

# Contents

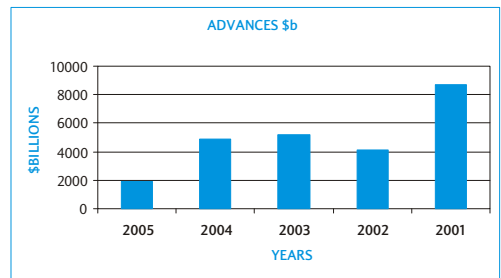
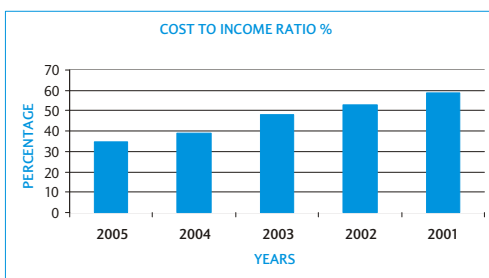
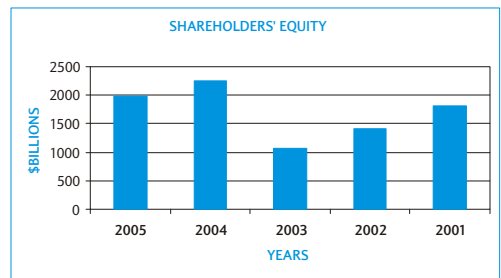
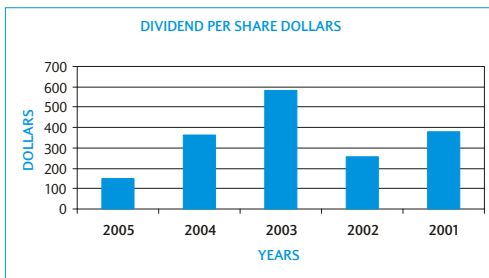
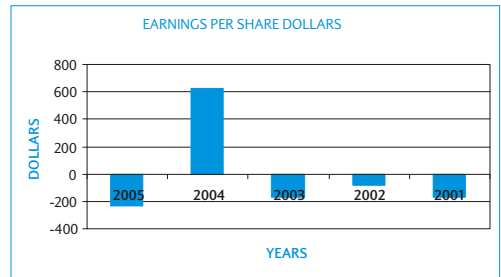
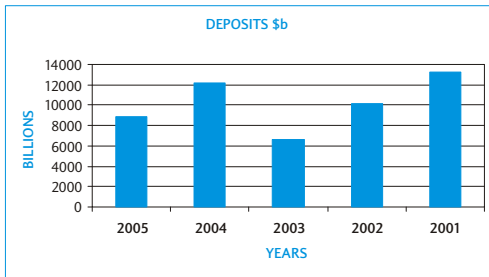
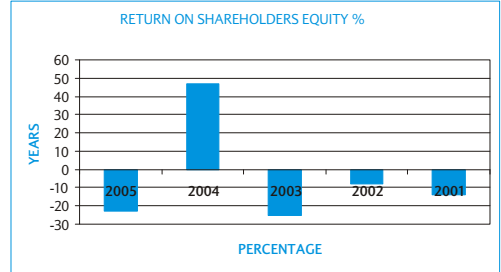
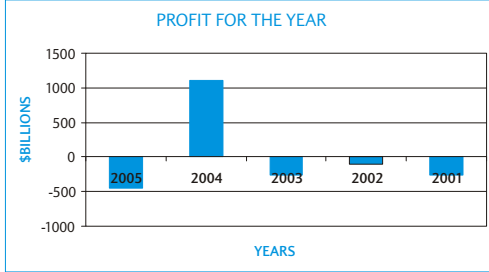
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# Five Year Financial Review

	2005	2004	Infation Adjusted 2003	2002	2001
<b>1. Profits</b>					
Profit/(loss) before taxation (\$'billion)	476	2,059	(158)	267	62
(Loss )/profit after taxation (\$'billion)	(455)	1,113	(267)	(110)	(254)
Net provisions charged/(released) (\$'billion)	381	1,125	82	123	281
Return on shareholders' funds(post taxation)	(23%)	49%	(25%)	(8%)	(14%)
Approved/paid dividend (\$'billion)	292	683	21	384	830
<b>2. Share statistics</b>					
Number of fully paid shares (million)	1,982	1,874	1,630	1,477	1,455
Basic earnings per share (dollars)	(234)	624	(171)	(82)	(171)
Diluted earnings per share (dollars)	(233)	619	(165)	(82)	(137)
Dividend per share (dollars)	148	364	583	254	377
Dividend cover (times)	(2)	2	(2)	0	(1)
Share market price (31 December) (dollars)	2,250	1,852	446	2,346	1,203
<b>3. Balance sheet and capital adequacy</b>					
Shareholders' funds (\$billion)	1,989	2,261	1,077	1,406	1,817
Total assets (\$billion)	12,266	17,275	9,314	13,579	17,448
Capital adequacy ratios	48%	38%	17%	17%	16%
Weighted risk assets	4,227	6,056	7,249	7,832	2,524
<b>4. Advances, deposits and funds employed</b>					
Total funds employed (\$billion)	12,266	17,275	9,314	13,579	17,448
Customer deposits (\$billion)	8,877	12,201	6,762	10,109	13,223
Loans and advances to customer (\$billion)	1,875	4,863	5,219	4,156	8,676
Percentage of customer deposits to funds employed	72%	70%	73%	74%	76%
Percentage of loans and advances to customers to customer deposits	21%	40%	77%	41%	66%
<b>5. Cost - Income ratio</b>					
Operating income	6,124	9,209	4,636	3,916	4,040
Operating expenses	2,161	3,611	2,243	2,071	2,373
Cost - income ratio	35%	39%	48%	53%	59%

# Five Year Financial Review

## Inflation adjusted

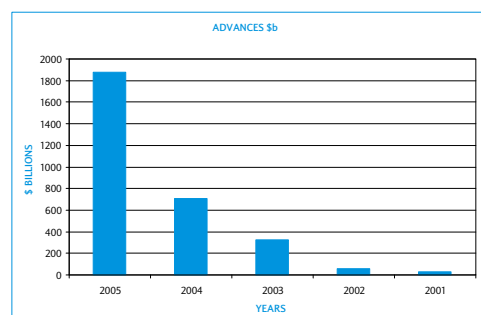
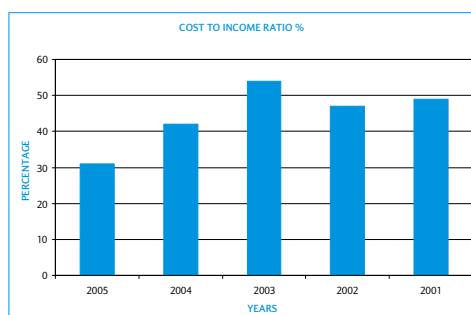
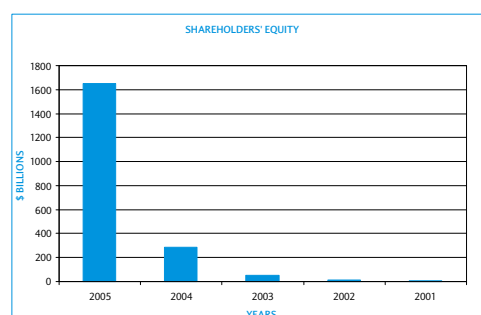
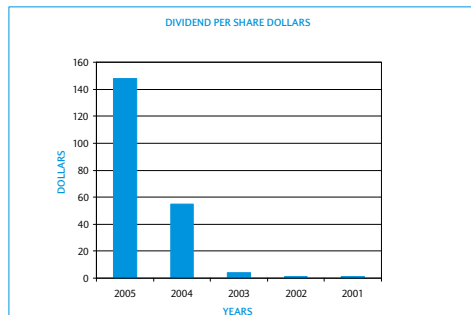
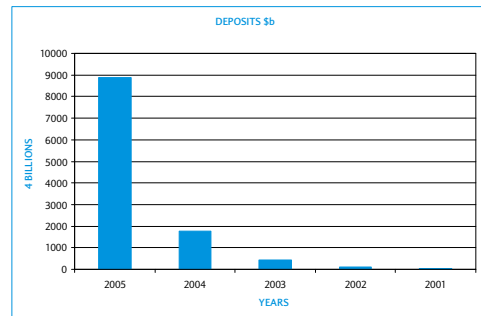
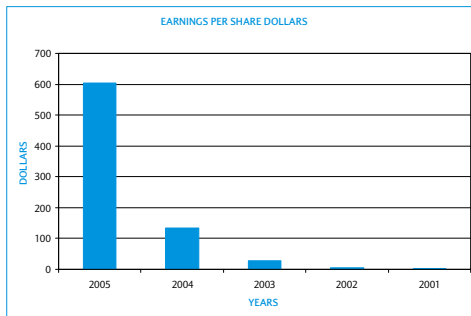
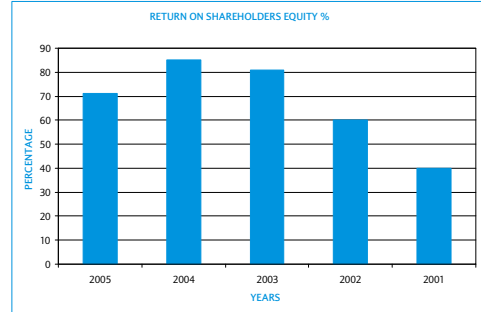
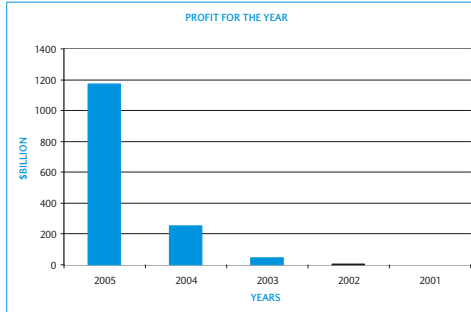


# Five Year Financial Review

	2005	2004	Historical Cost 2003	2002	2001
<b>1. Profits</b>					
Profit before taxation (\$'billion)	1,884	398	66	11	4
Profit after taxation (\$'billion)	1,175	254	44	6	2
Net provisions charged/(released) (\$'billion)	(102)	(114)	3	0	1
Return on shareholders' equity(post taxation)	71%	88%	81%	60%	40%
Approved/paid dividend (\$'billion)	292	104	7	2	2
<b>2. Share statistics</b>					
Number of fully paid shares (million)	1,982	1,874	1,630	1,477	1,455
Basic earnings per share (dollars)	604	142	27	5	2
Diluted earnings per share (dollars)	602	141	27	5	2
Dividend per share (dollars)	148	55	4	1	1
Dividend cover (times)	4	3	8	4	2
Share market price (31 December) (dollars)	2,250	270	28	21	25
<b>3. Balance sheet and capital adequacy</b>					
Shareholders' funds (\$billion)	1,650	289	54	10	5
Total assets (\$billion)	11,806	2,480	566	118	51
Capital adequacy ratios	44%	35%	13%	16%	14%
Weighted risk assets	3,766	868	441	70	21
<b>4. Advances, deposits and funds employed</b>					
Total funds employed (\$billion)	11,806	2,480	566	118	51
Customer deposits (\$billion)	8,877	1,779	424	91	40
Loans and advances to customer (\$billion)	1,875	709	327	61	26
Percentage of customer deposits to funds employed	75%	72%	73%	77%	78%
Percentage of loans and advances to customers deposits	21%	40%	74%	77%	78%
<b>5. Cost - Income ratio</b>					
Operating income (\$billion)	2,867	891	149	20	8
Operating expenses (\$billion)	881	377	80	9	4
Cost - income ratio	31%	42%	54%	47%	49%

# Financial Highlights

## Historical cost



# Chairman's Statement

## Environmental Review

### Overview

I have great pleasure in presenting my first report as the Chairman of the Bank. The year under review was characterised by tight liquidity during the early part of the year, acute shortages of fuel and foreign currency driven by a shrinking export base and high rate of inflation. The deteriorating macro economic environment continued to make operations difficult.

### Inflation

The year-on-year rate of inflation was 133,6% in January and fell in the following two months to its lowest level for the year of 123,7% in March. In April the rate rose to 129,1% and continued to rise peaking at 585,8 % in December with the average for the year coming to 266.7% (2004: 350%)

As a result of the relaxation of fuel import regulations in the middle of the year, organisations and individuals were able to import fuel, thus easing the shortage somewhat. The fuel was acquired at a price much higher than the official price, leading to increases in inflation. Overall, the high price increases were caused by a combination of cost push and demand pull inflation. Cost management continued to be a major challenge during the year as a result of high inflationary pressures.

### Interest and Exchange Rates

Lending interest rates were generally around 160% per annum at the beginning of the year and, in line with inflation, the rates declined to around 120% during the first quarter of the year but rose to 180% in May. Thereafter, the rates were on an upward trend to end the year at around 400%. The high cost of borrowing is bound to impact negatively on the viability of some of the borrowing customers. The Bank continued to work closely with customers with accounts under stress with a view to rehabilitating such accounts.

