

Unaudited Financial Statements for the half year ended 30 June 2011

Chairman's Statement

Dear Shareholder

This 2011 interim financial statement for the Bank shows an improved result compared to same period last year whilst it also reflects a cautious growth of the loan book. The Bank continued its safe bank model that seeks to ensure customer deposits remain secure and that customers can access cash and conduct their transactions conveniently at all times. Efforts to grow the product range and a quality loan book continue.

Business environment

Whilst some elements of uncertainties characterised the first half of the year, it was encouraging to observe monthly inflation being contained below 1% and showing a declining trend in the second quarter. The most significant factor influencing inflation remained the value of the South African Rand which continued to firm for the better part of the review period. Year on year inflation closed June at 2.5%. Interest rates also assumed a declining trend although ranges remained wide in the absence of an efficient money market.

Bank deposits continued to grow partly due to credit creation but have largely remained short term. Core deposits should increase with improved confidence in the economy. The 2011 – 2015 Medium Term Plan (MTP) launched on 7 July 2011 is a significant development. Financial markets should respond positively to the announcement that the multicurrency regime will be maintained over the plan period to 2015. If adhered to, the MTP should also serve to demonstrate improved consistency and coordination of economic policies which should start to reduce country risk and enhance predictability and efficiency of the Zimbabwean money and capital markets.

Overview of financial performance

The Bank's capital base remained strong at a capital adequacy ratio of 20%. Loans closed the period 108% above same period last year and 23% up on the December 2010 level. The liquidity ratio closed the period at 72%.

The Bank registered a profit after tax of US\$0.7 million for the period translating to earnings per share of 0.03 cents. Operating income for the six months was US\$15.6 million up 31% on prior year. Non funded income continued to be more dominant at 81% of total operating income (June 2010 - 84%). The operating income excludes US\$7,6 million (2010 : US\$6,5 million) Group support received during the period which is earmarked for a restructuring exercise that was started during the second quarter.

Total costs incurred were US\$14.6 million excluding once off US\$7.8 million (2010 : US\$6.5 million) retrenchment cost, 16% up on prior year. Staff costs comprised 56% of total costs (full year 2010 – 53%) reflecting an increased weight from mostly industry driven salary reviews. The Bank is realising the savings from the 2010 restructuring exercise according to plan. Under branch rationalisation, three branches were closed during the period and merged into other remaining branches.

The loan loss ratio remained well within 1% largely comprising general provisions. The Bank continues to adhere to rigorous credit processes and prudential lending guidelines.

Regulatory compliance

The Bank remained compliant with the central bank minimum capital and capital adequacy requirements. In addition prudential lending practices were adhered to throughout the period. The laws which protect various rights of stakeholders including employees,

customers and shareholders continued to be observed.

Corporate governance

The board continued to be guided by the highest standards of corporate governance as recommended by the King Reports as well as local legislation and regulations. As detailed in the Directors Corporate Governance Report the board maintained a majority of independent non executive members on the board. No condition or circumstance was considered to be compromising the independence of members. Over the period under review the board comprised three executive directors, five independent non executive and one non executive representing Barclays Bank plc. Governance structures and processes continue to be benchmarked against world class standards.

Corporate citizenship

The partnerships with Junior Achievement Zimbabwe (an education initiative) and the Kaite project that is benefiting rural farmers in Mashonaland East and Manicaland are continuing. There were two key initiatives done during the period. One was the launch of a partnership with Grassrootsoccer which is a program designed to empower youths with life skills based on the principles of the game of soccer. The second was the donation of an ambulance to Chikombedzi District Hospital to replace one also donated by the Bank a few years back. More social responsibility initiatives are lined up for the second half of the year.

Outlook

The Bank is already working on its mobile banking and internet banking product offerings. The Bank will also continue to grow the loan book. Whilst transaction volumes fell below budget in the first half, with the product and channel initiatives under way a better revenue outturn is projected for the second half. Costs remain under pressure from inflationary increases especially as general industry salary levels increase. If the economic situation continues to be stable it is envisaged that the Bank will move from the restructuring and rationalisation mode to start consolidating and increasing focus on growth initiatives.

Once again, we consider the 2011 – 2015 Mid Term Plan(MTP) to be a critical element that should align all efforts to revive the economy and if diligently implemented and monitored should see more sustainable growth going forward.

Appreciation

I thank all our customers for the confidence they continue to repose in the Bank. I should also thank the board and all Barclays colleagues for their unwavering commitment to the Bank even as we approach the Bank's centenary in 2012. I also cherish the guidance and support we continue to get from our regulators which continues to be valuable.

Dividend

Considering the results for the period and the need to preserve capital, no dividend is proposed.

A Mandiwanza
Chairman
29 August 2011

Managing Director's Statement

For the period under review, developments within the economic landscape have required us to further interrogate our business model. We have continued to develop prudent risk management structures and improve on our risk control platforms, while strategically growing our business.

As stated in the 2010 financial statements, I still believe that it is critical for us to ensure that the fit between our environment and our strategy is aligned and speaks as one. Through this process we have seen a marked improvement, providing us with a platform to continue our journey into profitability.

Our focus

Under this environment, our focus on the customer remains pivotal and our strategy will continue to support all business units. We are confident of how the Bank can solidify its role within the industry. Operating structures will continue to use safe banking models that will optimise and consolidate our key resources in efforts to ensure transactional ease and operational efficiency.

We will continue to grow the lending offering. There has been growth of our loan book by 23% from December last year which is indicative of our response to the demands of our customers for loans. Our control structures remain focussed on prudent risk assessment processes and guidelines as we continue to meet customer needs. Second half of the year will see the launch of the Barclays@Work initiative which is targeted to provide 'full circle' of services to the employees of corporate customers with whom we do business.

New frontiers

In 2010, it was our deliberate strategy to create banking services that were accessible to all customers, providing them with transacting ease and a secure banking environment. The world has become a growing and evolving global village powered by social media platforms and new internet based solutions to improve the customer experience. As a result, the banking customer has changed. Launching of Mobile and Internet Banking in the fourth quarter is anticipated to provide customers with new channels in which they can transact anytime, anywhere.

The uptake of existing product offerings such as sms alerts, the International Debit Card and e-statements is an indication of a growing need for customers to be self-empowered as they gain access to their banking information more frequently using e-channels.

Investing in people

The human capital element remains critical as we become increasingly focused on key segments. Our investment in intellectual growth will see a

revitalised graduate trainee programme that will provide young talent with business opportunities within the Bank during the second half of the year. A vibrant learning and development programme supports colleagues with opportunities to expand their horizons and expose themselves to wider spectrums.

The second half of the year will forecast an even leaner organisational structure that can efficiently support our strategy. After the voluntary retrenchment of 206 employees in 2010, we will continue to review and assess our structures in relation to operational requirements.

The Barclays citizen

I believe that the nearly 100-year Barclays presence in Zimbabwe speaks to the Bank's commitment and dedication to its employees, pensioners and customers whose fathers and fore-fathers have walked through our doors, not forgetting the surrounding communities that we have partnered.

Our responsible banking initiatives have seen the launch of the Barclays Spaces for Sports programme in partnership with Grassrootsoccer. This three year, USD300,000 partnership entitled "Skilz for Youth" is aimed at harnessing the power of soccer to stop the spread of HIV in Zimbabwe and build self-esteem and self-efficacy of Zimbabwean youth by empowering local role models and increasing community ownership and awareness. Skilz for Youth will impact 100 young adult community role models, 16,000 youth program participants, and up to 100,000 community members.

Our citizenship agenda includes the continued investment in Junior Achievement Zimbabwe where more than 250 high school seniors will learn entrepreneurial skills through exciting programmes such as 'Job Shadow' and running their companies through the 'Company Programme' supported by Barclays mentors. Donations in the form of ambulances and the electrification of primary schools all support our citizenship agenda within a society that needs basic requirements to ensure that health and educational needs are met.

