BARCLAYS

Barclays Bank of Zimbabwe Limited
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Unaudited Financial Results for the half year ended 30 June 2016

Chairman's Statement

The Bank is reporting results for the first half of 2016 that show improvement over same period last year on most indicators. The macroeconomic environment, however, continued to present significant challenges that are projected to remain as headwinds into the second half. The Board continued to review the Bank's strategy progressively to ensure that it remains relevant and effective under the changing environment.

The macroeconomic context

Macro-economic performance has remained weak. Export earnings have continued to suffer from the effect of weak commodity prices and uncompetitive exports whilst imports remain too high. The effect of the drought was to increase the need to import basic food whilst generation of the cheaper hydropower was lower than usual. The fact that the currencies of economies of neighbouring countries and other source markets are generally weaker than our predominant currencies did not assist the balance of trade position. The trade deficit continues to erode the capacity of the economy to sustain foreign payments and to secure desired levels of cash imports, under the multicurrency system. Industry production levels remained depressed whilst disposable incomes for individuals also remained under pressure. Credit risk in the market therefore remained high whilst disciplined borrowers amongst businesses and individuals also sought to constrain their drawdowns on loan facilities.

The Reserve Bank of Zimbabwe (RBZ) introduced a number of measures during the period to address the challenges that emerged. Cash withdrawal limits were introduced alongside enhanced controls on foreign payments. Consistent with the Financial Inclusion strategy, the RBZ promoted use of plastic money across the economy. Such measures succeeded to ensure that the industry was able to service its customers on multiple channels over the period under review. Over and above the industry measures Barclays Bank of Zimbabwe adopted strategies to sustain competitive service levels across all its customer segments.

Barclays Bank of Zimbabwe, even within this context, remains confident that the economy carries huge potential to be realised into the future and that within its strategy it will successfully tap into pockets of opportunities that exist.

Barclays Bank PLC intention to divest from the bank

On 1 March 2016, Barclays Bank PLC announced its intention to divest from Barclays Africa, including Barclays Bank of Zimbabwe Limited. The major shareholder announced that intention which is still to evolve into specific transaction steps. As soon as there are any significant developments to this end, customers, members and interested stakeholders will be duly advised.

The Bank has, however, continued to carry out its business as usual accessing the full support of the Barclays Group wherever required. The Bank continued to invest in its technology platforms and service channels. New products were launched, including the mortgage loan product with tenors of up to 20 years. Planned branch refurbishments are continuing. The business has sustained its growth trajectory and performed in line with its plans whilst ensuring that it has maintained strong credit and enterprise risk management discipline.

Earnings

The Bank registered a profit after tax of US$3.3million translating to a basic earnings per share of 0.15 cents for the period (2015 – 0.06 cents per share).

The Bank's business model has remained consistent over the period. Revenue growth is underpinned by higher interest earning assets and transaction volumes. The Bank has largely contained its scale of operations to remain scalable. The lending philosophy of the Bank continues to be anchored on preserving the quality of the loan book, for long term sustainability.

Capital adequacy and liquidity

The Bank's plan to meet the 2020 minimum core capital level of US$100 million is hinged primarily on profit growth and retention. As at 30 June the Bank's total capital adequacy ratio closed at 21% which is above the regulatory minimum of 12%. Similarly the Bank's liquidity ratio at 69% closed the period at more than twice the regulatory minimum of 30%.

The Bank was awarded an external credit rating of AA- (2015 : AA-)on the long term security class. Whilst the rating outlook was assessed as negative, in view of anticipated developments, the Bank remains confident in its long established liquidity management policies and procedures as evidenced by the strong liquidity indicators it has sustained over time.

Community involvement

Despite the challenges the business has faced, citizenship remains a strategic imperative for the Bank. The Bank renewed its anchor community investment programs including the partnership with the Zimbabwe Farmer's Union which is in its second year and running up to a cumulative investment value of US$400,000. The Bank's colleagues continue to be involved in volunteerism activities that have benefitted youths across a number of locations in the country under the community investment theme of 'Ready to Work'.

Governance

The Banking Amendment Act, 2015 was promulgated on 13 May 2016. The Board has reviewed its requirements with new Board members receiving formal training on it. The Board is already taking measures to ensure that the new Banking Amendment Act, 2015 requirements are embedded.

In view of the increasing demands on Boards for banking institutions and in order to manage succession into the future, four new directors who had been appointed to the Board in terms of Article 109 of the Articles of Association were confirmed at the Annual General Meeting held on 5 May 2016. May I take this opportunity to formally welcome to the Board Messrs Busisa Moyo and Sydney Mtsambiwa and Mesdames Tembiwe Moyo and Sara Moyo. We believe the new directors possess strong knowledge and experience that will serve to strengthen the Board.

Going forward

There are significant headwinds going into the second half. The Bank continues to aim for growth based on sustained focus to serve its customers and to preserve its client relationships. The Board will continue to monitor and review the Bank's strategy to ensure it adapts to any fundamental changes in the macroeconomic environment.

Dividend

The Bank needs to continue to grow its capital base to sustain planned growth and therefore does not propose a dividend for the period under review.

A.S. Mandiwanza
Chairman
3 August 2016

Managing Director's Review of Operations

Our long term strategy to remain relevant, scalable and sustainable has strengthened our business model in pursuit of our Purpose to become the 'Go-To' Bank.

Our performance

The period under review has seen an improved performance compared to the same period last year. We have managed to maintain a low cost of funding. Our sustained focus on customer service and client relationship management has seen an increase in confidence levels, reflected in the growth of our deposits. This is also indicative of a robust suite of products and services that have performed well amidst market uncertainty emerging from the first quarter of the year. Our strategic thrust remains the same and continues to yield favourable results.

Interim results indicate a growth in net interest income of 12.1% driven by customer loans and advances. Net fee and commission income saw an increase of 7.9%. Net operating income also grew by 14.6%. This was primarily driven by growth in transactional volumes as well as a stronger performance registered in treasury products.

Faster growth in deposits and controlled loan facility utilisation by customers saw a decline in the loan to deposit ratio from 62% at December 2015 to 47% at June 2016. Our efforts remained focused on preserving a quality loan book against the challenging macro-economic environment. Despite a maturing retail book we have managed to further reduce the level of non-performing loans. Consistent to our strategy to remain sustainable and scalable, we have maintained focus on containing infrastructure and operational costs.

We continue to focus on initiatives to grow the Business Banking and SME book on the back of facilities that we have arranged with global organisations and large corporate entities. Through this segment we aim to contribute significantly to the financial inclusion agenda. For example, we have supported over 4 500 small scale farmers through loan facilities to outgrower schemes.

We seek to continue our strategy to improve the yields on our balance sheet. We will also continue to focus on controlling the risks that the bank could face in the wake of a deteriorating macro-economic environment.

Making lives much easier

Consumers are living in a new period of technological advancement that has seen our customers demand more convenience, speed and efficiency. During the period under review, our goal to further enhance operational efficiencies resulted in the successful transition from traditional banking methods to a paperless environment in all branches and service centres.

