

INVESTRUST BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

for the period 1 April 2003 to 31 December 2003

16 TANGIBLE FIXED ASSETS

	Leasehold buildings	Leasehold improvements	Furniture and fixtures	Motor vehicles and equipment	Capital work in progress	Total
COST OR VALUATION						
At beginning of year	4,334,102	-	506,272	2,138,816	-	6,979,190
Additions	168,186	288,039	97,284	476,031	413,093	1,442,633
Reclassification	(21,580)	21,580	-	-	-	-
Disposals	(3,848,485)	-	(10,098)	(148,720)	-	(4,007,303)
	632,223	309,619	593,458	2,466,127	413,093	4,414,520
Cost and valuation at 31 December 2003 is represented by :						
Valuation 2001	309,527	-	-	-	-	309,527
Cost	322,696	309,619	593,458	2,466,127	413,093	4,104,993
	632,223	309,619	593,458	2,466,127	413,093	4,414,520
DEPRECIATION						
At beginning of year	195,279	-	293,739	1,274,756	-	1,763,774
Adjustment	(96)	-	247	(1,098)	-	(947)
Charge for year	70,616	46,443	60,589	340,675	-	518,323
Reclassification	(1,726)	1,726	-	-	-	-
Eliminated on disposals	(228,767)	-	(10,098)	(146,454)	-	(385,319)
At end of period	35,305	48,169	344,477	1,467,879	-	1,895,830
NET BOOK VALUE						
At end of year	596,918	261,450	248,981	998,248	413,093	2,518,689
At beginning of period	4,138,823	-	212,533	864,060	-	5,215,416

Leasehold buildings were revalued on the basis of open market for existing use at 31 December 2001 and 31 March 1999 by registered valuation surveyors. Included in leasehold land and buildings is a property with a net book value of **K27,222,000** for which no title deeds are available. This property is on land owned by the Agricultural and Commercial Show Society.

In accordance with section 193 of the Companies Act, 1994 the Register of Land and Buildings is available for inspection by members and their duly authorised agents at the registered records office of the Bank.

Included in motor vehicles and equipment are motor vehicles secured on finance lease whose net book value is **K192,934,860.94**.

INVESTRUST BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

for the period 1 April 2003 to 31 December 2003

16 TANGIBLE FIXED ASSETS

	Leasehold buildings	Leasehold improvements	Furniture and fixtures	Motor vehicles and equipment	Capital work in progress	Total
COST OR VALUATION						
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Additions	168,186	288,039	97,284	476,031	413,093	1,442,633
Reclassification	(21,580)	21,580	-	-	-	-
Disposals	(3,848,485)	-	(10,098)	(148,720)	-	(4,007,303)
	632,223	309,619	593,458	2,466,127	413,093	4,414,520
DEPRECIATION						
At beginning of year	195,183	-	293,986	1,273,658	-	1,762,827
Charge for year	70,616	46,443	60,589	340,675	-	518,323
Reclassification	(1,726)	1,726	-	-	-	-
Eliminated on disposals	(228,767)	-	(10,098)	(146,454)	-	(385,319)
At end of period	35,305	48,169	344,477	1,467,879	-	1,895,830
NET BOOK VALUE						
At end of year	596,918	261,450	248,981	998,248	413,093	2,518,689
At beginning of period	4,138,919	-	212,286	865,158	-	5,216,363

Leasehold buildings were revalued on the basis of open market for existing use at 31 December 2001 and 31 March 1999 by registered valuation surveyors. Included in leasehold land and buildings is a property with a net book value of **K27,222,000** for which

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Included in motor vehicles and equipment are motor vehicles secured on finance lease whose net book value is **K192,934,860.94**.

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INVESTTRUST BANK LIMITED

REPORT AND FINANCIAL STATEMENTS
for the period 1 April 2003 to 31 December 2003

INVESTRUST BANK LIMITED

(Incorporated in Zambia)

REPORT AND FINANCIAL STATEMENTS

for the period 1 April 2003 to 31 December 2003

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INVESTRUST BANK LIMITED

(Formerly known as Investrust Merchant Bank Zambia Limited)

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the period 1 April 2003 to 31 March 2003. This is as a result of the change in the accounting period from 31 March 2003 to 31 December 2003.

ACTIVITIES

The Bank's activities continued to be the provision of commercial and merchant banking services.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to **K1.9billion** (2003 – K712million).

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who held office during the year were:

Dr. J.B. Zulu	-	Chairman
F.C. Ndhlovu	-	Managing Director
R.L. Bvulani		
M.M. McNie		
J.M. Mwanakatwe, S.C.		
N.M.K. Chanakira	-	Resigned
H.L.B. Moyo	-	Resigned

AUDIT COMMITTEE

The Audit Committee is made up of the following:

R.L. Bvulani	-	Chairman
F.C. Ndhlovu	-	Managing Director
J.M. Mwanakatwe, S.C.		
N.M.K. Chanakira	-	Resigned
A.Kalikiti	-	September, 2003

The Audit Committee, includes a majority of non Executive Directors of the Bank in accordance with the Banking and Financial Services Act, 1994, (as amended). The Committee meets every quarter to review the Bank's operations, Internal Audit Department findings, compliance reports, and reports on the effectiveness of the Bank's systems of internal control.

CREDIT COMMITTEE

The Management Credit Committee is made up of the following:

F.C. Ndhlovu	-	Managing Director
A.E.V. Jayetileke	-	Director, Treasury
T.N. Daka	-	Director, Operations
P. de Zoysa	-	Director, Corporate Finance and Credit
A.Kalikiti	-	Company Secretary

The Management Credit Committee is responsible to the Board for the approval and extension of advances. The Committee meets as and when required to discuss credit issues and approval, and makes recommendation for loans and advances.

INVESTRUST BANK LIMITED

REPORT OF THE DIRECTORS (CONT'D)

LOANS REVIEW COMMITTEE

The Committee comprises the following :

Dr. J.B. Zulu	-	Chairman
F.C. Ndhlovu	-	Managing Director
R.L. Bvulani		
A.Kalikiti	-	Company Secretary

The Loans Review Committee which is constituted in accordance with the Banking and Financial Services Act, 1994, (as amended), meets every quarter to review the quality and collectibility of the Bank's loan portfolio, including any accrued and unpaid interest. Reports of such loan reviews are made for the Board of Directors necessary action.

