

Chairman's Statement

Dear Shareholder,

On behalf of the Board and management, I have pleasure in presenting my annual report accompanying the 2004 financial statements.

Review of the Operating Environment

In my review of the 2003 financial performance, I alluded to the anticipated volatile operating environment against a background of expected tight market liquidity. These conditions were expected to contain money supply growth and, consequently inflation in an effort to induce market confidence.

Although the economy was still in a declining mode, the reduction in the inflation rate to 133% by year end, and the resultant stability started to generate some degree of confidence. Unemployment is estimated to have averaged 72% for the year under review while gross domestic product was expected to have declined by 8.8% (2003 – 13%). Exports are expected to close at US\$1 237 million whilst imports are expected to be US\$1 294 million. Budget deficit is expected to be 6.8% of GDP and debt service ratio is expected at 35%.

The scarcity of raw materials continued to present challenges to manufacturers since the foreign currency demand continued to outstrip supply. Most of the sectors of the economy registered negative growth during the year.

Inflation

Year-on-year inflation which stood at 623% in January 2004 declined dramatically to close the year at 133% in response to the Reserve Bank of Zimbabwe's tight monetary policy which was introduced at the end of

2003. Further reductions in the inflation rate are necessary to ensure that there is increased business confidence and sustainable economic growth. The declining inflation rate has resulted in lending rates being dropped from +- 800% at the peak of the liquidity crisis in early January 2004 to close at around 135% in line with the monetary authorities policy of aligning interest and inflation rates.

Exchange Rates

The managed currency auction system brought some degree of normalcy to the foreign currency market and ensured a fairly consistent supply of essential commodities, namely fuel and electricity. The auction rate at introduction in January 2004 was \$3 518 and closed the year at \$5 719 with a floor rate of \$6 200 to the US Dollar.

The relatively stable exchange rates between the Zimbabwe Dollar and major currencies found more favour with importers than with exporters. The exporters felt that there was need to further depreciate the Zimbabwe Dollar in order to remain competitive and viable against a background of inflation led growth in production and operating costs.

Availability of foreign currency remains the major constraining factor for the development of many sectors of the economy.

It is our hope that the monetary authorities, through the pursuit of appropriate policies, will encourage the development of exports.

The Banking Sector

The banking sector went through a turbulent period during the year with some banks being placed under curatorship. Customers were adversely affected by these developments and the banks were exposed

to increased systemic risk. The turbulence caused loss of customer confidence. Some of the banks placed under curatorship will be rehabilitated under the Zimbabwe Allied Banking Group (ZABG).

The Reserve Bank increased the minimum capital for commercial banks to \$10 billion effective 1 January 2004, with a grace period of up to 30 September 2004. Complying with this requirement was not an issue since the Bank already held more capital than \$10 billion in the form of issued share capital of \$1 billion and share premium of \$19 billion. The reason for the increase was to ensure that banks are adequately capitalised.

Liquidity

As predicted in my half year end statement, tight money market liquidity conditions prevailed driven by the increase in statutory reserves from 50% to 60% for demand deposits and from 30% to 37.5% for savings and time deposits. The liquidity condition was further tightened by the introduction of low yielding two-year paper to mop up excess overnight liquidity. The maintenance of tight liquidity is in line with central bank's policy to reduce inflation. This resulted in a higher cost of funds to the Bank compared to the previous year, and as predicted, subdued second half performance.

Developments in the Bank

At the beginning of the year the Bank was fully intergrated into the Barclays Group's matrix reporting structure which encompassed in-country and functional reporting lines through Barclays Africa. This enabled the bank to tap into the central expertise and wealth of experience in the management of the business.

We did endure policy reversals regarding the definition of what constitutes statutory reserves further compounding what was already a tight market. I am pleased that

management was able to keep the eye on the ball and the Bank managed to weather the storm. The Bank maintained liquidity and capital adequacy ratios well above the minimum statutory requirements of 10% with the year closing at 68% (2003 – 24%) and 36% (2003 – 13%) respectively.

Notwithstanding the difficult trading environment, the Bank has remained focused on its strategic path by engaging in the following :

- modernisation of branches and offices to ensure that customers are in safe and comfortable environs as they transact with us;
- repositioned the Bank's brand by introducing a pronounced corporate identity;
- launched staff uniforms consistent with the Bank's brand;
- invested in training to ensure customers are provided with an excellent service as part and parcel of living the brand values; and
- adopted a new suite of office automation package in an effort to enhance productivity.

Bad and Doubtful Debts

The harsh economic environment resulted in some customers' being classified migrating to the bad and doubtful section. The steady reduction in interest rates which continued up to the end of the year resulted in some of the accounts showing signs of improvement. Further stability in the environment is likely to result in some of the accounts being transferred back to the good book.

Financial Results

Historical Cost Accounting Results

The Bank recorded a pre-tax profit of \$398 billion (2003 - \$63 billion), representing a growth of 532%. These results

were achieved against a background of a tough trading environment in the second half which, as I highlighted in my half year report, was not going to match the first half performance. Profits after tax were \$254 billion (2003 - \$42 billion) translating into a growth of 505% which is well ahead of 2004 average inflation of 382% and annualised compound month on month inflation of 133%.

Total income grew by 519% from \$144 billion to \$891 billion, led by a strong performance in net interest income which grew from \$106 billion to \$763 billion (an increase of 620%). The strong net interest income performance was as a result of high yielding Reserve Bank financial bills which were available in the first half of the year in a relatively square market.

Operating costs of \$258 billion (2003 - \$36 billion) excluding exchange losses on hard currency obligations of \$119 billion (2003 - \$8 billion) grew by 617% reflecting high wage demands and strong inflationary growth in banking sector consumables. The revaluation losses arising out of hard currency obligations is as a result of failure to secure foreign currency to meet business as usual requirements over the last few years.

The charge for impairment losses of \$114 billion (2003 - \$3 billion) reflects the difficult trading environment in 2004 when compared to last year as positive lending rates were maintained including what we believe are one-off exogenous factors. With the expected decline in interest rates, relief to borrowing customers is anticipated going forward. The Bank has been conservative in its provisioning by deliberately exceeding the minimum regulatory requirements.

The effective tax rate was 36% (2003 - 33%) - made up of standard rate of 30.9% and banking levy of 5% - which translates into a charge of \$124 billion up from \$18 billion

and the Banking institutions levy of \$20 (2003- \$3 billion). The 2003 tax rate of 33% benefited from non-taxable items on disposal of branches including goodwill. With the strain being experienced in the banking sector, the continued existence of the banking levy as a penalty for profiteering, needs to be reviewed. The balance sheet grew by 322% to \$2 480 billion (2003 - \$588 billion) consistent with the Bank strategy of maintaining growth through quality.

