

Chairman's Statement

Dear Shareholder

In my last statement to the shareholders on presenting the 2008 annual results I expressed optimism at the political and economic changes that had taken place which subsequently led to significant changes in the economy and business environment in the first half of 2009. The introduction of a multicurrency system in February and the subsequent shelving of the Zimbabwe dollar saw a break in hyperinflationary tendencies of the past and a return to more stable economic indicators. The United States of America dollar became the defacto functional currency which was also adopted for use in economic indicators such as the consumer price index (CPI). Using this new measure, the CPI declined by a cumulative 8% between February 2009 and June 2009 signalling a positive economic outlook. The banking sector had to adapt its systems and products to the new environment in a bid to attract foreign currency cash into the banking system. Such deposits were reported to have reached US\$705 million by the end of June 2009. Despite this level of deposits, the liquidity conditions in the banking industry remained constrained by the lack of a viable money market and because some economic agents continued to prefer cash settlements outside the banking system. The reintroduction of the Real Time Gross Settlement in the second quarter for foreign currency transactions has, however, somewhat started to improve the circulation of money through the banking system. Efforts and the momentum built so far toward the restoration of confidence in the banking sector should continue until the sector is well enabled to resume its primary role of financial intermediation. We are encouraged by the focus maintained by authorities on economic recovery and Barclays will continue its commitment to partnering the economy through its product and service offering. A number of new products are set to be introduced in the second half to augment the current product bouquet. Barclays will continue efforts to rebuild the advances book to ensure that your bank is well positioned to grow shareholder value. Such growth in advances will, however, still be subjected to rigorous risk processes to ensure a high quality advances book that will minimise write-offs in the future.

Financial Results

In line with the adoption of the United States of America Dollar as the primary accounting currency, results for this first half will be the first to be reported by the Bank in United States Dollars. The Bank's capital position has remained strong and is already compliant with the regulatory minimum of US\$12.5 million set for March 31, 2010. The capital adequacy ratio of 56% is significantly above the regulatory minimum of 10% and our stricter internal benchmarks, reflecting the benefit of value preservation strategies taken during previous periods. The Bank is also highly liquid with a liquidity ratio of 96% as at 30 June 2009. In the half year period under review, the Bank posted attributable earnings of US\$672,000 translating to basic earnings per share of US0.03 cents and a return on equity of 2.2% for the first half. This result largely reflects subdued revenues as the economy adjusted to the change in functional currency. 98% of total income comprised non funded income whilst the cost to income ratio at 92% is more than twice the average achieved by the Bank historically. The cost to income ratio reflects the need to grow revenue streams to complement the significant cost containment initiatives the Bank has been implementing. Staff, information technology, security and insurance were the major cost drivers. Cost savings were realised from the Bank's investment in its distribution channel over the previous periods which resulted in it owning a significant amount of the space it operates from.

Regulatory Compliance

The Bank continued to comply with the Reserve Bank of Zimbabwe minimum capital, capital adequacy and prudential lending levels and practices over the period. It is assessed that the Bank's capital position is sufficient to support its normal business operations going forward. The Bank complied with all regulations and statutory requirements in all material respects. The laws which protect various rights of stakeholders including employees, customers and shareholders continue to be observed.

Corporate Governance

Barclays Bank of Zimbabwe Limited subscribes to the Barclays Bank Group and the King II Report corporate governance principles. I continue to prioritise the respect of highest standards of corporate governance and the protection of the Barclays reputation built in this country over the past 97 years. Since my last report, I am pleased to confirm the appointment of Mrs Emma Fundira as well as Mr Ibrahim Diouf to the Board of Directors of the Bank. Mrs E Fundira brings with her a wealth of experience in banking and corporate finance, having previously worked for the Bank. Mr I Diouf is employed by Barclays Plc as Head of Risk Control Rigour - GRBC Emerging Markets. His appointment will strengthen the link between the local operations and parent company also bringing immense international experience on the board.

Responsible Banking

Even during the busy transition and transformations taking place in the first half the Bank continued to support social investment initiatives mainly in the area of education. Financial support continued to be provided to the construction of a school in Mutoko. Barclays also partnered the Junior Achievement Zimbabwe projects targeted at developing entrepreneurial talent among school children.

Appreciation

I wish to take this opportunity to thank our customers for their continued support as well as management and employees for their continued dedication and commitment to the Bank during the extremely busy first half. I do not doubt that the partnerships sustained positioned the Bank to take advantage of unfolding opportunities for the benefit of shareholders and all stakeholders.

Outlook

The Bank stands to benefit from economic recovery initiatives being pursued and asserts its long term commitment to delivering value to its shareholders and to the economy.

Dividend

Your board resolved not to declare an interim dividend at this early stage of adapting the business to the new environment and also given the level of earnings posted to date. Profit earnings will be applied to some capital expenditure required mainly for new product initiatives and information technology requirements.

A Mandiwanza
Chairman
28 August 2009

Managing Director's Review

Introduction

The Zimbabwean economic landscape underwent a most fundamental change in the first half of 2009. The change from a Zimbabwe dollar environment to a multi-currency environment has seen the months since February 2009 fostering a period that required businesses to change and adapt their operating models and seek re-capitalisation as costs hardened at a faster pace than revenue. Throughout this difficult and ongoing transition, Barclays was able to maintain a strong liquidity position and preserve capital supported by a risk aware approach in managing the change in the operating environment. Cost optimisation initiatives started last year were continued into the period under review. Systems and processes were adapted to the new environment. A significant amount of training hours was spent on ensuring that staff was also well adapted to the changed environment. Whilst there was cost pressure in the early part of the first half, the Bank was able to recover in the latter part to record a modest performance by end of June 2009.

