BARCLAYS

Barclays Bank of Zimbabwe Limited
www.barclays.com

Audited Abridged Financial Results for the year ended 31 December 2017

BAC2831

Chairman's Statement

2017 was characterised by significant developments both at the macro-economic level and within the Bank. Two key challenges banks and the banking public had to deal with in 2017 were cash shortages and constrained capacity to service cross border payments. These two conditions also meant that cost of procuring goods and services became distorted whilst inflation increased over the period.

Within the Bank, colleagues had to put in extra effort to serve customers and clients beyond normal business hours, and to deal with activities relating to the Bank's own transition. Despite these competing demands, the Bank posted a strong performance for the year, which reflects significant growth from prior years. The 2017 result also demonstrates the adaptability of the Bank's strategy to changes in the economic environment.

Some positive developments in the economic environment

At the half year, the bank highlighted two key areas of misalignment that needed to be addressed to improve the economic landscape. Firstly, the economy faced a trend of continued deficit in the external sector as reflected by negative balance of trade and current account positions. Secondly, the economy faced an unabated fiscal deficit position which resulted in increasing government borrowings through the issuance of treasury bills. The Bank is encouraged by the trend of a narrowing balance of trade deficit to $1.4bn for the full year 2017 compared to $2.1bn in 2016 as reported in the latest Reserve Bank Monetary Policy Statement. This shows the effect of an improvement in exports and a reduction in imports compared to 2016. Whilst the deficit is still high and, as an economy, we have to work towards reversing the deficit to a position of surplus reserves, the improvement trend is encouraging. Government revenue collections are also reported to have surpassed targets by 10% whilst government is embarked on efforts to contain recurrent expenditure, which should assist to ease pressure on the government's fiscal space.

From the fourth quarter of 2017, including in the 2018 Fiscal Policy Statement, a strong signal to promote investor confidence and economic growth was and continues to be given. Already, a number of measures have been taken to remove policy inconsistencies and to re-engage international investors and financiers. The Bank considers ongoing efforts to resuscitate the economy, to be paramount.

At all times, the Bank recognises the need for private sector players to partner with the government and regulatory authorities in efforts to improve the business environment. The Bank is also strategically positioned to support its clients and customers as they pursue opportunities arising from expected improvements in the wider economy.

FMBcapital Holdings PLC came on Board

On 10 October 2017 the transaction in which Barclays Bank PLC sold the majority of its stake in Barclays Bank of Zimbabwe Limited to FMBcapital Holdings PLC ("FMBcapital"), was concluded. Pursuant to that transaction, which the bank announced to the market in more detail at the time, FMBcapital Holdings PLC now holds 43% of the shares in Barclays Bank of Zimbabwe Limited whilst Barclays Bank PLC retains 10% shareholding. A further 15% is now owned by an employee share trust and the balance is owned by more than 8,400 individual and institutional shareholders through the Zimbabwe Stock Exchange, on which the bank remains listed. For the Bank, this effectively concluded a process that started when Barclays Bank PLC announced on 1 March 2016, its intention to divest from Barclays Africa including Barclays Bank of Zimbabwe Limited.

The Bank is now focused on activities to prepare for the migration of systems and processes from Barclays Bank PLC. The Bank will continue to use the Barclays brand for the period to October 2018, followed by a further two years of co-branding between FMBcapital and Barclays. The process, which will run till October 2020, will be managed carefully to ensure the transition continues to be smooth and that the quality of service to customers remains strong. This is important to Barclays Bank PLC as it is to FMBcapital and the Barclays Bank of Zimbabwe Limited Board. At the same time, the Bank has started to tap into the synergies and benefits to be drawn from FMB's presence across five markets in the region.

The 2017 profit result

The bank registered a profit after tax of $19.8 million translating to a basic earnings per share of 0.92 cents for the period (2016 – 0.50 cents per share), propelled by a strong revenue growth.

The lending philosophy of the bank continued to prioritise the quality of the loan book.

Capital and liquidity position support growth into the future

The Bank 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 year at 28% which is significantly above the regulatory minimum required of 12% and reflects significant capacity to grow assets. Similarly the Bank's liquidity ratio at 83% is significantly above the regulatory minimum of 30%.

Investment in the community

The Bank remains committed to sustaining its social investment programs which are anchored on the development of youths and youth programs. The tradition of the Bank's colleagues embarking on a number of volunteerism activities will therefore be sustained.

Governance and board changes

The Bank remains committed to upholding the highest standards of corporate governance, over and above observing the requirements of the Reserve Bank of Zimbabwe, the Zimbabwe Stock Exchange and all other regulators. During the year the Board sought to ensure that there was adequate oversight of the transition and in addition to holding additional Board meetings, it constituted a special committee for this purpose.

During the fourth quarter of 2017, Mr Andrew Lawson retired from the Board. During his tenure he served on three sub-committees of the Board including the Audit Committee which he chaired. Messrs Hitesh Anadkat and Dheeraj Dikshit joined the Board as non-executive directors of the Bank during that same period.

At the executive level, George Guvamatanga left the Bank after serving for twenty eight years, ten of which as Managing Director of the Bank. Samuel Matsekete was appointed Managing Director of the bank with effect from 1 December 2017.

On behalf of the Board, I express most sincere appreciation to Messrs Andrew Lawson and George Guvamatanga for their immense contribution to the Bank during their tenure, and wish both greatest successes in their future endeavours. I also wish Samuel Matsekete a successful term in his new role.

Appreciation

The challenging economic environment during 2017, coupled with the demands of the transition that the Bank is undergoing, meant that Board members spent more than usual effort on the Bank's business. Colleagues in the Bank also put in extra effort and time to serve customers and clients mostly under difficult macro environmental conditions. I take this opportunity to express most sincere appreciation to all members for the great effort in 2017. The Board and management are committed to sustaining an environment at the Bank in which colleagues succeed and their individual contributions continue to be valued.

Going forward

Economic performance outlook is viewed with a sense of optimism and the Bank believes that efforts by authorities to restore the confidence of investors and economic agents should be sustained. Under such an outlook 2018 presents an opportunity to build on the momentum already created.

The Bank will continue to focus on strengthening its customer and client base whilst also seeking to take advantage of the internal transition programs to improve channel offering for the future. Significant investment and effort will be made in the migration of systems and processes as the Bank goes through the transition. The Bank will, at the same time, continue to execute its strategy with a growth focus, being responsive to the needs of its customers and clients.

Dividend

When the regulatory requirement for core capital of $100million by 2020 was introduced, members were updated that the Bank would seek to meet that target through growth and retention of profits. The Bank is sustaining this approach. Whilst the profit growth for 2017 was strong, it remains necessary to retain profit to firmly support planned growth targets and to shield against headwinds from the environment that may work against those targets.

A. Mandiwanza
Chairman

27 March 2018

Managing Director`s Review of Operations

The Bank's 2017 result is underpinned by strong support from the Bank's valued customers and clients as well as a strong commitment on the part of all colleagues at the Bank, to the execution of the Bank's long term strategy, even as the Bank was going through a transition.

Customers at the heart of our business

We remain committed to our stated Purpose of 'Helping People Achieve Their Ambitions – In the Right Way'. We believe that how we support and serve our clients and customers is as important as the outcomes we seek to achieve to ensure long term sustainability.

We launched an enhanced Hello Money product, and continued to improve our e-channels including our Point of Sale offering. During the year we also relaunched an enhanced Youth Account offering for our millennial customers. This is in addition to the low cost account that continues to be available to other segments.

A well-coordinated transition process

Whilst we worked on the transition activities we maintained focus on the fundamental elements of our strategy that ensured business continuity and sought to strengthen the business for the future. The migration program was commissioned in October 2017 and will be executed over the next three years. IT system migration, one of our key priorities, is firmly underway and continues to require significant investment.

