknesses noted. Action plans are put in place to address identified weaknesses with a view to continuously improving the performance of the Board and the individual members. The Board Evaluation for 2014 has commenced and will be concluded in the first quarter of 2015.

Directors' Shareholding

The following is a schedule of the directors' shareholdings in the Bank as at 31 December 2014;

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

Corporate Governance Statement

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 International Financial Reporting Standards and they incorporate full and responsible disclosure to ensure that the information contained therein is both relevant and reliable.

Board and Committees Attendance 2014

Main Board

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

Audit Committee

Name	Total Meetings	Total Present	Total Absent
A. I. Lawson	8	8	Nil
E. Fundira	8	7	1
C. F. Dube	8	8	Nil

Human Resources & Nominations Committee

Name	Total Meetings	Total Present	Total Absent
H. C. Sadza**	4	4	Nil
A. S. Mandiwanza	4	4	Nil
G. T. Guvamatanga	4	4	Nil

Credit Committee

Name	Total Meetings	Meetings supposed to attend	Total Present	Total Absent
E. Fundira	15	14	14	Nil
H. C. Sadza**	15	12	10	2
G. T. Guvamatanga	15	15	15	Nil

Loans Review Committee

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

** *(Retired on 26 November 2014)*

By Order of the Board
Wellington Chimwaradze
Company Secretary
26 March 2015

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100 The Chase (West)
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Zimbabwe

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

Report on the Financial Statements

We have audited the financial statements of Barclays Bank of Zimbabwe Limited, which comprise the statement of financial position as at 31 December 2014, and the statement of profit or 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 11 to 59.

Directors' Responsibility for the Financial Statements

The 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 24:02), 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 Limited as at 31 December 2014, 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 24:02).

KPMG

KPMG Chartered Accountants (Zimbabwe)
Harare

26 March 2015

Statement of Financial Position
as at 31 December 2014

	Note	31.12. 2014 US$	31.12. 2013 US$
Assets			
Cash and bank balances	4	86,831,126	130,533,824
Loans and advances to banks	5	92,476	103,623
Loans and advances to customers	6	121,655,919	115,328,746
Derivative assets	7	46,667	132,326
Investment securities	8	11,052,629	10,572,503
Other assets	10	32,253,946	9,629,424
Investment properties	11	5,580,000	5,690,000
Investment in joint venture	12	15,282,440	15,279,225
Property and equipment	13	20,053,098	20,486,945
Current income tax asset	14	-	49,881
Total assets		292,848,301	307,806,497
Liabilities			
Derivative liabilities	7	25,062	83,770
Bank balances due to group companies	9	262,263	56,496
Deposits from banks	15	180,664	145,342
Deposits from customers	16	206,399,958	247,984,999
Other liabilities	18	31,266,543	8,534,339
Provisions	19	1,857,081	1,648,773
Current income tax liabilities	14	91,084	-
Deferred income tax liabilities	14	3,481,124	5,011,727
Total liabilities		243,563,779	263,465,446
Equity			
Share capital	20	215,332	215,306
Share premium	20	23,642,408	23,642,135
Other reserves	20	11,921,465	13,621,087
Retained earnings		13,505,317	6,862,523
Total equity		49,284,522	44,341,051
Total equity and liabilities		292,848,301	307,806,497

S. Matsekete
Chief Finance Officer

G. T. Guvamatanga
Managing Director

A. Mandiwanza
Chairman

W. Chimwaradze
Company Secretary

26 March 2015

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2014

	Note	31.12. 2014 US$	31.12. 2013 US$
Interest income	22	14,966,053	15,023,266
Interest expense	22	(836,529)	(2,707,279)
Net interest income		14,129,524	12,315,987
Impairment losses on loans and advances	23	(532,497)	(712,098)
Net interest income after loan impairment charges		13,597,027	11,603,889
Non-funded income	24	29,105,610	27,191,767
Gains on disposal of available for sale investments		2,649,664	-
Total Income		45,352,301	38,795,656
Operating expenses	25	(37,502,251)	(33,890,735)
Operating profit		7,850,050	4,904,921
Share of profit of joint venture	12	282,687	279,225
Profit before income tax		8,132,737	5,184,146
Income tax charge	14	(1,544,217)	(2,232,115)
Profit for the year		6,588,520	2,952,031
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		(2,649,664)	-
Net change in fair value of available-for-sale financial assets		(80,008)	1,167,711
Tax effect thereof		(5,408)	(352,192)
		(2,735,080)	815,519
Total other comprehensive income for the year, net of tax		(2,735,080)	815,519
Total comprehensive income for the year		3,853,440	3,767,550
Basic earnings per share (US cents)	26	0.31	0.14
Diluted earnings per share (US cents)	26	0.31	0.14

Statement of Cash Flows
for the year ended 31 December 2014

	Note	31.12.2014 US$	31.12.2013 US$
Cash flow from operating activities			
Profit before income tax		8,132,737	5,184,146
Adjustments for non-cash items:			
Impairment losses on loans and advances		532,497	712,098
Effect of fair value loss/(gain) on investment property and share of profit of joint venture		(172,687)	(299,225)
Depreciation of property and equipment	13	2,069,053	2,202,511
Profit on disposal of property and equipment		(69,844)	(5,373)
Gain on disposal of equity investment reclassified from other comprehensive income		(2,649,664)	-
Staff loan prepayment amortisation		9,936	(17,033)
Post-Retirement Medical Aid fund accrual		-	(1,082,000)
Share based payment expense		94,127	56,701
Net derivative assets		(21,605)	(48,556)
Cash flow from operating activities before changes in working capital		7,924,550	6,703,269
Increase in loans and advances to customers		(6,869,606)	(24,279,019)
Increase in other assets		(22,624,522)	(4,243,957)
(Decrease)/increase in deposits from customers		(41,585,041)	23,206,806
Increase/ (decrease) in other liabilities		22,989,070	(296,857)
Income taxes paid		(1,943,361)	(2,058,166)
Net cash utilised in operating activities		(42,108,910)	(967,924)
Cash flow from investing activities			
Purchase of property and equipment	13	(1,667,737)	(1,975,104)
Proceeds from sale of property and equipment		102,375	89,670
Dividend received from Joint Venture		279,472	-
Purchase of investment securities		(6,841,219)	-
Proceeds from sale of investments		6,281,085	3,073,613
Net cash generated in investing activities		(1,846,024)	1,188,179
Net (decrease)/increase in cash and cash equivalents		(43,954,934)	220,255
Cash and cash equivalents at the beginning of the year		130,435,609	130,221,673
Effect of exchange rate changes on cash and cash equivalents		-	(6,319)
Cash and cash equivalents at the end of the year	4.1	86,480,675	130,435,609

Statement of Changes in Equity
for the year ended 31 December 2014

	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 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	-	-	815,519	-	-	-	-	-	815,519
Gain on disposal of available for sale reserve reclassified to profit or loss	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	815,519	-	-	-	2,952,031	-	3,767,550
Realisation of revaluation surplus	-	-	-	-	(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
Balance at 1 January 2014	215,306	23,642,135	1,812,415	7,784,656	3,154,532	2,854	6,862,523	866,630	44,341,051
Profit or loss									
Profit for the year	-	-	-	-	-	-	6,588,520	-	6,588,520
Other comprehensive income									
Fair value loss on available for-sale- financial assets	-	-	(85,416)	-	-	-	-	-	(85,416)
Gain on disposal of available for sale reserve reclassified to profit or loss	-		(1,653,760)	-	-	-	-	-	(1,653,760)
Total comprehensive income for the year	-	-	(1,739,176)	-	-	-	6,588,520	-	4,849,344
Realisation of revaluation surplus	-	-	-	-	(51,420)	-	51,420	-	-
Transactions with owners									
Employee share option scheme:									
- value of employee services released to profit or loss	-	-	-	-	-	-	-	(6,856)	(6,856)
- group share based payments	-	-	-	-	-	-	-	100,983	100,983
- transfer to share capital and share premium on exercise of options	26	273	-	-	-	-	-	(299)	-
Other movements									
Regulatory impairment allowances	-	-	-	-	-	(2,854)	2,854	-	-
Balance at 31 December 2014	215,332	23,642,408	73,239	7,784,656	3,103,112	-	13,505,317	960,458	49,284,522

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 26 March 2015

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.
(iii) Derivative assets/liabilities measured at fair value.
(iv) 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 31 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 2014

The following standards, amendments and interpretations are effective for accounting periods beginning on or after 1 January 2014 and are relevant to the Bank.

Standard/ Interpretation	Content	Applicable for financial years beginning on/after
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014
IFRIC 21	Levies	1 January 2014

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The amendments to IAS 32 Financial Instruments: Presentation clarifies certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

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

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

Novation of Derivatives and Continuation of Hedge Accounting amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty must happen as a consequence of laws or regulations or the introduction of laws or regulations. The change did not have any impact on the Bank's financial statements.

IFRIC 21 Levies

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation covers the accounting for outflows imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations.

IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The Interpretation clarifies that 'economic compulsion' and the going concern principle do not create or imply that an obligating event has occurred. In terms of IFRIC 21, the liability is recognised progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

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

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 2014 and are expected to be relevant to the Bank.

Standard/ Interpretation	Content	Applicable for financial years beginning on/after
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IFRS 9	Financial Instruments	1 January 2018

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Bank is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances. The Bank is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

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 which are recognised in other comprehensive income.

2.5 Foreign currency transactions and balances (continued)

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, fair value through profit or loss 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.

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 the carrying amount will be reduced by this amount.

(iv) Financial assets at fair value through profit or loss

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

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

(b) **Recognition**

The Bank uses trade date accounting for regular way contracts when recording financial asset transactions. Trade date accounting is a method where transactions are recorded on the date at which an agreement has been entered (the trade date), and not on the date the transaction has been finalized (the settlement date).