Market Developments

The multi currency environment significantly improved market conditions when compared to the previous operating period characterised by hyper-inflation. Most businesses adopted the United States dollar as their preferred currency whilst the partial removal of exchange control regulations boosted production and the general availability of products in the market. There was an increase in economic activity and capacity utilisation, which saw month on month inflation, as measured by the Consumer Price Index (CPI), decrease between January and May with a slight increase being recorded in June. Zimbabwe re-engaged with the international community and multilateral financiers to support Zimbabwe's recovery programmes. The International Monetary Fund ("IMF") provided technical support with future financial assistance dependent on the country clearing its arrears. These developments were received positively by the market with public confidence in the Banking sector also showing signs of being re-instated after it was lost during the times of hyper-inflation and the Zimbabwe dollar.

Retail Banking

Our focus in the Retail banking space was on ensuring that all the customers in our database as well as new customers had access to USD accounts in the shortest possible time. To this end, USD accounts were auto-opened for already existing customers, with account activation being the next priority. Retail Banking remained a key contributor to revenues with active accounts closing the period at 84,000. Towards the end of the first half we started to rebuild our product and channel offering, and expect to have a better range early in the second half.

Commercial Banking

A client focused culture was crucial in supporting our corporate and SME customers through the transition. Barclays was able to slowly grow its support to customers via the provision of loans whilst taking into account our strict credit guidelines designed to ensure the long term sustainability of the bank's lending business. Barclays Custodial Services continued to do well. It was awarded the 2008 Excellence award by the Global Custodian magazine after an annual survey of 64 banks in Emerging Markets.

Operations and Information Technology (IT)

Information Technology was a key enabler to the relatively smooth currency changeover on the Bank's systems. The reintroduction of the Real Time Gross Settlement ("RTGS") system was delivered in line with the market. Other projects in these areas of the business were focused on the preparatory work required to introduce new products and channels set for the second half.

Risk Management

Lendings were prudently managed to ensure that we continued to safeguard depositors' funds. As at end of June Barclays had US\$9m in loan facilities committed to customers. Compliance and operational risk management were prime areas of focus given the changes in the operating environment. Barclays maintained stringent adherence to the Know Your Customer ("KYC") requirements whilst implementing robust Risk Control Assessment processes. Frauds and theft were a key area of concern in the period under review and Barclays implemented measures to curb these activities resulting in some potential losses being averted.

Human Resources

The welfare of Barclays colleagues remained a priority. Barclays was able to pay marginally ahead of the NEC negotiated settlements whilst employing prudent resourcing strategies that enabled the Bank to retain all permanent employees. Training and up-skilling of staff to adjust to the new operating environment was also prioritised with 23 215 training man days being achieved in the first half. This was to ensure that customers continued to receive a good service in the changed environment.

Future Prospects

I am optimistic about the future which I believe will be more enabling, allowing us to do even more for all our key stakeholders. Barclays is in a good position to capitalise on improvements in the operating environment with the objective of booking more business with existing and new customers in the second half.

G T Guvamatanga
Managing Director
28 August 2009

Corporate Governance Statement

The Board of Directors remains committed to the maintenance of the highest corporate governance standards in the operations and structures of the Bank. Ensuring effective monitoring and control, and timely and accurate disclosure of material information about the Bank has also remained a top priority. All laws and regulations are observed as a matter of policy. The Bank subscribes to the principles of international best practice as guided by the Barclays Group Corporate Governance Guidelines and local regulatory requirements. The Board of Directors is committed to creating and sustaining shareholder value and ensuring that the Bank's conduct in all areas is ethical, legal and transparent.

Main Board

The Bank is directed by a Board of Directors headed by an independent, non-executive chairman, thereby ensuring separation of roles between the Managing Director and Board Chairman. The Directors have held two board meetings in the first half of the year during which the policies relating to the Bank were discussed. Special focus was given to the strategies of the bank with one board strategy session having been held in the period under review. The board is comprised of three executive directors, two non-executive directors and five independent non-executive directors. The board has delegated some of its duties and responsibilities to sub-committees to ensure the efficient discharge of its duties. The ultimate responsibility of running the Bank however still remains with the main board. The committees of the board are as follows:

Audit Committee

The prime functions of the committee are to review the Bank's accounting policies, the contents of the financial reports, disclosure controls and procedures, management's approach to internal controls, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, oversee the relationship with the company's external auditors, as well as providing assurance to the board that management's control assurance processes are being implemented and are complete and effective. At each meeting the committee reviews reported and noted weaknesses in controls and any deficiencies in systems and the remediation plans to address the weaknesses and deficiencies. The committee 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 half year period ended 30 June 2009, there were no material losses as a result of internal control breakdowns. The committee comprises four independent non-executive directors. The members of the Committee as at 30 June 2009 were:-

J.P. Rooney	Chairman-Non Executive Director
C.F. Dube	Non-Executive Director
A.S. Mandiwanza	Non-Executive Director
E. Fundira	Non-Executive Director

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 two executive members and two independent non-executive directors. The members of the committee as at 30 June 2009 were:-

E. Fundira	Chairperson-Non Executive Director
Prof. H. C. Sadza	Non-Executive Director
G. T. Guvamatanga	Managing Director
J. Phiri	Risk Director

Loan Review Committee

The Loan Review Committee has 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 Regulations, 2000 as well as internal policies. The Committee comprises two independent non-executive directors and one executive director. The members of the committee as at 30 June 2009 were:-

C.F. Dube	Chairman-Non-Executive Director
J.P. Rooney	Non-Executive Director
S. Matsekete	Finance Director

