Monthly Financial Sector Bulletin

Issue No. 46, June 2017 - If You Value It, Then Insure It!



PICTURE OF THE MONTH: The Insurance and Pensions Commission (IPEC) hosted Insurance Awareness Day commemorations in Harare on 1 July 2017. Several insurance companies were present to explain to the public what insurance is all about. IPEC used the hash tag #figouvalueittheninsureit to promote the event on social media. In the picture, an IPEC staffer provides valuable insights on insurance to an interested member of the public at the event held in First Street. **Picture Credit**: Insurance and Pensions Commission.







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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 almost four 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! For information on how to get the best out of the MFSB, please go to page 43. You can also see more subscription options on page 17.

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SELECTED VITAL STATISTICS AT A GLANCE				
Genera	General Statistics			
Year-on-year Inflation for June 2017	0.31 % (May 2017 : 0.75%)			
Average Annual Inflation for 2016	Minus 1.56% (Minus 2.4% in 2015)			
Projected Annual Inflation in 2017	1-2%			
Projected 2017 Gross Domestic Product (GDP) Growth	3.7% (Initial projection for 2017 – 2.7%; 20	16 - 0.7%)		
Budget for 2017	U\$4.1 billion			
2016 Weighted Manufacturing Sector Capacity Utilisation	47.4 %(2015 - 34.3%) (2014 - 36.5%) (2013 – 36.1%)			
Trade Deficit for 2016	US\$2.38billion (Exports – US\$2.83 bn; Imports – US\$5.21 bn)			
Zimbabwe's Foreign Direct Investment (FDI) – 2016	nt (FDI) – 2016 US\$319 million (US\$421m in 2015) (US\$545m in 2014)			
Statutory Ratios				
Formula		Ratio		
Minimum Capital Adequacy Ratio: (Total Qualifying Capital/To	tal Risk Weighted Assets) x 100	12%		
Minimum Liquidity Ratio:(Total Liquid Assets/Total Liabilities t	to the Public) x 100	30%		
Deposits, Loans and Lending Ratios				
Total Banking Sector Deposits US\$6.51 billion (31 Dec 2016)				
Total Banking Sector Loans and Advances	nd Advances US\$3.69 billion (31 Dec 2016)			
Loans-to Deposit Ratio (31 Dec 2016)	eposit Ratio (31 Dec 2016) 56.64% (86.07% - 31 Dec 2015)			
Banking Sector Non-Performing Loans (NPLs) (31 March 2017) 8.39%(7.87% - Dec 2016 & Peak 20.45% as at 30 Sept 201		at 30 Sept 2014)		
Total Banking Sector Assets (31 Dec 2016) US\$8.73 billion (US\$7.8 billion – Dec 2015)				

Editorial Comment

Product Innovation & Channel Development

verall product development and promotional activity recorded a 50% decline from eight in May to only four in June. This was on the back of a reduction in product launches from three to two and complete disappearance of promotional activity while product enhancement initiatives remained flat at two. While ordinarily, one would expect to see a flurry of activity in the month of June as companies scramble to beat the half year deadline ahead of the reporting season, this was not the case.

Channel development/rationalisation activity increased from four in May to nine in June, offsetting the precipitous fall in product development initiatives recorded during the review period. The 125% increase was in keeping with market players' tendency to push through as many initiatives as possible in June in order to positively influence the half year financial results. Branch rationalisation (merger, new opening, relaunch, relocation) was the dominant activity followed by agency banking development initiatives.

Standard Chartered Bank's commitment to stay in Zimbabwe and be part of the search for a solution to the country's economic quagmire is a commendable stance, coming as it does from a bank many look up to as the oldest in the country. It was nice and - more importantly - reassuring for Standard Chartered Bank to communicate such a message at a time Barclays Bank Plc, another British-owned bank and one of its biggest local competitors, has just pulled the plug (not that we were not given sufficient notice) on its 105-year existence in Zimbabwe. Of course, it's the sort of thing for a bank CEO to say at the launch of a refurbished branch because that is what the authorities want to hear and it, without doubt, makes one of your biggest competitors look like a chicken. However, Ralph must be reminded that when the cookie crumbles – if it ever comes to that - it's not him and his management team in Harare who will make the decision about whether StanChart stays in Zimbabwe or leaves. London will make that decision, most probably without his input, just like George Guvamatanga at Barclays Bank Zimbabwe Limited discovered early last year. On current performance however, we do not expect Standard Chartered Bank to leave Zimbabwe but Ralph must be warned that his Head Office cannot be trusted to keep its word if developments in Zimbabwe begin to threaten London's long term interests. In the meantime, we do not mind hearing feel-good political statements at events such as the re-opening of a refurbished branch, as long as Ralph and company do no begin to actually believe them.

Executive Management/Board Changes: Back in the Limelight

After almost four years "in the wilderness" Dr Gideon Gono's appointment to chair the board of directors of the Special Economic Zones Authority (SEZA) was no doubt a major talking point. Gono's 10-year term of office as the RBZ Governor expired on 30 November 2013 and his subsequent attempt to assume public office as a senator were dealt a fatal blow by the party politics of the day. Also notable was the appointment of Rosemary Mukami Kariuki, an urban and regional planner by training, as the World Bank Group' new country manager for Zimbabwe with effect from July 2017, replacing Jamaican-born, Camille Nuamah whose term of office ended on 30 June 2017.

Rebranding & Strategic Realignment Initiatives

During the month, Three Anchor Investments (Private) Limited trading as Old Mutual Custodial Services rebranded to CABS Custodial Services (Private) Limited on 14 June 2017, in move meant to ensure compliance with international best practice which requires custodians to operate within a banking institution.

ICT Developments:

After enduring a fair amount of criticism for the parlous state of its ICT systems and the attendant impact on customer service levels, Steward Bank moved to remedy the situation by embarking on a system migration exercise, after which all banking transactions across branches would be digitised, with customer transactions being authenticated through their debit cards. Further, the digitisation process was expected to enable customers to do self-registration for most services thereby enhancing the speed and efficiency of the bank's platforms and improve customer experience while – more importantly – decongesting the bank's few branches.

Corporate Actions: A Thin Line

There was no shortage of corporate intrigue in the local mergers and acquisitions (M & A) during the month. First Mutual Holdings Limited (FMHL) issued a cautionary announcement in respect of a potential acquisition of an insurance sector entity while the Board of Directors of NicozDiamond Insurance Limited also issued a cautionary announcement in respect of the disposal of shareholding in the company by its major shareholder. The major shareholder turned out to be none other than the National Social Security Authority (NSSA), the controlling shareholder in both entities, which has of late has been flexing its muscles and throwing its weight around the markets as its investee companies such as CBZ Holdings and ZB Financial Holdings can testify. There is however a thin line between asserting one's rights and becoming a corporate bully, which some stakeholders are beginning to think NSSA is slowly becoming.