Our Performance

We sustained a strategy anchored on segments that are stable and growing against the background of a subdued economic environment characterised by significant volatility, foreign currency shortages and rising inflation during the earlier part of the year. We sustained focus on nurturing long term relationships with customers and clients whilst the year also saw a 20% significant growth in the customer base.

The period under review reflects financials buttressed by strong revenue growth led by treasury income which grew by 55%. Interest earning assets grew by 10% whilst fees and commissions grew by 13% year on year, largely from volume on card transactions and electronic transfers. Diversification of revenue streams, the growth of a quality loan book, and enhanced transaction channels were areas of main focus during the year and will continue to be prioritised in 2018 going forward.

In addition to a strong revenue growth, costs were contained within budgeted levels. The 9% year on year increase in costs includes expenditure on transition and other specific projects carried out during the year. The cost to income ratio improved by 800 basis points to 65% compared to the previous year level of 73%. Non - performing loans at the end of the year stood at 2%, which reflects a quality loan book.

Profit before tax for the year was $25m, 75% up from prior year and representing a five year compound annual growth rate (CAGR) at 53%. The return on average equity closed at 26%, up from 18% in prior period. The capital adequacy ratio closed the year at 28% which is indicative of the business' long term stability and huge scope for growth.

Deposits grew by 13% whilst loan facility utilisation fell below internal targets as clients adopted more conservative approaches in drawing down loans. Facility utilisation by the targeted corporate customers thus came out lower than prior years.

2017 was characterized by increased use of digital platforms and systems to avert the pressures of cash shortages. Within the projects to migrate systems to new platforms over the next year, we will be seeking to further enhance the Bank's e-channels.

For the benefit of our commercial clients, the Bank continued to sustain lines of credit established with the Barclays Group. 2017 saw the business support productive sectors with on and off balance sheet structures which are expected to grow into the future.

Responsible growth and investment

Over the years, we have nurtured a culture of values that continue to permeate throughout the organisation, demonstrated by our commitment to support colleagues to develop and excel. The ongoing infusion of new graduates through our Graduate Trainee Program and the offering of one-year internships to students are critical pillars to the confirmed relevance and continued growth of our institution and will be sustained into the future.

Our social investment thrust continued during 2017. Through strong partnerships with Zimbabwe Farmers Union, Junior Achievement and Boost Fellowship, our social investment programs benefited more than 6000 young participants during the year. Our colleagues availed more than 2,300 hours to volunteerism throughout the year. More than 1,500 hours was volunteered during our traditional annual Make a Difference Day campaign carried out in October, reaching thousands of beneficiaries across the country.

Committed to the future

Performance of the Bank going forward will continue to be influenced by the developments in the economy. The Bank will also be investing significant time and resources in the migration process to ensure that the bank is able to continue to provide competitive service into the future. The Bank will continue to prioritise providing customers and clients with the best possible service and to execute initiatives to enhance the channel and product offering.

S Matsekete
Managing Director

27 March 2018

BAC2831

Audited Abridged Financial Results for the year ended 31 December 2017

Corporate Governance Statement

The Board of Directors of Barclays Bank of Zimbabwe Limited ("the Board/ Barclays") is committed to and recognises the importance of strong governance practices. The board understands that a comprehensive corporate governance framework is vital in supporting executive management in its execution of strategy and in driving long term sustainable performance. In order to achieve good governance, the Board subscribes to 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 and the King IV report on Corporate Governance. The Board continuously reviews its internal governance standards and practices, to ensure that it modifies and aligns them with local and international corporate governance requirements as appropriate.

As part of its continuing efforts to achieve good governance, the board promotes the observance of the highest standards of corporate governance in Barclays Bank and ensures that this is supported by the right culture, values and behaviours from the top down.

Barclays Bank is committed to the principles of fairness, accountability, responsibility and transparency. To this end the board, is accountable to its shareholders and all its stakeholders including the Bank's employees, customers, suppliers, regulatory authorities and the community from which it operates through transparent and accurate disclosures.

Main Board

Barclays Bank of Zimbabwe Limited understands the importance of having the right balance of skills, experience and diversity on the board.

Board responsibilities

The Board is responsible for setting the strategic direction of the Bank as well as determining the way in which specific governance matters are approached and addressed, approving policies and plans that give effect to the strategy, overseeing and monitoring the implementation of strategy by management and ensuring accountability through among other means adequate reporting and disclosures. The Board is guided by the Board Charter in the execution of its mandate.

Board Chairman and non-executive directors

The Board of directors is led by an independent non-executive Chairman, whose primary duties include providing leadership of the Board and managing the business of the Board through setting its agenda, taking full account of issues and concerns of the Board, establishing and developing an effective working relationship with the Executive directors, driving improvements in the performance of the Board and its committees, assisting in the identification and recruitment of talent to the Board, managing performance appraisals 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 challenge, counsel and support to Management on 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. The majority of the Board members are independent non-executive directors which provide the necessary independence for the effective discharge of the board's duties and compliance with regulatory requirements.

Executive directors

The executive management team is led by the Managing Director. Management's role is to act as trustees of the shareholder's capital. Their main responsibilities 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 on an ongoing basis, keeping the Board fully informed of any material developments affecting the business. As at 31 December 2017, the board was in the process of recruiting a Chief Finance Officer, following the appointment of Mr S. Matsekete as Managing Director of the Bank.

Directors' remuneration

The Board Remuneration Committee sets the remuneration policy and approves the remuneration of the executive directors and other senior executives as well as that of the non-executive directors. The remuneration package of executive directors includes a basic salary and a performance bonus which is paid based on the performance of the company as well as that of the individual. The Bank also has in place a share option scheme, meant to be a long term retention incentive for employees.

Board diversity.

The Barclays Board recognises the importance of diversity and inclusion in its decision making processes. The board is made up of seven independent non-executive directors, two non-executive directors and one executive director. Three members of the board (30%) are female. The Board members have a varied array of experience including investments, 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. Further, the board is empowered to seek any professional advice or opinion it may require to allow for the proper discharge of its duties. As one of its key deliverables, management is mandated to keep the Board informed on an ongoing basis, of material developments in and affecting the Bank.

Share Dealings / Insider trading

The directors, management and staff of Barclays Bank of Zimbabwe Limited are prohibited from dealing in the company's shares whether directly or indirectly, during the closed periods which are the periods that are a month before the end of the interim or full year reporting period until the time of the publication of the interim or full year results. Further, directors, management and staff are prohibited from dealing in the company's shares whenever the company is going through certain corporate actions or when they are in possession of non-public information that has the potential of impacting the share price of the company.

Communication with stakeholders

Barclays Bank of Zimbabwe Limited communicates with its stakeholders through various platforms including the Annual General Meeting, analyst briefings, town halls, press announcements of interim and full year financial results, notices to shareholders and stakeholders and annual reporting to shareholders and stakeholders. The board and management of Barclays Bank of Zimbabwe Limited also actively engage regulatory authorities including the Reserve Bank of Zimbabwe, the Zimbabwe Stock Exchange and the Deposit Protection Corporation.

Internal Audit

Barclays Internal Audit is an independent control function which supports the business by assessing how effectively risks are being controlled and managed. It works closely with the business helping drive improvements in risk management. This is done through reviewing how the business undertakes its processes as well as reviewing systems used by the business. The internal audit function reports its findings to management and guides them in making positive changes to business processes, systems and the control environment. The Internal Audit function also monitors progress to ensure management effectively remediates any internal control weaknesses identified as quickly as possible. The Barclays Bank of Zimbabwe Limited Head of Internal Audit reports directly to the Chairman of the Board Audit Committee and administratively to the Managing Director.

Declaration of interest

The Board of Barclays Bank of Zimbabwe Limited believes in the observance of ethical business values from the top to the bottom. To this end, 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.