Human Resources and Nominations Committee

The Human Resources Committee assists the board in the review of critical personnel issues as well as acting as a Remuneration and Terminal Benefits Committee. The committee reviews and approves overall recommendations on employee remuneration as well as approving managerial appointments. The committee ensures that the remuneration of directors is in line with the nature and size of operations of the Bank. In addition, the committee also considers nominations to the board and succession planning for the board. The committee comprises three non-executive directors and one executive director. The members of the Committee as at 30 June 2009 were:-

Prof H.C. Sadza	Chairman-Non-Executive Director
A. S. Mandiwanza	Non-Executive Director
Z. Masud	Non-Executive Director
G. T. Guvamatanga	Managing Director

Executive Committee (Also known as the Country Management Committee, CMC)

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 and opportunities. The Executive Committee also reviews and approves guidelines for employee remuneration. The Executive Committee assists the Managing Director to manage the bank, to guide and control the overall direction of the business of the bank and acts as a medium of communication and co-ordination between business units and the Board. The committee is comprised of executive directors and senior management.

Asset and Liability Committee (ALCO)

ALCO is tasked with ensuring the achievement of sustainable and stable profits within a framework of acceptable financial risks and controls. ALCO ensures maximization of the value that can be generated from active management of the Bank's balance sheet and financial risk within agreed risk parameters. ALCO manages the funding and investment of the bank's balance sheet, liquidity and cash flow of the bank, 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 the strategies of the bank conform to the bank's risk appetite and level of exposure as determined by the Risk Management Committee. The committee comprises executive directors and heads of units key to the proper discharge of the committee's responsibilities.

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

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

Board Evaluation

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

Convenience



Directors Shareholding

The following is a schedule of the directors' shareholdings in the Bank as at 30 June 2009

A.S.Mandiwanza	5 117 shares
J.P.Rooney	Nil
C.F.Dube	3 000 shares
Prof.H.C.Sadza	14 330 shares
E.Fundira	2 130 shares
Z.Masud	Nil
I.Diouf	Nil
G.T.Guvmatanga	Nil
S.Matsekete	10 000 shares
J.Phiri	Nil

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 unaudited financial statements are prepared in accordance with generally accepted local and international accounting practices and they incorporate responsible disclosure to ensure that the information contained therein is both relevant and reliable.

Board Attendance

Main Board

Name of Director	Total meetings	Total present	Total absent
A. Mandiwanza	2	2	Nil
C.F. Dube	2	2	Nil
Prof. H.C. Sadza	2	2	Nil
J.P. Rooney	2	2	Nil
E. Fundira*	2	1	1
Z. Masud	2	1	1
I. Diouf	2	1	1
G. T. Guvmatanga	2	2	Nil
J Phiri	2	2	Nil
S. Matsekete	2	2	Nil

* Joined board after first meeting of the year

Audit Committee

Name of Director	Total meetings	Total present	Total absent
A.S. Mandiwanza	4	3	1
C.F. Dube	4	3	1
Prof. H.C. Sadza	4	4	Nil
J.P. Rooney	4	4	Nil
E. Fundira*	-	-	-

* Appointed to committee after meetings for the first half year

Human Resources Committee

Name of Director	Total meetings	Total present	Total absent
Prof. H.C. Sadza	2	2	Nil
A.S. Mandiwanza	2	2	Nil
Z. Masud	2	2	Nil

Credit Committee

Name of Director	Total meetings	Total present	Total absent
A. Mandiwanza	2	2	Nil
Prof. H.C. Sadza	2	1	1
E. Fundira*	-	-	-
J. Phiri	2	2	Nil

* Appointed to committee after meetings for the first half year

Loans Review

Name of Director	Total meetings	Total present	Total absent
C.F. Dube	2	2	Nil
K.P. Rooney	2	2	Nil
S. Matsekete	2	2	Nil

By Order of the Board

G.F. Chihota
Secretary
28 August 2009



STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Note	30.06.2009 US\$
Assets		
Cash and bank balances	3	76,587,270
Loans and advances to customers	4	1,625,942
Trade investments available for sale	6	951,497
Other assets	9	729,740
Investment property	10	15,000,000
Property and equipment	11	21,735,425
Total assets		116,629,874
Liabilities		
Customer deposits	12	74,039,307
Amounts due to group companies	8	426,473
Other liabilities	14	3,669,128
Deferred income tax liabilities	15	7,425,187
Current income tax liabilities	15	277,178
Total liabilities		85,837,273
Equity		
Share capital	16	-
Accumulated profits	16	671,627
Other reserves	16	30,120,974
Total equity		30,792,601
Total equity and liabilities		116,629,874

STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 June 2009

	Note	30.06.2009 US\$
Interest income		278,881
Interest expense		(146,567)
Net interest income		132,314
Non-funded income	17	5,290,828
Operating income		5,423,142
Operating expenses	18	(4,986,701)
Impairment releases on loans and advances		224,900
Profit before income tax		661,341
Income tax	15	10,286
Profit for the period		671,627
Other comprehensive income		
Available for sale financial assets	19	153,290
Income tax relating to other comprehensive income	19	(43,600)
Other comprehensive income for the period, net of income tax		109,690
Total comprehensive income for the period		781,317
Basic earnings per share (US cents)		0.03
Diluted earnings per share (US cents)		0.03

STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2009

	Share capital US\$	Share premium US\$	Non-distributable reserves US\$	Functional Currency reserves US\$	Accumulated profits US\$	Share option reserve US\$	Total US\$
Balance at 1 January 2009	-	-	-	29,931,178	-	-	29,931,178
Total comprehensive income for the year	-	-	109,690	-	671,627	-	781,317
Share option reserves charge	-	-	-	-	-	80,106	80,106
Balance at 30 June 2009	-	-	109,690	29,931,178	671,627	80,106	30,792,601