Inflation Adjusted Results

The Bank achieved a commendable profit before tax of \$300 billion, a turnaround from a loss of \$23 billion recorded last year. In profit after tax terms, the Bank recorded a turnaround from a loss of \$37 billion to a profit of \$163 billion. This performance is a result of the decline in inflation rate. The balance sheet grew by 74% from \$1 456 billion to \$2 531 billion, which means that real growth was achieved in the period under review.

Extraordinary General Meeting

On 20 December 2004, the Bank held an Extraordinary General meeting at which shareholders approved the increase of the Bank's Authorised Share Capital from \$700 million (made up of two billion shares of \$0,35 each) to \$1 750 million (five billion shares of \$0,35 each). This was to enable the Bank to have flexibility to issue more shares as and when it is necessary in response to market opportunities and/or regulatory capital requirements.

Corporate Governance

The Bank, through the Board of Directors, will continue to ensure that the highest standards of governance are maintained by conducting business in a transparent, responsible and accountable manner as enshrined in the principles of corporate governance in

Zimbabwe Manual of Best Practice, which are aligned to the King Report and the Reserve Bank of Zimbabwe corporate governance guidelines and code of best practice. In addition to the above governance requirements, the Bank, by virtue of its linkage to Barclays Bank PLC, has to also comply with Financial Services Authority governance and compliance requirements. All board members attended a training workshop to reinforce their governance responsibilities.

The Bank will continue supporting monetary authorities' initiatives to ensure that the above principles of governance are embraced by the banking sector. The Bank is also supportive of the various initiatives taken by the Reserve Bank of Zimbabwe to stabilise the economy and would like to congratulate them for the achievements accomplished to date.

Sarbanes Oxley

The Bank conducted an extensive exercise of mapping all the major processes with a view to establishing whether there are sufficient controls for each process. The exercise was undertaken in order to ensure that the Bank puts in place sufficient control systems in line with Sarbanes Oxley requirements.

Social Responsibility

The Bank recognises that it has a role to play in the communities in which it does business. Each year, the Bank gives up a portion of its profits for various social responsibility projects. The Bank has various stakeholders and the community is one of them. We aim to keep our promises to the community.

During the year 2004, the Bank had a number of programmes that were aimed at assisting the various communities most of which I have already covered in my half year end statement. During the second quarter, the

Bank launched a programme called PAMOJA meaning "Together we can". This programme was meant to encourage staff members to identify needs in their communities and raise money to meet these needs. Several donations were made to charitable institutions all over the country as a result of this initiative. The Bank also launched a Junior Achievers Initiative which is an ongoing initiative to impart entrepreneurial skills to school children.

In October 2004, the Bank's staff raised and distributed more than \$200 million to various charitable organisations under our annual initiative called "Make a Difference Day (MADD)". Over 800 staff members from all over the country participated in these charitable activities. In order to increase the value of these donations, Barclays Bank PLC matched the money raised by each department up to the local equivalent of £700,00. Some of the beneficiaries of the MADD activities include orphanages, disadvantaged schools, old people's homes, hospitals and individuals.

During the last quarter, the Bank also donated \$65 million to a number of institutions including \$24 million to Harare Primary schools football teams, Alphas Cottages in Gweru, Tose Respite Centre in Harare, Batanai Old People's Home and Chamunorwa Primary School in Beitbridge.

Appreciation

The Board was sorry to lose one of its Board members, Mrs Eunice J Mudenge, in December 2004. Eunice will be remembered for her extensive contributions to the Board and will be sorely missed by staff and her colleagues on the Board.

I would also like to thank my colleagues on the Board for their valuable support during the year. Their contributions were greatly appreciated and valued. Let me also thank

Alex Jongwe, Isaac Takawira, Dominic Bruynseels, Charles Simmonds and Dave Jones, who left the Board during the year. Their contributions were of great value. I would also like to welcome Malcolm Hewitt who joined the Board during the year.

In line with internal Barclays PLC Group requirements directors serve three, three year terms. As a result some of the board members will be retiring during the course of the year. This will be my last AGM because our Articles determine age limit, I have to bow out and hope for new blood and ideas to fall in. I have enjoyed my term on the board which I joined 17 years ago - a bit too long. I have learnt more than I have contributed. I have further found the last period more challenging and rewarding. We ran a good solid international bank. I shall retire in the later half of the year and I thank you for the honour given to serve you and with you.

Outlook

The drastic fall in the rate of inflation as a result of central bank monetary policy should form a platform for a more stable economic environment in the future. The sustainability of the decline in the inflation rate is still subject to the effect of the exchange rate movement in an effort to incentivise exporters to generate more foreign currency income. A stable environment would enable businesses to formulate and implement long term plans, with some degree of certainty. While the economy is operating at a capacity far lower than that of a couple of years ago, the improvements which were experienced during 2004 are likely to pave a way to recovery. The tremendous progress made on the monetary front needs to be complemented by fiscal discipline as we chart a treacherous path towards recovery.

As for the banking sector in particular, many challenges lie ahead if the sector is to win back depositors' trust following the disturbing events which hit the sector during 2004. If the tight money market liquidity persists into the future, the cost of funds to banks will remain high, thus significantly reducing profitability. The future of the banking sector is in the hands of those who will be able to display unflinching commitment to professionalism and highest ethical practices.

With the outlook painted above, the Bank will continue with its strategic thrust of focusing on the customer by ensuring that the Bank is well positioned to meet customer expectations supported by an appropriate business model and by modernising our delivery channels for the convenience of our customers. It is critical that staff turnover of frontline staff is kept at a minimum to ensure that we have got a continued understanding of our customers' needs. The industry expects at best a standstill position in 2005 in light of the above challenges.

Dividend

In light of the need to conserve cash in the business the directors did not declare a final dividend. Your Directors are pleased to announce a bonus share issue of 1 share for every 18 shares held by shareholders. This position was arrived at taking into account shareholder expectations, Zimbabwe Stock Exchange listing requirements and balancing them with the need to ensure sustainable growth in light of the challenges that lie ahead of us.

Dr Robbie M Mupawose
Chairman

Managing Director's Statement

Overview

The financial services sector during 2004 experienced one of the most challenging era in recent history. Systemic and market risks were heightened following the placement of a number of banks under curatorship and liquidation of some asset management companies. Despite these challenges, Barclays was able to withstand the shocks and post moderate results. The large deposit base and commitment to local and international rigorous governance requirements enabled the bank to ride out the challenges.

Money Market Developments

It is important that I shed more light on the background events which led to the tight liquidity conditions to prevail in the second half alluded to by the Chairman.

