Unaudited Financial Results for the half year ended 30 June 2017

Chairman's Statement

The Bank continued to sustain growth in profitability, posting a pleasant set of results for the first half. This performance is against the backdrop of a challenging macroeconomic environment which, for the banking sector, manifested in cash shortages and constrained capacity to service cross border payments. At the same time, the Bank is in a transition following the announcement made by Barclays PLC in March 2016, of its intention to divest from Barclays Zimbabwe. The Board, management and colleagues across the Bank's network, however, continued to focus on providing the best possible service to its clients and customers. Such collective effort and commitment reflect in these commendable half year results.

The macroeconomic backdrop

The Bank agrees with the analysis done by the Reserve Bank of Zimbabwe which aptly captures the two situations of deficit that need to be addressed to improve the economic landscape. Firstly, the economy continues to incur a deficit in the external sector as reflected in both the balance of trade and the current account being negative. The promulgation of Statutory Instrument 64 is credited with successes of efforts to substitute imports with locally produced or beneficiated products. The Reserve Bank of Zimbabwe also continued to sustain measures to promote exports, contain the import bill and ensure cross border payments reflect the thrust to encourage local production.

Secondly, as was also reflected in the latest Fiscal Policy Review, the economy is faced with a significant fiscal deficit which has been supported by domestic borrowings. The budget deficit for 2016 was reported at $1.4 billion, compared to $294 million for 2015. During the six months period to June treasury bills in issue increased from $2.1 billion to $2.5 billion. The level of government borrowings through issuance of treasury bills has the effect of crowding out lending to the private sector whilst also increasing demand for cash and foreign currency resources under the multi-currency system. The level of deposits in the market is reported to have grown by 7% over the period to a level of $7 billion, whilst level of advances declined by 1% to $3.6 billion over the same period. The increase in liquidity was mostly retained in Real Time Gross Settlement accounts, mainly to support increasing volumes of electronic money transfers with more also deployed in treasury bills and other money market instruments.

The 2016/17 agricultural season yielded above expected levels of maize grain with authorities projecting a harvest of about two million tonnes. Tobacco volumes brought to the auction floors to date have largely been in line with prior year but yielding slightly better average prices. Gold and platinum also enjoyed significant price recoveries of 7.5% and 1.7% respectively, over the year to date. The performance of these soft and hard commodities in volume and price is expected to assist in easing pressure on the external sector, provided the level of imports will continue to be contained.

Barclays Bank PLC divestiture

On 1 March 2016, Barclays Bank PLC announced its intention to divest from Barclays Africa, including Barclays Bank of Zimbabwe Limited. The major shareholder made a follow up announcement that it had signed a Share Purchase Agreement (SPA) with FMB Capital Holdings PLC (FMB) in May 2017. The Bank has issued cautionary statements to the effect that after the SPA was signed, both Barclays PLC and FMB were now working to fulfil the conditions precedent to the completion of the transaction, which included securing the requisite regulatory and statutory approvals. The Bank will continue to provide progress updates on the transaction through follow up announcements and notices to shareholders.

Meanwhile, the Bank has been engaged in activities to prepare for the separation from Barclays PLC. These include defining the scope of change in systems and processes envisaged in separating the Bank from the Barclays Group. These preparatory efforts aim to ensure a smooth transition and continuity of service to the Bank's customers and clients when the migration takes effect.

Earnings

The Bank registered a profit after tax of $9.5 million translating to a basic earnings per share of 0.44 cents for the period (2016 – 0.15 cents per share), as all income lines showed improvement on prior year.

The lending philosophy of the Bank continued to prioritise the quality of the loan book, and in the wake of businesses being conservative with their borrowings, facility utilisation by corporate customers came out lower than prior year.

Capital and liquidity

The Bank is confident that at the current run rate, it is well on course to meet the 2020 minimum core capital level of $100 million from growth and retention of profits. The Bank's total capital adequacy ratio closed the half year at 25% above the regulatory minimum of 12% which reflects significant capacity to grow assets. Similarly the Bank's liquidity ratio at 79% is significantly above regulatory minimum of 30%. The Bank was awarded an external credit rating of AA-. Whilst a negative rating outlook was given in view of the divestiture of Barclays PLC the Bank remains confident in its long established liquidity management policies and procedures.

Investment in the community

The Bank continued its sustainable investment agenda within its core business and in the manner in which it continued to support youth programs. A number of partnerships established from prior years, like the BOOST fellowship continue to be sustained. The Bank's colleagues also continued volunteerism activities benefitting youths across a number of locations under the theme of 'Ready to Work'.

Governance

During the period under review there were no changes to the directorship of the Bank. A special subcommittee of the Board was set up to ensure sufficient focus on Board responsibilities relating to the divestiture of Barclays PLC and the transition.

Board members attended training and workshops that assist them to keep abreast with economic and technical developments in the industry. We are grateful to the Reserve Bank of Zimbabwe for hosting one such workshop during the period.

Appreciation

The transitional period that the business is undergoing has called for above usual levels of commitment on the part of Board members. During the period the board met more frequently than usual to attend to business relating to the transition. It would be remiss to not recognise and appreciate the efforts of each Board member to provide the steer in this process. I would also like to thank the management and all colleagues at the Bank for continuing to apply themselves diligently and professionally to the task at hand, striving to serve customers and clients better even as the economy also presents strong headwinds.

Going forward

Barclays PLC aims to complete the divestiture transaction during the second half of the year. Upon completion Barclays PLC commits to assist to ensure a smooth transition of systems and processes that used to be supported from the Group. At the same time a number of new channel and product initiatives and enhancements are in the pipeline.

Economic performance outlook whilst enhanced by a good 2016/17 agricultural season is still projected to present a number of challenges. To the extent that resources to make cross border payments continue to deteriorate, cash shortages will persist and general business confidence will be negatively affected. Under such scenario the Bank will focus on optimising the balance sheet structure to preserve value and secure customer deposits.

Dividend

The Bank needs to continue to grow its capital base to sustain planned growth and to build the core capital base towards the 2020 regulatory minimum of $100 million. Accordingly, the Board does not propose a dividend for the period under review.

A. S. Mandiwanza
Chairman

3 August 2017

Managing Director's Review of Operations

Our steadfast commitment to a sustainable, relevant and scalable strategy is the thread that has connected every aspect of our business since dollarization.

Building on our strengths

The period under review marks positive growth, as we continued to operate under the Barclays Non-Core business unit. The impending divesture by Barclays PLC has allowed us internally, to prepare for separation from the Group and to put significant efforts towards review of systems and processes so as to ensure a seamless transition. In turn, we have managed to balance the extent to which we can commit new investment resulting in the deferring of certain efforts that require bigger changes to systems and platforms. We are clear that the success of this divesture is embedded within strong customer relationships, increased efforts to ensure excellence in customer experience and an engaged colleague franchise that is focused on delivery of business growth.

Firm foundation

Our strategy continues to be moulded by the need to be responsive to the harsh macro environment characterised, during the period under review, by foreign currency and cash shortages, which challenged the way and extent to which we could serve our customers.

Our results are reflective of a stronger performance compared to the previous year. Total income grew by 39%. The proportion of non-funded income to total income increased to 71% reflecting higher transaction volumes across the bank's channels and a constrained growth in the lending portfolio. Despite cash shortages, we continued efforts to ensure that we were competitive in availing cash resources.

To a significant extent, the mix of revenues reflects the evolution of banking which now incorporates more and more non-traditional services that yield fees and commissions rather than interest income. Progressively, banks in most markets have seen the weight of non funded income increasing.

Loan portfolio growth has been constrained by lower utilisations of facilities by corporate clients with a number of players seeking access to foreign currency within their working capital requirements. This has also seen a decline in the loans to deposit ratio to 29% from 37% at December 2016. Whilst the loan loss ratio increased from 0.3% to 0.8% compared to the same period last year, this level of provisioning still reflects a quality loan book as we maintain focus on disciplined lending practices in the wake of a high credit risk environment in the market. An increase in impairments over the last 6 months is projected to reverse in the months ahead as this was isolated and measures are in place to ensure timely repayments by the customers involved. The bank has a strong pipeline of prospective borrowing customers whose proposals were at various stages of review as of the reporting date.

