CHAIRMAN'S STATEMENT

I am pleased to present the financial performance of the Bank for the half-year ended 30 June 2015.

Operating Environment
Economic activity in Zimbabwe remained subdued mainly due to liquidity constraints, low fiscal space, companies downsizing, low FDIs and high NPLs. However, efforts to stimulate growth are being implemented both from the Fiscal and Monetary policy perspectives.

The country's GDP forecast for 2015 has been reviewed downwards from 2.6% to 1.5%, and is expected to go up in 2016 to around 3.5%. Inflation has continued heading southward and as at 30 June 2015, a rate of -2.81% was recorded, down from -1.3% recorded in January 2015.

The stock market has been characterized by the dropping industrial index, which opened the year at 162.79 points and receded to 148.30 points by 30 June 2015, representing an 8.9% decline during in the period. The mining index suffered heavy losses during the first half of the year as it declined by 38.2% from 71.71 points at the beginning of the year to 44.30 points as at 30 June 2015.

In 2015, emerging and developing economies are forecasted to grow by 4.2% down from 4.6% recorded in 2014 and this is attributed to depressed oil and mineral prices. Weakening of the EURO and Yen, the Greece debt and Chinese stock market crash ($3.2 trillion loss to investors), are some major factors of a slowdown in the global economic activity. Growth in Sub-Saharan Africa is expected to recede to 4.4% in 2015 due to depressed revenues from oil in Nigeria and Angola. However, world oil output is projected to grow by 3.3%.

Financial Sector Developments
The Reserve Bank of Zimbabwe (RBZ) has cleared all banks that were on the Distressed Bank List as at 30 June 2015. Metbank recapitalized to $31.6million whilst Tetrad Investment Bank has remained under judicial management.

The banking sector's aggregate ratio of NPLs to total loans improved from 20.45% as at 30 June 2014 to 14.52% as at 30 June 2015 (excluding Tetrad, NPLs will be 13.15%). The RBZ gave banks a target of reducing NPLs ratio to at most 10% by 30 June 2016, and to 5% by December 2016.

Total banking sector deposits in the half year ended 30 June 2015 rose to $5.6billion from $4.9billion as at the same period end in 2014, a 14.2% improvement. On the other hand, loans recorded were $4billion at the end of the first half of the year which translates to a loan-to-deposit ratio of 71.4%.

Aggregate core capital of banks increased by 19% from $753.3million as at 30 June 2014 to $899.1million as at 30 June 2015. The improvement was attributed to retained earnings and fresh capital injections.

The Reserve Bank has established a credit registry and a credit reference system (CRS) unit within its Bank Supervision Division to promote information sharing. The CRS is aimed at enhancing credit risk management within banks.

Demonetization of the Zimbabwe dollar started in June 2015 in a bid to build confidence in the financial sector.

Financial Performance
In an economy persistently saddled with liquidity challenges, the Bank recorded a loss after tax of $0.13 million.

During the course of the half-year, the Bank continued to face liquidity challenges on account of the dominance of illiquid capital in the form of properties and land resources on its statement of financial position. Although there have been recoveries through foreclosures on the loan book, performance of the loan book was generally not impressive and continues to be a drag on the performance of the Bank. Provision for doubtful debts decreased by $1.9 million from $11.8 million as at 31 December 2014 to $9.9 million as at 30 June 2015. The Bank continues to be aggressive in its loan collection and recovery efforts, including forcing defaulting clients to meet their interest and debt servicing obligations.

The Bank is also making efforts to reduce operating expenditure. To this end, the Bank continued on its downsizing mission by further streamlining its branch network to five (5) following the closure of 2 branches and an agency during the half-year ended 30 June 2015.

Efforts to raise capital and lines of credit to shore up the Bank's core capital continue to be intensified. As at the end of the first half of the year, $5.7 million of the Bank's secured line of credit of $10 million had been utilised, and a further $3.5 million was under consideration.

Capitalisation
The Bank completed a restructuring exercise that resulted in the conversion of current liabilities amounting to $7.3 million into equity, resulting in the subsequent increase in the Bank's capital.

Risk Management
Effective risk management policies and procedures will continue to be pursued through Board approved committees, namely Loans Review Committee, Asset and Liability Committee (ALCO), Credit Committee, Remuneration Committee and other operational risk management committees. The Bank has thus put in place a comprehensive Enterprise Wide Risk Management (EWRM) framework supported by well documented policies and procedures to assist in the management of all forms of risk exposures namely credit, market, operational, liquidity, legal, compliance and strategic risks.

Directorate
During the period under review, the Bank appointed Dr M. Maulana as a non executive director to bring the total of the non executive directors to five (5).

Corporate Governance Statement
The Board is committed to high standards of corporate governance and believes that a sound governance structure engenders a successful company.

Metbank's Board recognises the critical importance of having an effective Board of Directors. The Board also places the highest importance on active engagement with its shareholders. Meetings are held regularly with shareholders and the Board takes into account shareholders' views.

As at 30 June 2015, the Board comprised, in addition to the Chairman, two Executive and four Non-Executive Directors. The Board meets at least four times a year. The Non-Executive Directors bring judgement which is independent to that of management to Board deliberations. The Executive Directors have responsibility for day-to-day business operations.

Outlook
In 2015 and beyond, the Bank has opted to pursue a new strategic direction in terms of its business development initiatives, with an increased focus on property development. Notwithstanding the general slowdown in the economy, the Bank is confident that its efforts will yield success.

Appreciation
We will remain indebted to our valued clients and stakeholders for their invaluable support. The Board also wishes to express its sincere gratitude to management and staff for remaining resolute and steadfast in a challenging environment.

W.T. MANASE
CHAIRMAN

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Notes	Unaudited 30 Jun 2015 US$	Audited 31 Dec 2014 US$
ASSETS			
Cash and cash equivalents	7	2 013 190	8 815 499
Loans and advances to customers	8	40 371 628	52 824 321
Held to maturity investments	9	-	2 675 029
Property and equipment	10	3 724 398	4 275 380
Investment property	11	103 632 180	86 427 124
Deferred tax asset	12	862 429	816 900
Other assets	13	7 629 258	3 621 736
TOTAL ASSETS		**158 233 083**	**159 455 989**
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits from customers	14	39 779 505	107 950 491
Debentures	15	36 584 997	-
Other liabilities	16	28 085 145	8 976 454
TOTAL LIABILITIES		**104 449 647**	**116 926 945**
EQUITY AND RESERVES			
Share capital	17	27 385 675	16 000 000
Retained earnings		10 467 989	10 599 272
Capital reserves		15 929 772	15 929 772
TOTAL EQUITY AND RESERVES		**53 783 436**	**42 529 044**
TOTAL LIABILITIES, EQUITY AND RESERVES		**158 233 083**	**159 455 989**