For the greater part of the first half the money market was in surplus primarily due to the funds released by the Reserve Bank of Zimbabwe (RBZ) under the Productive Sector Funding (PSF) facility. Realising the inflationary implications of the PSF facility, the RBZ introduced measures to mop up excess liquidity in an effort to contain money supply growth and consequently, inflation.

The measures introduced by RBZ included the mopping up of excess overnight liquidity into low yielding two-year Treasury bills with annualised yield of +- 55%. This was over and above the increase in the statutory reserve ratios highlighted in the Chairman's statement. In addition, money market deposits below specified tenors were subjected to statutory reserves. These developments resulted in the second half being characterised by a liquidity crunch.

The two year paper was not available for re-discounting which meant that the Bank had to increasingly rely on expensive wholesale deposits and RBZ accommodation window to fund any short position. The bank had to access expensive deposits at a time when large balances were being kept at Reserve Bank at interest rates between zero and 55%. This substantially increased cost of funds from the RBZ which stood at 135% at the beginning of the second half of the year to 110% at the year end for secured deposits.

This increase in cost of funds, together with the increase in cost of services arising out of a high, albeit declining, inflation rate, resulted in overall expenses rising substantially faster than income. Measures were taken to alleviate this impact through timely application for payment of services in foreign currency while staff numbers continued to be managed downwards.

Service Delivery

This area experienced the greatest adverse impact of a rise in costs. Efforts were made to mitigate this by accessing foreign currency on the auction floor, to reduce the impact of large debt overhangs from prior years. The revaluations of outstanding foreign payments however, continue to impact on the business. To alleviate this, at the end of the year, certain centres were identified for merger in an effort to mitigate the costs of providing services in foreign currency, given the country's constraints in this area.

An ATM Centre was installed in Harare during the period under review, to ensure that customers do not spend much time queuing for over-the-counter banking services. A more efficient voucher processing system was put in place which reduced the

incidences of missing images. In an effort to provide customers with a conducive environment to conduct their banking business, the Bank refurbished Pearl House branch, Kurima House Prestige Centre and the Treasury Dealing Room. Plans are in hand to refurbish Barclay House to align it to the rest of Barclays worldwide. A new network system was installed during the year for purposes of improving the performance of the Bank's ATMs and other communication systems.

Corporate Banking

The first half of the year saw the segmentation of the Corporate book into large corporates, business banking and standard business banking in line with the Barclays PLC model. The segmentation facilitated the provision of appropriate service tailored to each segment. Up to a total of \$400 billion was advanced to corporates through the low-cost PSF facility, with the agricultural sector receiving support of around \$50 billion. In conjunction with Barclays Bank PLC and its associate, Barclays Bank Mauritius, the Bank arranged a USD120 million offshore commodity financing facility for some of our customers during the period under review.

Staff underwent an intense training programme following the restructuring in an effort to improve service to the corporate segment. They were required to go through the customer relationship management course and in the period under review, 25 were trained in this area, together with other Barclays PLC staff within the Barclay Africa cluster.

Despite the fall in the rate of inflation during the year 2004, the rate remained too high to the extent that few customers could afford to pay back the capital plus interest for asset

finance. Deliberate measures were thus taken to curtail advances in this segment. As the inflation and interest rates continue to decline, this position will be reviewed in an effort to contain facilities at sustainable levels. Efforts will continue to raise the level and quality of support to the corporate sector, to ensure that we minimise deterioration in the quality of our advances.

Retail Banking

Retail Banking is at the centre of customer service provision. In this regard several courses were conducted for Retail Banking staff, in an effort to equip them with the requisite knowledge needed in the provision of outstanding customer service. ATM limits were increased to \$2 million per day in a bid to improve service to customers. In the 2003 annual financial report, it was stated that Premier Banking was going to be introduced in 2004. In light of the developments in the market it was considered prudent to consolidate services under the Prestige Plus product suite offering. This will be kept under review.

As in prior years, Retail Banking played a significant role in raising deposits to fund the operations of the Bank. Retail Banking deposits increased from \$147 billion in 2003 to \$584 billion in 2004, constituting a 297% growth. Savings campaigns were introduced during the year while initiatives to improve the product set for Prestige customers under the new Prestige Plus brand, were finalised and released to the market. New segmented products dedicated to each customer segment were offered to existing and potential customers through direct marketing. In addition, for companies under Retail Banking, the local business product suite was initiated and launched officially in January 2005. More automated teller

machine (ATM) cards were issued to our customers who did not have them, thus enabling the customers to withdraw funds from ATMs up to the new limit. In line with previous statements, the corporate credit card was exited at the end of July 2004.

Risk Management

Our risk function was on hand to effectively deal with various risks arising out of the turbulence which affected the banking sector. The Bank had to invoke its contingent plans to mitigate the impact of some of the risks on the bank. Effective credit risk management skills came to the fore, as high interest rates driven by the rising rate of inflation, made it difficult for some customers to service their borrowings.

The PSF facility, to some extent, alleviated some of the viability problems arising out of foreign currency constraints and exporters' competitiveness as a number of beneficiaries were able to fund part of their operations using low-cost funds. The Bank's Asset and Liabilities Committee (ALCO) played a pivotal role in managing liquidity, interest rate and market risks. The adverse economic conditions continued to manifest themselves in rising operational risks in the form of frauds and forgeries. Awareness campaigns and adherence to procedures helped greatly in reducing this risk. This area continues to be monitored with the help of the whistle blowing system already in place to mitigate such risks.

Conclusion

The lower profitability registered in the second half of the year is a reflection of the challenging times ahead. As the reduction in

the rate of inflation is expected to persist, this is also anticipated to result in lower growth in profits in the future. Since revenues will immediately decline in sympathy to narrower margins the process of reducing costs to match the new scenario necessarily takes longer to implement. It will be crucial to be proactive in managing the growth of a quality book while mitigating risks arising out of internal and external forces. The cost structures of the bank will continue to be monitored and effectively managed for the benefit of all our stakeholders especially given such a dynamic environment.

Delighting the customer has always been our aim and it remains so. We are very much aware that the risks that confront the business are always on the increase but the management team and staff realise the necessity to stay alert so as to mitigate losses and to add value to all stakeholders.

I thank the customers, the Board of Directors, the management team and staff for all the support and dedication, without which these results would not have been achieved.

I would also like to extend my appreciation to the regulatory authorities for the guidance and support given to the banking sector. We will continue to support initiatives that will lead to the recovery of the economy.

Charity C Jinya
Managing Director

Director's Report

The Directors have pleasure in submitting their report to shareholders for the financial year ended 31 December 2004.

Share Capital

On 20 December 2004, the shareholders passed a special resolution to increase the authorized share capital of the company from 2 billion ordinary shares of 35 cents each to 5 billion ordinary shares of 35 cents each.

