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CHAIRMAN'S STATEMENT

Dear shareholder

Barclays Bank is proud to be part of commercial life in Zimbabwe since 1912. The commitment of Barclays to the rebuilding of the Zimbabwean economy remains assured and well supported by all its shareholders. The Bank's loan portfolio will continue to be rebuilt and increased as market and credit risk factors in the economy improve. Efforts to broaden the Bank's product range will be equally supported. In all these efforts and initiatives, Barclays, its shareholders, board and management will, as a matter of policy, continue to abide by the laws and regulations of the country.

The year 2009 saw significant changes in the economic landscape characterised by a marked end to a decade long episode of hyperinflation with the introduction of a multi-currency system. The Bank welcomes the positive changes experienced during the year and took initiatives to ensure it was well adapted to the new environment. Some key results of those initiatives are evident in the Bank's capital and liquidity conditions being sustained at well above regulatory benchmarks and providing sufficient headroom for projected future business growth. In the process your Bank also introduced new products whilst maintaining a wide distribution network to ensure customer needs in the new environment were met. Looking ahead your Bank is set to provide value added service to its customers as well as grow business volume.

Business environment

The introduction of a multi-currency regime brought with it stability of prices and marked a return to a focus on value creation and optimal capacity utilisation on the part of all businesses. This thrust became paramount especially as the world wide economy sought strategies to contain the effects of the global financial crisis. The local banking and finance industry had to deal with structural issues that included the absence of a viable inter-bank market, lack of independent credit rating arrangements, increased pressure on physical security arrangements as well as redundancy of some traditional banking products. Business volumes for the banking sector started the year very low and increased steadily throughout the year, albeit at a slower pace than had initially been anticipated. The industry is encouraged by the policy thrust focused on recovery of key economic sectors and restoring critical public service support structures. Consistency and predictability of policy will remain critical to the restoration of confidence in the financial systems of the economy. Indeed the financial sector, as with the real sector and individual customers, stands to benefit from interventions that would continue to reduce business and investment risk.

Overview of financial performance

Barclays met the minimum capital requirements well ahead of the March 31, 2010 deadline with almost twice as much as the regulatory benchmark. The capital adequacy ratio closed the year at 39%, compared to the regulatory minimum of 10%. Even with the constrained liquidity management options available, the Bank sustained a highly liquid condition during the year to close at a liquidity ratio of 80%, also compared to the regulatory minimum of 10%. The Bank continued to adhere to prudent lending principles that will ensure a quality loan book into the future. The year 2009 was practically a difficult period to assess the business viability of project proposals as well as establishing confidence levels for the credit worthiness of customers. Our commitment to providing facilities stands strong but the Bank considers the need to minimise the risk of future default critical.

Revenue of US\$17,849,429 was achieved during the year. This was mostly from service fee and commission income. Of the total costs, staff costs comprised 56%. Systems, security and equipment costs were the other major cost lines at 44%. The business continued initiatives to streamline processes and contain costs. The Bank reduced its staff complement from 1,205 at the beginning of the year to less than 930 by the end of the year by not renewing contracts for term staff. Barclays Bank of Zimbabwe also benefited from Barclays Group support without which navigating this transitional period would have been more difficult. The Bank registered basic earnings per share of 0.07 US cents from a reported profit after tax of US\$1,462,196. Other comprehensive income items returned an additional US\$344,473 from gains in investments available for sale.

Regulatory compliance

The Bank continued to comply 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

Upholding the highest standards of Corporate Governance practices remained as critical to Barclays Bank of Zimbabwe as it was for the whole Barclays Group. Even as King III report came out your Bank stood ready to embrace its recommendations which it sees as an opportunity to enhance overall accountability reporting. I reported some changes in directorship in my statement accompanying the June 2009 interim results. Since that time to the date of this report, I am glad to advise of the coming in of Mr. Andrew Ian Lawson as non executive director. Andrew is a chartered accountant who brings in a wealth of experience from his professional practice as well as his career in industry. May I take this opportunity to announce the retirement of Mr. Pat Rooney from the Barclays Board after serving a full nine year term. During his term, Pat contributed immensely to the shaping of the direction that Barclays has taken and will take into the future and I wish him well in his future endeavours. Also leaving the Board in January 2010 is Zafar Masud who was a Barclays PLC nominee. Zafar has left the group to pursue other interests and I must thank him for his contribution during the period he sat on the Barclays Bank of Zimbabwe Limited Board.

I am cognisant of and must thank each member of the Board for the valuable time and effort invested in providing direction and guidance to the running of Barclays Bank of Zimbabwe Limited. In particular I note the emphasis placed on ensuring that the best corporate governance practices were fully embedded and cascaded down to the lower levels of the organisation.

Corporate citizenship

Social investment initiatives remained an important part of the Bank's corporate citizenship programs. During the year the Bank partnered in the Junior Achievement Zimbabwe programs. This was in addition to contributions made towards the construction of a school in Mutoko. Community programs that involved a partnership between Barclays and its colleagues were embarked on in the last quarter of 2009 in a program now known within Barclays as Make a Difference Day. In this initiative 54 institutions benefited from assistance provided to the less privileged to start small self sustaining projects

Outlook

Multilateral institutions and other independent economic analysts alike project a modest global GDP growth of 2.6% in 2010. The signal effect of this is that the global economy should start to emerge from recession this year and as that happens the Zimbabwean economy will stand to benefit from enhanced foreign direct and portfolio investment. Commodity markets have also looked up from the last quarter of 2009. As an economy we need to position for that recovery by ensuring that we have economic policies that attract foreign capital. Attracting foreign capital is an imperative for the Zimbabwean economy and financial sector alike. In this light, we consider the ongoing engagements with the International Monetary Fund and other multilateral institutions to be a positive development. If the recovery path is sustained and consistent economic policies are followed and applied the financial sector can only recover to vibrant levels attained in the past and Barclays is well positioned to create value for its customers and shareholders alike. The Bank's capital position, wide distribution channel, synergies with the international group and its human capital will underpin the Bank's success into the future.