The market Z\$ / US\$ exchange rate started the year at around Z\$5 830 to 1 US\$. It hovered around Z\$6 000 for the first four months and started to depreciate sharply thereafter to Z\$25 500 in September. In October, the rate experienced a massive weakening from about Z\$25 500 to Z\$60 000, driven by the monetary policy statement and the need to make exporting businesses viable. Since then the rate has continued to depreciate to close the year at Z\$84 588.

### Monetary Policy Statement

The 3<sup>rd</sup> quarter monetary policy review announced by the governor of the Reserve Bank in October introduced major changes to the operating environment. The auction system for the allocation of foreign currency that was formulated in 2004 was replaced with a system whereby customers and banks play a role in the formulation of the exchange rates. The changes were meant to promote exports by enabling exporters to convert their export proceeds at competitive rates, in the process improving their profitability and the availability foreign currency for importers. However, the acute shortage of foreign currency remained the underlying problem.

The 4<sup>th</sup> quarter monetary policy review brought some changes to the banking environment. The policy introduced a volume based methodology of determining foreign currency exchange rates which

stabilised the exchange rate. Furthermore, the monetary policy ushered in a new capital requirement for banks. Commercial banks will be required to have a minimum capital requirement of the local equivalent of US\$10 million by 30 September 2006 using the previous quarter's closing exchange rate. This requirement will place onerous demands on banking institutions.

## Financial Results

### Historical Cost Accounting Results

The Bank realised profits before taxation of \$1,884 billion in historical accounting terms, representing a 373% increase over the 2004 outcome of \$398 billion against an average inflation rate of 267%. At \$1,175 billion, profit after taxation is 363% more compared to the previous year. Net interest income grew by 203% from \$763 billion to \$2,310 billion. Operating costs were effectively managed resulting in year-on-year growth of 134% only compared to the previous year. The cost to income ratio improved significantly from 42% in 2004 to 31%. Basic earnings per share of \$604 are 325% higher than the same figure for year 2004. The balance sheet grew by 376% from \$2 480 billion in 2004 to \$11,806 billion in 2005.

### Inflation Adjusted Accounting Results

In inflation adjusted accounting terms, the Bank achieved a profit before taxation of \$476 billion, a decline of 77% against the outcome for 2004. After accounting for taxation, the Bank posted a loss of \$455 billion compared to a profit of \$1,113 billion in the previous year. The decline in profitability in inflation adjusted accounts signifies the devastating impact of the hyper- inflationary environment especially when inflation is on the upward trend. The balance sheet shrunk by 29% from \$17,275 billion in 2004 to \$12,266 billion in 2005, demonstrating the high penalty on heavily capitalised organisations, arising from inflation adjusted results.

## Social and Environmental Issues

Through Barclays Miles Ahead, a project that was put in place for purposes of raising the base for charity work in various countries, the Bank donated \$1.6 billion dollars to various charitable organisations during 2005. Most of the funds were used to assist the organisations to start income generating projects. The donations were concentrated in the areas of health, social welfare and education. Some of the institutions that benefited from the Barclays donations in the year 2005 included Chinyaradzo Children's home, Matthew Rusike Children's home, Mater Dei Hospital, Mother of Peace Home, King George Home and Mutare Hospital. The Former Chairman of Barclays Zimbabwe, Dr R Mupawose, through the Chairman's fund, also donated to a number of primary schools as well as Spinal Injuries Association, Botanical Gardens and Eyes for Africa.

The Bank pursued Group policies on ethics. In this connection, the Bank is always not keen to conduct business with entities whose activities are harmful to the environment.

# Chairman's Statement (continued)

## Appreciation

Let me express my appreciation to staff, management and my colleagues on the Board for their efforts and guidance without which it would have been impossible to realise these pleasing results. The results were achieved under difficult and unstable conditions particularly during the first half of the year.

I would like to thank my predecessor, Dr Robbie Mupawose, for his wise leadership over the years. Dr Mupawose retired from the Board in August 2005 after serving it for nearly 17 years. The Bank benefited immensely from his wide association in both the corporate and social spheres. Dr Mupawose left a legacy of honesty, fairness and excellent leadership, with the ability to balance

the competing interests of the stakeholders. I would like to thank Messrs K C Katsande, M Hewitt and T N Sibanda who also retired from the Board during the year. Their services were of immense value. At the same time, I welcome Messrs C F Dube and A S Mandiwanza and Dr H C Sadza who joined the Board in October and bring in wide experiences acquired in other areas of industry.

## Future Prospects

The nation requires a comprehensive monetary and fiscal policy review in order to reverse the current economic decline.

Persistent high rates of inflation will continue to present major challenges to businesses and individuals. Disposable income for Individuals is expected to continue shrinking, resulting in demands for higher wage increases. Businesses with high gearing ratios are very likely to struggle due to the high interest burden. Overall, the economy is expected at best to stagnate and at worst to decline in 2006. The above scenario could result in banks being forced to make higher charges arising from the impairment in the lending book emanating from high cost of borrowing as was the case in 2003 and 2004.

**Dividend Announcement** In order to meet the new capital requirements, there is need to retain some of the profits in the business. At the same time, the Bank realises that some shareholders expect a dividend for their operations. Therefore, the directors recommend a dividend of \$147,50 per share.

The dividend will be paid around 4 April 2006 to shareholders registered in the books of the company as at 18 March 2006. The transfer register will be closed between 18 March and 26 March 2006, both dates inclusive.

**E.M. Makonese**  
*Chairman*

28 February 2006

# Managing Director's Statement

## Overview

The year 2005 saw an erosion of the economic gains attained in 2004. This presented challenges to the business sector through high borrowing rates and operating costs, shortages of foreign currency for spares and equipment repairs. Some banks previously placed under curatorship were merged and opened to the public while others continued under curatorship. Notwithstanding this background, the Bank posted improved results for the period under review compared to the first half and the previous year.

## Money Market Developments

The market was generally liquid for the greater part of 2005 with occasional liquidity shortages. The central bank intervened with tight liquidity management measures to mop excess funds in the market. Open market operation bills and treasury bills were floated regularly to control excess liquidity. The market saw the introduction of 30-day treasury bills to primary dealers and directly to the public. Statutory reserve ratios were reduced from 60% and 37.5% to 45% and 30% respectively for demand and time & savings deposits respectively. The compulsory two year bill remained in place, albeit at an increased rate of 120%.

Deposit rates were generally depressed compared to the rise in inflation. This was mainly due to excess liquidity that was prevalent during the second half of 2005 and the low return on the two year paper. Treasury bill rates rose from 150% in June to close at 340% in December for the benchmark 91-day paper. Deposit rates ranged between 50% and 250% during this period.

Foreign currency shortages remained a challenge throughout 2005. The central bank replaced the Foreign Currency Auction System with Tradable Foreign Currency Balance System in October. At the time of writing, a managed exchange rate system had been introduced where rates would move based on volumes of foreign currency traded.

## Corporate Banking

The Bank opened a Corporate Service Centre in August 2005. This is a dedicated corporate branch which houses the relationship management team and is meant to improve customer service through provision of a one stop shop for all our corporate customers. The Bank also arranged offshore financing facilities of US\$110m for customers in tobacco, cotton, mining, sugar, manufacturing and horticulture sectors. The Agricultural Sector Productivity Enhancement Facilities of \$300 billion were made available to farmers and agro-processors.

In an effort to continuously improve service to customers, relationship managers are undertaking a course in customer relationship management. All managers in the Bank were trained in complaints handling while a Zimhost course was conducted for all staff. Installation of a new electronic banking platform to replace the existing system is in progress. In addition, the Bank will be shortly introducing a Personal Identification Number (PIN) based card which will enable customers to access their debit cards within minutes of the approval of their account application.

With the continued rise in inflation and interest rates, the Bank has taken a deliberate strategy to prudently grow its lending book. This is meant to minimise the impact of a non-performing book in future periods given the current difficult period the economy is going through. This position will continue to be reviewed in line with changes in the macro-economic environment.

# Managing Director's Statement (continued)

## Retail Banking

Retail Banking continued to play a significant role through deposit mobilisation and service provision through the distribution network. Our low denominated currency presented immense challenges to service provision. This manifested itself in long queues at ATMs and in branches, as it took longer to complete a single transaction especially at month end and towards public holidays when the demand for cash was high. To address these issues, the Bank installed four ATMs with 14 more to be installed in the New Year. Bulk facilities were also introduced on the Mezzanine Floor at First Street branch to ease congestion in the conventional banking halls. Custodian visits to ATMs over weekends and public holidays were increased as well as preventive maintenance on the ATMs. The impact of the newly introduced \$50 000 bearer cheque is yet to be assessed.

A toll-free line for use by our customers for complaints and compliments was introduced. The Bank will continue to support initiatives that are aimed at promoting plastic card usage, together with other market players. To complement its efforts, the Bank also looks to the regulatory authorities to provide a lasting solution to our currency, to smoothen transactions in the economy for the benefit of the market.

Retail Banking continued to grow deposits to fund operations. To this end, a savings promotion and a local business boost campaign during 2005 was successfully launched.

## Service Delivery

Barclay House was refurbished in order to improve the work environment for staff and customers and to align with the rest of the Group. Work is expected to be completed by the first quarter of 2006. A property rationalisation programme was also undertaken which resulted in more head office divisions relocating to the refurbished Barclay House and the Corporate Service Centre with the resultant rental cost savings. A Trade Finance Centre, which is a unique centre meant to house all our foreign currency related transactions under one roof in Harare for the convenience of our customers was also opened during the year.

## Risk Management

The loan book impairment charge to profits fell from \$114 billion in 2004 to \$102 billion in the year under review, reflecting the hard work performed by the Bank's risk management function. As a percentage of advances, the impairment charge for the year constitutes 5% (2004:16%) whilst the non performing loans make up 4% of the advances (2004:26%). The Bank has in place independent compliance and operational risk functions which are responsible for identifying, assessing, advising, monitoring and reporting on the Bank's compliance and operational risks. In line with international standards and local legislative requirements, the Bank observes its Know Your Customer Policy in order to combat money laundering.

Compliance risk has been managed effectively with no significant regulatory breaches being identified within the year. The Bank was charged interest by the Reserve Bank for late settlement of the statutory reserves position following a late submission of a daily statutory reserve return due to systems challenges within the Bank.

The Bank has in the year, largely complied with prudential lending limits, except for a breach which occurred in December 2005 as a result of an exchange rate movement on a facility extended to an individual borrower. There has been no financial loss to the Bank in respect of this facility but the Bank continues to monitor and review it to ensure compliance by June 2006.

## Human Resources

An average of 25 training man hours per staff member were recorded during the year, highlighting the Bank's high priority on the up-skilling and development of its human resource. Customer service and productivity were enhanced through soft skills and technical training courses. Engagement of staff through a survey & road shows and regular meetings with staff representatives engendered a culture of employee participation, culminating in a partnership approach to resolving challenging issues. Exceptional performance was recognised through Eagle Awards and the Performance Development system for managers. The Employee Wellness franchise was boosted by the introduction of the Chronic Diseases Scheme designed to enable affected staff to receive appropriate medical care.

## Key Performance Ratios

The liquidity ratio of 77% (minimum regulatory requirement is 10%) is up from 68% due to reductions in statutory reserve requirements and placement of excess liquidity into treasury bills. Cost to income ratio improved from 42% to 31% due to higher growth in revenue. The capital adequacy ratio increased to 44% from 35% in line with the Bank's efforts to preserve capital in a hyper-inflationary environment (minimum regulatory requirement is 10%). Return on equity declined from 88% to 71%.

## Conclusion

The stronger performance in the second half is reflective of the resilience of our brand, coupled by increased earning on the back of a reduction in statutory reserves and increased yields on assets and compulsory treasury bills.

The coming period is likely to present further cost challenges to the performance of the Bank, given the projected rise in inflation levels. The Bank will continue to monitor this and align its structure with the demands of the business. Provision of quality service to our customers remains our priority. A robust risk management process that is in place has enabled the Bank to effectively manage and mitigate risk. I am confident that Barclays Bank of Zimbabwe will continue to rise above the tide.

I extend my appreciation to our customers, the Board of Directors, management and staff for their contribution towards this performance. In addition, the support and guidance of the regulatory authorities is appreciated.

Charity C Jinya  
Managing Director

28 February 2006

# Directors' Report

The Directors have pleasure in submitting their report to shareholders for the financial year ended 31 December 2005.

## Share Capital

On 28 February 2005 Bonus shares of 1 share for every 18 held were issued which increased the issued share capital by 104 219 095 shares.

A number of management staff members with share options took up their entitlement totalling 3 576 217 shares. The total number of shares allocated to the management share option scheme in 2005 was 960 000. The number of shares issued and fully paid up increased from the January 2005 total of 1 874 133 632 to 1 982 076 444 at 31 December 2005. The breakdown of the share capital as at 31 December 2005 was:-

Issued and fully paid	1 982 076 444
Management Share	
Options not yet granted	14 112 080
Management Share Options granted but not exercised	5 126 283
Shares under the Control of the Directors	2 998 685 193
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## Financial Statements

The annexed financial statements on pages 15 to 37 adequately disclose the results of Group operations during the year.