In 2004 there was a scrip offer which increased the issued share capital by 235 461 929 shares.

A number of management staff members with share options took up their entitlement totalling 8 721 251 shares. The total number of shares allocated to the management share option scheme in 2004 was 2 650 000. The number of shares issued and fully paid up increased from the January 2004 total of 1 629 950 452 to 1 874 133 632 at 31 December 2004. The breakdown of the share capital as at 31 December 2004 was:-

Issued and fully paid	1 874 133 632
Shares allocated to Management Share Option Scheme	22 810 530
Shares under the Control of the Directors	3 103 055 838
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Financial Statements

The annexed financial statements on pages 14 to 30 adequately disclose the results of Group operations during the year. The Directors have approved a bonus issue of

1 share for every 18 shares held by shareholders. The Directors, in an effort to conserve cash, have not declared a final dividend for the year ended 31 December 2004.

Directorate

Appointments

M. Hewitt was appointed non-executive director on 26 October 2004. Prior to his appointment he had served as an alternate director to A. Bainbridge.

His appointment has not yet been confirmed by shareholders in a General Meeting. Consequently he will be required, in terms of Article 109 of the Articles of Association to retire from the Board at the forthcoming Annual General Meeting, and being eligible, offers himself for re-election.

Resignations

The following directors resigned from the Board:-

I.G.Takawira the Deputy Chairman and former Managing Director of Barclays Africa retired from the Barclays Group and resigned from the Board on 30 September 2004 and A. Jongwe the former Managing Director resigned on 30 April 2004. C. Simmonds resigned on 27 April 2004.

Following the restructure of Barclays Africa, D. Bruynseels the Managing Director of Barclays Africa resigned on 26 October 2004 and was replaced by the Managing Director of Core-Banking, Barclays Africa, M. Hewitt.

As a result of his transfer from Barclays Africa to Barclays Private Clients and International, D.G. Jones resigned from the Board on

14 December 2004.

Deaths

Sadly, E.J. Mudenge passed away in December 2004. She had served as a member of the Board for six years.

Retirement

In terms of Article 103 of the Articles of Association, T.A.Taylor will retire from the Board at the forthcoming Annual General Meeting and will not be standing for re-election.

Re-election

In terms of Article 102 of the Articles of Association, A.P. Bainbridge, M. Hewitt and J.P. Rooney will retire from the Board at the forthcoming Annual Meeting and being eligible, offer themselves for re-election.

At 31 December 2004 the following were directors of the company:-

Dr R.M. Mupawose (Chairman)

C.C. Jinya* (Managing Director)

W. Muchingami*

J. Phiri*

A.P. Bainbridge (Overseas Director)

M. Hewitt (Overseas Director)

K.C. Katsande

E.M. Makonese

J.P. Rooney

T.N. Sibanda

T.A. Taylor

* Executive Directors

As at 31 December 2004 the directors listed

below held directly or indirectly the following number of shares in the Company:-

Dr R.M. Mupawose 27 275

T.A.Taylor 11 278

C.C. Jinya 1 365

Directors Remuneration

Details of the Directors remuneration are contained in Note 5 to the Financial Statements.

Directors' Responsibility Statement

The preparation and presentation of the annual financial statements of Barclays Bank of Zimbabwe Limited and all the information contained in this Annual Report is the responsibility of the directors. The information contained in these financial statements has been prepared on the going concern basis and is in accordance with the provisions of the Companies Act (Chapter 24:03) applicable to a financial institution registered in terms of the Banking Act (Chapter 24:20) as well as in compliance with International Accounting Standards.

Auditors

Shareholders are requested to re-appoint PricewaterhouseCoopers as Auditors of the Company until the conclusion of the next Annual General Meeting.

By Order of the Board

Tamera Moyana

SECRETARY

Corporate Governance Statement

The role of the Barclays Bank of Zimbabwe Limited Board is principally to be accountable to shareholders for the creation and delivery of sustainable shareholder value. The Board fully subscribes to internationally accepted rules of good corporate governance and the Reserve Bank of Zimbabwe Corporate Governance Guideline No. 01-2004/BSG which became effective on 30 September 2004.

Accordingly the directors in 2004 met six times at Board meetings. The roles of Managing Director and Chairman are not vested in the same person. The Board comprises executive and independent non-executive directors. Executive directors bear the responsibility under the leadership of the managing director for making and implementing operational decisions and running the Bank's businesses.

The non-executive directors support the skills and experience of the executive directors, by challenging and testing the strategy and policy put forward by the executive based on their wide knowledge and experience. The Board ensures that the Bank complies with laws and regulations and maintains communication with shareholders and stakeholders. The Bank has robust and well-developed structures to identify and manage the risks faced by all banking institutions including liquidity, credit, operational, interest rate and reputational risks. The structures that manage risk and ensure good corporate governance include the following committees:-

Audit Committee

The Audit Committee ensures the continued promotion of better corporate governance of the Bank through a review of its financial condition, internal controls and performance. The Audit Committee reviews the

effectiveness of the internal financial control systems of the Bank to ensure that they address critical risk areas in the Bank and makes recommendations to the Board on the appointment of the external auditor, audit fee and on any question of resignation or dismissal of the external auditor which may arise. The Committee also reviews the objectives and operations of the internal audit function to assess the adequacy of performance of the internal audit function and findings of internal financial investigations that it considers significant and reports these to the Board. At each meeting the Committee reviews management's response to reported weaknesses in controls and any deficiencies in systems and makes recommendations for improvement. The Committee monitors the ethical conduct of the Bank, its executives and senior officers and advises the Board as to whether or not the Bank is complying with the aims and objectives for which it has been established. The Committee also ensures that the accounts are prepared in timely and accurate manner and ensures the prompt publication of annual accounts. The Committee comprises four non-executive directors. The members of the Committee in 2004 were:-

J.P. Rooney	Chairman-Non Executive Director
T.N. Sibanda	Non-Executive Director
T.A. Taylor	Non-Executive Director
E.J. Mudenge	Non-Executive Director

The members of the Committee in 2005 are:

J.P. Rooney	Chairman- Non-Executive Director
Mr T.N. Sibanda	Non-Executive Director
Mr T.A. Taylor	Non-Executive Director
Mr K.C. Katsande	Non-Executive Director

Board Credit Committee

The Board Credit Committee is tasked with the overall review of the Bank's lending policy. It reviews and oversees the overall lending policy of the Bank and at each meeting, 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 credits, 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 and two non-executive directors.