I am confident that the outlook will reflect the success of our growth and operational strategies in business volumes.

G.T. Guvamatanga
Managing Director
29 August 2011

Corporate Governance Statement

The Board of Directors is, as always, committed to the establishment, monitoring and practice of the highest corporate governance standards in the operations and structures of the Bank. Among its top priorities has been the desire to ensure effective control and timely and accurate disclosure of material information about the Bank. Regulations, laws and directives are observed and complied with all the time. The Bank subscribes to the principles of international best practice as guided by the Barclays Group Corporate Governance and local regulatory guidelines.

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

Main Board

The Board of Directors is led by an independent non-executive chairman, thereby ensuring effective and constructive checks and balances between the managing director and board chairman. The Directors have held five (5) board meetings in the first half of 2011 during which policies governing the Bank were discussed, among other things. Special focus was also given to the strategies of the Bank with two board business review and strategy sessions having been held in the period under review. The board is composed of three executive directors and five independent non-executive directors.

The board has delegated some of its duties and responsibilities to sub-committees to ensure the efficient discharge of the same. The ultimate responsibility of running the Bank however still remains with the main board. The sub-committees of the board are as follows:

Audit Committee

The primary functions of the Committee are to review the company'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 being implemented, 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 comprised of independent non-executive directors. The members of the Committee as at 30 June 2011 were:-

A. I. Lawson	Chairman-Non Executive Director
C. F. Dube	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 2011 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

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 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 2011 were:-

C.F. Dube	Chairman-Non-Executive Director
A. I. Lawson	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 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 two independent non-executive directors and one executive director. The members of the Committee as at 30 June 2011 were:-

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

Executive Committee

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 composed of executive directors and senior management.

Assets and Liabilities 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. It manages the funding and investment of the Bank's balance sheet, liquidity and cash flow, as well as exposure of the Bank to interest rate, exchange rate, market and other related risks. It ensures that the Bank adopts the most appropriate strategy in terms of the mix of assets and liabilities given its expectation of the future and potential consequences of interest rate movements, liquidity constraints and foreign exchange exposure and capital adequacy. It also ensures that strategies conform to the Bank's risk appetite and level of exposure as determined by the Risk Management Committee. The Committee comprises executive directors and heads of 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 the Bank and other regulatory bodies. It determines and approves business level policies, ensuring consistency with the Barclays Group policies. It assists the Board of Directors in the discharge of its duties relating to corporate accountability and associated risks in terms of management, assurance and reporting. At every meeting 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 weaknesses noted. Action plans are put in place to address identified weaknesses with a view to continuously improving the performance of the board and the individual members.

Directors Shareholding

The following is a schedule of the directors' shareholdings in the Bank as at 30 June 2011

A.S. Mandiwanza	5 117	G. T. Guvamatanga	Nil
C.F. Dube	3 000	S. Matsekete	10 000
Dr H.C. Sadza	Nil	J. Phiri	Nil
E. Fundira	2 145	A.I.Lawson	15 642
I. Diouf	Nil		

Half year 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.

Unaudited Financial Statements for the half year ended 30 June 2011



Barclays Bank of Zimbabwe Limited
www.barclays.com

Corporate Governance Statement (continued)

Statement of Financial Position for the half year ended 30 June 2011

Board Attendance

Main Board

Name	Total Meetings	Total Present	Total Absent
A Mandiwanza	5	5	Nil
C Dube	5	5	Nil
H C Sadza	5	4	1
E Fundira	5	4	1
I Diouf*	5	1	4
G T Guvamatanga	5	5	Nil
J Phiri	5	5	Nil
A.I.Lawson	5	5	Nil
S Matsekete	5	5	Nil

Audit Committee

Name	Total Meetings	Total Present	Total Absent
A Mandiwanza	2	2	Nil
C Dube	2	2	Nil
E Fundira	2	1	1
A.I.Lawson	2	2	Nil

Human Resources & Nominations Committee

Name	Total Meetings	Total Present	Total Absent
H C Sadza	2	2	Nil
A.S. Mandiwanza	2	2	Nil
G. T. Guvamatanga	2	2	Nil

Credit Committee

Name	Total Meetings	Meetings Supposed to Attend	Total present	Total Absent
E Fundira	11	11	11	Nil
H.C.Sadza	11	11	6	5
J.Phiri	11	11	9	2
G.T.Guvamatanga	11	7	6	1

Loans Review Committee

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

By Order of the board
W Chimwaradze
Company Secretary
29 August 2011

*Director resigned during first quarter of 2011

Note	30.06. 2011 US\$	30.06. 2010 US\$	31.12. 2010 US\$	
Assets				
Cash and bank balances	3	142,672,306	107,642,550	144,328,313
Loans and advances to other banks	5	18,642	4,252	18,832
Loans and advances to customers	6 & 24	53,123,266	25,539,026	43,129,502
Other assets	10	3,295,407	2,605,412	3,427,271
Trade investments available for sale	7	1,406,896	1,139,155	1,127,556
Current income tax asset		-	44,855	44,855
Investment property	11	15,000,000	15,000,000	15,000,000
Property and equipment	12	21,947,370	21,803,599	21,859,200
Total assets		237,463,887	173,778,849	228,935,529
Liabilities				
Amounts due to group companies	9	746,124	765,542	1,356,294
Deposits from other banks	13	867,034	674,651	1,987,267
Deposits from customers	14	181,877,371	121,630,442	181,222,577
Other liabilities	17	15,992,859	13,400,475	7,817,865
Current income tax liabilities		202,588	-	-
Deferred income tax liabilities		5,630,990	5,941,229	5,645,418
Total liabilities		205,316,966	142,412,339	198,029,421
Equity				
Share capital	18	215,258	230,648	215,258
Share premium	18	23,633,491	23,618,101	23,633,491
Other reserves	18	7,456,036	6,756,297	6,825,363
Retained earnings		842,316	761,464	231,996
Total equity		32,146,921	31,366,510	30,906,108
Total equity and liabilities		237,463,887	173,778,849	228,935,529

Statement of Comprehensive Income for the half year ended 30 June 2011

Statement of Cash Flows for the half year ended 30 June 2011

Note	30.06.2011 US\$	30.06.2010 US\$	31.12. 2010 US\$
Interest and similar income	3,834,652	2,788,109	4,474,989
Interest and similar expense	(905,661)	(825,882)	(1,676,794)
Net interest income	2,928,991	1,962,227	2,798,195
Impairment losses on loans and advances	24	(43,228)	(329,381)
Net interest income after loan impairment losses	2,885,763	1,922,619	2,468,814
Non-funded income	19	20,314,316	16,410,344
Operating income	23,200,709	18,332,963	32,135,478
Operating expenses	20	(22,290,193)	(19,260,761)
Profit/(loss) before income tax	909,886	(927,798)	(1,852,354)
Income tax expense	16	(178,077)	294,694
Profit/(loss) for the period	731,809	(633,104)	(1,275,538)
Other comprehensive income	21		
Available for sale financial assets		279,343	(213,851)
Income tax (expense)/credit relating to other comprehensive income		(82,699)	59,717
Other comprehensive income/(loss) for the period, net of income tax	196,644	(154,134)	(154,255)
Total comprehensive income/(loss) for the period	928,453	(787,238)	(1,429,793)
Basic earnings/(loss) per share (US cents)	0.03	(0.03)	(0.06)
Diluted earnings/(loss) per share (US cents)	0.03	(0.03)	(0.06)

