

Monthly Financial Sector Bulletin

Issue No. 72, August 2019



COVER PICTURE: CBZ Holdings Limited announced the appointment of Marc Holtzman as chairman of CBZ Holdings Limited. "The Board of Directors of CBZ Holdings Limited is pleased to announce the appointment of Marc Holtzman as Chairman of CBZ Holdings Limited Board with effect from 1 September 2019. Mr. Holtzman is the current Chairman of the Board of Directors of Bank of Kigali, the largest financial institution in Rwanda. He has served as a member of the Board of Directors since 2009. Previously, Mr. Holtzman was Chairman of Meridien Capital HK, private equity firm with investments in natural resources, real estate, food, agriculture and transportation. Prior to joining Meridian, Mr. Holtzman served as Vice Chairman of Barclays Capital and as Vice Chairman of ABN Amro Bank. Previously, as co-founder and President of MeesPierson EurAmerica (a firm which was acquired by ABN Amro) and as a Senior Advisor to Salomon Brothers...The Board, Management and staff at CBZ Holdings Limited congratulate Mr. Holtzman on his appointment and wish him well in his new role," said Group Legal Corporate Secretary Rumbidzayi Angeline Jakanani in the announcement dated 30 August 2019. Apparently, Holtzman was seconded by Government through the office of the Ministry of Finance and he is expected to use his international experience and stature to help the banking group deal with its OFAC case. Picture Credit: nzherald.co.nz

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The MFSB is a monthly roundup of key Zimbabwean financial sector developments produced by SoundGarden Publishing, a provider of proprietary data, business intelligence and analytical content supporting decision-making in financial markets.

SINCE SEPTEMBER 2013: For six solid years, the Monthly Financial Sector Bulletin (MFSB) has been consistently providing reliable aggregated financial sector information enabling industry professionals and other stakeholders to make data-driven decisions!

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SELECTED VITAL STATISTICS AT A GLANCE

General Statistics

Year-on-year Inflation for June 2019	175.66 % (May 2019: 97.85%)
Month-on-Month Inflation August 2019	18.07% (July - 21.04%)
Projected Average Inflation for 2019	22.4%
Projected 2019 Gross Domestic Product (GDP) Growth	3.1% (AfDB – 4.2%; World Bank – 3.7%)
Original Budget for 2019	\$8.16 billion (\$10.85 billion)
2018 Manufacturing Sector Capacity Utilisation	48.2% (2017 – 45.1%) (2016 - 47.4 % (2015 - 34.3%)
Projected Trade Deficit for 2018	US\$1.6bn (Exports – \$4.9bn; Imports – \$6.3 bn)
Zimbabwe's Foreign Direct Investment (FDI) – 2018	US\$745m (US\$349m - 2017) (US\$319m – 2016) (US\$421m-2015)

Statutory Ratios

Formula	Ratio
Minimum Capital Adequacy Ratio: (Total Qualifying Capital/Total Risk Weighted Assets) x 100	12%
Minimum Liquidity Ratio: (Total Liquid Assets/Total Liabilities to the Public) x 100	30%

Deposits, Loans and Lending Ratios

Total Banking Sector Deposits (30 June 2019)	\$16.92 billion (\$10.32 billion – 31 Dec 2018)
Total Banking Sector Loans & Advances (30 June 2019)	\$6.17 billion (\$4.22 billion – 31 Dec 2018)
Loans-to Deposit Ratio (30 June 2019)	36.49% (31 December 2018 – 40.71%)
Banking Sector Non-Performing Loans (NPLs) (30 June 2019)	3.95% (6.92% - Dec 2018 & Peak 20.45% as at 30 Sept 2014)
Total Banking Sector Assets (30 June 2019)	\$23.54 billion (31 Dec 2018 - US\$13.98 billion)

Sources: Mainly the Monetary Policy Statement (RBZ), National Budget & Various other Industry Sources

Editorial Comment

Product Innovation & Channel Development: Cassava Smartech companies dominate

Product development and promotion initiatives remained flat at six during the period under review, despite a 200% growth in promotional activity. Product launches remained flat at four while there were no product enhancements during the review period. A notable aspect is the dominance of Cassava Smartech companies which accounted for 57% of the initiatives. From a sub-sectoral perspective, fintech was dominant, followed by banking while insurance weighed in with a single initiative.

Channel development activity remained flat at five initiatives, with different institutions contributing just like in the previous month, although the difference this time was that all of them were from the banking sector while in the previous month one of the initiatives was from the fintech sector. A notable development was the closure of four of CABS' branches in Harare, Mutare and Bulawayo. The banking subsidiary of Old Mutual did not give reasons for the closure but this was most likely done to manage costs in response to falling business in branches and to leverage on digitisation which enables financial institutions to deliver their products at lower cost.

ICT Operations & Security Issues: Enhancing stability and service availability

FBC Bank Limited and FBC Building Society took advantage of Heroes holidays to upgrade to a higher version of their core banking platform while Ecobank Zimbabwe also revealed that it was in the process of upgrading its system, with migration to the upgraded version of the application scheduled to take place on 23 September 2019. The rationale of these upgrades is to improve the stability and robustness of systems and enhance service availability across all channels. Meanwhile, against the background of increasing card fraud, FBC Bank Limited and FBC Building Society issued a joint security alert, warning clients about the spread of fake communication across various platforms purporting that the bank was requesting for client's CVV/CVC2/CVV2 number and any other account or card details.

Executive Management/Board Changes: Government seconds new Chairman to CBZ Holdings

In the C-Suite, Stanbic Bank announced the appointment of two new board members, Jonathan Charles Holroyde Wood and Simbarashe Eric Mhuriro, replacing outgoing board members Mrs. Linda Masterton, Mr. Paul Smith, and Mr. Malcolm Lowe. The Board of Directors of CBZ Holdings Limited announced the appointment of American-born Kazakhstan businessman Marc Holtman, as Chairman of CBZ Holdings Limited Board with effect from 1 September 2019. Apparently, Holtman was seconded by Government through the office of the Ministry of Finance and Economic Development, and he is expected to use his international experience and stature to help the banking group deal with its OFAC case.