(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 the Bank`s contractual obligations 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 using the effective interest method. 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>Class (as determined by the Bank)</th><th>Subclasses</th></tr>
<tr><td rowspan="10">Financial assets</td><td rowspan="6">Loans and receivables</td><td colspan="2">RBZ linked client balances</td></tr>
<tr><td colspan="2">Loans and advances to banks</td></tr>
<tr><td rowspan="4">Loans and advances to customers</td><td>Overdrafts</td></tr>
<tr><td>Terms loans</td></tr>
<tr><td>Overdrafts</td></tr>
<tr><td>Terms loans</td></tr>
<tr><td>Available-for-sale financial assets</td><td>Equity investments securities</td><td>Unlisted</td></tr>
<tr><td></td><td colspan="2">Treasury bills</td></tr>
<tr><td>Held to maturity</td><td colspan="2">Government bonds</td></tr>
<tr><td>Financial assets at fair value through profit or loss</td><td colspan="2">Forward exchange contracts and currency swaps</td></tr>
<tr><th colspan="2">Category (as defined by IAS 39)</th><th>Class (as determined by the Bank)</th><th>Subclasses</th></tr>
<tr><td rowspan="6">Financial liabilities</td><td rowspan="5">Financial liabilities at amortised cost</td><td colspan="2">RBZ linked client balances</td></tr>
<tr><td colspan="2">Deposits from banks</td></tr>
<tr><td rowspan="3">Deposits from customers</td><td>Demand</td></tr>
<tr><td>Savings</td></tr>
<tr><td>Time</td></tr>
<tr><td>Financial liabilities at fair value through profit or loss</td><td colspan="2">Forward exchange contracts and currency swaps</td></tr>
<tr><td rowspan="3">Off-statement of financial position items</td><td>Financial liabilities at fair value through profit or loss</td><td colspan="2">Forward exchange contracts and currency swaps (contract value)*</td></tr>
<tr><td colspan="3">Loan commitments</td></tr>
<tr><td colspan="3">Guarantees*, acceptances and other financial facilities (contract value)</td></tr>
</table>

*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 recognised on an accrual basis when the service has been provided.

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.

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. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of reversal recognised in profit or loss.

2.13 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 employee 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.

2.14 Cash, bank balances and cash equivalents

2.14.1 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.

2.14.2 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances above (2.14.1), 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.

2.15 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.

2.16 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 and impairment for buildings. Fair value changes are reviewed annually. Where there are significant changes in fair value, revaluation is done annually. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. All other property and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes costs that are directly attributable to the acquisition of the items.

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 is 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.

2.17 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.

2.18 Income tax

2.18.1 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.

2.18.2 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.

2.19 Employee benefits

2.19.1 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.

2.19.2 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. In 2013, 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.

2.19.3 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. Termination benefits result from either the Bank`s decision to terminate the employment or an employee`s decision to accept the Bank`s offer of benefits in exchange for termination of employment. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

2.19.4 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.

2.19.5 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.

2.20 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.

2.21 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.

2.22 Share capital

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

2.22.1 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.

2.22.2 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.

2.23 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.

2.24 Subsidiaries
Subsidiaries are entities controlled by the Bank. Subsidiaries are fully consolidated 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.

2.25 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.

2.26 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 24.1.

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. Actual results may differ from expected results and revisions to estimates are recognised prospectively.

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 17 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 20.8 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

	31.12.2014 US$	31.12.2013 US$
Cash in hand	30,776,740	38,617,716
Balances with the Central Bank other than mandatory reserve deposits	52,759,036	65,720,862
Bank balances due from group companies (Note 9.3)	3,295,350	26,195,246
Total cash and bank balances	86,831,126	130,533,824
Current	86,831,126	130,533,824
Non-current	-	-
Total	86,831,126	130,533,824

Included in Balances with Central Bank (Note 4 above) and Deposits from Customers (Note 16) for 2013 is USD24,195,472 relating to foreign currency account balances managed by Central Bank from 2007. The Central Bank issued treasury bills in 2014 for the account of exporters. These balances are now reported under other assets (Note 10) and other liabilities (Note 18).

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.

	31.12.2014 US$	31.12.2013 US$
Cash and bank balances (Note 4)	86,831,126	130,533,824
Loans and advances to banks (Note 5)	92,476	103,623
Bank balances due to group companies (Note 9.3)	(262,263)	(56,496)
Deposits from other banks (Note 15)	(180,664)	(145,342)
Total cash and cash equivalents-statement of cash flows	86,480,675	130,435,609

5. Loans and advances to banks

	31.12.2014 US$	31.12.2013 US$
Items in course of collection from other banks (Note 4.1)	92,476	103,623
Included in cash and cash equivalents	92,476	103,623
Loans and advances to other banks	92,476	103,623
Less allowance for impairment	-	-
Total	92,476	103,623
Current	92,476	103,623
Non-current	-	-
Total	92,476	103,623

6. Loans and advances to customers

	31.12.2014 US$	31.12.2013 US$
Personal lending	29,517,722	19,865,880
Wholesale and corporate loans and advances	95,038,631	97,852,960
Gross loans and advances to customers	124,556,353	117,718,840
Less allowance for impairment	(2,705,116)	(2,257,503)
Interest on classified debt	(195,318)	(132,591)
Loans and advances to customers	121,655,919	115,328,746
Current	78,351,207	83,130,477
Non-current	43,304,712	32,198,269
Total	121,655,919	115,328,746

7. 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.

Carrying amount

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

Contract amount

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

	31.12.2014 US$			31.12.2013 US$		
Instrument type	Assets	Liabilities	Contract amount	Assets	Liabilities	Contract amount
Foreign exchange swaps	255	1,071	557,598	-	-	-
Foreign exchange contracts	46,412	23,991	7,130,320	132,326	83,770	10,017,831
Total	46,667	25,062	7,687,918	132,326	83,770	10,017,831

8. Investment securities

	31.12.2014 US$	31.12.2013 US$
Investment securities held-to-maturity (Note 8.1)	4,098,150	7,171,763
Investment securities available-for-sale (Note 8.2)	6,954,479	3,400,740
At 31 December	11,052,629	10,572,503

8.1 Investment securities held-to-maturity

	2014 US$	2013 US$
At 1 January	7,171,763	10,245,376
Sale and redemption	(3,073,613)	(3,073,613)
At 31 December	4,098,150	7,171,763
Current	4,098,150	3,073,613
Non-current	-	4,098,150
Total	4,098,150	7,171,763

8.2 Investment securities available-for-sale

	2014 US$	2013 US$
As at 1 January	3,400,740	4,264,271
Additions	6,841,219	-
Sale and redemption	(3,207,472)	(2,031,242)
(Losses)/gains from changes in fair value	(80,008)	1,167,711
At 31 December	6,954,479	3,400,740
Treasury bills	6,841,219	-
Equity investments	113,260	3,400,740
Total	6,954,479	3,400,740
Current	5,181,521	-
Non-current	1,772,958	3,400,740
Total	6,954,479	3,400,740

The fair value for quoted securities was determined using the closing stock market prices. 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 during the period.

9. Related party balances and transactions

The Bank is controlled by Afcarme Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 68% (2013:68%) 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:

9.1 Loans and advances to related parties

	Directors and other key management personnel	
	2014 US$	2013 US$
Loans outstanding at 1 January	707,906	520,775
Loans issued during the year	114,744	317,237
Loan repayments during the year	(129,646)	(130,106)
Loans outstanding at 31 December	693,004	707,906
Current	161,931	162,657
Non-current	531,073	545,249
Total	693,004	707,906
Interest income earned	39,708	32,218

Of the loans advanced to directors and other key management personnel US$423,869 is secured and repayable over 15-20 years. The balance of US$269,135 is unsecured and repayable monthly over 3 years at average interest rates of 5,9% (2013:5.5%). Loans and advances to non-executive directors during the year ended 31 December 2014 were US$17,020 (2013: US$13,189) repayable within 3 years.

No impairment losses have been recognised in respect of loans advanced to related parties (2013:nil)

9.2 Deposits from related parties

	Directors and other key management personnel	
	2014 US$	2013 US$
Deposits at 1 January	130,164	209,906
Deposits received during the year	2,838,796	2,795,888
Deposits repaid during the year	(2,715,411)	(2,875,630)
Deposits at 31 December	253,549	130,164
Current	253,549	130,164
Non-current	-	-
Total	253,549	130,164
Interest expense on deposits	-	-

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

9.3 Bank balances with group companies

	31.12.2014 US$	31.12.2013 US$
Bank balances due from group companies (Note 4)	3,295,350	26,195,246
Bank balances due to group companies (Note 4.1)	(262,263)	(56,496)
Other balances due from group companies (Note 10)	1,865,363	1,802,297
Total	4,898,450	27,941,047

The balances were assessed and no impairment losses have been recognised for bank balances due from group companies. The other balance due from group of US$1,865,363 was settled after year end.

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

	Deposits 31.12.2014 US$	Loan advances 31.12.2014 US$	Deposits 31.12.2013 US$	Loan advances 31.12.2013 US$
Dairiboard Holdings Limited	357,226	1,000,000	404,586	1,555,000
Delta Corporation Limited	657,822	8,200,000	572,459	7,337,145
Edgars Stores Limited	446,135	10,800,000	102,417	14,400,000
Tobacco Sales Limited	568,157	4,031,370	227,601	4,000,000
The Zimbabwe Bata Shoe Company	-	1,952,808	-	-
Barclays Bank Pension Fund	42,431	-	103,307	-
Total	2,071,771	25,984,178	1,410,370	27,292,145
Current	2,071,771	10,584,178	1,410,370	16,492,145
Non-current	-	15,400,000	-	10,800,000
Total	2,071,771	25,984,178	1,410,370	27,292,145

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$2,147,003 (2013: US$2,430,228). The balances were assessed and no impairment losses have been recognised for balances with related parties through common directorship/trusteeship.