ASSET AND LIABILITIES COMMITTEE

The Committee comprises the following:

F.C. Ndhlovu	-	Managing Director
A.E.V. Jayetileke	-	Director, Treasury
T.N. Daka	-	Director, Operations
P.J. Msoni	-	Director, Marketing and Administration
P. de Zoysa	-	Director, Corporate Finance and Credit
A.Kalikiti	-	Company Secretary

The Committee meets on an ad hoc basis to review and approve investment decisions and issues relating to liquidity.

TANGIBLE FIXED ASSETS

The Bank opened one more agency at Arcades Shopping Centre .The Bank purchased tangible fixed assets amounting to **K1,442,633,000** during the year and disposed of tangible fixed assets with a net book value of **K3,621,984,000**. The Bank disposal off assets with net book of K.3.6billion realising a total of K4.0billion.

EMPLOYEES

The average number of employees during each month of the year was less than **100**.

The total remuneration paid to the employees during the year was **K4.8billion**

CHANGE OF ACCOUNTING YEAR END

During the period the Bank changed its accounting reference from the previous 31 March to 31 December with approval from respective Statutory bodies .Accordingly the financial statements have been prepared for the nine months from 1 April 2003 to 31 December 2003.

SHARE CAPITAL

There was no change to the authorised share capital of K3,000,000,000 during the period.

INVESTRUST BANK LIMITED

REPORT OF THE DIRECTORS (CONT'D)

AUDITORS

A resolution proposing the re-appointment of Deloitte & Touche as auditors to the Bank will be put to the Annual General Meeting.

By order of the Board.

A.Kalikit
SECRETARY

Lusaka, Zambia

INVESTRUST BANK LIMITED

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Section 164(6) of the Companies Act, 1994 requires the Directors to prepare financial statements for a financial period which give a true and fair view of the state of affairs of the Bank and the performance of its business during that period.

In the opinion of the Directors:

- the income statement is drawn up so as to give a true and fair view of the performance of the Bank for the period from 1 January 2003 to 31 December 2003 ;
- the balance sheet is drawn up so as to give a true and fair view of the state of affairs of the Bank as at 31 December 2003; and
- there are reasonable grounds to believe that the Bank will be able to pay its liabilities as they fall due.

Signed on behalf of the Board by:

_____) DR. J.B. ZULU	-
)	
)	
)	
_____) R.L. BVULANI	-
)	
)	
)	
_____) A.Kalikiti	-

NTS

financial statements for each financial
profit or loss for that period .

profit of the Bank for the period 1 April

e state of affairs of the Bank as at 31

s debts as and when they fall due.

CHAIRMAN

DIRECTOR

COMPANY SECRETARY

REPORT OF THE AUDITORS

To the members of

Investrust Bank Limited

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4, the Bank's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Bank's circumstances, consistently applied and adequately disclosed. We consider that our audit procedures were appropriate in the circumstances to support our opinion presented below.

OPINION

We have examined the financial statements on pages 6 to 23 which have been prepared in accordance with International Accounting Standards, and report in terms of Section 64 (2) of the Banking and Financial Services Act, 1994 (as amended) that:

- We have obtained all the information and explanations that we considered necessary for the purpose of our audit;
- The balance sheet and income statement of the Bank are in agreement with the books of account and returns; and
- In our opinion, according to the information and explanations given to us, the financial statements present a true and fair view of the state of affairs of the Bank at 31 December 2003 and of the profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act, 1994 and the Banking and Financial Services Act, 1994 (as amended) and the accounting and other records and registers have been properly kept in accordance with the Acts.

DELOITTE & TOUCHE

G.R. WHITE
PARTNER

INVESTRUST BANK LIMITED**INCOME STATEMENT**

for the period 1 April 2003 to 31 December 2003

Kwacha '000	NOTES	1 April 2003 to 31 December 2003	31 March 2003
INTEREST INCOME			
Interest income	3	7,729,947	7,650,998
Interest expense	4	<u>(4,025,026)</u>	<u>(4,003,623)</u>
Net interest income		3,704,921	3,647,375
Other operating income			
Gains from foreign currency dealings		6,060,077	5,658,163
Fees and commissions receivable		1,044,869	1,494,923
Gains on Government Securities		767,772	454,523
Profit on disposal of tangible fixed assets		405,486	-
Other operating income		<u>486,040</u>	<u>511,464</u>
Net interest and Other Operating income		12,469,165	11,766,448
Operating expenses			
Staff expenses		(4,805,213)	(5,156,634)
Depreciation	16	(518,323)	(514,542)
Other operating expenses		<u>(4,122,721)</u>	<u>(3,261,136)</u>
		<u>(9,446,257)</u>	<u>(8,932,312)</u>
Operating income before finance charges and provisions		3,022,908	2,834,136
Finance lease charges	20	(1,367)	(28,376)
Loan loss provision	5	<u>(871,758)</u>	<u>(1,728,698)</u>
Profit before taxation		2,149,783	1,077,062
Taxation	6	<u>(247,415)</u>	<u>(364,398)</u>
PROFIT FOR THE YEAR		<u>1,902,368</u>	<u>712,664</u>

INVESTRUST BANK LIMITED**STATEMENT OF CHANGES IN EQUITY**

for the period 1 April 2003 to 31 December 2003

Kwacha '000

	Share capital	Share allotment	Share premium	Statutory reserve	Revaluation reserve	Revenue reserve	Total
Balance at 31 March 2002	2,223,000	974,922	407,000	1,186,952	1,664,832	(112,901)	6,343,805
Profit for the year	-	-	-	-	-	712,664	712,664
Amount received pending allotment of shares	-	1,887,539	-	-	-	-	1,887,539
Allotment of shares	741,000	(741,000)	-	-	-	-	-
Premium on share allotment	-	(2,121,461)	2,121,461	-	-	-	-
Transfer from revaluation reserve	-	-	-	-	(67,934)	67,934	-
Transfer from revenue reserve	-	-	-	356,332	-	(356,332)	-
Deferred taxation (note 6)	-	-	-	-	(255,824)	-	(255,824)
Balance at 31 March 2003	2,964,000	-	2,528,461	1,543,284	1,341,074	311,365	8,688,184
Profit for the period	-	-	-	-	-	1,902,368	1,902,368
Transfer from revaluation reserve	-	-	-	-	(1,031,547)	1,031,547	-
Transfer from revenue reserve	-	-	-	951,184	-	(951,184)	-
Deferred taxation (note 6)	o/s	-	-	-	-	-	-
Balance at 31 December 2003	2,964,000	-	2,528,461	2,494,468	309,527	2,294,096	10,590,552

STATUTORY RESERVES

The Banking and Financial Services Act, 1994 prescribes that an amount should be transferred annually from retained earnings to statutory reserves before the declaration of dividends until the statutory reserves equate to the share capital.