DIRECTORS

26 August 2015

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Notes	Unaudited 30 Jun 2015 US$	Unaudited 30 Jun 2014 US$
Interest income	3	4 261 793	10 104 046
Interest expense	3	(2 068 847)	(3 480 439)
Net interest income		**2 192 946**	**6 623 607**
Non interest income	4	959 113	984 378
Operating income		**3 152 059**	**7 607 985**
Operating expenditure	5	(5 596 561)	(9 480 116)
Impairment credit / (charge) on loans and advances	8.6	2 267 690	(2 912 602)
Loss before taxation		**(176 812)**	**(4 784 733)**
Taxation	6	45 529	1 232 069
Loss for the year after taxation		**(131 283)**	**(3 552 664)**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the period		**(131 283)**	**(3 552 664)**

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Share Capital US$	Retained Earnings US$	Non Distributable Reserves US$	Total US$
Year ended 31 December 2014				
Balance at beginning of the year	**16 000 000**	**13 781 237**	**15 929 772**	**45 711 009**
Total comprehensive loss for the year	-	(3 181 965)	-	(3 181 965)
Balance at end of the year	**16 000 000**	**10 599 272**	**15 929 772**	**42 529 044**
Period ended 30 June 2015				
Balance at beginning of the period	**16 000 000**	**10 599 272**	**15 929 772**	**42 529 044**
Issue of irredeemable non-cumulative preference shares	7 325 330	-	-	7 325 330
Isssue of convertible cumulative redeemable preference shares	4 060 345	-	-	4 060 345
Total comprehensive loss for the period	-	(131 283)	-	(131 283)
Balance at end of the period	**27 385 675**	**10 467 989**	**15 929 772**	**53 783 436**

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Notes	Unaudited 30 Jun 2015 US$	Unaudited 30 Jun 2014 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(176 812)	(4 784 733)
Adjustments for non-cash items:			
Depreciation and armotisation		673 895	614 869
Impairment charge		(2 267 690)	2 912 602
Profit on disposal of property and equipment		(35 477)	(92 232)
Operating loss before changes in operating assets and liabilities		**(1 806 084)**	**(1 349 494)**
Changes in operating assets and liabilities			
(Increase)/ decrease in advances and other assets		(3 952 916)	6 549 752
Decrease in deposits and other liabilities		(1 091 621)	(7 775 382)
		(6 850 621)	**(2 575 124)**
Taxation paid		-	(332 500)
Net cash outflow from operating activities		**(6 850 621)**	**(2 907 624)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(43 615)	(452 692)
Proceeds from sale of equipment		91 927	555 887
Net cash from investing activities		**48 312**	**103 195**
Net decrease in cash and cash equivalents		(6 802 309)	(2 804 429)
Cash and cash equivalents at beginning of the period	7	8 815 499	16 190 138
Cash and cash equivalents at end of the period	**7**	**2 013 190**	**13 385 709**
Comprising			
Balances with the Reserve Bank of Zimbabwe		638 473	120 143
Balances with other banks and cash		1 374 717	13 265 566
		2 013 190	**13 385 709**

Notes to Financial Statements
FOR THE HALF YEAR ENDED 30 JUNE 2015

1.CORPORATE INFORMATION
Metbank Limited provides commercial banking services in Zimbabwe.

It is a limited liability company which was incorporated in Zimbabwe in 1998. Its registered office is at 3 Central Avenue, Central House, Harare, Zimbabwe. The company changed its name from Metropolitan Bank of Zimbabwe Limited to Metbank Limited with effect from 30 April 2012.

2.ACCOUNTING POLICIES
2.1 Basis of preparation
The financial statements have been prepared based on statutory records that are maintained under the historical cost convention except for investment properties and financial instruments that have been measured at fair value.

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB); the Companies Act (Chapter 24:03); the Banking Act (Chapter 24:20) and Banking Regulations; Statutory Instruments SI33/99 and SI62/99; the Exchange Control Act (Chapter 22:05), the Bank Use Promotion and Suppression of Money Laundering Act (Chapter 24:24) as well as all Reserve Bank of Zimbabwe directives.

Functional and presentation currency
The financial statements are presented in United States of America dollars ('US$') which is the Bank's functional and presentation currency. Except as otherwise indicated, financial information is shown as absolute figures.

2.2 Significant accounting judgements, estimates and assumptions
In the process of applying the Bank's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgment and estimates are as follows:

Impairment losses on loans and advances
The Bank reviews its individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. In particular, management judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan to collateral ratios among other things, and judgments to the effect of concentrations of risks and economic data.

		Unaudited 30 Jun 2015 US$	Unaudited 30 Jun 2014 US$
3	**NET INTEREST INCOME**		
	Interest income from:		
	Loans and advances	3 817 651	8 270 614
	Investment securities	444 142	1 833 432
		4 261 793	**10 104 046**
	Interest expense on:		
	Deposits from banks	(928 985)	(764 142)
	Deposits from customers	(1 139 862)	(2 716 297)
		(2 068 847)	**(3 480 439)**
	Net interest income	**2 192 946**	**6 623 607**
4	**NON-INTEREST INCOME**		
	Commission and fee income	632 280	100 142
	Other operating income	326 833	884 236
		959 113	**984 378**
5	**OPERATING EXPENDITURE**		
	Staff costs	3 570 160	6 207 791
	Administrative expenses	1 280 506	2 436 983
	Auditor's fees	60 000	40 000
	Directors' fees	12 000	12 000
	Depreciation and amortisation	673 895	783 342
		5 596 561	**9 480 116**

Included in staff costs are pensions and contributions under the National Social Security Authority, a defined contribution fund and the Bank's separate trustee administered fund amounting to $64 482 (2014: $152 121)

6 TAXATION
The following constitutes the major components of income tax expense recognised in the statement of comprehensive income.

		30 Jun 2015 US$	30 Jun 2014 US$
6.1	**Major components of tax credit**		
	Corporate tax	-	-
	Deferred taxation	(45 529)	(1 232 069)
		(45 529)	**(1 232 069)**
	Taxation credit reconciliation		
	Loss before taxation	(176 812)	(4 784 733)
	Tax calculated at a rate of 25.75%	(45 529)	(1 232 069)
	Net tax effect on non-taxable/non-deductible items	-	-
		(45 529)	**(1 232 069)**
6.2	**Tax rate reconciliation**		
	Notional tax	-25.00%	-25.00%
	AIDS levy	-0.75%	-0.75%
	Permanent differences	0.00%	0.00%
	Effective tax rate	**-25.75%**	**-25.75%**
7	**CASH AND CASH EQUIVALENTS**		
	Analysis		
	Balances with the Reserve Bank of Zimbabwe		
	Current account balances	**638 473**	**38 461**
	Balances with other banks and cash		
	Placements with local banks	514 875	8 524 215
	Cash and Nostro account balances	859 842	252 823
		1 374 717	**8 777 038**
		2 013 190	**8 815 499**
8	**LOANS AND ADVANCES TO CUSTOMERS**		
8.1	**Analysis**		
	Loans	16 895 231	45 889 070
	Advances	33 345 253	18 779 648
		50 240 484	**64 668 718**
8.2	**Provision for doubtful debts**		
	Loans and advances are net of:		
	Provisions for doubtful debts	(8 590 973)	(10 858 664)
	Suspended interest on doubtful debts	(1 277 883)	(985 733)
		40 371 628	**52 824 321**
8.3	**Maturity analysis**		
	Maturity within 1 month	3 977 016	46 881 154
	Maturity after 1 month but within 6 months	4 435 074	1 046 298
	Maturity after 6 months but within 1 year	3 554 964	948 487
	Maturity after 1 year but within 5 years	28 404 575	3 948 382
		40 371 628	**52 824 321**

Maturity is based on the remaining period from 30 June 2015 to contractual maturity.