## Directorate

### Appointments

The following appointments were made during 2005:

Mr E.Makonese was appointed Chairman with effect from 1 September 2005.

Mr C.F Dube, Mr A.S Mandiwanza, Dr H.C Sadza were appointed to the Board with effect from 25 October 2005.

Their appointments have not yet been confirmed by shareholders in a General Meeting. Consequently they 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, offer themselves for re-election.

Mr G. Sanderson was appointed alternate Director to Mr M. Hewitt with effect from 30 August 2005.

### Retirements

In line with the Board Succession plan the following Directors retired from the Barclays Board in 2005:

Dr R.M Mupawose, who had served on the Board for 17 years, three of those as Chairman retired with effect from 31 August 2005;

Mr T.A Taylor, who had served on the Board for 9 years retired with effect from 27 April 2005.

Mr M. Hewitt, who had served on the Board for 2 years retired with effect from 31 October 2005

Mr K.C Katsande and Mr T.N Sibanda, who had served on the Board for 9 and 10 years respectively retired with effect from 31 October 2005

At 31 December 2005 the following were directors of the company:-

E.M. Makonese (Chairman)  
A.P. Bainbridge (Overseas Director)  
C.F Dube  
C.C. Jinya\* (Managing Director)  
A.S Mandiwanza  
W. Muchingami\*  
J. Phiri\*  
J.P. Rooney  
Dr H.C Sadza  
\* Executive Directors

As at 31 December 2005 the directors listed below held directly or indirectly the following number of shares in the Company:-

Director	Number of Shares
E.M. Makonese	1,975
C.C. Jinya	1,720,330
A.S. Mandiwanza	4,734
Dr H.C. Sadza	10,000

## Directors Remuneration

Details of the Directors remuneration are contained in note 4.1 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 Financial Reporting 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

Good corporate governance is essential for economic growth.

The Board of directors continues to work hard to maintain good corporate governance by giving strategic guidance to the Bank, effective monitoring of management, and ensuring timely and accurate disclosure of material information about the Bank. The law and regulations which protect various rights of stakeholders including employees, customers and shareholders are observed.

The Board of directors is committed to protecting the rights of shareholders and ensure equitable treatment of minority and majority shareholders.

To ensure good corporate governance, the Directors held four Board meetings in 2005 at which they discussed policies and strategies relating to the company. The Board is comprised of executive and independent non-executive directors. The roles of the Managing Director and Chairman are not vested in the same person. 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 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 risk. 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 audit 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 and findings 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 independent non-executive directors.

**The members of the Committee in 2005 were:-**

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

**The members of the Committee in 2006 are:**

J.P. Rooney	Chairman-Non Executive Director
C.F. Dube	Non-Executive Director
A.S. Mandiwanza	Non-Executive Director
Dr H.C. Sadza	Non-Executive Director

## Board Credit Committee

The Board Credit Committee is tasked with an 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 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 members and two independent non-executive directors.

**The members of the Committee in 2005 were:-**

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

**The members of the Committee in 2006 are:**

A.S. Mandiwanza	Chairman-Non Executive Director
E.M. Makonese	Non-Executive Director
C.C. Jinya	Managing 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 is comprised of a minimum of two independent non-executive directors and two executive directors.

**The members of the Committee in 2005 were:-**

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

**The members of the Committee in 2006 are:**

C.F. Dube	Chairman-Non-Executive Director
J.P. Rooney	Non-Executive Director
W. Muchingami	Finance Director

# Corporate Governance Statement (continued)

## Human Resources

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.

### The members of the Committee in 2005 were:-

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

### The members of the Committee in 2006 are:

Dr H.C. Sadza	Chairman-Non-Executive Director
E.M. Makonese	Non-Executive Director
A.P. Bainbridge	Non-Executive Director
C.C. Jinya	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 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 Group 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.

## 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.

## 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 the 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.

## Internal Audit

The bank's internal audit function is there to ensure that the business has adequate controls for its operations. During the year under review 22 audits were carried out. The Internal Audit function is headed by a local manager who reports to the Audit Committee and to Barclays Africa Head of Assurance.

## Annual Financial Statements

The Directors are responsible for the preparation and 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 International Financial Reporting Standards and provisions of the Companies' Act applicable to a financial institution and in terms of the Banking Act. 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

# Board and Committee Attendance

## • Board Meetings

Name of Director	Total meetings	Total Present	Total Absent
Dr R. Mupawose	3	3	0
A.P Bainbridge	4	3	1
C.F Dube	1	1	0
M. Hewitt	4	0	4
CC Jinya	4	4	0
K.C Katsande	4	4	0
E.M Makonese	4	4	0
A.S Mandiwanza	1	1	0
W. Muchingami	4	4	0
J. Phiri	4	3	1
J.P Rooney	4	1	3
Dr H. Sadza	1	1	0
T.N Sibanda	4	3	1
T.A Taylor	1	1	0
G. Sanderson (Alternate to M. Hewitt)	2	2	0

## • Audit Committee

Name of Director	Total meetings	Total Present	Total Absent
J.P Rooney	6	5	1
K.C Katsande	6	5	1
T.N Sibanda	6	3	3
T.A Taylor	4	3	1

## • Human Resources Committee

Name of Director	Total meetings	Total Present	Total Absent
Dr R.M Mupawose	3	3	0
M. Hewitt	4	0	4
C.C Jinya	4	4	0
E.M Makonese	4	4	0
G. Sanderson (Alternate to M. Hewitt)	2	2	0

## • Loan Review Committee

Name of Director	Total meetings	Total Present	Total Absent
T.A Taylor	2	1	1
W. Muchingami	4	4	0
T.N Sibanda	4	3	1
J.P Rooney	4	3	1

## • Board Credit Committee

Name of Director	Total meetings	Total Present	Total Absent
K.C Katsande	3	2	1
E.M Makonese	3	3	0
J. Phiri	3	3	0
C.C Jinya	3	3	0

# Capital Adequacy

	2005 \$billion	Inflation Adjusted	2004 \$billion
Ordinary paid-up share capital	1		1
Share premium	107		19
Adjustment to share capital	2,697		2,335
(Loss)/profit for the year	(455)		1,113
Revenue reserves	(559)		(1,221)
Share option reserve	17		14
<b>Tier 1 capital</b>	<b>1,808</b>		<b>2,261</b>
Non distributable reserves	181		-
General provisions (limited to 1.25% of weighted risk assets)	24		82
<b>Tier 2 capital</b>	<b>205</b>		<b>82</b>
<b>Tier 3 Capital</b>			
Market Risk	36		57
Operational Risk	224		414
<b>Tier 3 Capital</b>	<b>260</b>		<b>471</b>
Total tier 1 & 2 capital	2,013		2,343
Less: Investment in subsidiaries	3		21
<b>Tier 1 &amp; 2 capital base</b>	<b>2,010</b>		<b>2,322</b>
Tier 1 & 2 capital base	2,010		2,322
Tier 3	(260)		(471)
<b>Total Capital Base</b>	<b>1,750</b>		<b>1,851</b>
<b>Weighted risk assets (WRAs)</b>	<b>4,227</b>		<b>6,056</b>
Tier 1 capital ratio	43%		37%
Tier 1 & 2 capital ratio	48%		38%
Tier 1 & 2 ratio after deducting Tier 3 capital	41%		31%

# Report of the Independent Auditors



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## REPORT OF THE INDEPENDENT AUDITORS

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 2005 set out on pages 15 to 37. These financial statements are the responsibility of the bank's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards of Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the inflation adjusted financial statements are properly drawn up 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) and in conformity with International Financial Reporting Standards, so as to give a true and fair view of the financial position of the bank as at 31 December 2005 and financial results of its operations and cashflows for the financial year ended on that date.

PricewaterhouseCoopers  
Chartered Accountants (Zimbabwe)  
Harare  
28 February 2006

# Income Statement


for the year ended 31 December 2005

	NOTES	2005 \$billion	Inflation Adjusted 2004 \$billion
Interest income	3	7,870	9,794
Interest expense	3	(3,056)	(1,824)
<b>Net interest income</b>		<b>4,814</b>	<b>7,970</b>
Fee and commission income		937	844
Net foreign currency trading income		308	391
Dividend income		4	-
Rent receivable		3	158
Profit on disposal of assets		9	14
Impairment on investment property		49	(51)
Net loss from investment securities		-	(117)
<b>Operating income</b>		<b>6,124</b>	<b>9,209</b>
Operating expenses	4	(2,161)	(3,611)
Impairment charge on trade investments and subsidiaries		(38)	(151)
Restructuring expenses		-	(27)
<b>Net operating income before impairment losses</b>		<b>3,925</b>	<b>5,420</b>
Impairment losses on loans and advances	5	(381)	(1,125)
<b>Net operating income</b>		<b>3,544</b>	<b>4,295</b>
Loss on investment in associate company		(45)	-
Monetary loss adjustment		(3,023)	(2,236)
<b>Profit before taxation</b>		<b>476</b>	<b>2,059</b>
Taxation	6	(832)	(809)
Banking institutions levy	6	(99)	(137)
<b>(Loss)/profit after taxation</b>		<b>(455)</b>	<b>1,113</b>
Basic earnings per share (dollars)	8	(234)	624
Diluted earnings per share (dollars)	8	(233)	619

# Balance Sheet

as at 31 December 2005

		Inflation adjusted	
	Notes	2005 \$billion	2004 \$billion
<b>Assets</b>			
Cash and balances with central bank		649	370
Statutory reserve		2,640	5,308
Treasury bills	9	3,282	4,643
Balances due from banking institutions		353	535
Available for sale through equity	10	60	151
Investment securities - available for sale		-	7
Government and municipal stocks	10	96	240
Loans and overdrafts to customers	10	1,719	4,465
Amounts due by group companies	11	2,082	693
Interest receivable and other assets	12	855	205
Trade investments	13	4	24
Investment in associated company	14	-	45
Investments in subsidiaries	15	3	21
Taxation - deferred	6	-	129
Investment property	16	127	89
Property and equipment	17	396	350
<b>Total assets</b>		<b>12,266</b>	<b>17,275</b>
<b>Liabilities</b>			
Customer deposits	18	8,276	8,292
Balances due to banking institutions	18	382	2,757
Other money market deposits	18	219	1,152
Amounts due to group companies	11	130	947
Interest payable and other liabilities	19	586	673
Taxation - current	6	539	1,193
Taxation - deferred	6	145	-
<b>Total liabilities</b>		<b>10,277</b>	<b>15,014</b>
<b>Shareholders' equity</b>			
Share capital	20	1	1
Share premium		107	19
Non distributable reserves		181	-
Adjustment to share capital		2,697	2,335
Accumulated losses		(1,014)	(108)
Share options reserve		17	14
<b>Total shareholders' equity</b>		<b>1,989</b>	<b>2,261</b>
<b>Total liabilities and equity</b>		<b>12,266</b>	<b>17,275</b>



**E. M. Makonese**  
Chairman



**C. C. Jinya**  
Managing Director

# Statement of Changes in Equity

	Share capital \$billion	Share premium \$billion	Non-distributable reserves (AFS*) \$billion	Inflation Adjusted Adjustment to share capital \$billion	Retained earnings \$billion	Share options reserve \$billion	Total \$billion
<b>Balance at 1 January 2004 as previously stated</b>	<b>1</b>	<b>6</b>	-	<b>2,188</b>	<b>(878)</b>	-	<b>1,317</b>
Effects of IAS 19 on medical aid contributions	-	-	-	-	(21)	-	(21)
Effects of IAS 39 on staff benefits	-	-	-	-	(17)	-	(17)
Effects of IFRS 2 on share options	-	-	-	-	(16)	16	-
<b>Balance at 1 January 2004 restated</b>	<b>1</b>	<b>6</b>	-	<b>2,188</b>	<b>(932)</b>	<b>16</b>	<b>1,279</b>
Net profit for the year	-	-	-	-	1,113	-	1,113
Dividends paid	-	-	-	-	-	-	-
- final for 2003 cash dividend	-	-	-	-	(78)	-	(78)
- Scrip dividend	-	13	-	144	(158)	-	(1)
<b>Balance at 31 December 2004</b>	<b>1</b>	<b>19</b>	-	<b>2,332</b>	<b>(55)</b>	<b>16</b>	<b>2,313</b>
Effects of IAS 19 on medical aid contributions	-	-	-	-	(23)	-	(23)
Effects of IAS 39 on staff benefits	-	-	-	-	(30)	-	(30)
Effects of IFRS 2 on share options	-	-	-	3	-	(2)	1
<b>Balance at 31 December 2004 restated</b>	<b>1</b>	<b>19</b>	-	<b>2,335</b>	<b>(108)</b>	<b>14</b>	<b>2,261</b>
<b>Balance at 1 January 2005 as previously stated</b>	<b>1</b>	<b>19</b>	-	<b>2,332</b>	<b>(1)</b>	-	<b>2,351</b>
Effects of IAS 19 on medical aid contributions	-	-	-	-	(44)	-	(44)
Effects of IAS 39 on staff benefits	-	-	-	-	(47)	-	(47)
Effects of IFRS 2 on share options	-	-	-	3	(16)	14	1
<b>Balance at 1 January 2005</b>	<b>1</b>	<b>19</b>	-	<b>2,335</b>	<b>(108)</b>	<b>14</b>	<b>2,261</b>
Net loss for the year	-	-	-	-	(455)	-	(455)
Dividends paid	-	-	-	-	-	-	-
Issue of share capital - scrip dividend	-	88	-	362	(451)	-	(1)
Fair valuation gain on assets	-	-	261	-	-	-	261
Deferred tax on fair value gain	-	-	(80)	-	-	-	(80)
Shared options reserve movement	-	-	-	-	-	3	3
<b>Balance at 31 December 2005</b>	<b>1</b>	<b>107</b>	<b>181</b>	<b>2,697</b>	<b>(1,014)</b>	<b>17</b>	<b>1,989</b>

