METROPOLITAN BANK OF ZIMBABWE LIMITED
Registered Commercial Bank

Audited Financial Statements
For The Year Ended 31 December 2011

Chairman's Statement

It gives me immense pleasure to present the audited financial statements of Metropolitan Bank for the year ended 31 December 2011. During the year under review, the Bank continued its established tradition of delivering satisfactory results and carrying out strategies towards the creation of a customer focused Bank.

Operating Environment
The Zimbabwe economy has recorded 9.3% growth in 2011 in spite of turbulence in the global economy in general and the Euro Zone debt crisis in particular. The fiscus has broadly adhered to cash budgeting as a hallmark for fiscal discipline, a stanza that has nurtured economic stability and sustainability. The adoption of the multi-currency regime, along with cash budgeting, has helped to restore and maintain price stability and going forward Zimbabwean inflation outlook will be shaped by the South African Consumer Price Index. The agriculture and mining sectors remain the pole bearers for the envisaged economic recovery, although the latter is now susceptible to the indigenization policy. More support however is still needed in the form of credit lines and solid economic policies.

The Zimbabwean financial sector has to a greater extent remained solid despite isolated vulnerabilities due to non systematic activities. However, more still needs to be done to capacitate the Central Bank so that it can champion full financial intermediation that will support the required credit creation to spur economic recovery. The country remains beset by liquidity challenges due to high proportions of transitory deposits and short term loans at interest rates way above world market comparatives despite increased bank deposits.

The manufacturing sector also remains beset by the operational inefficiencies vis-a-vis competitive and cheap imports, and this coupled with the political uncertainties call for a huge discount on the anticipated level of recovery and growth of the economy. The economic outlook going forward will be shaped by policy consistency and political consensus that support the developmental needs of the nation.

Financial Performance
The results for the year ended 31 December 2011 confirm that the Bank continues to accelerate growth through diversification of income and increased clientele base. Profit before taxation was $3.3 million which represents a 62% rise on prior year figures. Our year end assets increased by 61% from $65.3 million as at 31 December 2010 to reach $105.3 million as at 31 December 2011. The ratio of liquid assets to deposits, at 35%, was excellent bearing testimony to the conservative liquidity management strategy adopted by the Bank.

Impairment of loans and advances for the year amounted to $293,152. Tight management of risk coupled with pro-active management of accounts has resulted in low levels of bad debts provisions. In addition the highly collaterized nature of our exposures together with good progress on management of problem accounts has resulted in satisfactory levels of recoveries during the year under review.

Capital Adequacy
The Bank's capital position remained strong in 2011. Total shareholders' equity was $21million as at 31 December 2011, representing 20% of year-end assets of $105.3 million. I am pleased to report that the Bank is well capitalized and complies with the regulatory authority's capital requirements applicable to commercial banks.

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

Corporate Social Responsibility
Over the past thirteen years Metropolitan Bank has continuously shown its commitment, as a socially responsible corporate, by consistently investing towards the less privileged and the socially disadvantaged members of our community. The Bank has partnered with different charitable organizations, the government, sporting organizations, health institutions and educational institutions including primary and secondary schools, tertiary institutions and universities in an effort to alleviate poverty and enhance the wellbeing of our society in general. It is our inherent belief that if we resolutely strive to work together as a team; poverty reduction and a better quality of life ultimately become a reality.

Directorate
In January 2011, the Board welcomed Mr Ephraim Chawoneka as an Executive Director in charge of Banking. Mr Chawoneka is a dynamic and self starter individual who has a passion for business development. He has been in the banking industry and consultancy field for a combined period of eleven years. He has intensive and extensive knowledge of banking and has previously worked for several reputable financial institutions. He spearheaded the 2011 business development efforts for the Bank resulting in increased market share both on deposits and asset portfolio. We wish Mr Chawoneka well in his new position.

Corporate Governance
The Bank will remain committed to standards of good corporate governance based on the principles of openness, integrity and accountability. All business transactions and relationships with stakeholders are concluded honestly and with integrity in accordance with generally accepted corporate governance practices. The Board of Directors meets regularly and the Directors receive information between meetings about the activities of committees and developments in Metropolitan Bank's business. All the directors have full and timely access to all relevant information and take independent professional advice if necessary.