Although the transaction in which Barclays Bank Plc sold its majority stake in its Zimbabwean franchise to Malawi's First Merchant Bank (FMB) was concluded at the end of May, the tremors could still be felt in early June. As further transaction details emerged, the Zimbabwe Banks and Allied Workers' Union (ZIBAWU) threw its weight behind new majority shareholders while opposing the management buyout led by bank managing director George Guvamatanga under the banner of Msasa Capital, which the Union described as an attempt "by a self-servicing politically connected cabal which is attempting to scuttle the disposal of Barclays Bank of Zimbabwe." Meanwhile Zimre Holdings Limited (ZHL)'s plans to diversify exposure away from Zimbabwe gathered momentum as it transferred its shareholding in regional operations into Emeritus International Reinsurance Company, an offshore structure registered under the Botswana International Financial Services Centre to house all of ZHL's regional operations.

External Financing

There was no significant new activity during the month under review save for the US\$300 million loan to Life Brand Agriculture Services from Goldsun New Energy Science and Technology Company of China which was granted Exchange Control approval through BancABC. The Reserve Bank's insistence on a phased approach to draw-downs indicates the authorities' awareness that such facilities can be underwhelming hence the building of performance-based matric in the approval.

Capital Markets Developments

The fact that an estimated \$16 million worth of dividends remained unclaimed since dollarization reflects shareholders' operational difficulties in claiming their dividends but more importantly, it reflects the sad reality that the majority of investors have turned their back on stock market investments – a legacy of the hyperinflationary black hole in which a lot of value was lost. Clearly, the SECZ's work is cut out for it in terms of restoring local investors' confidence in the capital markets. Meanwhile, Brainworks Limited's confirmation that it had made a submission to list on the JSE main board because they "believe a listing on the JSE will provide the platform for us to access deeper and more liquid capital markets ...thereby affording us greater financial flexibility to grow our business." This, in our view tends to also confirm the waning fortunes of the Zimbabwe Stock Exchange.

Fiscal, Public Debt & Investment Issues

In the fiscal space, the highlight of the month was the release of the World Bank's second edition of the Zimbabwe Economic Update (WBZEU) on 21 June 2017, which projected the economy to grow by 2,8% in 2017, a number that is slightly higher than the International Monetary Fund's 2,7% projection but lower than Government's 3.7% projection. Meanwhile, both the IMF and World Bank expressed concern about Government's continued issuance of Treasury Bills and the impact of the public sector wage bill on increasing expenditure at a time increased borrowing was not matched by government revenues. In order to deal with these concerns, and also concerned with the rapid growth in the fiscal deficit, at its 18th meeting of 13 June 2017, Cabinet directed that Government Ministries and Departments immediately adopt expenditure cost-cutting measures to assist in restoring the fiscal deficit to sustainable levels.

Troubled Institutions Resolutions Initiatives

Baker Tilly Chartered Accountants issued a notice of the convening of the second meeting of Creditors and Contributories of Altfin Life Assurance (Pvt) Limited in Harare on 14 June 2017 and this apparently did not take place and was deferred to 13 July 2017 without any explanation being offered to affected stakeholders. Meanwhile, in an indictment of liquidators, the Zimbabwe Amalgamated Housing Association (ZAHA) filed an application at the High

Court seeking the dismissal of Allied Bank of Zimbabwe liquidator Cecil Madondo, claiming that he was failing to execute his duties, as it sought to recover US\$1.4 million trapped in the failed bank. On a more positive note, the Deposit Protection Corporation (DPC) partnered Zimpost in a move that enables depositors of closed banks to collect or submit claim forms for free. The DPC currently has a physical presence in Harare (and is looking to establish a presence in Bulawayo) so with such a limited distribution network, the partnership with Zimpost goes a long way in enhancing delivery capability and convenience to its clients.

Policy/Regulatory /Legal Developments

The case in which Justice Happias Zhou ruled that placement under judicial management was not an excuse for not paying depositors their dues, is no doubt a significant development. In the landmark judgement, ruling in a case involving Bindura University of Science Education (BUSE) and Tetrad Bank, Justice Zhou gave BUSE the green light to recover nearly half a million dollars it invested with the financial institution close to 10 years ago, before Tetrad Investment Bank was placed under judicial management. Section 301 (1) of the Companies Act (Chapter 24:03) says, "while the company is under judicial management all actions and proceedings and the execution of all writs, summons and other processes against the company be stayed and be not proceeded with, without the leave of the court". In his judgement, Justice Zhou suspended the moratorium against BUSE and granted it leave to attach Tetrad's assets to recover \$473 025.52 plus interest at the prescribed rate. He said the bank should be aware that it had the responsibility to ensure that depositors got their money back when it becomes due and no technical barriers should be raised. The significance of the ruling was that it was likely to open flood gates from depositors who lost millions of dollars to several banks placed under judicial management following turbulence that hit the banking sector in years gone by.

While most welcome - given the objective of enhancing exporter convenience - the move under which the Form CD1 is now directly accessible via Internet from the Reserve Bank, through the Computerised Export Payments Exchange Control System (CEPECS) has the effect of disintermediating banks and implies loss of revenue on their part. Another notable regulatory development was the Insurance and Pensions Commission (IPEC)'s launch of the micro-insurance regulatory framework on Friday, 16 June 2017 in a move that facilitates provision of insurance to low income earners. Also notable was the launch of the Compliance Society of Zimbabwe (CoSoZ) (under the auspices of IPEC) whose main objectives are to educate, train, promote and regulate compliance professionals and create a forum for them to exchange views and information, including encouraging international best practice.

Public Tender Invitations/Results. EOIs & RFPs

Three of the tender invitations during the month were by financial institutions seeking to contract the services of advertising agents. While this could be a purely administrative matter, it could also be reflective of the institutions' desire to push their products and services more aggressively due to deepening competition in an illiquid environment. Notably, close to half of the tender activity recorded during the month confirms that financial institutions are increasingly involved in financing housing and infrastructure development. Also notable was the Reserve Bank of Zimbabwe's announcement of the results of the call for proposals for the implementation and administration of an Educational Loan Facility for Higher and Tertiary Education Programmes, which saw six institutions meeting all the criteria and being selected to run with the programme. If there is one thing the results proved, it's that microfinance institutions are competing head-to-head with mainstream banks, since two of those selected were MFIs.