STATEMENT OF CASHFLOWS

For the half year ended 30 June 2009

	Note	30.06.2009 US\$
Net cash flows from operating activities		
Profit before income tax		661,341
Adjusted for:		
Depreciation		517,103
Profit on disposal of property and equipment		(12,978)
Share options		80,106
Impairment losses and recoveries on loans and advances		(224,900)
Income tax paid		-
Net cash inflow before changes in operating assets and liabilities		1,020,672
Increase in loans and advances to customers		(1,299,806)
Increase in statutory reserves		(5,255,137)
Increase in other assets		(650,747)
Increase in customer deposits		37,477,531
Increase in other liabilities		3,315,257
Net cash inflow from operating activities		34,607,770
Cash flows from investing activities		
Proceeds from disposal of property and equipment		12,978
Net cash inflow from investing activities		12,978
Net increase in cash and cash equivalents		34,620,748
Cash and cash equivalents- at the beginning of the period		36,284,912
Cash and cash equivalents - at the end of the period		70,905,660
Cash and bank balances	3	71,332,133
Amounts due to group companies	8	(426,473)
Cash and cash equivalents		70,905,660

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the half year ended 30 June 2009

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these abridged financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

1. Basis of preparation

The Bank's financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") except for the requirement to present comparative accounts as required in terms of International Accounting Standards ("IAS") 1: (Revised) (Presentation of financial statements) and IAS 34 (Interim Financial Reporting) for reasons described in 1.2. below

1.1 Change in functional and reporting currency

The Bank adopted the United States of America Dollar as its reporting currency with effect from 1 January 2009. In terms of guidance issued by the Zimbabwe Accounting Practices Board on change of functional currency, the fair value of assets and liabilities had to be reassessed in terms of the new functional currency. The following approach was adopted for the valuation of assets and liabilities at the date of change in functional currency:

- Investment property which is carried at fair value was evaluated by reference to foreign currency based external valuations done for 2008 year end reporting.
- Valuation of land and buildings was by reference to foreign currency based external valuations done for 2008 year end reporting. Such valuations were adopted as the deemed cost at the date of change of functional currency.
- Valuation of motor vehicles and office equipment was done by internal assessments based on market value indications obtained from the market and considering the different ages of assets involved. Such valuations were adopted as deemed cost at the date of change of functional currency.
- Advances were evaluated where repayments were due in foreign currency and adjusted for impairment allowance reassessed to consider both the repayment history and the possible effect of the change in functional currency.
- The deemed cost of quoted equity financial assets was based on the current bid prices at the date of change in functional currency. For equity financial assets publicly traded on the Zimbabwe Stock Exchange, prices as at 19 February 2009 were deemed appropriate as this was the first day of active trading on the market.
- Liabilities were evaluated for obligations serviceable in foreign currency. Some expenses accrued prior to change in functional currency were established by reference to payments made after 1 January 2009.
- Some transactions during the period involved barter trade. The United States Dollar equivalent value of such proxy transactions was determined by reference to the value attached by suppliers to the mode of settlement.
- The Bank adopted the Black-Scholes valuation model to determine the value of share options granted from time to time. The change in functional currency and lack of historical share price data in the new functional currency meant that the model could not be applied. The directors chose to use intrinsic valuation models for purposes of estimating the adjustment to the Share Option Reserve from the date of change in functional currency.
- A Functional Currency reserve was created to account for the change in functional currency. The Functional Currency Reserve is essentially derived from the net valuation of the bank's assets and liabilities at the date of change in functional currency and is classified as non-distributable.

1.2 Comparative financial information

The Directors have not presented comparative information as required by IAS 1 (revised) (Presentation of Financial Statements) and IAS 34 (Interim Financial Reporting) because they believe the information will be misleading due to limitations to financial reporting in the general environment during 2008.

- The measurement of transactions in the Zimbabwe dollar during the prior period was dependent on the mode of settlement. As a result there could be significant variations in the values of transactions and balances making it impractical to determine with confidence the equivalent values in the new reporting currency.
 - The cost of trying to establish United States Dollar currency equivalent values of comparatives is considered to far outweigh the perceived benefits for users of financial statements.
- It is therefore considered impractical to convert comparative financial statements into United States of America Dollar in a manner consistent with IAS 21 (The Effects of Changes in Foreign Exchange Rates) and IAS 29 (Financial Reporting in Hyperinflationary Economies).

2. Financial instruments

Financial instruments are recognised in the balance sheet at fair value, based on quoted market prices. All financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

3. Analysis of cash and bank balances

	30.06.2009 US\$
Cash	7,792,107
Balances due from banking institutions	16,927,788
Amounts due by group companies	46,612,238
Cash and bank balances - cash flow statement	71,332,133
Statutory reserves	5,255,137
Cash and cash equivalents - balance sheet	76,587,270

Statutory reserve balances held with the Reserve Bank of Zimbabwe are not available for day to day use by the Bank.

4. Loans and advances to customers

	30.06.2009 US\$
Personal lending	-
Wholesale and corporate loans and advances	2,052,700
Gross value of loans and advances	2,052,700
Less allowance for impairment (Note 4.6)	(426,758)
Loans and advances to customers	1,625,942
Neither past due nor impaired	1,591,665
Past due but not impaired (Note 4.2)	-
Impaired (Note 4.3)	461,035
Gross value of loans and advances	2,052,700
Less allowance for impairment (Note 4.6)	(426,758)
Loans and advances to customers	1,625,942

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

4.1 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 are outstanding for more than 30 days. Such loans are either impaired or negotiated. The summary of renegotiated loans is shown in note 6.5 to the abridged financial statements.