Cost to income ratio at 62% continues to trend downwards in response to initiatives for revenue growth. As reported in previous periods, income growth was the area of main effort to optimise the cost to income ratio after the number of restructuring exercises that were done during the early years of dollarization. We continued to incur above normal levels of cash handling and insurance costs which are in line with the level of deposits.

The liquidity ratio at 79% has further demonstrated a strong position which partly serves to cushion the bank against potential requirements to make huge payments on behalf of clients but also reflects the timing of maturities on some investments held over the period.

Meeting client needs

From a much stronger customer centric base, our aim is to continue to improve performance on all platforms and channels. Products and services that are better in both scale and quality aim to address the growing need for transactional flexibility for consumers, under the current environment.

With increased transaction volumes, we focused on ensuring that our system and processing capabilities remained robust and our platforms facilitated straight through processing for interbank transfers, improving our turnaround time. We saw an increase in usage and penetration rates on internet channels and mobile platforms indicative of the consumer response to cash shortages. The relocation and refurbishment of Borrowdale Branch to the new Village Walk Shopping Centre in Harare is the fourth branch upgrade following Joshua Nkomo branch in Bulawayo, Kadoma branch and the Zvishavane branch, in the recent past.

We have made significant enhancements to our digital channels, particularly with our Hello Money and Mobile Application, improving user experience. We also recently introduced a new youth account aptly named the Ignition Account aimed at helping the future generation to start their financial journey to prosperity.

Sustainable investment

Our sustainable investment agenda primarily focuses on the Youth under the themes of employability, financial and life skills. Investment into human capital remains central to the building of our future business. At the beginning of the year, we saw 10 graduate trainees embark on a 2-year training programme with the bank, designed to build well-rounded professionals. Our one-year internship programme for third year students continues to provide hands-on experience and training of the highest possible quality. We increased the number of interns to 25 each year. I am pleased to report that we continued to be sensitive to gender ratios in these programs, further supporting our diversity and inclusion agenda.

Our partnership with Boost Fellowship seeks to drive the growth of youth owned start-ups into viable SME enterprises that can contribute to the development of the economy. To date, the Barclays/Boost incubation hubs have equipped more than 400 participants through financial skills training, mentorship and potential funding opportunities for those who have successfully finished the programme.

Volunteerism remains a critical component of our Citizenship agenda. During the period under review, colleagues donated more than 1200 hours towards community service, impacting more than 5000 beneficiaries who received training in finance, employability and life skills. The Barclays Zimbabwe Women Network Forum undertook a number of programs at centres in Harare, Bulawayo, Masvingo and Manicaland provinces aimed at empowering the girl child with employability, financial and life skills. We look forward to engaging more beneficiaries during our traditional Make A Difference Day (MADD) activities in October.

Our legacy, the backbone of our future

Despite environmental challenges, we will endeavour to deliver strong operating and financial results - testament to the confidence we have in the quality and durability of our long term strategy. Technology developments that are in the pipeline will remain critical to service delivery and meeting of customer expectations.

Our customers form an integral part of our vision, strategy and purpose. This year, more than any other, this relationship has stood the test of time as reflected in our results. It therefore gives me great honour and privilege to recognise and appreciate every Barclays customer without whom we would not have achieved these milestones.

Our success is strongly underpinned by the skills, expertise and dedication of all colleagues at the bank. I am deeply indebted to our colleague franchise for driving our business forward with professional integrity as we look towards a new future. I take this opportunity to thank the entire Barclays Zimbabwe family for their commitment under challenging circumstances.

We appreciate the Board for its support especially as we navigate the transition that the business is currently going through. We also always cherish the Board's support in endeavours to create an environment in which all colleagues at the bank enjoy serving our clients and customers.

Globally, the ability to remain agile and adaptable is critical in the delivery of services and products. As the bank goes through a transition at this stage of its 104 year history, we are firmly committed to continue to build an institution that is differentiated from our competitors. We look forward to transforming the scale of opportunity for not only our institution but most importantly, for our customers and clients, because it is the right thing to do.

G. T. Guvamatanga
Managing Director

3 August 2017

BAC 3264

Unaudited Financial Results for the half year ended 30 June 2017

Corporate Governance Statement

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

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

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

Main Board

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

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

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

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

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

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

Director induction and development
The Board acknowledges the value of being a learning Board, in so far as it enhances Board conformance and Board performance. As part of its learning program, the Board has in place a comprehensive induction plan for on-boarding new directors. As part of continuing director development, three board members went through a training session, facilitated by the RBZ during the first half of the year and five attended a workshop on financial reporting, audit and governance organised for the market by KPMG.

Board activities
The Board of Directors held fourteen (14) Board meetings as at 30 June 2017 pursuant to the execution of the Board's mandate. The principal activities undertaken by the Board during the first half of the year 2017 included the review of strategy and business operations, credit sanctioning as per approved limits, review of internal controls and financial reports, review of the quality of the loan book and recruitment, remuneration and performance reviews of senior management. Special focus was placed on the divestiture by Barclays Bank PLC vis a vis the Board's role in the process, the Board's duties and obligations to the major shareholder, other shareholders and stakeholders as well as the impact of the divestiture on all our stakeholders together with the corresponding mitigants to manage any risks.

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

Board committees
The Board has delegated some of its duties and responsibilities to five sub-committees to ensure the efficient discharge of the Board's mandate. The ultimate responsibility of running the Bank however still remains with the Board. The sub-committees of the Board are regulated by terms of reference which are reviewed every year or as and when necessary. The Committees meet at least once every quarter and are all chaired by an independent non-executive director as detailed below.

Audit committee
The primary functions of the Committee are to oversee the financial management discipline of the Bank,review the Bank's accounting policies, the contents of the financial reports, disclosure controls and procedures, management's approach to internal controls, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, oversee the relationship with the Bank's external auditors, as well as providing assurance to the Board that management's control assurance processes are being implemented and are complete and effective. At each meeting, the Committee reviews reported and noted weaknesses in controls and any deficiencies in systems and the remediation plans to address them. The Committee also monitors the ethical conduct of the Bank, its executives and senior officers and advises the Board as to whether or not the Bank is complying with the aims and objectives for which it has been established. During the period under review, there were no material losses as a result of internal control breakdowns. The committee wholly comprises independent non-executive directors. The members of the Committee as at 30 June 2017 were:-

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

Board credit committee
The Board Credit Committee is tasked with the overall review of the Bank's lending policies. The Committee deliberates and considers loan applications beyond the discretionary limits of management, lending frameworks and appropriate limits and guidelines to manage credit exposures within acceptable apetite levels. It also directs, monitors, reviews and considers all issues that may materially impact on the present and future quality of the Bank's credit risk management. The Committee comprises one executive member and three independent non-executive directors. The members of the Committee as at 30 June 2017 were:-

E. Fundira (Chairperson)
A. Lawson
T. Moyo
G. T. Guvamatanga

Loans review committee
This Committee has the overall responsibility for the complete review of the quality of the Bank's loan portfolio to ensure that the lending function conforms to sound lending policies and keeps the Board and management adequately informed on noted risks. It assists the Board with discharging its responsibility to review the quality of the Bank's loan portfolio. It ensures that there are effective procedures and resources to identify and manage irregular or problem credit facilities, minimize credit losses and maximize recoveries. At every meeting, it reviews the quality of the loan portfolio with a view to ensuring compliance with the banking laws and regulations and all other applicable laws as well as internal policies. The Committee comprises three independent non-executive directors and one executive director. The members of the Committee as at 30 June 2017 were:-

C. F. Dube (Chairman)
S. N. Moyo
B. Moyo
S. Matsekete

Human resources and nominations committee
The Human Resources and Nominations Committee assists the Board in the review of critical personnel issues as well as acting as a Remuneration and Terminal Benefits Committee. The Committee reviews and approves overall recommendations on employee remuneration as well as approving managerial appointments. The Committee ensures that the remuneration of directors is in line with the nature and size of the operations of the Bank as well as the Bank's performance. In addition, the Committee also considers nominations to the Board and succession planning for the Board. The Committee comprises three independent non-executive directors and one executive director. The members of the Committee as at 30 June 2017 were:-

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

Board risk committee
The Board Risk Committee is responsible for monitoring the Bank's risk appetite, risk tolerance and risk profile for all material risks including but not limited to credit, market, treasury and capital risks (financial risks) and operational, model, reputation, conduct and legal risk (non-financial risks). The Committee is also responsible for considering management's recommendations on managing all material risks and reports on all material risks including financial and non-financial risks to the board.