\*AFS: Available for sale

# Cashflow Statement

for the year ended 31 December 2005

	Notes	2005 \$billion	Inflation Adjusted 2004 \$billion
<b>Net cash flow from operating activities</b>			
<b>Profit before taxation</b>		<b>476</b>	<b>2,059</b>
Depreciation		25	52
Profit on disposal of property and equipment		(9)	(14)
Impairment on investment property		(49)	72
Impairment charge on trade investments and subsidiaries		38	-
Loss on investment in associate company		45	-
Net gains from investment securities		-	117
Share options		3	-
Impairment losses on loans and advances		381	1,125
Corporate tax paid		(1,431)	(315)
<b>Net cash (outflow)/inflow before changes in operating funds</b>		<b>(521)</b>	<b>3,096</b>
Increase in investment securities-available for sale		98	7
Decrease/(increase) in loans and advances to customers		2,666	(730)
Decrease/(increase) in government & municipal bonds		144	(41)
Increase in balances due by group banks		(1,389)	(75)
Increase/(decrease) in other assets		(650)	514
(Decrease)/increase in customer deposits		(16)	3,745
(Decrease)/increase in deposits from other banks		(2,375)	1,523
(Decrease)/increase in other money market deposits		(933)	103
(Decrease)/increase in balances due to group banks		(817)	309
Decrease in other liabilities		(88)	(151)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(3,881)</b>	<b>8,300</b>
<b>Investing activities</b>			
Purchase of property and equipment		(65)	(185)
Proceeds from disposal of property and equipment		14	21
<b>Net cash outflow from investing activities</b>		<b>(51)</b>	<b>(164)</b>
<b>Net cash (outflow)/inflow before financing activities</b>		<b>(3,932)</b>	<b>8,136</b>
<b>Financing activities</b>			
Dividends paid		(451)	(78)
Issue of shares to other parties		451	-
<b>Net cash inflow/(outflow) from financing activities</b>		<b>-</b>	<b>(78)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3,932)</b>	<b>8,058</b>
Balances - at the beginning of the year		10,856	2,798
<b>Balances - at the end of the year</b>	<b>31</b>	<b>6,924</b>	<b>10,856</b>

# Accounting Policies

for the year ended 31 December 2005

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

## Basis of presentation

The financial statements are based on statutory records that are maintained under the historical cost convention. Appropriate adjustments and reclassifications including restatement for changes in the general purchasing power of the Zimbabwe dollar for the purposes of fair presentation in compliance with 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 Zimbabwean Central Statistical Office. The indices and conversion factors used to restate the accompanying financial statements at 31 December 2005 are given below:

Dates	Indices	Conversion factors
31 December 2005	1 304 320	1.0000
31 December 2004	190 181	6.8583
31 December 2003	81 712	15.9624

The main procedures applied for the above mentioned restatement are as follows:

Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for the prior period are restated in the same terms.

Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at balance sheet date.

Non-monetary assets and liabilities that are not carried at amounts current at balance sheet date and components of shareholders' equity are restated by the relevant monthly conversion factors.

All items in the income statement are restated by applying the relevant monthly, yearly average or year-end conversion factors.

The effect of inflation on the net monetary position of the Bank is included in the income statement as a monetary loss adjustment.

## Fair values

Fair value is the amount at which a financial instrument can be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, where one exists. The estimated fair values of financial instruments have been determined by the Bank using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate fair values. Accordingly, the estimates are not necessarily indicative of the amounts the Bank could realise in a current market exchange. The carrying amounts of the financial assets and liabilities approximate their fair values.

## Revenue recognition

Interest income is recognised in the income statement on an accrual basis taking into account the effective yields on the assets. Commission and fee income is accounted for on an accrual basis in respect of services rendered. Dividend income on preference shares arising from structured finance deals is accounted for on an accrual basis using the effective yield method.

## Investments in subsidiaries

Investments of the Bank in significant subsidiaries are carried at indexed cost.

## Investments in associated companies

Associated companies are those in which the Bank has a substantial interest (between 20% and 50%) and has the power to participate in the financial and operating policy decisions. The Bank's share of the net income of associated companies for the year is included in the income statement. Investments in associated companies are included at indexed cost, less amounts written off and include the Bank's share of post acquisition reserves and retained earnings.

## Investment securities

Investment securities are initially stated at cost adjusted to amortize premiums and discounts on purchase over the period to redemption. Treasury bills, although disclosed separately in the balance sheet, are investment securities and income earned thereon is accounted for as interest income on investment securities. Treasury bills are accounted for as available for sale instruments on recognition. The instruments are subsequently measured at fair value based on quoted bid prices.

Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available-for-sale. Available-for-sale financial assets are initially recorded at fair value and are subsequently re-measured to fair value, based on quoted bid prices. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised as they arise in the income statement.

## Financial instruments

Financial instruments are initially recognised in the balance sheet at fair value and subsequently measured to 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.

## Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are re-measured to their fair value. Fair values are obtained from quoted market prices.

## Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

# Accounting Policies (continued)

for the year ended 31 December 2005

## Other investments

Other investments are stated at inflation adjusted cost. Where, in the opinion of the directors, a permanent diminution in value has arisen, provision is made for such a loss.

## Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as off-balance sheet transactions and are disclosed as contingent liabilities and commitments.

## Foreign currency translation

Assets and liabilities in foreign currencies are expressed in Zimbabwe Dollars at rates of exchange ruling at 31 December. All profits and losses on exchange arising therefrom and from normal trading activities are dealt with in arriving at the operating profit. Transactions during the year are converted to Zimbabwe Dollars at rates ruling on the transaction date.

## Loans and advances to customers

Loans and advances to customers are stated net of impairment losses. Balances outstanding in respect of the hire purchase and lease hire are considered to be of a finance nature. Accordingly, these amounts, less unearned finance charges and specific provisions, are treated as receivables.

## Provision for losses on loans and advances

An allowance for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

The loan loss provision also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate. When a loan is uncollectable, it is written off against the related provision for impairment; subsequent recoveries are credited to the income statement.

## Income on hire purchase and instalment credit

Interest is raised on hire purchase, lease and other instalment credit accounts at the inception of an agreement. Income is calculated on the effective yield basis, which amortizes the income on each individual account over the contractual repayment period. The amount still to be credited to operating profit is netted off advances in the balance sheet.

## Investment Property

Investment property which comprise hotel buildings is held to earn rental income and capital appreciation and is not occupied by the

bank. The property is carried at inflation adjusted cost less accumulated depreciation. Investment property is depreciated over the lease agreement period by equal installments at the rate of 10% per annum. Operating expenses are paid in full by the lessee.

## Property and equipment

Property and equipment are carried at inflation adjusted cost less depreciation. Property and equipment are depreciated over their estimated useful lives by equal installments at the following rates:

		%
Freehold land	-	Nil
Freehold buildings	-	2
Fixed plant	-	10
Leasehold buildings	-	2
Equipment	-	20
Motor Vehicles	-	20
Rented premises	-	14
Capital work in progress	-	Nil

Depreciation is charged on a pro rata basis from the date of purchase to the date of disposal.

Capital work in progress is stated at inflation adjusted cost and is not depreciated.

When the carrying amount of an asset is greater than its estimated recoverable amount it is immediately written down to its recoverable amount. These adjustments are recognised in the income statement. All repairs and maintenance costs are charged to the income statement.

## Computer software developments costs

Costs associated with developing computer software programmes are recognised as an expense in line with Bank's policy.

Costs associated with the maintenance of existing computer software programs are expensed as incurred.

## Taxation

Provision is made for income tax payable on taxable income at current rates.

Banking institutions levy is provided for in full on accounting profits at current rates.

Deferred taxation is provided, using the full liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, at currently enacted rates.

## Employee benefits

### 1) Retirement benefit obligations

The Bank operates a defined contribution scheme, the assets of which are held in a separate trustee-administered fund. The pension plan is generally funded by payments from the Bank taking account of the recommendations of independent qualified actuaries. The costs are charged to the income statement as incurred.

# Accounting Policies (continued)

for the year ended 31 December 2005

## 2) Other post-retirement obligations

The Bank provides post-retirement healthcare benefits through an independent Medical Aid Society to their retirees. The entitlement to these benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The Bank pays 100% of the pensioner's medical aid contributions. The expected future obligations are charged to P&L.

## 3) Equity compensation benefits

Share options are granted on appointment to a managerial position. The share option price, is the mid-market price at the date on which the share option is granted. Non-managerial employees benefit from shares held by the Barclays Bank Employee Share Participation Trust in the form of dividends declared. On retirement, non-managerial employees are allocated shares by the Employee Participation Trust.

## Dividends

Dividends on ordinary shares are recognised in financial statements in the period in which they are declared.

## Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash and balances with central bank, statutory reserve balances with central bank, treasury bills, other eligible bills, amounts due from other banks and dealing securities.

## Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

## Trust activities

The Bank acts as a trustee and in other fiduciary capacities, which result in holding or placing assets on behalf of customers. As these are not assets of the Bank they are not reflected in the balance sheet.

# Notes to the Financial Statements

for the year ended 31 December 2005

## 1. Nature of Business

The main business of the Bank, which is incorporated in Zimbabwe, consists of the provision of commercial and merchant banking services, hire purchase, leasing, business loans and other forms of finance.

## 2. Currency

The financial statements are expressed in Zimbabwe dollars in units current at the reporting date as required by International Accounting Standard 29, "Financial Reporting in Hyper inflationary Economies."

	2005 \$billion	2004 \$billion
<b>3. Interest income</b>		
Loans and advances	1,958	4,445
Investment securities	5,912	5,349
	<b>7,870</b>	<b>9,794</b>
<b>Interest expense</b>		
Customers deposits	(2,423)	(727)
Interest on balances due to other banking institutions	(633)	(1,097)
	<b>(3,056)</b>	<b>(1,824)</b>
<b>4. Operating expenses</b>		
<b>4.1 Staff costs</b>		
Salaries and allowances	1,254	1,392
Retirement benefit obligations- defined contribution plans	168	137
Directors' remuneration: - fees	1	-
- other	33	21
<b>Total staff costs</b>	<b>1,456</b>	<b>1,550</b>
<b>4.2 Other administrative expenses include:</b>		
Property and equipment:		
- repairs and maintenance	149	411
- depreciation	25	52
Exchange losses	311	1,413
Audit fees	7	7
Other expenses	213	178
<b>Total other administrative expenses</b>	<b>705</b>	<b>2,061</b>
<b>Total operating expenses</b>	<b>2,161</b>	<b>3,611</b>
Fees to non-executive directors for services as directors were :	1	-
	<b>2005 Number</b>	<b>2004 Number</b>
The number of persons employed as at year end was:	<b>1,006</b>	<b>1,030</b>

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

	2005 \$billion	2004 \$billion
<b>5. Impairment losses on loans and advances</b>		
Identified impairment losses	(381)	(940)
Unidentified impairment losses	-	(185)
	<b>(381)</b>	<b>(1,125)</b>
<b>6.1 Taxation</b>		
Current taxation	(638)	(1,049)
Deferred taxation	(194)	240
<b>Taxation</b>	<b>(832)</b>	<b>(809)</b>
Banking institutions levy	(99)	(137)
<b>Taxation including levies</b>	<b>(931)</b>	<b>(946)</b>
<b>6.2 Reconciliation of taxation charge:</b>		
<b>Profit before taxation</b>	<b>476</b>	<b>2,059</b>
Taxation charge based on profit for the year at the rate of 30.9%	(147)	(636)
Tax effect of:		
Non taxable items	29	32
Non deductible items	(714)	(205)
Banking institution levy	(99)	(137)
	<b>(931)</b>	<b>(946)</b>
<b>6.3 Tax rate reconciliation</b>	%	%
Normal rate	31	31
Non taxable items	(6)	(2)
Non deductible items	150	11
Banking institution levy	21	6
<b>Effective taxation rate</b>	<b>196</b>	<b>46</b>
<b>6.4 Deferred taxation</b>		
Deferred taxation is calculated using the full liability method. The principal tax rate of 30.9% has been applied. The movement on the deferred taxation account is as follows:		
At start of year	(129)	130
Charge to equity - current year	80	-
Charge to equity - prior year adjustment	-	(19)
Charge to income statement	194	(240)
<b>At end of year</b>	<b>145</b>	<b>(129)</b>