Customer Service/Relationship Management Initiatives

During the month, the Reserve Bank of Zimbabwe unveiled toll free lines for the convenience of members of the public, a sign that the apex bank is keen to transform itself from a closed, fearsome enforcer to an open and accommodative facilitator of financial activity. The public notice was issued by no less a man than Dr John Mangudya who referred to "our vision of being a responsive and transformative Central Bank."

Industry Awards & Achievements

The awarding of national scale ratings to GetBucks Financial Services Limited by Global Credit Rating Company is testimony of the strides the company has made in a relatively short space of time. This development should make the company more attractive to investors and also do a world of good to the company's current fundraising initiatives

through its Medium Term Note Programme. GetBucks gives a good name to microfinance institutions, as does the fact that quite a number of MFIs and CEOs won industry awards during the month under review.

Domestic Lending & Financing Perspectives

The announcement that Government had secured a \$487 million facility to fund the 2017-18 agricultural season was one of the highlights of the month. This is significant for at least three reasons. First, the quantum of the facility, at more than double what was spend in the previous agricultural season, is notable and indicates the authorities' seriousness about revival of agriculture. Secondly, the fact that this is the first time government has put in place a financing package well before the beginning of the farming season, could mean a much more successful 2017/2018 season. Thirdly, at least three banks will be involved in the financing package, which should go a long way in improving the management of the facility and also avoiding disintermediation of the banking sector. However, some concerns have been raised that the underlying command agriculture model is flawed and these are typified by Ministry of Finance and Economic Development's public debt management office which reportedly raised the red flag in an advisory note. In order to ensure that the facility benefits the country to the greatest extend possible and not only a few parties, Government must make an effort to address these concerns in a comprehensive and transparent manner if the benefits of its forward planning are to be fully realised.

The IMF Board, in its assessment after Article IV consultations, critiqued the country's support programs to agriculture, calling for a cost-effective and well-targeted approach. Asked what funding model it would suggest for the country, the Bretton Woods institution "we focus on the fiscal implications of the agriculture program in Zimbabwe. Our analysis suggests that the current design of the program creates significant fiscal risks and overall effectiveness could be improved by ensuring that the beneficiaries are those most in need," said the IMF's Communications Department.

During the month, Agribank launched three facilities namely the Export Facility (US\$50 million), the Horticulture Facility (US\$10 million) and Value Addition Facility/Business Linkages Facility (US\$10 million) in conjuction with the Reserve Bank of Zimbabwe in support for production of exports, horticulture crops, and for value addition. These facilities are vital cogs in fostering export-led growth but the elephant in the room is whether there will be sufficient take up of loans. At a time ZAMCO confirmed that it had completed the acquisition of bad loans in order to focus on the next phase of resolution, it was distressing to learn that the Non-Performing Loans increased to 8.39% as at the end of 31 March 2017 despite banks scaling down on loans and advances from \$3.7 billion to \$3.6 billion. However, a number of policy measures, including the operationalisation of the credit reference system, were expected to reverse this worrying trend.

Currency, Pricing and Liquidity Perspectives

Afreximbank's revelation at its AGM that Zimbabwe was negotiating for an expansion of the \$200 million facility that backs bond notes confirmed what we have always suspected, that once the limit was breached, the Central Bank would seek an increase, the effect of which is to increase the value of bond notes in circulation. And we expect the bond notes to continue doing what they do best – driving hard currency out of circulation and into hibernation. Apparently, the plan is to make the bond notes the most common mode of transaction while the Reserve Bank increasingly assumes the role of rationing the dwindling stock of US dollars.

The Microfinance Interview: Facilitating Partnerships In Agriculture, Finance & Development



In this eighth instalment of the Microfinance Interview, the spotlight is on the Zimbabwe Agricultural Development Trust (ZADT) which provides wholesale funding to the microfinance sector. Godfrey Ruramai Chinoera (GRC), the trust's Chief Executive Officer talks to the MFSB about the rationale setting up the ZADT, the terms and conditions of the CREATE Fund which it manages as well as the trust's current challenges and opportunities. Chinoera also addresses key issues such as the capping of interest rates, Green financing and the cumulative impact of ZADT's funding programmes since inception. Enjoy reading this 46^{th} edition of the bulletin, which at a whopping 50 pages is our biggest issue to date!

LAUGHING & LEARNING ALL THE WAY TO THE BANK

elcome to a brand new extra editorial page which is a collage of facts, figures and some humour. "Laughing All the Way to The Bank", as its name suggests, brings you some of the best humour - inspired by the often too serious subject of banking. "Did You Know?" profiles facts and figures you probably didn't know about the Zimbabwean economy in general or the banking sector in particular.

LAUGHING ALL THE WAY TO THE BANK



I GIVE THEM ALL MY MONEY, AND ALL THEY GIVE ME IS A HARD TIME.



WHEN I WAS YOUNG I WANTED TO GET INTO MERCHANT BANKING BUT THEY SAID I WAS TOO NICE!







The 28th of June each year marks the Insurance Awareness Day, a day that was created to afford people the opportunity to review their insurance coverage. Insurance Awareness Day celebrates the history and necessity of insurance, and encourages people to understand the important role it can play in their lives. Policies offer protection, but over time, the value of assets (your home and all your household items) may increase. This means that some assets might cost a whole lot more to replace today. That is one of the main reasons why you should ensure that your policies keep up with the

values of your most important assets. If you did not manage to celebrate the day on the 28th of June 2017, celebrate today by taking the time to review your policies and the coverage they offer, and ensure you are not over-insured or under-insured. Although the World commemorated International Insurance Awareness Day on Wednesday, 28 June 2017, in Zimbabwe the Insurance and Pensions Commission (IPEC) hosted belated commemorations on Saturday, 1 July 2017 with several insurance companies in attendance to explain to the public what insurance is all about. (See **Page 10** for more information and pictures).



ECGC is a solid **INSURANCE** company with vast experience in CREDIT INSURANCE. Together with our SHORT TERM **INSURANCE** offering, it makes ECGC a perfect fit for all your insurance needs.

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RECENT EVENTS IN PICTURES



Opening ceremony of Seminars of Afreximbank Advisory Group on Trade Finance and Export Development in Africa. L-R: Denys Denya, Claver Gatete, Minister of Finance & Economic Planning of Rwanda; Dr. Benedict Oramah, Dr. George Elombi, and Amr Kamel.