4.2 Loans and advances past due but not impaired	30.06.2009 US\$					
	Up to 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 to 12 months US\$	Over 12 months US\$	Total US\$
Other Personal loans	-	-	-	-	-	-
Wholesale and corporate loans	-	-	-	-	-	-
Total past due but not impaired at 30 June 2009	-	-	-	-	-	-

4.3. Loans and advances individually assessed as impairment	30.06.2009 US\$		Net carrying amount US\$
	Gross carrying amount US\$	Impairment US\$	
Personal lending	-	-	-
Wholesale and corporate loans	461,035	411,035	50,000
At 30 June 2009	461,035	411,035	50,000

4.4 Non performing loans and receivables

Total non-performing loans and receivables	461,035
Less: specific allowance for impairment losses on non-performing book	411,035
Realisable security held	50,000

These are loans and overdrafts on which interest is no longer accrued and 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.

4.5 Summary of renegotiated loans

	30.06.2009 US\$
Residential mortgage loans	-
Other personal lendings	-
Wholesale and corporate loans	-
Finance leases	-
Total	-

Restructuring activities include extended payment arrangements, approved external management plans, modifications and deferral of payments

4.6 Allowance for impairment

	Residential mortgage loans US\$	Other Personal lendings US\$	Wholesale corporate loans US\$	Total US\$
At 1 January 2009	-	-	790,890	790,890
New allowance	-	-	-	-
Increased provisions	-	-	-	-
Recoveries	-	-	(240,623)	(240,623)
Charge for the year	-	-	15,723	15,723
Income statement movement	-	-	(224,900)	(224,900)
Debts written off	-	-	(139,232)	(139,232)
At 30 June 2009	-	-	426,758	426,758

Impairment allowances are determined in terms of the requirements of IAS 39 "Financial Instruments: recognition and measurement". Impairment allowances in excess of this, as required by the banking regulations, are accounted for as a transfer from distributable reserves to non-distributable reserves. Assets are written off when it is considered that recovery is no longer possible or when the cost to recover exceeds the amount to be recovered.

5. Credit risk concentration

	Loans and advances 30.06.2009 US\$		% %
Trade and services	160,875	8	
Energy and minerals	630,160	30	
Agriculture	1,098,360	54	
Construction and property	-	-	
Light and heavy industry	-	-	
Physical persons	163,305	8	
Transport & distribution	-	-	
Financial Services	-	-	
State	-	-	
Other	-	-	
Gross value	2,052,700	100	
Less impairment allowance	(426,758)		
Net value	1,625,942		

It is assessed that the carrying amount of loans and advances approximate their fair values because of their nature and their short tenor.

5.1 Credit exposures

Sectoral analysis	Total loans US\$	Past due / impaired loans US\$	Write-offs / recoveries US\$	Individually impaired allowance US\$
Trade and services	160,875	-	-	160,875
Energy and minerals	630,160	-	-	-
Agriculture	1,098,360	-	-	250,160
Construction and property	-	-	-	-
Light and heavy industry	-	-	-	-
Physical persons	163,305	-	-	-
Transport & distribution	-	-	-	-
Financial Services	-	-	-	-
State	-	-	-	-
Other	-	-	-	-
Gross value at 30 June 2009	2,052,700	-	-	411,035

5.2 Intra-group exposures

	Gross limits US\$	Utilised amounts US\$	Maturity date	Value of security US\$	Percentage of capital US\$
Type of Intra-group transactions	-	-	-	-	-
Loans to directors	-	-	-	-	-
Loans to group companies	-	-	-	-	-
Intercompany guarantees	-	-	-	-	-
Other	-	-	-	-	-
Total balance at 30 June 2009	-	-	-	-	-

6. Trade investments available for sale

Opening carrying amount	798,207
Fair value gains	153,290
	951,497

Equity holdings were obtained pursuant to the bank's operational relationships and are available for sale.

7. Investment in subsidiaries

Fincor Finance Corporation Ltd 100% (2008 - 100%)	-
Barclays Merchant Bank Limited (2008 - 100%)	-
Brains Computer Processing (Private) Limited (2008 - 100%)	-

All subsidiaries are dormant and their assets and liabilities are immaterial.

8. Related party balances

The Bank is controlled by Barclays Bank Plc incorporated in the United Kingdom. There are other companies which are related to Barclays Bank of Zimbabwe through common shareholding or common directorships. In the normal course of business placings of foreign currencies are made with parent company and other group companies at market interest rates. The relevant balances are shown below:

	30.06.2009 US\$
Amounts due from:	
Barclays Bank Plc	2,150,169
Other group companies	44,462,069
Total due by group companies (note 3)	46,612,238

	30.06.2009 US\$
Amounts due to:	
Barclays Bank Plc	305,137
Other group companies	121,336
Total due to group companies	426,473

9. Other assets

Internal accounts	729,740
Remittances in transit	-
Staff loans pre-payment	-
	729,740

10. Investment property

Opening carrying amount	15,000,000
Fair value gain on investment property	-
Closing net book amount	15,000,000

Barclays Bank jointly controls a property in Victoria Falls with the Barclays Bank Staff Pension Fund. Barclays Bank share (50%) of the investment property is valued at US\$15 million.