9.5 Foreign exchange swaps and contracts with related parties

As at 31 December 2014, the Bank had the following outstanding swap and forward exchange contract transactions (values are contractual amounts) 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	1,637,420	1,919,859	382,498	-	3,939,777
Barclays Capital	258,283	-	-	-	258,283
At 31 December 2014	1,895,703	1,919,859	382,497	-	4,198,060
At 31 December 2013	2,972,715	1,379,782	382,577	1,191,009	5,926,083

9.6 Key management compensation

	2014 US$	2013 US$
Salaries and other short-term employee benefits	1,784,735	1,551,444
Post-employment benefits	148,389	140,571
Share-based payments	25,701	53,642
Total	1,958,825	1,745,657

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.

10. Other assets

	31.12.2014 US$	31.12.2013 US$
Prepayments and stationery	1,392,090	1,049,850
Card transactions	3,675,413	5,429,995
Other debtors	398,179	646,150
Receivable from Group (Note 9.3)	1,865,363	1,802,297
Remittances in transit	1,029	1,060
Staff loans market interest rate adjustment	662,665	700,072
RBZ linked client balances (Note 10.1)	24,259,207	-
Total	32,253,946	9,629,424

10.1 RBZ linked client balances

	31.12.2014 US$	31.12.2013 US$
RBZ linked client treasury bills	14,185,029	-
RBZ linked client interest balances	10,074,178	-
Total	24,259,207	-

During 2014, the Government of Zimbabwe, through the RBZ issued US$14m worth of treasury bills to settle the principal amounts for exporter funds transferred to the RBZ under Exchange Control Directives. As communicated by RBZ, the treasury bills issued are for the respective clients. They were issued with tenors of 3, 4 and 5 years with an interest rate of 2% payable bi-annually. The RBZ linked client balances were previously reported as balances with Central Bank in 2013 (Note 4).

11. Investment properties

11.1. Reconciliation of carrying amount

	2014 US$	2013 US$
Investment property at fair value as at 1 January	5,690,000	5,670,000
Net (losses)/gains from fair value adjustment	(110,000)	20,000
Investment property at fair value as at 31 December	5,580,000	5,690,000
Non-current	5,580,000	5,690,000
Total	5,580,000	5,690,000

Investment property comprises commercial properties that are leased to third parties. No contingent rents are charged. The change in fair value of investment property recorded in other income in profit or loss is a loss of US$110,000. (2013: gain of US$20,000). Rental income from investment property of US$474,035 (2013: US$552,782) is recognised in non-funded 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 17) based on the inputs to the valuation technique used.

12. 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 financial statements, and reconciliation with the carrying amount of the investment in the financial statements are set out below;

	31.12.2014 US$	31.12.2013 US$
Current assets, including cash and cash equivalents	596,961	575,001
Non-current assets	30,000,000	30,000,000
Current liabilities, including tax payable	(32,081)	(16,550)
Equity	30,564,880	30,558,451
Proportion of the Bank's ownership	50%	50%
Carrying amount of the investment	15,282,440	15,279,225

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

	2014 US$	2013 US$
Rental income	770,998	759,080
Operating expenses	(7,682)	(6,958)
Profit before income tax	763,316	752,122
Income tax expense	(197,944)	(193,671)
Profit for the year	565,372	558,451
Barclays Bank's share of profit for the year	282,687	279,225

The joint venture had no contingent liabilities or capital commitments as at 31 December 2014 (2013: Nil).

13. Property and equipment

Year ended 31 December 2014

	Leasehold Land US$	Buildings US$	Computers US$	Equipment US$	Furniture and fittings US$	Motor vehicles US$	Totals US$
Opening carrying amount	43,414	15,582,878	1,302,371	1,274,600	231,757	2,051,925	20,486,945
Additions	-	-	963,655	71,396	83,557	549,129	1,667,737
Disposals	-	-	(416,330)	(8,594)	(100,371)	(295,158)	(820,453)
Depreciation charge on disposals	-	-	412,192	4,567	99,987	271,176	787,922
Depreciation charge	-	(324,624)	(493,743)	(488,913)	(84,213)	(677,560)	(2,069,053)
Closing carrying amount	43,414	15,258,254	1,768,145	853,056	230,717	1,899,512	20,053,098
At 31 December							
Cost or valuation	43,414	15,907,502	3,405,806	2,596,231	754,239	3,962,563	26,669,755
Accumulated depreciation and impairment	-	(649,248)	(1,637,661)	(1,743,175)	(523,522)	(2,063,051)	(6,616,657)
Carrying amount	43,414	15,258,254	1,768,145	853,056	230,717	1,899,512	20,053,098

Year ended 31 December 2013

	Leasehold Land US$	Buildings US$	Computers US$	Equipment US$	Furniture and fittings US$	Motor vehicles US$	Total 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

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 obsolesence 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$12,248,764 (2013: US$12,460,722). No items of property and equipment were pledged as collateral as at 31 December 2014.

14. Taxation

14.1 Income tax expense:

	2014 US$	2013 US$
Current income taxes on income for the financial year	(2,084,326)	(1,723,094)
Deferred income tax: origination and reversal of temporary differences	540,109	(509,021)
Income tax charge	(1,544,217)	(2,232,115)

The income tax rate applicable to the Bank's 2014 income is 25,75% (2013:25,75%).

14.2 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% (2013:25.75%) as follows;

	2014 US$	2013 US$
Profit before income tax	8,132,737	5,184,146
Income tax charged based on profit for the year	(2,094,180)	(1,334,918)
Tax effect of :		
Income subject to tax at lower rates/ not subject to tax	903,777	142,965
Expenses not deductible for tax purposes	(271,275)	(966,219)
Adjustments to capital allowances	(82,539)	(73,943)
Tax charge	(1,544,217)	(2,232,115)

14.3 Current income tax liability/ (asset)

	2014 US$	2013 US$
Balance at beginning of year	(49,881)	285,191
Assessable current tax liability	2,084,326	1,723,094
Tax paid	(1,943,361)	(2,058,166)
Closing current income tax liability/(asset)	91,084	(49,881)
- Current tax liability/(asset) to be recovered within 12 months	91,084	(49,881)
Total	91,084	(49,881)

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.

14.4 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:

	2014 US$	2013 US$
At 1 January	5,011,727	4,150,514
Recognised in profit or loss	(540,109)	509,021
-Movement during the year (Note 14.4a)	(540,109)	509,021
Available-for-sale securities: recognised in equity	(990,494)	352,192
- Fair value remeasurement	5,408	352,192
- Transfer to statement of comprehensive income	(995,902)	-
At 31 December	3,481,124	5,011,727

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

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

	31.12.2014 US$	31.12.2013 US$
Accelerated tax depreciation	192,411	127,070
Allowances for impairments	177,300	253,165
Other provisions	281,584	(895,985)
Other temporary difference	(111,186)	6,729
Total	540,109	(509,021)

14.4(b) Deferred income tax assets and liabilities

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

Deferred income tax assets	31.12.2014 US$	31.12.2013 US$
Charges for loan impairment	916,281	738,981
Other provisions	772,217	490,633
Total	1,688,498	1,229,614

Deferred income tax liabilities	31.12.2014 US$	31.12.2013 US$
Accelerated tax depreciation	3,120,739	3,299,775
Revaluation surplus	790,581	803,955
Available for sale investments	11,459	1,001,953
Prepaid expenses	217,843	101,158
Other	1,029,000	1,034,500
Total	5,169,622	6,241,341
Total net deferred income tax	3,481,124	5,011,727

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.

14.4(c) Reversal of temporary differences

Deferred income tax assets	31.12.2014 US$	31.12.2013 US$
- Deferred income tax asset to be realised after more than 12 months	297,858	397,942
- Deferred income tax asset to be realised within 12 months	1,390,640	831,672
Total	1,688,498	1,229,614

Deferred income tax liabilities	31.12. 2014 US$	31.12. 2013 US$
- Deferred income tax liability to be recovered after more than 12 months	4,839,225	4,948,657
- Deferred income tax liability to be recovered within 12 months	330,397	1,292,684
Total	5,169,622	6,241,341

15. Deposits from banks

	31.12. 2014 US$	31.12. 2013 US$
Items in course of collection	180,664	145,342
Total	180,664	145,342
Current	180,664	145,342
Total	180,664	145,342

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

16. Deposits from customers

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

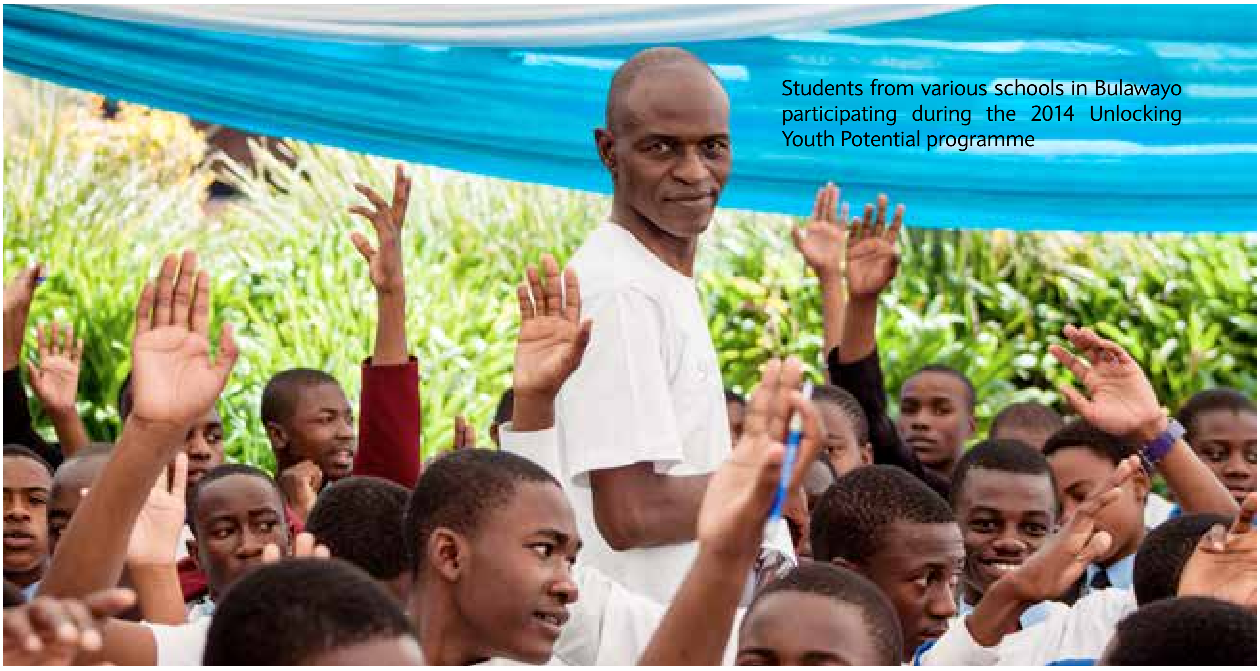
	31.12.2014 US$	31.12.2013 US$
Large corporate and business banking customers:		
- Current/settlement accounts	98,532,316	146,154,818
- Time deposits	7,226,050	6,297,120
Small to medium enterprises ("SMEs")		
- Current/settlement accounts	25,874,832	28,859,128
- Time deposits	-	500,958
Retail customers:		
- Current/demand accounts	73,474,362	65,570,421
- Time deposits	1,292,398	602,554
Total	206,399,958	247,984,999
Current	206,399,958	247,984,999
Total	206,399,958	247,984,999

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$1,046,717 (2013: US$1,066,963) held as collateral for loans advanced and letters of credit. The fair value of the deposits approximates their carrying amount.