BALANCE SHEET

at 31 December 2003

Kwacha '000

	NOTES	31 December 2003	31 March 2003
ASSETS			
Cash and balances at Bank of Zambia	7	14,611,558	8,789,056
Balances with other banks, all due within one year		13,605,081	15,684,726
Treasury Bills	8	14,000,000	7,700,000
Government Bonds	9	7,008,090	6,258,090
Loans and advances	10	7,655,127	5,776,628
Finance lease receivables	13	7,071,278	6,086,771
Held to maturity investments	14	976,500	1,188,000
Other debtors	12	3,553,689	4,483,081
Taxation recoverable	6	593,042	330,117
Investments	15	87,398	87,398
Tangible fixed assets	16	2,518,689	5,215,416
Total assets		71,680,452	61,599,283
LIABILITIES			
Balances with other banks, all due within one year		-	66,805
Customer deposits	18	47,183,974	33,869,297
Other liabilities	19	12,185,975	17,213,267
Finance lease payables	20	19,127	60,942
Deferred taxation	6	1,700,824	1,700,824
		61,089,900	52,911,135
SHAREHOLDERS' FUNDS			
Share capital	21	2,964,000	2,964,000
Share premium		2,528,461	2,528,461
Reserves		5,098,091	3,195,687
Total shareholders' funds		10,590,552	8,688,148
Total shareholders' funds and liabilities		71,680,452	61,599,283

The responsibilities of the Bank's directors with regard to the preparation of the financial statements are set out on page 4. The financial statements on pages 6 to 23 were approved by the Board of Directors on _____ and were signed on its behalf by:

_____) **DR J.B. ZULU** - **CHAIRMAN**
)
)
 _____) **R.L. BVULANI** - **DIRECTOR**
)
)
 _____) **A.KALIKITI** - **COMPANY SECRETARY**
)

INVESTRUST BANK LIMITED**STATEMENT OF CASH FLOWS**

for the period 1 April 2003 to 31 December 2003

Kwacha '000	NOTES	1 April 2003 to 31 December 2003	31 March 2,003
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,121,833	1,077,062
Adjusted for:			
Depreciation	16	518,323	514,542
Loss (profit) on disposal of tangible fixed assets		(405,486)	282
Finance lease charges	20	1,367	28,376
Exchange (loss)/gain on investment	14	67,500	(221,700)
Exchange loss on finance lease payables	20	(4,213)	(14,647)
Operating profit before changes in operating funds		2,299,324	1,383,915
Decrease (increase) in loans and advances to customers		(1,878,499)	1,421,192
Increase in finance lease receivables		(984,507)	(4,574,217)
Decrease in other assets		929,391	(2,331,328)
Increase in customer deposits		13,314,677	16,858,669
Decrease in other liabilities		(5,027,292)	9,741,853
Cash generated from operations		8,653,094	22,500,084
Income tax paid and suffered during year	6	(511,250)	(564,467)
Cash generated from operating activities		8,141,844	21,935,617
RETURN ON INVESTMENT AND SERVICING OF FINANCE			
Redemption of investment	14	144,000	130,440
Proceeds from allotment and issue of shares		-	1,887,539
Net cash flows from financing activities		144,000	2,017,979
INVESTING ACTIVITIES			
Purchase of tangible fixed assets	16	(1,442,633)	(654,437)
Proceeds on disposal of tangible fixed assets		4,027,470	3,751
Increase in investments in Treasury Bills	8	(6,300,000)	(2,900,000)
Increase in investment in Government Bonds	9	(750,000)	(4,258,090)
Net cash outflows from investing activities		(4,465,163)	(7,808,776)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease finance repaid	20	(38,969)	(126,931)
		(38,969)	(126,931)
Net increase in cash and cash equivalents		3,781,712	16,017,889
Cash and cash equivalents at beginning of year		24,406,977	8,389,088
Cash and cash equivalents at end of year		28,188,689	24,406,977
CASH AND CASH EQUIVALENTS			
Cash on hand		7,590,485	3,752,390
Balances at Bank of Zambia		7,021,073	5,036,666
Balances due from other banks		13,605,081	15,684,726
Balances due to other banks		-	(66,805)
		28,216,639	24,406,977

INVESTRUST BANK LIMITED

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Bank's financial statements are prepared on the historical cost basis of accounting, modified to include the revaluation of certain tangible fixed assets, and comply with operative International Accounting Standards.

INCOME

Interest income and commissions receivable are accounted for in the period in which they arise. Interest income is suspended when non-performing loans meet certain criteria and is excluded from interest income until received. Treasury Bills and Government Bonds are stated at face value.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated in the balance sheet at cost or valuation less depreciation. Revaluations of leasehold properties are carried out periodically. Gains and losses on disposal of fixed assets are determined by reference to their carrying amounts and are taken into account in determining operating profit on disposal of revalued assets amounts in the revalued assets, amounts in the revaluation reserve relating to those assets are

DEPRECIATION

Depreciation is charged to write off the cost or valuation of tangible fixed assets over their expected useful lives on a straight line basis, at the following annual rates:

Motor vehicles	25%
Office equipment	25%
Furniture and fixtures	10%
Leasehold land improvements	20%
Leasehold land and buildings	2%

Leasehold improvements are written off over the shorter of the period of the lease or the economic life of the asset.

REVALUATION RESERVE

The surplus arising on revaluation of tangible assets is credited to a non-distributable reserve. A transfer is made from revaluation reserves to revenue reserves representing the difference between depreciation based on the revalued amount and depreciation based on cost.

LEASED ASSETS

Tangible fixed assets held under finance leases are capitalised and depreciated in accordance with the Bank's normal depreciation policy. The lease payments are apportioned between reduction of the outstanding liability and interest in such a way as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

FINANCE LEASE RECEIVABLES

Finance lease receivables are stated at cost of the asset less amounts charged to date. Net leasing income under finance leases is credited to the profit and loss account so as to produce a constant periodic rate of return of the net investment outstanding.