Note	30.06.2011 US\$	30.06.2010 US\$	31.12.2010 US\$
Cash flow from operating activities			
Profit/(loss) before income tax	909,886	(927,798)	(1,852,354)
Adjustments for non-cash items:			
Impairment losses on loans and advances	43,228	39,608	329,381
Depreciation of property and equipment	12	765,534	561,798
Impairment of equipment (reversal)/charge	(40,440)	-	90,016
(Profit)/loss on disposal of property and equipment	(4,095)	(930)	100,199
Staff loan prepayment amortisation	(42,298)	12,810	15,314
Medical aid accrual fund	379,425	557,207	912,482
Share options	312,360	(11,389)	258,722
Cash flow from operating activities before changes in working capital	2,323,600	231,306	1,077,658
Increase in loans and advances to customers	(9,994,694)	(5,254,351)	(23,137,104)
Decrease in statutory reserves	1,006	606,689	212,122
(Increase)/decrease in other assets	123,492	(1,373,703)	(2,195,563)
Increase in deposits from customers	654,794	(155,860)	59,436,275
Increase in other liabilities	7,803,838	6,235,108	209,263
Income taxes paid	(27,608)	(578,957)	(578,957)
Net cash generated/(utilised) from operating activities	884,428	(289,768)	35,023,694
Cash flow from investing activities			
Purchase of property and equipment	12	(816,049)	(1,205,893)
Proceeds from sale of property and equipment	6,833	3,030	96,725
Purchase of trade investments available for sale	-	-	-
Net cash used in investing activities	(809,216)	(1,202,863)	(2,111,709)
Net increase/(decrease) in cash and cash equivalents	75,212	(1,492,631)	32,911,985
Cash and cash equivalents at the beginning of the year	130,726,231	97,814,246	97,814,246
Effects of exchange-rate changes on cash and cash equivalents	-	2,206	-
Cash and cash equivalents at the end of the period	4	130,801,443	96,323,821

Statement of Changes in Equity for the half year ended 30 June 2011

	Share capital US\$	Share premium US\$	Amounts awaiting allotment US\$	Available for sale reserves US\$	Non-distributable reserves US\$	General reserves US\$	Accumulated profits US\$	Share option reserve US\$	Total US\$
Balance at 1 January 2010	-	-	60,000	371,684	29,988,824	173,461	1,434,985	136,183	32,165,137
Comprehensive income									
Loss for the period	-	-	-	-	-	-	(633,104)	-	(633,104)
Other comprehensive income									
Fair value gains on available-for-sale financial assets, net of income tax	-	-	-	(154,134)	-	-	-	-	(154,134)
Regulatory impairment allowance	-	-	-	-	-	40,417	(40,417)	-	-
Total comprehensive income for the period	-	-	-	(154,134)	-	40,417	(673,521)	-	(787,238)
Capitalisation of currency translation reserve	224,448	23,541,726	(60,000)	-	(23,706,174)	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-	-	-
Employee share option scheme:									
- value of employee services charged to statement of comprehensive income	-	-	-	-	-	-	-	(11,389)	(11,389)
- transfer to share capital and share premium on exercise of options	6,200	76,375	-	-	-	-	-	(82,575)	-
Balance at 30 June 2010	230,648	23,618,101	-	217,550	6,282,650	213,878	761,464	42,219	31,366,510
Balance at 1 January 2011	215,258	23,633,491	-	217,429	6,194,692	100,912	231,996	312,330	30,906,108
Comprehensive income									
Loss for the period	-	-	-	-	-	-	731,809	-	731,809
Other comprehensive income									
Fair value gain on available-for-sale-financial assets, net of income tax	-	-	-	196,644	-	-	-	-	196,644
Regulatory impairment allowances	-	-	-	-	-	121,669	(121,669)	-	-
Total comprehensive income for the period	-	-	-	196,644	-	121,669	610,140	-	928,453
Employee share option scheme:									
- value of employee services charged to statement of comprehensive income	-	-	-	-	-	-	-	32,679	32,679
-group share based payments	-	-	-	-	-	-	-	279,681	279,681
-transfer to share capital and share premium on exercise of options	-	-	-	-	-	-	-	-	-
Balance at 30 June 2011	215,258	23,633,491	-	414,073	6,194,692	222,581	842,136	624,690	32,146,921

Notes to the Financial Statements

for the half year ended 30 June 2011

1. General information

Barclays Bank of Zimbabwe Limited ("the Bank") provides retail, corporate and investment banking services in Zimbabwe. The Bank which is incorporated and domiciled in Zimbabwe is a registered commercial Bank under the Zimbabwe Banking Act, Chapter (24:20). The ultimate parent company is Barclays Bank Plc. The Bank has a primary listing on the Zimbabwe Stock Exchange.

The unaudited financial statements for the half year were approved for issue by the board of Directors on 29 August 2011.

2. Basis of preparation

2.1 Statement of compliance

The Bank's unaudited financial statements for the half year have been prepared in accordance with International Financial Reporting Standards, ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in a manner required by the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Banking Act (chapter 24:20).

2.2 Basis of measurement

The unaudited financial statements for the half year have been prepared on the historical cost basis except for the following:

- (i) Available for sale financial assets measured at fair value
- (ii) Investment property measured at fair value
- (iii) The liability for pensioners medical aid is recognised at the present value of expected future medical payments based on employee life expectancy.

2.3 Functional and presentation currency

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

2.4 Accounting policies

The accounting policies applied in the preparation of the unaudited financial statements for the half year are consistent with prior years.

3. Cash and bank balances

	30.06.2011	30.06.2010	31.12.2010
	US\$	US\$	US\$
Cash on hand	23,465,528	18,535,622	24,006,822
Balances with the Central Bank other than mandatory reserve deposits	23,189,774	21,032,384	23,237,668
Bank balances due from group companies (note 9.4)	85,740,657	58,191,756	86,806,470
Included in cash and cash equivalents (note 4)	132,395,959	97,759,762	134,050,960
Statutory reserves	10,276,347	9,882,788	10,277,353
Total cash and bank balances – statement of financial position	142,672,306	107,642,550	144,328,313
Current	142,672,306	107,642,550	144,328,313
Non-current	-	-	-
Total	142,672,306	107,642,550	144,328,313

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

4. Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash in hand, deposits held on call with other banks and other short-term highly liquid investments with original maturities of three months or less.

	30.06.2011	30.06.2010	31.12.2010
	US\$	US\$	US\$
Cash and bank balances (note 3)	132,395,959	97,759,762	134,050,960
Loans and advances to banks (note 5)	18,642	4,252	18,832
Bank balances due to group companies (note 9.4)	(746,124)	(765,542)	(1,356,294)
Deposits from other banks (note 13)	(867,034)	(674,651)	(1,987,267)
Total cash and cash equivalents-statement of cash flows	130,801,443	96,323,821	130,726,231

5. Loans and advances to banks

	30.06.2011	30.06.2010	31.12.2010
	US\$	US\$	US\$
Items in course of collection from other banks	18,642	4,252	18,832
Placements with other banks	-	-	-
Included in cash and cash equivalents	18,642	4,252	18,832
Loans and advances to other banks	18,642	4,252	18,832
Less: allowance for impairment	-	-	-
Total	18,642	4,252	18,832
Current	18,832	18,832	2,403
Non-current	-	-	-
Total	18,642	4,252	18,832

6. Loans and advances to customers

	30.06.2011	30.06.2010	31.12.2010
	US\$	US\$	US\$
Personal lending	3,339,110	2,035,688	2,679,757
Wholesale and corporate loans and advances	50,335,646	23,723,166	40,959,223
Gross loans and advances to customers (note 24.1a)	53,674,756	25,758,854	43,638,980
Less allowance for impairment (note 24.1g)	(551,490)	(219,828)	(509,478)
Loans and advances to customers	53,123,266	25,539,026	43,129,502
Current	53,123,266	25,539,026	43,129,502
Non-current	-	-	-
Total	53,123,266	25,539,026	43,129,502

7. Trade investments available for sale

	30.06.2011	30.06.2010	31.12.2010
	US\$	US\$	US\$
As at 1 January	1,127,556	1,353,006	1,353,006
Additions	-	-	-
Sale and redemption	-	-	-
Gains/(losses) from changes in fair value	279,340	(213,851)	(225,450)
Impairment losses	-	-	-
At end of period	1,406,896	1,139,155	1,127,556
Current	1,406,896	1,139,155	1,127,556
Non-current	-	-	-
Total	1,406,896	1,139,155	1,127,556