Appreciation

My thanks go to our customers who have partnered us and have chosen to be part of a legacy of the Barclays family now only two years short of a century in Zimbabwe. I also like to extend special thanks to George Guvamatanga, the Managing Director and his management team for their professional and dedicated engagement in managing the Bank's affairs through the challenges of the economic transitions of 2009. Capable leadership of the management team and the support of all Barclays colleagues will secure future growth for the Bank.

Dividend

In order to sustain the Bank's liquidity position and to further enhance capacity for some new product initiatives your board proposes not to pay a dividend in respect of the year ended 31 December 2009.

A Mandiwanza
Chairman
23 February 2010

MANAGING DIRECTOR'S REPORT

Economic developments in 2009 necessitated increase in focus on sustainability and resource optimisation, and I expect this to have been the case across most industries. The Zimbabwean economy recorded growth across most sectors for the first time in a decade following the introduction of the multi-currency system in February 2009. An estimated Gross Domestic Product (GDP) growth of 3.7% was recorded for the year with increased capacity utilisation becoming evident in the second half of the year as businesses adapted their operating models. The mining and telecommunications industries alongside certain consumer sectors led the recovery trend. Demand for banking services also increased albeit at a much slower pace as the banking public sought to regain confidence in the sector which also started with a decimated range of services on offer.

Most businesses required medium to long term finance to re-capitalise and re-tool. The financial sector on the other hand had to deal with constrained liquidity conditions especially as most of their deposits were on demand. Credit processes on the part of borrowers and lenders alike imperatively had to adapt to the reality of operating under hard currency conditions clean of the false 'security' that was a part of hyperinflation. Those that scored favourably for credit in the past were not necessarily going to score the same under the new real economy. During 2009 risk management processes had to be tightened to ensure low default risk as well as to contain potential losses arising from operational errors and irregularities. In addition, Barclays also focused on optimising its cost base whilst working on initiatives to restore normal banking services and products for the benefit of its customers.

Risk management processes

Credit risk scoring models were tightened and fully adapted to the dollarized environment. Barclays continued to prefer a cautious approach in advancing loans to minimise risk of default. A lot more time was spent on understanding prospective borrowers and evaluating their projects. It was also critical to ensure that Barclays had the right capabilities for the new environment. During the year, 58 Barclays colleagues successfully completed a major refresher course on credit risk management run by Barclays Group. Barclays will continue to grow its advances as both economic and credit risk factors improve.

The Bank also upgraded its operational risk practices. Operational risk events are tracked very closely on a coordinated database that attributes each event in detail. Control processes were continuously updated and embedded in core processes and performance indicators. The process of escalating risk events and exposures right up to the Board was enhanced. Know Your Customer (KYC) processes were a key focus area for 2009 and will continue to be so into the future as we seek to protect the customers' and Bank's assets and reputation at all times. Physical security arrangements were and continue to be upgraded. Insurable risks were transferred and the policies in place were tested by a loss to armed robbers at one of the Bank's Bulawayo branches which was indemnified in terms of the policy cover.

Cost and resource optimisation

The Bank continued efforts to contain costs. Transaction volumes started the year very low and mostly confined to commercial customers. The Bank made a deliberate decision to maintain its branch network of 40 branches and service centres in order not to disrupt channel convenience to the retail customers which are anticipated to gradually regain confidence in the banking sector. Within the branches and support functions processes continued to be reviewed to reduce manual handling of transactions. The thrust to reduce manual handling of transactions is a continuing initiative that will also ride on further investment in information technology into the future. Specific initiatives were targeted under process improvement programs to yield quantifiable savings during the year. The supply chain was streamlined to optimise in and outsourcing arrangements. Productivity levels will inform the extent and nature of further optimisation work required for each outlet. Whilst the year started with an average of about 31 employees per branch (including colleagues in support functions) this ratio closed 2009 at 23 employees per branch.

Products and service delivery

At the peak of hyperinflation a number of products were made redundant. Cheques were no longer accepted with most economic agents preferring Real Time Gross Settlement (RTGS). Money market instruments that also used to provide short term investment channels no longer made sense. Use of plastic money was no longer possible with most equipment incapable of handling the phenomenally large figures. The economy had also simply become a foreign currency cash economy and at that time the banking sector was largely precluded from participating in that market.

The formalisation of a multi-currency system meant that banks needed to restore their relevance in a chain of money movement that was already established outside the banking system. During the year, Barclays successfully adapted its information technologies to the multi currency system with minimum disruption to its operations. When the industry was ready to reintroduce the RTGS and cheque systems the bank was amongst the first to start offering the same. Barclays also became the first to offer cash on ATMs including VISA access to cash on its ATMs. Straight Through Processing (STP) was also reintroduced well within timeframes prescribed by the regulator.

A lot of ground work took place in 2009 to prepare for channels and products that have since been introduced within January 2010. These include connectivity to Zimswitch to see customers benefit from a wide network of Point of Sale (POS) facilities, enabling of MasterCard to access cash at Barclays ATMs, the issuance of VISA international cards to invited Barclays customers as well as the launch of BARCassurance, a channel that seeks to make the handling of insurance matters by the Bank's customers a lot more convenient. 2010 will see more products come to the market although a lot more focus will be on enhancing service quality and customer convenience.

Retail banking

The retail account base registered favourable growth in the second half of the year, closing the year with over 100,000 accounts. Barclays Retail customers were the first to enjoy the choice between banking hall and ATM service. The premier banking offering introduced SMS alerts on all account activity, lending and alliances with key partners like Hotel Express. Improvements in the retail product offering will remain a key area of focus in 2010.

Commercial banking

Barclays was able to continue to grow the lending support that it provided corporate customers whilst taking into account prudent risk management practices. The year was also used to partner with corporate clients as they adapted to the multi-currency environment. Ensuring that account records were up to date and met international benchmarks of customer due diligence became more critical.

Operations and Information Technology (IT)

Notable successes achieved were the continued systems stability across all branches and functions even after major reconfiguration work triggered by the multi-currency system. The branch operations and treasury functions must be credited with ensuring that foreign cash was readily available to our customers in our branches and ATM network.