Outlook
In the outlook period our traditional operations in the retail banking sector will continue to grow along with increased focus in the area of SMEs, treasury and corporate banking. We believe retail banking is at the heart of the Bank's activities. Over the coming months we will continually strive to provide our customers with innovative products ranging from special savings accounts, mortgages, remittances and customer financing including cars, personal loans and credit cards.

You will recall that our e-channel commitment was highlighted by the fact that we introduced mobile banking and upgraded our core banking system to the latest version of T24 system in Zimbabwe. We will take forward our end to end IT business strategy covering Mastercard and internet banking project which shall be completed in March 2012 and is expected to go live in the second quarter.

The Bank will also continue to develop more effective ways to service its customers by, among other things, establishing borrowing facilities to enable them to fully resuscitate their operations. We are confident that with the high caliber of our staff and growing business portfolios we will be able to deliver satisfactory financial results.

Appreciation
The Board wishes to express its sincere gratitude to the management and staff for their continued efforts in achieving good results in a challenging environment. We will always remain indebted to our valued clients and stakeholders for their invaluable support.

W.T. MANASE
CHAIRMAN

Corporate Governance Statement

The Board is committed to high standards of corporate governance and believes that a sound governance structure engenders a successful company. Throughout the year ended 31 December 2011 the Bank has, in the Directors' opinion, complied fully with the tenets of good corporate governance.

Metropolitan Bank'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 account of shareholders' views.

The Board
The Board currently comprises, in addition to the Chairman, four Executive and seven Non-Executive Directors and 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.

The Board is responsible for the overall management, strategic direction, maintaining sound risk management and internal control systems, succession planning and performance of the Bank. It discharges its responsibilities through regularly scheduled meetings and ad hoc meetings, as may be required. The Board has formally reserved specific matters to itself for determination and approval which include strategic issues, the Bank's risk profile, the annual budget, changes in share capital, approval of the Bank's financial statements, approval of material contracts and succession planning for senior management. In addition, it reviews the Bank's internal controls and risk management policies and approves its Code of Ethics. It also monitors and evaluates the performance of the Bank as a whole, through engaging with the Chief Executive Officer, Chief Financial Officer and members of the Executive Team, as appropriate. Matters not formally reserved to the Board are delegated to Board Committees.

Board members receive detailed information from the Executive Directors, the Company Secretary, and other senior managers to enable them to discharge their responsibilities effectively. All Directors have access to employees in the Bank and to the advice and guidance of the Company Secretary and are encouraged to seek independent advice at the Bank's expense, where they feel it is appropriate. The Board is of the opinion that each of its members has the skills, knowledge, aptitude and experience to perform the functions required of a Commercial Bank.

Roles and responsibilities of Chairman, Vice Chairman and Chief Executive Officer
The offices of Chairman, Vice Chairman and Chief Executive Officer are held by different individuals. That of Vice Chairman and Chairman of the Audit Committee are held by Non-Executive Directors. The Chairman is responsible for the conduct of the Board and ensures that Board discussions are conducted in such a way that all views are taken into account and so that no individual Director or small group of Directors dominates proceedings. The Vice Chairman's role is to provide support and guidance to the Chairman and to deputize for the Chairman as required. The Chief Executive Officer has the overall responsibility for running the business on a day-to-day basis and chairs the Executive Committee Meetings.

The roles and responsibilities of the Chairman, Vice Chairman and the Chief Executive Officer are clearly defined, separate and have been approved by the Board.

Full Board and Board Committee meetings
The attendance of the Directors at Board and Committee meetings held in 2011 is reflected in note 10 below.

The Board has, through the Audit and Finance Committee, established formal and transparent arrangements for financial reporting, external auditing and the review of the internal control environment including compliance issues. The Audit and Finance Committee's terms of reference extend to the Bank's compliance and risk management activities as a whole and not just the financial aspects of internal control. It has access, as it may require, to the Bank's internal and external auditors throughout the year, in addition to presentations from Audit and Finance Committee on a quarterly basis. Any significant findings or identified risks are closely examined and are reported by the Audit and Finance Committee Chairman to the Board with recommendations for action. The full Board, with the assistance of the Audit and Finance Committee, has ultimate responsibility for the preparation of accounts and for the monitoring of systems of internal control.