Ethics

In our endeavour to instill a culture of sound business ethics, all employees and directors are requested to attest to an Anti-Bribery and Corruption declaration which essentially seeks to ensure that our directors, management and staff observe the highest standards of integrity in all their dealings and at all times. The Bank has a zero tolerance policy to bribery and corruption. In addition, the business has a whistleblowing facility managed by Deloitte through which employees can raise any concerns they may have anonymously.

Director induction and development

Board conformance and performance is enhanced through continuous learning. As part of its learning program, the Board has in place a comprehensive induction plan for on-boarding new directors. During the year 2017, two Board members Messrs H. Anadkat and D. Dikshit joined the Board and went through the induction programme. Further, as part of continuing director development, three Board members attended an RBZ facilitated training program during the year.

Board activities

The Board of Directors held twenty four (24) Board meetings as at 31 December 2017. The majority of these meetings were ad hoc meetings of the non-executive directors of the board necessitated by the shareholder transition that the business went through in 2017. Given the complexity of the transaction and its potential impact on the business and all other stakeholders, the board was required to meet more frequently to discuss the transition as it unfolded as well as to meet with relevant stakeholders including the regulatory authorities. The remainder of the meetings were scheduled quarterly board meetings as well as board business review meetings at which meetings the areas of focus included the setting of strategic direction and the adoption of strategy, 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, review and oversight of the Bank's risk management processes and oversight on the recruitment, remuneration and performance reviews of senior management. A table detailing director's attendance of meetings during 2017 is shown in the last part of this report below.

Board and director evaluation

The Board conducts an annual evaluation process which assesses the performance and effectiveness of individual directors, the Board Chairman, Committees and overall performance of the Board. This process is facilitated by an external party to allow for objectivity. The evaluation process involves directors completing evaluation questionnaires and having 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 and evaluation was rated as strong by the directors. Further the Board is in the process of conducting evaluations for the year ended 31 December 2017 which report will be submitted to the Reserve Bank of Zimbabwe by 31 March 2018.

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Corporate Governance Statement

Board committees
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 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 Independent non-executive directors 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 is wholly comprised of independent non-executive directors. The members of the Committee as at 31 December 2017 were:-

B. Moyo (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. At each meeting, the Committee deliberates and considers loan applications beyond the discretionary limits of management. It ensures that there are effective procedures and resources to identify and manage irregular or problem credit facilities, minimize credit loss and maximize recoveries. It also directs, monitors, reviews and considers all issues that may materially impact on the present and future quality of the Bank's credit risk management. The Committee comprises of one executive member and three non-executive directors. The members of the Committee as at 31 December 2017 were:-

E. Fundira (Chairperson)
H. Anadkat
S. Moyo
S. Matsekete

Loans Review Committee
This Committee has the overall responsibility for the complete review of the quality of the Bank's loan portfolio to ensure that the lending function conforms to sound lending policies and keeps the Board and management adequately informed on noted risks. It assists the Board with discharging its responsibility to review the quality of the Bank's loan portfolio. At every meeting, it reviews the quality of the loan portfolio with a view to ensuring compliance with the banking laws and regulations and all other applicable laws as well as internal policies. The members of the Committee as at 31 December 2017 were:-

T. Moyo (Chairperson)
C. F. Dube
D. Dikshit

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 of four non-executive directors and one executive director. The members of the Committee as at 31 December 2017 were:-

S. D. Mtsambiwa (Chairman)
S. N. Moyo
A. S. Mandiwanza
H. Anadkat
S. Matsekete

Board Risk Committee
The Board Risk Committee is charged with the responsibility to oversee the Bank's overall enterprise risk environment under three broad areas of Operational Risk, Credit Risk Management and Market Risk. These are controlled and managed independently from risk taking functions and other committees of the Bank. The committee is responsible for the policies and procedures designed to monitor, evaluate and respond to risk trends and risk levels across the Bank ensuring that they are kept within acceptable levels. As at 31 December 2017 members of the committee were:

S. N. Moyo (Chairperson)
B. Moyo
S. D. Mtsambiwa
D. Dikshit

In addition to the Board Committees, management operates through a number of committees including the Executive Management Committee and the Assets and Liabilities Committee. The Committees terms of reference are as below.

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 of executive directors and senior management.

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

Directors shareholding
The following is a schedule of the directors' shareholdings in the Bank as at 31 December 2017;

A. S. Mandiwanza	5 117
C. F. Dube	Nil
E. Fundira	2 130
S. D. Mtsambiwa	Nil
B. Moyo	Nil
S. N. Moyo	Nil
T. Moyo	Nil
H. Anadkat	*
D. Dikshit	*
S. Matsekete	10 000

*Mr Hitesh Anadkat and Mr Dheeraj Dikshit hold some indirect interest in Afcarme Holdings Zimbabwe (Private) Limited, which in turn holds shares in the Bank.

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

Board and committees attendance 2017

Main Board

Name	Total Meetings	Total Present	LOA**
A. S. Mandiwanza	24	23	1
C. F. Dube	24	20	4
E. Fundira	24	24	Nil
B. Moyo	24	20	4
S. D. Mtsambiwa	24	18	6
A. I. Lawson*	24	24	Nil
T. Moyo	24	21	3
S. N. Moyo	24	22	2
G. T. Guvamatanga*	11	9	2
S. Matsekete	13	13	Nil

Audit Committee

Name	Total Meetings	Total Present	LOA**
A. I. Lawson	4	4	Nil
C. F. Dube	5	5	Nil
E. Fundira	5	5	Nil
T. Moyo	5	3	2
B. Moyo	1	1	Nil

Human Resources and Nominations Committee

Name	Total Meetings	Total Present	LOA**
S. D. Mtsambiwa	4	4	Nil
A. S. Mandiwanza	4	3	1
S. N. Moyo	4	4	Nil
G. T. Guvamatanga	3	3	Nil

Credit Committee

Name	Total Meetings	Total Present	LOA**
E. Fundira	5	5	Nil
A. Lawson	5	5	Nil
T. Moyo	5	4	1
G. T. Guvamatanga	5	4	1

Loans Review Committee

Name	Total Meetings	Total Present	LOA**
C. F. Dube	4	4	Nil
B. Moyo	4	3	1
S. N. Moyo	4	4	Nil
S. Matsekete	4	3	1

Risk Committee

Name	Total Meetings	Total Present	LOA**
B. Moyo	3	3	Nil
S. D. Mtsambiwa	4	4	Nil
S. N. Moyo	4	4	Nil

* Mr Andrew Ian Lawson and Mr George Guvamatanga resigned from the board with effect from 30 October 2017 and 30 November 2017 respectively.
** LOA – Leave of absence granted
*** Board Committees were reconstituted with effect from 29 November 2017.
**** Messrs H. Anadkat and D. Dikshit joined the board after the 2017 calender meetings

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

By Order of the Board

V. Mutandwa
Company Secretary

27 March 2018

Audited Abridged Financial Results for the year ended 31 December 2017

Statement of Comprehensive Income
for the year ended 31 December 2017

	Notes	2017 US$000	2016 US$000
Interest income	2	21 810	18 672
Interest expense	3	(305)	(378)
Net interest income		21 505	18 294
Net fee and commission income	4	32 411	28 326
Net trading income	5	16 142	10 743
Net investment income	6	1 016	218
Other income	7	432	447
Total income		71 506	58 028
Impairment losses on loans and advances	11	(102)	(1 177)
Net operating income		71 404	56 851
Staff costs	8	(24 195)	(23 113)
Infrastructure costs	9	(9 471)	(8 971)
Administration and general expenses	10	(12 750)	(10 570)
Operating expenses		(46 416)	(42 654)
Share of profit of joint venture held for sale		310	244
Profit before tax		25 298	14 441
Taxation	12	(5 508)	(3 616)
Profit for the year		19 790	10 825
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets			
Net gain on available-for-sale financial assets during the year		3 069	82
Deferred tax		(554)	(24)
Total available for sale financial assets		2 515	58
Total other comprehensive gain for the year, net of tax		2 515	58
Total comprehensive income for the year		22 305	10 883
Basic earnings per share (cents)		0.92	0.50
Diluted earnings per share (cents)		0.92	0.50