Mr K.C. Katsande	Chairman - Non-Executive Director
Mr E.M. Makonese	Non-Executive Director
Mrs C.C. Jinya	Managing Director
Mr J. Phiri	Credit Risk Director

Loan Review Committee

The Loan Review Committee has overall responsibility for 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 Executive adequately informed on portfolio risk. 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 its loans portfolio with a view to achieving the objectives spelt out in paragraph 20 Part IV of the Third Schedule of the Banking Regulations Statutory Instrument 204/2000. The Committee conducts loan reviews independent of any person or Committee responsible for sanctioning credit. The Committee comprises three non-executive directors and one executive director.

Mr T.A. Taylor	Chairman - Non-Executive Director
Mr T.N. Sibanda	Non-Executive Director
Mr J.P. Rooney	Non-Executive Director
Mr W. Muchingami	Finance Director

Human Resources Committee

The 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 approves managerial appointments. The Committee ensures that the remuneration of directors is not out of line with the nature and size of operations of the Bank. The Committee comprises three non-executive directors and one executive director.

Dr R.M. Mupawose	Chairman – Non-Executive Director
Mr E.M. Makonese	Non-Executive Director
Mr M. Hewitt	Non-Executive Director
Mrs C.C. Jinya	Managing Director

Asset and Liability Committee (ALCO)

The achievement of sustainable and stable profits within a framework of acceptable financial risks and controls is the responsibility of ALCO. ALCO ensures that an undertaking to maximize the value that can be generated from active management of the Bank's balance sheet and financial risk within agreed risk parameters is achieved. ALCO manages the funding and investment of the Bank's balance sheet, liquidity and cash flow of the Bank, and exposure of the Bank to interest rate, exchange rate, and commodity and equity market movements. It ensures

that the Bank derives the most appropriate strategy in terms of the mix of assets and liabilities given its expectation of the future and potential consequences of interest rate movements, liquidity constraints and foreign exchange exposure and capital adequacy. It also ensures that the strategies of the Bank conform to the Bank's risk appetite and level of exposure as determined by the Risk Management Committee. The Committee comprises executive directors and management.

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 operating plan. 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 operations, strategic plans, 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 media of communication and co-ordination between business units and the Board.

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

The 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 and ensures reliability of the Bank's risk management.

It determines and approves business level policies, ensuring consistency with Barclays Africa policies. It assists the Board of Directors in discharge of its duties relating to the corporate accountability and associated risks in terms of management, assurance and reporting. At every meeting of the Committee, the Committee reviews and assesses the integrity of the risk control systems, ensures 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 specifically associated risks including emerging and prospective impact. The Committee comprises executive directors and management.

Annual Financial Statements

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

By Order of the Board

TAMERA MOYANA
SECRETARY

Auditors report to the members of BARCLAYS BANK OF ZIMBABWE LIMITED

We have audited the inflation adjusted financial statements of Barclays Bank of Zimbabwe Limited for the year ended 31 December 2004, from which the summarised financial statements were derived, in accordance with International Standards on Auditing. In our report dated 18 January 2005 we expressed an unqualified opinion on the inflation adjusted results contained within the financial statements from which the summarised financial statements were derived.

In our opinion, the accompanying summarised inflation adjusted financial statements are consistent, with the financial statements from which they were derived.

For a better understanding of the Bank's financial position and the results of its operations for the year and of the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which the summarised financial statements were derived and our audit report thereon.

PRICEWATERHOUSECOOPERS 

Chartered Accountants (Zimbabwe)

Harare

18 January 2005

Income Statement

for the year ended 31 December 2004

	Inflation adjusted		Historical cost	
	2004 \$ billion	2003 \$ billion	2004 \$ billion	2003 \$ billion
Interest income	1,428	554	957	140
Interest expense	(266)	(109)	(194)	(34)
Net interest income	1,162	445	763	106
Fee and commission income	123	176	91	31
Net foreign currency trading income	57	32	38	4
Rental income	23	13	14	4
Unrealised losses on investment property	(7)	(1)	-	-
Profit on disposal of assets	2	28	2	6
Losses arising from marking to market of held for trading securities	(17)	(17)	(17)	(7)
Operating income	1,343	676	891	144
Operating expenses	(527)	(246)	(377)	(44)
Restructuring expenses	(4)	(81)	(2)	(34)
Impairment charge on dormant subsidiaries	(22)	-	-	-
Impairment losses on loans and advances	(164)	(12)	(114)	(3)
Net operating income	626	337	398	63
Monetary loss adjustment	(326)	(360)	-	-
Profit before taxation	300	(23)	398	63
Taxation	(118)	(9)	(124)	(18)
Banking institutions levy	(20)	(7)	(20)	(3)
Profit/(loss) for the year	162	(39)	254	42
Basic earnings/(loss) per share (dollars)	91	(25)	142	27
Headline earnings/(loss) per share (dollars)	92	(1)	140	40
Diluted earnings/(loss) per share (dollars)	89	(24)	140	27

Balance Sheet

as at 31 December 2004

	Inflation adjusted		Historical cost	
	2004 \$billion	Restated 2003 \$billion	2004 \$billion	Restated 2003 \$billion
Assets				
Cash and balances with central bank	54	101	54	43
Statutory reserve balance with central bank	774	90	774	39
Treasury bills	677	22	677	9
Balances due from banking institutions	78	196	78	84
Held for trading securities	22	10	22	4
Government and municipal stocks	35	29	35	12
Investments securities - available-for-sale	1	15	1	7
Loans and advances to customers	651	701	651	301
Amounts due by group companies	101	89	101	39
Interest receivable and other assets	36	111	36	48
Trade investments	4	4	-	-
Investment in associated company	7	7	-	-
Investments in subsidiaries	3	25	-	-
Deferred taxation	16	-	28	-
Investment property	13	23	1	1
Property and equipment	51	33	22	1
Total assets	2,523	1,456	2,480	588
Liabilities				
Customer deposits	1,209	661	1,209	285
Balances due to banking institutions	402	180	402	77
Other money market deposits	168	153	168	66
Amounts due to group companies	138	93	138	40
Interest payable and other liabilities	89	111	89	48
Taxation - current	174	47	174	20
Taxation - deferred	-	19	-	1
Total liabilities	2,180	1,264	2,180	537
Shareholders' equity				
Share capital	1	1	1	1
Adjustment to share capital	323	313	-	-
Share premium	19	6	19	6
Accumulated profit/(losses)	-	(128)	280	44
Total shareholders' equity	343	192	300	51
Total liabilities and equity	2,523	1,456	2,480	588