16.1 Concentrations of customer deposits were as follows:

	31.12.2014 US$	%	31.12.2013 US$	%
Trade and services	57,781,880	28	80,598,197	32
Energy and minerals	305,002	-	142,941	-
Agriculture	7,174,952	3	23,608,610	9
Construction and property	1,434,834	1	1,377,248	1
Light and heavy industry	16,018,972	8	16,652,785	7
Physical persons	74,766,760	36	66,172,975	27
Transport and distribution	39,028,588	19	40,355,110	16
Financial services	9,888,970	5	19,077,133	8
Total	206,399,958	100	247,984,999	100

Included in customer deposits in 2013 is a balance of US$24,259,207 for exporters which is now reported under other liabilities (Note 18) as explained in Notes 4 and 10.1.



Students from various schools in Bulawayo participating during the 2014 Unlocking Youth Potential programme

17. 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 31.12.2014 US$	Fair value 31.12. 2014 US$	Carrying value 31.12.2013 US$	Fair value 31.12.2013 US$
Financial assets				
Cash and bank balances	86,831,126	86,831,126	130,533,824	130,533,824
Loans and advances to other banks	92,476	92,476	103,623	103,623
Loans and advances to customers	-	-	-	-
- Retail customers (individual)	28,910,739	28,910,739	19,614,742	19,614,742
- Large corporate customers	92,733,479	92,733,479	95,655,380	95,655,380
- SMEs	11,701	11,701	58,624	58,624
RBZ linked client balances at amortised cost	24,259,207	24,259,207	-	-
Treasury bills	6,841,219	6,841,219	-	-
Government bonds	4,098,150	4,098,150	7,171,763	7,171,763
Other investment securities	159,927	159,927	-	-
Total	243,938,024	243,938,024	253,137,956	253,137,956
Financial liabilities				
Deposits from other banks	180,664	180,664	145,342	145,342
Due to customers				
- Retail customers	74,766,760	74,766,760	66,172,975	66,172,975
- Large corporate customers	105,758,366	105,758,366	152,451,938	152,451,938
- SMEs	25,874,832	25,874,832	29,360,086	29,360,086
RBZ linked client balances at amortised cost	24,259,207	24,259,207	-	-
Bank balances due to group companies	262,263	262,263	56,496	56,496
Other investment securities	25,062	25,062	-	-
Total	231,127,154	231,127,154	248,186,837	248,186,837

Contingent liabilities and commitments

	Contractual amount 31.12.2014 US$	Fair value 31.12. 2014 US$	Contractual amount 31.12.2013 US$	Fair value 31.12. 2013 US$
Loan commitment	38,524,375	38,524,375	41,964,258	41,964,258
Guarantees and letters of credit	2,072,700	7,307	1,503,830	5,294
Total	40,597,075	38,531,682	43,468,088	41,969,552

(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.

17.1 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:

- o Level 1 – inputs that are quoted prices (unadjusted) in active markets for identical instruments. This level includes listed equity securities traded on stock exchanges.
- o 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).
- o 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 and investment properties.

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 assets 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	46,667	-	46,667	-	Present value for similar items in active markets
Equity investment securities - unlisted	113,260	-	-	113,260	Net asset value
Investment property	5,580,000	-	-	5,580,000	Discounted cashflow at risk adjusted interest rates
Total assets at 31 December 2014	5,739,927	-	46,667	5,693,260	
Total assets at 31 December 2013	9,223,066	3,319,673	132,326	5,771,067	
Derivative liabilities	25,062	-	25,062	-	Present value for similar items in active markets
Total liabilities at 31 December 2014	25,062	-	25,062	-	
Total liabilities at 31 December 2013	83,770	-	83,770	-	

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:

	2014			2013		
Reconciliation of level 3 items	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	81,067	5,690,000	5,771,067	70,836	5,670,000	5,740,836
Transfers into Level 3	-	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-	-
Total gains or losses for the period	32,193	(110,000)	(77,807)	10,231	20,000	30,231
- Included in profit or loss	-	(110,000)	(110,000)	-	20,000	20,000
- Included in other comprehensive income	32,193	-	32,193	10,231	-	10,231
Purchases	-	-	-	-	-	-
Balance at 31 December	113,260	5,580,000	5,693,260	81,067	5,690,000	5,771,067

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 31/12/2014	Valuation technique	Significant unobservable input	Range of estimate/ (weighted average)	Fair value measurement sensitivity to unobservable inputs
Available for sale securities	113,260	Net asset value	n/a	n/a	n/a
Investment property	5,580,000	Discounted cash flow	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:

- o Market interest rate is derived from interest rates offered to customers in the ordinary course of business
- o 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.
- o 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.

18. Other liabilities

	31.12.2014 US$	31.12.2013 US$
Accrued expenses	2,792,217	1,435,940
Internal accounts including bank cheque account	4,215,119	7,098,399
RBZ linked client balances (Note 10.1)	24,259,207	-
Total	31,266,543	8,534,339

RBZ linked client balances were previously reported under Deposits from customers in 2013 (Note 16) as explained under Notes 4 and 10.1.

19. Provisions

	31.12.2014 US$	31.12.2013 US$
Staff retention incentive	1,297,746	1,199,046
Outstanding employee leave	559,335	449,727
Total	1,857,081	1,648,773
Current	1,857,081	1,648,773
Total	1,857,081	1,648,773

19.1 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 25.1.

	2014 US$	2013 US$
Balance at 1 January	1,199,046	936,291
Recognised in profit or loss	1,334,882	1,238,639
Utilised during the year	(1,236,182)	(975,884)
Balance as at 31 December	1,297,746	1,199,046

19.2 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 25.1).

	2014 US$	2013 US$
Balance at 1 January	449,727	303,136
Recognised in profit or loss	109,608	147,217
Utilised during the year	-	(626)
Balance as at 31 December	559,335	449,727

20. Share capital and other reserves

20.1 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 2014	2,153	215,306	23,642,135	23,857,441
Employee share option scheme:	-	-	-	-
Proceeds from shares issued	-	26	273	299
At 31 December 2014	2,153	215,332	23,642,408	23,857,740

20.2 Other reserves

	31.12.2014 US$	31.12.2013 US$
Non distributable reserve	7,784,656	7,784,656
Property revaluation reserve	3,103,112	3,154,532
Share option reserve	960,458	866,630
Available-for-sale reserve	73,239	1,812,415
General reserve	-	2,854
Total	11,921,465	13,621,087

The total authorised number of ordinary shares at year end was 5 billion (2013: 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.

20.3 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.

20.4 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.

20.5 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.

20.6 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''.

20.7 Share option reserve

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

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

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

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

	2014		2013	
Movements in the number of share options outstanding are as follows:	Number of shares	Weighted average exercise price US$	Number of shares	Weighted average exercise price US$
At 1 January	6,510,000	0.05	6,130,000	0.06
Granted	580,000	0.04	610,000	0.03
Forfeited	(350,000)	0.03	(230,000)	0.12
Exercised	(260,000)	-	-	-
At 31 December	6,480,000	0,05	6,510,000	0.05
Exercisable at 31 December	3,140,000	0.07	2,940,000	0.07

The exercise price of the share options outstanding at 31 December 2014 ranges between $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:

Share value plan (SVP)

Equity settled – 3 year vesting period 1/3 per year. 1 year fair value is based on average Barclay Bank Plc share price on day of award. Fair value of each option at year end was US$3.62.

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

	2014 Number of shares	2013 Number of shares
At 1 January	12,949	11,752
Granted	65,549	6,600
Forfeited	-	-
Exercised	(6,321)	(5,403)
At 31 December	72,177	12,949

21. Dividends per share

Final dividends are not accounted for until they have been declared by the Board. No dividend in respect of 2014 is proposed (2013: US$nil).

22. Net interest income

	2014 US$	2013 US$
Interest income	14,966,053	15,023,266
Loans and advances:		
- To customers	13,744,689	11,792,499
- Cash and bank balances	539,611	2,907,092
Investment securities	681,753	323,675
Interest expense	836,529	2,707,279
Deposits from other banks	9,864	27,993
Deposits due to customers	826,665	2,679,286
Net interest income	14,129,524	12,315,987

No interest income was accrued on impaired financial assets.