The industry experienced cash challenges over the period under review. We are committed to continue efforts to ease the pressure on our customers by offering alternative ways to transact, as well as improve our cash handling logistics to minimise the queues within our network. We offer our customers weekly cash withdrawal limits so that they do not have to visit branches daily. We also sustain our efforts and measures to assist our customers effect their cross border payments.

We have taken important steps to ensure customer confidence through the introduction of new products. Our recently launched 20-year Mortgage product offers a three-pronged suite; outright purchase, equity release and home improvement. In addition, we introduced Budget and Group Savings Accounts. An improved penetration rate on our e-channels was seen as we continue to on-board billers and offer digital solutions to customers.

We are continuing enhancements towards ensuring seamless transacting capabilities on various platforms. Further improvement on our card offering will be delivered by the expansion of our POS footprint.

The first half saw us continue with branch refurbishments with the Kadoma branch being completed and the Zvishavane Branch being started. We continued to invest in Information Technology Infrastructure to support more efficient processes within our network and improved customer experience.

Building colleague careers

Our success is dependent on the building of colleague careers within the Bank. Continuous efforts in learning and development through various role-related training programmes across the franchise remain the bedrock of creating a sustainable and high performing organisation.

A number of colleagues had the opportunity to go on secondment or attend training within the regional Barclays offices in Treasury, Risk, Finance and Commercial Banking departments. We support young people through a robust Graduate Trainee programme. In addition our yearly internship Programme provides a number of university students from across the country, with opportunity to gain work experience over a twelve month period.

Connecting with communities

Our two-year flagship partnership with Zimbabwe Farmers Union valued at over US$400 000, under the 'Fit for Life' programme has impacted over 24 000 young farmers at 100 centres across the country. This project has become a source of livelihood and employment creation as it has provided an opportunity for disadvantaged youths to be re-integrated into formal systems.

Our Enterprise Skills Development program is further extended through our partnership with The BOOST Fellowship where 500 youths will be equipped with holistic business development skills guided through the essential steps of entrepreneurship. Our alliance with Junior Achievement Zimbabwe provides the Primary and High School youth with work readiness and business training that prepares them for the next stages in their lives. Colleague volunteerism remained at the core of employee activities and saw over 240 colleagues devote a total of 1093 volunteer hours through various community projects in addition to our strategic partnerships

Our future

Our colleagues and our customer relationships built over the last 104 years, provide the opportunity for us to continue to successfully serve our stakeholder into the future. We also continue to review our systems and processes against best practice to ensure sustained competitiveness.

Operating within an uncertain economic environment continues to pose challenges as we get into the second half. We remain confident to continue to grow our customer base and to roll out new products and channel initiatives for the benefit of our customers. Whilst we navigate the short term challenges we will remain focused on long term sustainability of the Bank.

G.T. Guvamatanga
Managing Director
3 August 2016

Unaudited Financial Results for the half year ended 30 June 2016

Corporate Governance Statement

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

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

Main Board

The Board of Directors is led by an independent non-executive Chairman, thereby ensuring effective and constructive checks and balances between executive management and the Board. The Board of Directors held five (5) Board meetings over the six months to 30 June 2016. Special focus was given to the strategy of the Bank with one (1) of the Board meetings being a strategy review meeting. The Board comprises two executive directors and eight non-executive directors.

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

Audit and Risk Committee

The primary functions of the Committee are to review the Bank's accounting policies, the contents of the financial reports, disclosure controls and procedures, management's approach to internal controls, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, oversee the relationship with the Bank's external auditors, as well as providing assurance to the Board that management's control assurance processes are being implemented and are complete and effective. At each meeting, the Committee reviews reported and noted weaknesses in controls and any deficiencies in systems and the remediation plans to address them. The Committee also monitors the ethical conduct of the Bank, its executives and senior officers and advises the Board as to whether or not the Bank is complying with the aims and objectives for which it has been established. During the period under review, there were no material losses as a result of internal control breakdowns. The committee wholly comprises independent non-executive directors. The members of the Committee as at 30 June 2016 were:-

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

Board Credit Committee

The Board Credit Committee is tasked with the overall review of the Bank's lending policies. At each meeting, the Committee deliberates and considers loan applications beyond the discretionary limits of management. It ensures that there are effective procedures and resources to identify and manage irregular or problem credit facilities, minimise credit loss and maximise recoveries. It also directs, monitors, reviews and considers all issues that may materially impact on the present and future quality of the Bank's credit risk management. The Committee comprises one executive member and three independent non-executive directors. The members of the Committee as at 30 June 2016 were:-

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

Loans Review Committee

This Committee has the overall responsibility for the review of the quality of the Bank's loan portfolio to ensure that the lending function conforms to sound lending policies and keeps the Board and management adequately informed on noted risks. It assists the Board with discharging its responsibility to review the quality of the Bank's loan portfolio. At every meeting, it reviews the quality of the loan portfolio with a view to ensuring compliance with the banking laws and regulations and all other applicable laws as well as internal policies. The Committee comprises three non-executive directors and one executive director. The members of the Committee as at 30 June 2016 were:-

C.F. Dube (Chairman)
B. Moyo
S. N. 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 non-executive directors and one executive director. The members of the Committee as at 30 June 2016 were:-

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

Executive Committee (EXCO)

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

Assets and Liabilities/Treasury Committee

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

Operational Risk and Control Committee

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

Board evaluation

The Board conducts an annual peer based performance evaluation of the effectiveness of its operations. The process entails the members collectively evaluating the effectiveness of the Board as well as each other individually as members. The evaluation considers specific criteria such as structure of the Board, effectiveness of committees, strategic leadership, corporate responsibility, attendance and participation of members and overall weaknesses noted. Action plans are put in place to address identified weaknesses with a view to continuously improving the performance of the Board and the individual members. The Board Evaluation for 2015 was conducted and concluded in the first quarter of 2016. The outcome of the 2015 Board Evaluation exercise was shared with the Reserve Bank of Zimbabwe, per regulatory requirement in March 2016.

Directors shareholding

The following is a schedule of the directors' shareholdings in the Bank as at 30 June 2016;

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

Half year financial results

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

Board and committees attendance for the half year of 2016

Main Board

Name	Total Meetings (Required)	Present	Absent
A. S. Mandiwanza	5	4	1
C. F. Dube	5	5	Nil
E. Fundira	5	5	Nil
B. Moyo	5	5	Nil
S. D. Mtsambiwa	5	4	1
A.I. Lawson	5	5	Nil
T. Moyo*	3	3	Nil
S.N. Moyo*	3	3	Nil
G. T. Guvamatanga	5	5	Nil
S. Matsekete	5	5	Nil

Audit Committee

Name	Total Meetings	Present	Absent
A. I. Lawson	3	3	Nil
E. Fundira	3	3	Nil
C. F. Dube	3	3	Nil
B. Moyo	3	3	Nil

Human Resources & Nominations Committee

Name	Total Meetings	Present	Absent
C.F. Dube	2	2	Nil
A.S. Mandiwanza	2	2	Nil
S. D. Mtsambiwa	2	2	Nil
G. T. Guvamatanga	2	2	Nil

Credit Committee

Name	Total Meetings	Present	Absent
E. Fundira	6	6	Nil
S. D. Mtsambiwa	2	0	2
G.T. Guvamatanga	6	6	Nil

Loans Review Committee

Name	Total Meetings	Present	Absent
C. F. Dube	2	2	Nil
A. I. Lawson	2	2	Nil
B. Moyo	2	1	1
S. Matsekete	2	2	Nil

* The two directors Sara N. Moyo and Tembiwe Moyo were appointed onto the Board in March 2016 and thus only attended Main Board meetings conducted in the second quarter of 2016.