7.1 Assets and liabilities measured at fair value at 30 June 2011

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
- Investment securities – equity	1,318,799	-	88,097	1,406,896
Total assets at 30 June 2011	1,318,799	-	88,097	1,406,896
30 June 2010	1,092,689	-	46,466	1,139,155
31 December 2010	1,051,030	-	76,526	1,127,556
Share options	-	624,690	-	624,690
Total liabilities at 30 June 2011	-	624,690	-	624,690
30 June 2010	-	42,219	-	42,219
31 December 2010	-	312,330	-	312,330

7.2 Reconciliation of level 3 items

Reconciliation of level 3 items	30.06.2011	30.06.2011	30.06.2010	30.06.2010
	Available for sale financial assets US\$	Total assets US\$	Available for sale financial assets US\$	Total assets US\$
Balance at 1 January	76,526	76,526	76,748	76,748
Total gains/(losses) – other comprehensive income	11,571	11,571	(30,282)	(30,282)
At end of period	88,097	88,097	46,466	46,466

The following table shows the sensitivity of level 3 measurements to changes in fair value where fair value changes by 10%

	30.06.2011	30.06.2011	30.06.2010	30.06.2010
	Favourable Changes US\$	Unfavourable Changes US\$	Favourable Changes US\$	Unfavourable Changes US\$
Available-for-sale financial assets	12,728	(12,728)		

8. Investment in subsidiary companies

	30.06.2011	30.06.2010	31.12.2010
	US\$	US\$	US\$
Fincor Finance Corporation Limited 100% (2010 -100%)	-	-	-
Barclays Merchant Bank Limited 100% (2010 -100%)	-	-	-
Brains Computer Processing (Private) Limited 100% (2010 -100%)	-	-	-

All subsidiaries are incorporated and domiciled in Zimbabwe; and are currently dormant and their assets and liabilities are immaterial.

9. Related party balances and transactions

The Bank is controlled by Afcarme Zimbabwe Holdings (Private) Limited incorporated and domiciled in Zimbabwe which owns 68% (2010:68%) of the ordinary shares. The remaining 32% of the shares are widely held on the Zimbabwe Stock Exchange. The ultimate parent of the Bank is Barclays Bank Plc incorporated in the United Kingdom. There are other companies which are related to Barclays Bank of Zimbabwe Limited through common shareholdings or common directorship. In the normal course of business, dealings of foreign currencies made with group companies are at market interest rates. The volumes of related party transactions, outstanding balances at year-end and related expense and income for the year are as follows:

9.1 Loans and advances to related parties

	Directors and other key management personnel		
	30.06.2011	30.06.2010	31.12.2010
	US\$	US\$	US\$
Loans outstanding at 1 January	70,346	4,480	4,480
Loans issued during the year	157,599	111,860	155,662
Loan repayments during the year	(65,289)	(40,509)	(89,796)
Loans outstanding at end of period	162,656	75,831	70,346
Current	162,656	75,831	70,346
Non-current	-	-	-
Total	162,656	75,831	70,346

Interest income earned

	1,595	666	2,581
Current	1,595	666	2,581

The loans advanced to directors and other key management personnel (refer to note 9.5) during the period of US\$137,942 are repayable monthly over 1 year and have interest rates of 5% (2010:5%) per annum. Loans and advances to non executive directors during the half year ended 30 June 2011 were US\$19,657 (2010:nil) repayable within 1 year and at an average interest rate of 10,5% per annum.

The loans advanced to directors and other key management personnel during the year are not secured. No impairment losses have been recognised in respect of loans advanced to related parties (2010:nil)

9.2 Intra-group exposures

The Bank, during the ordinary course of business did not advance loans and/or guarantees to other group companies and their directors.

9.3 Deposits from related parties other than common directorship/trusteeship

	Directors and other key management personnel		
	30.06.2011	30.06.2010	31.12.2010
	US\$	US\$	US\$
Deposits at 1 January	33,956	29,376	29,376
Deposits received during the year	860,712	817,424	788,860
Deposits repaid during the year	(894,668)	(815,185)	(784,280)
Deposits at end of period	-	31,615	33,956
Current	-	31,615	33,956
Non-current	-	-	-
Total	-	31,615	33,956

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

9.4 Bank balances with group companies

	30.06.2011	30.06.2010	31.12.2010
	US\$	US\$	US\$
Bank balances due from group companies (note 3)	85,740,657	58,191,756	86,806,470
Bank balances due to group companies (note 4)	(746,124)	(765,542)	(1,356,294)
Total	84,994,533	57,426,214	85,450,176

No impairment losses have been recognised for bank balances due from group companies.

9.5 Key management compensation

	30.06.2011	30.06.2010	31.12.2010
	US\$	US\$	US\$
Salaries and other short-term employee benefits	570,082	458,963	837,817
Post-employment benefits	36,823	37,415	71,188
Share-based payments	9,904	16,213	7,124
Termination benefits	-	-	22,357
Total	616,809	512,591	938,486

Key management personnel

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, finance director, risk director, retail divisional director, corporate banking divisional director, treasurer, chief operating officer, head of human resources, head of corporate affairs, head of compliance and the company secretary.

9.6 Deposits and loans with related parties-related through common directorship/trusteeship

	30.06.2011		30.06.2010		31.12.2010	
	Deposits US\$	Loans & advances US\$	Deposits US\$	Loans & advances US\$	Deposits US\$	Loans & advances US\$
Dairiboard Holdings Limited	210,394	2,477,000	-	-	434,081	2,484,520
Delta Corporation limited	350,103	7,438,750	1,251,950	5,000,000	439,445	5,000,000
Barclays Bank Pension Fund	358,050	-	935,170	-	79,940	692,787
Total	918,547	9,915,750	2,187,120	5,000,000	953,466	8,177,307
Current	918,547	9,915,750	2,187,120	5,000,000	953,466	8,177,307
Non-current	-	-	-	-	-	-
Total	918,547	9,915,750	2,187,120	5,000,000	953,466	8,177,307

Notes to the Financial Statements

for the half year ended 30 June 2011

9.7. Special Group support

During the period, the Bank received support valued at US\$7.6 million from Barclays Head Office. The support is to be applied to restructuring costs. In the prior year, the Bank received similar support amounting to US\$6.5 million. This support carries no obligation for repayment, additional entitlement for shares, or additional rights on shares.

10. Other assets

	30.06.2011 US\$	30.06.2010 US\$	31.12.2010 US\$
Prepayments and stationery	748,075	-	1,553,989
Other debtors	2,460,503	2,589,341	1,770,343
Remittances in transit	-	1,241	1,474
Staff loans pre-payment	86,829	14,830	101,465
Total	3,295,407	2,605,412	3,427,271
Current	3,295,407	2,605,412	3,427,271
Non-current	-	-	-
Total	3,295,407	2,605,412	3,427,271

11. Investment property

	31.12.2010 US\$	31.12.2010 US\$	31.12.2009 US\$
Investment property at fair value as at 1 January	15,000,000	15,000,000	15,000,000
Net gains from fair value adjustment	-	-	-
Other changes	-	-	-
Investment property at fair value as at end of period	15,000,000	15,000,000	15,000,000

Barclays Bank jointly controls a property in Victoria Falls with the Barclays Bank Staff Pension Fund. The Bank's share (50%) of the investment property is valued at US\$15 million. Investment property generated net rental income of US\$100,874 (2010: US\$195,528) over the period. The Bank is holding this investment under regulatory approval that will run beyond this financial year.