Audited Financial Statements
For The Year Ended 31 December 2011

Statement of Financial Position
As at 31 December 2011

	Notes	Audited 31 Dec 2011 US$	Audited 31 Dec 2010 US$
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital and share premium	5	13 000 000	13 000 000
Retained earnings		6 693 587	3 965 500
Non distributable reserves		1 620 872	1 620 872
Shareholders' equity		**21 314 459**	**18 586 372**
Liabilities			
Deposits from customers		78 542 565	43 845 982
Deferred taxation		1 793 691	1 169 473
Other liabilities		3 741 665	1 707 696
Total Liabilities		**84 077 921**	**46 723 151**
Total Equity and Liabilities		**105 392 380**	**65 309 523**
ASSETS			
Cash and bank balances	6	27 146 876	14 142 408
Loans and advances to customers	7	55 882 519	31 633 887
Property and equipment		2 525 762	2 140 929
Investment property		18 130 888	15 864 700
Other assets		1 706 335	1 527 599
Total Assets		**105 392 380**	**65 309 523**

Statement of Comprehensive Income
For the year ended 31 December 2011

	Notes	Audited 31 Dec 2011 US$	Audited 31 Dec 2010 US$
Interest income		13 089 947	6 327 330
Interest expense		(4 826 270)	(3 871 663)
Net interest income		8 263 677	2 455 667
Other income	4	7 170 287	7 883 044
Operating income		15 433 964	10 338 711
Operating expenditure		(11 788 507)	(7 825 237)
Charge for bad and doubtful debts		(293 152)	(445 827)
Profit before taxation		3 352 305	2 067 647
Income tax expense		(624 218)	(161 179)
Profit for the year		**2 728 087**	**1 906 468**
Other comprehensive income (net of tax)		**-**	**-**
Total comprehensive income for the year		**2 728 087**	**1 906 468**

Statement of Changes in Equity
For the year ended 31 December 2011

	Ordinary Share Capital US$	Share Premium US$	Preference Share Capital US$	Retained Earnings US$	Non Distributable Reserves US$	Total US$
Balance at 31 December 2010	12 500 000	-	500 000	3 965 500	1 620 872	18 586 372
Total comprehensive income for the year	-	-	-	2 728 087	-	2 728 087
Balance at 31 December 2011	**12 500 000**	**-**	**500 000**	**6 693 587**	**1 620 872**	**21 314 459**
Year ended 31 December 2010						
Balance at 31 December 2009	-	12 500 000	-	2 059 032	1 620 872	16 179 904
Total comprehensive income for the year	-	-	-	1 906 468	-	1 906 468
Bonus issue	12 500 000	(12 500 000)	-	-	-	-
Issue of irredeemable preference shares	-	-	500 000	-	-	500 000
Balance at 31 December 2010	**12 500 000**	**-**	**500 000**	**3 965 500**	**1 620 872**	**18 586 372**

Statement of Cash Flows
For the year ended 31 December 2011

	Notes	Audited 31 Dec 2011 US$	Audited 31 Dec 2010 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3 352 305	2 067 647
Adjustments for non-cash items:			
Depreciation		496 881	361 884
Provision for doubtful debts		293 152	445 827
Other non cash items		232 170	10 548
Cash inflow from operations		**4 374 508**	**2 885 906**
Increase in operating assets		(24 539 044)	(25 797 366)
Increase in deposits and other liabilities		36 968 289	32 687 806
		16 803 753	9 776 346
Taxation paid		(237 737)	(36 157)
Net cash from operating activities		**16 566 016**	**9 740 189**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(1 295 360)	(636 644)
Purchase of investment property		(2 266 188)	-
Proceeds from sale of property and equipment		-	6 301
Net cash used in investing activities		**(3 561 548)**	**(630 343)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of irredeemable preference shares		-	500 000
Net cash from financing activities		-	500 000
Net increase in cash and cash equivalents		13 004 468	9 609 846
Cash and cash equivalents at beginning of the year		14 142 408	4 532 562
Net cash and cash equivalents at end of the year	6	**27 146 876**	**14 142 408**

Notes to Financial Statements
For the year ended 31 December 2011

1. PRESENTATION OF ACCOUNTS

The financial statements are presented in United States Dollars.

2. ACCOUNTING POLICIES

The principle accounting policies, adopted in the preparation of these financial statements, have been consistently applied and comply with the provisions of the Companies Act (Chapter 24:03) and International Financial Reporting Standards applicable to the Bank.

2.1. Basis of presentation

The financial statements are 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.

2.2. Inventories

Inventories are valued at the lower of cost and net realisable value. Estimated net realisable value is the estimated selling price less any costs of disposals.