The members of the Committee as at 30 June 2017 were:-

B. Moyo (Chairman)
S. N. Moyo
S. D. Mtsambiwa

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

Assets and liabilities/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 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 the Board and 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.

Directors shareholding

The following is a schedule of the directors' shareholdings in the Bank as at 30 June 2017;

A. S. Mandiwanza	5 117
C. F. Dube	Nil
E. Fundira	2 145
A. I. Lawson	15 642
S. D. Mtsambiwa	Nil
B. Moyo	Nil
S. N. Moyo	Nil
T. Moyo	Nil
G. T. Guvamatanga	Nil
S. Matsekete	540 000

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

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

Board and committees attendance first half 2017

Main Board

Name	Total Meetings	Present	LOA**
A. S. Mandiwanza *	14	13	1
C. F. Dube	14	12	2
E. Fundira	14	14	Nil
B. Moyo	14	12	2
S. D. Mtsambiwa	14	10	4
A. I. Lawson	14	14	Nil
T. Moyo	14	11	3
S. N. Moyo	14	14	Nil
G. T. Guvamatanga	4	4	Nil
S. Matsekete	4	4	Nil

Audit committee

Name	Total Meetings	Present	LOA**
A. I. Lawson *	2	2	Nil
C. F. Dube	2	2	Nil
E. Fundira	2	2	Nil
T. Moyo	2	1	1

Human resources & nominations committee

Name	Total Meetings	Present	LOA**
S. D. Mtsambiwa*	2	2	Nil
A. S. Mandiwanza	2	1	1
S. N. Moyo	2	2	Nil
G. T. Guvamatanga	2	2	Nil

Credit committee

Name	Total Meetings	Present	LOA**
E. Fundira*	2	2	Nil
A. I. Lawson	2	2	Nil
T. Moyo	2	2	Nil
G. T. Guvamatanga	2	1	1

Loans review committee

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

Risk committee

Name	Total Meetings	Present	LOA**
B. Moyo*	2	2	Nil
S. N. Moyo	2	2	Nil
S. D. Mtsambiwa	2	2	Nil

Special transition committee

Name	Total Meetings	Present	LOA**
C. F. Dube *	11	11	Nil
E. Fundira	11	11	Nil
A. I. Lawson	11	11	Nil

* Committee Chairperson
** LOA - leave of absence granted

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

By Order of the Board

V. Mutandwa
Company Secretary

3 August 2017

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Barclays Bank of Zimbabwe Limited
www.barclays.com

Unaudited Financial Results for the half year ended 30 June 2017

Statement of Comprehensive Income
for the half year ended 30 June 2017

	Notes	30.06.2017 US$000	30.06.2016 US$000
Interest income	2	10 187	8 915
Interest expense	3	(149)	(195)
Net interest income		10 038	8 720
Net fee and commission income	4	15 458	13 650
Net trading income	5	9 128	2 649
Net investment income	6	154	34
Other income	7	272	231
Total income		35 050	25 284
Impairment losses on loans and advances	11	(1 018)	(388)
Net operating income		34 032	24 896
Staff costs	8	(11 359)	(11 048)
Infrastructure costs	9	(4 564)	(4 364)
Administration and general expenses	10	(6 049)	(4 900)
Operating expenses		(21 972)	(20 312)
Share of profit of joint venture		110	-
Profit before tax		12 170	4 584
Taxation	12	(2 631)	(1 307)
Profit for the period		9 539	3 277
Other comprehensive income			
Available-for-sale financial assets			
Net loss on available-for-sale financial assets during the period		(115)	(116)
Deferred tax		30	19
Total available for sale financial assets		(85)	(97)
Total other comprehensive loss for the period, net of tax		(85)	(97)
Total comprehensive profit for the period		9 454	3 180
Basic earnings per share (cents)		0.44	0.15
Diluted earnings per share (cents)		0.44	0.15

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Statement of Financial Position
as at 30 June 2017

	Notes	30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
Assets				
Cash and bank balances	13	259 593	139 170	220 326
Derivative financial instruments	14	1	3	224
Available for sale investments	15	2 049	32 929	34 104
Loans and receivables from banks	16	56 999	5 109	33 195
Loans and advances to customers	17	113 545	126 534	140 327
Other assets	18	6 553	6 523	6 719
Property and equipment	19	21 180	20 914	21 285
Investment properties	20	5 250	5 250	5 250
Non-current asset held for sale	21	14 629	14 273	14 519
Current tax assets		-	211	261
Total assets		479 799	350 916	476 210
Derivative financial instruments	14	4	21	122
Deposits from banks	22	2 205	756	2 552
Deposits from customers	23	388 380	279 674	391 709
Provisions	24	1 933	1 594	2 023
Other liabilities	25	10 175	8 842	10 117
Deferred tax liabilities		1 768	2 467	1 908
Current tax liabilities		637	-	-
Bank balances due to Group companies	34	18	122	2 586
Total liabilities		405 120	293 476	411 017
Capital and reserves				
Share capital	27	215	215	215
Share premium	27	23 642	23 642	23 642
Non-distributable reserves		7 785	7 785	7 785
Available for sale reserves		330	260	415
Revaluation reserves		3 488	3 550	3 519
Share-based payment reserve		1 196	1 114	1 164
Retained income		38 023	20 874	28 453
Total equity		74 679	57 440	65 193
Total equity and liabilities		479 799	350 916	476 210

Statement of Cash Flows
for the half year ended 30 June 2017

	Notes	30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
Cash flow from operating activities				
Profit before income tax		12 170	4 584	14 441
Adjustments for non-cash items:				
Depreciation and impairment of property and equipment	9	1 266	1 190	2 450
Impairment losses on loans and advances	11	1 018	388	1 177
Effect of share of profit of joint venture		(110)	-	(244)
Dividends received		(154)	(34)	(218)
Profit on disposal of property and equipment	7	(91)	(52)	(82)
Interest accrual on financial assets		(2 637)	(1 033)	(3 089)
Staff loan prepayment amortisation		(14)	(6)	(31)
Post-retirement medical aid fund provision		-	493	210
Share based payment expense		31	61	111
Net derivative liabilities/(assets)		3	18	(102)
Cash flow from operating activities before changes in working capital		11 482	5 609	14 623
Decrease/ (increase) in loans and advances to customers		25 779	14 149	(402)
Decrease/ (increase) in other assets		165	(1 435)	(5 112)
(Decrease)/ increase in deposits from customers		(3 329)	45 701	157 736
Increase in other liabilities		32	1 776	3 722
Income taxes paid		(1 843)	(1 319)	(4 206)
Net cash generated from operating activities		32 286	64 481	166 361
Cash flow from investing activities				
Purchase of property and equipment	19	(1 208)	(917)	(2 710)
Proceeds from sale of property and equipment		137	197	389
Dividend received from investment securities		154	34	218
Purchase of investment securities		(44 402)	(5 030)	(42 981)
Proceeds from sale of investments		53 580	4 098	15 427
Net cash generated/ (used) in investing activities		8 261	(1 618)	(29 657)
Net increase in cash and cash equivalents		40 547	62 863	136 704
Cash and cash equivalents at the beginning of the year		212 136	75 432	75 432
Cash and cash equivalents at the end of the period	13	252 683	138 295	212 136

Statement of Changes in Equity
for the half year ended 30 June 2017

	Share capital US$000	Share premium US$000	Non-distributable reserves US$000	Available for sale reserves US$000	Revaluation reserves US$000	Share based payment reserve US$000	Retained income US$000	Total equity US$000
Balance at 1 January 2017	215	23 642	7 785	415	3 519	1 164	28 453	65 193
Profit for the period	-	-	-	-	-	-	9 539	9 539
Other comprehensive income for the period	-	-	-	(85)	-	-	-	(85)
Total comprehensive income for the period	-	-	-	(85)	-	-	9 539	9 454
Recognition of share-based payments	-	-	-	-	-	32	-	32
Realisation of revaluation reserves	-	-	-	-	(31)	-	31	-
Balance at 30 June 2017	215	23 642	7 785	330	3 488	1 196	38 023	74 679