23. Impairment losses on loans and advances

	2014 US$	2013 US$
Specific allowance for impairment losses	248,140	48,354
Collective allowance for impairment losses	284,357	663,744
Total	532,497	712,098

24. Non funded income

	2014 US$	2013 US$
Ledger fees	10,298,391	7,966,883
Cash withdrawal fees	6,207,796	6,746,598
Other fee and commission income	9,411,014	9,272,947
Net foreign exchange income	2,644,530	2,647,183
Rental income	474,035	552,783
Profit on disposal of assets	69,844	5,373
Total	29,105,610	27,191,767

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

24.1. Custodial Services

	2014 US$	2013 US$
Fees and Commission income earned (included in other fees and commission Note 24)	80,971	289,968
Total funds under custody	-	93,943,735

The Bank used to provide custody and trustee services to third parties, which involved 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 was run off in 2014 and the remaining clients moved their portfolios elsewhere. Remaining custody arrangements are safe custody services offered under the usual banking services.

24.2 Net foreign exchange income

	2014 US$	2013 US$
Net foreign exchange (loss)/gain	(65,415)	36,676
Foreign currency trading income	2,709,945	2,610,507
Total	2,644,530	2,647,183

25. Operating expenses

25.1 Staff costs and directors' remuneration

	2014 US$	2013 US$
Salaries and allowances	17,621,770	16,896,169
Retrenchment cost	-	206,183
Social security costs	201,258	131,886
Share options granted to directors and employees	94,127	56,701
Pension costs: defined contribution plans	1,567,759	1,492,674
Post - employment medical benefits	-	(1,082,000)
Directors' remuneration:		
Fees - for services as directors	214,835	85,574
Other - for services as management	810,932	347,040
Total staff costs	20,510,681	18,134,227

25.2 Other administrative expenses include:

	2014 US$	2013 US$
Repairs and maintenance	1,471,645	1,173,435
Depreciation	2,069,053	2,202,511
Other property costs	1,223,188	1,250,269
Security and related costs	1,901,685	1,770,728
Communication costs	2,860,320	2,228,334
Auditors remuneration:-		
-audit fees	216,062	305,829
-other	34,697	34,961
Operating lease payments	2,474,285	2,427,123
Insurance costs	1,165,225	1,542,099
Other expenses	3,575,410	2,851,219
Total other administrative expenses	16,991,570	15,756,508
Total staff costs (Note 25.1)	20,510,681	18,134,227
Total operating expenses	37,502,251	33,890,735

26. Earnings per share

26.1 Basic earnings per share

Basic earnings 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. 2014	31.12. 2013
Profit attributable to equity holders (US$)	6,588,520	2,952,031
Weighted average number of ordinary shares in issue (millions)	2,153	2,153
Basic earnings per share (US cents)	0.31	0.14

26.2 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. 2014	31.12. 2013
Profit attributable to shareholders (US$)	6,588,520	2,952,031
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)	0.31	0.14

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

27. Contingent liabilities and commitments

27.1 Loan commitments, guarantees and letters of credit

At 31 December 2014, 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 2014 US$	31.12.2013 US$
Loan commitments	38,524,375	41,964,258
Guarantees and standby letters of credit	2,072,700	1,503,830
Total	40,597,075	43,468,088

The maturity profiling of these balances is on Note 31.2c.

27.2 Capital commitments

	31.12. 2014 US$	31.12. 2013 US$
Authorised and contracted	111,210	-
Authorised, but not contracted	1,971,664	-
Total capital commitments	2,082,874	-

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

27.3 Operating lease commitments – where the Bank is the lessee

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

	31.12. 2014 US$	31.12. 2013 US$
Not later than 1 year	2,098,163	2,831,689
Later than 1 year and not later than 5 years	1,975,092	3,619,855
Later than 5 years	-	-
Total	4,073,255	6,451,544

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.

27.4 Legal proceedings

The Bank is contesting tax assessments issued by the Zimbabwe Revenue Authority ("ZIMRA") for the periods 2009 to 2011. The case was heard at the courts and judgement on the area in dispute was reserved. Considering the application of normal local and international banking practices on the matter heard and based on legal opinions received the bank believes it has a strong case.

28. Retirement benefit obligations

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

28.1 Statement of comprehensive income charge (Note 25.1)

	31.12.2014 US$	31.12.2013 US$
- Pension benefits	1,621,074	1,542,874
- National Social Security Authority	201,846	132,289
- Post employment medical fund	-	(1,082,000)
Total	1,822,920	593,163

28.2 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. The fund provides for the annuity for those pensioners who opt not to purchase the annuity with an external insurer. The fund is operated on a pre-funded basis that is assets are accumulated to meet benefits payable. Actuarial funding valuations are performed every three years. Surpluses and deficits are dealt with in a manner which is consistent with fund rules and applicable legislation.

28.3 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.

28.4 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.

28.4.1 Net liability

	31.12.2014 US$	31.12.2013 US$
Present value of liability (Note 28.4.2)	(2,691,000)	(2,892,000)
Fair value of plan assets (Note 28.4.3)	2,628,922	2,892,000
Net liability	(62,078)	-

28.4.2 Reconciliation of plan liability

	2014 US$	2013 US$
Present value of obligation at 1 January	2,892,000	3,974,000
Interest cost	202,440	397,400
Past service cost	-	-
Benefits paid	(339,787)	(543,358)
Remeasurement of obligation	(63,653)	(936,042)
• actuarial (gain)/loss	(63,653)	(936,042)
Present value of obligation at 31 December	2,691,000	2,892,000

The future medical aid liability was valued by an independent actuary. In valuing the liability an inflation rate of 5% (2013:5%) and a discount rate of 7% (2013:7%) was used resulting in a net discount rate of 2%. The discount rate is one of the key sensitivities given the lack of a primary market in Zimbabwe and the range of interest rates that prevails in the secondary market. If a net discount rate of 1.75% and 1.5% is applied, the liability will increase by US$68,000 and US$139,000 respectively.

28.4.3 Reconciliation of plan assets

	2014 US$	2013 US$
Fair value of plan assets at 1 January	2,892,000	-
Contributions received	-	2,892,000
Benefits paid	(339,787)	-
Return on plan assets	76,709	-
• Interest income on plan assets	202,440	-
• Remeasurement	(125,731)	-
Fair value of plan assets at 31 December	2,628,922	2,892,000

The plan assets comprise of a bank balance, equity instruments and money market deposits at 31 December 2014.

	2014 US$	2013 US$
Equity securities	765,066	-
Money market deposits	1,435,972	-
Cash and bank balances	427,884	2,892,000
Total	2,628,922	2,892,000

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

The Bank has three main business segments:

- o Retail banking – incorporating direct debit facilities, private customer current accounts, savings, deposits, investment savings products, safe custody, credit and debit cards, consumer loans and mortgages;
- o Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities and foreign currency products;
- o 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.

29.1 Segment results of operations

The segment information for the year ended 31 December 2014 is as follows:-

At 31 December 2014	Retail banking US$	Corporate banking US$	Treasury banking US$	Total US$
Net interest income from external customers	4,013,504	9,665,095	450,925	14,129,524
Loan impairment charges	(355,845)	(176,652)	-	(532,497)
Net fee and commission income	19,084,973	7,780,433	1,774,925	28,640,331
Other income	-	-	3,397,630	3,397,630
- Staff costs	(12,212,933)	(7,460,343)	(837,405)	(20,510,681)
- General, administrative and operating expenses	(8,934,833)	(5,407,219)	(580,465)	(14,922,517)
- Depreciation	(1,251,067)	(745,788)	(72,198)	(2,069,053)
Operating profit	343,799	3,655,526	4,133,412	8,132,737
Income tax expense	(88,528)	(941,298)	(514,391)	(1,544,217)
Total assets	51,462,635	117,875,400	123,510,266	292,848,301
Total liabilities	84,615,603	145,368,748	13,579,428	243,563,779

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, administrative and operating expenses	(8,836,278)	(3,137,773)	(1,579,946)	(13,553,997)
- Depreciation and impairment	(1,503,581)	(532,785)	(166,145)	(2,202,511)
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

30. Banking and trading book

All items in these financial statements are under the banking book except for some derivatives which are held for trading.

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

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

31.1 Credit risk

Credit risk is the risk of financial loss should the Bank's customers, clients or market counterparties fail to fulfill their contractual obligations to the Bank. The Bank actively seeks to originate and manage credit risk in such a way as to achieve sustainable asset growth and risk adjusted returns in line with board-approved risk parameters.

The credit risk that the Bank faces arises mainly from corporate and retail loans advances and counterparty credit risk arising from derivative contracts entered into with our clients. Other sources of credit risk arise from treasury bills, government bonds, settlement balances with counterparties and bank balances with Central Bank and other related banks.

Credit risk management objectives are;

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

Risk limit and mitigation policies

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

Principal collateral types used for loans and advances are:

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

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

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

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

Impairment and provisioning policies

In measuring credit risk of loans and advances the Bank reflects three components;

(i) the probability of default by the client or counterparty on its contractual obligations (PD);
(ii) current exposures to the counterparty (EAD); and
(iii) the likely loss in the event of a default (LGD).

Internal estimate of PDs and LGDs are based on model scores and observed historical data.

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

Unidentified impairment

Unidentified impairment allowances are raised to cover losses which are judged to be incurred but not yet specifically identified in customer exposures at the balance sheet date, and which have not been specifically reported. The calculation is based on the asset's probability of moving from performing to default within a given emergence period.

The emergence period is defined as the time lapse between the occurrence of trigger event (unidentified event) and the impairment being identified at an individual account level (identified impairment)

Unidentified impairment = Probability of Default (PD) x Loss Given Default (LGD) x Exposure x Emergence period. Emergence period is not applied to retail balances

Identified impairment

Retail identified impairment is triggered when a contractual payment is missed. The impairment is calculated as Probability of Default (PD) x Loss Given Default (LGD) x Outstanding Amount. Higher PDs are applied to those customers who will have missed more contractual payments.

Corporate identified impairment is calculated on accounts reflected on ELW3 (Category 3) and accounts currently going through a legal process. Impairment is calculated on an individual basis and is the difference between outstanding balance and present value of future cash flows including value of collateral.

Write–offs - A loan is written off when circumstances after impairment indicate that the prospect of further recovery does not exist.