Corporate Social Investment & Sponsorship Initiatives: Agric Show an opportunity to benchmark standards

The Zimbabwe Agricultural Show took place in Harare during the period 19-24 August 2019, and according to the Zimbabwe Agricultural Society, presented an opportunity for companies to benchmark their standards and compete for various sponsored trophies which distinguish them ahead of the pack in their chosen sphere of business. Financial Institutions such as the RBZ, ZB Life Assurance, CBZ Holdings and Agribank took the opportunity to sponsor a number of trophies.

Corporate Actions: Change in functional and reporting currency impact on companies' performance

First Capital Bank Limited issued a profit warning in relation to its performance in the first half of 2019. In line with Zimbabwe Stock Exchange listing requirements, the company advised shareholders of an increase in basic earnings per share. The expected increase in earnings per share was due to once off property fair valuation adjustments related to a change in functional and reporting currency from US\$ to ZWL\$, which was expected to impact on the financial performance of most businesses in Zimbabwe.

External Financing: Lines of Credit & Grant Finance: Another facility channelled through Agribank

After securing a US\$10.5 million facility for irrigation equipment from Spain through Agribank, Government on the 1st of August 2019 signed another US\$50 million deal with John Deere that will see the agricultural equipment manufacturer supplying 1300 tractors. The tractors would be distributed on loan through Agribank, which will make the final selection of farmers to be granted the loans after full appraisal and depending on its lending policy. Agribank

has handled a similar facility from Brazil, which one hopes has performed well and that the bank has gained enough experience to avoid defaults. Meanwhile, Afreximbank was appointed by the Diaspora Infrastructure Development Group (DIDG) as the mandated lead arranger and co-ordinating bank to mobilise the US\$400 million required for the National Railways of Zimbabwe (NRZ) recapitalisation project. The pan-African lender was expected to coordinate funding from a number of regional banks which availed indicative term sheets for syndicated funding totalling between US\$700 million and US\$1 billion.

Fiscal, Public Debt & Investment Issues: Selective application of SI 142 which creates an uneven playing field

Government exempted 12 food and beverage companies from paying duty in foreign currency when importing raw materials for their production processes. While this was welcome relief to the concerned companies, this special dispensation was seen by analysts as part of government's selective application of Statutory Instrument 142 which creates an uneven playing field undermine confidence in the new currency regime.

Bond/TB Issue Outlook: Mapping out the yield curve ahead of bigger auctions

The Reserve Bank of Zimbabwe returned to the market for the second time in August with a ZWL\$60 million Treasury Bill issue with a tenor of 365 days which opened on the 19th of August 2019. While the first public issue of 91-day TBs worth ZWL\$30 million, which opened on the 1st of August 2019, was restricted to banks only, the second issue widened its target market to include asset managers, insurance and pension funds as well as other corporates as the apex bank broadened its open market operations.

Besides gauging market interest, the TBs auctions were also meant to assist in mapping out the yield curve ahead of bigger auctions seeking to mobilise funds for infrastructure development. The highest interest rate offered for the first auction was 40 percent, while the lowest was 15 percent, resulting in an average rate of 15.6 percent. For the second issue of ZWL\$60 million, the highest rate offered was 50%, while the lowest was 12%, resulting in an average interest rate of 14.3651%. The oversubscription for both issues indicated significant interest in government paper. A yield curve is a line that plots interest rates, at a set point in time, of bonds having equal credit quality but differing dates. The shape of the yield curve gives an idea of future interest rate changes and economic activity. There are three main types of yield curve shapes: normal, inverted and flat (or humped). A normal yield (upward-sloping) curve is one in which longer maturity bonds have a higher yield compared with shorter-term bonds due to the risks associated with time. An inverted yield (downward-sloping) curve is one in which the shorter-term yields are higher than the longer-term yields, which can be a sign of upcoming recession, as is currently the case in Zimbabwe.

The recent issue of Treasury Bills is clearly intended to mop up excess liquidity, coming against the background over the past month or so, where market liquidity has increased gradually on account of maturing treasury instruments, government expenditure as well as early redemptions of savings bonds (which earned an interest rate of 7%) by banks seeking to rebalance their portfolios into higher-yielding new treasury issuances

Policy/Regulatory/Legal Developments: Publication of Inflation figures - Ncube smashes mirror on the wall

Finance and Economic Development Minister Mthuli Ncube presented his first mid-term fiscal policy review on the 1st of August 2019. He commendably made an effort to put more disposable income into the pockets of the long-suffering working class heaving under the weight of his austerity measures, by doubling the minimum taxable income from ZWL350 to ZWL700 and increasing the minimum threshold for the 2 percent tax levied from ZWL10 to ZWL20. However the hike in the cost of electricity will see his efforts to stimulate aggregate demand coming to naught since what the right hand has given, the left has immediately taken. Consumers will be faced with higher expenditure in the form of electricity tariffs and the ever-rising fuel prices. Despite the rosy picture Ncube currently seeks to portray, his suspension of the publication of annual inflation figures until February 2020 apparently to enable ZimStat to collect more data to compare the price statistics on a like-to-like basis betrays the dire prospects facing Zimbabweans for the foreseeable future. Despite the guise of inflation rebasing and other technicalities, and Ncube's erudite explanation, the move - which has been described in some quarters as smashing the mirror on the wall - is seen for what it is - an attempt to conceal rising inflation for the next six months. This, according to some, goes to show the extent to which Government is prepared to go to delude Zimbabweans into believing that things are working well. But tellingly, the reality on the ground is decidedly bleak and what people are experiencing has no bearing to what Ncube sees through his rose-tinted designer spectacles.

In the review, Mthuli goes to town about the current account surplus in the first quarter of the year, which could be a reflection of currency shortages instead of waning import demand. We think it is meaningless to talk about a current account surplus when we have a legacy foreign currency debt of US\$ 1.2 billion. Ncube also goes to town about the fiscal surplus of ZWL800 million in the first six months of the year. While this achievement of a primary surplus is commendable, much more still needs to be done in terms of expenditure rationalisation since the progress registered so far on the fiscal front is largely attributable to revenue performance, which is in turn premised on an austere taxation regime that has made the lives of Zimbabweans unbearable since Mthuli took over the country's financial reins.