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

## Deferred taxation (continued)

	2005 \$billion	2004 \$billion
The net deferred tax liability/(asset) is attributable to the following:		
- property	79	69
- general provision for bad and doubtful debts	(13)	165
- equipment	49	69
- marking to market deferred tax	80	-
- fair value adjustments	1	(413)
- exchange losses	(40)	-
- medical aid fund	(11)	(19)
<b>Deferred taxation liability / (asset)</b>	<b>145</b>	<b>(129)</b>
<b>7. Dividend</b>		
<b>Dividend paid</b>		
Final for 2003 - cash	-	78
- scrip dividend	-	158
Final for 2004 - bonus issue	451	-
	<b>451</b>	<b>236</b>
<b>8. Earnings Per Share</b>		
<b>8.1 Basic (loss)/earnings per share</b>		
(Loss)/profit attributable to shareholders	(455)	1,113
Weighted average number of ordinary shares outstanding (millions)	1,946	1,791
Basic earnings per share (dollars)	(234)	624
<b>8.2 Diluted earnings per share</b>		
The calculation of diluted earnings per share is based on profit after taxation and weighted average number of shares in issue as shown below.		
Profit attributable to shareholders	(455)	1,113
Weighted average number of shares in issue	1,946	1,791
Adjustment for share options	5	7
<b>Weighted average number of shares in issue (millions)</b>	<b>1,951</b>	<b>1,798</b>
Diluted earnings per share (dollars)	(233)	619

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

	2005 \$billion	2004 \$billion
<b>9. Treasury bills</b>		
Maturing within 90 days from date of acquisition	-	1,577
Maturing 91 days - 120 days	-	-
Maturing 121 days - 180 days	418	-
Maturing 181 days - 240 days	223	1,612
Maturing 241 days - 300 days	65	-
Maturing 301 days - 360 days	845	-
Maturing 361 days - 728 days	1,460	1,577
	<b>3,011</b>	<b>4,766</b>
Gains and losses from treasury bills comprise:		
Marking to market of treasury bills	271	(123)
	<b>3,282</b>	<b>4,643</b>
<b>Treasury bills analysis</b>		
Treasury bills assets	4,163	8,004
Treasury bill liabilities (buybacks)	(881)	(3,361)
	<b>3,282</b>	<b>4,643</b>
Treasury bills are debt securities issued by the Government for a term ranging between 90 days and 728 days. Bills are categorised as assets available for sale and are carried at their fair value.		
<b>10. Advances to customers</b>		
Loans and overdrafts to customers:	1,719	4,465
Government and municipal stocks	96	240
Available - for - sale through equity	60	151
Investment securities - available for sale	-	7
	<b>1,875</b>	<b>4,863</b>
Maturity analysis: Advances		
Maturing within 1 year	1,518	4,170
Maturing after 1 year	357	693
	<b>1,875</b>	<b>4,863</b>
Loans, overdrafts and other accounts are net of:		
Provisions for impairment losses	148	808
Suspended interest on impaired debts	13	501
Deferred income on hire purchase, leasing and other instalment credit accounts	7	171
Prepayment of staff benefits	348	56
	<b>516</b>	<b>1,536</b>

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

## 10. Advances to customers continued

	2005	2004
	\$billion	\$billion
Bankers Acceptances analysis		
Assets	60	151
Liabilities	-	-
<b>Net Bankers' Acceptances</b>	<b>60</b>	<b>151</b>

## 10.1 Sectoral analysis of loans and overdrafts

	2005	%	2004	%
	\$billion		\$billion	
Private individuals	36	2	219	5
Agriculture	390	21	405	8
Mining	18	1	62	1
Manufacturing	389	21	1,303	27
Distribution	670	36	2,181	45
Construction	9	-	7	-
Transport	222	12	473	10
Services	81	4	69	1
Financial institutions	28	1	110	2
Other	32	2	34	1
	<b>1,875</b>	<b>100</b>	<b>4,863</b>	<b>100</b>

## 10.2 Movement in impairment provisions is as follows:

	Identified	Unidentified	2005	Identified	Unidentified	2004
	\$billion	\$billion	Total	\$billion	\$billion	Total
			\$billion			\$billion
<b>Balance at 1 January</b>	<b>637</b>	<b>171</b>	<b>808</b>	<b>7</b>	<b>62</b>	<b>69</b>
Impaired debts written off during the current period	311	-	311	(1)	-	(1)
<b>Charge for the year:</b>	<b>381</b>	<b>-</b>	<b>381</b>	<b>940</b>	<b>185</b>	<b>1,125</b>
New provisions	85	-	85	803	185	988
Increased provisions	318	-	318	192	-	192
Recoveries and provisions no longer required	(22)	-	22	(55)	-	(55)
Monetary gain adjustment	(583)	(147)	(730)	(309)	(76)	(385)
<b>Balance at 31 December</b>	<b>124</b>	<b>24</b>	<b>148</b>	<b>637</b>	<b>171</b>	<b>808</b>

## 10.3 Non performing loans and overdrafts

	2005	2004
	\$billion	\$billion
Total non performing loans and overdrafts	69	1,159
Less : Specific provision for impairment losses on non performing book	(51)	(487)
Less : Suspended interest on impaired debts	(13)	(638)
<b>Realisable security held</b>	<b>5</b>	<b>34</b>
Identified impairment losses on non performing book	52	637
Identified impairment losses on Doubtful debts	72	-
<b>Total</b>	<b>124</b>	<b>637</b>

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

	2005 \$Billion	2004 \$billion
<b>10.4 Loans to executive directors</b>		
Included in loans and overdrafts to customers (Note 11 ) are loans to directors:		
Balance at 1 January	8	7
Loans advanced during the year	1	7
Interest paid	-	-
Loan repayments during the year	(1)	-
Monetary loss adjustment	(6)	(6)
<b>Balance at 31 December</b>	<b>2</b>	<b>8</b>

Included in loans to executive directors are housing loans.  
As at 31 December 2005, advances to employees amounted  
to \$188billion (2004: \$253 billion)

<b>10.5 Finance leases receivables :</b>		
Included in loans and advances to customers are finance lease receivables, analysed as follows:		
Gross receivables from finance leases:		
Maturing within 1 year	12	62
Maturing after 1 year but within 5 years	-	267
	<b>12</b>	<b>329</b>
Unearned future finance income on finance leases	(7)	(171)
<b>Net investment in finance leases</b>	<b>5</b>	<b>158</b>

<b>10.6 Investment securities</b>		
Securities available-for-sale		
Equity securities-at fair value		
-Listed	-	-
-Unlisted	60	151
<b>Total securities available-for-sale</b>	<b>60</b>	<b>151</b>

The balance for 2004 has been reclassified from 'held for trading' in line with the Bank's policy.

## 11. Balances with group companies

As at 31 December 2005 the Bank held the following balances with the related parties:

### 11.1 Related party transactions

The ultimate parent of the group 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 relevant balances are shown below.

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

Amounts due from:	2005 \$billion	2004 \$billion
Barclays Bank PLC	1,973	679
Other group companies	109	14
<b>Total from group companies</b>	<b>2,082</b>	<b>693</b>
Directors' of Barclays Bank of Zimbabwe Limited	2	8
Key management	13	15
	<b>2,097</b>	<b>716</b>
<b>Amounts due to</b>		
Barclays Bank PLC	89	940
Other group companies	41	7
<b>Total due to group companies</b>	<b>130</b>	<b>947</b>
Brains Computer Processing (Private) Limited recharges	-	-
Barclays Bank of Zimbabwe Staff Pension Fund	107	2
Makasa Sun (Private) Limited	1	-
Directors	13	2
Key management	8	3
	<b>258</b>	<b>954</b>

## 11.2 Related party transactions

<b>Interest received from:</b>		
Barclays Bank PLC	31	9
	<b>31</b>	<b>9</b>
<b>Expenses accrued to:</b>		
Barclays Bank PLC	1	1
Brains Computer Processing (Private) Limited	2	-
Brains Computer Processing (Private) Limited processing charges	19	5
Directors' emoluments	13	35
Staff costs on key management	22	44
	<b>57</b>	<b>85</b>

The weighted average effective interest rates at 31 December 2005 on amounts due from group companies was 4.72%(2004: 4.5%) and on amounts due to group companies was 8% (2004: 7%)

## 12. Interest receivable and other assets

Internal accounts	162	75
Accrued interest	331	60
Remittances in transit	14	14
Prepayment of staff benefits	348	56
	<b>855</b>	<b>205</b>

## 13. Trade investments

Unquoted, at fair value	24	24
Unrealised losses	(20)	-
	<b>4</b>	<b>24</b>

## 14. Investment in associated company

	Percentage Shareholding	2005 \$Billion	2004 \$billion
<b>Brains Computer Processing (Private) Limited</b>	<b>33 1/3%</b>	<b>45</b>	<b>45</b>
Unrealised losses		(45)	-
		-	<b>45</b>

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

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

		2005	2004
		\$billion	\$billion
<b>15. Investments in subsidiary companies shares</b>			
Fincor Finance Corporation Limited	100%	3	21
Barclays Merchant Bank Limited	100%	-	-
Barclaytrust (Private) Limited	100%	-	-
<b>Total investment in subsidiary companies at inflation adjusted costs</b>		<b>3</b>	<b>21</b>

All subsidiaries are incorporated in Zimbabwe. No group financial statements have been prepared because all the subsidiaries are dormant and their assets and liabilities are immaterial.

	2005	2004
	\$billion	\$billion
<b>16. Investment property</b>		
Year ended 31 December 2005		
Opening carrying amount	89	158
Depreciation charge on cost	(11)	(18)
Impairment on investment property	49	(51)
<b>Closing net book value</b>	<b>127</b>	<b>89</b>
Year ended 31 December 2005		
Cost	208	208
Accumulated depreciation on cost	(50)	(39)
Impairment on investment property	(31)	(80)
<b>Net book value</b>	<b>127</b>	<b>89</b>

	Year ended 31 December 2004						Totals \$billion
	Land \$billion	Buildings \$billion	Computers \$billion	Other equipment \$billion	Furniture & fittings \$billion	Motor vehicles \$billion	
Opening net book amount	21	122	41	7	14	21	226
Additions	-	-	34	21	27	103	185
Disposals	-	(6)	(21)	(48)	(48)	(7)	(130)
Depreciation charge on cost	-	(6)	(14)	(7)	(7)	(21)	(55)
Depreciation charge on disposals	-	-	21	48	48	7	124
<b>Closing net book amount</b>	<b>21</b>	<b>110</b>	<b>61</b>	<b>21</b>	<b>34</b>	<b>103</b>	<b>350</b>
<b>At 31 December 2004</b>							
Cost	21	151	823	110	151	232	1,488
Accumulated depreciation on cost	-	(41)	(762)	(89)	(117)	(129)	(1,138)
<b>Net book amount</b>	<b>21</b>	<b>110</b>	<b>61</b>	<b>21</b>	<b>34</b>	<b>103</b>	<b>350</b>
<b>Year ended 31 December 2005</b>							
Opening net book amount	21	110	61	21	34	103	350
Additions	-	-	22	-	37	6	65
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(24)	-	(1)	(6)	(30)
Depreciation charge	-	-	(7)	(2)	(5)	-	(14)
Depreciation on disposals	-	-	25	-	1	-	25
<b>Closing net book amount</b>	<b>21</b>	<b>110</b>	<b>77</b>	<b>19</b>	<b>66</b>	<b>103</b>	<b>396</b>
<b>At 31 December 2005</b>							
Cost	21	151	820	110	186	235	1,523
Accumulated depreciation on cost	-	(41)	(743)	(91)	(120)	(132)	(1,127)
<b>Net book amount</b>	<b>21</b>	<b>110</b>	<b>77</b>	<b>19</b>	<b>66</b>	<b>103</b>	<b>396</b>

There is no impairment of property and equipment.

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

## 18.1 Customer deposits including deposits due to other banking institutions

	2005 \$billion	2004 \$billion
Current deposit accounts	8,276	8,292
Deposits due to other banking institutions	382	2,757
Other money market deposits	219	1,152
	8,877	12,201

## 18.2 Concentrations of customer deposits including deposits due to other banks were as follows:

	2005 \$billion	%	2004 \$billion	%
Private individuals	967	11	850	7
Agriculture	280	3	487	4
Mining	317	4	185	2
Manufacturing	1,302	15	1,289	10
Distribution	1,468	17	1,180	9
Construction	33	-	75	1
Transport	91	1	123	1
Services	1,880	21	3,745	31
Financial organisations	2,069	23	2,524	21
Other	470	5	1,743	14
	8,877	100	12,201	100

## 19. Interest payable and other liabilities

	2005 \$billion	2004 \$billion
Accrued expenses	42	48
Internal accounts including bank cheques account	418	350
Future medical aid liability	44	46
Other provisions	82	229
	586	673

## 20. Share Capital

### Authorised

5 billion ordinary shares of 35 cents each

### Issued and fully paid fully paid ordinary shares of 35 cents

Value	1	1
Number of shares in issue (billions)	2	2

Subject to the limitations imposed by the Companies Act ( Chapter 24:3) and the regulations of the Zimbabwe Stock Exchange, the Articles of Association permit the directors to allot the unissued share capital at their discretion for an indefinite period.