Statement of Cash Flows
for the year ended 31 December 2017

	Notes	2017 US$000	2016 US$000
Cash flow from operating activities			
Profit before income tax		25 298	14 441
Adjustments for non-cash items:			
Depreciation of property and equipment	9	2 523	2 450
Impairment losses on loans and advances	11	102	1 177
Effect of share of profit of joint venture and fair value loss on investment property		(205)	(244)
Profit on disposal of property and equipment		(104)	(82)
Interest accrual on financial assets		(4 100)	(3 307)
Staff loan prepayment amortisation		(44)	(31)
Post-retirement medical aid fund provision		-	210
Share based payment expense		92	111
Net derivative assets		(2)	(102)
Cash flow from operating activities before changes in working capital		23 560	14 623
Decrease/(increase)in loans and advances to customers		28 231	(402)
Increase in other assets		(205)	(5 112)
Increase in deposits from customers		52 074	157 736
Increase in other liabilities		2 671	3 722
Income taxes paid		(5 881)	(4 206)
Transfers into restricted bank balances		(9 093)	-
Net cash generated in operating activities		91 357	166 361
Cash flow from investing activities			
Purchase of property and equipment	19	(2 040)	(2 710)
Proceeds from sale of property and equipment		175	389
Dividend received from investment securities		1 106	218
Purchase of investment securities		(135 443)	(42 981)
Proceeds from sale and maturities of investment securities		93 347	15 427
Net cash used in investing activities		(42 855)	(29 657)
Cash flows from financing activities			
Proceeds from issue of shares under a share based payment plan		71	-
Net cash received from financing activities		71	-
Net increase in cash and cash equivalents		48 573	136 704
Cash and cash equivalents at the beginning of the year		212 136	75 432
Cash and cash equivalents at the end of the year	13	260 709	212 136

Statement of Financial Position
as at 31 December 2017

	Notes	2017 US$000	2016 US$000
Assets			
Cash and bank balances	13	278 570	220 326
Derivative financial instruments	14	4	224
Available-for-sale investments	15	5 235	34 104
Loans and receivables from banks	16	110 952	33 195
Loans and advances to customers	17	112 038	140 327
Other assets	18	7 578	6 719
Property and equipment	19	20 621	21 285
Investment properties	20	5 145	5 250
Non-current assets held for sale	21	14 829	14 519
Current tax assets		637	261
Total assets		555 609	476 210
Liabilities			
Derivative financial instruments	14	2	122
Balances due to other banks	22	6 233	2 552
Deposits from customers	23	443 783	391 709
Provisions	24	2 376	2 023
Other liabilities	25	12 435	10 117
Deferred tax liabilities		2 465	1 908
Bank balances due to Group companies	33.4	-	2 586
Total liabilities		467 294	411 017
Capital and reserves			
Share capital	26	215	215
Share premium	26	23 764	23 642
Non-distributable reserve		7 785	7 785
Available-for-sale reserve		2 930	415
Revaluation reserve		3 456	3 519
Share-based payment reserve		1 205	1 164
Retained earnings		48 960	28 453
Total equity		88 315	65 193
Total equity and liabilities		555 609	476 210

Statement of Changes in Equity
for the year ended 31 December 2017

	Share Capital US$000	Share premium US$000	Non-distributable reserve US$000	Available for sale reserve US$000	Revaluation reserve US$000	Share-based payment reserve US$000	Retained earnings 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 year	-	-	-	-	-	-	19 790	19 790
Other comprehensive income for the year	-	-	-	2 515	-	-	-	2 515
Total comprehensive income for the year	-	-	-	2 515	-	-	19 790	22 305
Recognition of share-based payments	-	-	-	-	-	92	-	92
Realisation of revaluation reserve	-	-	-	-	(63)	-	63	-
Issue of ordinary shares under share-based payment plans	-	122	-	-	-	(51)	-	71
Contribution from group towards compensation for loss of office	-	-	-	-	-	-	654	654
Balance at 31 December 2017	215	23 764	7 785	2 930	3 456	1 205	48 960	88 315
Note	26							

	Share Capital US$000	Share premium US$000	Non-distributable reserve US$000	Available for sale reserve US$000	Revaluation reserve US$000	Share-based payment reserve US$000	Retained earnings 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 year	-	-	-	-	-	-	10 825	10 825
Other comprehensive income for the year	-	-	-	58	-	-	-	58
Total comprehensive income for the year	-	-	-	58	-	-	10 825	10 883
Recognition of share-based payments	-	-	-	-	-	111	-	111
Realisation of revaluation reserve	-	-	-	-	(90)	-	90	-
Balance at 31 December 2016	215	23 642	7 785	415	3 519	1 164	28 453	65 193

Audited Abridged Financial Results for the year ended 31 December 2017

Notes to the Financial Results
for the year ended 31 December 2017

1.1 Basis of preparation

The Bank's audited abridged financial results are prepared and presented on the basis that they reflect the information necessary to be a fair summary of the audited annual financial statements from which they are derived. This includes financial results that agree with or can be recalculated from the related information in the audited financial statements and that contain the information necessary so as not to be misleading in the circumstances. The information contained in these financial results does not contain all the disclosures required by International Financial Reporting standards, the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Banking Act (Chapter 24:20), which are disclosed in the full annual financial statements from which this set of financial results were derived. For a better understanding of the Bank`s financial position, its financial performance and cash flows for the year, these financial results should be read in conjunction with the audited annual financial statements.

The full signed annual report can be obtained upon request from the company secretary at the registered office of the Bank.

1.1a Basis of measurement

The audited abridged 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 pensioners is recognised at the present value of expected future payments based on pensioners' life expectancy;
(iv) Derivative assets/liabilities measured at fair value;
(v) Buildings are measured using the revaluation model. Revaluation is performed after every three years, and;
(vi) Non - current assets held for sale measured at fair value.

1.1b Functional and presentation currency

These audited abridged financial results are presented in United States of America dollars (USD) which is the Bank's functional currency. In the current environment the determination of functional currency is a significant judgment area. The Accounting Profession reviewed the requirements of the standards and concluded that the USD was still the functional currency.

1.1c Accounting policies

The accounting policies applied in the preparation of the audited abridged financial results are consistent with those for the audited financial statements for the year ended 31 December 2016.

1.2 Audit opinion and key audit matters

The audited abridged financial results should be read in conjunction with the complete set of financial statements of Barclays Bank of Zimbabwe Limited for the financial year ended 31 December 2017, which have been audited by KPMG Chartered Accountants (Zimbabwe), signed by Brian Njikizana and an unqualified opinion has been issued thereon. The auditor's report for the year then ended carries key audit matters ("KAM") outlining areas of the audit process that required significant attention of the auditor. These included, valuation of financial assets, impairment of loans and advances, IT systems and controls and Barclays PLC divestiture. The auditor's report on the financial statements, is available for inspection at the Bank's registered office.