Human resources

Staff welfare remained a major priority for the Bank, and every effort was made within affordable ranges to ensure that their well being improved. The Bank was able to marginally pay ahead of NEC negotiated settlements in 2009, whilst also improving medical aid assistance to colleagues and pensioners. As the product range widened, training and up-skilling became a must in order to improve services and the Bank invested 7,699 training man days in order to achieve this.

Future prospects

As we head into 2010, I am confident that the general improvements noted in both the global and local economies will see continued improvement in business volumes and the credit environment. Barclays remains committed to delivering value to all its stakeholders and to partnering in the endeavours of business and individual customers alike.

G T Guvamatanga
Managing Director
23 February 2010

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CORPORATE GOVERNANCE

The Board of Directors is 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 ensuring effective control and timely and accurate disclosure of material information about the Bank. Regulations, laws and directives are observed religiously. 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 held 4 board meetings in 2009 during which policies governing the Bank were discussed among other things. Special focus was given to the strategies of the Bank with one board strategy session having been held in the period under review. At 31 December 2009 the board comprised 3 executive directors, 2 non-executive directors and 6 independent non-executive directors. The board has delegated some of its duties and responsibilities to sub-committees to ensure the efficient discharge of 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 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 Bank's external auditors, as well as providing assurance to the board that management's control assurance processes are 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 four independent non-executive directors. The members of the Committee as at 31 December 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 31 December 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

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 31 December 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 31 December 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. 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 Barclays and other regulatory bodies. It determines and approves business level policies, ensuring consistency with 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 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.

Directors' shareholding

The following is a schedule of the directors' shareholdings in the Bank as at 31 December 2009:

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

Abridged annual financial statements

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

BOARD ATTENDANCE

Main Board

Name of Director	Total meetings	Total present	Total absent
A Mandiwanza	4	4	Nil
C Dube	4	3	1
Prof. H C Sadza	4	4	Nil
J P Rooney	4	2	2
E Fundira*	4	3	Nil
Z Masud	4	2	2
I Diouf*	4	2	1
G T Guvamatanga	4	4	Nil
J Phiri	4	4	Nil
A I Lawson**	4	1	Nil
S Matsekete	4	4	Nil

* Joined the board after first meeting of the year

** Joined the board in the last quarter of the year

Audit Committee

Name of Director	Total meetings	Total present	Total absent
A Mandiwanza	6	3	3
C Dube	6	5	1
Prof. H C Sadza*	6	2	2
J P Rooney	6	6	Nil
E Fundira**	6	2	Nil

* Committee member up to 30 June 2009

** Appointed to the committee after meetings for the first half year

Human Resources and Nominations Committee

Name of Director	Total meetings	Total present	Total absent
Prof. H C Sadza	4	4	Nil
A Mandiwanza	4	4	Nil
Z Masud	4	1	3
G.T. Guvamatanga	4	4	Nil

Credit Committee

Name of Director	Total meetings	Total present	Total absent
A Mandiwanza*	9	1	Nil
Prof. H C Sadza	9	8	1
E Fundira**	9	8	Nil
G T Guvamatanga	9	5	4
J Phiri	9	9	Nil

* Committee member up to 30 June 2009

** Joined committee after first meeting of the year

Loans Review

Name of Director	Total meetings	Total present	Total absent
C Dube	4	4	Nil
J P Rooney	4	4	Nil
S Matsekete	4	4	Nil

By Order of the Board

Desmond Jairoso - Chipunza
Acting Company Secretary
23 February 2010

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Note	31.12.2009 US\$
Assets		
Cash and bank balances	3	109,848,160
Loans and advances to banks	5	2,403
Loans and advances to customers	6	20,337,093
Trade investments available for sale	7	1,353,006
Other assets	11	1,231,708
Investment property	12	15,000,000
Property and equipment	13	21,161,604
Deferred income tax asset		378,544
Total assets		169,312,518
Liabilities		
Deposits from banks	14	467,588
Deposits from customers	15	121,786,302
Amounts due to group companies	10	1,079,252
Current income tax liabilities		534,102
Deferred income tax liabilities		6,671,977
Other liabilities	18	6,608,160
Total liabilities		137,147,381
Equity		
Share capital	19	-
Retained earnings	19	1,434,985
Other reserves	19	30,730,152
Total equity		32,165,137
Total equity and liabilities		169,312,518

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Note	31.12.2009 US\$
Interest and similar income		2,308,902
Interest and similar expense		(1,157,733)
Net interest income		1,151,169
Loan impairment		324,480
Net interest income after loan impairment charges		1,475,649
Non-funded income	20	16,373,780
Operating income		17,849,429
Operating expenses	21	(17,238,047)
Profit before income tax		611,382
Income tax	17	850,814
Profit for the year		1,462,196
Other comprehensive income		
Regulatory impairment allowance	22	(27,211)
Available for sale financial assets		526,234
Income tax relating to other comprehensive income		(154,550)
Other comprehensive income for the period, net of income tax		344,473
Total comprehensive income for the year		1,806,669
Basic earnings per share (US cents)		0.07
Diluted earnings per share (US cents)		0.07

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Share Capital US\$	Share premium US\$	Non- distributable reserves US\$	Functional currency reserves US\$	General reserves US\$	Retained earnings US\$	Share Option reserve US\$	Total US\$
Deemed balance as at 1 January 2009	-	-	-	29,988,824	146,250	-	76,133	30,211,207
Arising on change of functional currency	-	-	-	-	-	1,462,196	-	1,462,196
Profit for the year	-	-	-	-	-	-	-	-
Fair value gains on available-for-sale financial assets, net of tax income tax.	-	-	371,684	-	-	-	-	371,684
Regulatory impairment allowance	-	-	-	-	27,211	(27,211)	-	-
Total comprehensive income	-	-	371,684	-	-	1,434,985	-	1,806,669
Employee share option scheme - value of employee services charged to income statement	-	-	-	-	-	-	120,050	120,050
- transfer to share premium on exercise of options	-	60,000	-	-	-	-	(60,000)	-
Balance at 31 December 2009	-	60,000	371,684	29,988,824	173,461	1,434,985	136,183	32,165,137

STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	Note	31.12.2009 US\$
Cash flow from operating activities		
Profit before income tax		611,382
Adjustments for non-cash items:		
Loan impairment		(324,480)
Depreciation of property and equipment		1,039,083
Impairment of property and equipment		247,000
Net gain on disposal of property and equipment		(2,165)
Staff loan prepayment amortisation		2,020
Medical aid fund		358,369
Share options		120,050
Changes in working capital:		
Loans and advances to customers		(19,767,147)
Statutory reserves		(10,489,477)
Other assets		(1,152,715)
Deposits from customers		85,224,526
Other liabilities		5,895,920
Income taxes paid		-
Net cash generated from operating activities		61,762,366
Cash flow from investing activities		
Purchase of property and equipment		(229,779)
Proceeds from sale of property and equipment		36,785
Purchase of investment		(28,564)
Net cash used in investing activities		(221,558)
Cash and cash equivalents at the beginning of the year		36,275,999
Net cash provided by operating activities		61,762,366
Net cash used by investing activities		(221,558)
Effects of exchange-rate changes on cash and cash equivalents		(2,561)
Cash and cash equivalents at the end of the year	4	97,814,246

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

For the year ended 31 December 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 unless otherwise stated.

1. Basis of preparation

The Bank's abridged financial statements for the year 2009 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), except for the non-compliance with (i) International Accounting Standard ("IAS") - 1 Presentation of financial statements, (ii) IAS 21 - The Effects of Changes in Foreign Exchange Rates; and (iii) IAS 29 - Financial Reporting in Hyperinflationary Economies

As the Zimbabwe economy was recognised as being hyperinflationary for financial reporting purposes up to 31 January 2009, the Bank was required by IAS 21 to restate its financial statements as at that date and for the one month ended 31 January 2009 in accordance with IAS 29, before translating the financial statements at the closing rate as at 31 January 2009, and to translate the comparative financial information at the closing rate as at 31 December 2008. The inflation indices required to prepare inflation adjusted financial statements were not available at the time of reporting. The Central Statistics Office did not release the consumer price indices from August 2008 and the existence of market distortions made the measurement of inflation by alternative means difficult in the opinion of management. Accordingly the Zimbabwe Accounting and Auditor's Board, Zimbabwe Accounting Procedures Board, and the Zimbabwe Stock Exchange jointly provided guidance to determine a foreign currency opening statement of financial position on the date of the change in functional currency from Zimbabwe dollars ("Z\$") to hard currency. Only those balances that could either be settled or recovered in foreign currency; could be reasonably converted into foreign currency and represented an asset or liability have been recorded as take on balances in the financial statements for the year ended 31 December 2009.

As at 1 January 2009, balances in Barclays Bank of Zimbabwe Limited were taken on in United States of America dollars (US\$) as follows:

- 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 the functional currency.
- Valuation of motor vehicles and office equipment was done by the directors, based on market values 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 of America 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 alternative valuation models based on quoted prices 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.

The surplus on the restatement of the assets and liabilities was credited to non-distributable reserve in equity. Subsequent to 1 February 2009, all transactions were accounted for in accordance with the accounting policies set out herein. The financial statements are based on statutory records that are maintained under the historical cost convention as modified by the revaluation of property, plant and equipment, investment property, and trade investments available for sale.

This is a departure from the basis on which the abridged financial statements were prepared in previous years.

The financial statements comprise the statement of financial position, combined statement of comprehensive income, the statement of changes in equity, the statement of cash flow and the notes.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant notes to the financial statements.

The Bank classifies its expenses by the nature of expense method.

The financial statements are presented in United States of America dollars ("US\$") which is the presentation currency. This is a change from the Zimbabwe dollar presentation and functional currency used in previous periods.

The disclosures on risks from financial instruments are presented in the financial risk management report contained under note 26 to the financial statements.

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities and investing activities. Cash and cash equivalents include highly liquid investments. Note 4 to the financial statements shows in which item of the statement of financial position cash and cash equivalents are included.

The cash flows from operating activities are determined by using indirect method. Profit before income tax is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing activities are eliminated. Interest received or paid is classified as operating cash flows.

1.2 Comparative financial information

The Directors have not presented comparative information as required by IAS 1 (revised) (Presentation of Financial Statements) because they believe the information will be misleading due to the following 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 of America 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. Cash and bank balances

	31.12.2009 US\$
Cash in hand	12,360,268
Balances with central bank other than mandatory reserve deposits	22,078,921
Amounts due from group companies	64,919,494
Included in cash and cash equivalents (Note 4)	99,358,683
Statutory reserve deposits with the central bank	10,489,477
Total cash and bank balances - balance sheet	109,848,160

4. Cash and cash equivalents

	31.12.2009 US\$
Cash and bank balances (Note 3)	99,358,683
Loans and advances to banks (Note 5)	2,403
Amount due to group companies	(1,079,252)
Deposits from banks	(467,588)
Total cash and cash equivalents - statement of cash flows	97,814,246

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

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

5. Loans and advances to banks

	31.12.2009 US\$
Items in course of collection from other banks	2,403
Placements with other banks	-
Included in cash and cash equivalents	2,403
Loans and advances to other banks	2,403
Less: allowance for impairment	-
Total	2,403
Current	2,403
Non-current	-
Total	2,403

Loans and advances to banks are considered not to be impaired.