Notes to Financial Statements
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Unaudited 30 Jun 2015 US$	Unaudited 31 Dec 2014 US$
8.4 Sectoral analysis of loans and advances		
Agriculture	17 870 123	17 312 552
Construction	163 102	10 745
Distribution	8 366 175	8 289 987
Individuals	4 398 539	5 895 242
Manufacturing	606 983	1 220 554
Services	15 694 166	25 542 791
Mining	2 448 237	5 588 494
Communications	214	145 007
Transport	692 945	663 346
	50 240 484	64 668 718
Provision for doubtful debts and suspended interest	(9 868 856)	(11 844 397)
	40 371 628	**52 824 321**
8.5 Non performing loans		
Total loans and advances on which interest is suspended	**46 523 852**	**59 271 471**

	Specific US$	General US$	Total US$
8.6 Provisions for doubtful debts			
Balance at 1 January 2014	7 743 258	754 673	8 497 931
Charge against profits	3 045 074	(684 341)	2 360 733
Balance at 31 December 2014	**10 788 332**	**70 332**	**10 858 664**
Movement through statement of profit or loss	(2 248 877)	(18 813)	(2 267 690)
Balance at 30 June 2015	**8 539 455**	**51 519**	**8 590 974**

	Unaudited 30 Jun 2015 US$	Unaudited 31 Dec 2014 US$
9 HELD TO MATURITY INVESTMENTS		
Debentues	-	2 675 029

During the 2013 financial year, the Bank was issued with two parcels of convertible debentures for Lobels Holdings Limited totalling $2 675 029.25 which were due to mature on 9 March 2018. The effective interest rate for the two parcels; $1 175 029.25 debenture was 10% whilst effective rate for the $1 500 000 was 7%. The Bank however, opted to redeem the parcels before their maturities during the period under review.

10 PROPERTY AND EQUIPMENT

	Leasehold Buildings	Motor Vehicles	Computer & Office Equipment	Furniture & Fittings	Computer Networks	Total
COST						
Balance at 1 January 2014	**2 513 613**	**1 530 861**	**3 253 111**	**517 033**	**383 697**	**8 198 315**
Additions	306 028	424 148	-	2 307	-	732 483
Disposals	(3 532)	(635 380)	(362 269)	(12 977)	-	(1 014 158)
Balance at 31 December 2014	**2 816 109**	**1 319 629**	**2 890 842**	**506 363**	**383 697**	**7 916 640**
Balance at 1 January 2015	**2 816 109**	**1 319 629**	**2 890 842**	**506 363**	**383 697**	**7 916 640**
Additions	1 120	-	7 110	-	32 775	41 005
Disposals	(7 431)	(238 845)	(8 292)	-	-	(254 568)
Balance at 30 June 2015	**2 809 798**	**1 080 784**	**2 889 660**	**506 363**	**416 472**	**7 703 077**
DEPRECIATION AND IMPAIRMENT LOSSES						
Balance at 1 January 2014	**410 003**	**605 077**	**1 122 978**	**158 544**	**259 202**	**2 555 804**
Depreciation for the year	**187 532**	**566 855**	**572 474**	**51 729**	**57 079**	**1 435 669**
Disposals	(830)	(307 267)	(36 763)	(5 353)	-	(350 213)
Balance at 31 December 2014	**596 705**	**864 665**	**1 658 689**	**204 920**	**316 281**	**3 641 260**
Balance at 1 January 2015	**596 705**	**864 665**	**1 658 689**	**204 920**	**316 281**	**3 641 260**
Depreciation for the period	92 633	137 339	254 992	25 317	25 258	535 539
Disposals	(1 490)	(189 492)	(7 138)	-	-	(198 120)
Balance at 30 June 2015	**687 848**	**812 512**	**1 906 543**	**230 237**	**341 539**	**3 978 679**
CARRYING AMOUNT						
At 1 January 2014	2 103 610	925 784	2 130 133	358 489	124 495	5 642 511
At 31 December 2014	**2 219 404**	**454 964**	**1 232 153**	**301 443**	**67 416**	**4 275 380**
At 1 January 2015	2 219 404	454 964	1 232 153	301 443	67 416	4 275 380
At 30 June 2015	**2 121 950**	**268 272**	**983 117**	**276 126**	**74 933**	**3 724 398**

	Unaudited 30 Jun 2015 US$	Audited 31 Dec 2014 US$
11 INVESTMENT PROPERTY		
11.1 Analysis of movement		
Opening balance	86 427 124	36 215 814
Additions	17 205 056	50 389 624
Fair value adjustments	-	(178 314)
	103 632 180	**86 427 124**

11.2 Investment property comprises of buildings and undeveloped residential land. Investment property is stated at fair value, which has been determined based on valuations performed by an accredited independent and professional valuer as at 31 December 2014. The valuation was carried out in accordance with the Royal Institute of Chatered Surveyors Appraisal and Valuation Manual and the Real Estate Institute of Zimbabwe Standards. The professional independent valuer considered comparable market evidence based on purchase transactions of similar buildings and residential stands.

11.3 During the period under review, the Bank acquired investment properties valued at $17.2 million mainly through the foreclosures on various non-performing loan exposures.

11.4 Collateral issued
Investment properties to the value of $10 million are encumbured in that they have been used as colletaral on balances due to ZAMCO.

12 DEFERRED TAXATION
Deferred tax related to items charged or credited to statement of comprehensive income during the year is as follows:

Opening Balance	**816 900**	-
Additions to property and equipment	-	(39 865)
Investment property at fair value	-	(327 213)
Tax effect on tax losses and provision for credit losses	45 529	1 183 978
	862 429	**816 900**

13 OTHER ASSETS		
13.1 Analysis		
Prepayments	649 256	78 927
Income receivable	719 206	989 658
Other assets (note 13.2)	6 260 796	2 553 151
	7 629 258	**3 621 736**
13.2 Included in other assets are the following intangible assets:		
At cost	1 802 961	1 800 350
Accumulated amortisation and impairement	(1 130 443)	(992 086)
	672 518	**808 264**
Movement in intangible asset		
Opening balance	808 264	1 151 993
Additions	2 611	-
Disposal	-	(11 150)
Amortisation charge	(138 357)	(332 579)
Closing balance	**672 518**	**808 264**

Notes to Financial Statements
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Unaudited 30 Jun 2015 US$	Audited 31 Dec 2014 US$
14 DEPOSITS FROM CUSTOMERS		
14.1 Analysis of balances		
Current and savings accounts	13 641 324	50 121 671
Foreign lines of credit	-	16 921 834
Due to banks	16 609 608	21 127 473
Term deposits	9 528 573	19 779 513
	39 779 505	**107 950 491**

Foreign lines of credit relate to borrowings from foreign banks or financial institutions. These have average tenures of up to 5 years with an average interest rate of 8% and are secured by a variety of instruments which included liens over bank accounts, guarantees and sub borrower securities.