12. Property and equipment

Half year ended 30 June 2011

	Land US\$	Buildings US\$	Computers US\$	Other Equipment US\$	Furniture & fittings US\$	Motor vehicles US\$	Totals US\$
Deemed cost or valuation at 1 January 2010	40,000	17,943,115	1,185,162	947,775	293,257	1,449,891	21,859,200
Additions	-	-	129,457	287,392	70,386	328,814	816,049
Revaluation surplus	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(5,300)	(5,300)
Depreciation charge on disposals	-	-	-	-	-	2,515	2,515
Depreciation charge	-	(183,090)	(177,565)	(128,128)	(52,396)	(224,355)	(765,534)
Impairment reversal	-	-	-	40,440	-	-	40,440
Closing net book amount	40,000	17,760,025	1,137,054	1,147,479	311,247	1,551,565	21,947,370
At 30 June 2011							
Cost or valuation	40,000	18,935,000	1,873,824	1,438,006	542,214	2,345,945	25,174,989
Accumulated depreciation and impairment	-	(1,174,975)	(736,770)	(290,527)	(230,967)	(794,380)	(3,227,619)
Net book amount	40,000	17,760,025	1,137,054	1,147,479	311,247	1,551,565	21,947,370

Other equipment was impaired by US\$90,016 as at 31 December 2010. The impairment was based on an internal asset verification. A review for interim reporting resulted in a reversal of the impairment value by US\$40,400.

13. Deposits from other banks

	30.06.2011 US\$	30.06.2010 US\$	31.12.2010 US\$
Items in course of collection	867,034	674,651	1,987,267
Deposits from other banks	-	-	-
Other money-market deposits	-	-	-
Total	867,034	674,651	1,987,267
Current	867,034	674,651	1,987,267
Non-current	-	-	-
Total	867,034	674,651	1,987,267

The above comprises financial instruments classified as liabilities at amortised cost. Fair value of deposits from banks approximate carrying amount because of their short tenure.

14. Deposits from customers

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

	30.06.2011 US\$	30.06.2011 US\$	31.12.2010 US\$
Large corporate customers:			
- Current/settlement accounts	108,114,108	79,637,666	103,814,087
Small to medium enterprises ("SMEs")			
- Current/settlement accounts	23,158,893	18,361,658	23,724,572
Retail customers:			
- Current/demand accounts	50,604,370	23,631,118	53,683,918
Total	181,877,371	121,630,442	181,222,577
Current	181,877,371	121,630,442	181,222,577
Non-current	-	-	-
Total	181,877,371	121,630,442	181,222,577

Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Fair value of deposits from customers approximates carrying amount because of their short tenor. Included in customer accounts are deposits of US\$1,110,054 (2010: US\$1,000,000) held as collateral for loans advanced and letters of credit.

14.1 Concentrations of customer deposits were as follows:

	30.06.2011 US\$	%	30.06.2010 US\$	%	31.12.2010 US\$	%
Trade and services	74,335,621	41	76,045,510	63	93,733,243	52
Energy and minerals	3,310,644	2	712,354	1	4,351,450	2
Agriculture	5,358,625	3	2,167,989	2	5,135,050	3
Construction and property	2,038,540	1	82,155	-	451,094	-
Light and heavy industry	17,146,106	9	10,314,489	8	11,429,236	6
Physical persons	50,522,752	28	23,631,118	19	43,903,426	24
Transport and distribution	9,819,248	5	3,530,748	3	9,749,303	6
Financial services	15,988,515	9	5,135,823	4	8,457,067	5
State	3,357,320	2	-	-	4,012,708	2
Other	-	-	10,256	-	-	-
Total	181,877,371	100	121,630,442	100	181,222,577	100

15. Other financial liabilities

During the period, the Bank did not carry financial liabilities whose carrying amount was different from their fair value.

16. Income tax expense:

Current income tax and deferred income tax on temporary differences have been fully provided for. Deferred income tax is calculated using the liability method.

	30.06.2011 US\$	30.06.2010 US\$	31.12.2010 US\$
Income tax expense:			
Current income taxes on income for the reporting period	275,207	-	-
Deferred income tax: origination and reversal of temporary differences	(97,130)	(294,694)	(576,816)
Income tax	178,077	(294,694)	(576,816)

The income tax rate applicable to the Bank's 2011 income is 25.75% (2010:25.75%).

17. Other liabilities

	30.06.2011 US\$	30.06.2010 US\$	31.12.2010 US\$
Accrued expenses	11,438,638	7,487,756	2,711,640
Internal accounts including bank cheques account	1,821,654	4,226,325	2,682,353
Future medical aid liability	1,650,276	658,620	1,270,851
Remittances in transit	12,769	-	-
Other provisions	1,069,522	1,027,774	1,153,021
Total	15,992,859	13,400,475	7,817,865
Current	14,574,567	13,400,475	7,627,965
Non current	1,418,292	-	189,900
Total	15,992,859	13,400,475	7,817,865

18. Share capital and other reserves

18.1 Share capital

	Number of shares (millions)	Ordinary shares US\$	Share premium US\$	Total US\$
Authorised shares				
Ordinary shares of USc0.01	5,000	500,000	-	500,000
Issued shares				
At 1 January 2011	2,153	215,258	23,633,491	23,848,749
Employee share option scheme:	-	-	-	-
Proceeds from shares issued	-	-	-	-
At 30 June 2011	2,153	215,258	23,633,491	23,848,749

18.2 Other reserves

	30.06.2011 US\$	30.06.2010 US\$	31.12.2010 US\$
Non distributable reserve	6,194,692	6,282,650	6,194,692
Available for sale reserve	414,073	217,550	217,429
Share option reserve	624,690	42,219	312,330
General reserve	222,581	213,878	100,912
Total	7,456,036	6,756,297	6,825,363

The unissued share capital is under the control of the directors subject to the restrictions imposed by the Zimbabwe Companies Act (Chapter 24:03), Zimbabwe Stock Exchange Listing requirements and the Articles and Memorandum of Association of the Bank.

19. Non funded income

	30.06.2011 US\$	30.06.2010 US\$	31.12.2010 US\$
Fee and commission income	10,817,024	8,277,150	19,607,875
Net foreign exchange income	1,430,368	1,440,344	3,003,523
Rental income - Jointly controlled property	100,874	1,829	195,528
Rental income - other bank properties	276,127	189,223	353,831
(Loss)/profit on disposal of assets	(4,277)	930	5,039
Bad debts recovered	1,240	868	868
Special support received from the group	7,692,960	6,500,000	6,500,000
Total	20,314,316	16,410,344	29,666,664

Included in fees and commission income of US\$10,817,024 is US\$406,190 custody fee income. The proposed sale of custody has not been accounted for as a discontinued operation as regulatory approvals have not been granted.

Support received during the period was from a related party, Barclays Head Office. The support received is to be applied to restructuring costs. In 2010 the Bank received similar support which was applied towards restructuring costs (also refer to note 9.7).

20. Operating expenses

20.1 Staff costs

	30.06.2011 US\$	30.06.2010 US\$	31.12.2010 US\$
Salaries and allowances	6,067,714	5,978,942	12,079,746
Retrenchment cost	7,863,054	6,379,738	6,379,738
Social security costs	24,947	104,843	128,889
Share options granted to directors and employees	312,355	(11,389)	258,851
Pension costs: defined contribution plans	631,299	522,921	960,317
Post employment medical benefits	379,425	557,207	912,482
Directors' remuneration:			
Fees - for services as directors	30,879	29,365	54,944
Other - for services as management	606,904	145,439	313,846
Total staff costs	15,916,577	13,707,066	21,088,813

As at 30 June 2011 the Bank was in the middle of a restructuring exercise to further streamline the cost base. The restructuring exercise is to be finalised during the second half and the recorded cost is a provision recognised in terms of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Unaudited Financial Statements for the half year ended 30 June 2011