* The composition of Board Committees was reconstituted on 31 May 2016 after the first half year of 2016 meetings were conducted. As such Board composition as at 30 June 2016 is different from that which was expected to attend the meetings.

By Order of the Board

Acting company secretary

3 August 2016

Unaudited Financial Results for the half year ended 30 June 2016

Statement of Comprehensive Income
for the half year ended 30 June 2016

	Notes	2016 US$000	2015 US$000
Interest income	2	8 915	7 993
Interest expense	3	(195)	(213)
Net interest income		8 720	7 780
Net fee and commission income	4	13 650	12 656
Net trading income	5	2 649	1 252
Net investment income	6	34	32
Other income	7	231	253
Total income		25 284	21 973
Impairment losses on loans and advances	11	(388)	(256)
Net operating income		24 896	21 717
Staff costs	8	(11 048)	(11 040)
Infrastructure costs	9	(4 364)	(4 371)
Administration and general expenses	10	(4 900)	(4 226)
Operating expenses		(20 312)	(19 637)
Share of profits of joint venture		-	119
Profit before tax		4 584	2 199
Taxation	12	(1 307)	(900)
Profit for the period		3 277	1 299
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets			
Net change in fair value on available-for-sale financial assets during the period		(116)	(18)
Deferred tax		19	3
Total other comprehensive loss for the period, net of tax		(97)	(15)
Total comprehensive income for the period		3 180	1 284
Basic earnings per share (cents)		0.15	0.06
Diluted earnings per share (cents)		0.15	0.06

Statement of Financial Position
as at 30 June 2016

	Notes	30.06.2016 US$000	30.06.2015 US$000	31.12.2015 US$000
Assets				
Cash and bank balances	13	139 170	79 287	75 629
Derivative financial instruments	14	3	20	45
Available for sale investments	15	32 929	30 275	32 054
Loans and advances to banks	16	5 109	663	4 275
Loans and advances to customers	17	126 534	125 315	141 071
Held to maturity investments	18	-	4 171	-
Other assets	19	6 523	30 446	5 088
Property and equipment	20	20 914	21 275	21 332
Investment properties	21	5 250	5 580	5 250
Investment in joint venture	22	-	14 652	-
Non-current asset held for sale	23	14 273	-	14 272
Current tax assets		211	51	295
Total assets		350 916	311 735	299 311
Liabilities				
Derivative financial instruments	14	21	12	49
Deposits from banks	24	756	1 106	238
Deposits from customers	25	279 674	222 966	233 973
Provisions	26	1 594	1 819	1 585
Other liabilities	27	8 842	32 005	6 623
Deferred tax liabilities		2 467	2 493	2 508
Due to Group companies	35	122	701	136
Total liabilities		293 476	261 102	245 112
Capital and reserves				
Share capital	28	215	215	215
Share premium	28	23 642	23 642	23 642
Non-distributable reserve		7 785	7 785	7 785
Available for sale reserve		260	58	357
Revaluation reserve		3 550	3 077	3 609
Share-based payment reserve		1 114	1 026	1 053
Retained income		20 874	14 830	17 538
Total equity		57 440	50 633	54 199
Total equity and liabilities		350 916	311 735	299 311

Statement of Cash Flows
for the half year ended 30 June 2016

	Notes	30.06.2016 US$000	30.06.2015 US$000	31.12.2015 US$000
Cash flow from operating activities				
Profit before income tax		4 584	2 199	5 765
Adjustments for non-cash items:				
Depreciation of property and equipment	9	1 190	1 091	2 260
Impairment of equipment		-	-	1
Impairment losses on loans and advances	11	388	256	1 678
(Profit)/ loss on disposal of property and equipment	7	(52)	20	(109)
Effect of fair value (gain)/ loss on investment property and share of (profit)/ loss of joint venture		-	(119)	556
Interest accrual on investments		(1 067)	(583)	(1 447)
Staff loan prepayment amortisation		(6)	(8)	(2)
Post-retirement medical aid fund provision		493	246	1 100
Share based payment expense		61	65	92
Net derivative liabilities/ (assets)		18	(8)	4
Cash flow from operating activities before changes in working capital		5 609	3 159	9 898
Decrease/ (increase) in loans and advances to customers		14 149	(3 907)	(21 092)
(Increase)/ decrease in other assets		(1 435)	1 808	27 166
Increase in deposits from customers		45 701	16 567	27 573
Increase/ (decrease) in other liabilities		1 776	467	(26 476)
Income taxes paid		(1 319)	(1 277)	(2 756)
Net cash generated from operating activities		64 481	16 817	14 313
Cash flow from investing activities				
Purchase of property and equipment	20	(917)	(2 365)	(3 614)
Proceeds from sale of property and equipment		197	33	1 069
Dividend received		34	-	515
Purchase of investment securities		(5 030)	(28 003)	(32 611)
Proceeds from sale of investments		4 098	5 181	9 280
Net cash used in investing activities		(1 618)	(25 154)	(25 361)
Net increase/ (decrease) in cash and cash equivalents		62 863	(8 337)	(11 048)
Cash and cash equivalents at the beginning of the year		75 432	86,480	86 480
Cash and cash equivalents at the end of the period	13	138 295	78 143	75 432

Statement of Changes in Equity
for the half year ended 30 June 2016

	Share capital US$000	Share premium US$000	Available for sale reserve US$000	Non-distributable reserve US$000	Property revaluation reserve US$000	Retained income US$000	Share option reserve US$000	Total equity US$000
Balance at 1 January 2016	215	23 642	357	7 785	3 609	17 538	1 053	54 199
Profit for the period	-	-	-	-	-	3 277	-	3 277
Other comprehensive income for the period	-	-	(97)	-	-	-	-	(97)
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	260	7 785	3 550	20 874	1 114	57 440

	Share capital US$000	Share premium US$000	Available for sale reserve US$000	Non-distributable reserve US$000	Property revaluation reserve US$000	Retained income US$000	Share option reserve US$000	Total equity US$000
Balance at 1 January 2015	215	23 642	73	7 785	3 103	13 505	960	49 283
Profit for the period	-	-	-	-	-	1 299	-	1 299
Other comprehensive income for the period	-	-	(15)	-	-	-	-	(15)
Total comprehensive income for the period	-	-	(15)	-	-	1 299	-	1 284
Recognition of share-based payments	-	-	-	-	-	-	66	66
Realisation of revaluation surplus	-	-	-	-	(26)	26	-	-
Balance at 30 June 2015	215	23 642	58	7 785	3 077	14 830	1 026	50 633

Unaudited Financial Results for the half year ended 30 June 2016

Notes to the Financial Results
for the half year ended 30 June 2016

1. Basis of preparation

The Bank's unaudited financial results have been prepared in accordance with 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 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 2015.