Outgoing World Bank country manager Camille Nuamah at a recent event. Her term of office came to an end on 30 June 2017 and she was replaced by Rosemary Mukami Kariuki.

IPEC HOSTS INSURANCE AWARENESS DAY COMMEMORATIONS

he earliest known versions of Insurance can be found as far back as 3000-2000 BC. It has been around for so long that it's even found inscribed on the Code of Hammurabi, the first written laws. Insurance, as we think of it in the modern age, came into existence sometime after the Great Fire of London of September 1666 where the devastation that took place brought about the idea of property insurance. While insurance had up to this point been considered some kind of convenience, it was now clear to the inhabitants of London that insurance was something that could protect a family fortune, and indeed an entire estate in the event of disaster. From there sprang all the forms of insurance we know today them today, including underwriting ventures in the event of failure (common in the age of sailing ships and questionable seas), to car insurance and life insurance. Insurance Awareness Day celebrates the history and necessity of insurance, and encourages people to understand the important role it can play in their lives. The Insurance and Pensions Commission hosted Insurance Awareness Day commemorations in Harare on 1 July 2017. Several insurance companies and were present to explain to the public what insurance is all about. IPEC used the hash tag #ifyouvalueittheninsureit on social media for the event.





THE MICROFINANCE INTERVIEW: FORGING PARTNERSHIPS IN AGRICULTURE, FINANCE & DEVELOPMENT



The Microfinance Interview is a monthly question-and-answer feature through which we engage key stakeholders of the sector such as MFIs, funders, service providers, development partners and regulatory authorities amongst others on issues of topical and mutual interest. This is in recognition of the influential role of microfinance as one of the four pillars of the National Financial Inclusion Strategy (NFIS) alongside financial innovation, financial literacy and financial consumer protection. In this eighth instalment, the spotlight is on the Zimbabwe Agricultural Development Trust (ZADT) which provides funding to the microfinance sector. **Godfrey Ruramai Chinoera (GRC)**, the trust's Chief Executive Officer talks to the MFSB about the rationale setting up the ZADT, the terms and conditions of the CREATE Fund which it manages as well as the trust's current challenges and opportunities. Chinoera also addresses key issues such as the capping of interest rates, Green financing and the cumulative impact of ZADT's funding programmes since inception.

MFSB: What was the rationale or imperative of setting up the ZADT and who set it up?

GRC: The ZADT was formed by SNV and Hivos as a vehicle to mobilise both financial and non-financial resources for the development of the smallholder farming sector.

MFSB: The ZADT manages the Credit for Agricultural Trade and Expansion (CREATE) facility which was set up in 2012. Can you tell us more about this facility? What is it all

about?

GRC: The credit facility provides loans to support working capital and capital expenditure requirements of smallholder farmers and the value chain actors that are commercially linked smallholder farmers. The ZADT has partnered with local financial institutions - banks and microfinanciers - for the disbursement of the Fund. Under the partnership the Financial Institutions' (Fls) role

is to carry out the credit assessment of qualifying borrowers whilst the ZADT provides oversight to ensure that the money is loaned out to the targeted beneficiaries and that smallholder farmers are benefiting.

MFSB: Is the funding available under the CREATE facility targeted at a specific sector of the economy? In other words who are the eligible borrowers?

GRC: All crop and livestock value chains are eligible except tobacco and cotton.

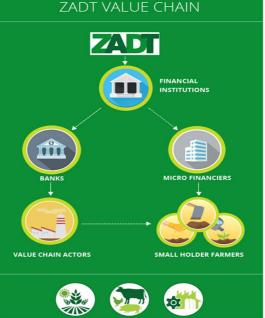
MFSB: Can you explain why tobacco and cotton are excluded?

GRC: The two are excluded because the very essence of ZADT's establishment is to the poor rural develop farmers smallholder into commercial agricultural activities that would improve their livelihoods and incomes and in the process also quarantee food security. The tobacco and cotton value chains were already mature and well established at the time the Fund was set up. In fact, the models in tobacco and

cotton would provide learning opportunities for the ZADT.

MFSB: How does the ZADT disburse loans to the ultimate beneficiaries?

GRC: As indicated earlier, disbursement is through local financial institutions, that is banks and micro finance institutions.



MFSR: Do the FIs have to meet certain minimum criteria in order to qualify to be your partners?

Sometimes Financial Institutions also put a blanket cap on all opportunities and this unfortunately affects good opportunities that could be funded."

GRC: The ZADT takes risk on the FIs and so for them to be

contracted by the ZADT, they must be financially sound and with a demonstrated track record in lending to smallholder farmers and agribusinesses that support smallholder farmers.

MFSB: How many such FIs are currently partnering the ZADT?

GRC: Currently the ZADT is in partnership with 11 Fls -8 commercial banks and 3 micro finance institutions.

MFSB: What are the terms and conditions of the loans available under the CREATE Fund?

GRC: Working capital loans have a tenure of up to 12 months and capital expenditure loans have a tenure of up to 36 months. Banks lend to beneficiaries at an interest rate of no more than 12% per annum whilst microfinance institutions lend to beneficiaries at no more that 24% per annum.

MFSB: From your experience working with lenders in the microfinance space, what is the biggest issue facing MFIs today?

GRC: In my view, the biggest challenge is funding reasonable cost. Most MFIs do not have sufficient capacity to borrow based on asset base and so in most cases cannot

even provide adequate collateral when seeking funding. As a result they are considered risky and borrow at high cost.

MFSB: What has been your experience working with Fls in the recent past in terms of their risk appetite? Is there any discernible risk aversion, and if so, how can it be it be managed?

GRC: There has been an incidence of high nonperforming loans in the country due to the adverse macro-economic environment the droughts agriculture. As a result FIs naturally become risk averse and also have to operate within certain thresholds as guided by the central bank

(e.g. within non-performing loan ratio of 5%). However, sometimes FIs also put a blanket cap on all opportunities and this unfortunately affects good opportunities that could be funded. There is therefore a dual need to train/capacitate potential borrowers and also to point FIs towards the good business cases that are there. Sometimes technical assistance is needed at the level of FIs for this to happen.

MFSB: What role if any, is ZADT playing in providing such capacity building/technical assistance to either partner Fls or the ultimate beneficiaries of your funding?

GRC: The ZADT provides limited technical assistance to Fls and the potential beneficiaries of the Fund. Fls are trained on the modalities of the Fund including at times in areas such as general credit delivery for smallholder farmers and SME agribusinesses. On the other hand potential beneficiaries are assisted in putting together business proposals for accessing loans from Fls.