Financial Sector decries deteriorating macroeconomic environment

The reporting season unfolded during the month under review with several financial institutions releasing their financials and voicing a number of concerns keeping them awake:

Deteriorating Macroeconomic Environment: Financial Institutions faced a difficult operating environment due to deteriorating macroeconomic and business fundamentals.

Rising Operating Expenditure: Pressure mounted for banks to contain costs against the background of growth in operating expenses mainly driven by high inflation and the devaluation of the interbank exchange rate.

Erosion of Disposable Incomes: Banks also took note of the erosion of disposable incomes and the limited capacity by the general public to keep pace with increasing costs, which made it difficult for them to afford services such as insurance as they prioritised bread and butter issues

Critical Shortage of Power and Fuel: The FIs were concerned by the critical shortage of power and fuel which had a crippling effect on the viability of businesses, retarding productivity levels in the process, possibly constraining the ability to service loans

Higher Lending Rates and Subdued Lending Activity: As a result of high and unsustainable inflation, lending interest rates rose in sympathy, leading to subdued lending activity by banks

Risk of Balance Sheet Contraction: Financial Institutions faced a real risk of balance sheet contraction in a highly inflationary environment. Devaluation of the official exchange rate from US\$ 1: 1RTG\$ to over US\$ 1: 10RTG\$ saw the dramatic erosion of companies' balance sheets and savings in the local currency, while trebling the local currency value of foreign currency liabilities. Capital preservation was therefore expected to remain a key focal point in shaping their strategic direction.

Bleak Outlook Period: The outlook period for the economy was dampened by inflation, currency volatility, decline in industry capacity utilisation, as well as fuel and electricity challenges.

The banks however also took note of some opportunities:

Exchange and Fair Value Gains: Most institutions recorded notable exchange and fair value gains following the introduction of the Zimbabwe dollar.

Increases in Volumes of Traded Foreign Currency: Banks noted an increase in the volumes of foreign currency traded on the formal market as a result of the introduction of the interbank market, albeit at a higher cost. This however gave banks the opportunity to diversify their revenue streams through currency trading activities.



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PRODUCT LAUNCH/ENHANCEMENT INDEX (PLEI)

- **Sasai**, an all-in mobile application (app) which enables users to pay, chat and explore was launched, with the promoters touting it as “A first in Africa available to everyone across the globe.” Features available on the app, which can be downloaded from [Google Play](#) and the [Apple App Store](#) are payments, chat, send money, loans, and savings, Bill Splitting, Gamezone and Explore. “App your payment game! Make all your payments and move your money from bank to wallet & vice versa if you like! Stay connected with friends and family! Invite your inner circle to a new style of conversation with Sasai. Explore the world! Sasai gives you all the entertainment you need in the palm of your hand,” said the full page advertisement dated 1 August 2019 announcing the launch of the app.
- **Cassava Smartech** subsidiary **EcoCash** launched the **EcoCash Bureau de Change** after being granted a licence by the **Reserve Bank of Zimbabwe (RBZ)**. The service allows customers to conveniently convert their United States dollars from their foreign currency account (FCA) wallets to their RTGS wallets via USSD in real time. At the time of the launch on the 22nd of August 2019, the exchange rate stood at ZWL\$10.80 to the US dollar. Addressing partakers at the launch, EcoCash general manager **Natalie Jabangwe** said the move was necessitated by the need to protect the transacting public from high premiums on the parallel market of as much as 30 percent. “We have launched an electronic bureau de change on cellphone where you don’t need to pay premiums to access the service you can now do it alone. The application guarantees safety and security, conveniently change your money 24/7, the service is very competitive,” she said. Present at the launch was the RBZ’s acting exchange control director **Obvious Runesu** who said the central bank had hitherto licensed over 200 bureaux de change across the country while more applications were still trickling in.
- **First Mutual Health** launched **Micromed**, touting it as a “Medical Aid Plan for everyone”. The product, which comes with free funeral cover, costs ZWL\$6 per month. It enables access to general practitioners and medication from selected pharmacies and access to all public health facilities. In order to join, one has to dial *712# on their mobile phone.

PRODUCT PROMOTION INDEX (PPI)

- **TM Pick n Pay Zimbabwe** launched the 2019 edition of the Bargain Bonanza Promotion running from 1 August 2019 – 29 September 2019. Under the promotion, TM Pick n Pay partnered **Steward Bank**, with those who swiped for purchases of RTGS \$50 or more on a Steward Bank Point of Sale (POS) Machine standing a chance to win the first prize of RTGS \$60, 000 and a second prize of RTGS \$40, 000.
- **Cassava International** said it was, in conjunction with **EcoCash**, extending a one month charge free facility on all money sent to Zimbabwe from United Kingdom and South Africa respectively. It will be transacted through social media platform, **Sasai**. “We all know that remittances are a critical part of this economy. For our customers we are slashing remittances fees effective from 1st September for two corridors UK to Zimbabwe and South Africa to Zimbabwe to zero rating. Unfortunately this slashing of fees to zero percent will only last for the first 30 days and after the promotion, we will charge 2.5 percent remittance fee. So far, the platform will be limited to Cassava remit in the United Kingdom and **EcoCash Remit** in South Africa, but as time goes on, we are engaging other global partners who are interested,” said **Tapera Mushoriwa**, Cassava International chief operating officer speaking at the launch of the facility on the 24th of August 2019.
- **Cassava Remit**, in association with **EcoCash Bureau De Change** introduced a **Back to School Promotion** running until 30th of September 2019. “Win school fees! Receive any amount of money directly into your EcoCash FCA wallet via Cassava Remit and stand a chance to win school fees vouchers and airtime. Once your money is in the EcoCash Bureau De Change,” said **Cassava Smartech** sister companies about the promotion under which 30 recipients stood a chance to win ZW\$500 worth of school fees vouchers while 1000 others stood to win ZW\$ airtime.