INVESTRUST BANK LIMITED

ACCOUNTING POLICIES (CONT'D)

DEFERRED TAXATION

The charge for taxation is based on the results for the period as adjusted for items which are non-assessable or disallowed. Temporary differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of temporary differences computed by applying enacted statutory tax rates to differences between the financial statements carrying amounts and the tax bases of existing assets and liabilities are recognised as a deferred tax asset or liability in the financial statements. A deferred tax asset is only recognised when it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

TRANSLATION OF FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into Zambian Kwacha at the rates of exchange ruling at the transaction date.

Assets and liabilities denominated in foreign currencies are translated into Kwacha at the exchange rates ruling at the balance sheet date. Gains and losses arising on translation are included in the profit and loss account in the year in which they arise.

INVESTMENT SECURITIES HELD TO MATURITY

Trading investments are stated at cost as adjusted for the amortisation of premiums or discounts on purchase over the period to maturity. A reduction in market value is not taken into account until it is considered to be permanent.

INVESTMENTS

Non-trading investments are stated at cost, but are written down to their estimated realisable value if there has been a permanent diminution in their value. Income from investments is included in the financial statements when amounts are received.

RETIREMENT BENEFITS

The Bank has a contributory pension scheme for eligible employees and the benefits are payable as per terms set out in the scheme. The bank's contributions to the defined contribution pension plan are charged to the profit and loss account in the year in which they arise.

INVESTRUST BANK LIMITED

ACCOUNTING POLICIES (CONT'D)

RISK MANAGEMENT POLICIES

From time to time the Board reviews the risk management policies. The following is the current position:

i. **Credit Risk**

Lending is restricted to a percentage of deposit liabilities which is computed on a weekly basis, in order to ensure that no fresh loans and advances are approved when the existing advances exceed the above limit.

Proper appraisals are carried out for all requests for loans and advances and adequately documented before being forwarded for approval.

ii. **Liquidity Risk**

This is monitored on a daily basis by the Treasury in consultations with the Director, Finance and the Managing Director and controlled as far as possible by ensuring that mismatches between maturing deposit liabilities and investments of these funds are kept to a minimum.

However any unforeseen mismatches that arise, would result in the Bank borrowing on the interbank market either on a clean basis or with collateral for a short period.

iii. **Operational Risk**

All policies, procedures and limits are properly documented in the operational manual for each department within the Bank and updated every six months to take account of the changes to internal controls, procedures and limits.

iv. **Market Risks**

The Treasury Department in consultations with the Managing Director, Director, Finance and Director, Operations reviews the foreign exchange buying and selling rates on a daily basis and a decision is made as to whether to hold long or short positions, within the limits stipulated by Bank of Zambia.

Similarly the same composition also monitor the interest rates on a weekly basis and adjustments are made on interest chargeable on loans and advances. The monitoring process is made by paying attention to Treasury bills rates and base rates changes announced by other banks.

v. **Strategic Risk**

The Bank's strategic plan is comprehensive in all aspects with particular emphasis on compliance with legal and market conditions and senior management effectively communicates the plan to all staff levels and allocates resources in line with the laid down objectives.

vi. **Regulatory Risk**

The risks associated with the reputation of the Bank is dealt with as soon as it is perceived. This includes matters arising from regulatory reviews such as Bank of Zambia inspections and are promptly and adequately dealt with as they arise. Customer complaints are thoroughly investigated and resolved to the satisfaction of both the Bank and the customer.

INVESTTRUST BANK LIMITED

ACCOUNTING POLICIES (CONT'D)

RISK MANAGEMENT POLICIES (CONT'D)

vii. **Legal Risk**

The Bank ensures that all prudential requirements of the Bank of Zambia and the relevant regulations in the laws of Zambia are complied with without exception. The risk of non-compliance could be detrimental to the operations of the Bank.

INVESTRUST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the period 1 April 2003 to 31 December 2003

Kwacha'000

1 PRINCIPAL ACTIVITY

The principal activity of the Bank is the provision of commercial and merchant banking services.

2 PROFIT BEFORE TAXATION

31 December 31 March
2003 2003

Profit before taxation is stated after crediting:

Interest receivable from other banks	311,451	857,934
Rental income	36,000	48,000

and after charging:

Directors emoluments:

- for managerial services	978,438	1,265,888
- fees and expenses	168,558	140,915
Interest payable to other banks	165,239	617,444
Auditors' remuneration	96,464	78,559
Loss on disposal of tangible fixed assets	-	282

3 INTEREST INCOME

Loans and advances to customers	2,341,204	3,111,598
Balances with other banks	311,451	857,932
Leasing	538,962	311,281

3,191,617 4,280,811

Interest on Treasury Bills and Government Bonds	4,538,330	3,370,187
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7,729,947 7,650,998

4 INTEREST EXPENSE

Deposit accounts	3,483,609	2,950,010
Cheque savers accounts	258,142	301,233
Balances with other banks	165,239	617,444
Other interest expense	118,036	134,936

4,025,026 4,003,623

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INVESTRUST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the period 1 April 2003 to 31 December 2003

	31 December 2003	31 March 2003
5 LOAN LOSS PROVISION		
At beginning of the period	4,492,604	1,724,688
Charge for the period	871,953	1,538,441
Amounts written off in the period against provisions	(950,476)	(1,258,536)
Interest suspended during the period	1,814,338	2,552,435
Recoveries in the period	(196,621)	(64,424)
	<hr/>	<hr/>
At end of year (note 10)	6,031,798	4,492,604
	<hr/> <hr/>	<hr/> <hr/>

Loan loss provision in the Income Statement as follows :

Provision for the period	818,953	1,538,441
Amounts written off in year	52,805	190,257
	<hr/>	<hr/>
	871,758	1,728,698
	<hr/> <hr/>	<hr/> <hr/>

6 TAXATION

Income tax

Based on banking profits for period	-	-
Based on interest on Government Bonds		175,262
Based on non banking profits for the period		15,090
Deferred taxation		269,000
		<hr/>
	-	459,352
Over provision in respect of previous period		(94,954)
		<hr/>
	-	364,398
		<hr/> <hr/>

Income tax is charged at 35% on the first K250 million profit at K45% on profit in excess of K250 million .Final tax on Government Bonds and Treasury Bills is 15%. All non banking profits are taxed at 35%.