> MFSB: We understand that the Trust has been funding green growth initiatives on a pilot for eligible agribusinesses. What progress have you made in setting up a fully-fledged Green Funding facility?

GRC: The Trust has recently developed two products to respond to green growth

initiatives and these are the Access to Clean Technology (ACT) and the Climate Smart Agriculture (CSA) facility. The CSA is a direct credit facility to Smallholders through **Participating** Institutions (PFIs) to access funding for adapting climate resilient agricultural practices and technology to improve productivity and incomes, preferably on the back of structured capacity building initiatives and support by an aggregator for the produce. The Access to Agricultural Clean Technology (ACT) facility is a credit facility for adoption, access or installation of

"In my view, the biggest challenge is

funding at reasonable cost. Most MFIs do

not have sufficient capacity to borrow

based on asset base and so in most cases

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when seeking funding. As a result they are

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"green" technologies such as economic solar power generation systems, solar water pumps, solar driers, energy efficient heat-stoves/boilers, biogas digesters, promotion and adoption of efficient and conservation farming and production systems by qualifying agricultural value chain actors (VCAs) that are commercially linked to smallholder farmer operations. The two products are still under pilot as the ZADT looks at establishing a fully-fledged Green Fund in the future

GRC: This is matter is debatable and can be better articulated by the microfinance institutions. However, there has to be a balance between capping interest rates (to ensure the viability of businesses) and ensuring that the microfinance institutions remain sustainable.

MFSB: As a financier, what is your biggest challenge at the moment?

MFSB: What would you say has been the impact of your funding programmes, in quantitative terms?

"Since inception in 2012, the ZADT has cumulatively disbursed US\$70 million and that has benefited 140,000 smallholder farmers directly and indirectly."

GRC: Fls are just too risk averse and would rather keep money than lend to the productive sector.

GRC: Since inception in 2012, the ZADT has cumulatively

for instance?

disbursed US\$70 million and that has benefited 140,000 smallholder farmers directly and indirectly.

MFSB: Do you see any opportunities for the Trust in

MFSB: What's your view on the capping of interest rates by the regulatory authorities and the likely impact of such action on the availability of microfinance loans

this environment?

GRC: As a facilitator the ZADT's role would be to facilitate partnerships among players in agriculture, finance and the development field, to ensure that there is a win-win situation where financial resources are channeled into smallholder agriculture whilst risk is shared.



"Nurturing smart partnerships for Agribusinesses and Smallholder Farmers for sustainable Agricultural Development"

Godfrey Chinoera has extensive experience in development banking focusing on agribusiness, project financing, advisory and trade financing structures. He is responsible for the development and execution of the corporate strategy of the Trust. He also ensures effective monitoring and management of corporate principal risks that the Trust faces. He holds a Bachelor of Science (Hons) Degree in Agriculture, a Post-Graduate Diploma in Management and a Master in Business Administration (MBA) degree.

GUEST COLUMN: MASTERING THE EVOLVING DYNAMICS OF MICRO LENDING

When will the financial sector master the evolving dynamics of micro lending?

By Charles Dhewa



While micro lending is becoming the biggest game in the Zimbabwean economy, very few financial institutions seem to have mastered its rules. With over 180 registered microfinance institutions and dozens more unregistered, Zimbabwe's micro lending space has never been so congested. Granular evidence will make the difference between success and failure. Regulators have to become more aggressive learners in order to grasp shifting boundaries. Both small and big financial institutions are fishing in the same pond, muddying the waters in most cases.

Brokering knowledge in the agriculture sector for more than five years has enabled eMKambo (www.emkambo.co.zw) to see dozens of financial institutions get in and out of informal agricultural markets due to various reasons. We have taken some time to distil key lessons that could help financial institutions, especially those committed to the merits of financial inclusion.

Customer and Buyer Repayment Behaviour

From the evidence we have gathered, factors that influence repayment of loans by micro borrowers include:-

- Business performance and cycle. When a business is not performing well and if the cycle is too short, repayment becomes a tall order for many SMEs.
- * Preference to consider other pressing issues like rentals, school fees and illnesses. It is not possible for a borrower to prioritize repayment when there are other pain points demanding urgent solutions.
- Trust and Relations with Loan Officers. This is one of the most under-estimated virtues by financial institutions. Officers who do not invest in building trust and relationships compromise repayment and performance of financial facilities.
- Expectations to get a new loan once the old one is repaid. When borrowers are sure that they will get another loan after repaying, they quickly pay while making plans to use the next loan to improve their enterprises. Where it is not clear whether a new loan will be provided, repayment becomes sluggish among borrowers, specifically those working in groups.
- **Tailor-made repayment plan**. This is very important. Repayment has to be acutely related to the type of business, whether it deals in slow moving commodities or fast movers.
- Loan rescheduling in cases of defaults versus interest rate penalties. Rather than choking borrowers who default with more interests, rescheduling is an encouraging decision by financiers.
- Incentives for early repayments. This is a powerful catalyst for individual and collective borrowers.
- How others are repaying. Given that most enterprises are part of an ecosystem with many other borrowers, actors watch each other's actions such as hoarding commodities, customer relations and repayment practices.

How financiers can assess potential defaulters in ways that avoid pitfalls

Financiers should hone skills in assessing their clients accurately. This can be achieved through:

- Conducting informal inquiries within the work environment and internal structures.
- Understanding business and product competitiveness within and outside a given business ecosystem.
- Getting a strong sense of niche markets and customers.

- Determining availability of raw materials and sources.
- Closely following business seasonality and understanding differences between necessity commodities and luxury commodities which customers may do without when push comes to shove.
- Examining cash flow patterns Average sales, costs and profits.
- Understanding the period within which a borrower has been in business.
- Number of dependencies more dependencies mean more responsibilities which may affect business cash flows and repayment patterns.
- Obtaining information on formal and informal credit as well as repayment histories. Clients who have borrowed before have acquired experience in handling borrowed finance.
- Mapping clients' other income sources and preferred loan packages amounts, interest rate, repayment period and preferred forms of collateral.