Notes to the Financial Statements

for the half year ended 30 June 2011

20.2 Other administrative expenses include:

	30.06.2011 US\$	30.06.2010 US\$	31.12.2010 US\$
Property and equipment:			
-repairs and maintenance	429,620	350,193	888,796
-depreciation	765,534	561,798	1,223,898
-other property costs	183,090	-	1,105,476
-impairment of equipment (reversal)/charge	(40,440)	-	90,016
Operating lease payments	748,760	639,681	1,429,345
Security costs	978,773	-	2,008,959
Communications costs	605,974	-	1,764,597
Auditor's remuneration:-			
-Current year audit fees	107,523	71,001	137,943
-Prior year audit fees	-	-	67,133
-Other	-	-	31,300
Other operating expenses	2,594,782	3,931,022	4,151,556
Total other administrative expenses	6,373,616	5,553,695	12,899,019
Total staff costs (note 20.1)	15,916,577	13,707,066	21,088,813
Total operating expenses	22,290,193	19,260,761	33,987,832
The number of persons employed as at period end	690	906	696

21. Other comprehensive income

	30.06.2011 Before tax amount US\$	30.06.2011 Income tax US\$	30.06.2011 After tax amount US\$
Available for sale financial assets	279,343	(82,699)	196,644
Other comprehensive income	279,343	(82,699)	196,644

22. Loan commitments, guarantees and other financial facilities

At 30 June, the contractual amounts of the Bank's contingent liabilities and commitments that commits it to extend credit to customers, guarantee and other facilities were as follows:

	30.06.2011 US\$	30.06.2010 US\$	31.12.2010 US\$
Loan commitments	9,292,693	7,717,808	6,691,375
Guarantees and standby letters of credit	1,309,154	588,952	1,461,240
Total	10,601,847	8,306,760	8,152,615

23. Segment analysis

Management has determined the operating segments based on the reports reviewed by the Executive Committee (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. All operating segments used by the Bank meet the definition of a reportable segment under IFRS 8. The Executive Committee assesses the performance of the operating segments 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 had three main business segments for the reporting period:

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

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

23.1 Segment results of operations

The segment information provided to the Executive Committee for the segments for the half year ended 30 June 2011 is as follows:-

At 30 June 2011	Retail banking US\$	Corporate banking US\$	Treasury banking US\$	Total US\$
Net interest income from external customers	259,552	2,416,685	252,754	2,928,991
Loan impairment charges	(17,359)	(25,869)	-	(43,228)
Net fee and commission income	7,248,398	3,563,369	5,257	10,755,664
Other income	5,138,385	2,048,384	2,310,523	9,558,652
- Staff costs	(10,289,943)	(4,655,076)	(971,558)	(15,916,557)
- General and administrative expenses	(1,762,104)	(1,218,261)	(220,419)	(3,200,784)
- Depreciation	(513,214)	(209,394)	(42,926)	(765,534)
- Other operating expenses	(1,912,741)	(421,370)	(73,187)	(2,407,298)
- Non-interest expenses	-	-	-	-
Operating (loss)/profit	(1,849,026)	1,498,468	1,260,444	909,886
Income tax expense	476,124	(385,856)	87,809	178,077
Total assets	11,369,765	49,599,937	176,494,185	237,463,887
Total liabilities	50,788,337	130,576,750	23,951,879	205,316,966

24. Financial risk management

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

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

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

The risks arising from financial instruments to which the Bank is exposed are financial risks which include credit risk, liquidity risk, market risk and operational risk. Also discussed below are strategic, legal, reputational risk elements and detailed policies on risk mitigation.

24.1 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.

Risk limit and mitigation policies

The Bank uses a range of policies and practices to mitigate credit risk. The most traditional of these is taking of security for funds advanced and credit scoring all customer borrowing applications and only lending to those which meet the preset 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

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.

Legal department is responsible for conducting sufficient legal review to confirm that the approved collateral is legally effective. Value of loan to value of security is assessed on grant date and continuously monitored. Each customer based on their probability of default are graded into one of 10 internal grades.

Impairment and provisioning policies

The Bank maintains an early warning list, for those customers who are believed to be facing difficulties. Customers are categorised into Early Warning List ("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.

Internal policies allow for the calculation of identified and unidentified impairment (on homogenous portfolios). Unidentified impairment is also calculated on each portfolio level. The Bank has a monitoring mechanism in place which grades its assets into various categories as prescribed by the regulator in the banking regulations. An impairment allowance is then raised in compliance with the banking regulations and international financial reporting standards.

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

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

	30.06.2011		30.06.2010		31.12.2010	
	Loans and advances to customers US\$	Loans and advances to banks US\$	Loans and advances to customers US\$	Loans and advances to banks US\$	Loans and advances to customers US\$	Loans and advances to banks US\$
Neither past due nor impaired	53,452,027	18,642	24,795,449	4,252	42,289,768	18,832
Past due but not impaired (note 24.1c)	54,901	-	801,556	-	1,188,337	-
Individually impaired (note 24.1d)	167,828	-	161,849	-	160,875	-
Gross value of loans and advances	53,674,756	18,642	25,758,854	4,252	43,638,980	18,832
Less: allowance for impairment (note 24.1g)	(551,490)	-	(219,828)	-	(509,478)	-
Net value of loans and advances	53,123,266	18,642	25,539,026	4,252	43,129,502	18,832

Neither past due nor impaired	53,452,027	18,642	24,795,449	4,252	42,289,768	18,832
Past due but not impaired (note 24.1c)	54,901	-	801,556	-	1,188,337	-
Individually impaired (note 24.1d)	167,828	-	161,849	-	160,875	-
Gross value of loans and advances	53,674,756	18,642	25,758,854	4,252	43,638,980	18,832
Less: allowance for impairment (note 24.1g)	(551,490)	-	(219,828)	-	(509,478)	-
Net value of loans and advances	53,123,266	18,642	25,539,026	4,252	43,129,502	18,832

The Bank secures its loans and advances with liens over residential or commercial property, stock or other financial securities but is generally not permitted to sell or re-pledge the security in the absence of default by the owner of the collateral. The Bank has an internal rating scale of 1-10. A rating of 1-3 is investment grade, 4-7 is standard monitoring, 8 is substandard, 9 is doubtful and 10 is loss. Balances in neither past due nor impaired category are investment grade, those in past due but not impaired category are standard monitoring grade and individually impaired is default grade.

24.1(b) Loans and advances neither past due nor impaired

Loans and advances neither past due nor impaired and which are not part of renegotiated loans are considered to be investment grade. Past due loans and advances are those whose repayments (capital and interests) are outstanding for more than 30 days. Such loans are classified into one of the following categories depending on circumstances:

- Loans and advances past due but not impaired.
- Renegotiated loans.
- Individually impaired.

24.1(c) Loans and advances past due but not impaired

Late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary.

	30.06.2011			30.06.2010			31.12.2010		
	Personal loans US\$	Wholesale and corporate loans US\$	Total US\$	Personal loans US\$	Wholesale and corporate loans US\$	Total US\$	Personal loans US\$	Wholesale and corporate loans US\$	Total US\$
Up to 1 month	-	11,223	-	-	-	-	-	-	-
1-3 months	-	20,493	-	-	195,317	-	-	167,752	167,752
3-6 months	-	23,185	-	-	508,512	-	-	1,020,585	1,020,585
6-12 months	-	-	-	-	97,727	-	-	-	-
Over 12 months	-	-	-	-	-	-	-	-	-
Total	-	54,901	-	-	801,556	-	-	1,188,337	1,188,337
Fair value of collateral	-	1,250,000	-	-	1,730,000	-	-	1,500,000	1,500,000
Amount under collateralisation	-	1,046,901	-	-	801,556	-	-	1,188,337	1,188,337

24.1(d) Loans and advances individually impaired

	30.06.2011			30.06.2010			31.12.2010		
	Personal loans US\$	Wholesale and corporate loans US\$	Total US\$	Personal loans US\$	Wholesale and corporate loans US\$	Total US\$	Personal loans US\$	Wholesale and corporate loans US\$	Total US\$
Gross carrying amount	6,953	160,875	167,828	794	160,875	161,669	-	160,875	160,875
Less allowance for impairment	(5,912)	(160,875)	(166,787)	(195)	(14,560)	(14,755)	-	(160,875)	(160,875)
Net carrying amount	1,041	-	1,041	779	146,315	147,094	-	-	-

24.1(e) Non performing loans and advances

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

	30.06.2011 US\$	30.06.2010 US\$	31.12.2010 US\$
Total non-performing loans and receivables	160,875	161,849	160,875
Less specific allowance for impairment	(160,875)	(14,755)	(160,875)
Realisable security held	-	147,094	-

24.1(f) Loans and advances renegotiated

During the half year ended 30 June 2011, the Bank did not have any renegotiated loans and advances to customers and banks.