14.2 Maturity		
Withdrawals on demand and within one month	15 997 909	83 899 464
1 month and up to 3 months	4 186 352	7 019 320
3 months and up to 1 year	17 595 244	109 873
Maturity after 1 year but within 5 years	2 000 000	16 921 834
	39 779 505	**107 950 491**
14.3 Sectoral analysis of customer deposits		
Construction	126 180	418 078
Agriculture	511 039	7 447 214
Financial institutions and offshore lines of credit	16 818 536	43 169 637
Distribution	348 086	1 973 402
Mining	24 527	28 009
Transport	46 608	53 607
Private	2 442 927	4 433 503
Manufacturing	271 190	767 042
Commercial	11 982 672	23 196 478
Communications	525 431	15 061 556
Quasi-government institutions	6 682 309	11 401 965
	39 779 505	**107 950 491**
15 DEBENTURES		
15.1 Analysis of balances		
Debentures issued	**36 584 997**	**-**

15.2 During the period under review, the Bank successfully entered into compromise arrangements with some depositors whose balances were above $100 000. This Arrangement, on the back of signed proxies, led to the holding of an Extra-ordinary General Meeting (EGM) on 2 March 2015 which paved way for the issuance of preference shares and/or debentures, effectively converting short term creditors to long term (3 years) instrument holding investors.
A total of $36 584 997 worth of debentures were issued during the period under review.

16 OTHER LIABILITIES		
16.1 Analysis of balances		
Accrued expenses	8 700 883	8 659 305
Due to ZAMCO	8 764 352	-
Lines of credit	9 291 901	-
Other provisions	1 328 009	317 149
	28 085 145	**8 976 454**

16.2 Foreign lines of credit relate to borrowings from foreign banks or financial institutions. These have average tenures of up to 5 years with an average interest rate of 8% and are secured by a variety of instruments which included liens over bank accounts, guarantees and sub borrower securities.

16.3 During the period under review, the Bank entered into a Novation agreement with PTA Bank and the Zimbabwe Asset Management Corporation (ZAMCO) for the transfer of the balance the Bank owed PTA Bank to ZAMCO.

	Unaudited 30 Jun 2015 US$	Audited 31 Dec 2014 US$
17 SHARE CAPITAL		
17.1 Authorised		
195 000 000 ordinary shares of $0,10 each	19 500 000	19 500 000
15 000 000 (2014: 5 500 000) preference shares of $1 each	15 000 000	5 500 000
	34 500 000	**25 000 000**
17.2 Issued and fully paid		
125 000 000 ordinary shares of $0,10 each	12 500 000	12 500 000
10 825 330 (2014: 3 500 000) irredeemable non-cumulative preference shares of $1 each	10 825 330	3 500 000
4 060 345 convertible cumulative redeemable preference shares of $1 each	4 060 345	-
	27 385 675	**16 000 000**

17.3 During the period under review, the Bank successfully entered into compromise arrangements with some depositors whose balances were above $100 000. This Arrangement, on the back of signed proxies, led to the holding of an Extra-ordinary General Meeting (EGM) on 2 March 2015 which paved way for the issuance of preference shares and/or debentures effectively converting short term creditors to long term (3 years) instrument holding investors.

The Bank's Board of Directors therefore approved to increase the number of authorised preference shares from 5 500 000 to 15 000 000 to create room for issuance of additional preference shares.

A total of 11 385 675 preference shares were issued, 7 325 330 being irredeemable non-cumulative preference shares, whilst 4 060 345 were convertible cumulative redeemable preference shares. The irredeemable non cumulative preference shares qualify as Tier 1 capital.

	Unaudited 30 Jun 2015 US$	Audited 31 Dec 2014 US$
18 RELATED PARTY TRANSACTIONS		
18.1 Loans to Key Management Personnel		
Balance at beginning of the year	323 271	567 905
New advances	-	215 856
Repayments	(323 271)	(460 490)
Balance at end of the period	**-**	**323 271**
18.2 Benefits to Key Management Personnel		
Key Management Personnel		
Short term and long term benefits	711 637	1 966 973
Post employment benefits	32 249	208 894
	743 886	**2 175 867**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank. These include the Managing Director, Executive Director Banking, Chief Finance Officer, Head - Risk, General Manager Human Resources,Company Secretary, Head of Compliance, Chief Internal Auditor, General Manager Treasury, Head Operations, Head Information Technology, Head Retail Banking and Head Corporate Banking.

18.3 Non Executive Directors' Fees		
Directors' fees	**12 000**	**24 000**

18.4 Holding Company Transactions and Balances
Following the acquisition of 60% of the ordinary share capital of the Bank on 01 July 2007, Metbank Limited is a subsidiary of Loita Finance Holdings Limited, incorporated in Mauritius. There were no transactions between Metbank and the holding company during the period under review.

19. CONTINGENT LIABILITIES, COMMITMENTS AND LEASING ARRANGEMENTS		
Contingent Liabilities		
Guarantees and performance bonds	3 399 325	2 225 351
Legal claims	1 242 353	1 642 353
	4 641 678	**3 867 704**

Notes to Financial Statements
FOR THE HALF YEAR ENDED 30 JUNE 2015

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingents liabilities. These consist of financial guarantees and letters of credit and other undrawn commitments to lend.

Even though these obligations may not be recognized on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the bank (see note 20.1.1 - credit risk).

Letters of credit and guarantees commit the bank to make payments on behalf of the customers in the event of a specific act, generally related to import of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

Legal Claims
Litigation is a common occurrence in the Banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the bank makes adjustments to accounts for any adverse effects which the claims may have on its financial standing. At the end of period June 2015, the Bank had several unresolved legal claims.

The Bank has been advised by its legal advisors that it is possible, but not probable, that the legal actions against the bank will succeed. Accordingly, no provisions have been made in these financial statements for those claims where the bank has been advised that the legal claims are not probable to succeed. The possible outflow which could result from such litigation, based on the current status of the legal proceedings, is estimated to be no more than $1 242 353 while the timing of the outflow is uncertain.

20. RISK MANAGEMENT
20.1 Introduction
Risk is inherent in the Bank's activities and is managed through an ongoing process of identification, measurement, monitoring, controlling, and reporting. The risk management approaches deployed by the Bank are aligned with the strategic objective of increasing shareholder value. To that effect the Bank continues to improve its bank-wide risk management framework. Each Unit of the Bank has assumed ownership of the risks inherent in its processes and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. Due to the nature of banking business, the Bank is exposed mainly to credit risk, market risk, operational risk and liquidity risk. The Bank has resolved to mitigate these risks not in silos but in a holistic manner.