The cost of inventory is determined on a weighted average basis.

2.3. Financial Instruments

Financial instruments carried on balance sheet include cash and bank balances, receivables, loans and customers deposits, borrowings and money market investments.

(a) Recognition

The Bank classifies its investments into the following categories:

i) Held-to-maturity investments: – these are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has a positive intention to hold to maturity.

ii) Loans and receivables: – these are non-derivative financial assets created by the Bank by providing money or products directly to the debtors other than those with the intent to be sold immediately in the short run.

iii) Available for sale financial assets: – these are assets held for an indefinite period of time, but may be sold in response to needs for liquidity or changes in interest rates.

iv) Financial asset at fair value through profit and loss: - is a financial asset acquired principally for the purposes of selling in the near future or for short-term profit taking. The Bank may designate any financial asset as a fair value through profit and loss.

All financial assets, except for those at fair value through profit and loss, are recognised at fair value of the consideration given plus transactions costs. Subsequently, held to maturity investments and loans and receivables are carried at amortised cost using the effective interest method, while available-for-sale and fair value through profit and loss assets are carried at fair value (at cost if the fair value cannot be reliably measured). Changes in fair value of available for sale financial assets are recognised directly in other comprehensive income while of fair value through profit and loss financial assets are recognised through profit and loss.

Financial liabilities are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

(b) Derecognition

A financial asset is derecognised when, the Bank realises the rights to benefits specified in the contract, or when rights expire, or when it surrenders or otherwise loses control of the contractual rights that comprise the financial asset (or a portion of the financial asset).

2.4. Foreign currencies

Monetary assets and liabilities in foreign currencies are expressed in United States Dollars at rates of exchange ruling at 31 December 2011. All profits and losses on exchange arising from trading activities are dealt with in arriving at the operating profit. Transactions during the period are converted to United States dollars at rates ruling on the transaction date.

2.5. Advances and other accounts

Loans and advances and other accounts receivable are stated net of provisions against doubtful debts and suspended interest as disclosed in Note 2.6.

2.6. Doubtful debts

Specific provisions are made against advances when, in the opinion of the directors, recovery is doubtful. The aggregate provisions made during the period (less amount realised and recoveries of bad debts previously written off) are charged against operating profit. Accrual of interest on an advance is suspended when a specific provision is made and the interest is netted off against advances in the balance sheet. A general provision for as yet unidentified doubtful debts is intended to cover the inherent risk in lending which cannot be reduced to specific terms. Bad debts are written off when the extent of the loss incurred has been confirmed.

2.7. Impairment of Assets

The carrying amounts of the Bank assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of tangible assets is the greater of their net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.8. Borrowing costs

Borrowing costs are recognised as an expense when incurred. However borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the costs of the assets during the construction phase.

2.9. Leased Assets

Leases of property and equipment where the Bank assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or, if lower, at the present value of the minimum lease payments and are depreciated in accordance with the policies applicable to equivalent items of property and equipment.

The corresponding rental obligations, net of finance charges, are included in liabilities. Lease finance charges are amortised over the duration of the leases by using a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases under which the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Obligations incurred under operating leases are charged to the income statement in equal instalments over the period of the lease, except when an alternative method is more representative of the time pattern over which benefits are derived.

2.10. Interest income and non-interest income

Interest income is recognised on an accrual basis taking account of the principal outstanding and the effective rate over the period to maturity.

Interest income includes the amounts of amortisation of any discount or premium. The accrual of interest on an advance is reversed when a bad debt arises and suspended when recovery is considered doubtful, the amount reversed or suspended being netted off against advances in the balance sheet. Non-interest income comprises of income such as revenue derived from service fees, commission and bad debts recoveries. Revenue arising from fees and commission is recognised on accrual basis in accordance with the substance of the agreement. Bad debts recoveries are brought into income on a receipt basis.

2.11. Deferred taxation

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 amounts in the financial statements. Deferred tax is calculated using the currently established tax rates.

2.12. Post Employment Benefits

The Bank operates a defined contribution fund for all eligible employees under which the retirement benefits are determined by reference to the employees' pensionable remuneration and years of service.

2.13. Cash and cash equivalents

Cash and cash equivalents are recognised at fair value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash and balances with the Central Bank and amounts due from other banks.