6. Loans and advances to customers

	31.12.2009 US\$
Personal lending	407,482
Wholesale and corporate loans and advances	20,109,831
Gross value of loans and advances (Note 26.1a)	20,517,313
Less allowance for impairment (Note 26.1g)	(180,220)
Loans and advances to customers	20,337,093
Current	20,337,093
Non-current	-
Total	20,337,093

	2009 US\$						
7. Trade Investments available for sale							
Deemed cost at 1 January	798,208						
Additions	28,564						
Disposals	-						
Gains from changes in fair value	526,234						
Impairment losses	-						
At 31 December	1,353,006						
8. Assets and liabilities measured at fair value							
	Level 1	Level 2	Level 3	Total			
Available for sale financial assets:							
- Investment securities - equity (Note 7)	-	1,276,258	76,748	1,353,006			
Total assets	-	1,276,258	76,748	1,353,006			
Share options	-	136,183	-	136,183			
Total liabilities	-	136,183	-	136,183			
8.1 Reconciliation of level 3 items	Available for sale financial assets			Total assets			
At 1 January 2009	45,662			45,662			
Total gains	-			-			
- other comprehensive income	2,522			2,522			
Purchases	28,564			28,564			
At 31 December 2009	76,748			76,748			
9. Investment in subsidiaries							
Fincor Finance Corporation Ltd 100% (2008 - 100%)	-						
Barclays Merchant Bank Limited 100% (2008 - 100%)	-						
Brains Computer Processing (Private) Limited 100% (2008 - 100%)	-						
All subsidiaries are dormant and their assets and liabilities immaterial.							
10. Related Party Balances							
The Bank is controlled by Afcarme Zimbabwe Holdings (Private) Limited incorporated in Zimbabwe which owns 67% of ordinary shares. The remaining 33% of the shares are widely held. The ultimate parent of the Bank is Barclays Bank Plc incorporated in the United Kingdom. There are other companies which are related to Barclays Bank of Zimbabwe Limited through common shareholdings or common directorship. In the normal course of business, placings of foreign currencies are made with the parent company and other group companies at market interest rates. The volumes of related party transactions, outstanding at year-end, and related expense and income for the year are as follows:							
	Directors and other key management personnel			2009 US\$			
(a) Loans and advances to related parties							
Loans and advances to customers	-						
Loans outstanding at 1 January	-						
Loans issued during the year	5,410						
Loan repayments during the year	(930)						
Loans outstanding at 31 December	4,480						
Interest income earned	32						
No impairment allowances have been recognised in respect of loans advanced to related parties							
The loans issued to directors and other key management personnel during the year are repayable monthly over six months and have interest rates of 5%.							
(b) Deposits from related parties	Directors and other key management personnel			2009 US\$			
Due to customers	-						
Deposits at 1 January	-						
Deposits received during the year	785,460						
Deposits repaid during the year	756,084						
Deposits at 31 December	29,376						
Interest expense on deposits	-						
The above deposits are unsecured, carry no interest and are repayable on demand.							
(c) Balances with group companies				31.12.2009 US\$			
Amounts due from group companies	64,919,494						
Amounts due to group companies	1,079,252						
Average interest rates for balances due from group companies was 1,582% and due to group companies was 0,625%.							
(d) Key management compensation				2009 US\$			
Salaries and other short-term employee benefits	285,995						
Post-employment benefits	30,939						
Other long-term benefits	-						
Termination benefits	-						
Share-based payments	11,919						
	328,853						
11. Other Assets							
Other debtors	1,229,931						
Remittances in transit	1,777						
Staff loans payment	-						
	1,231,708						
Current	1,231,708						
Non-current	-						
	1,231,708						
12. Investment property							
Investment property at deemed cost as at 1 January 2009	15,000,000						
Additions resulting from acquisitions	-						
Net gains from a fair value adjustment	-						
Other changes	-						
Investment property at fair value as at 31 December	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. The investment property generated in 2009 a rental income of US\$152,850. Direct operating expenses recognised in the statement of comprehensive income were US\$nil.							
13. Property and Equipment	Land US\$	Buildings US\$	Computers US\$	Other Equipment US\$	Furniture & Fittings US\$	Motor Vehicles US\$	Total US\$
Year ended 31 December 2009							
Deemed cost at 1 January 2009	40,000	18,935,000	1,372,801	103,540	435,337	1,365,850	22,252,528
Additions	-	-	34,426	5,231	6,914	183,208	229,779
Disposals	-	-	(15,275)	-	-	(28,000)	(43,275)
Depreciation charge	-	(378,700)	(275,735)	(21,057)	(87,364)	(276,227)	(1,039,083)
Depreciation charge on disposal	-	-	3,055	-	-	5,600	8,655
Impairment	-	(247,000)	-	-	-	-	(247,000)
Closing net book amount	40,000	18,309,300	1,119,272	87,714	354,887	1,250,431	21,161,604
At 31 December 2009							
Deemed cost/valuation	40,000	18,688,000	1,391,952	108,771	442,251	1,521,058	22,192,032
Accumulated depreciation	-	(378,700)	(272,680)	(21,057)	(87,364)	(270,627)	(1,030,428)
Net book amount	40,000	18,309,300	1,119,272	87,714	354,887	1,250,431	21,161,604
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 plant and equipment was considered necessary. Property was impaired by US\$247,000 based on an external valuation done at 31 December 2009.							
14. Deposits from banks	31.12.2009 US\$						
Items in course of collection	467,588						
Deposits from other banks	-						
Other money-market deposits	-						
Certificates of deposits	-						
Total	467,588						
Current	467,588						
Non-current	-						
	467,588						
Deposits from banks only include financial instruments classified as liabilities at amortised cost.							