Mistakes that Banks and MFIs continue to make in granting credit to the informal Sector

- * Failure to understand clients' businesses and their cycles so as to tailor-make loans and repayment schedules.
- More interest in loan collections without providing business and financial literacy advisory services.
- Confusing loan repayment delays with delinquency or defaults.
- Charging extra interest on loan repayment delays instead of loan rescheduling.
- * Failure to recognise champions in loan repayment within group lending schemes. Doing so would enable weaning champions from the group so that they stand alone as individual borrowers.
- Reluctance to extend loans to 'Green Fields'. If every financial institution is afraid of new fields, who will invest in new innovations?
- Emphasis on other forms of collateral than business viability.
- Provision of one-size-fits-all loan packages.
- Making the opening of bank accounts a pre-requisite for accessing finance. That is why as soon as the borrower completes repaying the loan, s/he closes the bank account. As long as banks do not invest in fully understanding the business environment, forcing borrowers to open bank accounts is a superficial and shortterm gyration which squanders resources.
- Delays in disbursing new and repeat loans.
- Tying up fast to slow loan re-payers within group lending schemes.
- Big Brother syndrome instead of building partnerships with clients and local partners. Banks behave as if money is the most important input in business yet business is about turning ideas into winning models.
- Unwillingness to compensate local partners who would have invested in building a clientele base.
- Failure to avail cash/special drawing rights when needed by the client to fulfil urgent orders.

Notable patterns in informal agriculture markets

The informal agriculture market is not only blurring boundaries between retailing and wholesaling but it's becoming a seamless and fluid ecosystem. Notable patterns include:

- Growing number of actors transporters, traders, farmers, vendors, caterers, etc.,
- Increasing number of traded commodity varieties and volumes.

- Non-agricultural enterprises are now congregating around the markets, for instance, buying and selling of clothes, catering, farm inputs and equipment manufacturers.
- Cash economy. Plastic and mobile money are slowly coming in but are still inhibited by transaction costs as well as non-existence in rural economies.
- Peer-to-peer lending e.g. ISALs and commodity lending. Commodity to commodity transactions are on the rise.
- Different classes of traders micro, small medium and large scale, all in need of different loan packages.
- Commodity specific trading specialisation.
- Less and less farmers are coming to the markets. Traders are increasingly going out to farming areas.
- Decrease in loan uptake due to difficulties to convert it into cash on time in order to avoid opportunity costs.

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"There is no immediate return to the Zimdollar until macro-economic fundamentals have been addressed, until we address issues to do with fiscal deficit, current account deficit, the wage bill and so on. The multi-currency regime will continue." - Finance and Economic Development Minister Patrick Chinamasa

"For as long as we borrow to balance my books, it means I am creating artificial money, which is why there has been the promotion of plastic money." - **Finance and Economic Development Minister Patrick Chinamasa**

"International and regional lines of credit are limited and subject to a high risk premium, reflecting the perception of Zimbabwe as high risk due to the existing external debt payment arrears and debt overhang." - Sam Malaba,

Agribank Chief Executive Officer

"Inadequate progress on reforms is undermining the prospects for new external financing, while insufficient assurances of new financing is weakening the incentives for reform. In the absence of debt relief, Zimbabwe is in debt distress." – **IMF Report after Article IV Consultations.**

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PRODUCT LAUNCH/ENHANCEMENT INDEX (PLEI)

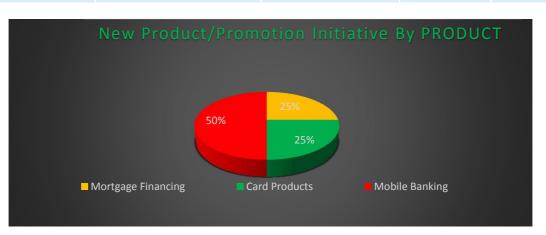
- The Infrastructure Development Bank of Zimbabwe (IDBZ) started selling units of its Sumben Mount Pleasant Project under the Home Saver Account. "Nestled in the leafy Mount Pleasant area, Harare's newest residential suburb, Sumben Residentials, will be the perfect opportunity for that dream home or an enticing investment property. Get in touch with us at our offices and grab this unique opportunity to live the life you deserve. Visit your nearest IDBZ Office to take advantage of this fantastic offer: Bring your National ID, proof of residence; pay slip and a 3-month Bank Statement and fill out the application forms," said the bank. Each unit is 2000 square metres in size at a cost of US\$30 per square metre, and is available at a 5-year mortgage of 10% per annum interest subject to a deposit of 15%.
- Steward Bank introduced a ZimSwitch Corporate Card for corporate customers, enabling them to perform their day-to-day transactions in light of the prevailing cash shortages. The card can be used for the following use cases: As a departmental card to cater for the day-to-day petty cash transactions and a travel card for employees. The card transacts on the ZimSwitch platform and Steward Bank POS terminals. The Corporate has an option to select the name that they would want embossed on the card: whether it's a department or employee name on the travel card option. The card's functionality includes: Balance enquiry and Cash deposit for both ATM and POS machines as well as Agent withdrawal and purchase transactions on POS machines only. The card attracts a one-time card issuance fee of \$5 and card replacement fee of \$5. A purchase transaction below \$10 costs \$0.10 on a Steward Bank POS and \$0.20 on a ZimSwitch POS whilst a purchase transaction above \$10 costs \$0.20 on a Steward Bank POS and \$0.45 on a ZimSwitch POS.
- Standard Chartered Bank introduced the Touch ID login service that makes mobile banking faster. "Standard Chartered Bank is proud to introduce the Touch ID login service that makes mobile banking even faster. With a single touch, logging in now happens in one natural motion. Best of all, your fingerprint is the perfect password. No one can ever guess what it is and you always have it with you. Experience banking like never before," said the country's oldest bank.
- Zimbabwe's leading telecommunications and technology company Econet Wireless and the Zimbabwe National Road Administration (ZINARA) on 22 June 2017 announced a partnership that will see tollgates being linked directly with customers' EcoCash wallets, enabling pre-paid e-toll payments. Presenting the new product, EcoCash general manager Natalie Jabangwe said the innovation allowed subscribers to pay tollgates using mobile money. "The innovation will allow subscribers to make electronic payment at tollgates using mobile money and subscribers pre-pay and then get express passage through the tollgates when travelling," said Jabangwe, adding that the project was a great example of the power of public-private partnerships in providing relevant solutions towards the development of the country. "We have worked tirelessly on this world class innovation, following suit to developed countries where tollgate payments are pre-planned and prepaid to provide auto access. The state of the art value proposition is not the ordinary Pay Merchant but a specific solution unique to Zinara, which allows users to link a mobile phone wallet with a registered vehicle for auto detection and instant access at the tollgate. The auto detection of the pre-loaded toll wallet at the toll gate offers complete disruption to the manual payment method of cash and cards, saving motorists queuing time with a payment experience of under 10 seconds granting express toll access to motorists," she said. The service would initially apply to 17 selected toll gates around the country with plans to spread it wider in the future.