	Share capital US$000	Share premium US$000	Non-distributable reserves US$000	Available for sale reserves US$000	Revaluation reserves US$000	Share based payment reserve US$000	Retained income US$000	Total equity US$000
Balance at 1 January 2016	215	23 642	7 785	357	3 609	1 053	17 538	54 199
Profit for the period	-	-	-	-	-	-	3 277	3 277
Other comprehensive income for the period	-	-	-	(97)	-	-	-	58
Total comprehensive income for the period	-	-	-	(97)	-	-	3 277	3 180
Recognition of share-based payments	-	-	-	-	-	61	-	61
Realisation of revaluation reserves	-	-	-	-	(59)	-	59	-
Balance at 30 June 2016	215	23 642	7 785	260	3 550	1 114	20 874	57 440

Unaudited Financial Results for the half year ended 30 June 2017

Notes to the Financial Results
for the half year ended 30 June 2017

1. Basis of preparation

The Bank's unaudited financial results have been prepared in accordance with the IAS 34 Interim Financial Reporting as well as the requirements of the Companies Act (Chapter 24.03) and the Banking Act (Chapter 24.20). They do not include all the financial information required for a complete set of International Financial Reporting Standards (IFRS) financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to getting an understanding of the changes in the Bank's financial position and performance since the last financial statements as at and for the year ended 31 December 2016.

1.1 Basis of measurement

The unaudited financial results for the period have been prepared on the historical cost basis except for the following:
(i) Available-for-sale (AFS) financial assets measured at fair value;
(ii) Investment property measured at fair value;
(iii) Derivative assets/liabilities measured at fair value;
(iv) Buildings are measured using the revaluation model. Revaluation is performed after every 3 years.
(v) Non current asset held for sale.

1.2 Functional and presentation currency

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

1.3 Accounting policies

The accounting policies applied in the preparation of the unaudited financial results are consistent with the most recent financial statements for the year ended 31 December 2016.

2. Interest income

	30.06.2017 US$000	30.06.2016 US$000
Bank balances	49	30
Investment securities	2 637	1 149
Loans and advances to customers	7 501	7 736
Total interest income	10 187	8 915

3. Interest expense

	30.06.2017 US$000	30.06.2016 US$000
Deposits from banks	(1)	-
Deposits from customers	(148)	(195)
Total interest expense	(149)	(195)

4. Net fee and commission income

	30.06.2017 US$000	30.06.2016 US$000
Fee and commission income		
Account activity fees/ledger fees	4 872	5 071
Insurance commission received	218	96
Commission received	6 014	3 573
Guarantees	64	97
Card based transaction fees	1 573	1 881
Cash withdrawal fees	2 774	3 036
Total fee and commission income	15 515	13 754
Fee and commission expense		
Guarantee expense	(57)	(104)
Total fee and commission expense	(57)	(104)
Net fee and commission income	15 458	13 650

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

5. Net trading income

	30.06.2017 US$000	30.06.2016 US$000
Net foreign exchange income	9 128	2 649
Net trading income	9 128	2 649

6. Net investment income

	30.06.2017 US$000	30.06.2016 US$000
Dividend income	154	34
Net investment income	154	34

7. Other income

	30.06.2017 US$000	30.06.2016 US$000
Profit on disposal of property and equipment	91	52
Rental income	181	179
Total other income	272	231

8. Staff costs

	30.06.2017 US$000	30.06.2016 US$000
Salaries and allowances	(9 666)	(8 949)
Social security costs	(97)	(97)
Pension costs: defined contribution plans	(995)	(947)
Post-retirement medical aid fund provision	-	(493)
Directors` remuneration - for services as management	(570)	(501)
Share options granted to directors and employees	(31)	(61)
Total staff cost	(11 359)	(11 048)

9. Infrastructure costs

	30.06.2017 US$000	30.06.2016 US$000
Repairs and maintenance	(731)	(562)
Other property costs	(854)	(860)
Security costs	(561)	(584)
Depreciation and impairment of property and equipment	(1 266)	(1 190)
Operating lease rentals	(1 152)	(1 168)
Total infrastructure costs	(4 564)	(4 364)

10. Administrative and general expenses

	30.06.2017 US$000	30.06.2016 US$000
Auditors' remuneration : Audit related services	(139)	(149)
	(139)	(149)
Consultancy, legal and professional fees	(146)	(246)
Subscription, publications, stationery and communications	(1 990)	(1 585)
Marketing, advertising and sponsorship	(188)	(313)
Travel and accommodation	(340)	(325)
Entertainment	(11)	(25)
Cash transportation	(918)	(587)
Directors' fees	(202)	(86)
Insurance costs	(985)	(850)
Other administrative and general expenses	(1 130)	(734)
Total administrative and general expenses	(6 049)	(4 900)

11. Impairment losses on loans and advances

	30.06.2017 US$000	30.06.2016 US$000
Identified impairment	(1 922)	(658)
Unidentified impairment	897	270
Impairment raised during the reporting period	(1 025)	(388)
Recoveries of loans and advances previously written off	7	-
Statement of comprehensive income charge	(1 018)	(388)

12 Income taxes

	30.06.2017 US$000	30.06.2016 US$000
Income tax recognised in profit or loss		
Normal current tax – current year	(2 741)	(1 403)
Deferred tax credit recognised in the current year	110	96
Total income tax recognised in the current year	(2 631)	(1 307)

Current income tax and deferred income tax have been fully provided for. Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25.75% (2016:25.75%).

13. Cash and bank balances

	30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
Balances with Central Bank	245 922	126 283	182 904
Money market assets	-	-	10 000
Cash on hand	7 311	7 383	23 027
Balances due from group companies	6 049	5 425	2 865
Other bank balances	311	79	1 530
Cash and bank balances	259 593	139 170	220 326
Restricted balances with Central Bank	(4 746)	-	(3 248)
Items in course of collection from banks	59	3	196
Bank balances due to group companies	(18)	(122)	(2 586)
Deposits from other banks	(2 205)	(756)	(2 552)
Total cash and cash equivalents – statement of cash flows	252 683	138 295	212 136

Balances with the Central Bank and foreign banks are used to facilitate customer transactions which include payments and cash withdrawals. In 2016, the Central Bank through Exchange Control Operational Guide 8 (ECOGAD8), introduced prioritisation criteria which has to be followed when making foreign payments for customers. After prioritisation, foreign payments are then made subject to availability of bank balances with foreign correspondent banks, resulting in possible delay of payment of cross border transfers. However, no delay is expected in the settlement of local transactions through the Real Time Gross Settlement system.

14. Derivative financial instruments

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

Carrying amount

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

Contract amount

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

	Notional contract amount US$000	Assets US$000	Liabilities US$000
30.06.2017			
Foreign exchange derivatives			
Foreign exchange contracts	1 887	1	4
Total foreign exchange derivatives	1 887	1	4
31.12.2016			
Foreign exchange derivatives			
Foreign exchange contracts	10 089	224	122
Total foreign exchange derivatives	10 089	224	122

15. Available for sale investments

	30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
Treasury bills	925	1 626	1 628
Corporate bond	-	30 287	31 352
Equity securities	1 124	1 016	1 124
Balance at end of period	2 049	32 929	34 104
Balance at beginning of the period	34 104	32 054	32 054
Additions	-	30	30
Maturities	(31 951)	-	(30)
Accrued interest	11	961	1 968
Changes in fair value	(115)	(116)	82
Balance at end of period	2 049	32 929	34 104

16. Loans and receivables from banks

	30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
Treasury bills	56 940	5 106	32 999
Items in course of collection	59	3	196
Total carrying amount of loans and receivables from banks	56 999	5 109	33 195