INVESTRUST BANK LIMITED

O/S

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the period 1 April 2003 to 31 December 2003

6 TAXATION (CONT'D)	31 December 2003	31 March 2003
Included in current (assets) liabilities		
Payable in respect of year		190,352
Payable (recoverable) in respect of previous years		138,952
Overprovision in respect of previous years		<u>(94,954)</u>
		234,350
Payments made during the year		(272,960)
Withholding tax suffered during year		<u>(291,507)</u>
Taxation (recoverable) payable		<u>(330,117)</u>
<p>Subject to agreement with the Zambia Revenue Authority, the Bank has tax losses amounting to approximately ZK2,354 million arising from the leasing activity, available to be carried forward for a period of not more than 5 years from the year in which they are incurred for set off against future taxable profits from the same source. These losses will therefore expire in 2008.</p>		
Reconciliation of the tax charge:		
Profit before tax		<u>1,077,062</u>
Taxation at current rates on accounting profit		459,677
Permanent differences:		
Disallowable expenses		354,510
Interest on Government Bonds		(350,525)
Rental		<u>(4,310)</u>
	O/S	<u>459,352</u>
Timing differences:		
Capital allowances and depreciation		24,874
Taxation loss		1,059,502
Finance lease repayments		(15,628)
Finance lease receivables		(1,042,416)
Other provisions		<u>(295,332)</u>
Actual tax		<u><u>-</u></u>
Deferred taxation		
Tax effect of timing differences due to:		
Temporary differences on fixed assets		63,548
Finance lease receivables		1,226,708
Finance lease payables		108,666
Tax losses carried forward		(1,059,502)
Unrealised exchange gains		207,919
Round off		<u>661</u>
		548,000
Revaluation surplus		<u>1,152,824</u>

Total potential liability provided

1,700,824

INVESTRUST BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

for the period 1 April 2003 to 31 December 2003

6	TAXATION (CONT'D)	31 December 2003	31 March 2003
	The movement in the deferred tax balance has been accounted for as follows:		
	On revaluation surplus charged to the revaluation reserve		255,824
	On other differences charged to income tax for the year		269,000
		<u>-</u>	<u>524,824</u>
7	CASH AND BALANCES AT BANK OF ZAMBIA		
	Balances at Bank of Zambia		
	Current account	3,443,802	1,097,642
	Statutory deposit	<u>3,577,271</u>	<u>3,939,024</u>
		<u>7,021,073</u>	<u>5,036,666</u>
	Cash on hand	<u>7,590,485</u>	<u>3,752,390</u>
		<u>14,611,558</u>	<u>8,789,056</u>
8	TREASURY BILLS		
	Maturity period		
	29 - 91 days	11,500,000	6,700,000
	183 - 273 days	<u>2,500,000</u>	<u>1,000,000</u>
		<u>14,000,000</u>	<u>7,700,000</u>
9	GOVERNMENT BONDS		
	Maturity period		
	0 - 365 days	370,000	515,000
	366 - 547 days	2,000,000	2,105,000
	548 - 730 days	<u>4,638,090</u>	<u>3,638,090</u>
		<u>7,008,090</u>	<u>6,258,090</u>

INVESTRUST BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

for the period 1 April 2003 to 31 December 2003

10 LOANS AND ADVANCES	31 December 2003	31 March 2003
Loans and advances to customers	13,686,925	8,922,508
Less: loan loss provision suspended (note 5)	(4,492,604)	(1,724,688)
	<u>9,194,321</u>	<u>7,197,820</u>

Included in loans and advances is an amount relating to advances made to staff of **ZK344 million** (2003 - ZK170 million). Except for Revays Farm Company Limited (Note 11), the rest of the loans and advances are payable within one year.

Industry analysis	31 December 2003		31 March 2003	
Wholesale and retail trade	4,379,816	32%	4,099,575	40%
Service industries	2,874,254	21%	1,132,493	85%
Construction, mining and quarrying	2,600,516	19%	1,836,514	18%
Other sectors	2,053,039	15%	1,336,330	13%
Agriculture	1,779,300	13%	1,864,320	18%
	<u>13,686,925</u>	<u>100%</u>	<u>10,269,232</u>	<u>100%</u>

Sector analysis

Private corporations	13,321,763	97%	9,856,900	96%
Related party	262,000	2%	213,582	2%
Individuals	103,162	1%	198,750	2%
	<u>13,686,925</u>	<u>100%</u>	<u>10,269,232</u>	<u>100%</u>

11 CONTRACTS WITH DIRECTORS AND RELATED PARTIES

The aggregate amount outstanding with persons who are Directors of the Bank and related companies as at 31 March was:

	Revays Farm Company Limited	AFE Limited
At beginning of the period	213,583	169,060
Interest/charges	56,739	56,694
Repayments/receipts during the period	(77,554)	(133,659)
Net exchange gain	(35,742)	-
	<u>157,026</u>	<u>92,095</u>

The amount due from Revays Farm Company Limited represents the facility that has been extended to it by the Bank. It is secured by directors personal guarantees supported by mortgage over Lot No. 89 Kaniki Ndola and expires on 1 November 2004. The amount due from AFE Limited arises from the rental of office premises. The companies are related to the Bank through a common director and one common shareholder.

INVESTRUST BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

for the period 1 April 2003 to 31 December 2003

	31 December 2003		31 March 2003	
12 OTHER ASSETS				
Items in course of collection	598,522		636,049	
Other debtors and prepayments	<u>3,142,438</u>		<u>3,847,032</u>	
	<u>3,740,960</u>		<u>4,483,081</u>	
13 FINANCE LEASE RECEIVABLES				
Movement for the period explained as follows :				
At the beginning of the year	6,086,771		1,512,554	
Additions during the year	2,921,125		5,455,511	
Unrealised exchange gain	506,100		462,042	
Repayments during the year	<u>(2,442,718)</u>		<u>(1,343,336)</u>	
Net investment	<u>7,071,278</u>		<u>6,086,771</u>	
Industry analysis				
Service industries	1,263,376	21%	91,680	2%
Construction, mining and quarrying	263,069	4%	176,667	3%
Other sectors	5,544,833	78%	5,818,424	96%
	<u>7,071,278</u>	100%	<u>6,086,771</u>	100%
Sector analysis				
Private corporations	5,172,748	73%	4,856,585	80%
Related party	1,157,408	16%	1,230,186	20%
Parastatal	741,122	10%	-	0%
	<u>7,071,278</u>	100%	<u>6,086,771</u>	100%
Amounts falling due within one year	119,606		2,640,574	
Amounts falling due after more than one year	<u>6,951,672</u>		<u>3,446,197</u>	
	<u>7,071,278</u>		<u>6,086,771</u>	
14 HELD TO MATURITY INVESTMENTS				
<u>Unquoted at cost:</u>				
At the beginning of year	1,188,000		1,096,740	
Unrealised exchange (loss)/gains	(67,500)		221,700	
Repayment during year	<u>(144,000)</u>		<u>(130,440)</u>	
At end of year	<u>976,500</u>		<u>1,188,000</u>	