Risk Management Structure
The Board of Directors is responsible for the overall risk management process of the Bank through the appointed Board Risk, Compliance and Capital Management Committee which has the responsibility to monitor the overall risk process within the Bank. The Board Risk Committee has the overall responsibility for the development of the risk strategy and provides oversight to the Bank-wide risk management process.

The Risk Management Department is responsible for driving the implementation process and reporting on all matters pertaining to the risk profile of the Bank. The department works closely with Units of the Bank to ensure that the risk strategy is implemented and desired goals are realized. Each department within the Bank is responsible for the control of its risks in line with the Bank's risk guidelines, policies and procedures. This includes monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions.

The Finance Department and Treasury Department are responsible for managing the Bank's assets and liabilities and the overall financial structure. They are primarily responsible for the funding and liquidity risks of the Bank. The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Finance and Audit Committee.

The Bank's Asset and Liabilities Management Committee adopts a proactive risk management approach to ensure that all risk profiles fall within an acceptable balance between risk and return. The Bank has over the years developed a comprehensive risk management framework together with policies, procedures and guidelines as a management tool to accomplish stated objectives and strategies.

20.1.1 Credit Risk
Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank also ensures that the applicants for credit facilities are assessed using an internal credit rating system before the facility is granted and their performance is continuously monitored so as to maintain a quality loan book. The credit mitigation techniques include collateral, netting arrangements, guaranties and insurance. The internal rating process and the credit risk mitigation techniques have been incorporated in the credit risk policy and procedures (refer to note 20.1.12).

The credit quality of financial assets is managed by the bank using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the bank's internal credit rating system. The amounts presented are gross of impairment allowances.

20.1.2 Interest Rate Risk
The Bank is exposed to the risks associated with the effects of fluctuations in levels of interest rates on its financial position and cashflows. Managing interest rate risk in the bank is done through three analytical techniques namely gap analysis, simulation and duration. These analytical tools contribute towards identifying the risk exposure as well as the sensitivity to interest rate risk (refer to note 20.1.14).

20.1.3 Liquidity Risk
Liquidity risk is defined as the risk that the Bank may fail to fund increases in assets or meet obligations as they fall due without incurring unacceptable losses. This may be caused by the bank's inability to liquidate assets or to obtain funding to meet its liquidity needs. Liquidity risk could be a result of a market disruption or liquidity squeeze whereby the bank may only be able to unwind specific exposures at significantly discounted values. To limit this risk, management, through the Assets and Liabilities Committee (ALCO) has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and of monitoring future cash flows and liquidity on a daily basis. The bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Bank stresses the importance of current accounts and savings accounts as sources of funds to finance lending to customers. They are monitored using the loans to deposit ratio, which compares loans and advances to customers as a percentage of customer current and savings accounts, together with term funding with a remaining term to maturity in excess of one year.

20.1.4 Foreign Exchange Risk
Currency risk is the risk of a mismatch between foreign receivables and foreign payables. This risk is managed through the application and daily monitoring of re-approved dealer and currency limits.

20.1.5 Operational Risk
Operational risk is the risk of loss due to inadequate or failed internal processes, people, systems, external and legal events. Operational risk can have financial, non-financial impact of varying degrees to the Bank. Like any other risk category, operational risk can also have severe impact on the reputation of the bank. The Bank endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit. The measurement of operational risk involves the analysis of operational loss data and continuous on-site assessments of performance of operational controls for all business processes.

Stress testing
The Bank carries out stress testing on a regular basis in order to investigate potential vulnerabilities of the institution to exceptionally severe but plausible events pertaining to credit risk, interest rate risk, foreign exchange risk and liquidity risk. The stress testing carried out enables the bank to assess its resilience to severe shocks from within or from the market. Severe shocks are events with a low likelihood of occurrence but with high impact on the financial condition of the Bank. The bank shall continue to use stress testing as an early warning system and to compliment other risk management initiatives. Stress testing helps to determine the preparedness of the Bank to absorb losses resulting from shock events. The stress testing methodology applied enables comparison of pre-shock capital levels and prudential ratios with corresponding post-shock values leading to the conclusion that the bank is resilient or not.

20.1.6 Market Risk
Market risk is the risk that adverse changes in the market value of a portfolio of financial instruments may result in losses to the Bank. Market risk exposures relating to dealing positions are housed and managed in the Treasury division within a framework of pre-approved portfolio limits.

The Bank's Risk Management department is responsible for daily monitoring of limits and pricing, thereby ensuring that any errors or unauthorised transactions are promptly identified.

20.1.7 Reputational Risk
Reputational risk is the risk that the Bank could lose its market share due to perception by the market that the Bank is not conducting business in a sound manner.

The Bank has in place customer complaints monitoring procedures for ensuring continuous improvements in the bank's service standards.

20.1.8 Legal Risk
Legal risk is the risk that a transaction or contract cannot be consummated because of some legal barrier, such as inadequate documentation, a regulatory prohibition on a specific counter-party and the non-enforceability of contracts such as netting and collateral arrangements in
bankruptcy.

The Bank's legal department keeps, maintains and approves all existing and new legal documents of the Bank.

20.1.9 Compliance Risk
Compliance risk is the risk of financial loss or otherwise arising from violations of regulatory laws and rules which may result in adverse judgements in lawsuits or regulatory sanctions such as penalties, negatively affecting the Bank's ability to achieve its operational objectives.

The Bank has in place an independentcompliance function that regularly monitors and reports on the compliance risk exposure of the Bank.

20.1.10 Strategic Risk
Strategic risk is the risk of an unattractive or adverse impact on capital and earnings due to business policy decisions (made or not made), changes in the economic environment, deficient or insufficient implementation of decisions, or a failure to adapt to changes in the environment.

The Board is ultimately responsible for the development, approval and application of the Bank's strategic risk policies. The Board approves the Bank's strategy, whilst management is responsible for implementation and ensuring that regular reviews are done in line with changes in operating conditions.

20.1.11 Capital adequacy
Capital adequacy measurement is designed to assess the stability of a financial institution with emphasis being placed on the credit risk of the institution vis-à-vis its capital base. As per Banking Regulations 2000, capital supporting banking and trading activities is split into two classes namely core capital (tier 1) and supplementary capital (tier 2) (refer to note 22).

The minimum total risk based capital ratio for a banking institution as per the regulations is 10%. The risk weightings depend on the credit, market and associated risks. The higher the exposures the more the capital needed.