		2017 US$000	2016 US$000
2.	**Interest income**		
	Bank balances	87	69
	Investment securities	6 666	3 831
	Loans and advances to customers	15 057	14 772
	Total interest income	21 810	18 672
3.	**Interest expense**		
	Deposits from banks	(1)	-
	Customer deposits	(304)	(378)
	Total interest expense	(305)	(378)
4.	**Net fee and commission income**		
	Fee and commission income		
	Account activity fees/ledger fees	8 197	8 644
	Insurance commission received	481	314
	Commission received	14 030	9 114
	Guarantees	167	166
	Card based transaction fees	5 453	3 203
	Cash withdrawal fees	4 197	7 058
	Total fee and commission income	32 525	28 499
	Fee and commission expense		
	Guarantee expense	(114)	(173)
	Total fee and commission expense	(114)	(173)
	Net fee and commission income	32 411	28 326

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

		2017 US$000	2016 US$000
5.	**Net trading income**		
	Net foreign exchange income	15 224	10 743
	Trading income - Financial instruments	918	-
	Net trading income	16 142	10 743
6.	**Net investment income**		
	Dividend income	1 016	218
	Net investment income	1 016	218
7.	**Other income**		
	Gain on disposal of property and equipment	104	82
	Rental income	328	365
	Total other income	432	447

		2017 US$000	2016 US$000
8.	**Staff costs**		
	Salaries and allowances	(20 168)	(18 487)
	Social security costs	(197)	(191)
	Pension costs: defined contribution plans	(2 014)	(1 869)
	Post-retirement medical aid fund provision	-	(1 651)
	Directors` remuneration - for services as management	(839)	(804)
	Compensation for loss of office:- funded by the Bank	(231)	-
	- funded by the group	(654)	-
	Share based payment plan	(92)	(111)
	Total staff cost	(24 195)	(23 113)

Barclays Bank PLC paid $4 536 025 to employees in 2017 as closing bonus for the services provided during the transaction following its decision to divest from Zimbabwe. The amount has not been included in the Statement of Comprehensive Income as it was fully funded by Barclays Bank PLC and was solely a decision by Barclays Bank PLC.

		2017 US$000	2016 US$000
9.	**Infrastructure costs**		
	Repairs and maintenance	(1 442)	(1 327)
	Other property costs	(2 139)	(1 739)
	Security costs	(1 118)	(1 158)
	Depreciation of property and equipment	(2 523)	(2 450)
	Operating lease rentals	(2 249)	(2 297)
	Total infrastructure costs	(9 471)	(8 971)
10.	**Administrative and general expenses**		
	Auditors' remuneration:		
	Audit related services	(196)	(217)
	Review services	(35)	(35)
	Total auditor related fees	(231)	(252)
	Consultancy, legal and professional fees	(546)	(501)
	Subscription, publications, stationery and communications	(4 460)	(3 323)
	Marketing, advertising and sponsorship	(376)	(623)
	Travel and accommodation	(757)	(622)
	Entertainment	(29)	(37)
	Cash transportation	(1 565)	(1 365)
	Directors fees	(361)	(202)
	Insurance costs	(2 079)	(1 975)
	Card operating expenses	(1 510)	(1 106)
	Other administrative and general expenses	(836)	(564)
	Total administrative and general expenses	(12 750)	(10 570)
11.	**Impairment losses on loans and advances**		
	Identified	(689)	(967)
	Unidentified	554	(213)
	Impairment raised during the reporting period	(135)	(1 180)
	Recoveries of loans and advances previously written off	33	3
	Statement of comprehensive income charge	(102)	(1 177)

		2017 US$000	2016 US$000
12	**Income taxes**		
12.1	**Income tax recognised in profit or loss**		
	Current tax		
	Normal tax – current year	(5 505)	(4 240)
		(5 505)	(4 240)
	Deferred tax		
	Deferred tax expense recognised in the current year	(3)	624
		(3)	624
	Total income tax recognised in the current year	(5 508)	(3 616)

		2017 US$000	2016 US$000
13.	**Cash and bank balances**		
	Balances with Central Bank	248 384	182 904
	Money market assets	-	10 000
	Cash on hand	15 785	23 027
	Balances due from group companies	-	2 865
	Balances with banks abroad	14 401	1 530
	Cash and bank balances	278 570	220 326
	Restricted balances with Central Bank	(7 342)	(3 248)
	Restricted balances with banks abroad	(4 999)	-
	Clearing balances due from banks	713	196
	Bank balances due to group companies	-	(2 586)
	Balances due to other banks	(6 233)	(2 552)
	Total cash and cash equivalents – statement of cash flows	260 709	212 136

Balances with the Central Bank and foreign banks are used to facilitate customer transactions which include payments and cash withdrawals. During 2016 the Central Bank through Exchange Control Operational Guide 8 (ECOGAD8) introduced a prioritisation criterion 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 telegraphic transfers. However, no delay is expected in the settlement of local transactions through the Real Time Gross Settlement system.

Included in cash and cash equivalents are bond notes and coins which are bearer instruments that are pegged at 1:1 with the United States dollar. United States dollar and bond notes and coins transactions are maintained in the same bank account.

Also refer to note 1.1b above on the determination of functional currency.

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 year end.

Contract amount

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

	Notional contract amount US$000	Carrying amount Assets US$000	Liabilities US$000
2017			
Foreign exchange derivatives			
Currency swap	2 190	4	2
Total foreign exchange derivatives	2 190	4	2
2016			
Foreign exchange derivatives			
Currency swap	10 089	224	122
Total foreign exchange derivatives	10 089	224	122

		2017 US$000	2016 US$000
15.	**Available for sale investments**		
	Treasury bills	1 026	1 628
	Corporate bond	-	31 352
	Equity securities	4 209	1 124
	Balance at end of the year	5 235	34 104
	Balance at beginning of the year	34 104	32 054
	Additions	-	-
	Accrued interest	15	1 968
	Maturities	(31 953)	-
	Changes in fair value	3 069	82
	Balance at end of the year	5 235	34 104
16.	**Loans and receivables from banks**		
	Treasury bills	110 239	32 999
	Clearing balances due from other banks	713	196
	Total carrying amount of loans and receivables from banks	110 952	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
2017				
Personal and term loans	40 485	11 594	28 013	80 092
Mortgage loans	8 028	-	-	8 028
Overdrafts	331	2 589	26 205	29 125
Interest in suspense	-	(375)	(21)	(396)
Gross loans and advances to customers	48 844	13 808	54 197	116 849
Less: allowance for impairment				
Identified impairment	(1 603)	(453)	-	(2 056)
Unidentified impairment	(786)	(626)	(1 343)	(2 755)
Total	(2 389)	(1 079)	(1 343)	(4 811)
Net loans and advances to customers	46 455	12 729	52 854	112 038
2016				
Personal and term loans	44 116	6 631	65 527	116 274
Mortgage loans	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

Audited Abridged Financial Results for the year ended 31 December 2017

Notes to the Financial Results
for the year ended 31 December 2017

18. Other assets

	2017 US$000	2016 US$000
Prepayments and stationery	2 139	1 982
Card transactions	2 206	2 259
Other debtors	876	239
Receivable from Group	-	151
Staff loans market interest rate adjustment	2 357	2 088
	7 578	6 719
Current	5 535	5 153
Non-current	2 043	1 566
	7 578	6 719

19. Property and equipment

2017	Land and buildings US$000	Computers US$000	Equipment US$000	Furniture and fittings US$000	Motor vehicles US$000	Total US$000
Balance at beginning of the year	15 215	2482	367	635	2 586	21 285
Additions	-	441	161	309	1 129	2 040
Disposals	-	(353)	(133)	(29)	(845)	(1360)
Depreciation charge on disposals	-	328	132	29	690	1 179
Depreciation charge	(288)	(973)	(197)	(207)	(858)	(2 523)
Carrying amount at end of the year	14 927	1 925	330	737	2 702	20 621
Cost or valuation	17 594	5 707	2 463	1 646	5 075	32 485
Accumulated depreciation and impairment	(2 667)	(3 782)	(2 133)	(909)	(2 373)	(11 864)
Carrying amount at end of the year	14 927	1 925	330	737	2 702	20 621

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 land and buildings were stated on the historical cost basis, the carrying amount would be US$11 398 054 (2016: US$11,602,426). No items of property and equipment were pledged as collateral as at 31 December 2017.