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

## 21. Share Option Scheme

	No. of shares	
	2005 000s	2004 000s
Options authorised by the company	81,995	81,995
Less: Options not yet granted	(14,112)	(15,072)
<b>Net options granted</b>	<b>67,883</b>	<b>66,923</b>
Options exercised in prior years	(59,185)	(50,464)
Options exercised in current year	(3,572)	(8,721)
<b>Available granted options</b>	<b>5,126</b>	<b>7,738</b>

Year	2005		2004	
	Exercise Price \$	Number of shares	Exercise Price \$	Number of shares
1997	27.00	97,500	27.00	97,500
1998	27.00	7,500	26.78	8,000
2000	18.52	102,00	18.52	102,000
2001	25.46	218,000	26.60	305,500
2002	26.24	170,000	28.06	415,000
2003	51.92	380,000	51.92	380,000
2004	78.17	3,018,333	78.24	6,430,400
2005	483.72	1,132,950		
		<b>5,126,283</b>		<b>7,738,400</b>

The share option price is the mid market price at the date on which the share option was granted. The Bank operates an open share option scheme which allows eligible staff to exercise options granted to them at their own time for as long as they are in the employ of the Bank. On termination of employment, the options can only be exercised within one year from such termination date. The fair valuation of the unexercised options was arrived at by discounting the options value to the dates the options were granted. The discount rates used to discount the option values were the Treasury Bill rates projected at the time the options were granted.

## 22. Liquidity Profiling

At 31 December 2005	Up to 1 month \$billion	1 month to 3 months \$billion	3 months to 6 months \$billion	6 months to 1 year \$billion	1 year to 5 years \$billion	Over 5 years \$billion	Total \$billion
<b>Assets</b>							
Cash and cash equivalents	3,642	-	418	1,133	1,731	-	6,924
Loans overdrafts to customers	1,307	54	253	-	118	143	1,875
Amounts due by group banks	2,082	-	-	-	-	-	2,082
Other assets	475	-	-	-	380	-	855
Trade investments	-	-	-	-	-	4	4
Investments in subsidiaries	-	-	-	-	-	3	3
Investment in associated company	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	127	127
Property and equipment	-	-	-	-	-	396	396
	<b>7,506</b>	<b>54</b>	<b>671</b>	<b>1,133</b>	<b>2,229</b>	<b>673</b>	<b>12,266</b>
<b>Liabilities</b>							
Customer deposits including other banks	8,867	10	-	-	-	-	8,877
Amounts due to group banks	130	-	-	-	-	-	130
Interest payable and other accounts	542	-	-	-	-	44	586
Taxation - current	-	323	216	-	-	-	539
Taxation-deferred	-	-	-	-	145	-	145
	<b>9,539</b>	<b>333</b>	<b>216</b>	<b>-</b>	<b>145</b>	<b>44</b>	<b>10,277</b>
Liquidity gap	(2,033)	(279)	455	1,133	2,084	629	1,989
<b>Cumulative gap</b>	<b>(2,033)</b>	<b>(2,312)</b>	<b>(1,857)</b>	<b>(724)</b>	<b>1,360</b>	<b>1,989</b>	<b>1,989</b>
<b>As at December 2004</b>							
Assets	6,596	3,292	2,469	741	4,177	-	17,275
Liabilities	14,108	-	453	453	-	-	15,014
Liquidity gap	(7,512)	3,292	2,016	288	4,177	-	2,261
<b>Cumulative gap</b>	<b>(7,512)</b>	<b>(4,220)</b>	<b>(2,204)</b>	<b>(1,916)</b>	<b>2,261</b>	<b>2,261</b>	<b>2,261</b>

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

The main funding source of the Bank is customer deposits. Liquidity is measured by expressing liquid assets (Treasury Bills, Government Bonds, cash, placing with other banks etc) as a percentage of liabilities to the public. The Bank's objective is to maintain a liquidity ratio that is above 10% minimum requirement. The bank has a comprehensive contingent liquidity plan which is reviewed and updated periodically.

## 23. Interest rate risk

The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The responsibility of managing risk lies with the Managing Director. On a day to day basis, risks are managed through a number of management committees. Through this process, the Bank monitors compliance within the overall risk policy framework and ensures that the framework is kept up to date. Risk management information is provided on a regular basis to the executive committee and the Board.

The table below summaries the exposure to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Bank does not bear interest rate risk on off balance sheet items.

### 23.1 Local and Foreign currency balances

At 31 December 2005

	Up to 1 month \$billion	1 month to 3 months \$billion	3 months to 6 months \$billion	6 months to 1 year \$billion	1 year to 5 years \$billion	Over 5 year s \$billion	Non- interest bearing \$billion	Total \$billion
<b>Assets</b>								
Cash and cash equivalents	353	-	361	2,548	1,370	-	2,292	6,924
Loans overdrafts to customers	1,256	-	85	-	33	501	-	1,875
Amounts due by group banks	2,082	-	-	-	-	-	-	2,082
Other assets	-	-	-	-	-	-	855	855
Trade investments	-	-	-	-	-	-	4	4
Investments in subsidiaries	-	-	-	-	-	-	3	3
Investment in associated company	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	127	127
Property and equipment	-	-	-	-	-	-	396	396
	<b>3,691</b>	<b>-</b>	<b>446</b>	<b>2,548</b>	<b>1,403</b>	<b>501</b>	<b>3,677</b>	<b>12,266</b>
<b>Liabilities</b>								
Customer deposits including other banks	7,737	10	-	-	-	-	1,130	8,877
Amounts due to group banks	-	-	-	-	-	-	130	130
Interest payable and other accounts	-	-	-	-	-	-	586	586
Taxation - current	-	-	-	-	-	-	539	539
Taxation-deferred	-	-	-	-	-	-	145	145
	<b>7,737</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,530</b>	<b>10,277</b>
Interest rate gap	(4,046)	(10)	446	2,548	1,403	501	(1,147)	1,989
<b>Cumulative gap</b>	<b>(4,046)</b>	<b>(4,056)</b>	<b>(3,610)</b>	<b>(1,062)</b>	<b>341</b>	<b>842</b>	<b>1,989</b>	<b>1,989</b>
<b>As at 31 December 2004</b>								
Total assets	6,611	322	-	117	3,683	-	6,542	17,275
Total liabilities	12,139	-	-	-	-	-	2,875	15,014
<b>Interest rate gap</b>	<b>(5,528)</b>	<b>322</b>	<b>-</b>	<b>117</b>	<b>3,683</b>	<b>-</b>	<b>3,667</b>	<b>2,261</b>
<b>Cumulative gap</b>	<b>(5,528)</b>	<b>(5,206)</b>	<b>(5,206)</b>	<b>(5,089)</b>	<b>(1,406)</b>	<b>(1,406)</b>	<b>2,261</b>	<b>2,261</b>

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

## 23.2 Local Currency balances

At 31 December 2005	Up to 1 month \$billion	1 moths to 3 months \$billion	3 months to 6 months \$billion	6 months to 1 year \$billion	1 year to 5 years \$billion	Over 5 year s \$billion	Non - interest bearing \$billion	Total \$billion
<b>Assets</b>								
Cash and cash equivalents	310	-	361	2,548	1,370	-	1,844	6,433
Loans and advances to customers	852	-	85	-	33	502	-	1,472
Interest receivable and other assets	-	-	-	-	-	-	855	855
Trade investments	-	-	-	-	-	-	4	4
Investments in subsidiary companies	-	-	-	-	-	-	3	3
Investment property	-	-	-	-	-	-	127	127
Property and equipment	-	-	-	-	-	-	396	396
	<b>1,162</b>	<b>-</b>	<b>446</b>	<b>2,548</b>	<b>1,403</b>	<b>502</b>	<b>3,229</b>	<b>9,290</b>
<b>Liabilities</b>								
Customer deposits including other banks	5,130	10	-	-	-	-	882	6,022
Interest payable and other liabilities	-	-	-	-	-	-	586	586
Taxation - current	-	-	-	-	-	-	539	539
Taxation - deferred	-	-	-	-	-	-	145	145
	<b>5,130</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,152</b>	<b>7,292</b>
Interest rate gap	(3,968)	(10)	446	2,548	1,403	502	1,077	1,994
<b>Cumulative gap</b>	<b>(3,968)</b>	<b>(3,978)</b>	<b>(3,532)</b>	<b>(984)</b>	<b>419</b>	<b>921</b>	<b>1,994</b>	<b>1,994</b>
As at 31 December 2004								
Total assets	5,713	322	-	117	3,683	-	6,350	16,185
Total liabilities	10,781	-	-	-	-	-	1,929	12,710
<b>Net interest rate gap</b>	<b>(5,068)</b>	<b>322</b>	<b>-</b>	<b>117</b>	<b>3,683</b>	<b>-</b>	<b>4,421</b>	<b>3,475</b>
<b>Cumulative gap</b>	<b>(5,068)</b>	<b>(4,746)</b>	<b>(4,746)</b>	<b>(4,629)</b>	<b>(946)</b>	<b>(946)</b>	<b>3,475</b>	<b>3,475</b>

## 23.3 Foreign currency balances

At 31 December 2005								
<b>Assets</b>								
Cash and cash equivalents	43	-	-	-	-	-	448	491
Advances and other accounts	400	-	-	-	-	-	3	403
Amounts due by group companies	2,082	-	-	-	-	-	-	2,082
	<b>2,525</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>451</b>	<b>2,976</b>
<b>Liabilities</b>								
Customer deposits including other banks	2,606	-	-	-	-	-	249	2,855
Amounts due to group companies	-	-	-	-	-	-	130	130
	<b>2,606</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>379</b>	<b>2,985</b>
Interest rate gap	(81)	-	-	-	-	-	72	(9)
<b>Cumulative gap</b>	<b>(81)</b>	<b>(81)</b>	<b>(81)</b>	<b>(81)</b>	<b>(81)</b>	<b>(81)</b>	<b>(9)</b>	<b>(9)</b>
As at 31 December 2004								
Total assets	898	-	-	-	-	-	192	1,090
Total liabilities	1,358	-	-	-	-	-	946	2,304
<b>Net Interest rate gap</b>	<b>(460)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(754)</b>	<b>(1,214)</b>
<b>Cumulative gap</b>	<b>(460)</b>	<b>(460)</b>	<b>(460)</b>	<b>(460)</b>	<b>(460)</b>	<b>(460)</b>	<b>(1,214)</b>	<b>(1,214)</b>

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

## 23.4 Currency positions

At 31 December 2005

	US\$ (Z\$ Equiv) \$billion	GBP (Z\$ Equiv) \$billion	Rand (Z\$ Equiv) \$billion	Other foreign currency (Z\$ Equiv) \$billion	Z\$ \$billion	Total \$billion
<b>Assets</b>						
Cash and cash equivalents	281	57	137	16	6,433	6,924
Loans and overdrafts to customers	360	-	33	10	1,472	1,875
Amounts due by group companies	1,619	254	108	101	-	2,082
Interest receivable and other assets	-	-	-	-	855	855
Trade investments	-	-	-	-	4	4
Investments in subsidiaries	-	-	-	-	3	3
Investments in associated company	-	-	-	-	-	-
Investment property	-	-	-	-	127	127
Property and equipment	-	-	-	-	396	396
<b>Total assets</b>	<b>2,260</b>	<b>311</b>	<b>278</b>	<b>127</b>	<b>9,290</b>	<b>12,266</b>
<b>Liabilities and shareholders' funds</b>						
Customer deposits including other banks	2,128	296	307	124	6,022	8,877
Amounts due to group companies	-	88	42	-	-	130
Interest payable and other liabilities	-	-	-	-	586	586
Taxation - current	-	-	-	-	539	539
Taxation - deferred	-	-	-	-	145	145
<b>Total liabilities</b>	<b>2,128</b>	<b>384</b>	<b>349</b>	<b>124</b>	<b>7,292</b>	<b>10,277</b>
<b>Net currency position</b>	<b>132</b>	<b>(73)</b>	<b>(71)</b>	<b>3</b>	<b>1,998</b>	<b>1,989</b>
<b>As at 31 December 2004</b>						
Total assets	864	82	123	21	16,185	17,275
Total liabilities	2,064	75	103	62	12,710	15,014
<b>Net currency positions</b>	<b>(1,200)</b>	<b>7</b>	<b>20</b>	<b>(41)</b>	<b>3,475</b>	<b>2,261</b>

## 23.5 Foreign exchange rates

	2005	2004
United States Dollar	84,587.57	5,729.27
British Pound	146,239.22	11,048.90
South African Rand	13,534.01	1,021.26
Botswana Pula	15,378.02	1,337.78
Euro	100,532.33	7,809.57

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

## 24. Off balance sheet financial instruments ,contingent liabilities and commitments

Contingent liabilities	2005 \$billion	2004 \$billion
Bankers acceptances	-	69
Letters of credit	1,825	82
Guarantees and performance bonds	221	302
	<b>2,046</b>	<b>453</b>
<b>Sale and repurchases</b>		
Treasury bills	881	3,361
	<b>881</b>	<b>3,361</b>
<b>Commitments</b>		
Undrawn formal stand-by facilities: Credit lines and other commitments to lend	1,032	2,359
	<b>1,032</b>	<b>2,359</b>

## 25. Nature of contingent liabilities

### Bankers Acceptances

A Bankers Acceptance commits the Bank which has endorsed the acceptance to pay the holder of the acceptance. The Bank should be reimbursed by the customer on maturity.