20.1.12 CREDIT RISK ANALYSIS

20.1.12.1 Maximum Exposure to Credit Risk by Grade

	Jun 2015 US$	Jun 2015 US$	Jun 2015 US$	Dec 2014 US$	Dec 2014 US$	Dec 2014 US$
	Gross maximum exposure	Value of security	Net maximum exposure	Gross maximum exposure	Value of security	Net maximum exposure
Total pass	3 049 021		3 049 021	4 671 496	5 873 536	(1 202 040)
Total special mention	667 611		667 611	725 751	1 170 599	(444 848)
Total substandard	17 698 173	16 705 155	993 018	20 865 038	20 209 196	655 842
Total doubtful	11 981 139	8 950 741	3 030 398	12 388 259	8 845 771	3 542 488
Total loss	16 844 540	9 373 013	7 471 527	26 018 174	16 462 717	9 555 457
	50 240 484	**35 028 909**	**15 211 575**	**64 668 718**	**52 561 819**	**12 106 899**

20.1.12.2 Maximum Exposure to Credit Risk by Sector

	Jun 2015 US$	Jun 2015 US$	Jun 2015 US$	Dec 2014 US$	Dec 2014 US$	Dec 2014 US$
	Gross maximum exposure	Value of security	Net maximum exposure	Gross maximum exposure	Value of security	Net maximum exposure
Agriculture	17 870 124	14 131 669	3 738 455	17 312 552	12 557 000	4 755 552
Construction	163 092	211 931	(48 839)	10 745	154 542	(143 797)
Distribution	8 366 175	6 017 472	2 348 703	8 289 987	4 387 561	3 902 426
Individuals	4 462 764	341 936	4 120 828	5 895 929	1 435 253	4 460 676
Manufacturing	567 588	152 952	414 636	1 220 554	153 859	1 066 695
Services	15 669 345	13 589 098	2 080 247	25 542 104	29 012 405	(3 470 301)
Mining	2 448 237	573 319	1 874 918	5 588 494	4 452 038	1 136 456
Communications	214	-	214	145 007	144 874	133
Transport	692 945	10 532	682 413	663 346	264 287	399 059
	50 240 484	**35 028 909**	**15 211 575**	**64 668 718**	**52 561 819**	**12 106 899**

20.1.13 Credit quality by class of Financial Assets

Total Position as at 30 June 2015

	Jun 2015 US$	Jun 2015 US$	Jun 2015 US$	Jun 2015 US$	Jun 2015 US$	Jun 2015 US$
	Total pass	Total special mention	Total substandard	Total doubtful	Total loss	Total
Agriculture	97 322	5 456	2 568 692	7 990 484	7 208 170	17 870 124
Construction	2 279	-	153 439	7 374	-	163 092
Distribution	392 784	5 704	1 603 756	1 652 082	4 711 849	8 366 175
Individuals	1 772 947	244 516	170 130	1 857 132	418 039	4 462 764
Manufacturing	2 494	407 547	99 254	58 293	-	567 588
Services	777 809	4 021	13 093 747	390 815	1 402 953	15 669 345
Mining	2 474	100	-	22 933	2 422 730	2 448 237
Communications	214	-	-	-	-	214
Transport	698	267	9 155	2 026	680 799	692 945
	3 049 021	**667 611**	**17 698 173**	**11 981 139**	**16 844 540**	**50 240 484**

Notes to Financial Statements
FOR THE HALF YEAR ENDED 30 JUNE 2015

Total Position as at 31 December 2014

	Dec 2014 US$	Dec 2014 US$	Dec 2014 US$	Dec 2014 US$	Dec 2014 US$	Dec 2014 US$
	Total pass	Total special mention	Total substandard	Total doubtful	Total loss	Total
Agriculture	65 469	3 728	2 442 027	7 471 431	7 329 897	17 312 552
Construction	3 166	-	-	7 574	5	10 745
Distribution	53 108	6 237	1 519 480	2 103 443	4 607 719	8 289 987
Individuals	2 442 104	303 721	118 173	2 081 315	950 616	5 895 929
Manufacturing	603 961	411 310	104 832	58 649	41 802	1 220 554
Services	1 494 919	184	16 668 624	496 020	6 882 357	25 542 104
Mining	1 661	201	-	22 834	5 563 798	5 588 494
Communications	102	-	-	144 874	31	145 007
Transport	7 006	370	11 902	2 119	641 949	663 346
	4 671 496	**725 751**	**20 865 038**	**12 388 259**	**26 018 174**	**64 668 718**

20.1.14 INTEREST RATE REPRICING AND GAP ANALYSIS
20.1.14.1 Total position at 30 June 2015

	Up to 1 month US$	1 month to 6 months US$	6 months to 1 year US$	Over 1 year US$	Non-interest bearing US$	Total US$
ASSETS						
Bank and cash balances	1 498 315	-	514 875	-	-	2 013 190
Loans and advances to customers	12 567 989	4 435 073	3 554 964	19 813 602	-	40 371 628
Deferred taxation	-	-	-	-	862 429	862 429
Property and equipment	-	-	-	-	3 724 398	3 724 398
Investment property	-	-	-	-	103 632 180	103 632 180
Other assets	-	-	-	-	7 629 258	7 629 258
	14 066 304	**4 435 073**	**4 069 839**	**19 813 602**	**115 848 265**	**158 233 083**
EQUITY AND LIABILITIES						
Shareholders' equity	-	-	-	-	53 783 436	53 783 436
Deposits from customers	15 997 909	4 186 352	17 595 244	2 000 000	-	39 779 505
Debentures issued	-	-	-	36 584 997	-	36 584 997
Other liabilities	-	-	-	28 085 145	-	28 085 145
	15 997 909	**4 186 352**	**17 595 244**	**66 670 142**	**53 783 436**	**158 233 083**
Interest rate re-pricing gap	**(1 931 605)**	**248 721**	**(13 525 405)**	**(46 856 540)**	**62 064 829**	
Cumulative gap as at 30 June 2015	**(1 931 605)**	**(1 682 883)**	**(15 208 288)**	**(62 064 829)**	**-**	
Cumulative gap as at 31 December 2014	**(36 727 026)**	**(40 025 019)**	**(30 662 190)**	**(52 616 096)**	**-**	

20.1.15 LIQUIDITY RISK
20.1.15.1 Total position at 30 June 2015

	Up to 1 month US$	1 month to 6 months US$	6 months to 1 year US$	Over 1 year US$	Total US$
ASSETS					
Bank and cash balances	1 498 315	-	514 875	-	2 013 190
Loans and advances to customers	12 567 989	4 435 073	3 554 964	19 813 602	40 371 628
Deferred taxation	-	-	-	862 429	862 429
Property and equipment	-	-	-	3 724 398	3 724 398
Investment property	-	-	-	103 632 180	103 632 180
Other assets	-	-	-	7 629 258	7 629 258
	14 066 304	**4 435 073**	**4 069 839**	**135 661 866**	**158 233 083**
EQUITY AND LIABILITIES					
Shareholders' equity	-	-	-	53 783 436	53 783 436
Deposits from customers	15 997 909	4 186 352	17 595 244	2 000 000	39 779 505
Debentures issued	-	-	-	36 584 997	36 584 997
Other liabilities	-	-	-	28 085 145	28 085 145
	15 997 909	**4 186 352**	**17 595 244**	**120 453 578**	**158 233 083**
Net liquidity gap	**(1 931 605)**	**248 721**	**(13 525 405)**	**15 208 288**	
Cumulative gap as at 30 June 2015	**(1 931 605)**	**(1 682 883)**	**(15 208 288)**		
Cumulative gap as at 31 December 2014	**(36 727 027)**	**(40 025 020)**	**(30 662 190)**		

		Unaudited Jun 2015 US$	Unaudited Jun 2014 US$
21	**POST EMPLOYMENT BENEFITS**		
21.1	The amounts recognised in the income statement are as follows:-		
	Metbank Pension Fund contributions	62 482	152 121
	National Social Security Authority contributions	72 003	131 166
		134 485	**283 287**

21.2 Metbank Pension Fund
Post employment benefits are provided for all permanent employees by a separate pension fund to which the Bank contributes. The fund is a defined contribution plan under which retirement benefits are determined by reference to the employee's contributions and the performance of the fund.