Regulatory impairment – Excess of regulatory impairment allowance to IFRS is accounted for through reserves as a General Reserve.

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

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

	31.12.2014 Loans and advances to customers US$	31.12.2014 Loans and advances to banks US$	31.12.2013 Loans and advances to customers US$	31.12.2013 Loans and advances to banks US$
Neither past due nor impaired	120,635,859	92,476	116,528,748	103,623
Past due but not impaired (Note 31.1c)	1,449,570	-	-	-
Individually impaired (Note 31.1d)	2,470,924	-	1,190,092	-
Gross value of loans and advances	124,556,353	92,476	117,718,840	103,623
Less: allowance for impairment (Note 31.1g)	(2,705,116)	-	(2,257,503)	-
Interest on classified debt	(195,318)	-	(132,591)	-
Net value of loans and advances (Note 6)	121,655,919	92,476	115,328,746	103,623

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

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

31.1(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 can either be impaired or renegotiated (Note 31.1(f)).

31.1 (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;

	31.12.2014 Personal Loans US$	31.12.2014 Wholesale and corporate loans US$	Total US$	31.12.2013 Personal Loans US$	31.12.2013 Wholesale and corporate loans US$	Total US$
Up to 1 month	-	-	-	-	-	-
1-3 months	-	1,449,570	1,449,570	-	-	-
3-6 months	-	-	-	-	-	-
6-12 months	-	-	-	-	-	-
Over 12 months	-	-	-	-	-	-
Total	-	1,449,570	1,449,570	-	-	-
Amount under collateralisation	-	-	-	-	-	-

31.1(d) Loans and advances individually impaired (including non performing loans)

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

	31.12.2014 Personal loans US$	31.12.2014 Wholesale and corporate loans US$	Total US$	31.12.2013 Personal loans US$	31.12.2013 Wholesale and corporate loans US$	Total US$
Gross carrying amount	260,256	2,210,668	2,470,924	126,229	1,063,863	1,190,092
Less allowance for impairment	(138,654)	(733,515)	(872,169)	(38,789)	(670,123)	(708,912)
Net carrying amount	121,602	1,477,153	1,598,755	87,440	393,740	481,180

31.1(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.

	31.12.2014 US$	31.12.2013 US$
Total non-performing loans and receivables	2,470,924	1,094,997
Less specific allowance for impairment	(872,169)	(701,257)
Net carrying amount	1,598,755	393,740

31.1(f) Loans and advances renegotiated

During the year ended December 2014, the Bank did not have any renegotiated loans and advances to customers and banks.

31.1(g) Allowance for impairment

Reconciliation of allowance for impairment

	2014 Specific allowance for impairment US$	2014 Collective allowance for impairment US$	2013 Specific allowance for impairment US$	2013 Collective allowance for impairment US$
Balance at 1 January	708,912	1,548,591	660,564	884,841
New and increase in impairment allowance	412,044	947,522	87,783	1,431,129
Release in impairment allowances	(163,903)	(663,166)	(39,435)	(767,379)
Loans written off	(84,884)	-	-	-
As at 31 December	872,169	1,832,947	708,912	1,548,591

Reconciliation of allowance by nature of advance

	Other personal loans US$	Wholesale and corporate loans US$	Total US$
Balance at 1 January 2014	251,138	2,006,365	2,257,503
Charge for the year	355,845	176,652	532,497
New and increase in impairment allowances	405,933	953,633	1,359,566
Release in impairment allowances	(50,088)	(776,981)	(827,069)
Loans written off	-	(84,884)	(84,884)
At 31 December 2014	606,983	2,098,133	2,705,116

	Other personal loans US$	Wholesale and 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 and increase in impairment allowance	274,883	1,244,029	1,518,912
Release in impairment allowances	(43,590)	(763,224)	(806,814)
Loans written off	-	-	-
At 31 December 2013	251,138	2,006,365	2,257,503

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.

31.1(h) Repossessed collateral

During 2014, the Bank did not repossess any assets held as collateral on loans and advances to customers (2013: Nil).

31.1(i) Credit risk concentration

Industry/Sector	31.12.2014 Loans and advances US$	%	31.12.2013 Loans and advances US$	%
Trade and services	8,412,328	7	8,306,488	7
Energy and minerals	-	-	-	-
Agriculture	12,795,336	10	10,169,194	9
Construction and property	-	-	-	-
Light and heavy industry	37,703,794	30	45,078,881	38
Physical persons	29,517,722	24	19,865,880	17
Transport and distribution	36,127,173	29	34,298,397	29
Gross amount	124,556,353	100	117,718,840	100
Less impairment allowance	(2,705,116)		(2,257,503)	-
Interest on classified debt	(195,318)		(132,591)	-
Net amount	121,655,919		115,328,746	-

31.1(j) Concentration of credit risk

As at 31 December 2014

Industry/Sector	Total loans US$	Past due/ Impaired loans US$	Write offs/ (recoveries) US$	Impairment allowance US$
Trade and services	8,412,328	160,875	84,884	160,875
Energy and minerals	-	-	-	-
Agriculture	12,795,336	3,499,363	-	572,640
Construction and property	-	-	-	-
Light and heavy industry	37,703,794	-	-	-
Physical persons	29,517,722	260,256	-	138,654
Transport and distribution	36,127,173	-	-	-
Gross amount at 31 December 2014	124,556,353	3,920,494	84,884	872,169

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	8,306,488	282,112	-	245,759
Energy and minerals	-	-	-	-
Agriculture	10,169,194	781,751	-	424,365
Construction and property	-	-	-	-
Light and heavy industry	45,078,881	-	-	-
Physical persons	19,865,880	126,229	-	38,788
Transport and distribution	34,298,397	-	-	-
Financial services	-	-	-	-
State	-	-	-	-
Other	-	-	-	-
Gross value at 31 December 2013	117,718,840	1,190,092	-	708,912

31.1(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:

	31.12.2014 US$	31.12.2013 US$
Treasury bills and government bonds	10,939,369	7,171,763
Loans and advances to banks	92,476	103,623
Loans to individuals	28,910,739	19,614,742
Loans to corporate customers		
-Large corporate customers	92,733,479	95,655,380
-Small and medium size enterprises ('SMEs')	11,701	58,624
	132,687,764	122,604,132
Bank balances	56,054,386	91,916,108
Other settlement balances	3,675,413	5,429,995
Total on statement of financial position	192,417,563	219,950,235
Contingent liabilities and commitments		
-Financial guarantees and letters of credit	2,072,700	1,503,830
-Loan commitments	38,524,375	41,964,258
Total off statement of financial position credit risk exposure	40,597,075	43,468,088
Total credit risk exposure	233,014,638	263,418,323

The above table represents a worst case scenario of credit risk exposure to the Bank at 31 December 2014, without taking account of any collateral held or other credit enhancements attached. For on-statement of financial position assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

Bank balances, excluding US$52,759,036 held at Central Bank are held with banks which have the following credit ratings:

Barclays Bank London	A+
Barclays Bank New York	A+ (not rated separately. Rating derives from Barclays Bank London rating)

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

VISA	A+
MasterCard International	A

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

	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	187,855	-	1,000,000	71,770	-	-	1,284,625
Loan commitments and other credit related obligations	8,731,539	22,712,092	-	2,801,273	4,279,471	-	-	38,524,375
As at 31 December 2014	8,756,539	22,899,947	-	3,801,273	4,351,241	-	-	39,809,000
As at 31 December 2013	14,450,640	10,279,971	-	297,429	14,700	-	18,425,348	43,468,088

31.1(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:

	31.12.2014 US$	31.12.2013 US$
Neither past due nor impaired	23,692,720	30,572,216
Past due but not impaired	-	-
Individually impaired	2,245,000	425,000
Total	25,937,720	30,997,216

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

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

Liquidity risk management objectives are;

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

31.2(a) Liquidity risk management process

Liquidity risk is managed as;

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

b) Stress liquidity risk – refers to management of liquidity risk during times of unexpected outflows. The Bank's Assets and Liabilities Committee ("ALCO") monitors and manages liquidity risk.

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

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

- o Monitoring liquidity ratios against internal and regulatory benchmarks;
- o Limits are set across the business to control liquidity risk;
- o Early warning indicators are set to identify the emergence of increased liquidity risk;
- o Sources of liquidity are regularly reviewed by ALCO to maintain a wide diversification of source of funding;
- o Managing concentration of deposits

31.2(b) Liquidity ratios

	31.12.2014 US$	31.12.2013 US$
Total liquid assets	86,480,675	130,435,609
Deposits from customers	206,399,958	247,984,999
Liquidity ratio	42%	53%
Reserve Bank of Zimbabwe minimum	30%	30%

31.2(c) Liquidity profiling as at 31 December 2014

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 2014								
Liabilities								
Derivative liabilities	9,004	8,556	5,929	1,573	-	-	25,062	25,062
Bank balances due to group companies	262,263	-	-	-	-	-	262,263	262,263
Deposits from banks	180,664	-	-	-	-	-	180,664	180,664
Deposits from customers	202,902,343	1,290,549	2,273,985	-	-	-	206,466,877	206,399,958
Other liabilities	7,007,336	-	63,735	-	24,195,472	-	31,266,543	31,266,543
Provisions	559,335	1,297,746	-	-	-	-	1,857,081	1,857,081
Current income tax liabilities	-	91,084	-	-	-	-	91,084	91,084
Total liabilities-(contractual maturity)	210,920,945	2,687,935	2,343,649	1,573	24,195,472	-	240,149,574	240,082,655
Assets held for managing liquidity risk (contractual maturity dates)								
Cash and bank balances	86,831,126	-	-	-	-	-	86,831,126	86,831,126
Government and treasury bills	-	5,266,597	71,718	4,186,465	1,726,086	-	11,250,866	10,939,369
Loans and advances to banks	92,476	-	-	-	-	-	92,476	92,476
Loans and advances to customers	13,811,539	37,166,114	8,615,427	34,305,446	63,563,681	855,372	158,317,579	121,655,919
Derivative assets	16,290	14,284	11,137	4,956	-	-	46,667	46,667
Other assets	5,939,984	-	63,735	-	24,195,472	-	30,199,191	30,199,191
Total assets	106,691,415	42,446,995	8,762,017	38,496,867	89,485,239	855,372	286,737,905	249,764,748
Liquidity gap	(104,229,530)	39,759,060	6,418,368	38,495,294	65,289,767	855,372	46,588,331	-
Cumulated liquidity gap	(104,229,530)	(64,470,470)	(58,052,102)	(19,556,808)	45,732,959	46,588,331	-	-
Contingent liabilities and commitments								
Liabilities								
Guarantees and letters of credit	835,645	9,500	14,700	1,212,855	-	-	2,072,700	-
Commitment to lend	38,524,375	-	-	-	-	-	38,524,375	-
Total liabilities	39,360,020	9,500	14,700	1,212,855	-	-	40,597,075	-
Assets								
Guarantees and letters of credit	835,645	9,500	14,700	1,212,855	-	-	2,072,700	-
Commitment to lend	897,109	7,610,975	767,293	29,248,998	-	-	38,524,375	-
Total assets	1,732,754	7,620,475	781,993	30,461,853	-	-	40,597,075	-
Liquidity gap	(37,627,266)	7,610,975	767,293	29,248,998	-	-	-	-