PRODUCT PROMOTION INDEX (PPI)

National Building Society (NBS) announced the eight monthly winners for May 2017 who won \$100 each under the Yakha Eyakho Vaka Yako Promotion running from 1 April to 31 September 2017. In order to enter the promotion, one must open an account with NBS and save at least \$200 per month over the promotion period, which puts one in the running to win a house. Every \$200.00 unit that one keeps increases the entry chances, so the more one saves, the more their chances of winning! Prize money is deposited directly into the winners' NBS Accounts.

SUMMARY: PRODUCT LAUNCH & PROMOTION INITIATIVES

#	Organization	Product/Promotion	Product/Service Category	Sub-sector	Type of Initiative
1	IDBZ	Sumben Mount Pleasant Project	Mortgage Financing	Banking	Product Launch
2	Steward Bank	ZimSwitch Corporate Card	Card Product	Banking	Product Launch
3	Standard Chartered Bank	Touch ID Login Service	Mobile Banking	Banking	Product Enhancement
4	Econet Wireless/ZINARA	Pre-paid e-toll payments	Mobile Banking	Non-Bank/Telco	Product Enhancement



CHANNEL DEVELOPMENT/RATIONALISATION ACTIVITY

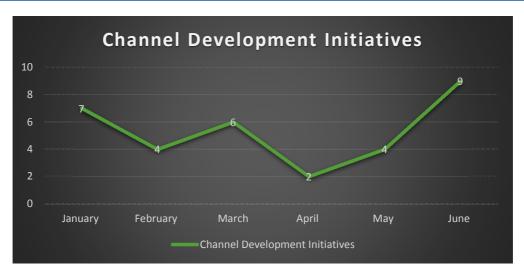
- The National Building Society introduced NBS InstaPoint, its agent banking channel. "NBS InstaPoint is in your area. You can enjoy hassle free banking closest to your home! Access National Building Society services directly through our NBS InstaPOint agents located at convenient outlets nationwide," said the mortgage lender whose payoff line is "Building Communities."
- CBZ Bank issued a public notice in respect of the merger of two of its Harare Branches. "CBZ Bank would like to advise its valued customers that Longcheng Plaza Branch will be merging with Selous Branch with effect from 01 July 2017. Clients can continue to receive world class service at Selous Branch as well as other CBZ Bank Branches Nationwide. CBZ Touch Mobile App, CBZ Internet Banking, CBZ Agents, Point of Sale terminals and ATMs are also available for use by all clients anytime, anywhere. CBZ Bank remains committed to giving its valued clients exceptional services," said the bank in the notice published on 4 June 2017.
- MBCA Bank managing director, Charity Jinya said at the official opening of the bank's Borrowdale branch on Tuesday, 6 June 2017 that though they would consider lowering withdrawal limits, the institution would continue to offer cash via automated teller machines (ATMs). "So it is important for us to also offer our cash via the ATMs and we will continue to monitor developments in the market. We might reduce the limits but our intention is to continue to offer cash via the branches. We also encourage our clients to use their debit cards in shops. As MBCA, we launched our point-of-sale (POS) acquiring service, we now have POS machines that we are putting in shops as MBCA. I think for now it is 500 POS machines," she said.
- The country's oldest banking institution, Standard Chartered Bank Zimbabwe said it was here to stay and would not exit the market any time soon. CEO Ralph Watungwa told guests at the launch of the refurbished Africa Unity Square branch on Thursday 15 June 2017 that his bank was familiar with the terrain and would want to be part of the solution to Zimbabwe's economic problems. "For those of you that doubt the conviction of the bank; we have invested so much in this country in excess of \$10 million (in branch refurbishments). We cannot invest this

amount of money and walk away. That's not possible. So any reporter who is here, please don't ask me whether we are going to run away. We are here for good, for the long run. Here for good means three things: here for good as in pleasure, as in longevity and as a promise. I can tell you, we are not going to run away. We also want to be part of the solution to this country. I always tell Dr Kupukile Mlambo (central bank deputy governor) in meetings that we will be here and solve the problems together," said Watungwa. Standard Chartered bank has embarked on a branch refurbishment exercise to ensure that they meet world class standards and drive the bank's digital agenda. Under the project, ten branches including Africa Unity Square, Bindura, Chiredzi, Kadoma, Marondera, Masvingo and Mutare branches were renovated to world class standards whilst driving the digital agenda. "USD 6.5 million has been spent renovating a total of 10 branches including Robert Mugabe, Gweru and Bulawayo Fife Street branches launched earlier in the year. The new branches, through a brick and mortar setup are committed to the migration to being a fully digital Bank. The branches are setup to facilitate Standard Chartered's award winning digital platforms while still providing the comfort of brick and mortar setup to those who require it. The rising influence of digital technology is changing the face of banking, while innovative platforms are bringing in a new breed of customers. With the recent optimization of 10 branches by Standard Chartered Bank, the use of our digital platforms become imperative as the bank moves towards paperless banking. The digital platforms provide greater banking convenience to clients across desktops, tablets and mobile phones. So whatever device clients choose to use, they will be able to do their daily banking transactions, such as checking balances paying bills and transferring funds, at any location they choose. The bank is now embarking on the last phase of the branch optimization project, looking at the rest of the branch network," said the British-owned brank.

- Stanbic Bank announced the relocation of its Minerva Branch from the city centre to new premises in the predominantly residential area of Alexandra Park. "Please be advised that the Minerva Branch will be relocating to a new location for your convenience. The new address is 6 Duthie Avenue, Alexandra Park, Harare. New contact numbers: +263 4 702430/2 and +263 4 702810/1. The branch will be closed on Saturday 1 July, and will re-open on Monday 3 July at our new home. You are encouraged to make use of our digital platforms or alternatively, access banking services at our other branches near you. We apologize for any inconveniences during the transition," said the Zimbabwean franchise of South Africa's Standard Bank Group.
- EcoCash announced that FBC Bank Limited was now integrated to the country's biggest mobile money platform. "FBC is now connected to EcoCash! Move your money easily between your bank account and EcoCash wallet so that you can pay bills, send money, pay merchant plus so much more and get into the running to win in the Chaka-Chaya promotion...How do you link FBC to EcoCash? Simply dial *220# to register and start transacting," said EcoCash on 23 June 2017.
- Agribank introduced the agency banking model branded as Agribank Agency and called on supermarkets, retail shops, restaurants, service stations, pharmacies, tuck-shops, farmers' cooperatives and schools to sign up as agents. The agency banking services available include cash deposits, cash withdrawals, balance inquiry, mobile banking, payment of utility bill, money transfers, collection of debit cards and opening of Agriplus 2-Minutes Account. In order to become an Agribank agent, one must run a viable business, generate cashflows, have a secure location and have goodwill in the community.
- The National Building Society (NBS) revealed that InstaPoint, its agent banking delivery channel was now at 20 National Social Security Authority (NSSA) offices countrywide and at two Books for Life branches in Harare. "This means you can enjoy hassle free banking closer to your home! Access NBS Building Society services directly through our NBS InstaPoint agents located at convenient outlets nationwide," said NSSA's banking subsidiary.
- Finance and Economic Development Minister Patrick Chinamasa officially opened the new Insurance Council of Zimbabwe (ICZ) offices in Harare on the 26 June 2017.