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) The liability for pensioner's medical aid is recognised at the present value of expected future medical payments based on employee life expectancy;
(iv) Derivative assets/liabilities measured at fair value; and
(v) Buildings are measured using the revaluation model. Revaluation is performed after every 3 years.

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 half year financial results are consistent with the most recent financial statements for the year ended 31 December 2015.

		30.06.2016 US$000	30.06.2015 US$000
2.	Interest income		
	Bank balances	30	-
	Investment securities	1 149	649
	Loans and advances to customers	7 736	7 344
	Total interest income	8 915	7 933
3.	Interest expense		
	Deposits from banks	-	(1)
	Deposits from customers	(195)	(212)
	Total interest expense	(195)	(213)
4.	Net fee and commission income		
	Fee and commission income		
	Account activity fees/ledger fees	5 071	5 225
	Insurance commission received	96	98
	Commission received	3 573	2 723
	Guarantees	97	48
	Card based transaction fees	1 881	2 021
	Cash withdrawal fees	3 036	2 667
	Total fee and commission income	13 754	12 782
	Fee and commission expense		
	Guarantee expense	(104)	(126)
	Total fee and commission expense	(104)	(126)
	Net fee and commission income	13 650	12 656

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

		30.06.2016 US$000	30.06.2015 US$000
5.	Net trading income		
	Net foreign exchange income	2 649	1 252
	Net trading income	2 649	1 252
6.	Net investment income		
	Dividend income	34	32
	Net investment income	34	32
7.	Other income		
	Gain on disposal of property and equipment	52	-
	Rental income	179	253
	Total other income	231	253
8.	Staff costs		
	Salaries and allowances	(8 949)	(9 242)
	Social security costs	(97)	(101)
	Share options granted to directors and employees	(61)	(65)
	Pension costs: defined contribution plans	(947)	(855)
	Post-retirement medical aid fund provision	(493)	(246)
	Directors` remuneration - for services as management	(501)	(531)
	Total staff cost	(11 048)	(11 040)
9.	Infrastructure costs		
	Repairs and maintenance	(562)	(712)
	Other property costs	(860)	(790)
	Security costs	(584)	(595)
	Depreciation of property and equipment	(1 190)	(1 091)
	Operating lease rentals	(1 168)	(1 183)
	Total infrastructure costs	(4 364)	(4 371)
10.	Administrative and general expenses		
	Auditors' remuneration:		
	Audit related services	(149)	(170)
	Total auditor related fees	(149)	(170)
	Consultancy, legal and professional fees	(246)	(154)
	Subscription, publications, stationery and communications	(1 585)	(1 529)
	Marketing, advertising and sponsorship	(313)	(213)
	Travel and accommodation	(325)	(375)
	Entertainment	(25)	(45)
	Cash transportation	(587)	(359)
	Directors fees	(86)	(70)
	Insurance costs	(850)	(625)
	Other administrative and general expenses	(734)	(686)
	Total administrative and general expenses	(4 900)	(4 226)
11.	Impairment losses on loans and advances		
	Identified	(658)	(322)
	Unidentified	270	66
	Impairment charged during the reporting period	(388)	(256)
12	Income taxes		
	Income tax recognised in profit or loss		
	Current tax		
	Normal tax – current year	(1 358)	(1 049)
	Normal tax – prior year adjustments	-	(86)
		(1 358)	(1 135)
	Deferred tax		
	Deferred tax expense recognised during the period	51	235
		51	235
	Total income tax recognised during the period	(1 307)	(900)

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% (2015:25.75%).

		30.06.2016 US$000	30.06.2015 US$000	31.12.2015 US$000
13.	Cash and bank balances			
	Balances with central bank	126 283	48 854	52 926
	Cash on hand	7 383	22 054	12 617
	Balances due from group companies	5 425	8 153	9 311
	Other bank balances	79	226	775
	Cash and bank balances	139 170	79 287	75 629
	Loans and advances to banks	3	663	177
	Bank balances due to group companies	(122)	(701)	(136)
	Deposits from other banks	(756)	(1 106)	(238)
	Total cash and cash equivalents – statement of cash flows	138 295	78 143	75 432

Cash and cash equivalents comprise cash in hand, deposits held at call with other banks and other short-term highly liquid investments and other balances with maturities of three months or less.

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.

	National contract amount US$000	Assets US$000	Liabilities US$000
30.06.2016			
Foreign exchange derivatives			
Forward foreign exchange	2 553	3	21
Total foreign exchange derivatives	2 553	3	21
31.12.2015			
Foreign exchange derivatives			
Forward foreign exchange	4 650	6	9
Currency swap	420	39	40
Total foreign exchange derivatives	5 070	45	49

		30.06.2016 US$000	30.06.2015 US$000	31.12.2015 US$000
15.	Available for sale investments			
	Treasury bills	1 626	30 180	1 643
	Corporate bond	30 287	-	29 248
	Equity securities	1 016	95	1 163
	Balance at end of period	32 929	30 275	32 054
	Balance at beginning of the period	32 054	6 954	6 954
	Additions	30	28 003	28 498
	Disposals	-	(5 181)	(5 182)
	Accrued interest	961	517	1 447
	Changes in fair value	(116)	(18)	337
	Balance at end of period	32 929	30 275	32 054
16.	Loans and advances to banks			
	Gross loans and advances to banks	5 106	663	4 098
	Items in course of collection	3	-	177
	Total carrying amount of loans and advances to banks	5 109	663	4 275

		Retail Banking US$000	Business Banking US$000	Corporate and Investment Banking US$000	Total US$000
17.	Loans and advances to customers				
	30.06.2016				
	Personal and term loans	45 443	4 115	59 602	109 160
	Overdrafts	914	2 686	18 675	22 275
	Interest in suspense	-	(253)	-	(253)
	Gross loans and advances to customers	46 357	6 548	78 277	131 182
	Less: allowance for impairment				
	Identified impairment	(1 211)	(611)	-	(1 822)
	Unidentified impairment	(415)	(368)	(2 043)	(2 826)
	Total	(1 626)	(979)	(2 043)	(4 648)
	Net loans and advances to customers	44 731	5 569	76 234	126 534
	31.12.2015				
	Personal and term loans	44 807	6 541	65 867	117 215
	Overdrafts	577	4 348	23 585	28 510
	Interest in suspense	-	(304)	-	(304)
	Gross loans and advances to customers	45 384	10 585	89 452	145 421
	Less: allowance for impairment				
	Identified impairment	(617)	(637)	-	(1 254)
	Unidentified impairment	(827)	(501)	(1 768)	(3 096)
	Total	(1 444)	(1 138)	(1 768)	(4 350)
	Net loans and advances to customers	43 940	9 447	87 684	141 071