Notes to the Financial Statements

for the half year ended 30 June 2011

24.1(g) Allowance for impairment

Reconciliation of allowance for impairment

	30.06.2011		30.06.2010		31.12.2010		Total	Total	Total	
	Identified allowance for impairment US\$	Unidentified allowance for impairment US\$	Identified allowance for impairment US\$	Unidentified allowance for impairment US\$	Identified allowance for impairment US\$	Unidentified allowance for impairment US\$				
Balance at 1 January	160,875	348,603	14,755	165,465	14,755	165,465	180,220	14,755	165,465	180,220
Income received on claims previously written off	-	-	-	(32,997)	-	(32,997)	-	-	-	-
Increase in impairment allowances	7,128	36,100	-	72,605	-	72,605	146,243	183,138	329,381	329,381
Income statement movement	7,128	36,100	-	39,608	-	39,608	146,243	183,138	329,381	329,381
Loans written off	(1,216)	-	(1,216)	-	-	-	(123)	-	(123)	(123)
At end of period	166,787	384,703	14,755	205,073	14,755	205,073	219,828	160,875	348,603	509,478

Reconciliation of allowance by nature of advance

	Residential mortgage loans US\$	Other personal lendings US\$	Wholesale corporate loans US\$	Total US\$
As at 1 January 2011	-	21,506	487,972	509,478
Charge for the year	-	17,359	25,869	43,228
New allowance	-	7,128	-	7,128
Increase in impairment allowances	-	10,231	25,869	36,100
Income received on claims previously written off	-	-	-	-
Amounts written off during the year as uncollectible	-	(1,216)	-	(1,216)
At 30 June 2011	-	37,649	513,841	551,490

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

24.1(h) Repossessed collateral

During the period, the Bank did not repossess any assets held as collateral on loans and advances to customers.

24.1(i) Credit risk concentration

Industry/Sector	30.06.2011		30.06.2010		31.12.2010	
	Loans & advances US\$	%	Loans & advances US\$	%	Loans & advances US\$	%
Trade and services	8,009,410	15	965,413	4	1,381,046	3
Energy and minerals	-	-	-	-	-	-
Agriculture	18,275,862	34	13,700,885	53	20,835,694	48
Construction and property	1,010	-	32	-	-	-
Light and heavy industry	18,868,423	35	8,717,388	33	13,286,226	30
Physical persons	3,339,110	6	1,834,365	7	2,679,757	6
Transport and distribution	5,180,941	10	400,107	2	5,456,257	13
Financial services	-	-	138,485	1	-	-
State	-	-	-	-	-	-
Other	-	-	2,179	-	-	-
Gross amount	53,674,756	100	25,758,854	100	43,638,980	100
Less impairment allowance	(551,490)		(219,828)		(509,478)	
Net amount	53,123,266		25,539,026		43,129,502	

24.1(j) Profile of credit risk

As at 30 June 2011

Industry/Sector	Total loans US\$	Past due/ Impaired loans US\$	Write offs (recoveries) US\$	Impairment allowance US\$
Trade and services	8,009,410	160,875	-	160,875
Energy and minerals	-	-	-	-
Agriculture	18,275,862	-	-	-
Construction and property	1,010	-	-	-
Light and heavy industry	18,868,423	-	-	-
Physical persons	3,339,110	8,169	1,216	-
Transport and distribution	5,180,941	-	-	-
Financial services	-	-	-	-
State	-	-	-	-
Other	-	-	-	-
Gross amount at end of period	53,674,756	169,044	1,216	160,875

24.2 Liquidity risk

Liquidity risk is the risk that the Bank may fail to meet its payment obligations when they fall due and to replace funds when they are withdrawn the consequences of which may be the failure to meet the obligations to repay deposits and fulfill commitments to lend.

24.2(a) Liquidity risk management process

The Bank identifies this risk through periodic liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps. 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 future cash flows to ensure that funding requirements are met;
- Maintaining a high balance of cash that can easily be liquidated as protection against unforeseen funding gaps;
- Monitoring balance sheet 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.

24.2(b) Liquidity ratios

	30.06.2011 US\$	30.06.2010 US\$	31.12.2010 US\$
Cash and Bank balances	132,395,959	97,759,762	134,050,960
Loans and advances to banks	18,642	4,252	18,832
Deposits from banks	(867,034)	(674,651)	(1,987,267)
Amounts due to group companies	(746,124)	(765,542)	(1,356,293)
Total liquid assets	130,801,443	96,323,821	130,726,232
Deposits from customers	181,877,371	121,630,422	181,222,577
Other money market deposits	-	-	-
Total liabilities to the public	181,877,371	121,630,422	181,222,577
Liquidity ratio (RBZ minimum – 20%)	72%	79%	72%

24.2(c) Liquidity profiling as at 30 June 2011

The amounts disclosed in the table below are the contractual undiscounted cash flows. The assets which are used to manage liquidity risk which is mainly cash are also included on the table based on the contractual maturity profile.

	Up to 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 months to 1 year US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
On balance sheet items as at 30.06.2011							
Liabilities							
Amounts due to group companies	-	-	-	-	-	-	747,683
Deposits from banks	-	-	-	-	-	-	867,034
Deposits from customers	181,877,371	-	-	-	-	-	181,877,371
Other liabilities	14,923,337	-	-	-	-	-	14,923,337
Current income tax liabilities	-	-	202,588	-	-	-	202,588
Total liabilities- (contractual maturity)	198,415,425	-	202,588	-	-	-	198,618,013
Assets held for managing liquidity risk (contractual maturity)							
Cash and bank balances	132,631,746	-	-	-	-	-	132,631,746
Loans and advances to customers	18,642	-	-	-	-	-	18,642
Loans and advances to customers	25,971,555	20,135,026	6,113,243	1,754,534	-	-	53,974,358
Other assets	-	-	-	-	-	-	-
Total assets	158,621,943	20,135,026	6,113,243	1,754,534	-	-	186,624,746
Liquidity gap	(39,793,482)	20,135,026	5,910,655	1,754,534	-	-	(11,993,267)
Cumulated liquidity gap	(39,793,482)	(19,658,456)	(13,747,801)	(11,993,267)	(11,993,267)	(11,993,267)	

Contingent liabilities and commitments

	Up to 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 months to 1 year US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
Assets							
Guarantees and letters of credit	386,211	120,535	123,971	678,438	-	-	1,309,154
Commitment to lend	9,292,693	-	-	-	-	-	9,292,693
Total assets	9,678,904	120,535	123,971	678,438	-	-	10,601,847
Liabilities							
Guarantees and letters of credit	386,211	120,535	123,971	678,438	-	-	1,309,154
Commitment to lend	9,292,693	-	-	-	-	-	9,292,693
Total liabilities	9,678,904	120,535	123,971	678,438	-	-	10,601,847
Liquidity gap	-	-	-	-	-	-	-

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

24.3 Market Risk

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

The Bank separates exposures to market risk into either trading or banking book. The Bank does not have a trading book, all the market risk is arising from the banking book which include the retail and wholesale banking assets.