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

17. Loans and advances to customers

	Retail Banking US$000	Business Banking US$000	Corporate and Investment Banking US$000	Total US$000
30.06.2017				
Personal and term loans	41 033	9 590	38 074	88 697
Mortgages	7 159	-	-	7 159
Overdrafts	265	1 635	22 424	24 324
Interest in suspense	-	(333)	(352)	(685)
Gross loans and advances to customers	48 457	10 892	60 146	119 495
Less: allowance for impairment				
Identified impairment	(1 636)	(453)	(1 449)	(3 538)
Unidentified impairment	(809)	(589)	(1 014)	(2 412)
Total	(2 445)	(1 042)	(2 463)	(5 950)
Net loans and advances to customers	46 012	9 850	57 683	113 545
31.12.2016				
Personal and term loans	44 116	6 631	65 527	116 274
Mortgages	5 742	-	-	5 742
Overdrafts	235	2 200	21 452	23 887
Interest in suspense	-	(292)	-	(292)
Gross loans and advances to customers	50 093	8 539	86 979	145 611
Less: allowance for impairment				
Identified impairment	(1 519)	(456)	-	(1 975)
Unidentified impairment	(855)	(533)	(1 921)	(3 309)
Total	(2 374)	(989)	(1 921)	(5 284)
Net loans and advances to customers	47 719	7 550	85 058	140 327

18. Other assets

	30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
Prepayments and stationery	1 778	2 432	1 982
Card transaction balances	2 196	2 912	2 259
Other debtors	229	60	239
Receivable from Group	38	195	151
Staff loans market interest rate adjustment	2 312	924	2 088
Total	6 553	6 523	6 719
Current	2 430	5 907	5 153
Non Current	4 123	616	1 566
Total	6 553	6 523	6 719

Unaudited Financial Results for the half year ended 30 June 2017

Notes to the Financial Results
for the half year ended 30 June 2017

19. Property and equipment

	Land and buildings US$000	Computers US$000	Equipment US$000	Furniture and fittings US$000	Motor vehicles US$000	Total US$000
30 June 2017						
Balance at beginning of the year	15 215	2 482	367	635	2 586	21 285
Additions	-	198	96	122	792	1 208
Disposals	-	(345)	(112)	-	(439)	(896)
Depreciation charge on disposals	-	323	112	-	414	849
Depreciation and impairment charge	(144)	(480)	(127)	(101)	(414)	(1 266)
Carrying amount at end of the period	15 071	2 178	336	656	2 939	21 180
Cost or valuation	15 506	5 474	2 419	1 487	5 144	30 030
Accumulated depreciation and impairment	(435)	(3 296)	(2 083)	(831)	(2 205)	(8 850)
Carrying amount at end of the period	15 071	2 178	336	656	2 939	21 180

Property and equipment was subjected to impairment testing by way of internal evaluation of obsolescence of equipment. Revaluation takes place after every three years. Land and buildings were revalued on 31 December 2015 by an independent valuer. If buildings were stated on the historical cost basis, the carrying amount would be US$11,500,240 (2016: US$11,602,426). No items of property and equipment were pledged as collateral as at 30 June 2017.

20. Investment properties

	30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
Fair value			
Balance at beginning of the period	5 250	5 250	5 250
Changes in fair value	-	-	-
Balance at the end of the period	5 250	5 250	5 250
Rental income received from investment properties	181	179	365

Investment property comprises commercial properties that are leased to third parties. No contingent rents are charged. There was no change in fair value of investment property during the period (2016: US$nil). Rental income from investment properties is recognised in other income. The fair value of investment properties 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 last valuation was done in December 2016.

The fair value measurement of the investment property has been categorised as Level 3 in the fair value hierarchy (Note 32) based on the inputs to the valuation technique used.

21. Non-current asset held for sale

	30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
Investment in joint venture	14 629	14 273	14 519
Total	14 629	14 273	14 519

The Bank is negotiating with potential buyers of its 50% shareholding in Makasa Sun (Private) Limited. The transaction is highly probable as per management`s assessment.
The previous agreement lapsed before key conditions had been met. The joint venture therefore continues to be classified as non-current asset held for sale.

The investment in joint venture is measured at fair value.

22. Deposits from banks

	30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
Items in the course of collection	2 205	756	2 552
Total	2 205	756	2 552

23. Deposits from customers

	Retail banking US$000	Business banking US$000	Corporate and investment banking US$000	Total US$000
30.06.2017				
Cheque account deposits	74 506	87 049	201 828	363 383
Call deposits	548	450	9 343	10 341
Savings accounts	14 328	4	-	14 332
Other	-	-	324	324
Total	89 382	87 503	211 495	388 380
31.12.2016				
Cheque account deposits	63 006	97 292	205 454	365 752
Call deposits	669	450	11 909	13 028
Savings accounts	11 610	1	-	11 611
Other	-	-	1 318	1 318
Total	75 285	97 743	218 681	391 709

Deposits from customers only include financial instruments classified as liabilities at amortised cost. Fair value of deposits from customers approximates carrying amount because of their short tenure. Included in customer accounts are deposits of US$324,193 (2016: US$1,318,000) held as collateral for loans advanced and letters of credit. Also refer to Note 13 which explains cash and bank balances.

	30.06.2017 US$000	%	30.06.2016 US$000	%	31.12.2016 US$000	%
Concentration of customer deposits						
Trade and services	134 566	35	60 999	22	120 454	31
Energy and minerals	3 196	1	5 600	2	58 835	15
Agriculture	30 049	8	6 658	2	15 345	4
Construction and property	154	-	1 034	-	7 750	2
Light and heavy industry	44 723	11	51 851	19	42 861	11
Physical persons	89 382	23	73 628	26	75 285	19
Transport and distribution	71 990	18	55 260	20	56 051	14
Financial services	14 320	4	24 644	9	15 128	4
Total	388 380	100	279 674	100	391 709	100

		30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
24.	Provisions			
	Staff retention incentive	1 258	1 134	1 567
	Outstanding employee leave	675	460	456
	Total	1 933	1 594	2 023
25.	Other liabilities			
	Accrued expenses	3 227	2 155	2 793
	Amounts due to related parties	235	63	203
	Internal accounts including unpresented bank drafts	6 713	5 031	7 121
	Post-retirement medical aid liability	-	1 593	-
	Total	10 175	8 842	10 117

26. Retirement benefit plans

26.1 Barclays Bank Pension Fund

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

Defined contribution plans

The defined contribution pension plan, to which the Bank contributes, is provided for permanent employees. Over and above the Bank's contribution, the employee with effect from January 2017 contributes 4% of pensionable emoluments whereas in 2016 employee contributions to the Fund were voluntary. Under this scheme, retirement benefits are determined by reference to the employees' and the Bank's contributions to date and the performance of the Fund.

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

26.2 Defined benefit pension plans

The Fund provides for annuities for those pensioners who opted not to purchase the annuity from an external insurer at the point of retirement. All annuities are now purchased outside the Fund at the point of retirement with effect from 1 May 2015.

The provision of pension annuities to pensioners is a significant defined benefit. As a result, a valuation was performed based on IAS 19; Employee Benefits for the whole Fund for both the assets and liabilities as at 31 December 2016.The active members liability and total assets as at 30 June 2017 are stated at book value.

Summary of the valuation is shown below:

	30.06.2017 US$000	31.12.2016 US$000
Present value of pensioner obligation (defined benefit)	17 191	16 291
Active members liability (defined contribution)	25 129	24 363
Deferred pensioners	3 613	4 753
Other liabilities - risk pools	1 090	1 090
Other sundry liabilities	828	828
Total liabilities	47 851	47 325
Total assets	52 602	52 157
Net surplus (attributable to the Fund)	4 751	4 832

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

27. Share Capital

Authorised share capital

	30.06.2017 US$000	31.12.2016 US$000
5 000 000 000 (2016: 5 000 000 000) ordinary shares of USc0.01 per share.	500	500
Issued share capital		
2 153 850 176 (2016: 2 153 320 176) ordinary shares of USc0.01 per share.	215	215
Share premium	23 642	23 642
Total	23 857	23 857

The total authorised number of ordinary shares at year end was 5 billion (2016: 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.