		30.06.2016 US$000	30.06.2015 US$000	31.12.2015 US$000
18.	Held to maturity investments			
	Balance at beginning of the period	-	4 098	4 098
	Disposals	-	-	(4 098)
	Accrued interest	-	73	-
	Balance at end of the period	-	4 171	-
19.	Other assets			
	Prepayments and stationery	2 432	1 538	1 284
	Card transactions	2 912	3 225	2 636
	Other debtors	60	259	195
	Receivable from Group	195	253	160
	Staff loans market interest rate adjustment	924	1 033	813
	RBZ linked client balances	-	24 138	-
	Total	6 523	30 446	5 088

Included in other assets in June 2015 is US$24,138,023 relating to treasury bills and accrued interest for exporters` funds. In 2015 the Debt Assumption bill was signed into law which allowed the Government of Zimbabwe to take over the above debt. The takeover of the debt by the government and the immunity provided to banks in the Act extinguished the Bank's obligations related to the exporters' funds. The Bank derecognised the funds from the Statement of Financial Position in December 2015 and now reports in respect of its administrative role over the treasury bills.

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		Land and buildings US$000	Computers US$000	Equipment US$000	Furniture and fittings US$000	Motor vehicles US$000	Total US$000
20	Property and equipment						
	30 June 2016						
	Balance at beginning of the year	15 644	2 786	524	709	1 669	21 332
	Additions	-	344	53	35	485	917
	Disposals	(152)	-	-	(30)	(84)	(266)
	Depreciation charge on disposals	13	-	-	26	82	121
	Depreciation charge	(145)	(444)	(149)	(92)	(360)	(1 190)
	Carrying amount at end of the period	15 360	2 686	428	648	1 792	20 914
	Cost or valuation	15 518	5 349	2 366	1 287	4 610	29 130
	Accumulated depreciation and impairment	(158)	(2 663)	(1 938)	(639)	(2 818)	(8 216)
	Carrying amount at end of the period	15 360	2 686	428	648	1 792	20 914

Property and equipment was subjected to impairment testing by comparing carrying amounts at the reporting date, with market prices quoted for similar assets and adjusted for different ages and also internal evaluation of obsolescence of equipment. Revaluation takes place after every three years. Land and buildings were revalued on 31 December 2015 by independent valuers. If buildings were stated on the historical cost basis, the carrying amount would be US$11,704,612 (2015: US$12,623,681). No items of property and equipment were pledged as collateral as at 30 June 2016.

		30.06.2016 US$000	30.06.2015 US$000	31.12.2015 US$000
21	Investment properties			
	Fair value			
	Balance at beginning of the period	5 250	5 580	5 580
	Changes in fair value	-	-	(330)
	Balance at the end of the period	5 250	5 580	5 250
	Rental income derived from investment properties	179	253	461

Investment property comprises commercial properties that are leased to third parties. No contingent rents are charged. Rental income from investment property of US$178,964 (2015: US$253,235) is recognised in other income in the Statement of Comprehensive Income.

The fair value of investment property was determined by external, independent property valuers, having the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Bank`s investment property portfolio annually. The last valuation of investment property was at 31 December 2015.

The fair value measurement of the investment property has been categorised as Level 3 in the fair value hierarchy (Note 33) based on the inputs to the valuation technique used.

22. Joint venture

The Bank has a 50% interest in Makasa Sun (Private) Limited, a jointly controlled entity which owns a property in Victoria Falls. Makasa Sun (Private) Limited is incorporated in Zimbabwe. The Bank's interest in Makasa Sun (Private) Limited is accounted for using the equity method in the financial statements.

Name of joint venture	Proportion of ownership interest and voting power held 30.06.2016	30.06.2015	Carrying amount US$000 30.06.2016	US$000 30.06.2015
Makasa Sun (Private) Limited	50.00%	50.00%	-	14 652
			-	14 652

The Bank had entered into an agreement of sale to dispose of its 50% shareholding in Makasa Sun (Private) Limited effective 31 December 2015 subject to a number of conditions to be fulfilled. The agreement has since lapsed and the key conditions of the agreement of sale are currently being negotiated. The joint venture is classified as non-current asset held for sale as shown in Note 23 below.

		30.06.2016 US$000	30.06.2015 US$000	31.12.2015 US$000
23	Non-current asset held for sale			
	Investment in joint venture	14 273	-	14 272
	Total	14 273	-	14 272

Upon reclassification of the investment in joint venture referred to in Note 22, the asset was measured at fair value. Expected disposal transaction costs of US$450,000 were recognised in the Statement of comprehensive income in 2015.

		30.06.2016 US$000	30.06.2015 US$000	31.12.2015 US$000
24	Deposits from banks			
	Items in the course of collection	756	1 106	238
	Total	756	1 106	238

		Retail banking US$000	Business banking US$000	Corporate and investment banking US$000	Total US$000
25	Deposits from customers				
	30.06.2016				
	Cheque account deposits	60 005	77 666	114 244	251 915
	Call deposits	686	902	11 416	13 004
	Savings and accounts	12 937	-	-	12 937
	Other	-	-	1 818	1 818
	Total	73 628	78 568	127 478	279 674
	31.12.2015				
	Cheque account deposits	63 566	73 203	66 478	203 247
	Call deposits	1 183	1 556	12 668	15 407
	Savings accounts	13 941	-	-	13 941
	Other	-	-	1 378	1 378
	Total	78 690	74 759	80 524	233 973

Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Fair value of deposits from customers approximates carrying amount because of their short tenure. Included in deposits from customers are deposits of US$1,751,726 (2015: US$1,377,341) held as collateral for loans advanced and letters of credit.

	30.06.2016 US$000	%	30.06.2015 US$000	%	31.12.2015 US$000	%
Concentration of customer deposits						
Trade and services	60 999	22	69 037	31	54 200	23
Energy and minerals	5 600	2	2 842	1	1 702	1
Agriculture	6 658	2	4 522	2	10 351	4
Construction and property	1 034	-	1 098	-	4 436	2
Light and heavy industry	51 851	19	25 213	11	38 404	16
Physical persons	73 628	26	82 024	37	78 690	34
Transport and distribution	55 260	20	28 265	13	29 482	13
Financial services	24 644	9	9 965	5	16 708	7
Total	279 674	100	222 966	100	233 973	100

		30.06.2016 US$000	30.06.2015 US$000	31.12.2015 US$000
26.	Provisions			
	Staff retention incentive	1 134	1 082	1 352
	Outstanding employee leave	460	737	233
	Total	1 594	1 819	1 585
27.	Other liabilities			
	Accrued expenses	2 155	3 416	1 412
	Amounts due to related parties	63	-	63
	Internal accounts including unpresented bank drafts	5 031	4 205	4 048
	RBZ linked client balances	-	24 138	-
	Post-retirement medical aid liability	1 593	246	1 100
	Total	8 842	32 005	6 623

		30.06.2016 US$000	30.06.2015 US$000	31.12.2015 US$000
28.	Share capital			
	Authorised share capital			
	5 000 000 000 (2015: 5 000 000 000) ordinary shares of USc0.01 per share.	500	500	500
	Issued share capital			
	2 153 320 176 (2015: 2 153 320 176) ordinary shares of USc0.01 per share per share.	215	215	215
	Share premium	23 642	23 642	23 642
	Total	23 857	23 857	23 857

The total authorised number of ordinary shares at year end was 5 billion (2015: 5 billion). The Bank's shares have a nominal value of USc0,01 from date of issue in United States dollars. The unissued share capital is under the control of the directors subject to the restrictions imposed by the Zimbabwe Companies Act (Chapter 24.03), the Zimbabwe Stock Exchange listing requirements and the Articles and Memorandum of Association of the Bank.