11. Property and equipment Half year ended 30 June 2009	Land US\$	Buildings US\$	Computers US\$	Other Equipment US\$	Furniture & Fittings US\$	Motor Vehicles US\$	Total US\$
Deemed cost at 1 January 2009	40,000	18,935,000	1,372,801	103,540	435,337	1,365,850	22,252,528
Revaluation	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Depreciation charge	-	(189,350)	(137,280)	(10,354)	(43,534)	(136,585)	(517,103)
Depreciation on disposal	-	-	-	-	-	-	-
Net book amount at 30 June 2009	40,000	18,745,650	1,235,521	93,186	391,803	1,229,265	21,735,425

Property, plant and equipment was subjected to impairment testing by comparing carrying amounts at the reporting date, with market prices quoted for similar assets and adjusted for different ages. Based on such impairment tests, no impairment of property, plant and equipment was considered necessary.

12. Customer deposits 30.06.2009 US\$	
Current deposit accounts	
- Wholesale customers	58,785,754
- Retail customers	15,253,553
Deposits due to other banking institutions	-
Other money market deposit	-
Total	74,039,307

12.1 Concentration of customer deposits 30.06.2009 US\$		%
Trade and services	17,399,452	24
Energy and minerals	279,129	-
Agriculture	6,667,214	9
Construction & property	161,343	-
Light and heavy industry	4,275,298	6
Physical persons	14,897,302	20
Transport and distribution	7,347,393	10
Financial Services	23,012,176	31
State	-	-
Other	-	-
Total	74,039,307	100

13. Other financial liabilities
During the period, the Bank did not carry financial liabilities whose carrying amount is different from the fair value.

14. Other liabilities 30.06.2009 US\$	
Accrued expenses	222,423
Internal accounts including bank cheque accounts	3,217,984
Remittances in transit	7,887
Other provisions	220,834
Total	3,669,128

15. Taxation
Current income tax and deferred income tax on temporary differences have been fully provided for. Deferred income tax is calculated using the full liability method. Banking institutions levy has been provided for in full.

16. Shareholders' equity and reserves 30.06.2009 US\$	
Accumulated profits	671,627
Share capital	-
Share premium	-
Capital reserves	30,040,868
Share options reserve funds	80,106
Other reserves	30,120,974
Total shareholder's equity	30,792,601

16.1 Ordinary shares and share premium 30.06.2009 US\$	Number of shares (Million)	Ordinary shares US\$	Share Premium US\$	Total US\$
Balance at 1 January 2009	2,151	-	-	-
Issue of share capital-share options	1	-	-	-
Balance at 30 June 2009	2,152	-	-	-

17. Non-funded income 30.06.2009 US\$	
Fee and commission income	3,443,362
Net foreign currency trading income	1,666,211
Dividend Income	82,293
Rent receivable	85,984
Profit on disposal of assets	12,978
Total	5,290,828

18. Operating expenses 30.06.2009 US\$	
18.1 Staff costs	
Salaries and allowances	2,280,156
Retirement benefit obligations	
- defined contribution plans	180,935
Directors' remuneration:	
- fees	8,295
- other	24,404
Total staff costs	2,493,790
18.2 Other administrative expenses:	
Property and equipment:	
- repairs and maintenance	278,342
- depreciation	517,103
Audit fees	10,000
Other expenses	1,687,466
Total other administrative expenses	2,492,911
Total operating expenses	4,986,701

19. Other comprehensive income 30.06.2009 US\$	Before-tax amount US\$	Income tax US\$	Net-of-tax amount US\$
Available for sale financial assets	153,290	(43,600)	(109,690)
Other comprehensive income	153,290	(43,600)	(109,690)

20. Liquidity 30.06.2009 US\$	
20.1 Liquidity ratios	
Cash and bank balances	71,332,133
Amounts due to group companies	(426,473)
Total liquid assets	70,905,660
Customer deposits	74,039,307
Other money market deposits	-
Total liabilities to the public	74,039,307
Liquidity ratio (RBZ minimum - 10%)	96%

20.2 Liquidity profiling at 30 June 2009

	Up to 1 month US\$	1 month to 3 months US\$	3 months to 6 months US\$	6 months to 1 year US\$	1 year to 5 years US\$	Over 5 years US\$	Total US\$
Assets							
Cash and bank balances	76,587,270	-	-	-	-	-	76,587,270
Available for sale financial assets	-	-	-	-	-	-	-
Loans and advances to customers	1,416,022	329,933	-	-	-	-	1,745,955
Trade investments available for sale	-	-	-	-	-	951,497	951,497
Other assets	729,740	-	-	-	-	-	729,740
Investment property	-	-	-	-	-	15,000,000	15,000,000
Property and equipment	-	-	-	-	-	21,735,425	21,735,425
Total	78,733,032	329,933	-	-	-	37,686,922	116,749,887

	30.06.2009 US\$						
Liabilities							
Customer deposits	74,039,307	-	-	-	-	-	74,039,307
Amounts due to group companies	426,473	-	-	-	-	-	426,473
Other liabilities	3,669,128	-	-	-	-	-	3,669,128
Deferred income tax	7,425,187	-	-	-	-	-	7,425,187
Current income tax	277,178	-	-	-	-	-	277,178
Total	85,837,273	-	-	-	-	-	85,837,273
Liquidity gap	(7,104,241)	329,933	-	-	-	-	37,686,922
Cumulative liquidity gap	(7,104,241)	(6,774,308)	(6,774,308)	(6,774,308)	(6,774,308)	(6,774,308)	30,912,614

	30.06.2009 US\$						
Off Balance sheet items							
Assets							
Guarantees and letters of credit							
Commitment to lend	7,875,000	-	-	-	-	-	7,875,000
Total	7,875,000	-	-	-	-	-	7,875,000
Liability							
Guarantees and letters of credit		5,000	-	1,473,975	-	-	1,478,975
Commitment to lend	7,875,000	-	-	-	-	-	7,875,000
Total	7,875,000	5,000	-	1,473,975	-	-	(9,353,975)
Liquidity gap	-	(5,000)	-	(1,473,975)	-	-	(1,478,975)
Cumulative liquidity gap	-	(5,000)	(5,000)	(1,478,975)	(1,478,975)	(1,478,975)	(1,478,975)

The Bank determines ideal weights for maturity time buckets which are used to benchmark the actual maturity profile. Deviations from the internal benchmark inform the tenor and interest rate structure of new advances. Maturity mismatches across the time buckets are managed through the tenor of new advances and the profile of time deposits.