24.3(a) Market risk measurement techniques

The Bank applies a 'value at risk' ("VaR") methodology to its banking 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. The measurement techniques used to measure and control market risk include:

(i) 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 movements, 'DVaR' is an estimate of the potential loss which might arise from unfavourable market movements, if the current positions were held unchanged for one business day, measured to a confidence of 99%. Daily losses exceeding the 'DVaR' figure are likely to occur, on average twice in every 100 business days.

(ii) Stress tests

Interest rate stress risk is the daily monitoring of the potential loss if there is a large interest rate movement (expected once in every five years). Stress tests provide an indication of losses that could arise in extreme positions.

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

(iii) Annual Earnings at Risk ("AEaR")

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

Unaudited Financial Statements for the half year ended 30 June 2011

Notes to the Financial Statements for the half year ended 30 June 2011

(iv) Economic capital

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

The table below summarises the DVaR statistics for Bank. The assumed interest volatility for the DVaR is the daily volatility of 5% and 10% for long dated and short dated instruments observed over a period of one year.

One day risk Type of risk or activity	High US\$	Medium US\$	Low US\$	Half year-end US\$
Currency	6,013	2,066	233	233
Interest	31,828	27,790	22,186	22,186
Aggregate VaR at 30 June 2011	37,841	29,856	22,419	22,419

Two week risk Type of risk or activity	High US\$	Medium US\$	Low US\$	Half year-end US\$
Currency	19,016	6,534	737	737
Interest	100,650	87,881	70,160	70,160
Aggregate VaR at 30 June 2011	119,666	94,415	70,897	70,897

ALCO, together with the Credit Risk Committee, 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.

24.4 Interest rate risk

Interest rate risk is the risk that the Bank will be adversely affected by changes in the level or volatility of market interest rates. The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The responsibility of managing 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.

	Up to 1 month US\$	1 to 3 months US\$	3 to 6 months US\$	6 months to 1 year US\$	1 to 5 years US\$	Over 5 years US\$	Non interest bearing US\$	Total US\$
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As at 30 June 2011

Assets								
Cash and bank balances	105,704,606	-	-	-	-	-	36,967,700	142,672,306
Loans and advances to banks	18,642	-	-	-	-	-	-	18,642
Loans and advances to customers	53,123,266	-	-	-	-	-	-	53,123,266
Other assets	-	-	-	-	-	-	3,295,407	3,295,407
Trade investments available for sale	-	-	-	-	-	-	1,406,896	1,406,896
Current income tax assets	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	15,000,000	15,000,000
Property and equipment	-	-	-	-	-	-	21,947,370	21,947,370
	158,846,514	-	-	-	-	-	78,617,373	237,463,887
Liabilities								
Bank balances due to group companies	746,124	-	-	-	-	-	-	746,124
Deposits from other banks	867,034	-	-	-	-	-	-	867,034
Deposits from customers	181,877,371	-	-	-	-	-	-	181,877,371
Other liabilities	-	-	-	-	-	-	15,992,859	15,992,859
Current income tax liabilities	-	-	-	-	-	-	202,588	202,588
Deferred income tax liabilities	-	-	-	-	-	-	5,630,990	5,630,990
	183,490,529	-	-	-	-	-	21,826,437	205,316,966
Interest rate re-pricing gap	(24,644,015)	-	-	-	-	-	56,790,936	32,146,921
Cumulative gap	(24,644,015)	(24,644,015)	(24,644,015)	(24,644,015)	(24,644,015)	(24,644,015)	32,146,921	

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

US\$	30.06.2011		30.06.2010		31.12.2010	
	Impact on earnings	Impact on capital	Impact on earnings	Impact on capital	Impact on earnings	Impact on capital
10% increase in interest rates	(110,950)	(110,950)	(196,445)	(196,445)	(182,716)	(182,716)
10% decrease in interest rates	110,950	110,950	196,445	196,445	182,716	182,716
Bench	-	-	-	-	-	-

24.5 Foreign exchange risk

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

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

At 30 June 2011	US\$	GBP (US\$ equiv)	Rand (US\$ equiv)	Other foreign currency (US\$ equiv)	Total US\$
Assets					
Cash and bank balances	133,133,674	2,642,417	5,076,600	1,819,615	142,672,306
Loans and advances to other banks	18,642	-	-	-	18,642
Loans and advances to customers	53,123,070	-	110	86	53,123,266
Trade investments available for sale	1,406,896	-	-	-	1,406,896
Total assets	187,682,282	2,642,417	5,076,710	1,819,701	197,221,110
Liabilities					
Bank balances due to group companies	58,671	17,660	669,790	3	746,124
Deposits from other banks	801,034	-	-	66,000	867,034
Deposits from customers	175,062,663	2,292,039	3,074,655	1,448,014	181,877,371
Other liabilities	14,894,412	274,040	312,451	511,956	15,992,859
Total liabilities	190,816,780	2,583,739	4,056,896	2,025,973	199,483,388
Net currency positions	(3,134,498)	58,678	1,019,814	(206,272)	(2,262,278)

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:

- 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 monitored by management and comprises three tiers

- Tier 1 Capital: comprises accumulated profits, share capital, share premium, share options reserve and currency translation reserve.
- Tier 2 Capital: comprises impairment allowance and revaluation reserve.
- Tier 3 Capital: comprises operational and market risk capital.

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

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

Capital Adequacy	30.06.2011 US\$	30.06.2010 US\$	31.12.2010 US\$
Share capital	215,258	230,648	215,258
Share premium	23,633,491	23,618,101	23,633,491
Accumulated profits	842,136	761,464	231,996
Share option reserve fund	624,690	42,219	312,330
Revaluation reserve - available for sale reserve	414,073	217,550	217,429
Currency translation reserve	6,194,692	6,282,650	6,194,692
Tier 1 capital	31,924,340	31,152,632	30,805,196
Revaluation reserves	-	-	-
General provisions (limited to 1.25% of weighted risk assets)	384,703	205,073	348,603
Tier 2 capital	384,703	205,073	348,603
Market risk	2,507	-	-
Operational risk	3,964,046	1,871,320	2,283,081
Tier 3 capital	3,966,553	1,871,320	2,283,081
Total tier 1 and 2 capital	32,309,043	31,357,705	31,153,799
Less: Investment in subsidiaries	-	-	-
Total tier 1 and 2 capital base	32,309,043	31,357,705	31,153,799
Tier 3	(3,966,553)	(1,871,320)	(2,283,081)
Total capital base	28,342,490	29,486,385	28,870,718
Risk weighted assets	113,492,149	83,503,186	103,666,448
Operational risk equivalent assets	49,550,572	23,391,498	28,538,518
Market risk equivalent assets	31,338	204,260	279,741
Total risk weighted assets (RWAs)	163,074,058	107,098,944	132,484,707
Tier 1 capital ratio	20%	29%	23%
Tier 1 and 2 capital ratio	20%	29%	24%
Tier 1 and 2 capital ratio after deducting tier 3 capital	17%	28%	22%
Capital adequacy ratio excluding market and operational risk	28%	38%	30%

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 regulated business lines as indicator of scale of operations. Total capital charge for operational risk equals the sum of charges per business lines.

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

26. Other risks

Strategic risk

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

Legal and compliance risk

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

Reputation risk

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

Operational risk

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

External Credit Ratings

Rating agent	Latest credit ratings 2010/11	Previous credit ratings 2009/10	Previous credit ratings 2008/9
Global Credit Rating Co.	AA-	AA-	AA-

The last rating was done in May 2010.

27. Going concern

The directors have assessed the ability of the Bank to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

28. Events after reporting date

There were no events noted after reporting date that require amounts included in the financial statements to be restated.

29. Shareholding Structure

Afcarme Zimbabwe Holdings (Private) Limited (Barclays Bank PLC)	68% (2010 : 68%)
Zimbabwean public	32% (2010 : 32%)

30. Dividend

No dividend is proposed in respect of the half year ended 30 June 2011.

By Order of the Board
W. Chimwaradze
Company Secretary
29 August 2011

Barclay House
Cnr First Street / Jason Moyo Avenue
Harare