21.3 National Social Security Authority Pension Fund
This is a separately funded defined benefit plan established under the National Social Security Act of 1987. The Bank contributes 3.5% of pensionable emoluments of eligible employees upto a maximum of $700 per employee.

22. CAPITAL MANAGEMENT
The Bank has adopted the Internal Capital Adequacy Assessment Policy which articulates the Bank's approach, assessment and management of risk and capital from an internal perspective.

The objective of the Bank's capital management process is to ensure that it complies with the Reserve Bank of Zimbabwe (RBZ) requirements. In implementing the current capital requirements, the RBZ requires the Bank to maintain a prescribed ratio of total capital to total risk weighted assets.

The Bank's objectives when managing capital are:
- To comply with the capital requirements set by the Reserve Bank of Zimbabwe;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its businesses. Capital adequacy and the use of regulatory capital are monitored on a regular basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Reserve Bank of Zimbabwe (the "RBZ"), for supervisory purposes for the Bank. The required information is filed with the RBZ on a quarterly basis

The Bank's Regulatory capital consists of:
- Tier 1 capital, which includes ordinary share capital and premium, retained profits, non-distributable reserves and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities, revaluation reserve, collective impairment allowances and the element of the fair value reserve relating to unrealized gains on equity instruments classified as available-for-sale.
- Tier 3 capital or market and operational risk capital include market risk capital and operational risk capital. Operational risk includes legal risk. Market risk capital is allocated to the risk of losses in the on and off statement of financial position arising from movements in market prices.

The Bank's regulatory capital position as at 30 June 2015 was as follows:

		Unaudited 30 Jun 2015 US$	Audited 31 Dec 2014 US$
22.1	**CAPITAL ADEQUACY**		
	Ordinary share capital	12 500 000	12 500 000
	Non redemable preference shares	10 825 330	3 500 000
	Retained profit	10 467 989	10 599 272
	Core Capital	33 793 319	26 599 272
	less Exposures to insiders and connected counterparties	-	(486 277)
		33 793 319	26 112 995
	less Capital allocated for market and operational risk	(2 185 064)	(3 563 275)
	Tier 1 capital	**31 608 255**	**22 549 720**
	General provisions	51 519	70 332
	Capital reserves	15 929 772	15 929 772
	Tier 2 capital	**15 981 291**	**16 000 104**
	Tier 3 capital :-Sum of market and operational risk capital	**2 185 064**	**3 563 275**
	Total regulatory capital	**49 774 610**	**42 113 099**
	Capital adequacy ratio	**18.5%**	**23.5%**
	Tier I Ratio	**8.4%**	**12.4%**
	Tier II Ratio	**8.9%**	**9.1%**
	Tier III Ratio	**1.2%**	**2.0%**
		18.5%	**23.5%**

Notes to Financial Statements
FOR THE HALF YEAR ENDED 30 JUNE 2015

23. FAIR VALUES

In the application of the Bank's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience, the work of independent professional valuers and other factors that are considered to be relevant. Actual outcomes may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Investment property

The values of the investment properties are reviewed annually by independent professional valuers where the results of the movement of the values are adjusted for in the profit or loss as fair value adjustments under investment income or impairment. Independent professional valuers base their valuations on the open market values being the price at which a willing seller and a willing buyer, who are both well informed about the market conditions, are prepared to transact acting at arm's length. Independent professional valuers adjust the open market value for part of the property that will have been sold or committed to third parties and/or associates.

24. GOING CONCERN

The Bank's Board of Directors has made an assessment of the Bank's ability to continue operating as a going concern amid liquidity challenges the Bank is facing.

The Bank has put in place a raft of measures to address the potential impact of the liquidity challenges, key amongst them being the restructuring of the Bank's statement of financial position and refocusing the Bank's business model towards Property Development and Mortgage Financing. Key achievements which have significantly improved the stability of the Bank includes the successful issuance of long term debt instruments, the restructuring of the Bank's loan book to improve collections, the establishment of new lines of credit, and the successful debt to equity swap. The Bank has also planned the disposal of investment properties considering the significant portfolio of real estate on the Bank's statement of financial position to unlock liquid capital.

The Bank has also further streamlined its branch network and rationalized staff numbers in the process to create a more sustainable overhead structure.

All these efforts have resulted in the significant improvement in the Bank's profitability the current loss level of $0.13 million.

Given the initiatives above, the Directors believe that the Bank has adequate resources and capacity to continue in operational existence for the foreseeable future. The Bank therefore continues to adopt the going concern basis in preparing its financial statements.

25. RISK AND CREDIT RATINGS INFORMATION

CAMELS Ratings

The Reserve Bank of Zimbabwe Conducts regular examinations of Banks and Financial Institutions it regulates. The results of the last inspection conducted by the Reserve Bank as at 31 December 2014 are as follows:-

December 2014 CAMELS* Ratings

Capital	Asset Quality	Management	Earnings	Liquidity	Sensitivity to Market Risk	Overall Rating
4 – Weak	5 – Critical	5 – Critical	5 – Critical	5 – Critical	3 – Fair	5 – Critical

CAMELS is an acronym for capital adequacy, asset quality management, earnings, liquidity and sensitivity to market risk. CAMELS Rating System uses a rating scale of 1 to 5 where '1'; strong; '2' is satisfactory; '3' is fair '4' is weak and '5' is critical

Summary RAS Ratings	
RAS COMPONENT	**LATEST RBS RATINGS**
Overall Inherent Risk	High
Overall Risk Management System	Weak
Overall Composite Risk	High
Direction of Overall Composite Risk	Increasing

Summary Risk Matrix				
Type of Risk	**Level of Inherent Risk**	**Adequacy of Risk Management System**	**Overall Composite Risk**	**Direction of Overall Composite Risk**
Credit	High	Weak	High	Increasing
Liquidity	Moderate	Acceptable	Moderate	Increasing
Interest Rate	Moderate	Acceptable	Moderate	Increasing
Foreign Exchange	Low	Weak	Moderate	Increasing
Strategic Risk	High	Weak	High	Increasing
Operational Risk	High	Weak	High	Increasing
Legal & Compliance	Moderate	Weak	High	Stable
Reputation	Moderate	Acceptable	Moderate	Stable
Overall	High	Weak	High	Increasing

RBS stands for Risk Based Supervision, while RAS stands for Risk Assessment System.
Interpretation of Risk Matrix

Level of Inherent Risk

Low- reflects a lower average probability of an adverse impact on a banking institution's capital and earnings. Losses in a functional area with low inherent risk would have little negative impact on the banking institution's overall financial condition.