Statement of Changes in Equity

	Inflation adjusted				Total \$billion
	Share capital \$billion	Share premiums \$billion	Adjustment to share capital \$billion	Retained earnings \$billion	
As previously stated	1	-	292	(77)	216
Effects of change in accounting policy for investments property	-	-	-	13	13
Restated balance at 1 January 2003	1	-	292	(64)	229
Loss for the year	-	-	-	(39)	(39)
Issue of share capital - share options	-	-	2	-	2
- bonus issue	-	6	19	(25)	-
Balance as at 31 December 2003	1	6	313	(128)	192
Balance at 1 January 2004	1	6	313	(128)	192
Profit for the year	-	-	-	162	162
Dividends declared:					
- final for 2003 - cash dividend	-	-	-	(11)	(11)
- final for 2003 - scrip dividend	-	13	10	(23)	-
Balance as 31 December 2004	1	19	323	-	343

	Historical cost				Total \$billion
	Share capital \$billion	Share premiums \$billion	Retained earnings \$billion		
Balance at 1 January 2003	-	-	9		9
Profit for the year	-	-	42		42
Issue of share capital - bonus issue	1	6	(7)		-
Balance as at 31 December 2003	1	6	44		51
Balance at 1 January 2004	1	6	44		51
Profit for the year	-	-	254		254
Dividends declared:					
- final for 2003 - cash dividend	-	-	(5)		(5)
- final for 2003 - scrip dividend	-	13	(13)		-
Balance as 31 December 2004	1	19	280		300

Cashflow Statement

For the year ended 31st December 2004

	Inflation adjusted		Historical cost	
	2004 \$billions	2003 \$billions	2004 \$billions	2003 \$billions
Cash flows from operating activities				
Profit before taxation	300	(23)	398	63
Depreciation	8	12	2	-
(Loss)/profit on disposal of property and equipment	(2)	(28)	(2)	(6)
Losses from investment property	10	5	-	-
Losses from investment securities	17	17	17	7
Impairment losses on loans and advances	164	12	114	3
Corporate tax paid	(46)	(59)	(21)	(4)
Net cash inflow/(outflow) before changes in operating assets and liabilities	451	(64)	508	63
(Increase)/decrease in trading securities	(13)	115	(25)	6
(Increase)/decrease in government & municipal bonds	(6)	20	(23)	(9)
Decrease in investment securities - available-for-sale	14	95	6	-
Increase in loans and advances to customers	(107)	(131)	(473)	(277)
Increase in balances due by group banks	(11)	(76)	(62)	(38)
Decrease/(increase) in interest receivable and other assets	75	(20)	12	(42)
Decrease in deferred pension costs	-	32	-	1
Increase/(decrease) in customer deposits	546	(678)	924	202
Increase in deposits from other banks	222	128	325	74
Increase in other money market deposits	15	153	102	66
Increase in balances due to group banks	45	40	98	36
Decrease in pension obligations	-	(4)	-	-
(Decrease)/increase in interest payable and other liabilities	(22)	(5)	42	40
Net cash inflow/(outflow) from operating activities	1,209	(395)	1,434	122
Cash flows from investing activities	-	-		
Purchase of property and equipment	(27)	(5)	(22)	(1)
Proceeds from disposal of property and equipment	3	33	2	6
Net cash (outflow)/inflow from investing activities	(24)	28	(20)	5
Net cash inflow before financing activities	1,185	367	1,414	127
Cash flows from financing activities				
Dividends paid	(10)	-	(6)	-
Net cash outflow from financing activities	(10)	-	(6)	-
Net increase/(decrease) in cash and cash equivalents	1,175	(367)	1,408	127
Cash and cash equivalents at the beginning of the year	408	775	175	48
Cash and cash equivalents at end of year	1,583	408	1,583	175

Notes to the Financial Statements

For the year ended 31 December 2004

1. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements which are set out below comply with International Financial Reporting Standards and have been consistently followed except for the changes in the accounting policies disclosed in note 17.

2. Basis of presentation

The financial statements are based on statutory records that are maintained under the historical cost convention. Appropriate adjustments and reclassification including restatements for changes in the general purchasing power of the Zimbabwe dollar for the purposes of fair presentation in compliance with the International Accounting Standard 29, have been made in these financial statements to the historical cost financial information. Accordingly, the inflation adjusted financial statements represent the primary financial statements of the bank. The historical cost financial statements have been provided by way of supplementary information.

The conversion factors used to restate these financial statements are based on the consumer price index issued by the Zimbabwe Central Statistical Office. The indices and conversion factors used to restate the accompanying financial statements at 31 December, 2004 are given below:

Date	Indices	Conversion factors
31 December 2004	56,753.2	1.0000
31 December 2003	24,384.1	2.3275
31 December 2002	3,489.7	6.9875

3. Financial instruments

Financial instruments are initially recognised in the balance sheet at cost and subsequently measured at fair value. Fair values are obtained from quoted market prices. All financial instruments are carried as assets when fair values is positive and as liabilities when fair values is negative.

4. Taxation

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

Capital adequacy

	Inflation adjusted		Historical cost	
	2004 \$billion	2003 \$billion	2004 \$billion	2003 \$billion
Ordinary paid-up share capital	1	1	1	1
Share premium	19	6	19	6
Adjustment to share capital	323	313	-	-
Profit and loss	140	(62)	236	42
Revenue reserves	(131)	(59)	44	4
Tier 1 capital	352	199	300	53
Revaluation reserves	-	-	-	-
General provisions (limited to 1.25% of weighted risk assets)	12	14	11	6
Tier 2 capital	12	14	11	6
Total tier 1 & 2 capital	364	213	311	59
Less: investment in subsidiaries	(3)	(25)	-	-
Total capital base	361	188	311	59
Weighted risk assets (WRAs)	883	1,057	868	441
Tier 1 capital ratio	40%	18%	35%	12%
Capital adequacy ratio (total capital ratio)	41%	18%	36%	13%
Liquidity ratios				
Cash and balances with central bank	54	101	54	43
Treasury bills	677	22	677	9
Government bonds	35	29	35	12
Extenal assets	171	48	171	20
Total liquidy assets	937	200	937	84
Customer deposits	1209	661	1,209	285
Money market deposits	168	153	168	66
Total liabilities to the public	1,377	814	1,377	351
Liquidity ratio	68%	25%	68%	24%

5. Directors remuneration

	Inflation adjusted		Historical cost	
	2004 \$million	2003 \$million	2004 \$million	2003 \$million
Fees	278	72	208	15
Other	2,847	901	2,358	149
	3,125	973	2,566	164

6. Sectoral analysis of loans and advances

Included in customer loan portfolio are held for trading securities, investment securities, government and municipal stocks and loans and advances to customers.