15. Deposits from customers				
Deposits due to customers are primarily composed of amounts payable on demand.				
Large corporate customers:				
- Current/settlement accounts	63,839,109			
- Term deposits	-			
SMEs:				
- Current/settlement accounts	20,163,366			
- Term deposits	-			
Retail customers				
- Current/demand accounts	37,783,827			
- Term deposits	-			
Total	121,786,302			
Current	121,786,302			
Non-current	-			
	121,786,302			
Deposits due to customers only include financial instruments classified as liabilities at amortised cost. Fair value of deposits from customers approximates carrying amount.				
15.1. Concentrations of deposits from customers	31.12.2009 US\$		%	
Trade and services	55,908,384		45	
Energy and minerals	151,769		-	
Agriculture	24,826,969		20	
Construction and property	134,921		-	
Light and heavy industry	6,838,758		6	
Physical persons	25,116,032		21	
Transport and distribution	4,721,208		4	
Financial services	3,415,971		3	
State	-		-	
Other	672,290		1	
	121,786,302		100	
16. Other financial liabilities				
During the period, the Bank did not carry financial liabilities whose carrying amount is different from the fair value.				
17. 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.				
	31.12.2009 US\$			
Income tax expense	504,893			
Current taxes on income for the reporting period	(1,384,915)			
Deferred income tax: origination and reversal of temporary differences	(880,022)			
Income tax expense	29,208			
Banking institution levy	(850,814)			
Income tax expense including levies	-			
18. Other liabilities				
Accrued expenses	1,540,972			
Internal accounts including bank cheque accounts	3,883,777			
Future medical liability	358,369			
Other provisions	825,042			
	6,608,160			
Other liabilities are expected to be settled within no more than 12 months after the date of the statement of financial position.				
19. Equity	31.12.2009 US\$			
Share capital	-			
Share premium	60,000			
Functional currency reserve	29,988,824			
Retained earnings	1,434,985			
Share options reserve funds	136,183			
Other components of equity	371,684			
Total shareholder's equity	31,991,676			
19.1 Ordinary Shares and Premium Shares	Number of shares (millions)	Ordinary shares US\$	Share premium US\$	Total US\$
Balance at 1 January 2009	2,151	-	-	-
Issue of share capital-share options	1	-	-	-
Balance at 31 December 2009	2,152	-	-	-
The total authorised number of ordinary shares at year end was 5 billion. All issued shares were fully paid in Zimbabwe dollars prior to multi-currency system. The Bank's shares have a nominal value in Zimbabwe dollars. However, following the introduction of the multi-currency system during the year no pronouncement has been made by the authorities as to the nominal value of the shares in the new functional currency.				
For now, the nominal value of the shares has been shown as nil in US\$. Once a pronouncement has been made, or the Bank effects a change through a legal process, the share capital will be restated accordingly and a corresponding amount transferred from the functional currency reserve. Subject to approval by members at the Annual General Meeting US\$23,706,174 is earmarked to be capitalised from the functional currency reserve to share capital and premium.				
20. Non funded income	2009 US\$			
Fee and commission income	10,035,308			
Net foreign exchange income	3,543,126			
Dividend income	152,850			
Rental income	185,539			
Profit on disposal of assets	2,165			
Special support received from the group	2,454,792			
Total	16,373,780			
Support valued at \$2,454,792 received from the group during the year is included in non funded income. The support received assisted the business in transitioning to the new business environment characterised by use of multi-currencies.				
21. Operating Expenses	2009 US\$			
21.1 Staff costs	8,190,049			
Salaries and allowances	163,290			
Social security costs	120,050			
Share options granted to directors and employees	720,867			
Pension costs: defined contribution plans	358,369			
Post employment medical benefits	-			
Directors' remunerations:	-			
- fees	25,567			
- other	145,439			
Total staff costs	9,723,631			
21.2 Other administrative expenses	903,601			
Property and equipment	1,039,083			
- repairs and maintenance	247,000			
- depreciation	786,563			
Impairment of property	131,860			
Operating lease payments	4,406,309			
Audit fees	-			
Other expenses	7,514,416			
Total other administrative expenses	17,238,047			
22. Other comprehensive income	Before-tax amount US\$	Income tax US\$	Net-of-tax amount US\$	
Available for sale financial assets	526,234	154,550	371,684	
Other comprehensive income	526,234	154,550	371,684	
23. Loan commitment, guarantee and other financial facilities				
At 31 December 2009, the Bank had the contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers, guarantee and other facilities as follows:				
	31.12.2009 US\$			
Loan commitments	15,030,058			
Guarantees and standby letters of credit	3,293,249			
Total	18,323,307			
24. Segment analysis				
In the financial year 2009, segment reporting by the Bank was prepared for the first time in accordance with IFRS 8, 'Operating segments'. Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Country Management Committee (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. All operating segments used by the Bank meet the definition of a reportable segment under IFRS 8.				
The Bank has three main business segments:				
o Retail banking - incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, credit and debit cards, consumer loans and mortgages;				
o Corporate banking - incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products; and				
o Treasury - incorporating financial instruments trading.				
Other segments - incorporating IT, operations and other support functions.				

24.1 Segment results of operations

The segment information provided to the Country Management Committee for the reportable segments for the year ended 31 December 2009 is as follows:

At 31 December 2009	Retail Banking US\$	Corporate Banking US\$	Treasury US\$	Other Segments US\$	Total US\$
Net interest income from external customers	8,911	769,346	372,912	-	1,151,169
Loan impairment charges	840	(325,320)	-	-	(324,480)
Net fee and commission income	4,404,840	5,569,304	61,164	-	10,035,308
Other income	-	-	6,338,472	-	6,338,472
- Staff costs	2,584,937	1,071,911	155,453	5,911,330	9,723,631
- General and administrative expenses	233,726	53,388	64,908	4,441,889	4,793,911
- Depreciation	131,060	84,110	18,125	805,788	1,039,083
- Other operating expenses	182,251	201,998	190,383	1,106,790	1,681,422
- Non-interest expenses	-	-	-	-	-
Operating profit	1,280,937	5,252,563	6,343,679	(12,265,797)	611,382
Income tax expense	(1,171,148)	(4,777,487)	(4,415,047)	11,214,496	850,814
Total assets	3,175,014	19,730,699	146,406,805	-	169,312,518
Total liabilities	24,733,055	97,342,068	15,072,259	-	137,147,382

25. Retirement benefit obligations

Statement of financial position obligations for:

	2009 US\$
- Pension benefits	-
- Post-employment medical benefits	358,369
Total	358,369

Income statement charge for (Note 21.1):

	2009 US\$
- Pension benefits	720,867
- Post-employment medical benefits	358,369
Total	1,079,236

26. 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.

26.1 Credit risk

Credit risk is the risk that the Bank's customers, clients or counterparties default on their loan credit commitments. Default occurs when counterparties are not able or willing to pay interest, repay capital or otherwise fulfill 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 customers 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 risks 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

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

26.1a Loans and advances are summarized below as follows:

	31.12.2009 Loans and advances to customers US\$	31.12.2009 Loans and advances to banks US\$
Neither past due nor impaired	20,285,802	2,403
Past due but not impaired (Note 26.1c)	69,982	-
Individually impaired	161,529	-
Gross value of loans and advances	20,517,313	2,403
Less allowance for impairment (Note 26.1g)	(180,220)	-
Net value of loans and advances to customers	20,337,093	2,403

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.