SUMMARY: PRODUCT LAUNCH & PROMOTION INITIATIVES

#	Organization	Product /Promotion	Product/Service Category	Sub-sector	Type of Initiative
1	Cassava Smartech/Sasai	All-in mobile application	Transaction Banking	Fintech	Product Launch
2	Cassava Smartech/EcoCash	Bureau de Change	Transaction Banking	Fintech	Product Launch
3	First Mutual Health	Micromed Medical Aid Plan	Medical Insurance	Insurance	Product Launch
4	Steward Bank/TM Pick n Pay	Bargain Bonanza Promotion	Transaction Banking	Banking	Product Promotion
5	Cassava/ EcoCash Remit	Sasai Charge Free Promotion	Cross-Border Remittances	Fintech	Product Promotion
6	Cassava Remit/EcoCash	Back to School Promotion	Cross-Border Remittances	Fintech	Product Promotion

CHANNEL DEVELOPMENT/RATIONALISATION ACTIVITY

- ZB Bank introduced Syfrets Bureau de Change in order to take advantage of currency development opportunities ushered in by the new currency regime “Usarohwe homwe nemakoronyera! (Don’t be cheated by illegal currency dealers). Visit Syfrets Bureau de Change at any of the following sites and exchange your forex in a safe and comfortable environment: ZB Bank Harare Airport Branch and Electrosales Pomona,” said the banking subsidiary of ZB Financial Holdings.
- CABS, a member of the Old Mutual Group and the Deposit Protection Scheme, announced the closure of four of its branches in Harare, Bulawayo and Mutare. “Please be advised that we intend to close the stated branches by the following dates:

Branch	Closure Date	Nearest Branch
Mt Pleasant, Harare	31 October 2019	Arundel, Harare
Nkulumane, Bulawayo	31 October 2019	Jason Moyo, Bulawayo
Dangamvura, Mutare	31 October 2019	Herbert Chitepo, Mutare
CA House, Mutare	31 December 2019	Herbert Chitepo, Mutare

All services will be available at the listed nearest branches. If you require any further information, please call us on (024) 2883822/3 or e-mail support@cabs.co.zw” said the mortgage lender.

- EcoCash announced that First Capital Bank, formerly Barclays Bank Zimbabwe Limited, was now linked to its mobile money platform. “Convenience comes first. First Capital Bank now on EcoCash. Link your First Capital Bank account to your EcoCash wallet, move money from your bank to wallet, wallet to bank and transact easily 24/7,” said the Cassava Smartech company in a joint advertisement with First Capital Bank.
- Ecobank Zimbabwe Limited issued a notice on the temporary closure of its Borrowdale Branch for renovations, expansion and upgrade. “We are writing to advise you that our Borrowdale Branch will be temporarily closed from Monday 2 September 2019 to Sunday 3 November 2019 to pave way for renovations and upgrades. The refurbished branch is expected to reopen on Monday 4 November 2019. The renovations and upgrades are driven by our quest to provide you with a better banking experience in a more spacious and modern banking hall. During this period of temporary closure, a temporary service area will be provided on the Ground Floor at the Head Office Main Building. Alternatively, you may also visit any one of our branches below:

NAME OF BRANCH	ADDRESS
Samora Machel	137 Samora Machel Avenue, Harare
Joina City	Joina City Mall, Harare
Nelson Mandela	35 Nelson Mandela Avenue/Angwa Street, Harare
Graniteside	106 Seke Road, Harare
Msasa	The Collonade, 70, Msasa, Harare
Southerton	High Junction, Southerton, Harare

Should you require any further assistance, please call our contact center on toll free number 0808 0157 or WhatsApp on 0771397171. While we have taken all the necessary precautions to ensure that the project is completed successfully on time, we however wish to sincerely apologize in advance for any inconvenience that these works may cause. We thank you for your continued support and we value your business," said the bank in the notice.

- **ZB Bank** introduced a new remittance partner located in the United States of America. "ZB Bank has partnered with **Ria**, a money transfer facility based in New York City, which has branches in over 146 countries and over 377 000 agents across the globe. Ria is an affordable money transfer facility," said the banking franchise of **ZB Financial Holdings Limited**.

SUMMARY:CHANNEL EXPANSION/RATIONALISATION ACTIVITY				
#	Institution	Sector	Type of Initiative	Description
1	ZB Bank	Banking	Syfrets Bureau de Change Opening	Airport Branch & Electrosales Pomona
2	CABS	Banking	Branch Closures	Mt Pleasant, Nkulumane, Dangamvura& CA House
3	First Capital Bank	Banking	Mobile Money Integration	EcoCash Integration
4	Ecobank Zimbabwe	Banking	Borrowdale Branch Renovation	Temporary Closure : 2 Sept – 3 Nov 2019
5	ZB Bank	Banking	Remittances Channel Development	New USA remittance partner - Ria, New York

ICT OPERATIONS AND SECURITY ISSUES

- **FBC Bank Limited** and **FBC Building Society** upgraded to a higher version of the core banking platform from Saturday 10 August to Tuesday, 13 August 2019. During the exercise, the following services were unavailable:
 - Internet Banking
 - SMS Alerts
 - Email Alerts
 - Mobile Moola Normal Account Internal transaction
 - Merchant Crediting

Services that were available during the transition included:

- **MasterCard/VISA** transactions
 - **Zimswitch** transactions
 - Mobile Moola transactions (with exception on internal transfers)
 - Merchant POS transactions
 - All Mobile Money transactions
 - **ZIMRA** POS transactions.
- **FBC Bank Limited** and **FBC Building Society** issued a joint security alert. "FBC Bank notes with concern the spread of fake communication across various platforms purporting that the bank is requesting for client's CVV/CVC2/CVV2 number and any other account or card details. We advise our valued clients and all stakeholders to disregard the false messages which are not originating from FBC Bank and not to disclose their full card number, PIN number, CVV number, Card Expiry date, OTP or any one of the card security details to anyone by any means, including those claiming to be FBC employees. Please be advised that FBC Bank and Building Society are not in any way associated with individuals communicating with our clients using unofficial FBC contact details requesting for confidential card security details. We remind our valued clients and stakeholders that all communications relating to FBC Bank are channeled through our official platforms (Landlines, WhatsApp, Toll-free, E-mail, Skype, Facebook and Twitter)," said the banking and mortgage franchises of **FBC Holdings Limited**.
 - **Ecobank Zimbabwe Limited** issued a customer notice in respect of an ongoing system migration. "We are currently transitioning to an entirely Overhauled and Upgraded Technology System. Ecobank Zimbabwe Limited wishes to advise all our valued customers and stakeholders that the bank is in the process of migrating to a new core

banking application as we endeavour to improve our system that has affected our efforts to deliver services to your satisfaction. The migration to the upgraded version of the application is scheduled to take place on 23 September 2019. This new version is expected to improve the stability and robustness of our systems and service availability across all our channels. Should you require any information on how the changes in our core banking application will affect you, please do not hesitate to contact us via Email: ezw@ecobank.com, Toll Free Line: 086 77008434 or visit any Ecobank branch. We further advise that we have taken all necessary precautions to ensure that the project is completed successfully on time without any disruptions to service. We thank you for your continued support and we value your business," said the Pan African Bank in the notice which was published on the 30th of August 2019.

EXECUTIVE MANAGEMENT/BOARD CHANGES

- **Stanbic Bank** announced the appointment of two new board members, [Jonathan Charles Holroyde Wood](#) and [Simbarashe Eric Mhuriro](#). "Stanbic Bank Zimbabwe is pleased to announce the appointment of new Non-Executive Directors. The new members bring with them a wealth of experience from various business jurisdictions that will be valuable in our continued journey to move the bank forward. Jonathan is a seasoned banker, who holds 18 years of international corporate and investment banking experience, with specific focus on project and structured finance. His investment banking experience includes managing a global project finance business for [Standard Bank](#) with teams in London, Johannesburg, Lagos, Sao Paulo and Singapore. His sector financing experience includes transport infrastructure, renewable energy and agriculture. He holds degrees in Economics from [Rhodes University](#) and the [University of Cape Town](#), and an MSc in Corporate and International Finance from [Durham University](#), UK.

Simbarashe is an entrepreneur and Managing Director of [Oxygen Africa](#), a renewable energy development company focused on commercial, industrial and utility scale solar projects. He is also a member of the [World Economic Forum's](#) Global Future Council on Entrepreneurship for the 2018 – 2019 and the Shared Value Africa Initiative's Africa Council of 8. Simbarashe holds diplomas in hospitality & Human Resources Management and has been recognized for his work in renewable energy, entrepreneurship development and innovation by various globally acknowledged institutions which include [Forbes Africa](#) 30 most promising young entrepreneurs (2018 & 2016), Africa Youth Awards top 100 most influential, Afk insider 12 Most Promising Africom 40 Africans Under 40 – Making It In Africa, Africa Innovation Summit Top 50 Innovations, Institut Choiseul France's Africa's 200 economic leaders. Destiny Man Power of 40, The Young Independents SADC top 100 trailblazers The Foremag Top 10 African Men under 40, Most Influential People of African Descent under 40 (MIPAD 100), Medium.com's top 100.

We would like to thank our outgoing board members, [Mrs. Linda Masterton](#), [Mr. Paul Smith](#), and [Mr. Malcolm Lowe](#). We are grateful for their dedication and earnest service. Their immense contributions to the development and continuity of Stanbic Bank Zimbabwe will forever be cherished. We wish them all the best in their current and future endeavours," said the bank, a member of the [Standard Bank Group](#).

- President [Emmerson Mnangagwa](#) appointed American-born Kazakhstan businessman [Marc Holtzman](#) as [CBZ Holdings Limited](#) chairperson. In an August 21, 2019 letter to CBZ chief executive officer [Blessing Mudavanhu](#), Finance Minister [Mthuli Ncube](#) said Mnangagwa had appointed Holtzman with effect from September 1, 2019. "The new chairman is Holtzman, who is an international businessperson with wide experience globally. Government looks forward to your support and drive in taking the bank to new heights under new leadership at board level," said Ncube. Meanwhile [CBZ Holdings Limited](#) confirmed [Marc Holtzman's](#) appointment. "The Board of Directors of CBZ Holdings Limited is pleased to announce the appointment of Marc Holtzman as Chairman of CBZ Holdings Limited Board with effect from 1 September 2019. Mr. Holtzman is the current Chairman of the Board of Directors of [Bank of Kigali](#), the largest financial institution in Rwanda. He has served as a member of the Board of Directors since 2009. Previously, Mr. Holtzman was Chairman of [Meridien Capital HK](#), private equity firm with investments in natural resources, real estate, food, agriculture and transportation. Prior to joining Meridian, Mr. Holtzman served as Vice Chairman of [Barclays Capital](#) and as Vice Chairman of [ABN Amro Bank](#). Previously, as co-founder and President of [MeesPierson EurAmerica](#) (a firm which was acquired by ABN Amro) and as a Senior

Advisor to [Salomon Brothers](#)...The Board, Management and staff at CBZ Holdings Limited congratulate Mr. Holtzman on his appointment and wish him well in his new role," said Group Legal Corporate Secretary [Rumbidzayi Angeline Jakanani](#) in the announcement dated 30 August 2019.

CORPORATE SOCIAL INVESTMENT (CSI) & SPONSORSHIP INITIATIVES

- According to the [Zimbabwe Agricultural Society \(ZAS\)](#), the Zimbabwe Agricultural Show, which took place in Harare during the period 19-24 August 2019, "presents a unique and annual opportunity for companies to benchmark their standards and compete for various sponsored trophies which distinguish them ahead of the pack in their chosen sphere of business during 2019." Financial Institutions sponsored a number of trophies as follows:

Trophy	Description	Sponsor
Financial Services Floating Trophy	Best display by a financial service institution	Reserve Bank of Zimbabwe
Educational Institutions Challenge Trophy	Best overall stand by an educational institution	ZB Life Assurance
Youth Entrepreneurship Challenge Trophy	Best exhibitor by a youth entrepreneur in the Agricultural Value Chain	CBZ Holdings
Youth Agriculture Innovations Trophy	Best Innovation by a Youth in Agriculture	Agribank

- [CABS](#) once again sponsored St George's T20 Tournament dubbed Smashing Cricket which ran from the 29th of August to 1 September 2019, attracting schools such as Christian Brothers College, Churchill High School, Falcon College, Hellenic Academy, Peterhouse Boys, Prince Edward School, Lomagundi College, St John's College, St Andrews's College (Grahamstown) and St Benedict's x 2 teams (Johannesburg).