### Letters of Credit

Letters of Credit commit the Bank to make payments to third parties to facilitate trade . The Bank is subsequently reimbursed by the customer.

### Guarantees

Guarantees are generally written by the Bank to support performance by customers to third parties. The Bank is only required to meet these obligations if the customer defaults.

### Commitments

Commitments to lend are agreements to lend money to a customer in future, subject to certain conditions. Such commitments are normally made for a fixed period. The Bank may withdraw from its contractual obligation for the undrawn portion of the agreed facility limits by giving reasonable notice to the customer.

## 26. Capital commitments

	\$billion	\$billion
Authorised and contracted	121	233
Authorised , but not contracted	-	-
<b>Total capital commitments</b>	<b>121</b>	<b>233</b>

Capital commitments will be funded from own resources.

## 27. Operating lease commitments - where the bank is the lessee

The future minimum lease payments under non cancellable operating leases are as follows:

Not later than 1 year	12	48
Later than 1 year but not later than 5 years	24	192
Later than 5 years	13	62
	<b>49</b>	<b>302</b>

Included in the above lease commitment is \$6.7billion (2004 - \$2.6billion) which relates to rentals payable to the Bank 's Pension fund .

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

## 28. Retirement benefit obligations

All eligible employees of the Bank are members of the defined contribution pension scheme which is administered independently.

### Barclays Bank Pension Fund - Defined Contribution Scheme

The defined contribution pension plan, to which the Bank contributes one hundred percent, is provided for permanent employees. Over and above the company's contribution, the employee is free to make further contributions of their choice to the fund. Under this scheme, retirement benefits are determined by reference to the employees' and the company's contributions to date and the performance of the fund.

### National Social Security Scheme.

All employees are members of the National Social Security Authority Scheme, to which both the employer and the employee contribute. The Bank contributes 3% of pensionable emoluments of eligible employees up to a maximum of \$270,000.00 per annum per employee.

### Post - Retirement Medical Aid Contributions

The group pays 100% of the pensioners medical aid contributions. During 2005, \$44 billion was charged to income in respect of future obligations for pensioners medical aid contributions (2004:\$46 billion)

## 29. Business segments

Primary segment information

For year ended 31 December 2005

	Treasury \$billion	Retail and Corporate Banking \$billion	Inflation adjusted Leasing and Hire Purchase \$billion	Consolidated \$billion
Operating income	3,354	2,758	12	6,124
Loss on investment in associate company	(45)	-	-	(45)
Profit before taxation	348	116	12	476
Taxation	(668)	(259)	(4)	(931)
<b>Net profit for the year</b>	<b>(320)</b>	<b>(143)</b>	<b>8</b>	<b>(455)</b>
Segment assets	9,766	2,488	12	12,266
Segment liabilities	927	9,350	-	10,277
Capital expenditure	65	-	-	65
Depreciation	25	-	-	25
Impairment charge - loans	-	102	-	102
Impairment release on investment property	(49)	-	-	(49)
Impairment charge - trade investments and subsidiaries	38	-	-	38
Loss on investment in associate company	45	-	-	45
Other - share options	-	3	-	3
<b>For year ended 31 December 2004</b>				
Operating income	3,462	5,459	288	9,209
Profit before taxation	3,184	(1,358)	233	2,059
Taxation	(1,495)	665	(116)	(946)
<b>Net profit for the year</b>	<b>1,689</b>	<b>(693)</b>	<b>117</b>	<b>1,113</b>
Segment assets	12,804	4,314	157	17,275
Segment liabilities	5,330	9,684	-	15,014
Capital expenditure	185	-	-	185
Depreciation	52	-	-	52
Impairment charge - loans	-	1,125	-	1,125
Impairment on investment property	51	-	-	51
Impairment charge - trade investments and subsidiaries	151	-	-	151
Other - share options	-	3	-	3
Restructuring	-	21	-	21

# Notes to the Financial Statements (continued)

for the year ended 31 December 2005

## 30. Cash and Cash Equivalents

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

	Inflation adjusted	
	2005	2004
	\$billion	\$billion
Cash and balances with central bank	649	370
Statutory reserve	2,640	5,308
Treasury bills	3,282	4,643
Balances due from other banking institutions	353	535
	6,924	10,856

## 31. Banking and Trading Book

All items in these financial statements are under the Banking book as the Bank does not have any items under the Trading book.

## 32. Compliance

The Bank subscribes to sound corporate governance standards and has adopted the RBZ Corporate Governance Guidelines and it has largely complied with the requirements set out therein.

The Bank has in the year largely complied with prudential lending limits except for non compliance which arose in December 2005 as a result of an exchange rate movement on a facility extended to an individual borrower. This resulted in a breach of the Banking Regulations, SI 205/2000, which provides that the aggregate loans and advances outstanding at any time to any single borrower, shall not exceed 75% of a banking institutions' capital base for the whole group or 25% to any single member of a corporate group. There has been no financial loss to the Bank in respect of this facility but the Bank continues to monitor and review to ensure compliance by June 2006.

The Bank has, by and large complied with the capital adequacy ratios and leverage ratios as set out in the Banking Act and Regulations.

Generally the Bank has submitted its regulatory return in a timely manner, save for delays which arose as a result of systems challenges which were communicated to the Reserve Bank. In November 2005, the Bank was required to pay interest of \$147 825 894,24 for late settlement of the statutory reserve settlement.

## 33. New standards adoption

In 2005 the Bank adopted IAS 19 on medical aid contributions, IAS 39 on staff loans benefits and IFRS 2 on share options which are relevant to the Bank's operations. The 2004 accounts have been amended as required:

	2005	2004
	\$billion	\$billion
<b>IFRS 2 (share option) impact</b>		
Decrease in retained earnings	-	(14)
Decrease in profit and loss	(3)	-
Increase in share options reserve	3	16
Increase in adjustment to share capital	-	(2)
<b>IAS 19 (medical aid contributions) impact</b>		
Decrease in retained earnings	-	(44)
Deferred taxation	-	14
Decrease in profit and loss	(37)	-
Deferred taxation	11	-
<b>IAS 39 (staff loans benefit) impact</b>		
Decrease in retained earnings	-	(47)
Decrease in profit and loss	(24)	-

# Income Statement

for the year ended 31 December 2005

	NOTES	Historical Cost	
		2005 \$billion	2004 \$billion
Interest income		3,480	957
Interest expense		(1,170)	(194)
<b>Net interest income</b>		<b>2,310</b>	<b>763</b>
Fee and commission income		407	91
Net foreign currency trading income		145	38
Dividend income		-	-
Rent receivable		-	14
Profit on disposal of assets		5	2
Impairment on investment property		-	-
Net loss from investment securities		-	(17)
<b>Operating income</b>		<b>2,867</b>	<b>891</b>
Operating expenses		(881)	(377)
Impairment charge on dormant subsidiaries		-	-
Restructuring expenses		-	(2)
<b>Net operating income before impairment losses</b>		<b>1,986</b>	<b>512</b>
Impairment losses on loans and advances		(102)	(114)
<b>Net operating income</b>		<b>1,884</b>	<b>398</b>
<b>Profit before taxation</b>		<b>1,884</b>	<b>398</b>
Taxation		(610)	(124)
Banking institutions levy		(99)	(20)
<b>Profit after taxation</b>		<b>1,175</b>	<b>254</b>
Basic earnings per share (dollars)		604	142
Diluted earnings per share (dollars)		602	141

# Balance Sheet

as at 31 December 2005

	Notes	Historical Cost	
		2005 \$billion	2004 \$billion
<b>Assets</b>			
Cash and balances with central bank		649	54
Statutory reserve		2,640	774
Treasury bills		3,282	677
Balances due from banking institutions		353	78
Available for sale through equity		60	22
Investment securities - available for sale		-	1
Government and municipal stocks		96	35
Loans and advances to customers		1,719	651
Amounts due by group companies		2,082	101
Interest receivable and other assets		855	36
Trade investments		4	-
Investment in associated company		-	-
Investments in subsidiaries		3	-
Taxation - deferred		-	28
Investment property		1	1
Property and equipment		62	22
<b>Total assets</b>		<b>11,806</b>	<b>2,480</b>
<b>Liabilities</b>			
Customer deposits		8,276	1,209
Balances due to banking institutions		382	402
Other money market deposits		219	168
Amounts due to group companies		130	138
Interest payable and other liabilities		586	100
Taxation - current		539	174
Taxation - deferred		24	-
<b>Total liabilities</b>		<b>10,156</b>	<b>2,191</b>
<b>Shareholders' equity</b>			
Share capital		1	1
Share premium		107	19
Non distributable reserves		181	-
Accumulated profits		1,357	268
Share options reserve		4	1
<b>Total shareholders' equity</b>		<b>1,650</b>	<b>289</b>
<b>Total liabilities and equity</b>		<b>11,806</b>	<b>2,480</b>

# Statement of Changes in Equity

	Share capital \$billion	Share premiums \$billion	Historical Non-distributable reserves (AFS*) \$billion	Retained earnings \$billion	Share options reserves \$billion	Total \$billion
<b>Balance at 1 January 2004 as previously stated</b>	<b>1</b>	<b>6</b>	-	<b>44</b>	-	<b>51</b>
Effects of IAS 19 on medical aid contributions	-	-	-	(1)	-	(1)
Effects of IAS 39 on staff benefits	-	-	-	(1)	-	(1)
Effects of IFRS 2 on share options	-	-	-	(1)	1	-
<b>Balance at 1 January 2004 restated</b>	<b>1</b>	<b>6</b>	-	<b>41</b>	<b>1</b>	<b>49</b>
Net Profit for the year	-	-	-	254	-	254
Dividends paid	-	-	-	-	-	-
- final for 2003 cash dividend	-	-	-	(5)	-	(5)
Issue of share capital - share options	-	-	-	-	-	-
- Scrip dividend	-	13	-	(13)	-	-
<b>Balance as 31 December 2004</b>	<b>1</b>	<b>19</b>	-	<b>277</b>	<b>1</b>	<b>298</b>
Effects of IAS 19 on medical aid contributions	-	-	-	(5)	-	(5)
Effects of IAS 39 on staff benefits	-	-	-	(4)	-	(4)
Effects of IFRS 2 on share options	-	-	-	-	-	-
<b>Balance at 31 December 2004 restated</b>	<b>1</b>	<b>19</b>	-	<b>268</b>	<b>1</b>	<b>289</b>
<b>Balance at 1 January 2005 as previously stated</b>	<b>1</b>	<b>19</b>	-	<b>280</b>	-	<b>300</b>
Effects of IAS 19 on medical aid contributions	-	-	-	(6)	-	(6)
Effects of IAS 39 on staff benefits	-	-	-	(5)	-	(5)
Effects of IFRS 2 on share options	-	-	-	(1)	1	-
<b>Balance at 1 January 2005 restated</b>	<b>1</b>	<b>19</b>	-	<b>268</b>	<b>1</b>	<b>289</b>
Net Profit for the year	-	-	-	1,175	-	1,175
Dividends paid	-	-	-	-	-	-
Issue of share capital - share options	-	-	-	-	-	-
- Scrip dividend	-	88	-	(86)	-	2
Fair valuation gain on assets	-	-	261	-	-	262
Deferred tax on revaluation gain	-	-	(80)	-	-	(81)
Shared options reserve movement	-	-	-	-	3	3
<b>Balance as 31 December 2005</b>	<b>1</b>	<b>107</b>	<b>181</b>	<b>1,357</b>	<b>4</b>	<b>1,650</b>