26.1b 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 renegotiated. The summary of renegotiated loans is shown in note 26.1f to the abridged financial statements.

26.1c Loans and advances past due but not impaired

	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	69,982	-	-	-	-	69,982
Total past due but not impaired at 31 December 2009	69,982	-	-	-	-	69,982

Loans and advances less than 90 days past due are not considered impaired unless other information is available to indicate the contrary.

26.1d Loans and advances individually assessed as impaired

	Gross carrying amount US\$	Impairment US\$	Net carrying amount US\$
Personal lending	654	131	523
Wholesale and corporate loans	160,875	14,625	146,250
At 31 December 2009	161,529	14,756	146,773

26.1e Non performing loans and receivables

	31.12.2009 US\$
Total non-performing loans and receivables	161,529
Less: specific allowances for impairment losses on non performing book	(14,756)
Realisable security held	146,773

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.

26.1f Summary of renegotiated loans

	31.12.09 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. No loans were renegotiated during the year.

26.1g Allowance for impairment

	Residential Mortgage loans US\$	Other personal lendings US\$	Wholesale corporate loans US\$	Total US\$
Deemed balance at 1 January 2009	-	-	644,639	644,639
New allowance	-	946	-	946
Increase in impairment allowance	-	2	165,463	165,465
Charge for the year	-	948	165,463	166,411
Amounts written off during the year as uncollectible	-	(708)	(139,230)	(139,938)
Income received on claims previously written off	-	-	(490,892)	(490,892)
At 31 December 2009	-	240	179,980	180,220

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.

26.1h Repossessed collateral

During 2009, the Bank did not repossess any assets held at collateral by the customers.

26.1i Credit risk concentration

	Loans and advances US\$	Available for sale US\$	Total 2009 US\$	%
Trade and services	650,000	-	650,000	3
Energy and minerals	-	-	-	-
Agriculture	6,240,281	-	6,240,281	30
Construction and property	2,600,000	-	2,600,000	13
Light and heavy industry	9,264,015	-	9,264,015	45
Physical persons	555,517	-	555,517	3
Transport and distribution	1,207,500	-	1,207,500	6
Financial services	-	-	-	-
State	-	-	-	-
Other	-	-	-	-
Gross value	20,517,313	-	20,517,313	100
Less impairment allowance	(180,220)	-	(180,220)	-
Less changes in fair value	-	-	-	-
Net value	20,337,093	-	20,337,093	-

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

26.1j Sectoral Analysis

	Total loans US\$	Impaired loans US\$	Write-offs/ recoveries US\$	Impairment allowance US\$
Trade and services	650,000	160,875	-	14,625
Energy and minerals	-	-	-	-
Agriculture	6,240,281	-	-	-
Construction and property	2,600,000	-	-	-
Light and heavy industry	9,264,015	-	-	-
Physical persons	555,517	654	-	131
Transport and distribution	1,207,500	-	-	-
Financial services	-	-	-	-
State	-	-	-	-
Other	-	-	-	-
Gross value at 31 December 2009	20,517,313	161,529	-	14,756

26.2 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 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 26.2(b).

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

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

26.2(a) Liquidity ratios

	31.12.2009 US\$
Cash and bank balances	99,358,683
Loans and advances to banks	2,403
Deposits from banks	(467,588)
Amounts due to group companies	(1,079,252)
Total liquid assets	97,814,246
Customer deposits	121,786,302
Other money market deposits	-
Total liabilities to the public	121,786,302
Liquidity ratio (RBZ minimum - 10%)	80%

26.2(b) Liquidity profiling as at 31 December 2009

	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							
Loans and advances to banks	2,403	-	-	-	-	-	2,403
Loans and advances to customers	6,090,795	14,190,383	585,755	-	-	-	20,866,933
Cash and bank balances	99,358,683	-	-	-	-	-	99,358,683
Liabilities							
Deposits from banks	467,588	-	-	-	-	-	467,588
Deposits from customers	121,786,302	-	-	-	-	-	121,786,302
Current income tax liabilities	534,102	-	-	-	-	-	534,102
Amounts due to group companies	1,079,252	-	-	-	-	-	1,079,252
Other liabilities	5,783,118	-	-	-	-	-	5,783,118
Liquidity gap	(24,198,481)	14,190,383	585,755	-	-	-	(9,422,343)
Cumulative liquidity gap	(24,198,481)	(10,008,098)	(9,422,343)	(9,422,343)	(9,422,343)	(9,422,343)	(9,422,343)
Off balance sheet items							
Assets							
Guarantees and letters of credit	2,480,310	782,939	30,000	-	-	-	3,293,249
Commitment to lend	8,254,189	1,614,069	4,455,800	706,000	-	-	15,030,058
Liability							
Guarantees and letters of credit	2,480,310	782,939	30,000	-	-	-	3,293,249
Commitment to lend	8,254,189	1,614,069	4,455,800	706,000	-	-	15,030,058
Liquidity gap	10,734,499	2,397,008	4,485,800	706,000	-	-	18,323,307
Cumulative liquidity gap	-	-	-	-	-	-	-

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 tenure and interest rate structure of new advances. Maturity mismatches across the time buckets are managed through the tenure of new advances and the profile of time deposits.

26.3 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 non-trading portfolios. The Bank does not have a trading book at the moment and all the market risk is arising from the non trading portfolios which include the retail and wholesale banking assets.

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

26.3a 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.

26.3b Stress tests

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

26.3c 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.