CORPORATE ACTIONS

- [First Capital Bank Limited](#) issued a profit warning in relation to its performance in the first half of 2019. "In line with [Zimbabwe Stock Exchange](#) listing requirements, shareholders are advised that basic earnings per share for the 6 months to 30 June 2019 will be approximately 2.5 cents above the 0.63 cents per share of the same period in 2018. The expected increase in earnings per share is due to once off property fair valuation adjustments related to a change in functional and reporting currency from US\$ to ZWL\$. Shareholders are therefore advised to exercise caution in the trading of their First Capital Bank shares before the official announcement of the half year results in August," read the warning published on the 15th of August 2019.
- [Fidelity Life Assurance of Zimbabwe](#) issued a further cautionary statement in respect on ongoing transaction. "Further to the cautionary announcement dated 22 July 2019, the Directors of Fidelity Life Assurance of Zimbabwe Limited ("Fidelity" or "the Company" wish to advise all shareholders and the investing public that the company is engaged in discussions that involve a potential transaction that may have a material impact on the value of the Company's shares. The transaction involves the restructuring of the company's capital structure through the issuance of shares by way of a rights offer. Further details of the transaction will be provided once discussions have been finalised. Shareholders are therefore advised to exercise caution when trading in the Company's shares," said Company Secretary [C. Matongo](#) in the statement dated 27 August 2019.

EXTERNAL FINANCING: LINES OF CREDIT AND GRANT FINANCE/AID

- Government on the 1st of August 2019 signed a US\$50 million deal with [John Deere](#) that will see the agricultural equipment manufacturer supplying 1300 tractors expected to benefit farmers during the 2019/2020 summer cropping season. The tractors would be distributed on loan through [Agribank](#). Lands, Agriculture, Water, Climate and Rural Resettlement Secretary [Ringson Chitsiko](#) and John Deere managing director for Sub-Saharan Africa [Antois van der Westhuizen](#) signed the deal in Harare. Under the deal, the Lands, Agriculture, Water, Climate and Rural Resettlement Ministry will assist in the selection and training of beneficiaries on the use of the equipment. John Deere will finance the facility and ensure equipment is manufactured timeously; while Agribank will make the final selection of farmers to be granted the loans after full appraisal and depending on its lending policy.

- A pan-African commercial bank domiciled in West Africa (believed to be Ecobank) – working in co-operation with the [Reserve Bank of Zimbabwe](#) – reportedly rescued the country from a deepening power crisis by availing a US\$15 million guarantee for future supplies through a ring-fenced facility to be serviced from export proceeds. The Pan-African bank, with offices in Harare, will act as guarantor of the facility, with local exporting firms required to pay for electricity supplies in hard currency into a ring-fenced account.
- The [African Export-Import Bank \(Afreximbank\)](#) was appointed by the [Diaspora Infrastructure Development Group \(DIDG\)](#) as the mandated lead arranger and co-ordinating bank to mobilise the US\$400 million required for the [National Railways of Zimbabwe \(NRZ\)](#) recapitalisation project. The pan-African lender will coordinate funding from a number of regional banks which have given indicative term sheets for syndicated funding totalling between US\$700 million and US\$1 billion. According to the initial term sheets, [Standard Bank](#) was ready to shell out between US\$100 million and US\$137 million, [Absa Bank Limited](#) (US\$200 million), [Nedbank](#) (US\$200 million) and [Nedbank Zimbabwe](#) (US\$17.5 million) and the [Industrial Development Corporation of South Africa](#) (US\$100 million). [Ecobank Kenya](#) had also expressed interest in channelling US\$100 million towards the project while [Trade and Development \(TDB\)](#) would provide US\$75 million. Local financial institutions are also expected to contribute with some of the institutions that have expressed interest being [Old Mutual](#), [Imara Asset Management](#), [ZimRe Holdings](#), [Steward Bank](#), the [National Social Security Authority \(NSSA\)](#) and [CBZ Bank](#).

CAPITAL MARKET DEVELOPMENTS

- [Getbucks Microfinance Bank Limited](#) announced results of its renounceable rights offer. “Members are advised that the results of the Rights Offer made to members who were registered in the books of the company as at close of business on Friday 21 June 2019, that closed on Friday 19 July 2019 are as follows:

Total Rights Offer Shares	69,551,126
Rights Offer Shares Subscribed	35,457,871
Percentage Subscriptions	50.98%
Underwriter’s Portion – GetBucks Limited	24,561,786
Underwriter’s Portion – Zahra Investment Trust	9,531,469

The Rights Offer shares were issued and listed on the [Zimbabwe Stock Exchange](#) with effect from Monday 29 July 2019. The Board of Directors and Management of Getbucks Microfinance Bank Limited take this opportunity to express their appreciation to shareholders, the underwriters and other stakeholders for their valued support,” said Company Secretary [Paul Soko](#) in the announcement dated 2 August 2019.