Liquidity profiling 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$	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								
Liabilities								
Guarantees and letters of credit	-	3,500	141,900	1,358,430	-	-	1,503,830	-
Commitment to lend	41,964,258	-	-	-	-	-	141,964,258	-
Total liabilities	41,964,258	3,500	141,900	1,358,430	-	-	43,468,088	
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	-
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.

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

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

31.3.1(a) Market risk measurement techniques

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

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

(i) Daily Value at Risk (“DVaR”)

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

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

(ii) Stress tests

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	2,113	1,106	412	978
Interest	3,943,173	3,533,722	2,224,745	2,224,745
Aggregate VaR at 31 December 2014	3,945,286	3,534,828	2,225,157	2,225,723

Two week risk Type of risk or activity	High US$	Medium US$	Low US$	Year-end US$
Currency	6,682	3,498	1,304	3,093
Interest	12,469,409	11,174,610	7,035,261	7,035,261
Aggregate VaR at 31 December 2014	12,476,091	11,178,108	7,036,565	7,038,354

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.

31.4 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.

	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-interest bearing US$	Total US$
Assets							
Cash and bank balances	86,831,126	-	-	-	-	-	86,831,126
Government bonds and Treasury bills	-	5,181,521	-	4,098,150	1,659,698	-	10,939,369
Derivative assets	-	-	-	-	-	46,667	46,667
Loans and advances to banks	92,476	-	-	-	-	-	92,476
Loans and advances to customers	121,655,919	-	-	-	-	-	121,655,919
Other assets	5,939,984	-	63,735	-	24,195,472	2,054,755	32,253,946
Available- for- sale financial assets	-	-	-	-	-	113,260	113,260
Investment property	-	-	-	-	-	5,580,000	5,580,000
Investment in joint venture	-	-	-	-	-	15,282,440	15,282,440
Property and equipment	-	-	-	-	-	20,053,098	20,053,098
Total assets	214,519,505	5,181,521	63,735	4,098,150	25,855,170	43,130,220	292,848,301
Liabilities							
Derivative liabilities	-	-	-	-	-	25,062	25,062
Bank balances due to group companies	262,263	-	-	-	-	-	262,263
Deposits from banks	180,664	-	-	-	-	-	180,664
Deposits from customers	202,887,286	1,279,006	2,233,666	-	-	-	206,399,958
Other liabilities	-	-	63,735	-	24,195,472	7,007,336	31,266,543
Deferred income tax liabilities	-	-	-	-	-	3,481,124	3,481,124
Provisions	-	-	-	-	-	1,857,081	1,857,081
Current income tax liabilities	-	-	-	-	-	91,084	91,084
Total liabilities	203,330,213	1,279,006	2,297,401	-	24,195,472	12,461,687	243,563,779
Interest rate re-pricing gap	11,189,292	3,902,515	(2,233,666)	4,098,150	1,659,698	30,668,533	49,284,522
Cumulative gap	11,189,292	15,091,807	12,858,141	16,956,291	18,615,989	49,284,522	

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 interest bearing 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
Current income tax liabilities	-	-	-	-	-	-	-
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	

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

	31.12.2014 Impact on earnings US$	31.12.2014 Impact on capital US$	31.12.2013 Impact on earnings US$	31.12.2013 Impact on capital US$
1000bps increase in interest rates	(3,035,765)	(3,035,765)	(5,083,996)	(5,083,996)
1000bps decrease in interest rates	3,035,765	3,035,765	5,083,996	5,083,996
Bench	-	-	-	-

31.5 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 2014	US$	GBP (US$ equiv)	Rand (US$ equiv)	Other foreign currency (US$ equiv)	Total US$
Assets					
Cash and bank balances	77,174,221	1,890,184	4,563,699	3,203,022	86,831,126
Investment securities	11,052,629	-	-	-	11,052,629
Loans and advances to banks	92,476	-	-	-	92,476
Loans and advances to customers	121,655,423	34	427	35	121,655,919
Other assets	28,796,451	1,450,436	-	-	30,246,887
Total assets	238,771,200	3,340,654	4,564,126	3,203,057	249,879,037
Liabilities					
Bank balances due to group companies	22,164	6,961	233,138	-	262,263
Deposits from banks	180,664	-	-	-	180,664
Deposits from customers	198,532,836	1,637,500	3,518,165	2,711,457	206,399,958
Other liabilities	30,665,545	284,259	219,801	96,938	31,266,543
Total liabilities	229,401,209	1,928,720	3,971,104	2,808,395	238,109,428
Net currency positions	9,369,991	1,411,934	593,022	394,662	11,769,609

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

Foreign exchange rates

	31.12.2014 US$	31.12.2013 US$
United States of America Dollar ("US$")	1.0000	1.0000
British Pound ("GBP")	1.5532	1.6478
South African Rand ("ZAR")	11.6300	10.4623
Botswana Pula	0.1049	0.1143
Euro	1.2157	1.3793

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

32. Capital management

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

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:

- o to comply with the capital requirements set by the banking regulators;
- o 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;
- o 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;

- o Tier 1 Capital: comprises contributed capital, accumulated profits, share options reserve and currency translation reserve.
- o Tier 2 Capital: comprises impairment allowance, revaluation reserve and part of currency translation reserve.
- o 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.

Collegues interacting with children from Shearly Cripps Children's home during Making A Difference Day.

Capital adequacy

	31.12.2014 US$	31.12.2013 US$
Share capital	215,332	215,306
Share premium	23,642,408	23,642,135
Accumulated profits	13,505,317	6,862,523
Share option reserve fund	960,458	866,630
Available for sale reserve	73,239	1,812,415
Currency translation reserve	3,405,069	3,405,069
Total core capital	41,801,823	36,804,078
Less market and operational risk capital	(6,237,417)	(5,898,917)
Tier 1 capital	35,564,406	30,905,161
Currency translation reserve movement	4,379,587	4,379,587
Revaluation reserve	3,103,112	3,154,532
General provisions (limited to 1.25% of weighted risk assets)	1,832,947	1,551,445
Tier 2 capital	9,315,646	9,085,564
Total tier 1 & 2 capital	44,880,052	39,990,725
Market risk	109,130	77,137
Operational risk	6,128,287	5,821,780
Tier 3 capital	6,237,417	5,898,917
Total tier 1, 2 & 3 capital base	51,117,469	45,889,642
Less deductions from capital	(130,829)	(3,413,929)
Total capital base	50,986,640	42,475,713
Credit risk weighted assets	176,132,956	178,738,814
Operational risk equivalent assets	76,603,591	72,772,244
Market risk equivalent assets	1,364,131	964,222
Total risk weighted assets (RWAs)	254,100,678	252,475,280
Tier 1 capital ratio	14%	12%
Tier 1 and 2 capital ratio	18%	16%
Total capital adequacy ratio	20%	17%

Credit risk capital is subject to guidelines provided by the regulator which are based on Basel 1 principles. On this approach the banking book exposures are categorised into broad classes of assets with different underlying risk characteristics. Risk components are transformed into risk weighted assets using predetermined exposure and loss probability factors. Capital requirements for credit risk are derived from the risk weighted assets.

Market risk capital is assessed using regulatory guidelines which consider the risk characteristics of the different trading book assets. Risk components are transformed into risk weighted assets and, therefore, capital requirements, based on predetermined exposure and loss probability factors.

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

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

33. 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.

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

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

CAMELS ratings

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

Summary risk matrix - July 2012 onsite supervision

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

Interpretation of risk matrix

Level of inherent risk

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

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

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

Adequacy of risk management systems

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

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

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

Overall composite risk

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

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

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

Direction of overall composite risk

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

External Credit Ratings

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

The last rating was done in May 2014 and expires in May 2015.

35 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.