21. Interest rate repricing at 30 June 2009

	Up to 1 month US\$	1 month to 3 months US\$	3 months to 6 months US\$	6 months to 1 year US\$	1 year to 5 years US\$	Over 5 years US\$	Non Interest Bearing US\$	Total US\$
Assets								
Cash and bank balances	16,927,788	-	-	-	-	-	13,047,244	29,975,032
Available for sale financial assets	-	-	-	-	-	-	-	-
Loans and advances to customers	1,345,942	280,000	-	-	-	-	-	1,625,942
Trade investments available for sale	-	-	-	-	-	951,497	-	951,497
Amounts due by group companies	46,612,238	-	-	-	-	-	-	46,612,238
Other assets	-	-	-	-	-	-	729,740	729,740
Investment property	-	-	-	-	-	-	15,000,000	15,000,000
Property and equipment	-	-	-	-	-	-	21,735,425	21,735,425
Total	64,885,968	280,000	-	-	-	-	51,463,906	116,629,874
Liabilities								
Customer deposits	74,039,307	-	-	-	-	-	-	74,039,307
Amounts due to group companies	-	-	-	-	-	-	426,473	426,473
Other liabilities	-	-	-	-	-	-	3,669,128	3,669,128
Deferred income tax	-	-	-	-	-	-	7,425,187	7,425,187
Current income tax	-	-	-	-	-	-	277,178	277,178
Total	74,039,307	-	-	-	-	-	11,797,966	85,837,273
Interest rate repricing gap	(9,153,339)	280,000	-	-	-	-	-	39,665,940
Cumulative gap	(9,153,339)	(8,873,339)	(8,873,339)	(8,873,339)	(8,873,339)	(8,873,339)	-	30,792,601

22. Contingent liabilities and capital commitments

22.1. Off balance sheet and financial instruments, Contingent liabilities and commitments 30.06.2009 US\$	
Letters of credit	-
Guarantees and performance bonds	1,478,975
Commitments to lend	7,875,000
Total Contingent Liabilities	9,353,975

23. Business segments

The executive committee is the chief operating decision maker for the Bank. Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee, which is responsible for allocating resources and assessing performance of the operating segments.

Wholesale banking - comprising business banking, small to medium size enterprises and treasury and incorporating financial instruments trading, structured financing, transactional services, foreign currency and credit facilities.

Retail banking - incorporating private banking, private customer savings and current accounts, consumer loans and other facilities as well as individual transactional services

	Wholesale banking US\$	Retail banking US\$	Total US\$
Year ended 30 June 2009			
Operating income	3,385,871	2,037,271	5,423,142
Profit before tax	2,232,561	(1,571,220)	661,341
Income tax expense	(475,221)	485,507	10,286
Net profit for the year	1,757,340	(1,085,713)	671,627
Segment assets	113,454,860	3,175,014	116,629,874
Segment liabilities	68,943,584	16,893,689	85,837,273
Capital expenditure	-	-	-
Depreciation	517,103	-	517,103
Impairment charge-trade investments and subsidiaries	-	-	-
Other - share options	57,807	22,299	80,106

24. Risk management

The following discussion sets forth the factors that the Bank believes could cause its actual results to differ materially from the expected results. However, other factors could also adversely affect the Bank results and so the factors discussed in this report should not be considered to be a complete set of all potential risks and uncertainties.

The factors we consider to determine exposure to risk and the policies and processes we use to manage them has not significantly changed from the previous period.

Credit risk

Credit risk is the risk that the Bank's customers, clients or counterparties default on their loan or credit commitments. Default occurs when counterparties are not able or willing to pay interest, repay capital or otherwise fulfil their contractual obligations under loan agreements or other credit facilities. The Bank uses a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced as well as credit scoring all customer borrowing applications and only lend to those which meet the set criteria. The Bank monitors cash flows and utilisation against limits to identify customers under stress and takes corrective action in consultation with the customer. The Bank has Credit Risk and Loans Review Committees, chaired by non-executive directors to monitor the risks. In measuring credit risk of loans and advances the Bank Reflects three components

- the probability of default by the client or counterparty on its contractual obligations;
- current exposures to the counterparty and its likely future development and
- the likely recovery ratio on the defaulted obligations.



The Bank employs a range of policies and practices to mitigate credit risk including the taking of security for funds advanced. The principal collateral types used for loans and advances are:

- o Mortgages over residential properties;
- o Charges over business assets such as premises, inventory and accounts receivable and;
- o Charges over financial instruments.

The Bank's credit risk capital is determined using the internal ratings approach (see note 25.1).

Strategic risk

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

Legal and compliance risk

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

Reputation risk

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

Operational risk

This is the risk of losses arising from inadequate or failed internal processes, people and or systems or from external events. Practices to minimise operational risk are embedded across all transaction cycles. Risk workshops are held for the purpose of identifying major risks in the operating environment and methods of mitigating the risks. The Bank employs the standardised approach to determine risk to cover operational risk (see note 25.1)

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. The Bank identifies this risk through periodic liquidity gap analysis and the maturity profile of assets and against that of its liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps. The Bank's Asset and Liability committee (ALCO) monitors and manages liquidity risk. The Bank's liquidity position is shown in note 20.