29. Financial instruments

Classification of financial assets and liabilities

	Held for trading US$000	Held to maturity investments 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 2016						
Cash and bank balances	-	-	139 170	-	-	139 170
Loans and advances to customers	-	-	126 534	-	-	126 534
Corporate bonds	-	-	-	30 287	-	30 287
Treasury bills	-	-	5 106	1 626	-	6 732
Unquoted equity securities	-	-	-	1 016	-	1 016
Items in course of collection from other banks	-	-	3	-	-	3
Forward exchange contracts	3	-	-	-	-	3
Total	3	-	270 813	32 929	-	303 745
Liabilities – 30 June 2016						
Customer deposits	-	-	-	-	279 674	279 674
Deposits from other banks	-	-	-	-	756	756
Forward exchange contracts	21	-	-	-	-	21
Total	21	-	-	-	280 430	280 451

	Held for trading US$000	Held to maturity investments 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 – 31 December 2015						
Cash and bank balances	-	-	75 629	-	-	75 629
Loans and advances to customers	-	-	141 071	-	-	141 071
Government bonds	-	-	4 098	-	-	4 098
Corporate bonds	-	-	-	29 248	-	29 248
Treasury bills	-	-	-	1 643	-	1 643
Unquoted equity securities	-	-	-	1 163	-	1 163
Items in course of collection from other banks	-	-	177	-	-	177
Forward exchange contracts	45	-	-	-	-	45
Total	45	-	220 975	32 054	-	253 074
Liabilities – 31 December 2015						
Customer deposits	-	-	-	-	233 973	233 973
Deposits from other banks	-	-	-	-	238	238
Forward exchange contracts	49	-	-	-	-	49
Total	49	-	-	-	234 211	234 260

30. Risk management

Financial risk management objectives

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

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

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

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

30.1 Capital risk management

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

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

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

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

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

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

	30.06.2016 US$000	30.06.2015 US$000	31.12.2015 US$000
Share capital	215	215	215
Share premium	23 642	23 642	23 642
Accumulated profits	20 874	14 830	17 538
Share option reserve fund	1 114	1 026	1 053
Available for sale reserve	260	58	357
Currency translation reserve	3 508	3 405	3 508
Total core capital	49 613	43 176	46 313
Less capital allocated for market and operational risk	(7 504)	(7 172)	(7 426)
Tier 1 capital	42 109	36 004	38 887
Currency translation reserve movement	4 277	4 380	4 277
Revaluation reserve	3 550	3 077	3 609
General provisions(limited to 1.25% of weighted risk assets)	2 826	1 767	3 095
Tier 2 capital	10 653	9 224	10 981
Total tier 1 & 2 capital	52 762	45 228	49 868
Market risk	319	312	317
Operational risk	7 185	6 860	7 109
Tier 3 capital	7 504	7 172	7 426
Total tier 1, 2 & 3 capital base	60 266	52 400	57 294
Less deductions from capital	(1 078)	(110)	(1 203)
Total capital base	59 188	52 290	56 091
Credit risk weighted assets	190 010	194 577	211 630
Operational risk equivalent assets	89 817	85 755	88 858
Market risk equivalent assets	3 988	3 897	3 967
Total risk weighted assets (RWAs)	283 815	284 229	304 455
Tier 1 capital ratio	15%	13%	13%
Tier 1 and 2 capital ratio	19%	16%	16%
Total capital adequacy ratio	21%	18%	18%

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

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

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

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

30.2 Market risk

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

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

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

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

The measurement techniques used to measure and control market risk include:
(i) Daily Value at Risk ("DVaR")
The Bank applies a 'value at risk' ("VaR") methodology to its banking portfolios to estimate the market risk of positions held if current positions were to be held unchanged for one business day.

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

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

The table below summarises the DVaR statistics for the Bank relating to currency stress.

One day risk Type of risk or activity	High US$`000	Medium US$`000	Low US$`000	Period-end US$`000
Currency	4	2	-	1
Aggregate VaR at 30 June 2016	4	2	-	1
Aggregate VaR at 31 December 2015	6	1	-	1

Two week risk Type of risk or activity	High US$`000	Medium US$`000	Low US$`000	Period-end US$`000
Currency	11	6	1	2
Aggregate VaR at 30 June 2016	11	6	1	2
Aggregate VaR at 31 December 2015	19	4	-	3

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

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

The Bank's interest income sensitivity is shown below:

Changes in interest	30.06.2016 Impact on earnings US$000	30.06.2016 Impact on capital US$000
1000bps increase in interest rates	15 315	15 315
1000bps decrease in interest rates	(15 315)	(15 315)
Benchmark	-	-

30.3 Interest rate risk

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

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

30 June 2016	Up to 1 month US$000	1 to 3 months US$000	3 to 6 months US$000	6 months to 1 year US$000	1 to 5 years US$000	Non-interest bearing US$000	Total US$000
Assets							
Cash and bank balances	139 170	-	-	-	-	-	139 170
Derivative assets	-	-	-	-	-	3	3
Available for sale investment	-	-	14	30 770	1 129	1 016	32 929
Loans and advances to banks	3	5 106	-	-	-	-	5 109
Loans and advances to customers	126 534	-	-	-	-	-	126 534
Other assets	-	-	-	-	-	6 523	6 523
Property and equipment	-	-	-	-	-	20 914	20 914
Investment property	-	-	-	-	-	5 250	5 250
Non-current assets held for sale	-	-	-	-	-	14 273	14 273
Current tax assets	-	-	-	-	-	211	211
Total assets	265 707	5 106	14	30 770	1 129	48 190	350 916
Liabilities							
Derivative liabilities	-	-	-	-	-	21	21
Deposits from Banks	-	-	-	-	-	756	756
Deposits from customers	271 625	6 940	-	1 109	-	-	279 674
Provisions	-	-	-	-	-	1 594	1 594
Other liabilities	-	-	-	-	-	8 842	8 842
Deferred income tax liabilities	-	-	-	-	-	2 467	2 467
Due to Group companies	122	-	-	-	-	-	122
Total liabilities	271 747	6 940	-	1 109	-	13 680	293 476
Interest rate re-pricing gap	(6 040)	(1 834)	14	29 661	1 129	34 510	57 440
Cumulative gap	(6 040)	(7 874)	(7 860)	21 801	22 930	57 440	