36. Events after reporting date

There were no events noted after reporting date that require disclosure or to be adjusted for in the financial statements

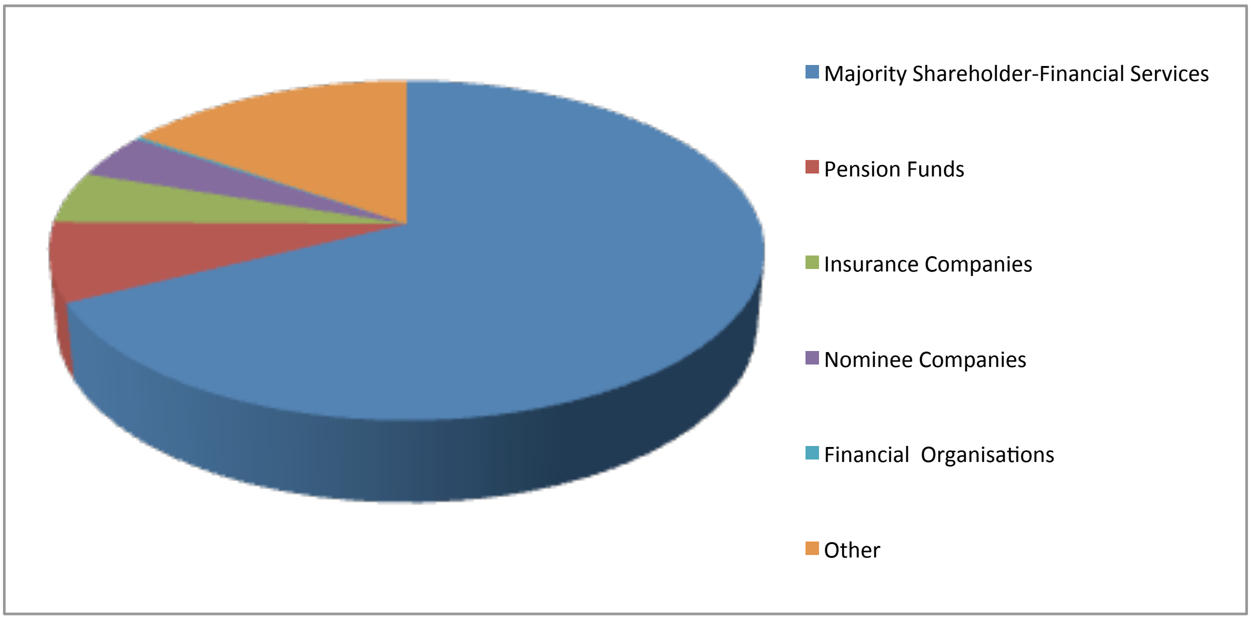
37. Analysis of shareholding
For the year ended 31 December 2014

37.1 Analysis by volume

Volume	Shares	%	Holders	%
1-5000	8,380,578	0.39%	5069	59.36%
5001-10000	6,675,349	0.31%	976	11.43%
10001-25000	22,088,542	1.03%	1323	15.50%
25001-50000	22,691,427	1.05%	688	8.06%
50001-100001	11,675,673	0.54%	174	2.04%
100001-200000	16,512,960	0.77%	117	1.37%
200001-500000	22,870,941	1.06%	71	0.83%
500001-1000000	29,684,111	1.38%	45	0.53%
1000001 and Above	2,012,740,595	93.47%	75	0.88%
Total	2,153,320,176	100.00%	8538	100.00%

37.2 Analysis by industry

Industry Classification	Shares	%	Holders	%
Majority Shareholder-Financial Services	1,457,266,232	67.68%	1	0.01%
Pension Funds	161,875,661	7.52%	164	1.92%
Insurance Companies	105,808,079	4.91%	18	0.21%
Nominee Companies	92,073,724	4.28%	95	1.12%
Financial Organisations	5,963,405	0.28%	16	0.19%
Other	330,333,075	15.34%	8226	96.55%
Total	2,153,320,176	100%	8520	100.00%



Analysis of Shareholding

37.3 Top twenty shareholders

Top 20 shareholders	Shares	% shareholding
Afcarme Zimbabwe Holdings (Pvt) Ltd	1,457,266,232	67.68%
Stanbic Nominees (Pvt) Ltd	118,877,811	5.52%
Scb Nominees	117,582,088	5.46%
Old Mutual Life Assurance Company Of Zimbabwe	105,666,279	4.91%
Barclays Zimbabwe Nominees P/L	54,402,247	2.53%
Amaval Investments (Pvt) Ltd	24,974,673	1.16%
Mining Industry Pension Fund	14,046,734	0.65%
Communication & Allied Industries Pension Fund	12,145,802	0.56%
The Adventure Centre P/L - C/O J Brook	11,519,927	0.53%
Guramatunhu Family Trust	11,321,897	0.53%
Danchen Investments	10,929,221	0.51%
Old Mutual Zimbabwe Limited	9,739,023	0.45%
Mundell Family Trust	7,937,816	0.37%
Avenell Investments (Pvt) Ltd	5,223,822	0.24%
National Foods P/ F-Imara	5,219,481	0.24%
Moray Investments Holdings Ltd	5,000,000	0.23%
Local Authorities Pension Fund	4,413,333	0.20%
Fredex Financial Services	3,785,285	0.18%
Colcom Foods P/F-Datvest	3,448,552	0.16%
Jinya Charity C	3,123,885	0.15%
Shares selected	1,986,624,108	92.26%
Non-selected shares	166,696,068	7.74%
Issued shares	2,153,320,176	100.00%


A participating student contributing to the workshop discussion during the Bulawayo Unlocking Youth Potential programme

Notice of Annual General Meeting

Notice is hereby given that the Thirty Fourth 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

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

1. To receive, consider and adopt the Financial Statements and Report of the Directors and Auditors for the financial year ended 31 December 2014.

2. To approve the re-election, by a single resolution, of Messrs C.F. Dube and Messrs E. Fundira 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
Wellington Chimwaradze
Company Secretary

Barclay House
Cnr. First Street / Jason Moyo Avenue
Harare

26 March 2015

Annual General Meeting Form of Proxy

I, We……….....................……………….

Of…….....................

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

appoint……………………………………………………………………………………………………….................................……………..

of………………………………………………………………………………………………………....................……………………………..

or failing him/her……………………………………………………………………………………….....................……………………..

of………....................……………………….

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

Signed this………………………..…………………………………day of ………………………2015

Signature of member………………………………………………………………………………….........…………………………..

Note:

1. Unless otherwise instructed the proxy will vote as he / she sees fit.

2. In terms of Section 129 of the Companies Act (Chapter 24:03) a member of the company is entitled to appoint one or more persons to act in the alternative as his / her proxy, to attend vote, and speak in his stead. A proxy needs not be a member of the Company.

3. Article 81 of the Company's Articles of Association provides that instruments of proxy must be deposited at the Registered Office of the Company not less than forty-eight hours before the time of holding the meeting.

Contact Details

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Internet: www.barclays.co.zw

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

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

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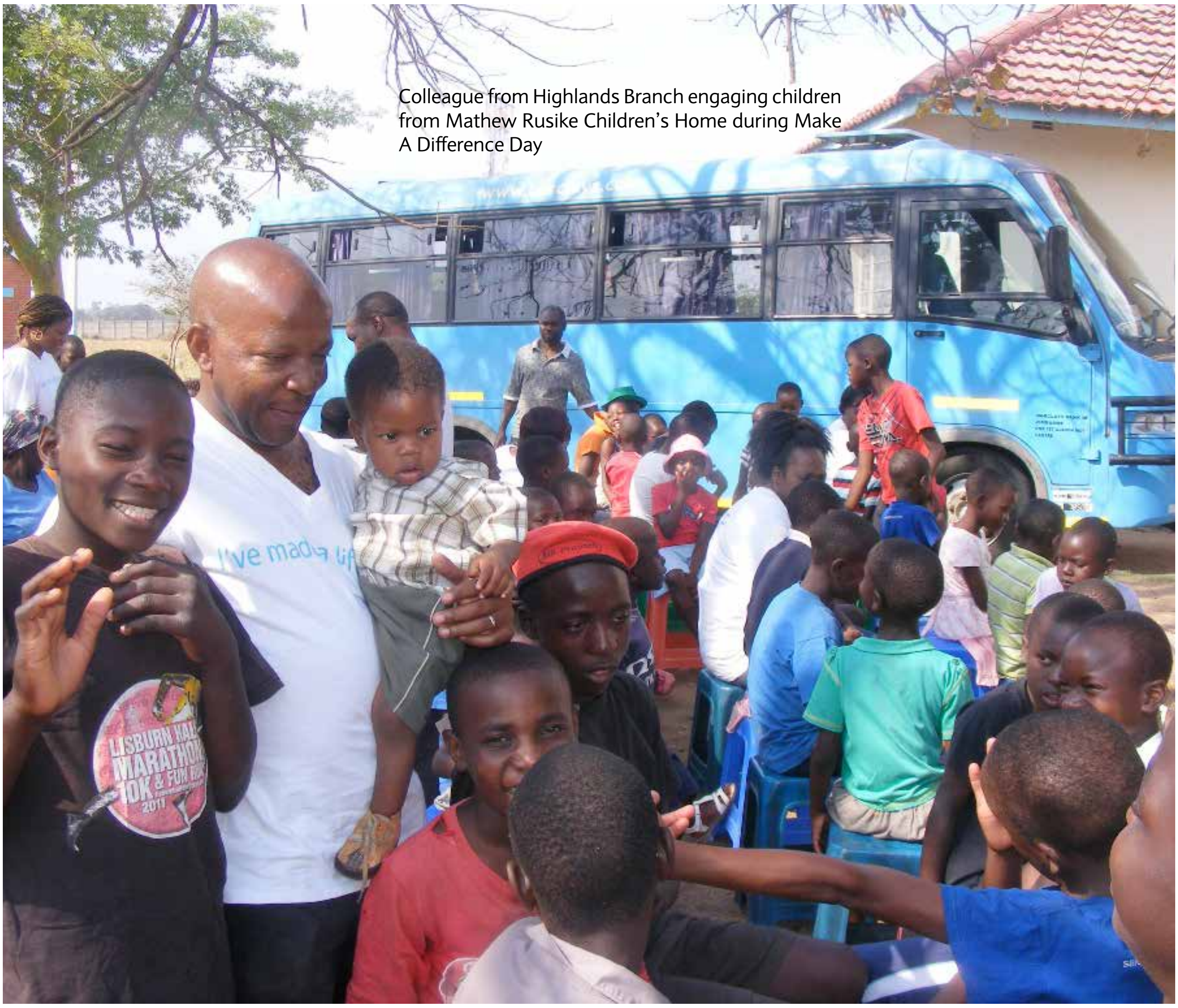
Fax: +263 (4) 700826/702569
Email: scanlen@mweb.co.zw
Internet: www.scanlenandholderness.com



Colleague from Highlands Branch engaging children from Mathew Rusike Children's Home during Make A Difference Day