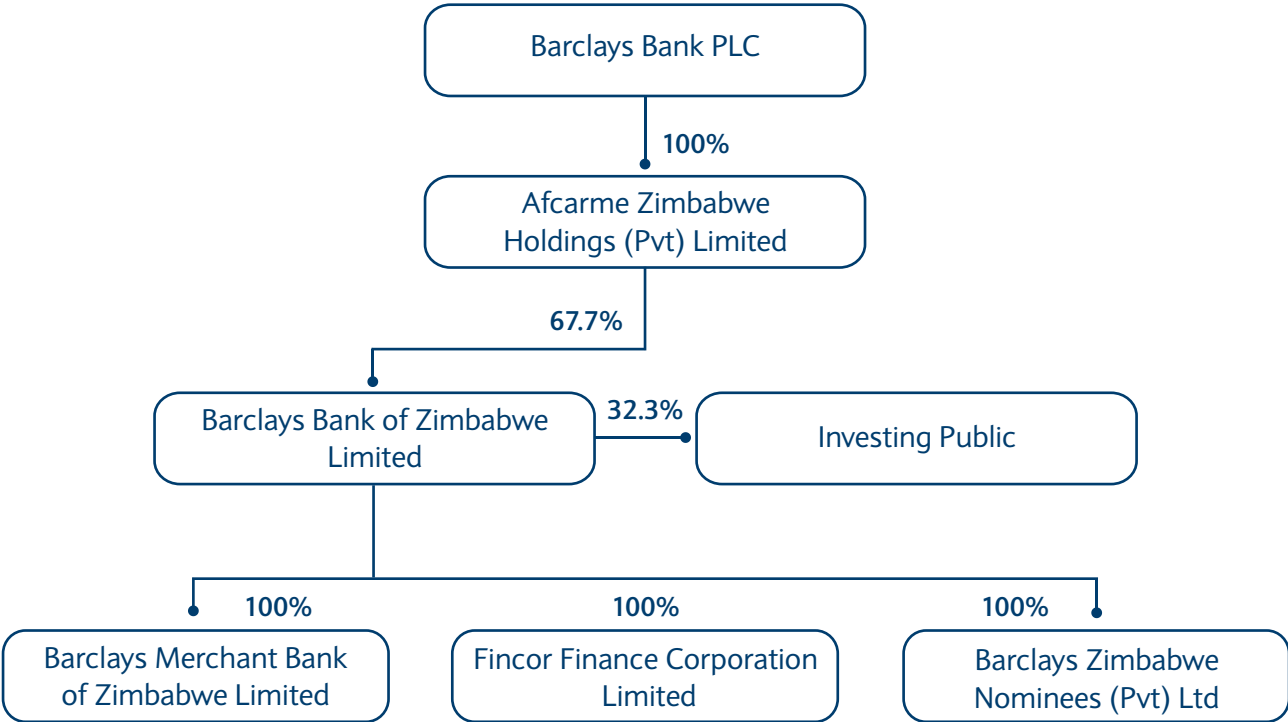
\*AFS: Available for sale

# Cashflow Statement

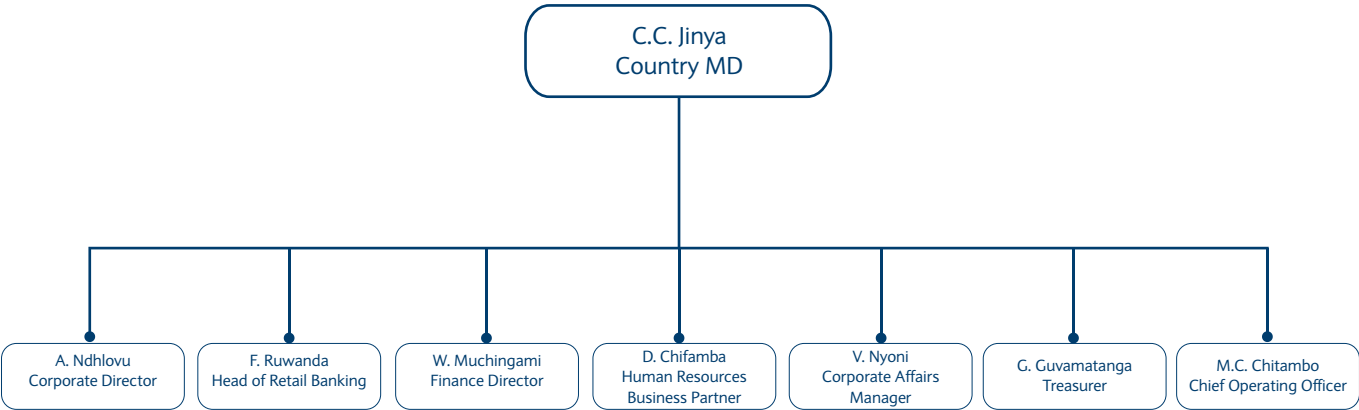
for the year ended 31 December 2005

	2005 \$billion	Historical	2004 \$billion
<b>Net cash flow from operating activities</b>			
<b>Profit before taxation</b>	<b>1,884</b>		<b>398</b>
Depreciation	6		1
Profit on disposal of property and equipment	(4)		(2)
Unrealised gain on investment property	-		-
Impairment charge on trade investments on subsidiaries	-		-
Net gains from investment securities	-		17
Share options	3		-
Impairment losses on loans and advances	102		114
Corporate tax paid	(367)		(21)
<b>Net cash inflow before changes in operating funds</b>	<b>1,624</b>		<b>507</b>
Decrease in investment securities-available for sale	(34)		(19)
Increase in loans and advances to customers	(921)		(472)
Increase in government & municipal bonds	(61)		(23)
Increase in balances due by group banks	(1,981)		(62)
(Increase)/decrease in other assets	(819)		12
Increase in customer deposits	7,067		924
(Decrease)/increase in deposits from other banks	(20)		325
Increase in other money market deposits	51		102
(Decrease)/increase in balances due to group banks	(8)		98
Increase in other liabilities	486		42
<b>Net cash inflow from operating activities</b>	<b>5,384</b>		<b>1,434</b>
<b>Investing activities</b>			
Purchase of property and equipment	(47)		(22)
Proceeds from disposal of property and equipment	4		2
<b>Net cash outflow from investing activities</b>	<b>(43)</b>		<b>(20)</b>
<b>Net cash inflow before financing activities</b>	<b>5,341</b>		<b>1,414</b>
<b>Financing activities</b>			
Dividends paid	(86)		(6)
Issue of shares to other parties	86		-
<b>Net cash inflow / (outflow) from financing activities</b>	<b>-</b>		<b>(6)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,341</b>		<b>1,408</b>
Balances - at the beginning of the year	1,583		175
<b>Balances - at the end of the year</b>	<b>6,924</b>		<b>1,583</b>

# Corporate Structure



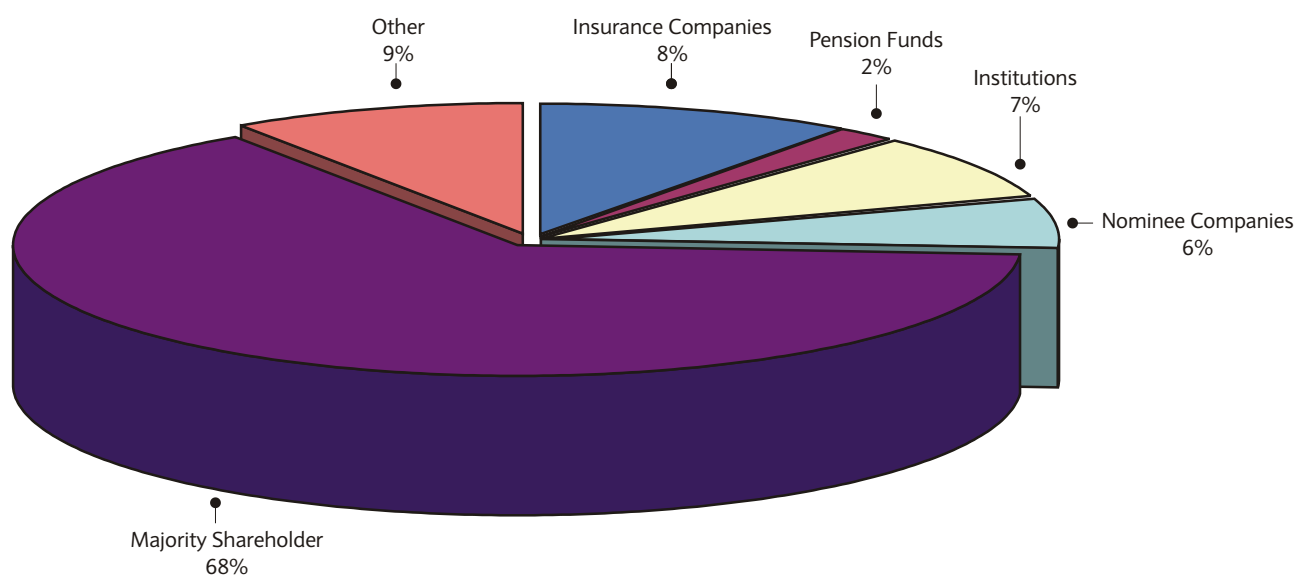
# Management Structure



# Analysis of Shareholders

for the year ended 31 December 2005

Shareholding Range	Individual shareholders	Institutional shareholders	Total shareholders	Percentage of total
1-1000	925	74	999	3.3%
1001-5000	2,725	94	2,819	37.7%
5001-10000	802	60	862	11.5%
10001-20000	1,087	97	1,184	15.8%
20001-50000	956	204	1,160	15.5%
50001-100000	107	86	193	2.6%
100001+	66	201	267	3.6%
<b>Total</b>	<b>6,668</b>	<b>816</b>	<b>7,484</b>	<b>100.0%</b>



■ Insurance Companies ■ Pension Funds ■ Institutions ■ Nominee Companies ■ Majority Shareholder ■ Other

# Top 20 Shareholders

Shareholder	Shares	% Shareholding
1. Afcarme Zimbabwe Holdings (Pvt) Ltd	1 341 188 014	67.67
2. Old Mutual Life Assurance	150 340 168	7.58
3. Old Mutual Portfolio Holdings Limited	86 580 992	4.37
4. Barclays Zimbabwe Nominees (Pvt) Ltd - No.1	46 463 294	2.34
5. Fed Nominees (Pvt) Ltd	31 370 922	1.58
6. Old mutual Zimbabwe Limited	25 879 480	1.31
7. Fredex Financial Services (Pvt) Ltd	14 232 074	0.72
8. Datvest Nominees (Pvt) Ltd	12 851 603	0.65
9. R M Insurance Co (Pvt) Ltd	11 746 311	0.59
10. Catering Industry Pension Fund	7 647 360	0.39
11. Delta Beverages Pension Fund	7 516 129	0.38
12. Stanbic Nominees (Pvt) Ltd	6 813 617	0.34
13. Rowanberry Estates (Pvt) Ltd	6 583 938	0.33
14. National Social Security Authority	6 135 808	0.31
15. Mining Industry Pension Fund	6 060 094	0.31
16. Local Authorities Pension Fund	5 766 886	0.29
17. Barclays Zimbabwe Nominees (Pvt) Ltd - No.2	5 614 431	0.28
18. Edwards Nominees (Pvt) Ltd	4 941 981	0.25
19. Barclays Zimbabwe Nominees (Pvt) Ltd - No.3	3 862 626	0.19
20. Edwards Nominees (Pvt) Ltd	3 571 383	0.18

# Notice of Annual General Meeting

Notice is hereby given that the Twenty-Fifth Annual General Meeting of Shareholders of Barclays Bank of Zimbabwe Limited will be held in the Stewart Room at Meikles Hotel, on Wednesday 26 April 2006 at 3:30pm for the purposes of transacting the following business:-

## Ordinary business

1. To receive, consider and adopt the Financial Statements and Report of the Directors and Auditors for the financial year ended 31 December 2005.
2. To note the retirements of Dr R. Mupawose, Mr T.N. Sibanda and Mr K.C. Katsande as Directors of the Company in terms of Article 103 of the Articles of Association, who retired from the Board in the year ended 31 December 2005.
3. To approve the re-election by a single resolution of E.M. Makonese, W. Muchingami and J. Phiri 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.
4. To approve the appointment by a single resolution of C.F. Dube, A.S. Mandiwanza and H.C. Sadza who were appointed as Directors of the Company with effect from 25 October 2005. The Directors are required in terms of Article 109 of the Articles of Association to vacate their seats and being eligible, offer themselves for re-election.
5. To fix the remuneration of the Directors.
6. 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.

## Special business

The shareholders are requested to consider, and if deemed fit, to pass with or without modification, the following resolution to amend the Articles of Association of Barclays Bank of Zimbabwe Limited, by the addition of the following clause as Article Number 5 of the Articles of Association:

As a special resolution:

7. "That the directors be authorised to issue and allot bonus shares from time to time in such manner and for such reasons as the directors may, from time to time, deem fit provided that any such bonus issue shall not result in an increase in the authorised share capital of the company."
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  
Cnr First Street  
Jason Moyo Avenue  
Harare

29 March 2006

# Important Addresses

## Head Office and Registered Office

Barclay House  
Corner First St & Jason Moyo Ave  
PO Box 1279  
Harare, Zimbabwe  
Switchboard: +(263) (4) 758280-9  
Telex: ZW 2605, 24185  
Fax: +(263) (4) 755278  
Email: [barmkt@africaonline.co.zw](mailto:barmkt@africaonline.co.zw)  
internet: [www.barclays.co.zw](http://www.barclays.co.zw)

## Share Transfer Office

Fourth Floor  
Barclay House  
Corner First St & Jason Moyo Ave  
Harare, Zimbabwe  
Telephone: 758280/9  
Fax: (263) (4) 775298

## Auditors

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)  
Building No. 4, Arundel Office Park  
Norfolk Road  
Mount Pleasant  
P O Box 453  
Harare  
Zimbabwe  
Telephone: +263 (4) 338351-68  
Facsimile: (263) (4) 332495/338396  
[www.pwc.com](http://www.pwc.com)

## Legal Advisors

Scanlen & Holderness  
CABS Centre  
2nd St/J Moyo Ave.  
Box 188, Harare  
Tel: 263 (4) 702560-8  
Fax: 263 (4) 700826/702569