28. Financial instruments

Classification of financial instruments

	Held for Trading US$000	Financial assets at amortised cost US$000	Available for sale financial assets US$000	Financial liabilities carried at amortised cost US$000	Total US$000
Assets – 30 June 2017					
Cash and bank balances	-	259 593	-	-	259 593
Loans and advances to customers	-	113 545	-	-	113 545
Treasury bills	-	56 940	925	-	57 865
Unquoted equity securities	-	-	1 124	-	1 124
Items in course of collection from other banks	-	59	-	-	59
Foreign exchange contracts	1	-	-	-	1
Total	1	430 137	2 049	-	432 187
Liabilities – 30 June 2017					
Customer Deposits	-	-	-	388 380	388 380
Deposits from other banks	-	-	-	2 205	2 205
Foreign exchange contracts	4	-	-	-	4
Bank balances due to group companies	-	-	-	18	18
Total	4	-	-	390 603	390 607
Assets – 31 December 2016					
Cash and bank balances	-	220 326	-	-	220 326
Loans and advances to customers	-	140 327	-	-	140 327
Corporate bonds	-	-	31 352	-	31 352
Treasury bills	-	32 999	1 628	-	34 627
Unquoted equity securities	-	-	1 124	-	1 124
Items in course of collection from other banks	-	196	-	-	196
Swaps and foreign exchange contracts	224	-	-	-	224
Total	224	393 848	34 104	-	428 176
Liabilities – 31 December 2016					
Customer Deposits	-	-	-	391 709	391 709
Deposits from other banks	-	-	-	2 552	2 552
Swaps and foreign exchange contracts	122	-	-	-	122
Bank balances due to group companies	-	-	-	2 586	2 586
Total	122	-	-	396 847	396 969

29. Risk management

Financial risk management objectives

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

29.1 Capital risk management

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

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

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

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

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

Unaudited Financial Results for the half year ended 30 June 2017

Notes to the Financial Results
for the half year ended 30 June 2017

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.

	30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
Share capital	215	215	215
Share premium	23 642	23 642	23 642
Accumulated profits	38 023	20 874	28 453
Share option reserve fund	1 196	1 114	1 164
Available for sale reserve	330	260	415
Currency translation reserve	3 508	3 508	3 508
Total core capital	66 914	49 613	57 397
Less market and operational risk capital	(9 235)	(7 504)	(8 025)
Tier 1 capital	57 679	42 109	49 372
Currency translation reserve movement	4 277	4 277	4 277
Revaluation reserve	3 488	3 550	3 519
General provisions (limited to 1.25% of risk weighted assets)	2 412	2 826	3 309
Tier 2 capital	10 177	10 653	11 105
Total tier 1 & 2 capital	67 856	52 762	60 477
Market risk	521	319	564
Operational risk	8 715	7 185	7 461
Tier 3 capital	9 236	7 504	8 025
Total tier 1 and 2 & 3 capital base	77 092	60 266	68 502
Less deductions from capital	(1 152)	(1 078)	(1 162)
Total capital base	75 940	59 188	67 340
Credit risk weighted assets	183 947	190 010	199 668
Operational risk equivalent assets	108 934	89 817	93 263
Market risk equivalent assets	6 510	3 988	7 052
Total risk weighted assets (RWAs)	299 391	283 815	299 983
Tier 1 capital ratio	19%	15%	16%
Tier 1 and 2 capital ratio	23%	19%	20%
Total capital adequacy ratio	25%	21%	22%

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

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

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

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

29.2 Market risk

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

The Bank separates exposures to market risk into either trading or banking book. Trading portfolios include those positions arising from market–making transactions where the Bank acts as principal with clients or with the market; this is mainly to support client trading activity.

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

Market risk measurement techniques

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

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

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

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

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

(ii) Stress tests

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

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

One day risk Type of risk or activity	High US$000	Medium US$000	Low US$000	Period-end US$000
Currency	10	2	-	1
Aggregate VaR at 30 June 2017	10	2	-	1
Aggregate VaR at 31 December 2016	9	2	-	3

Two week risk Type of risk or activity	High US$000	Medium US$000	Low US$000	Period-end US$000
Currency	33	7	1	4
Aggregate VaR at 30 June 2017	33	7	1	4
Aggregate VaR at 31 December 2016	28	8	1	9

ALCO closely monitors this risk. The Bank is satisfied with its risk management processes and systems in place which have enabled the Bank to minimise losses.

Net interest income sensitivity ("NII")

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

The Bank's interest income sensitivity is shown below:

Changes in interest	30.06.2017 Impact on earnings US$000	31.12.2016 Impact on earnings US$000
1000bps increase in interest rates	25 560	18 484
1000bps decrease in interest rates	(25 560)	(18 484)
Benchmark	-	-

(iii) Economic capital

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

Interest rate risk

Interest rate risk is the risk that the Bank will be adversely affected by changes in the level or volatility of market interest rates. The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The responsibility of managing interest rate risk lies with the Assets and Liabilities Committee (ALCO). On a day to day basis, risks are managed through a number of management committees. Through this process, the Bank monitors compliance within the overall risk policy framework and ensures that the framework is kept up to date. Risk management information is provided on a regular basis to the Board Risk Committee.

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

30 June 2017	Up to 1 month US$000	1 to 3 months US$000	3 to 6 months US$000	6 months to 1 year US$000	1 to 5 years US$000	Over 5 years	Non-interest bearing US$000	Total US$000
Assets								
Cash and bank balances	259 593	-	-	-	-	-	-	259 593
Derivative assets	-	-	-	-	-	-	1	1
Available for sale investments	-	-	11	462	452	-	1 124	2 049
Loans and receivables from banks	42 722	-	19	14 258	-	-	-	56 999
Loans and advances to customers	100 014	555	832	1 653	8 242	2 249	-	113 545
Other assets	-	-	-	-	-	-	6 553	6 553
Property and equipment	-	-	-	-	-	-	21 180	21 180
Investment property	-	-	-	-	-	-	5 250	5 250
Non-current assets held for sale	-	-	-	-	-	-	14 629	14 629
Total assets	402 329	555	862	16 373	8 694	2 249	48 737	479 799
Liabilities								
Derivative liabilities	-	-	-	-	-	-	4	4
Deposits from Banks	2 205	-	-	-	-	-	-	2 205
Deposits from customers	386 808	463	-	1 109	-	-	-	388 380
Provisions	-	-	-	-	-	-	1 933	1 933
Other liabilities	-	-	-	-	-	-	10 175	10 175
Deferred tax liabilities	-	-	-	-	-		1 768	1 768
Current tax liabilities	-	-	-	-	-	-	637	637
Due to Group companies	18	-	-	-	-	-	-	18
Total liabilities	389 031	463	-	1 109	-	-	14 517	405 120
Interest rate re-pricing gap	13 298	92	862	15 264	8 694	2 249	34 220	74 679
Cumulative gap	13 298	13 390	14 252	29 516	38 210	40 459	74 679	-

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 following table summarises the Bank's financial assets and liabilities at carrying amounts, categorised by currency.

At 30 June 2017	USD US$000	GBP (USD equiv) US$000	Rand (USD equiv) US$000	Other foreign currencies (USD equiv) US$000	Total US$000
Assets					
Cash and bank balances	252 159	743	2 366	4 325	259 593
Derivative financial instruments	-	-	-	1	1
Available for sale investments	2 049	-	-	-	2 049
Loans and receivables from banks	56 999	-	-	-	56 999
Loans and advances to customers	113 543	-	2	-	113 545
Other assets	2 463	-	-	-	2 463
Total assets	427 213	743	2 368	4 326	434 650
Liabilities					
Derivative financial instrument	-	-	-	4	4
Deposits from banks	2 205	-	-	-	2 205
Deposits from customers	380 667	461	2 610	4 642	388 380
Other liabilities	9 629	244	206	96	10 175
Due to group companies	18	-	-	-	18
Total liabilities	392 519	705	2 816	4 742	400 782
Net currency positions	34 694	38	(448)	(416)	33 868

29.3 Credit risk

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

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

Risk limit and mitigation policies

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

Principal collateral types used for loans and advances are:

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

The legal department is responsible for conducting sufficient legal review to confirm that the approved collateral is legally effective. Ratio of value of loan to value of security is assessed on grant date and continuously monitored. Each customer based on their probability of default is graded into one of ten grades, reflecting their credit quality. The Bank maintains an early warning list for those customers who are believed to be facing difficulties. Customers are categorised into Early Warning Lists ("EWL") 1-3. Those in EWL1 have temporary problems and the risk of default is low. EWL2 implies there are doubts that the customer will pay but the risk of default is medium. EWL3 implies that there are doubts that the customer will pay and the risk of default is high.