2.14. Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, such that there is a probability that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.15. Investment Property

Investment property is property (land and / buildings) held for capital appreciation or to earn rentals. It is measured at fair value determined at the balance sheet date. Gains or loses arising from a change in fair value of investment property are recognised in the income statement for the period which they relate.

3. RISK MANAGEMENT

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.

3.1. Credit Risk

The Bank mitigates credit risk exposure attributable to cash and cash equivalents by entering into transactions with financial institutions with good credit rating and after obtaining collateral for any credit agreement.

Audited Financial Statements
For The Year Ended 31 December 2011

Notes to Financial Statements
For the year ended 31 December 2011

Loans and advances comprise of a large number of customers that are spread over a wide range of industries and geographical locations. Management proactively addresses credit risk through a vetting process, which ensures that borrowers' repayment capabilities are subject to vigorous sensitivity analysis. Clients credit worthiness is thoroughly assessed before a facility is granted.

3.2. 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.

3.3. Liquidity Risk
The Bank is exposed to liquidity risk which is the potential loss resulting from insufficient liquidity to meet cash flow needs in a timely manner. In order to mitigate liquidity risk the Bank's investment management policy ensures that it has sufficient liquid assets to meet its obligations when they fall due. The Assets and Liabilities Committee (ALCO) of the Bank mitigates liquidity risk by measuring liquidity on an ongoing basis and examining the funding requirements under various scenarios including adverse conditions. Cash budgets are monitored to ensure that sufficient sources of funds are available.

3.4. Currency Risk
Currency risk, also known as exchange rate risk is a risk that business operations or investments value will be affected by changes in exchange rates. The Bank is subject to currency risk as some investments, assets and liabilities are held in other currencies other than the USD. The Bank manages currency risk through the application and daily monitoring of pre-approved dealer and currency limits.

3.5. Operating Risk
Operating risk stems from any possible losses due to fraud, incompetence, systems breakdown and sabotage.
The Bank manages these risks through insurance policies, checking work, training staff, segregation of duties, regular internal and independent audits. In addition, the Bank has operating manuals to guide staff on the execution of their duties.

3.6. 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.

3.7. 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.

3.8. 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 safe keeps, maintains and approves all existing and new legal documents of the Bank.

3.9. 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 independent compliance function that regularly monitors and reports on the compliance risk exposure of the Bank.

3.10. Capital adequacy
Capital adequacy measurement is designed to assess the stability of a financial institution with emphasis being placed on the credit risk of a bank 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).

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.

Notes to Financial Statements
For the year ended 31 December 2011

		Audited 31 Dec 2011 US$	Audited 31 Dec 2010 US$
4	**OTHER INCOME**		
	Commission and fee income	7 170 287	7 883 044
		7 170 287	**7 883 044**
5	**SHARE CAPITAL**		
	Authorised		
	25 000 000 ordinary shares of $1 each	**25 000 000**	**25 000 000**
	Issued and fully paid		
	12 500 000 ordinary shares of $1 each	12 500 000	12 500 000
	Preference shares	500 000	500 000
		13 000 000	**13 000 000**
5.1	**Non-cumulative preference shares**		
	The Bank has 500 000 irredeemable, non cumulative preference shares of $1 each which can be converted to ordinary shares at the option of the Bank at a ratio of 1:1.		
6	**CASH AND BANK BALANCES**		
	Balances with Reserve Bank of Zimbabwe		
	Statutory reserves	1 518 552	1 526 596
	Current account balances	18 637 722	5 688 048
		20 156 274	**7 214 644**
	Balances with other banks and cash		
	Money at call	-	1 200 000
	Cash and Nostro bank balances	6 990 602	5 727 764
		6 990 602	**6 927 764**
	Total	**27 146 876**	**14 142 408**
7	**LOANS AND ADVANCES TO CUSTOMERS**		
	Loans	21 516 103	20 420 315
	Advances	35 773 392	11 964 041
		57 289 495	**32 384 356**
7.1	**Provision for doubtful debts**		
	Loans and advances are net of:		
	Provisions for doubtful debts	(852 223)	(559 070)
	Suspended interest on doubtful debts	(554 753)	(191 398)
		55 882 519	31 633 887
7.2	**Maturity analysis**		
	Maturity within 1 year	54 292 845	30 280 578
	Maturity after 1 year but within 5 years	1 589 674	1 353 309
		55 882 519	31 633 887
8	**CAPITAL ADEQUACY**		
	Ordinary share capital	12 500 000	12 500 000
	Irredeemable preference shares	500 000	500 000
	Revenue reserves	6 693 587	3 965 500
	less Capital allocated for market and operational risk	(1 817 702)	(3 461 782)
	Tier 1 capital	**17 875 885**	**13 503 718**
	General provisions	574 618	73 661
	Capital reserves	1 620 872	1 620 872
	Tier 2 capital	**2 195 490**	**1 694 533**
	Sum of market and operational risk capital	1 817 702	3 461 782
	Tier 3 capital	**1 817 702**	**3 461 782**
	Total regulatory capital	**21 889 077**	**18 660 033**
	Capital adequacy ratio	**25.1%**	**31.3%**