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

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

At 30 June 2016	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	133 945	998	2 949	1 278	139 170
Derivative financial instruments	3	-	-	-	3
Available for sale investments	32 929	-	-	-	32 929
Loans and advances to customers	126 534	-	-	-	126 534
Loans and advances to banks	5 109	-	-	-	5 109
Other assets	3 166	-	-	-	3 166
Total assets	301 686	998	2 949	1 278	306 911
Liabilities					
Derivative financial instrument	21	-	-	-	21
Deposits from banks	756	-	-	-	756
Deposits from customers	275 425	967	1 621	1 661	279 674
Other liabilities	7 434	252	170	92	7 948
Due to group companies	27	4	-	91	122
Total liabilities	283 663	1 223	1 791	1 844	288 521
Net currency positions	18 023	(225)	1 158	(566)	18 390

30.4 Credit risk

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

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

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

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

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

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

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

Identified impairment
Retail identified impairment is triggered when a contractual payment is missed. The impairment is calculated as Probability of Default (PD) x Loss Given Default (LGD) x Outstanding Amount. Higher PDs are applied to those customers who will have missed more contractual payments. Corporate identified impairment is calculated on accounts reflected on ELW3 (Category 3) and accounts currently going through a legal process. Impairment is calculated on an individual basis and is the difference between outstanding balance and present value of future cash flows including value of collateral.

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

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

Maximum exposure to credit risk stratification and analysis

30 June 2016	Loans and advances to banks US$000	Loans and advances to customers US$000	Guarantees provided US$000	Treasury bills and bonds US$000	Bank balances US$000	Other assets US$000	Total US$000
Credit exposure							
Neither past due nor impaired	5 109	128 433	4 084	31 913	131 071	3 167	303 777
Past due but not impaired	-	-	-	-	-	-	-
Individually impaired	-	802	-	-	-	-	802
Non-performing loans	-	2 200	-	-	-	-	2 200
Interest in suspense	-	(253)	-	-	-	-	(253)
Gross exposure	5 109	131 182	4 084	31 913	131 071	3 167	306 526

31 December 2015	Loans and advances to banks US$000	Loans and advances to customers US$000	Guarantees provided US$000	Treasury bills and bonds US$000	Bank balances US$000	Other assets US$000	Total US$000
Credit exposure							
Neither past due nor impaired	4 275	142 715	4 384	30 892	63 012	2 797	248 075
Past due but not impaired	-	-	-	-	-	-	-
Individually impaired	-	468	-	-	-	-	468
Non-performing loans	-	2 542	-	-	-	-	2 542
Interest in suspense	-	(304)	-	-	-	-	(304)
Gross exposure	4 275	145 421	4 384	30 892	63 012	2 797	250 781

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

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

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

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

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Loans and advances renegotiated
During the half year ended 30 June 2016, the Bank did not have any renegotiated loans and advances to customers and banks.

Impairment analysis and reconciliation

	Unidentified US$000	Identified US$000	Total US$000
30 June 2016			
Balance at beginning of the year	3 096	1 254	4 350
Bad debts written off	-	(90)	(90)
(Decrease)/increase in impairment allowance	(270)	658	388
Balance at 30 June 2016	2 826	1 822	4 648

	Unidentified US$000	Identified US$000	Total US$000
31 December 2015			
Balance at beginning of the year	1 833	872	2 705
Bad debts written off	-	(35)	(35)
Increase in impairment allowance	1 263	417	1 680
Balance at 31 December 2015	3 096	1 254	4 350

Loans and advances credit risk concentration

	30.06.2016		30.06.2015		31.12.2015	
Industry/Sector	US$000	%	US$000	%	US$000	%
Trade and services	14 148	11	21 973	17	21,606	15
Energy and minerals	9 534	7	-	-	1,677	1
Agriculture	11 481	9	11 260	9	12,690	9
Construction and property	2 842	2	-	-	3,368	2
Light and heavy industry	26 127	20	26 416	21	25,275	17
Physical persons	46 357	35	41 452	32	45,384	31
Transport and distribution	20 946	16	27 419	21	35,725	25
Total	131 435	100	128 520	100	145 725	100

30 June 2016 Industry/Sector	Total loans US$000	Past due/ Impaired loans US$000	Write offs/ (recoveries) US$000	Impairment allowance US$000
Trade and services	14 148	153	(18)	153
Energy and minerals	9 534	-	-	-
Agriculture	11 481	924	(833)	458
Construction and property	2 842	-	-	-
Light and heavy industry	26 127	-	-	-
Physical persons	46 357	1 123	85	1 211
Transport and distribution	20 946	-	-	-
Total	131 435	2 200	(766)	1 822

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 rest 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; and
- To maintain a contingency funding plan that is comprehensive.

Liquidity and interest risk tables
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; and
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; and
- Managing concentration of deposits.

	30.06.2016	30.06.2015	31.12.2015
Liquidity ratio	69%	49%	46%
Reserve Bank of Zimbabwe minimum	30%	30%	30%

Liquidity profiling as at 30 June 2016
The amounts disclosed in the table below are the contractual undiscounted cash flows. The assets which are used to manage liquidity risk, which is mainly cash and other treasury investments, are also included on the table based on the contractual maturity profile.

On balance sheet items as at 30 June 2016	Less than 1 month US$000	1-3 months US$000	3-6 months US$000	6-12 months US$000	1-5 years US$000	5+ years US$000	Total US$000	Carrying amount US$000
Assets (contractual maturity)								
Cash and bank balances	139 170	-	-	-	-	-	139 170	139 170
Derivative financial instruments	3	-	-	-	-	-	3	3
Available for sale investments	-	-	42	32 204	1 214	-	33 460	32 929
Loans and advances to banks	3	5 210	-	-	-	-	5 213	5 109
Loans and advances to customers	17 968	10 457	37 739	34 143	51 793	1 091	153 191	126 534
Other assets	3 166	-	-	-	-	-	3 166	6 523
Current income tax asset	-	211	-	-	-	-	211	211
Total assets	160 310	15 878	37 781	66 347	53 007	1 091	334 414	310 479
Liabilities (contractual maturity)								
Derivative financial instruments	21	-	-	-	-	-	21	21
Deposits from Banks	756	-	-	-	-	-	756	756
Deposits from customers	271 717	6 959	1 122	-	-	-	279 798	279 674
Provisions	460	-	439	695	-	-	1 594	1 594
Other liabilities	6 737	53	79	158	1 098	-	8 125	8 842
Due to Group companies	122	-	-	-	-	-	122	122
Total liabilities	279 813	7 012	1 640	853	1 098	-	290 416	291 009
Liquidity gap	(119 503)	8 866	36 141	65 494	51 909	1 091	43 998	
Cumulative liquidity gap	(119 503)	(110 637)	(74 496)	(9 002)	42 907	43 998	-	

31 Other risks

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

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

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

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

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

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

CAMELS ratings

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

Summary risk matrix - July 2012 onsite supervision

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

Interpretation of risk matrix
Level of inherent risk

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

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

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

Adequacy of risk management systems

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

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

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

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

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

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

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

External Credit Ratings

Rating agent	Latest credit ratings 2015/16	Previous credit ratings 2014/15	Previous credit ratings 2013/14
Global Credit Rating Co.	AA-	AA-	AA-

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

32 Financial instruments not measured at fair value

The disclosed financial assets and financial liabilities are measured at amortised cost, carrying amount approximate fair value because of the short term nature of some of the instruments. Loans and advances are at variable interest rates which are aligned to the market rates.