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

Impairment and provisioning policies

In measuring credit risk of loans and advances the Bank reflects three components;
(i) the probability of default by the client or counterparty on its contractual obligations (PD);
(ii) current exposures to the counterparty (EAD); and
(iii) the likely loss in the event of a default (LGD).
Internal estimate of PDs and LGDs are based on model scores and observed historical data.

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

Unidentified impairment

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

Identified impairment

Retail identified impairment is triggered when a contractual payment is missed. The impairment is calculated as Probability of Default (PD) x Loss Given Default (LGD) x Outstanding Amount. Higher PDs are applied to those customers who will have missed more contractual payments. Corporate identified impairment is calculated on accounts reflected on EWL3 (Category 3) and accounts currently going through a legal process. Impairment is calculated on an individual basis and is the difference between outstanding balance and present value of future cash flows including value of collateral.

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

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Maximum exposure to credit risk stratification and analysis

30 June 2017	Loans and advances to banks US$000	Loans and advances to customers US$000	Guarantees provided US$000	Available for sale financial assets US$000	Bank balances US$000	Other assets US$000	Total US$000
Credit exposure							
Neither past due nor impaired	56 999	107 020	6 167	2 049	259 593	2 463	434 291
Past due but not impaired	-	13	-	-	-	-	13
Individually impaired excluding non-performing	-	794	-	-	-	-	794
Non-performing loans	-	12 353	-	-	-	-	12 353
Interest in suspense	-	(685)	-	-	-	-	(685)
Gross exposure	56 999	119 495	6 167	2 049	259 593	2 463	446 766
31 December 2016							
Credit exposure							
Neither past due nor impaired	33 195	130 785	3 848	32 980	197 299	2 649	400 756
Past due but not impaired	-	9 050	-	-	-	-	9 050
Individually impaired excluding non-performing	-	3 680	-	-	-	-	3 680
Non-performing loans	-	2 388	-	-	-	-	2 388
Interest in suspense	-	(292)	-	-	-	-	(292)
Gross exposure	33 195	145 611	3 848	32 980	197 299	2 649	415 582

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

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

Loans and advances individually impaired
A loan is considered impaired if the customer misses instalments or fails to repay the loan on due date

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

Loans and advances renegotiated
During the half year ended 30 June 2017, the Bank did not have any renegotiated loans and advances to customers and banks.

Impairment analysis and reconciliation

	Unidentified US$000	Identified US$000	Total US$000
30 June 2017			
Balance at beginning of the year	3 309	1 975	5 284
Bad debts written off	-	(359)	(359)
(Decrease)/increase in impairment provision	(897)	1 922	1 025
Balance at end of the period	2 412	3 538	5 950

	Unidentified US$000	Identified US$000	Total US$000
31 December 2016			
Balance at beginning of the year	3 096	1 254	4 350
Bad debts written off	-	(246)	(246)
Increase in impairment provision	213	967	1 180
Balance at end of the period	3 309	1 975	5 284

29.4 Loans and advances credit risk concentration

Industry/Sector	30.06.2017 US$000	%	30.06.2016 US$000	%	31.12.2016 US$000	%
Trade and services	25 620	21	14 148	11	21 184	14
Energy and minerals	8 974	8	9 534	7	12 694	9
Agriculture	11 952	10	11 481	9	17 081	12
Construction and property	1 742	1	2 842	2	2 279	2
Light and heavy industry	13 144	11	26 127	20	32 007	22
Physical persons	48 457	41	46 357	35	50 093	34
Transport and distribution	9 606	8	20 946	16	10 274	7
Total	119 495	100	131 435	100	145 611	100

30 June 2017 Industry/Sector	Total loans US$000	Past due/ Impaired loans US$000	Write offs/ (recoveries) US$000	Impairment allowance US$000
Trade and services	25 620	-	-	-
Energy and minerals	8 974	6 760	-	1 449
Agriculture	11 952	990	-	453
Construction and property	1 742	-	-	-
Light and heavy industry	13 144	-	-	-
Physical persons	48 457	2 311	352	1 636
Transport and distribution	9 606	3 086	-	-
Total	119 495	13 147	352	3 538

29.5 Liquidity risk
Liquidity risk is the risk that the Bank may fail to meet its payment obligations when they fall due and to replace funds when they are withdrawn, the consequences of which may be the failure to meet the obligations to repay deposits and fulfil commitments to lend. Liquidity risk is inherent in all banking operations and can be affected by a range of Bank specific and market wide events. The efficient management of liquidity is essential to the Bank in maintaining confidence in the financial markets and ensuring that the business is sustainable.

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

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

Liquidity risk management process
Liquidity risk is managed as:

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

b) Stress liquidity risk – refers to management of liquidity risk during times of unexpected outflows. The Bank's Assets and Liabilities Committee ("ALCO") monitors and manages liquidity risk. The Bank's liquidity management process as carried out by the ALCO and Treasury units includes:
   - Day to day funding and monitoring of future cash flows to ensure that funding requirements are met;
   - Maintaining a high balance of cash and near cash balances that can easily be liquidated as protection against unforeseen funding gaps;
   - Monitoring liquidity ratios against internal and regulatory benchmarks;
   - Limits are set across the business to control liquidity risk;
   - Early warning indicators are set to identify the emergence of increased liquidity risk;
   - Sources of liquidity are regularly reviewed by ALCO to maintain a wide diversification of source of funding;
   - Managing concentration of deposits.

	30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
Total liquid assets	317 073	176 188	281 332
Deposits from customers and other short term liabilities	402 715	290 831	409 104
Liquidity ratio	79%	61%	69%
Reserve Bank of Zimbabwe minimum	30%	30%	30%

Liquidity profiling as at 30 June 2017
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 and other treasury investments, are also included on the table based on the contractual maturity profile.

On balance sheet items as at 30 June 2017	Less than 1 month US$000	1-3 months US$000	3-6 months US$000	6-12 months US$000	1-5 years US$000	5+ years US$000	Total US$000	Carrying amount US$000
Assets (contractual maturity dates)								
Cash and bank balances	254 846	-	-	-	-	-	254 846	254 846
Derivative financial instruments	1	-	-	-	-	-	1	1
Available for sale investments	-	-	28	581	581	-	1 190	925
Loans and receivables from banks	44 024	-	21	14 986	11	-	59 042	56 999
Loans and advances to customers	5 451	11 883	23 095	32 656	71 647	8 713	153 445	113 545
Other assets	2 463	-	-	-	-	-	2 463	2 463
Total assets	306 785	11 883	23 144	48 223	72 239	8 713	470 987	
Liabilities								
Derivative financial instruments	4	-	-	-	-	-	4	4
Deposits from banks	2 205	-	-	-	-	-	2 205	2 205
Deposits from customers	386 822	465	-	1 128	-	-	388 415	388 380
Provisions	675	-	455	803	-	-	1 933	1 933
Other liabilities	10 175	-	-	-	-	-	10 175	10 175
Due to Group companies	18	-	-	-	-	-	18	18
Total liabilities -(contractual maturity)	399 899	465	455	1 931	-	-	402 750	
Liquidity gap	(93 114)	11 418	22 689	46 292	72 239	8 713	68 237	
Cumulative liquidity gap	(93 114)	(81 696)	(59 007)	(12 715)	59 524	68 237	-	

Contingent liabilities and commitments as at 30 June 2017

On balance sheet items as at 30 June 2017	Less than 1 month US$000	1-3 months US$000	3-6 months US$000	6-12 months US$000	1-5 years US$000	5+ years US$000	Total US$000	Carrying amount US$000
Guarantees and letters of credit	1 571	387	95	2 063	2 051	-	6 167	-
Commitment to lend	2 105	6 509	17 645	21 064	37 129	-	84 451	-
Total assets	3 676	6 896	17 738	23 127	39 180	-	90 618	-
Liabilities								
Guarantees and letters of credit	1 571	387	95	2 063	2 051	-	6 167	-
Commitment to lend	84 451	-	-	-	-	-	84 451	-
Total liabilities	86 022	387	95	2 063	2 051	-	90 618	-
Liquidity gap	(82 346)	6 509	17 643	21 064	37 129	-	-	-

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

30. 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. The Board is alive to the risks that arise when a business goes through a transition such as the Bank is undergoing. The Bank is evaluating associated risks as the transition progresses.