26.3d Economic capital

Economic capital methodologies are used to calculate risk sensitive capital allocations for business incurring market risk. Consequently the businesses incur capital charges related to their market risk. The table below summarises the DVaR statistics. 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	High US\$	Medium US\$	Low US\$	Period - end US\$
Type of risk or activity				
Currency	4,900	3,100	600	2,200
Interest	4,800	1,400	200	3,200
Commodity	-	-	-	-
Diversification effect	-	-	-	-
Aggregate VaR at 31 December 2009	9,650	4,460	760	5,350

Two week risk	High US\$	Medium US\$	Low US\$	Period - end US\$
Type of risk or activity				
Currency	15,450	9,740	1,800	6,830
Interest	15,100	4,400	600	10,100
Commodity	-	-	-	-
Diversification effect	-	-	-	-
Aggregate VaR at 31 December 2009	30,530	14,100	2,390	16,910

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. High statutory reserves have left the Bank with a liability sensitive balance sheet structure

26.4 Interest rate risk

26.4(a) Interest rate risk exposure

26.4(b) Interest rate repricing at 31 December 2009

	Up to 1 month US\$	1 to 3 months US\$	3 months 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\$
Assets								
Cash and bank balances	64,907,706	-	-	-	-	-	44,940,454	109,848,160
Loans and advances to banks	2,403	-	-	-	-	-	-	2,403
Loans and advances to customers	15,255,288	4,500,000	408,344	173,461	-	-	-	20,337,093
Trade investments available for sale	-	-	-	-	-	-	1,353,006	1,353,006
Investment property	-	-	-	-	-	-	15,000,000	15,000,000
Property and equipment	-	-	-	-	-	-	21,161,604	21,161,604
Deferred tax assets	-	-	-	-	-	-	378,544	378,544
Other assets	-	-	-	-	-	-	1,231,708	1,231,708
	80,165,397	4,500,000	408,344	173,461	-	-	84,065,316	169,312,518
Liabilities								
Deposits from banks	467,588	-	-	-	-	-	-	467,588
Deposits from customers	121,786,302	-	-	-	-	-	-	121,786,302
Amounts due to group companies	1,079,252	-	-	-	-	-	-	1,079,252
Deferred income tax liabilities	-	-	-	-	-	-	6,671,977	6,671,977
Current income tax liabilities	-	-	-	-	-	-	534,102	534,102
Other liabilities	-	-	-	-	-	-	6,608,160	6,608,160
	123,333,142	4,500,000	408,344	173,461	-	-	13,814,239	137,147,381
Interest rate repricing gap	(43,167,745)	4,500,000	408,344	173,461	-	-	70,251,077	32,165,137
Cumulative gap	(43,167,745)	(38,667,745)	(38,259,401)	(38,085,940)	(38,085,940)	(38,085,940)	32,165,137	

26.5 Exchange rate risk

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

	US\$ (US\$ Equiv) US\$	GBP (US\$ Equiv) US\$	Rand (US\$ Equiv) US\$	Other foreign (US\$ Equiv) US\$	Total US\$
Assets					
Cash and bank balances	99,599,048	2,690,122	5,739,422	1,819,568	109,848,160
Loans and advances to banks	2,403	-	-	-	2,403
Loans and advances to customers	20,337,093	1	23	-	20,337,117
Trade investment available for sale	1,353,006	-	-	-	1,353,006
Other assets	1,100,209	-	141	131,358	1,231,708
	122,391,759	2,690,123	5,739,586	1,950,926	132,772,394
Liabilities					
Deposits from banks	467,588	-	-	-	467,588
Deposits from customers	112,806,539	2,300,240	5,363,674	1,315,849	121,786,302
Amounts due to group companies	292,115	41,720	30,459	714,958	1,079,252
Other liabilities	5,532,052	131,344	279,174	665,590	6,608,160
	119,098,294	2,473,304	5,673,307	2,696,397	129,941,302
Net currency positions	3,293,465	216,819	66,279	(745,471)	2,831,092

27. Other risks

27.1 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.

27.2 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.

27.3 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 units and human resources function monitor compliance by both management and staff with the Bank's ethical codes and compliance standards.

27.4 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 transactional 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 to cover operational risk.

27.5 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 Component	Latest ratings December 2006	Key:	Risk Assessment System (RAS) Ratings
Capital adequacy	2	1 = Strong	RAS component Overall inherent risk Overall risk management systems Overall composite risk Direction of overall composite risk
Asset quality	2	2 = Satisfactory	
Management	2	3 = Fair	
Earnings	2	4 = Weak	
Liquidity	2	5 = Critical	
Sensitivity to market risk	2		
Composite Rating	2		Latest RAS ratings - 2006 Moderate Acceptable Moderate 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

27.6 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.

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.

28. 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, 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 required each bank to maintain a minimum capital adequacy ratio of 10% during the year 2009.

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

	31.12.2009 US\$
29. Capital adequacy	
Share capital	-
Share premium	60,000
Retained earnings	1,434,985
Share options reserves fund	136,183
Revaluation reserve - available for sale reserves	371,684
Functional currency reserves	29,988,824
Tier 1 capital	31,991,676
Revaluation reserves	-
General provisions (limited to 1.25% of weighted risk assets)	192,674
Tier 2 capital	192,674
Market risk	-
Operational risk	847,498
Tier 3 capital	847,498
Total Tier 1 and 2 capital	32,184,350
Less: Investment in subsidiaries	-
Total Tier 1 and 2 capital base	32,184,350
Tier 3	(847,498)
Total capital base	31,336,852
Risk weighted assets	72,870,798
Operational risk equivalent assets	10,593,723
Market risk equivalent assets	-
Total risk weighted assets (RWA's)	83,464,521
Tier 1 capital ratio	38%
Tier 1 and 2 capital ratio	39%
Tier 1 and 2 ratio after deducting Tier 3 Capital	38%
Capital adequacy ratio excluding market and operational risks	44%

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 of operations. Total capital charge for operational risk equals the sum of charges per business lines. Total capital for the Bank is assessed to be sufficient to support current business and planned capital projects. Growth in advances will continue to be pursued cautiously and in such a way as to achieve economic asset yields.

30. Shareholding structure

	31.12.2009
Barclays Bank PLC (%)	67
Zimbabwe Public (%)	33
	100

31. Dividend

Final dividends are not accounted for until they have been approved at the Annual General Meeting. At the Annual General Meeting no dividend in respect of 2009 is to be proposed.

By order of the Board

D. Jairoso Chipunza
Acting Company Secretary

Harare
23 February 2010



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