20. Investment properties

	2017 US$000	2016 US$000
Balance at beginning of the year	5 250	5 250
Changes in fair value	(105)	-
Balance at the end of the year	5 145	5 250
Rental income derived from investment properties	328	365

Investment property comprises commercial properties that are leased to third parties. No contingent rents are charged. The properties were fair valued at 31 December 2017 and a loss of $105,000 (2016 nil) was recognised in profit or loss. Rental income from investment property of US$327, 770 (2016: US$365,000) was recognised in other income.

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

The fair value measurement of the investment property has been categorised as Level 3 in the fair value hierarchy (Note 31.1) based on the inputs to the valuation technique used.

21. Non-current asset held for sale

	2017 US$000	2016 US$000
Balance at beginning of year	14 519	14 272
Share of profit of joint venture held for sale	310	247
Total	14 829	14 519

The Bank is assessing offers from various potential buyers of its 50% shareholding in Makasa Sun (Private) Limited. The joint venture therefore continues to be classified as non-current asset held for sale as management's assessment is that the transaction is highly probable.

The investment in joint venture is measured at fair value.

22. Balances due to other banks

	2017 US$000	2016 US$000
Bank balances due to banks abroad	449	-
Clearing balances due to other banks	5 784	2 552
	6 233	2 552

23. Deposits from customers

	Retail banking US$000	Business banking US$000	Corporate and investment banking US$000	Total US$000
2017				
Demand deposits	81 231	124 777	178 118	384 126
Call deposits	569	450	30 096	31 115
Savings accounts	16 077	2	-	16 079
Other	-	-	12 463	12 463
Total	97 877	125 229	220 677	443 783
2016				
Demand 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$12,463,068 (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.

Concentration of customer deposits	2017 US$000	%	2016 US$000	%
Trade and services	142 129	32	120 454	31
Energy and minerals	36 252	8	58 835	15
Agriculture	42 749	10	15 345	4
Construction and property	4 139	1	7 750	2
Light and heavy industry	49 427	11	42 861	11
Physical persons	97 880	22	75 285	19
Transport and distribution	52 445	12	56 051	14
Financial services	18 762	4	15 128	4
Total	443 783	100	391 709	100

24. Provisions

	2017 US$000	2016l US$000
Staff retention incentive	2 036	1 567
Outstanding employee leave	340	456
Total	2 376	2 023

The staff retention incentive represents a provision for a performance based staff incentive and is included in staff costs.

25. Other liabilities

	2017 US$000	2016 US$000
Accrued expenses	5 369	2 793
Amounts due to related parties	-	203
Internal accounts including unpresented bank drafts	7 066	7 121
Balance at 31 December	12 435	10 117

25.1 Post-retirement medical aid

	2017 US$000	2016 US$000
Present value of funded defined benefit obligation	-	-
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation	-	-

The Bank had a post-retirement medical fund in terms of which it provided medical support to existing retirees. During 2016 the Bank sold and transferred the post-retirement medical fund and obligation to a third party at total value of US$4,6million. The effective date for the transfer was 1 December 2016. This was necessitated by the need for the Bank to manage risks associated with fluctuations in asset values and the liability and to release capital which would be locked up in this funding liability.

The Bank's obligations relating to the pensioners medical aid were fully extinguished after the buy-out by the third party.

25.2 Retirement benefit plans

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 for active members, is one to which the Bank and empolyees both contribute, with the bank contributing a significant higher proportion. 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.

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.

Summary of the valuation is shown below:

	2017 US$000	2016 US$000
Present value of pensioner obligation (defined benefit)	17 248	16 291
Active members liability (defined contribution)	34 746	24 363
Deferred pensioners	4 702	4 753
Other liabilities-risk pools	1 323	1 090
Other Sundry Liabilities	943	828
Total liabilities	58 962	47 325
Total assets	68 686	52 157
Net surplus (attributable to the Fund)	9 724	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 as per the Fund rules. 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.

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2017 US$000
Opening present value of obligation	16 291
Interest cost	353
Surplus allocated to pensioners	1 000
Past service cost	-
Benefits paid	(1 127)
Remeasurement of obligation	731
Present value of obligation at 31 December	17 248

26. Share capital

Authorised share capital

	2017 US$000	2016 US$000
5 000 000 000 (2016: 5 000 000 000) ordinary shares of USc0.01 per share.	500	500

Issued share capital

2 155 630 176 (2016: 2 153 320 176) ordinary shares of USc0.01 per share per share.	215	215
Share premium	23 764	23 642
Total	23 979	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. A total of 2 310 000 shares were issued during the year under a share based payment plan.

27. Classification of financial assets and liabilities

	Held for trading US$000	Financial assets carried at amortised cost US$000	Available for sale financial assets US$000	Financial liabilities carried at amortised cost US$000	Total US$000
Assets - 2017					
Cash and bank balances	-	278 570	-	-	278 570
Loans and advances to customers	-	112 038	-	-	112 038
Corporate bonds	-	-	-	-	-
Treasury bills	-	110 239	1 026	-	111 265
Unquoted equity securities	-	-	4 209	-	4 209
Clearing balances due from other banks	-	713	-	-	713
Currency swaps	4	-	-	-	4
Total	4	501 560	3 235	-	506 799
Liabilities – 2017					
Customer deposits	-	-	-	443 783	443 783
Balances due to other banks	-	-	-	6 233	6 233
Currency swaps	2	-	-	-	2
Bank balances due to group companies	-	-	-	-	-
Total	2	-	-	450 016	450 018

	Derivative instruments US$000	Financial assets carried at amortised cost US$000	Available for sale financial assets US$000	Financial liabilities carried at amortised cost US$000	Total US$000
Assets - 2016					
Cash and bank balances	-	220 326	-	-	220 326
Loans and advances to customers	-	140 327	-	-	140 327
Government bonds	-	-	31 352	-	31 352
Corporate bonds	-	32 999	1 628	-	34 627
Treasury bills	-	-	1 124	-	1 124
Unquoted equity securities	-	-	-	-	-
Clearing balances due from other banks	-	196	-	-	196
Currency swaps	224	-	-	-	224
Total	224	393 848	34 104	-	428 176
				-	
Liabilities – 2016					
Customer deposits	-	-	-	391 709	391 709
Balances due to other banks	-	-	-	2 552	2 552
Currency swaps	122	-	-	-	122
Bank balances due to group companies	-	-	-	2 586	2 586
Total	122	-	-	396 847	396 969

28. 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.

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28.1 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, currency translation reserve and available for sale reserve.
- Tier 2 Capital: comprises impairment allowance, revaluation reserve and part of currency translation reserve.
- Tier 3 Capital: comprises operational and market risk capital.

	2017 US$000	2016 US$000
Share capital	215	215
Share premium	23 764	23 642
Retained earnings	48 960	28 453
Share based payment reserve	1 205	1 164
Available for sale reserve	2 930	415
Currency translation reserve	3 508	3 508
Total core capital	80 582	57 397
Less market and operational risk capital	(10 087)	(8 025)
Tier 1 capital	70 495	49 372
Currency translation reserve movement	4 277	4 277
Revaluation reserve	3 456	3 519
General provisions (limited to 1.25% of weighted risk assets)	2 755	3 309
Tier 2 capital	10 488	11 105
Total tier 1 & 2 capital	80 983	60 477
Market risk	1 003	564
Operational risk	9 084	7 461
Tier 3 capital	10 087	8 025
Total tier 1 and 2 & 3 capital base	91 070	68 502
Less deductions from capital	(4 218)	(1 162)
Total capital base	86 852	67 340
Credit risk weighted assets	182 526	199 668
Operational risk equivalent assets	113 545	93 263
Market risk equivalent assets	12 539	7 052
Total risk weighted assets (RWAs)	308 610	299 983
Tier 1 capital ratio	23%	16%
Tier 1 and 2 capital ratio	26%	20%
Total capital adequacy ratio	28%	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 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.