6.1 Economic sector risk concentrations within the customer loan portfolio were as follows:

(inclusive of government and municipal stocks and held for trading securities)

	Inflation adjusted				Historical cost			
	2004		2003		2004		2003	
	\$ billion	%	\$ billion	%	\$ billion	%	\$ billion	%
Private individuals	32	5	3	-	32	5	1	-
Agriculture	59	8	84	11	59	8	36	11
Mining	9	1	4	1	9	1	2	1
Manufacturing	190	27	57	8	190	27	25	8
Distribution	316	45	488	65	316	45	211	65
Construction	1	-	10	1	1	-	4	1
Transport	69	10	59	8	69	10	25	8
Services	10	1	17	2	10	1	7	2
Financial institutions	16	2	25	3	16	2	10	3
Other	5	1	8	1	5	1	3	1
	707	100	755	100	707	100	324	100

6.2 Maturity analysis of customer loans portfolio

	Inflation adjusted		Historical cost	
	2004	2003	2004	2003
	\$billion	\$billion	\$billion	\$billion
Up to 1 month	313	581	313	249
1 - 6 months	275	126	275	54
7 - 12 months	47	2	47	1
Over one year	72	46	72	20
Total	707	755	707	324

6.3 Non performing loans and advances

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

	Inflation adjusted		Historical cost	
	2004	2003	2004	2003
	\$billion	\$billion	\$billion	\$billion
Total non performing loans and advances	169	5	169	2
Less: specific provision for impairment losses	(71)	-	(71)	-
Less: interest in suspense	(93)	(2)	(93)	(1)
Realisable security held	5	3	5	1

6.4 Analysis of impairment losses on loans and advances

	Inflation adjusted		Historical cost	
	2004	2003	2004	2003
	\$billion	\$billion	\$billion	\$billion
Balances at beginning of period	10	18	4	1
Charge against profits:				
-general provision for impairment losses	27	14	21	3
-specific provision for impairment losses	137	(1)	98	-
-recoveries and provisions no longer required (8)		-	(5)	-
Classified debts written off during the period (1)		-	(1)	-
Monetary adjustment	(48)	(21)	-	-
Balances at end of period	117	10	117	4

7. Interest receivable and other assets

	Inflation adjusted		Historical cost	
	2004	2003	2004	2003
	\$billion	\$billion	\$billion	\$billion
Internal accounts	10	30	10	13
Accrued interest	23	14	23	6
Remittances in transit	3	67	3	29
	36	111	36	48

8. Trade investments

Unquoted, at cost	4	4	-	-
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The directors are of the opinion that the unquoted investments have a value which is at least equal to their inflation adjusted values.

9. Investment in associated company

	Percentage	Inflation adjusted		Historical cost	
	Shareholding	\$billion	\$billion	\$billion	\$billion
Brains Computer Processing (Private) Limited	33 1/3%	7	7	-	-

The investment in Brains Computer Processing (Pvt) Ltd which is unquoted is shown at cost because the operations of that company are immaterial relative to bank's operations.

10. Property and equipment

	Inflation adjusted		Historical cost	
	2004	2003	2004	2003
	\$billion	\$billion	\$billion	\$billion
At January 2004	33	45	1	1
Additions	27	5	22	1
Disposals	(19)	(51)	-	-
Depreciation charge	(8)	(12)	(1)	(1)
Depreciation on disposal	18	46	-	-
Balance at 31 December 2004	51	33	22	1

In the opinion of directors, there is no impairment of property and equipment.

11. Customer deposits including deposits due to other banking institutions

	Inflation adjusted		Historical cost	
	2004 \$billion	2003 \$billion	2004 \$billion	2003 \$billion
Current deposit accounts	1,208	661	1,208	285
Deposits due to other banking institutions	402	180	402	77
Other money market deposits	168	153	168	66
	1,778	994	1,778	428
Maturity analysis:				
Up to 1 month	1,778	994	1,778	428
1 - 6 months	-	-	-	-
7 - 12 months	-	-	-	-
Over 1 year	-	-	-	-
Total	1,778	994	1,778	428

12. Ordinary shares and share premium

	Number of shares million	Ordinary shares \$billion	Shares premium \$billion	Total \$billion
Balance at 1 January 2004	1,630	1	6	7
Issue of share capital - share options	9	-	-	-
- scrip issue	235	-	13	13
Balance at 31 December 2004	1,874	1	19	20

13. Off balance sheet financial instruments, contingent liabilities and commitments

	Inflation adjusted		Historical cost	
	2004 \$billion	2003 \$billion	2004 \$billion	2003 \$billion
Contingent liabilities				
Bankers acceptances	10	2	10	1
Letters of credit	12	5	12	2
Guarantees and performance bonds	44	19	44	8
	66	26	66	11

14. Capital commitments

	Inflation adjusted		Historical cost	
	2004 \$billion	2003 \$billion	2004 \$billion	2003 \$billion
Authorised and contracted	33	-	33	-
Authorised, but not contracted	-	-	-	-
Total capital commitments	33	-	33	-

Capital commitments will be funded from own resources.

15. Business segments

Primary segment information

Year ended 31 December 2004

	Treasury \$billion	Inflation adjusted		Total \$billion
		Retail and corporate banking \$billion	Leasing and hire purchase \$billion	
Operating income	505	796	42	1,343
Profit/(loss) before taxation	464	(198)	34	300
Taxation	(218)	97	(17)	(138)
Profit/(loss) for the year	246	(101)	17	162
Segment assets	1,879	629	23	2,531
Segment liabilities	768	1,411	-	2,179
Additions to property and equipment	24	3	-	27
Depreciation	7	1	-	8
Impairment losses	-	164	-	164
Restructuring expenses	-	3	1	4

16. Cash and cash equivalents

Analysis of balances of cash and cash equivalents as shown in the cash flow statement

	Inflation adjusted		Historical cost	
	2004 \$billion	2003 \$billion	2004 \$billion	2003 \$billion
Cash and balances with central bank	54	100	54	43
Statutory reserve balance with Central Bank	774	91	774	39
Treasury bills	677	21	677	9
Balances due from other banking institutions	78	196	78	84
	1,583	408	1,583	175

17. Shareholding structure

	2004	2003
Barclays Bank PLC	68%	65%
Zimbabwe public	32%	35%

18. Compliance with banking regulations

The bank's capital adequacy and liquidity ratios are in compliance with the banking regulations. During the year the bank regularised the exceeding of prudential lending guidelines limits reported last year. This year the bank was fined an amount of \$50 000.00 (fifty thousand dollars) for late submission of the BSD1 for the first quarter ending March 2004.

19. Change in accounting policies

The Bank changed the accounting policy for its preference shares previously included under debt securities held to maturity which represent a 50% investment in Makasa Sun (Private) Limited to investment property. This was made in-order to comply with International Accounting Standard 40 – Investment Property. The cost model of IAS 40 – Investment Property was adopted.