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

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

Operational risk
This is the risk of losses arising from inadequate or failed internal processes, people and/or systems or from external events. A significant part of the Bank's operations are automated and processed in the core banking system. Key banking operations in corporate and investment banking, retail and business banking and treasury are heavily dependent on the Bank's core banking system. The core banking system also supports key accounting processes for financial assets, financial liabilities and revenue including customer interface on mobile, internet banking and related electronic platforms.

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 the Operational Risk Management department. Barclays Internal Audit audits selected functions at given times.

Risks and Ratings
The Central Bank conducts regular examinations of Banks and financial institutions it regulates. The last on-site examination of the Bank was as at 30 June 2016 and it assessed the overall condition of the Bank to be satisfactory. This is a score of "2" on the CAMELS rating scale. The CAMELS rating evaluates banks on capital adequacy, asset quality, management and corporate governance, liquidity and funds management and sensitivity to market risks.

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

CAMELS ratings

CAMELS component	Latest Rating - June 2016
Capital	1 – Strong
Asset quality	2 – Satisfactory
Management	2 – Satisfactory
Earnings	1 – Strong
Liquidity	2 – Satisfactory
Sensitivity to market risk	1 – Strong

Summary risk matrix - June 2016 onsite supervision

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

Interpretation of risk matrix

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

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

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

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

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

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.

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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 2017/18	Previous credit ratings 2016/17	Previous credit ratings 2015/16
Global Credit Rating Co.	AA-	AA-	AA-

The last rating was done in May 2017 and expires in May 2018.

31. Fair value of financial instruments not measured at fair value

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

	30.06.2017 Carrying amount US$000	30.06.2017 Fair value US$000	30.12.2016 Carrying amount US$000	30.12.2016 Fair value US$000
Financial Assets				
Cash and bank balances	259 593	259 593	220 326	220 326
Loans and receivables from banks	56 999	56 999	33 195	33 195
Loans and advances to customers	113 545	113 545	140 327	140 327
Other Assets	2 463	2 463	2 649	2 649
Total	432 600	432 600	396 497	396 497
Financial Liabilities				
Deposits from banks	2 205	2 205	2 552	2 552
Deposits from customers	388 380	388 380	391 709	391 709
Bank balances due to group companies	18	18	2 586	2 586
Other Liabilities	10 175	10 175	10 117	10 117
Total	400 778	400 778	406 964	406 964

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

Fair value hierarchy

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

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

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

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

30 June 2017	Level 1 US$000	Level 2 US$000	Level 3 US$000	Total US$000
Recurring fair value measurements				
Financial Assets				
Derivative assets	-	1	-	1
Treasury bills	-	-	925	925
Unquoted equity instruments	-	-	1 124	1 124
Balance at 30 June 2017	-	1	2 049	2 050
Balance at 31 December 2016	-	224	34 104	34 328
Financial Liabilities				
Derivative liabilities	-	4	-	4
Balance as at 30 June 2017	-	4	-	4
Balance as at 31 December 2016	-	122	-	122
Non-financial assets				
Investment property	-	-	5 250	5 250
Non-current assets held for sale	-	-	14 629	14 629
Balance as at 30 June 2017	-	-	19 879	19 879
Balance as at 31 December 2016	-	-	19 769	19 769

Reconciliation of recurring level 3 fair value measurements

	Available for sale securities US$000	Investment properties US$000	Non –current assets held for sale US$000	Total US$000
Balance at 1 January 2017	34 104	5 250	14 519	53 873
Additions	-	-	-	-
Transfers in	-	-	-	-
Accrued interest	11	-	-	11
Maturities	(31 951)	-	-	(31 951)
Total gains and losses recognised in profit or loss	-	-	110	110
Total gains and losses recognised in other comprehensive income	(115)	-	-	(115)
Balance at 30 June 2017	2 049	5 250	14 629	21 928
Balance at 1 January 2016	32 054	5 250	14 272	51 576
Additions	-	-	-	-
Transfers in	-	-	-	-
Accrued interest	1 968	-	-	1 968
Total gains and losses recognised in profit or loss	-	-	247	247
Total gains and losses recognised in other comprehensive income	82	-	-	82
Balance at 31 December 2016	34 104	5 250	14 519	53 873

33. Segment reporting

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

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

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

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

Statement of comprehensive income

30 June 2017	Retail and Business Banking US$000	Corporate and Investment Banking US$000	Total US$000
Net interest income	5 915	4 123	10 038
Net fee and commission income	13 225	2 233	15 458
Net trading income	1 631	7 497	9 128
Net investment income	66	88	154
Other income	116	156	272
Total income	20 953	14 097	35 050
Credit impairment charge	(511)	(507)	(1 018)
Net operating income	20 442	13 590	34 032
Staff costs	(8 738)	(2 621)	(11 359)
Infrastructure costs	(3 658)	(906)	(4 564)
Administrative expenses	(4 474)	(1 575)	(6 049)
Operating expenses	(16 870)	(5 102)	(21 972)
Share of Profit of Joint Venture	46	64	110
Profit before tax	3 618	8 552	12 170
Taxation	(782)	(1 849)	(2 631)
Profit for the period	2 836	6 703	9 539
Total assets	232 765	247 034	479 799
Total liabilities	194 191	210 929	405 120

34. Related parties

The Bank is controlled by Afcarme Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 68% (2016:68%) 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 made with group companies are at market interest rates.

34.1 Directors and key management compensation

	30.06.2017 US$000	30.06.2016 US$000
Salaries and other short term benefits	1 181	1 055
Post-employment benefits	97	72
Share based payments	29	30
Total	1 307	1 157

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

34.2 Loans to directors and key management

	30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
Loans outstanding at I January	1 444	574	574
Loans issued during the period	376	346	1 169
Loans repayments during the period	(153)	(76)	(299)
Loans outstanding at end of period	1 667	844	1 444
Interest earned	52	23	64

Of the loans advanced to directors and other key management personnel US$1,173,556 is secured and repayable over 7-18 years. The balance of US$466,135 is unsecured and repayable monthly over 4 years at average interest rates of 6.3% (2016:6.3%). Loans and advances to non-executive directors during the half year ended 30 June 2017 were US$27,371 (2016: US$61,918) repayable within 4 years at average interest rates of 11%.

No impairment losses have been recognised in respect of loans advanced to related parties (2016:nil)

34.3 Deposits from directors and key management

	30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
Deposits at I January	141	120	120
Deposits received during the period	2 456	1 212	4 398
Deposits repaid during the period	(2 009)	(1 124)	(4 377)
Deposits at end of period	588	208	141

34.4 Balances with group companies

	30.06.2017 US$000	30.06.2016 US$000	31.12.2016 US$000
Bank balances due from group companies	6 049	5 425	2 865
Bank balances due to group companies	(18)	(122)	(2 586)
Other balances due from group companies	38	195	151
Other balances due to group companies	(235)	-	(203)
Total	5 834	5 498	227

34.5 Foreign exchange contracts and swaps with related parties

	Up to 1 month US$000	1-3 months US$000	Total contract values US$000
ABSA	707	-	707
Barclays Bank of Botswana	8	-	8
Barclays PLC London	1 181	-	1 181
At 30 June 2017	1 896	-	1 896
At 30 June 2016	10 089	-	10 089

34.6 Balances with related parties – related through common directorship

	Deposits 30.06.2017 US$000	Loans and advances 30.06.2017 US$000	Deposits 30.06.2016 US$000	Loans and advances 30.06.2016 US$000	Deposits 31.12.2016 US$000	Loans and advances 31.12.2016 US$000
Total	34 886	7 713	28 146	23 970	29 047	31 337
Current	34 886	1 897	28 146	13 807	29 047	29 337
Non-current	-	5 816	-	10 163	-	2 000
Total	34 886	7 713	28 146	23 970	29 047	31 337

Repayments on the loans to the related parties were made on due dates. New loans were also granted. The balances were assessed and no impairment losses have been recognised for balances with related parties through common directorship/trusteeship.

35. Assets under administration

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

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

36. 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 results on a going concern basis is still appropriate.

37. Events after the reporting date

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

38. Barclays Bank PLC divesture

Barclays Bank PLC ("BBPLC") announced that it had entered into an agreement of sale with FMB Capital Holdings PLC in May 2017 relating to the disposal of its majority stake in Barclays Bank of Zimbabwe. The transaction is awaiting regulatory approvals.