FISCAL, PUBLIC DEBT & INVESTMENT ISSUES

- Government exempted 12 food and beverage companies from paying duty in foreign currency when importing raw materials for their production processes. Finance and Economic Development Minister [Professor Mthuli Ncube](#) made the announcement on the amendment of the Customs and Excise (Designation of Foreign currency Dutiable Goods) that exempts dairies, beverages, protective clothing and baking companies from paying duty for some imports in foreign currency. The changes are contained in Statutory Instrument 170 of 2019 published in the Government Gazette on Friday, 9 August 2019 “With effect from date of gazetting, the persons designated in the second schedule to this notice shall be allowed to import goods with the listed commodity codes being imported entirely for use in their production processes in quantities not exceeding the quantities specified against each person listed in the second schedule, and pay for the duty in any currency acceptable in Zimbabwe as legal tender,” reads part of the Statutory Instrument. Among the companies [Schweppes Zimbabwe](#) is exempt from paying duty in foreign currency when importing fruit mixes, orange juice, juice of any other citrus fruits, juice of other single fruit or vegetable, unfermented and not containing added spirit, all in varying quantities. [Dairiboard’s](#) list of products include fresh unripened cheese, raw groundnuts, sugar cones or waffles and wafers, other fruit as well as fruit mixes. Spirits and wine maker [Afdis](#), has on its list other wine of alcoholic strength by volume not exceeding

14 percent alcohol. Other companies to benefit from the development include [Kefalos](#), [Cairns Foods](#), [Associated Foods](#), [Kershelmar Diaries](#), [Dendairy](#), [Alpha and Omega](#), [Machiareer Investments](#) and [Lobels Biscuits](#).

BOND/TB ISSUE OUTLOOK

- The [Reserve Bank of Zimbabwe \(RBZ\)](#) invited Financial Institutions including Commercial banks, Building Societies, [POSB](#) and [IDBZ](#), asset managers, insurance and pension funds and other corporates to subscribe to Treasury Bills amounting to Sixty million Zimbabwe dollars (ZWL\$60, 000,000). “Applications must be for a minimum of one million Zimbabwe dollars (ZWL\$ 1,000,000 -00). The number of bids per investor are restricted to two (2) and copies of the application forms are available from **RBZ Local Dealers**, 80 Samora Machel Avenue, Harare. Applications should be clearly marked “**Zimbabwe 365-Day Treasury Bills**,” said the apex bank’s Financial Markets Division, which further advised the features of the bills as follows:

- Issuer: Government of Zimbabwe
- Amount on Offer: Sixty million dollars (ZWL\$60,000,000 – 00)
- Interest Rate: Open Tender on a yield basis
- Tenure: 365 days
- Purpose of Issue: To finance Government Programmes
- Offer Opens: Monday, 19 August, 2019 at 08:00hrs
- Offer Closes: Thursday, 22 August, 2019 at 12:00hrs
- Allotment and Payment: Thursday, 22 August, 2019

The bank further advised the special features as follows: Prescribed Asset Status, Liquid Asset Status, Tradability, Tax Exemption, Acceptability as collateral for overnight accommodation by the RBZ and finally, Allotment at weighted average rate. “The Bank reserves the right to accept or reject a portion of any or all tenders,” added the bank.

- The [Reserve Bank of Zimbabwe](#) announced results of the 365-day Treasury Bill tender that opened on the 19th of August 2019 and closed on the 22nd of August 2019, as follows:

Amount on Offer	ZWL\$60,000,000.00
Highest Rate	50.0000%
Lowest Rate	12.0000%
Average Rate	14.3651%
Amount Allotted	ZWL\$60,000,000.00
Total Bids	ZWL\$ 121,000,000.00

POLICY/REGULATORY/LEGAL DEVELOPMENTS

- [EmpowerBank Limited](#), a registered deposit taking microfinance institution, announced that it was now a registered bureau de change and invited members of the transacting public to “transact at ease” and sample its foreign exchange services.
- [Metbank](#) filed a \$100 million defamation claim against [BDO Zimbabwe Chartered Accountants](#) and the [National Social Security Authority \(NSSA\)](#) as damages over alleged false reports about the financial institution. In the claim filed at the High Court on the 14th of August 2019, Metbank, represented by its lawyers [Tanyanyiwa and Gapare](#), sought \$100 million damages for defamation arising from the audit report authored and published by BDO Zimbabwe Chartered Accountants and NSSA. Metbank argued that the report, titled “Forensic Audit for the period 1 January 2015 to February 28 2018,” was published in and outside the country through the print and electronic media from March 4 2019. “The report was grossly malicious and damaging to the good reputation of the plaintiff,” read the claim, which listed NSSA and BDO as defendants...The plaintiff, being a banking institution and law-abiding corporate citizen’s reputation was maliciously impaired by the reports which were false and intended to

injure its reputation. As a result the defendants' unlawful conduct... the plaintiff has suffered damages in the sum of \$100 000 000," read the claim. Further, Metbank contended that the document is defamatory because it states that the bank benefited from pressure applied to NSSA by former Public Service and Social Welfare Minister [Prisca Mupfumira](#) and ended up getting facilities which were not merited.