INVESTRUST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the period 1 April 2003 to 31 December 2003

14 HELD TO MATURITY INVESTMENTS (CONT'D)

The debentures are non convertible and are secured by a fixed and floating charge over all the assets of the College. They are redeemable as follows:

	US\$
2004 June	30,000
2005 June	30,000
2006 June	<u>150,000</u>
Total	<u><u>210,000</u></u>

15 INVESTMENTS	1 April 2003 to 31 December 2003	31 March 2003
Zambia Electronic Clearing House Limited ("ZECHL")	<u><u>87,398</u></u>	<u><u>87,398</u></u>

The investment in ZECHL relates to payments made to the Bank of Zambia for its establishment. Shares have been issued to this value in the name of the Bank. This investment represents 2% of the issued share capital of ZECHL. The directors consider the fair value of the investment to be in excess of the carrying value.

INVESTRUST BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

for the period 1 April 2003 to 31 December 2003

16 TANGIBLE FIXED ASSETS

	Leasehold buildings	Leasehold improvements	Furniture and fixtures	Motor vehicles and equipment	Capital work in progress	Total
COST OR VALUATION						
At beginning of year	4,334,102	-	506,272	2,138,816	-	6,979,190
Additions	168,186	288,039	97,284	476,031	413,093	1,442,633
Reclassification	(21,580)	21,580	-	-	-	-
Disposals	(3,848,485)	-	(10,098)	(148,720)	-	(4,007,303)
	632,223	309,619	593,458	2,466,127	413,093	4,414,520
DEPRECIATION						
At beginning of year	195,183	-	293,986	1,273,658	-	1,762,827
Charge for year	70,616	46,443	60,589	340,675	-	518,323
Reclassification	(1,726)	1,726	-	-	-	-
Eliminated on disposals	(228,767)	-	(10,098)	(146,454)	-	(385,319)
At end of period	35,305	48,169	344,477	1,467,879	-	1,895,830
NET BOOK VALUE						
At end of year	596,918	261,450	248,981	998,248	413,093	2,518,689
At beginning of period	4,138,919	-	212,286	865,158	-	5,216,363

Leasehold buildings were revalued on the basis of open market for existing use at 31 December 2001 and 31 March 1999 by registered valuation surveyors. Included in leasehold land and buildings is a property with a net book value of **K27,222,000** for which no title deeds are available. This property is on land owned by the Agricultural and Commercial Show Society.

In accordance with section 193 of the Companies Act, 1994 the Register of Land and Buildings is available for inspection by members and their duly authorised agents at the registered records office of the Bank.

Included in motor vehicles and equipment are motor vehicles secured on finance lease whose net book value is **K192,934,860.94**.

INVESTRUST BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

for the period 1 April 2003 to 31 December 2003

17 CAPITAL COMMITMENTS	31 December 2003	31 March 2003
Authorised by the directors but not contracted for	<u>608,737</u>	<u>-</u>
18 CUSTOMER DEPOSITS		
Deposits against Repurchase Agreements	19,581,150	12,662,702
Current accounts	9,377,064	7,738,708
Deposit accounts	8,986,818	5,164,792
Cheque savers' accounts	8,724,628	8,303,095
Savings accounts	<u>514,314</u>	<u>-</u>
	<u>47,183,974</u>	<u>33,869,297</u>

The maturity analysis for the deposit accounts is as follows:

Period

0 - 30 days	3,691,897	1,409,255
31 - 60 days	1,482,431	57,750
61 - 90 days	2,430,367	3,271,856
91 - 365 days	<u>1,382,123</u>	<u>425,931</u>
	<u>8,986,818</u>	<u>5,164,792</u>

Increase in amounts due to depositors

Current accounts	1,638,356	4,132,627
Cheque savers' accounts	421,533	1,655,614
Savings accounts	514,314	
Deposit accounts	3,822,026	(1,592,274)
Deposits against Repurchase Agreements	<u>6,918,448</u>	<u>12,662,702</u>
	<u>13,314,677</u>	<u>16,858,669</u>

19 OTHER LIABILITIES

Sundry creditors and accruals	4,629,530	11,367,409
Zambia Enterprise Development Project	5,183,838	4,255,137
Bankers cheques payable	330,349	188,761
Unearned lease interest	924,556	813,603
Interest payable - ZEDP	81,333	32,731
Interest payable on term deposits	1,036,369	555,626
Interest payable - ZAMPIP	<u>-</u>	<u>-</u>
	<u>12,185,975</u>	<u>17,213,267</u>

The Zambia Enterprise Development Project ("ZEDP")

The ZEDP facility is part of the International Development Association Support Programme to the Government of the Republic of Zambia and is managed through the Bank of Zambia and participating financial intermediaries. The amount represents the principal amount due to Bank of Zambia.

INVESTRUST BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

for the period 1 April 2003 to 31 December 2003

20	FINANCE LEASE PAYABLES	31 December 2003	31 March 2003
	At the beginning of period	60,942	174,144
	Repayments during period	(38,969)	(126,931)
	Lease charges	1,367	28,376
	Unrealised exchange loss	(4,213)	(14,647)
	At end of the period	<u>19,127</u>	<u>60,942</u>
	Amounts falling due within one year	19,127	60,942
		<u>19,127</u>	<u>60,942</u>

Finance leases, denominated in US Dollars, are repayable in 24 equal monthly instalments. The effective annual rate of interest is 12% per annum.

21 **SHARE CAPITAL**

Authorised

3,000,000,000 ordinary shares of K1 each	<u>3,000,000</u>	<u>3,000,000</u>
--	-------------------------	------------------

Issued and fully paid up

2,964,000,000 (2002: 2,223,000,000) ordinary shares of K1 each	<u>2,964,000</u>	<u>2,223,000</u>
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22 **CONTINGENT LIABILITIES**

Guarantees, performance bonds and bid bonds	<u>3,566,913</u>	<u>1,062,631</u>
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The Bank conducts business involving, guarantees, performance bonds and indemnities. These facilities are off set by corresponding obligations of third parties.