Moderate- could reasonably be expected to result in a loss which could be absorbed by a banking institution in the normal course of business.

High- reflects a higher than average probability of potential loss. High inherent risk could reasonably be expected to result in a significant and harmful loss to the banking institution.

Adequacy of Risk Management Systems

Weak- risk management systems are inadequate or inappropriate given the size, complexity and risk profile of the banking institution. Institution's risk management systems are lacking in important ways and therefore a cause of more than normal supervisory attention. The internal control systems will be lacking in important aspects particularly as indicated by continued control exceptions or by the failure to adhere to written policies and procedures.

Acceptable- management of risk is largely effective but lacking to some modest degree. While the institution might be having some minor risk management weaknesses, these have been recognized and are being addressed. Management information systems are generally adequate.

Strong- management effectively identifies and controls all types of risk posed by the relevant functional areas or per inherent risk. The board and senior management are active participants in managing risk and ensure appropriate policies and limits are put in place. The policies comprehensively define the Bank's tolerance, responsibilities and accountabilities are effectively communicated.

Overall Composite Risk

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

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

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

Direction of Overall Composite risk

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

External Credit Ratings	
Rating Agent	**Global Credit Rating Company (GCR)**
Date Issued	Long Term Credit Rating
September 2010	BB+
September 2011	BB+
September 2012	BB+
September 2013	BB
November 2014	LD

26. Corporate Governance report

26.1 The Board

The Board is responsible to the shareholders for setting the direction of the Bank through the establishment of strategies, objectives, key policies and management structures. It monitors the implementation of these strategies and policies through a structured approach to reporting and accountability and recognizes that it is responsible for developing relationships with its various stakeholders and it actively manages those relationships.

The Board is committed to high standards of corporate governance and believes that a sound governance structure engenders a successful company. Throughout the period ended 30 June 2015 the Bank has, in the Directors' opinion, complied fully with the tenets of good corporate governance. Metbank's Board recognizes the critical importance of having an effective Board of Directors. The Board also places the highest importance on active engagement with its shareholders; meetings are held regularly with shareholders and the Board takes account of shareholders' views.

In the period to 30 June 2015, the Board met two times in line with Bank policy. The record of attendance by Directors is as follows:

Notes to Financial Statements
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Meetings held		
Member	**1**	**2**	**% Attendance**
Mr. W. Manase	√	√	100
Mr. B. N. Ndebele	√	√	100
Mr. O. Matore	√	√	100
Mr. O. Bvute	√	√	100
Mr. P. Chingoka	√	√	100
Mr. E. Chawoneka	√	√	100
Dr. M. Maulana	P	√	100

KEY
√ Present
LOA Leave of absent granted
P Not yet a Director

26.2 Finance and Audit Committee

The Finance and Audit Committee consists of three members all of whom are independent non executive directors.

The committee meets at least four times a year to review the following:

- The adequacy and appropriateness of the Bank's accounting and internal control system.
- The Bank's strategy and budgets.
- Efficiency and effectiveness in the utilization of operational and capital resources.
- The Bank's financial statements and accounting policies.

The record of attendance by members of the Committee is as follows:

	Meetings held		
Member	**1**	**2**	**% Attendance**
Mr. O. Matore	√	√	100
Mr. P. Chingoka	√	√	100
Dr. M. Maulana	P	√	100

KEY
√ Present
LOA Leave of absent granted
A Absent
P Not yet a Director

26.3 Risk and Compliance Committee

The Committee's terms of reference are to:

- Define the policy framework and processes for risk management;
- Ensure continuous risk monitoring by management; receive assurance regarding the adequacy and effectiveness of the risk policies, procedures, practices and controls applied within the Bank in the day-to-day management of its business.
- Identify and assess the risks to which the Bank is exposed.
- Assess and evaluate appropriateness of risk mitigation strategies to ensure that the Bank optimally manages the risks to which it is exposed.
- Ensures that the Bank undertakes a formal internal risk assessment at least annually.

The record of attendance by members of the Risk and Compliance Committee is as follows:

	Meetings held		
Member	**1**	**2**	**% Attendance**
Mr. P. Chingoka	√	√	100
Mr. O. Matore	√	√	100
Mr. B. N. Ndebele	√	√	100
Dr. M. Maulana	P	√	100

KEY
√ Present
LOA Leave of absent granted
P Not yet a Director

26.4 Loans Review Committee

The Committee is responsible for ensuring that:

- Loans portfolio and lending function conforms to the approved lending policy approved and adopted by the Board.
- Portfolio risk is properly assessed, identified and categorized in accordance with the Reserve Bank of Zimbabwe regulations.
- Potential losses are adequately and properly provided for in the correct accounting period.

The record of attendance by members of the Loans Review Committee is shown below:

	Meetings held		
Member	**1**	**2**	**% Attendance**
Mr. W. Manase	√	√	100
Mr. P. Chingoka	LOA	√	100

KEY
√ Present
LOA Leave of absent granted

26.5 Human Resources and Remuneration Committee

The responsibilities of the Committee are as follows:

- Determine the policy framework of the remuneration of employees of the Bank.
- Retain and attract the right calibre of management and staff by ensuring that they are appropriately remunerated for their contribution to the performance of the Bank and also to oversee the issue of key succession planning.
- Determine the scope of pension arrangements and performance related pay schemes.

The Committee met two times in the period under review. The record of attendance by members of the Human Resources and Remuneration Committee is shown below:

	Meetings held		
Member	**1**	**2**	**% Attendance**
Mr. W. Manase	√	√	100
Mr. O. Bvute	√	√	100
Mr. P. Chingoka	√	√	100
Mr. B. N. Ndebele	√	√	100
Mr. E. Chawoneka	√	M	100

KEY
√ Present
LOA Leave of absent granted
M No longer a member

26.6 Nomination Committee

The Committee's terms of reference are;

- To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Bank's corporate strategy;
- To identify individuals suitably qualified to become Directors and select, or make recommendations to the Board on the selection of, individuals nominated for directorships;
- To assess the independence of Independent Non-executive Directors and
- To make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors.

The Committee met once during the period under review. The record of attendance by members of the Nomination Committee is shown below:

	Meetings held	
Member	**1**	**% Attendance**
Mr. W. Manase	√	100
Mr. O. Bvute	√	100
Mr. P. Chingoka	√	100
Mr. O. Matore	LOA	100

KEY
√ Present
LOA Leave of absent granted

The effectiveness of individual Board members and the Board is assessed via peer to peer assessment, assessment of the chairman by the directors, chairman's assessment of individual Board members, as well as an overall assessment of the Board by an independent consultant.

BY ORDER OF THE BOARD

MS S. PASHAPA
COMPANY SECRETARY