- The [House of Assembly](#) on the [14th of August 2019](#) shelved a scheduled temporary recess and resumed sitting in order to process three major Bills, more importantly, the proposed legislation relating to the legal status of the monetary measures introduced by Government in February 2019. The monetary issues came after the [Reserve Bank](#) issued an electronic currency called the RTGS dollar and directed that the Real Time Gross Settlement (RTGS) system balances expressed in the United States dollar from the effective date be deemed to be opening balances in RTGS dollars. Further, the central bank also directed that the local currency that had been introduced shall be legal tender within Zimbabwe from the effective date. Accordingly, Finance Bill (No.2) legalises the new monetary measures on expiry of Statutory Instrument 33 /2019. The Senate met on the [14th of August 2019](#) for Special Business after the National Assembly met to fast track business on the [7th, 8th and 9th of August 2019](#) and passed the two Budget Bills namely Finance (No.2) Bill and Appropriation Supplementary (2019) Bill. The Appropriation Bill came after Finance Minister [Mthuli Ncube](#), when presenting the 2019 budget review statement in Parliament, tabled a \$10.85 billion supplementary expenditure proposal for the year, to take the 2019 spending plan to \$18.85 billion. "There is only one truly special element to the business (that faced) the Senate – the need to avoid the collapse of the new monetary arrangements at midnight on Wednesday 21, 2019. That collapse may occur if Part VI of the Finance (No. 2) Bill does not become law on or before the [21st of August](#). This deadline stems from the temporary nature of SI 33/2019 which underpins these arrangements,' said legal think tank [Veritas](#). SI 33, which was gazetted under the Presidential Powers (Temporary Measures) Act on February 22 - was due to expire at midnight on Wednesday August 21. Unless they are earlier repealed, regulations made in terms of section two of the Presidential Powers (Temporary Measures Act) shall expire and cease to have any effect on the one hundred and eighty-first day following the date of commencement of the regulations.
- Finance Minister Professor [Mthuli Ncube's](#) Finance Bill and the \$10.62 billion Supplementary Budget as well as measures proposed in the mid-term budget to boost production and revenue inflows sailed past the last potential hurdle after Senate approved the Bill alongside two others on the [15th August 2019](#). Finance Bill (No.2) needed to be approved by both houses of Parliament to get Presidential assent before August 21 to avoid collapse of monetary measures the Government introduced in February 2019 through Statutory Instrument 33 of 2019. "The purpose of the Finance Bill is to give effect to the Supplementary 2019 expenditures that were presented to the National Assembly," Ncube said, presenting the second reading of the Finance Bill to Parliament. The Finance Bill also seeks to give further tax breaks and maintain the tax breaks and rebates around the manufacturing sector to enhance industrial production amid projections that the economy will post negative growth in 2019.
- The [Tobacco Industry and Marketing Board](#) issued a statement in respect of the 2019 Auction Tobacco Marketing Season. "All stakeholders are advised that the 2019 Auction Floors will remain open until Wednesday 28th August 2019. Deliveries to selling points will be accepted until Tuesday 27th August 2019. Clean-up sales will be conducted on Tuesday 10th September 2019," said the Board in the statement.
- [International Monetary Fund \(IMF\)](#) representative in Zimbabwe [Patrick Imam](#) on Tuesday, 27 August 2019 revealed that a team from the Washington DC- headquartered [Bretton Woods](#) Institution would be in the country from September 14 - 18, 2019 to assess progress made on the Staff Monitored Programme for the period between May and June 2019. The team will evaluate whether the commitments set by the government for the end of June were met. While I cannot prejudge the outcome of these findings, it seems to me that the economic reforms are broadly on track and have continued against a very difficult economic and political background. But let's wait for the outcome of the mission...The team will also update the economic forecasts. While I do not want to prejudge the findings of the mission, it is clear, compared to the projections of the original SMP which did not foresee the severity of the drought and its secondary impact, nor the electricity shock, that growth is almost certainly going to be revised downwards and inflation upwards compared to the original SMP forecasts,' Imam said.

CONFERENCES/SYMPOSIA & TRAINING EVENTS

- **West African Insurance Companies Association (WAICA) Reinsurance Company** hosted a five-day workshop which was attended by 65 delegates and ran under the theme “Agricultural Risk Management”. “We chose Zimbabwe because we have just opened a fully-fledged office. We know agriculture is the backbone of the country’s economy. We are an African reinsurance company and our purpose is to add value to the countries we invest in, and not just coming in as any other investor. We want to be contributing to the growth of the economy and that is why we are opening branches in Africa,” said WAICA Reinsurance Group Chief Operating Officer **Dr Abiba Zakariah** at the workshop conducted on the 19th of August 2019.

CUSTOMER SERVICE/PUBLIC RELATIONS MANAGEMENT & NETWORKING INITIATIVES

- On the 28th of August, 2019 Zimnat announced the social media winners of an all-expenses paid trip to Cape Town to participate in the **Sanlam Marathon** on September 15 and briefed the winners, **Tariro Makanga** and **Lilian Choruwa**, on what to expect during the trip. Entrants to the competition could either tag Zimnat social media pages with a video or picture of how they would get ready for a marathon with a partner or a friend or else tag Zimnat in a posted video of them sharing a story about someone who helped them on their life’s journey. This was in line with the theme of the marathon, which is “Life Is A Marathon, you can’t do it alone.” The winning entry was the one with the most likes. The competition attracted an overwhelming number of submissions with a total of 55 000 people reached, 4231 engagements, 914 likes and 612 comments in just one week. Tariro managed to secure the tickets for herself and Lilian with 327 likes.

DOMESTIC LENDING & FINANCING PERSPECTIVES

- **CABS**, a member of the **Old Mutual Group**, announced that it would be reviewing its lending interest rates for all loan products with effect from 1 September 2019 as follows:

LOAN PRODUCT TYPE	INTEREST RATE PER ANNUM (Current)	INTEREST RATE PER ANNUM
Mortgages – Individual	14%	17%
Mortgages – Commercial	14%	17%
Equity Release	15%	18%
Personal Loans	18%	30%
SME Loans/Overdrafts	11%-14%	23% - 30%
Platinum Overdrafts		30%
Corporate Banking (Loans and Overdrafts)		23%-30%

- The **National Building Society** advised of a review of lending rates. “In line with market adjustments, we advise that the Building Society is revising its base lending rate with effect from 1st September, 2019. We encourage our valued clients to ensure that accounts are always adequately funded to avoid penalty interest. For more information please visit your branch or call our Contact Centre on 086770078484, 0772 565 555 or 0778 167 167,” said the building society which is owned by the **National Social Security Authority**.

CURRENCY, PRICING & LIQUIDITY PERSPECTIVES(CP & LP)

- Finance and Economic Development Minister **Professor Mthuli Ncube** on Tuesday, 20th August 2019 said Government was not in a hurry to issue new Zimbabwean dollar notes/coins, but rather focused on the need to replace soiled bank notes and coins. Asked if he would introduce a new regime of Zimbabwe dollar currency, Professor Ncube retorted: “Not just yet, when we are ready we will let you know ourselves; officially...The Zim dollar as things stand is basically bond notes, RTGS and bond coins; that is the official position; that is where we are right now. When we are ready to do anything else we will let you know... There is a process for introducing additional cash into the market, as determined by demand. There is a formula and scientific approach of doing it, which the **Reserve Bank of Zimbabwe** uses. So that’s the methodology that is going to be used from time to time, Ncube said.