SECOND SCHEDULE

COMPUTATION OF CAPITAL POSITION

Reporting institution: INVESTRUST BANK LIMITED

Reporting date: 31 December 2003

(In K millions)

I PRIMARY (TIER 1) CAPITAL	
(a) Paid-up common shares	2,964.0
(b) Eligible preferred shares	
©Contributed surplus	2,528.5
(d) Retained earnings (note 1)	2,120.4
(e) General reserves	
(f) Statutory reserves	2,568.2
(g) Minority interests (common shareholders' equity)	
(h) Sub-total	10,181.1
LESS:	
(i) Goodwill and other intangible assets	
(j) Investments in unconsolidated subsidiaries and associates	
(k) Lending of a capital nature to subsidiaries and associates	
(l) Holding of other banks' or financial institutions' capital instruments	
(m) Assets pledged to secure liabilities	
Sub-total (A) (items i to m)	
OTHER ADJUSTMENTS:	
Provisions (note 2)	
Assets of little or no realizable value (note 3) - specify details or use separate list if necessary:	

Other adjustments (specify)	

(n) Sub-total (B) - (Sub-total A above + Other adjustments)	
(o) Total primary capital (h - n)	10,181.1
II SECONDARY (TIER 2) CAPITAL	
(a) Eligible preferred shares (Regulations 13 and 17)	
(b) Eligible subordinated term debt (Regulation 17 (b))	
(c) Eligible loan stock / capital (Regulation 17(b))	
(d) Revaluation reserves (Regulation 17 (a)). Maximum is 40% of revaluation res.	123.8
(e) Other (Regulation (17 (c)). Specify	
(f) Total secondary capital	123.8

SECOND SCHEDULE**COMPUTATION OF CAPITAL POSITION (CONT'D)****Reporting institution:** INVESTRUST BANK LIMITED**Reporting date:** 31 December 2003

	(In K millions)
III ELIGIBLE SECONDARY CAPITAL (the maximum amount of secondary capital is limited to 100% of primary capital)	123.8
IV ELIGIBLE TOTAL CAPITAL (I(o) + III) (Regulatory capital)	10,304.9
V MINIMUM TOTAL CAPITAL REQUIREMENT: (10% of total on and off balance sheet risk-weighted assets as established in the First schedule) Note 4.	2,000.0
VI EXCESS (DEFICIENCY) (IV minus V)	8,304.9

NOTES:

- (1) including loss as at date of reporting, or profits net of a reasonable tax provision if accounts are not adjusted or closed.
- (2) these are for unbooked provisions which are deemed necessary to reflect loans and advances and / or other investments such as shares at realistic and realisable values.
- (3) these include prepaids of all types, including inventories of materials which would normally be consumed within the year, outstanding and unreconciled or uncleared suspense and inter-branch accounts, including all unreconciled amounts and balances of two months or more, unrealized gains included in profits, and any other amount for which full or partial receipt or collectibility is in doubt.
- (4) minimum Primary (Tier 1) capital (item I(o) on previous page) for all banks shall be K2.0 billion by 31 December 1996.

INVESTRUST BANK LIMITED

CURRENCY RISK

Kwacha '000

ASSETS	USD	GBP	EURO	RAND	KWACHA	OTHER	TOTAL
Cash and balances at Bank of Zambia	6,848,558	325,581	212,690	30,423	7,172,547	21,759	14,611,558
Balances with other banks, all due within one year	2,440,283	292,158	455,542	-	10,417,065	33	13,605,081
Treasury Bills	-	-	-	-	14,000,000	-	14,000,000
Government bonds	-	-	-	-	7,008,090	-	7,008,090
Loans and advances to customers	1,424,285	-	-	-	6,230,842	-	7,655,127
Other assets	17,609	-	-	24,290	3,511,790	-	3,553,689
Finance lease receivables	6,618,751	-	-	-	452,527	-	7,071,278
Held to maturity investments	976,500	-	-	-	-	-	976,500
Investment	-	-	-	-	87,398	-	87,398
Taxation recoverable	-	-	-	-	593,042	-	593,042
Tangible fixed assets	-	-	-	-	2,518,689	-	2,518,689
Total assets	18,325,986	617,739	668,232	54,713	51,991,990	21,792	71,680,452
LIABILITIES							
Balances with other banks, all due within one year	-	-	-	-	-	-	0
Customer deposits	6,746,500	118,341	-	46,842	40,272,291	-	47,183,974
Other liabilities	6,334,963	13,172	-	23,096	5,914,744	-	12,285,975
Finance lease payables	19,127	-	-	-	-	-	19,127
Deferred taxation	-	-	-	-	1,700,824	-	1,700,824
							61,189,900
Total shareholders' funds	-	-	-	-	10,490,552	-	10,490,552
Total shareholders' funds and liabilities	13,100,590	131,513	0	69,938	58,378,411	-	71,680,452
Total assets	18,325,986	617,739	668,232	54,713	51,991,990	21,792	71,680,452
Total liabilities and equity	(13,100,590)	(131,513)	0	(69,938)	(58,378,411)	-	(71,680,452)
Net on-balance sheet position	5,225,396	486,226	668,232	(15,225)	(6,386,421)	21,792	-
Off-balance sheet net notional position	-	-	-	-	-	-	-

INVESTRUST BANK LIMITED

INTEREST RATE RISK

The Bank is exposed to various risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the exposure to interest rates risk. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Bank does not bear any interest risk on off balance sheet items.