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.

28.2 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 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).

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	Year-end US$000
Currency VaR at 31 December 2017	10	3	-	-
Currency VaR at 31 December 2016	9	2	-	-

Two week risk Type of risk or activity	High US$000	Medium US$000	Low US$000	Year-end US$000
Currency VaR at 31 December 2017	33	8	1	1
Currency 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	2017 Impact on earnings US$000	2016 Impact on earnings US$000
1000bps increase in interest rates	22 623	18 484
1000bps decrease in interest rates	(22 623)	(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.

28.3 Interest rate risk

nterest 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 Risk and Control Committee and the Board.

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

31 December 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	Non-interest bearing US$000	Total US$000
Assets							
Cash and bank balances	266 229	-	-	-	-	12 341	278 570
Derivative assets	-	-	-	-	-	4	4
Available for sale investments	-	-	-	513	513	4 209	5 235
Loans and receivables from banks	1 319	-	5 045	101 552	3 036	-	110 952
Loans and advances to customers	112 038	-	-	-	-	-	112 038
Other assets	-	-	-	-	-	7 578	7 578
Property and equipment	-	-	-	-	-	20 621	20 621
Investment property	-	-	-	-	-	5 145	5 145
Non-current assets held for sale	-	-	-	-	-	14 829	14 829
Current tax assets	-	-	-	-	-	637	637
Total assets	379 586	-	5 045	102 065	3 549	65 364	555 609
Liabilities							
Derivative liabilities	-	-	-	-	-	2	2
Balances due to other banks	6 233	-	-	-	-	-	6 233
Deposits from customers	442 276	1 507	-	-	-	-	443 783
Provisions	-	-	-	-	-	2 376	2 376
Other liabilities	-	-	-	-	-	12 435	12 435
Deferred income tax liabilities	-	-	-	-	-	2 465	2 465
Total liabilities	448 509	1 507	-	-	-	17 278	467 294
Interest rate re-pricing gap	(68 923)	(1 507)	5 045	102 065	3 549	48 086	88 315
Cumulative gap	(68 923)	(70 430)	(65 385)	36 680	40 229	88 315	-

28.4 Foreign exchange risk

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

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

At 31 December 2017	USD US$000	GBP (USD equiv) US$000	Rand (USD equiv) US$000	Other foreign currency US$000	Total US$000
Assets					
Cash and bank balances	275 649	401	1 134	1 386	278 570
Derivative financial instruments	-	-	-	4	4
Available for sale investments	5 235	-	-	-	5 235
Loans and receivables from banks	110 952	-	-	-	110 952
Loans and advances to customers	112 038	-	-	-	112 038
Other assets	3 082	-	-	-	3 082
Total assets	506 956	401	1 134	1 390	509 881
Liabilities					
Derivative financial instrument	-	-	-	2	2
Balances due to other banks	5 796	-	436	1	6 233
Deposits from customers	438 363	534	3 107	1 779	443 783
Other liabilities	11 854	259	220	102	12 435
Total liabilities	456 013	793	3 763	1 884	462 453
Net currency positions	50 943	(392)	(2 629)	(494)	47 428

Also refer to Note13 which explains cash and bank balances.

28.5 Credit risk

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 cash flows and utilisation against limit and collateral.

Principal collateral types used for loans and advances are:

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

Maximum exposure to credit risk stratification and analysis

2017	Loans and advances to banks US$000	Loans and advances to customers US$000	Guarantees provided US$000	Available for sale financial instruments US$000	Bank balances US$000	Other assets US$000	Total US$000
Credit exposure							
Neither past due nor impaired	110 952	113 111	5 490	1 026	262 785	3 082	496 446
Past due but not impaired	-	955	-	-	-	-	955
Individually impaired excluding non-performing	-	561	-	-	-	-	561
Non-performing loans	-	2 617	-	-	-	-	2 617
Interest in suspense	-	(396)	-	-	-	-	(396)
Gross exposure	110 952	116 848	5 490	1 026	262 785	3 082	500 183

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	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	-	3 681	-	-	-		3 681
Non-performing loans	-	2 388	-	-	-	-	2 388
Interest in suspense	-	(292)	-	-	-	-	(292)
Gross exposure	33 195	145 612	3 848	32 980	197 299	2 649	415 583

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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 year ended December 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
2017			
Balance at beginning of the year	3 309	1 975	5 284
Bad debts written off	-	(608)	(608)
(Decrease)/increase in impairment provision	(554)	689	135
Balance at end of the year	2 755	2 056	4 811

	Unidentified US$000	Identified US$000	Total US$000
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 year	3 309	1 975	5 284

28.6. Loans and advances credit risk concentration

Industry/Sector	2017 US$000	%	2016 US$000	%
Trade and services	20 451	17	21 184	15
Energy and minerals	6 239	5	12 694	9
Agriculture	10 542	9	17 081	12
Construction and property	1 201	1	2 279	2
Light and heavy industry	21 672	18	32 007	22
Physical persons	48 844	43	50 093	33
Transport and distribution	8 296	7	10 566	7
Total	117 245	100	145 904	100

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	20 451	-	-	-
Energy and minerals	6 239	-	-	-
Agriculture	10 542	1 016	-	453
Construction and property	1 201	-	-	-
Light and heavy industry	21 672	-	-	-
Physical persons	48 844	2 162	608	1 603
Transport and distribution	8 296	-	-	-
Gross value at 31 December 2017	117 245	3 178	608	2 056

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	21 184	3	-	3
Energy and minerals	12 694	9 050	-	-
Agriculture	17 081	1 012	-	453
Construction and property	2 279	-	-	-
Light and heavy industry	32 007	-	-	-
Physical persons	50 093	2 133	246	1 519
Transport and distribution	10 566	2 921	-	-
Gross value at 31 December 2016	145 904	15 119	246	1 975

Collateral held for exposure
An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers are as shown below:

	2017 US$000	2016 US$000
Neither past due nor impaired	30 488	23 400
Past due but not impaired	-	-
Individually impaired	-	4 000
Non-performing loans	203	680
Total	30 691	28 080

28.7 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 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

Liquidity ratios

	2017 US$000	2016 US$000
Total liquid assets	385 549	281 332
Deposits, clearing balances and other liabilities	464 829	409 109
Liquidity ratio	83%	69%
Reserve Bank of Zimbabwe minimum	30%	30%

Liquidity profiling as at 31 December 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 bank balances, are also included on the table based on the contractual maturity profile.

On balance sheet items as at 31 December 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 held for managing liquidity risk (contractual maturity dates)								
Cash and bank balances	278 570	-	-	-	-	-	278 570	278 570
Derivative financial instruments	4	-	-	-	-	-	4	4
Available for sale investments	-	-	591	577	-	-	1 168	5 235
Loans and receivables from banks	613	689	5 495	107 546	3 383	-	117 726	110 952
Loans and advances to customers	5 994	35 239	9 804	24 829	48 789	5 501	130 156	112 038
Other assets	3 082	-	-	-	-	-	3 082	12 577
Current income tax asset	-	637	-	-	-	-	637	637
Total assets	288 263	36 565	15 890	132 952	52 172	5 501	531 343	-

On balance sheet items as at 31 December 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
Liabilities								
Derivative financial instruments	2	-	-	-	-	-	2	2
Balances due to other banks	6 233	-	-	-	-	-	6 233	6 233
Customer accounts	442 276	7 050	-	6 622	105	-	456 053	443 783
Provisions	340	2 036	-	-	-	-	2 376	2 376
Other liabilities	12 435	-	-	-	-	-	12 435	12 435
Total liabilities - (contractual maturity)	461 286	9 086	-	6 622	105	-	477 099	
Liquidity gap	(173 023)	27 479	15 890	126 330	52 067	5 501	54 244	
Cumulative liquidity gap	(173 023)	(145 544)	(129 654)	(3 324)	48 743	54 244	-	

Contingent liabilities and commitments as at 31 December 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	Total US$000
Assets						
Guarantees and letters of credit	2 138	5 893	652	714	1 491	10 888
Commitment to lend	3 113	41 674	1 211	16 292	24 651	86 941
Total assets	5 251	47 567	1 863	17 006	26 142	97 829
Liabilities						
Guarantees and letters of credit	2 138	5 893	652	714	1 491	10 889
Commitment to lend	86 941	-	-	-	-	86 941
Total liabilities	89 079	5 893	652	714	1 491	97 829
Liquidity gap	(83 828)	41 674	1 211	16 292	24 651	-

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.