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

- o Day to day funding and monitoring of future cash flows to ensure that funding requirements are met
- o Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against unforeseen funding gaps
- o Monitoring balance sheet liquidity ratios against internal and regulatory benchmarks
- o Managing the concentration and profile of debt maturities.

Market risk

Market risk is the risk that Barclays earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates, equity prices and commodity prices. It has two main components which are liquidity and interest rate risks. Interest rate risk is the risk that the Bank will be adversely affected by changes in the level or volatility of market interest rates. The Bank's interest rate risk position is shown below.

The Bank applies a 'value at risk' ("VaR") methodology to its trading and non-trading portfolios to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. All assets in the Bank's trading portfolio are covered by the internal model to determine capital to cover market risk (refer note 25.1). The measurement techniques used to measure and control market risk include:

Interest rate risk exposure

USD	Impact on earnings	30.06.2009 Impact on capital
1000% increase in interest rates	(427,000)	(427,000)
1000% decrease in interest rates	427,000	427,000
Benchmark	-	-

Daily value at risk ("DVaR")

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

Stress tests

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

Annual earnings at risk ("AEaR")

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

Economic capital

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

One day risk				
Type of risk or activity	High USD	Medium USD	Low USD	Period - end USD
Currency	3,200	2,500	2,000	2,200
Equity	-	-	-	-
Interest	300	200	100	100
Commodity	-	-	-	-
Diversification effect	-	-	-	-
Aggregate VaR at 30 June 2009	3,500	2,700	2,100	2,300

Two week risk				
Type of risk or activity	High USD	Medium USD	Low USD	Period - end USD
Currency	10,120	7,800	6,320	6,960
Equity	-	-	-	-
Interest	900	500	300	300
Commodity	-	-	-	-
Diversification effect	-	-	-	-
Aggregate VaR at 30 June 2009	11,020	8,300	6,620	7,260

ALCO, together with the Credit Risk Committee, closely monitors this risk. The Bank is satisfied with its risk management processes and systems in place as they have enabled the Bank to minimise losses.

Risk and credit 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 31 December 2006 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 ratings December 2006
Capital adequacy	2
Asset quality	2
Management	2
Earnings	2
Liquidity	2
Sensitivity to market risk	2
Composite Rating	2

Key:

- 1 = Strong
- 2 = Satisfactory
- 3 = Fair
- 4 = Weak
- 5 = Critical

Risk Assessment System (RAS) Ratings	
RAS component	Latest RAS ratings - 2006
Overall inherent risk	Moderate
Overall risk management systems	Acceptable
Overall composite risk	Moderate
Direction of overall composite risk	Stable

Risk rating for the Bank commenced in 2006.

Summary risk matrix - December 2006 onsite supervision

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

Interpretation of risk matrix

Level of inherent risk

Low reflects lower than average probability of an adverse impact on a bank 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 on the internal 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 a the relevant functional areas or per inherent risk. The board and senior management are active participants in managing risk and ensure appropriate policies and limits are put in place. The policies comprehensively define the bank's risk tolerance, responsibilities and accountabilities are effectively communicated.

Overall composite risk

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

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

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

Direction of overall composite risk

Increasing - based on the current information, risk is expected to increase in the next 12 months.

Decreasing - based on current information, risk is expected to decrease in the next 12 months.

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

External credit ratings

Rating Agent	Latest credit ratings - 2009/10	Previous credit ratings - 2008/9	Previous credit ratings - 2007/8
Global Credit Rating Co.	AA-	AA-	AA-

The last rating was done in March 2009 and expires in April 2010.

25. Capital management

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

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

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

The Reserve Bank of Zimbabwe requires each bank to maintain a minimum ratio of total regulatory capital adequacy ratio of 10%.

The table below summarises the composition of regulatory capital and the ratios of the Bank.

	30.06.2009 US\$
Ordinary paid-up share capital	-
Share premium	-
Accumulated profits	671,927
Share options reserves fund	80,106
Available for sale reserves	109,690
Functional currency reserves	29,931,178
Tier 1 capital	30,792,601
Revaluation reserves	-
General provisions (Limited to 1.25% of weighted risk assets)	15,723
Tier 2 capital	15,723
Market risk	-
Operational risk	313,390
Tier 3 capital	313,390
Total Tier 1 and 2 capital	30,808,324
Less: investment in subsidiaries	-
Total Tier 1 and 2 capital base	30,808,324
Tier 3	(313,390)
Total capital base	30,494,934
Risk weighted assets	51,553,060
Operational risk equivalent assets	3,917,374
Market risk equivalent assets	-
Total risk weighted assets (RWA's)	55,470,434
Tier 1 capital ratio	56%
Tier 1 and 2 capital ratio	56%
Tier 1 and 2 ratio after deducting Tier 3 Capital	55%
Capital adequacy ratio excluding market and operational risks	60%

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

Market risk capital is assessed using internal models approach that considers the risk characteristics of the different trading book assets. Risk components are transformed into risk weighted assets and, therefore, capital requirements, based on predetermined exposure and loss probability factors.

Operational risk capital is assessed using the standardised approach. This approach is tied to average gross income over three years per regulatory business lines as indicator of scale operations. Total capital charge for operational risk equals the sum of charges per business lines. Total capital for the Bank is assessed to be sufficient to support current business and planned capital projects. Growth in advances will continue to be pursued cautiously and in such a way as to achieve economic asset yields.

	30.06.2009
Barclays Bank PLC (%)	68
Zimbabwe Public (%)	32
Dividend	100

The Board resolved not to declare a dividend, in light of the need to preserve cash generated for capital expenditure.

By order of the Board

G.F. Chihota
Company Secretary

Harare
28 August 2009