Notes to Financial Statements
For the year ended 31 December 2011

9. LIQUIDITY RISK

9.1. Total position at 31 December 2011

	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	27 146 876	-	-	-	27 146 876
Loans and advances to customers	41 119 822	11 669 791	1 503 232	1 589 674	55 882 519
Property and equipment	-	-	-	2 525 762	2 525 762
Investment property	-	-	-	18 130 888	18 130 888
Other assets	-	-	-	1 706 335	1 706 335
	68 266 698	11 669 791	1 503 232	23 952 659	105 392 380
EQUITY AND LIABILITIES					
Shareholders' equity	-	-	-	21 314 459	21 314 459
Deposits from customers	49 114 443	22 032 731	7 395 391	-	78 542 565
Deferred taxation	-	-	-	1 793 691	1 793 691
Other liabilities	-	-	-	3 741 665	3 741 665
	49 114 443	22 032 731	7 395 391	26 849 815	105 392 380
Net liquidity gap	**19 152 255**	**(10 362 940)**	**(5 892 159)**	**(2 897 156)**	
Cumulative gap as at 31 December 2011	**19 152 255**	**8 789 315**	**2 897 156**	**-**	
Cumulative gap as at 31 December 2010	**2 339 235**	**3 077 004**	**1 930 313**	**-**	

10. ATTENDANCE RECORD OF BOARD MEMBERS AT BOARD MEETINGS

MAIN BOARD

Member	Meetings Held			
	1	2	3	4
Mr. W.T. Manase	√	√	√	√
Mr. V. C. Jakachira	√	√	√	√
Mrs. C. Kamuriwo - Mutunhu	√	√	LOA	√
Mr. G. Changunda	√	√	√	√
Mr. E. Chawoneka	√	√	√	√
Mr. O. Matore	√	√	√	√
Mrs. N. Ncube	√	√	√	√
Mrs. B.M. Kahari	LOA	LOA	√	√
Mr. O. Bvute	√	√	√	√
Mr. P.F. Chingoka	√	LOA	√	√
Mrs. L.B. Mathopo	√	√	LOA	√
Mr. N.J. Chinyanta	LOA	√	√	LOA

Key
√ ....Present LOA ....Leave of absence granted

AUDIT COMMITTEE

Name	Meetings Held			
	1	2	3	4
Mr. O. Matore	√	√	√	√
Mrs. B. M. Kahari	LOA	√	√	√
Mr. P.F. Chingoka	√	√	√	√

Key
√ ....Present LOA ....Leave of absence granted

REMUNERATION COMMITTEE

Name	Meetings Held			
	1	2	3	4
Mr. W. T. Manase	√	√	√	√
Mr. V. C. Jakachira	√	√	LOA	√
Mrs. C. Kamuriwo-Mutunhu	√	√	LOA	√
Mr. G. Changunda	√	√	√	√
Mr. O. Bvute	√	√	√	√

Key
√ ....Present LOA ....Leave of absence granted

LOANS REVIEW COMMITTEE

Name	Meetings Held			
	1	2	3	4
Mr. W. T. Manase	√	√	√	√
Mrs. C. Kamuriwo-Mutunhu	√	√	LOA	√
Mrs. N. Ncube	√	√	√	√
Mrs. L. B. Mathopo	√	√	√	√

Key
√ ....Present LOA ....Leave of absence granted

11. RISK AND CREDIT RATINGS INFORMATION

Rating Agent	Global Credit Rating Company (GCR)
Date Issued	Long Term Credit Rating
June 2005	BB
June 2006	BB
May 2007	BB+
September 2008	BB+
September 2011	BB+

BY ORDER OF THE BOARD

MS R. CHIPENDO
COMPANY SECRETARY