29. Other risks

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

Legal and compliance risk
The Risk Management Committee ensures that the management and operations of the Bank's business is done within the governance and regulatory control framework established by 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 function 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 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 and funds management	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 2016/17	Previous credit ratings 2015/16
Global Credit Rating Co.	AA-	AA-

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

30. 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 value because of their short term nature except for loans and advances which are at variable interest rates.

	2017 Carrying amount US$000	2017 Fair value US$000	2016 Carrying amount US$000	2016 Fair value US$000
Financial assets				
Cash and bank balances	278 570	278 570	220 326	220 326
Loans and receivables to banks	110 952	110 952	33 195	33 195
Loans and advances to customers	112 038	112 038	140 327	140 327
Other assets	3 082	3 082	2 649	2 649
Total	504 642	504 642	396 497	396 497
Financial liabilities				
Balances due to other banks	6 233	6 233	2 552	2 552
Due to customers	443 783	443 783	391 709	391 709
Bank balances due to group companies	-	-	2 586	2 586
Other liabilites	12 435	12 435	10 117	10 117
Total	462 451	462 451	406 964	406 964

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

31.1 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).

2017	Level 1 US$000	Level 2 US$000	Level 3 US$000	Total US$000
Recurring fair value measurements				
Financial Assets				
Derivative assets	-	4	-	4
Corporate bond	-	-	-	-
Treasury bills	-	-	1 026	1 026
Unquoted equity instruments	-	-	4 209	4 209
Balance at 31 December 2017	-	4	5 235	5 239
Financial Liabilities				
Derivative liabilities	-	2	-	2
Balance at 31 December 2017	-	2	-	2
Non-financial assets				
Investment property	-	-	5 145	5 145
Non-current asset held for sale	-	-	14 829	14 829
Balance at 31 December 2017	-	-	19 974	19 974

31.2 Reconciliation of recurring level 3 fair value measurements

	Available for sale securities US$000	Investment properties US$000	Non-current asset held for sale US$000	Total US$000
Balance at 1 January 2017	34 104	5 250	14 519	53 873
Additions	-	-	-	-
Accrued interest	15	-	-	15
Maturities	(31 953)			(31 953)
Total gains and losses recognised in profit or loss	-	(105)	310	205
Total gains and losses recognised in other comprehensive income	3 069	-	-	3 069
Balance at 31 December 2017	5 235	5 145	14 829	25 209
Balance at 1 January 2016	32 054	5 250	14 272	51 576
Additions	-	-	-	-
Transfers in	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

32. 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 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.

Segment results of operations

Statement of comprehensive income

	Retail and Business Banking US$000	Corporate and Investment Banking US$000	Total US$000
2017			
Net interest income	13 156	8 349	21 505
Net fee and commission income	28 905	3 506	32 411
Net trading income	3049	13 093	16 142
Net investment income	530	486	1 016
Other income	225	207	432
Total income	45 865	25 641	71 506
Credit impairment (charge)/reversal	(750)	648	(102)
Net operating income	45 115	26 289	71 404
Staff costs	(18 380)	(5815)	(24 195)
Infrastructure costs (excluding depreciation)	(5 627)	(1 321)	(6 948)
Administrative expenses	(9 462)	(3 288)	(12 750)
Depreciation and amortisation	(1 948)	(575)	(2 523)
Operating expenses	(35 417)	(10 999)	(46 416)
Share of profit of joint venture held for sale	161	149	310
Profit before tax	9 859	15 439	25 298
Taxation	(2 075)	(3 433)	(5 508)
Profit for the year	7 784	12 006	19 790
Total assets	297 906	257 703	555 609
Total liabilities	244 713	222 581	467 294

33. Related parties

The Bank is controlled by Afcarme Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 53% (2016: 68%) of the ordinary shares. 15% is held by an Employee Share Ownership Trust (ESOT) and the remaining 32% of the shares are widely held. The ultimate parent of the Bank is FMBcapital Holdings PLC incorporated in Mauritius. 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.

33.1 Directors and key management compensation

	2017 US$000	2016 US$000
Salaries and other short term benefits	2 042	1 788
Post-employment benefits	198	176
Share based payments	29	31
Compensation for loss of office:- funded by the Bank	231	-
- funded by the group	654	-
Total	3 154	1 995

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 Head of Human Resources.

33.2 Loans to directors and key management

	2017 US$000	2016 US$000
Loans outstanding at 1 January	1 444	574
Loans issued during the year	543	1 169
Loan repayments during the year	(293)	(299)
Loans outstanding at 31 December	1 694	1 444
Interest earned	110	64

Of the loans advanced to directors and other key management personnel US$ 1 143 768 is secured and repayable over 7-18 years. The balance of US$ 551 042 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 year ended 31 December 2017 were US$9 455 (2016: US$37 218) repayable within 2 years at average interest rates of 13%.

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

33.3 Deposits from directors and key management

	2017 US$000	2016 US$000
Deposits at 1 January	142	120
Deposits received during the year	3 906	4 398
Deposits repaid during the year	(3 952)	(4 377)
Deposits at 31 December	96	141

33.4 Balances with group companies

	2017 US$000	2016 US$000
Bank balances due from group companies	-	2 865
Bank balances due to group companies	-	(2 586)
Other balances due from group companies	-	151
Other balances due to group companies	-	(203)
Total	-	227

33.5 Balances with related parties – related through common directorship

	31 December 2017 Deposits US$000	31 December 2017 Loans US$000	31 December 2016 Deposits US$000	31 December 2016 Loans US$000
Current	37 569	3 500	20 047	29 337
Non - current	-	1 333	-	2 000
Total	37 569	4 833	20 047	31 337

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$257,128 (2016: US$1,959,907). The balances were assessed and no impairment losses have been recognised for balances with related parties through common directorship/trusteeship.

33.6 Related Parties - related through common shareholding

	2017 US$000	2016 US$000
Balance with Barclays Bank PLC	7 853	-
Total	7 853	-

34. Capital commitments and contingencies

Capital commitments	2017 US$000	2016 US$000
Authorised and contracted for	4 083	671
Authorised but not yet contracted for	9 915	-
Total	13 998	671

A significant portion of capital commitments above relate to investment in IT.

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. 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.

37. Barclays Bank PLC Divestiture

On 1 March 2016 Barclays Bank PLC announced its intention to sell the stake it owned in Barclays Africa subsidiaries including Barclays Bank of Zimbabwe Limited. A purchase and sale agreement was signed between Barclays Bank PLC and FMBcapital Holdings PLC on 30 May 2017 pending fulfilment of terms and conditions and regulatory approvals. The transaction was successfully concluded on 10 October 2017 after all the terms and conditions were fulfilled.

Pursuant to that transaction, which the Bank announced to the market in detail at the time, FMBcapital Holdings PLC now holds 43% of the shares in Barclays Bank of Zimbabwe Limited whilst Barclays Bank PLC retains an effective 10% shareholding through Afcarme Zimbabwe Holdings. A further 15% is now owned by an employee share trust and the balance is owned by more than 8 400 individual and institutional shareholders through the Zimbabwe Stock Exchange, on which the Bank remains listed.