Kwacha '000

ASSETS	up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 3 years	3 - 5 years	Over 5 years	Non-interest bearing	TOTAL
Cash and balances at Bank of Zambia	-	-	-	-	-	-	-	14,611,558	14,611,558
Balances with other banks, all due within one year	13,605,081	-	-	-	-	-	-	-	13,605,081
Treasury Bills	-	-	11,500,000	2,500,000	-	-	-	-	14,000,000
Government Bonds	-	-	-	370,000	6,638,090	-	-	-	7,008,090
Loans and advances to customers	-	1,961,895	703,745	3,925,168	248,367	280,147	-	535,805	7,655,127
Other assets	-	-	-	-	-	-	-	3,553,689	3,553,689
Finance lease receivables	26,905	-	50,062	85,950	6,908,361	-	-	-	7,071,278
Held to maturity investments	-	-	139,500	139,500	697,500	-	-	-	976,500
Investment	-	-	-	-	-	-	-	87,398	87,398
Taxation recoverable	-	-	-	-	-	-	-	593,042	593,042
Tangible fixed assets	-	-	-	-	-	-	-	2,518,689	2,518,689
Total assets	13,631,986	1,961,895	12,393,307	7,020,618	14,492,318	280,147	-	21,900,181	71,680,452
LIABILITIES									
Balances with other banks, all due within one year	-	-	-	-	-	-	-	-	0
Customer deposits	31,583,228	1,574,732	10,940,654	167,416	2,917,944	-	-	-	47,183,974
Other liabilities	-	-	-	-	-	-	-	12,285,975	12,285,975
Finance lease payables	-	16,551	-	-	-	-	-	2,576	19,127
Deferred taxation	-	-	-	-	-	-	-	1,700,824	1,700,824
Total liabilities	31,583,228	1,591,283	10,940,654	167,416	2,917,944	-	-	13,989,375	61,189,900
Total shareholders' funds	-	-	-	-	-	-	-	10,490,552	10,490,552
Total shareholders' funds and liabilities	63,166,456	3,182,566	21,881,308	334,832	5,835,888	-	-	38,469,302	71,680,452
Interest sensitive gap	(49,534,470)	(1,220,671)	(9,488,001)	6,685,786	8,656,430	280,147	-	(16,569,121)	-

INVESTRUST BANK LIMITED

LIQUIDITY RISK

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2003 to the contractual maturity date.

Kwacha '000

ASSETS	up to 1 month	1 - 3 months	3 - 6 months	6 - 12 months	1 - 3 years	3 - 5 years	Over 5 years	TOTAL
Cash and balances at Bank of Zambia	14,611,558	-	-	-	-	-	-	14,611,558
Balances with other banks, all due within one year	13,605,081	-	-	-	-	-	-	13,605,081
Treasury Bills	-	-	11,500,000	2,500,000	-	-	-	14,000,000
Government Bonds	-	-	-	370,000	6,638,090	-	-	7,008,090
Loans and advances to customers	535,805	1,961,895	703,745	3,925,168	248,367	280,147	-	7,655,127
Other assets	3,553,689	-	-	-	-	-	-	3,553,689
Finance lease receivables	26,905	-	50,062	85,950	6,908,361	-	-	7,071,278
Held to maturity investments	-	-	139,500	139,500	697,500	-	-	976,500
Investment	-	-	-	-	-	-	87,398	87,398
Taxation recoverable	593,042	-	-	-	-	-	-	593,042
Tangible fixed assets	-	-	-	-	-	-	2,518,689	2,518,689
Total assets	<u>32,926,080</u>	<u>1,961,895</u>	<u>12,393,307</u>	<u>7,020,618</u>	<u>14,492,318</u>	<u>280,147</u>	<u>2,606,087</u>	<u>71,680,452</u>
LIABILITIES								
Balances with other banks, all due within one year	-	-	-	-	-	-	-	0
Customer deposits	31,583,228	1,574,732	10,940,654	167,416	2,917,944	-	-	47,183,974
Other liabilities	5,537,128	883,313	1,129,248	1,660,855	3,075,431	-	-	12,285,975
Finance lease payables	2,576	16,551	-	-	-	-	-	19,127
Deferred taxation	1,700,824	-	-	-	-	-	-	1,700,824
Total liabilities	<u>38,823,756</u>	<u>2,474,596</u>	<u>12,069,902</u>	<u>1,828,271</u>	<u>5,993,375</u>	<u>-</u>	<u>-</u>	<u>61,189,900</u>
Total shareholders' funds	-	-	-	-	-	-	10,490,552	10,490,552
Total shareholders' funds and liabilities	<u>77,647,512</u>	<u>4,949,192</u>	<u>24,139,804</u>	<u>3,656,542</u>	<u>11,986,750</u>	<u>-</u>	<u>10,490,552</u>	<u>71,680,452</u>
Net liquidity gap								
Total assets	32,926,080	1,961,895	12,393,307	7,020,618	14,492,318	280,147	2,606,087	71,680,452
Total liabilities and equity	(77,647,512)	(4,949,192)	(24,139,804)	(3,656,542)	(11,986,750)	-	(10,490,552)	(132,870,352)
	<u>(44,721,432)</u>	<u>(2,987,297)</u>	<u>(11,746,497)</u>	<u>3,364,076</u>	<u>2,505,568</u>	<u>280,147</u>	<u>(7,884,465)</u>	

Customer deposits relate to current and savings account deposits, and deposits against Repurchase Agreement which though classified in these bands are deemed stable and of a long term nature .

INVESTRUST BANK LIMITED**DETAILED OPERATING STATEMENT**

for the period 1 April 2003 to 31 December 2003

Kwacha '000	1 April 2003 to 31 December 2003	31 March 2003
INTEREST		
Income	3,191,617	4,280,811
Expense	4,025,026	4,003,623
Net interest income	(833,409)	277,188
OTHER OPERATING INCOME		
Profit on foreign exchange trading	6,060,077	5,658,163
Fees and commissions receivable	1,044,869	1,494,923
Interest on Treasury Bills and Government Bonds	4,538,330	3,370,187
Ledger fees	450,040	463,464
Gains on Government securities	767,772	454,523
Rental income	36,000	48,000
Profit on disposal of tangible fixed assets	405,486	-
	13,302,574	11,489,260
Net interest and other operating income	12,469,165	11,766,448
OPERATING EXPENSES AND BAD DEBTS		
Staff costs	4,805,213	5,156,634
Bad and doubtful debts provision	846,903	1,538,441
Depreciation	518,323	514,542
Travel expenses	482,358	408,747
Bank charges	844,699	354,038
Operating expenses	187,643	343,282
Postage and telephone	268,060	321,127
Motor vehicle expenses	283,893	257,047
Repairs and maintenance	132,677	194,525
Office and security expenses	195,583	178,985
Advertising	182,350	157,218
Printing and stationery	277,764	154,709
Insurance	196,441	151,835
Bad debts	52,805	190,257
Directors fees and expenses	168,558	140,915
Rent and rates	102,850	112,904
Medical expenses	121,248	96,943
Computer expenses	118,573	93,674
Audit fees	96,464	78,559
Professional and legal fees	334,755	78,360
Entertainment	43,466	43,249
Water and electricity	37,056	40,601
Subscriptions	17,793	31,884
Finance lease charges	1,367	28,376
Donations	30,490	22,252
Loss on disposal of tangible assets	-	282
	10,347,332	10,689,386
PROFIT BEFORE TAXATION	2,121,833	1,077,062