	30.06.2016		31.12.2015	
	Carrying amount US$000	Fair value US$000	Carrying amount US$000	Fair value US$000
Financial Assets				
Cash and bank balances	139 170	139 170	75 629	75 629
Loans and advances to banks	5 109	5 109	4 275	4 275
Loans and advances to customers	126 534	126 534	141 071	141 071
Total	270 813	270 813	220 975	22 975
Financial Liabilities				
Deposits from banks	756	756	238	238
Deposits from customers	279 674	279 674	233 973	233 973
Bank balances due to group companies	122	122	136	136
Total	280 552	280 552	234 347	234 347

33 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).

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30 June 2016	Level 1 US$000	Level 2 US$000	Level 3 US$000	Total US$000	Valuation techniques
Recurring fair value measurements					
Financial Assets					
Derivative assets	-	3	-	3	Discounted cash flow
Corporate bond	-	-	30 287	30 287	Bid/offer spread
Treasury bills	-	-	1 626	1 626	Discounted cash flow
Unquoted equity instruments	-	-	1 016	1 016	Discounted free cash flow
Total	-	3	32 929	32 932	
Financial Liabilities					
Derivative liabilities	-	21	-	21	Discounted cash flow
Total	-	21	-	21	
Non-financial assets					
Investment property	-	-	5 250	5 250	Discounted cash flow
Total	-	-	5 250	5 250	

Reconciliation of level 3 items

	Available for sale securities and equity instruments US$000	Investment properties US$000	Total US$000
Balance at 1 January 2016	32 054	5 250	37 304
Additions	30	-	30
Accrued interest	961	-	961
Total gains and losses recognised in other comprehensive income	(116)	-	(116)
Balance at 30 June 2016	32 929	5 250	38 179
Balance at 1 January 2015	113	5 580	5 693
Additions	29 944	-	29 944
Transfers in	1 679	-	1 679
Total gains and losses recognised in profit or loss	-	(330)	(330)
Total gains and losses recognised in other comprehensive income	318	-	318
Balance at 31 December 2015	32 054	5 250	37 304

34. 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; and

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 specialists 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

	Retail and Business Banking US$000	Corporate and Investment Banking US$000	Total US$000
30 June 2016			
Net interest income	5 032	3 688	8 720
Net fee and commission income	11 984	1 666	13 650
Net trading income	770	1 879	2 649
Net investment income	18	16	34
Other income	124	107	231
Total income	17 928	7 356	25 284
Credit impairment charge	(121)	(267)	(388)
Net operating income	17 807	7 089	24 896
Staff costs	(8 301)	(2 747)	(11 048)
Infrastructure costs	(2 553)	(621)	(3 174)
Depreciation and amortisation	(900)	(290)	(1 190)
Administrative expenses	(3 474)	(1 426)	(4 900)
Operating expenses	(15 228)	(5 084)	(20 312)
Profit before tax	2 579	2 005	4 584
Taxation	(735)	(572)	(1 307)
Profit for the period	1 844	1 433	3 277
Total assets	164 955	185 961	350 916
Total liabilities	160 864	132 612	293 476

35 Related parties

The Bank is controlled by Afcarme Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 68% (2014:68%) of the ordinary shares. The remaining 32% of the shares are widely held. The ultimate parent of the Bank is Barclays Bank Plc incorporated in the United Kingdom. There are other companies which are related to Barclays Bank of Zimbabwe Limited through common shareholdings or common directorship. In the normal course of business, placings of foreign currencies made with group companies are at market interest rates.

35.1 Directors and key management compensation

	30.06.2016 US$000	30.06.2015 US$000
Salaries and other short term benefits	1 055	1 070
Post-employment benefits	72	76
Share based payments	30	29
Total	1 157	1 175

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank directly or indirectly. These include the Managing Director, Chief Finance Officer, Head of Credit Risk, Banking Divisional Director, Commercial Divisional Director, Head of Operations, Chief Technology Officer, Chief Internal Auditor, Head of Compliance, Company Secretary and Head of Human Resources.

35.2 Loans to directors and key management

	30.06.2016 US$000	30.06.2015 US$000	31.12.2015 US$000
Loans outstanding at I January	573	693	693
Loans issued during the period	347	103	197
Loans repayments during the period	(76)	(62)	(316)
Loans outstanding at end of period	844	734	574
Interest earned	23	19	43

Of the loans advanced to directors and other key management personnel US$291,023 is secured and repayable over 15-20 years. The balance of US$553,175 is unsecured and repayable monthly over 4 years at average interest rates of 6,3% (2015:5.9%). Loans and advances to non-executive directors during the half year ended 30 June 2016 were US$61,918 (2015: US$14, 208) repayable within 4 years at average interest rates of 12%.

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

35.3 Deposits from directors and key management

	30.06.2016 US$000	30.06.2015 US$000	31.12.2015 US$000
Deposits at I January	120	254	254
Deposits received during the period	1 212	1 078	2 737
Deposits repaid during the period	(1 124)	(1 231)	(2 871)
Deposits at end of period	208	101	120

35.4 Balances with group companies

	30.06.2016	30.06.2015	31.12.2015
Bank balances due from group companies	5 425	8 153	9 311
Bank balances due to group companies	(122)	(701)	(136)
Other balances due from group companies	195	253	160
Other balances due to group companies	-	(18)	(63)
Total	5 498	7 687	9 272

35.5 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	2 335	-	2 335
Barclays Bank of Botswana	62	-	62
Barclays Capital	156	-	156
At 30 June 2016	2 553	-	2 553
At 31 December 2015	4 814	-	4 814

35.6 Balances with related parties – related through common directorship

	Deposits 30.06.2016 US$000	Loans and advances 30.06.2016 US$000	Deposits 30.06.2015 US$000	Loans and advances 30.06.2015 US$000	Deposits 31.12.2015 US$000	Loans and advances 31.12.2015 US$000
Total	28 146	23 782	5 810	7 216	7 374	25 984
Current	28 146	13 807	5 810	7 216	7 374	10 584
Non-current	-	10 163	-	17 200	-	15 400
Total	28 146	23 970	5 810	24 416	7 374	25 984

Repayments on the loans to the related parties were made on due dates. New loans were also granted. Interest income on the loans was US$1,065,733 (2015: US$1,071,895). The balances were assessed and no impairment losses have been recognised for balances with related parties through common directorship/trusteeship.

36. 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.

37 Going concern

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

38 Events after the reporting date

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