In addition other investment securities previously included under the held to maturity category have been reclassified to originated loans and available-for-sale during the year under review. This was done to align Barclays Bank of Zimbabwe Limited accounting policies with group accounting policies.

The effect of the changes in accounting policies mentioned above are disclosed below:

	Inflation adjusted	
	2004	2003
	\$billion	\$billion
To reduce opening accumulated losses by	-	13
-Monetary gain on investment property	-	21
-Depreciation on investment property	-	(3)
-Deferred taxation	-	(5)
To reduce profit/(loss) for the year by:	5	2
-Monetary gain on investment property	12	8
-Depreciation on investment property	(3)	(3)
-Impairment charge on investment property	(7)	(1)
-Deferred taxation	3	(2)
Increase in assets	12	22

20. Risk management

The Bank recognises that banking sector by its nature when conducting its business is exposed to a number of risks. In an effort to proactively manage these risks it has put in place policies and procedures to manage the following risks:

Credit risk

Credit risk relates to the likelihood that some of the borrowers will fail to repay the borrowings. To mitigate this risk, the Bank credit scores all customer borrowing applications and only lend to those which met the criteria. The Bank monitors cashflows and utilisation against limits to identify accounts under stress. The Bank 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.

Operational risk

This is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. Risk workshops are held for purposes of identifying major risks in the operating environment and methods of mitigating the risks. Procedures are then put in place to measure and monitor the risk. Potential loss incidences are recorded, monitored and measured using effective operational risk management systems. Country Management Committee and Governance and Control Committee monitor operational risks exposures.

Liquidity risk

Liquidity risk is the risk that the Bank will fail to honour payments due to lack of funds. The Bank identifies this risk through periodic liquidity gap analysis and the maturity profile of its assets 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 risks.

Interest rate risk

This is the risk that the Bank will be adversely affected by changes in market interest rates. The Bank periodically sets limits and analyses its assets and liabilities to establish the interest repricing gaps. Action is taken to close the gaps in excess of limits. Interest rate risk is also monitored and managed by ALCO.

Market risk

Market risk relates to the loss that the Bank could suffer due to the failure of a counter-party in the market. The Bank sets dealing and clearing daily value at risk limits with its counter-parties in order to minimise the risk. Periodic reviews of the utilisations by the counter-parties against limits are conducted. A deterioration in the financial standing of a counter-party is an indication of increased risk and corrective action is taken. ALCO, together with the Credit Risk Committee, closely monitor this risk.

The Bank is satisfied with its risk management processes and systems in place as they have enabled the Bank to minimise losses.

Directors

Dr. R.M. Mupawose (Chairman), A.P. Bainbridge, M. Hewitt, C.C. Jinya (Managing Director), K.C. Katsande, E.M. Makonese, W. Muchingami, J. Phiri, J.P. Rooney, T.N. Sibanda, T.A. Taylor

Shareholders' Notice and Diary

Notice is hereby given that the twenty-fourth Annual General Meeting of shareholders of Barclays Bank of Zimbabwe Limited will be held in the Stewart Room at Meikles Hotel, on Wednesday 27 April 2005 at 3.30pm for the purpose of transacting the following business:-

1. To receive, consider and adopt the Financial Statements and Report of the Directors and Auditors for the financial year ended 31 December 2004.
2. To note the retirement of T.A. Taylor as a director of the Company in terms of Article 103 of the Articles of Association, who will retire from the Board and will not be standing for re-election.
3. To approve the re-election by a single Resolution of A.P. Bainbridge, M. Hewitt, J.P. Rooney as Directors of the Company, who in terms of Article 102 of the Articles of Association, retire from the Board and being eligible, offer themselves for re-election.
5. To fix the remuneration of the Directors.
6. To consider and approve the indefinite extension of the management share option scheme.
7. To re-appoint PricewaterhouseCoopers as Auditors of the Company until the conclusion of the next Annual General Meeting and to fix their remuneration for the past audit.
8. To transact all such other business as may

be carried out at an Annual General Meeting.

In terms of the Companies Act (Chapter 24:03) a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company.

By Order of the Board
Tamera Moyana (LLB, LLM)
Secretary

Barclay House
Corner First Street
Jason Moyo Avenue
Harare

17 February 2005

Shareholders' diary February 2005

Announcement of Audited Results
For the year ended 31 December 2004

August 2005

Publication of Interim
Report covering the period
1 January to 30 June 2005

Important Addresses

Head Office and Registered Office

Barclay House
Cnr First Street
Jason Moyo Avenue
P O Box 1279
Harare
Telephone: 758280/9
Telex: ZW 2605, 24185
Fax: (263) (4) 752913
Internet: www.barclays.co.zw

Share Transfer Office

Second Floor
Three Anchor House
54 Jason Moyo Avenue
Harare
Telephone: 758280/9
Fax: (263) (4) 775298

Auditors

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Arundel Office Park
Norfolk Road
Mount Pleasant
P O Box 453
Harare
Telephone: 307213 / 9
Fax (263) (4) 332495



ANNUAL GENERAL MEETING

**To be held in the Stewart Room at Meikles Hotel,
Harare on Wednesday 27 April 2005 at 3.30 pm**

Dear Shareholder

We would like to take this opportunity to invite you to attend the Twenty Third Annual General Meeting of the Bank as a Public Company. We are proud of the fact that we have in excess 7 000 Shareholders and to assist us in organising facilities for the meeting and for the Cheese and Wine party afterwards, we shall be grateful if you will indicate whether you will be able to attend by ticking the appropriate box/boxes and mailing this form to reach us by 19th April 2005.

PLEASE NOTE that entry to the Annual General Meeting and the Cheese and Wine party is open only to Shareholders or their Proxies and to Invited Guests of the Bank.

NAME:

Please tick appropriate box/boxes:

I will be attending the Annual General Meeting.

I will also be attending the Cheese and Wine Party.

Please send replies to:

The Company Secretary

P O Box 1279

HARARE

I/We

of

being a member/members of the above Company and entitled to

..... vote(s) hereby appoint

of

or failing him

of

or failing him the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on Wednesday 27 April 2005 and at any adjournment thereof.

Signed this..... day of 2005.

SIGNATURE OF MEMBER

.....

NOTE:

1. Unless otherwise instructed, the proxy will vote as he thinks fit.
2. In terms of Section 129 of the Companies Act (Chapter 24:03), a member of the Company is entitled to appoint one or more persons to act in the alternative as his proxy, to attend and vote and speak in his stead. A proxy need not be a member of the Company.
3. Article 81 of the Company's Articles of Association provides that instruments of proxy must be deposited at the Registered Office of the Company not less than forty-eight hours before the time appointed for holding the meeting.