SUMMARY: CHANNEL EXPANSION/RATIONALISATION ACTIVITY

#	Institution	Sector	Type of Initiative	Description
1	National Building Society	Banking	NBS InstaPoint	Agent Banking Channel
2	CBZ Bank Limited	Banking	Merger of Branches	Longcheng and Selous Effective 1 July 2017
3	MBCA Bank Limited	Banking	New Branch Opening	Borrowdale Branch Official Opening on 6 June 2017
4	Standard Chartered Bank	Banking	Relaunch of Branch	Refurbished Africa Unity Square
5	Stanbic Bank	Banking	Relocation of Branch	Minerva Branch from City Centre to Alexandra Park
6	FBC Bank Limited	Banking	Mobile Banking Integration	Integration with Ecocash
7	Agribank	Banking	Agribank Agency	Introduction of Agency Banking Channel/Model
8	National Building Society	Banking	NBS InstaPoint	Increase in InstaPoint Agents
9	Insurance Council of Zim	Insurance	Official Opening of New Offices	Official Opening on 26 June 2017



EXECUTIVE MANAGEMENT/BOARD CHANGES

- The World Bank appointed Rosemary Mukami Kariuki, as the new country manager for Zimbabwe with effect from July 2017 replacing Camille Nuamah, whose term ended at the end of June 2017. Kariuki is currently the World Bank's sector manager for Urban Development and Services in East and Southern Africa. She is also the thematic coordinator for urban development in Africa. An urban and regional planner by training, Kariuki has more than 20 years' experience in the fields of decentralisation, local capacity building, urban or regional development planning, and infrastructure and service delivery. The country manager reports to Paul Noumba Um, the country director for South Africa, Namibia, Lesotho, Botswana, Swaziland, Zambia and Zimbabwe.
- Stanbic Bank Zimbabwe announced new board appointments pursuant to recent movements at board level.
 "Stanbic Bank Zimbabwe is pleased to announce the appointment of the new Board Chairman, new NonExecutives Directors and Corporate and Investment Banking (CIB) Director. The new members bring them a wealth
 of experience from various business jurisdictions that will be valuable in our continued journey to move the bank
 and nation forward," said the bank, which is a member of the Standard Bank Group.

Name	Title	Appointment
Gregory Sebborn	Non-Executive Chairman	28 March 2017
Nellie Tiyago-Jinjika	Non-Executive Director	12 April 2017
Muchakanakirwa Mkanganwi	Non-Executive Director	12 April 2017
Valentine Mushayakarara	Non-Executive Director	12 April 2017
Kingston Kamba	Non-Executive Director	12 April 2017
Rhett Groves	Executive Director – CIB	

"Many thanks go to our outgoing board members, Sternford Moyo (Chairman), Cathrine Chitiyo, David Ellman-Brown and Emmanuel Jinda. 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," added the bank.

Former Reserve Bank of Zimbabwe governor Dr. Gideon Gono was appointed board chairman of the Special Economic Zones authority. Announcing the board on 26 June 2017, Minister of Macro-Economic Planning and Investment Promotion Dr. Obert Mpofu said appointment of the board would unlock operations in SEZs. "As a matter of urgency you (the new board) are expected in line with the provisions of the Act, to ensure that the SEZs authority is properly and duly constituted and established. You are also responsible for supervising the expeditious approval of SEZ license applications and granting of all relevant permits," Dr. Mpofu said. Other board members included; Standile Ngwenya, Retired Brigadier General Godfrey Chanakira (Principal Director in the Office of the President and Cabinet), Ozias Machaya Hove (Senior Principal Director in the Office of the President and Cabinet), Erasmus Gapara, Constance Zhanje, Edwin Zvandasara (representing the Ministry of Finance and Economic Development), Christopher Dube, Busisa Moyo (former CZI president), Retire Brigadier General Thando Madzvamuse and Mary Mubaiwa-Chiwenga. Dr. Mpofu also highlighted that the board was responsible for setting up One Stop Investment Centers in each SEZ to ensure the speedy approval of all applications. Commenting on the appointment Dr. Gono said: "Requirements are on us to advance an export-gathering strategy while at the same time supporting import substitution initiatives that reduce our import bill without compromising quality, price and timely availability of products and services. Also it is required for us to attract foreign direct investment, facilitate re-industrialisation, job creation, innovation and technological advancements. The challenge is upon us as Zimbabwe to go all out and promote investment into SEZs and therefore Zimbabweans in the diaspora should seize this opportunity to get involved in serious productive activities back home," Dr. Gono said.

REBRANDING & STRATEGIC REALIGNMENT INITIATIVES

Three Anchor Investments (Private) Limited trading as Old Mutual Custodial Services rebranded to CABS Custodial Services (Private) Limited on 14 June 2017. "We have changed our name but not our quality of service. If anything you will find our service more responsive, enhanced and in line with international standards. Three Anchor Investment (Private) Limited, which was trading as Old Mutual Custodial Services has changed its name to CABS Custodial Services (Private) Limited. CABS Custodial Services holds a Securities Custody Licence in terms of the Securities and Exchange Act (Chapter 24:25) and Trustee Licence in terms of the Collective Investment Schemes Act (Chapter 24:19). CABS Custodial Services remains a subsidiary of Old Mutual Zimbabwe Limited while operating under the CABS brand. This change was necessitated by the quest to comply with international best practice which requires custodians to operate within a banking institution. CABS Custodial Services provides safe custody of Electronic and Physical Instruments such as share certificates, bonds, title deeds, educational certificates, wills and any other valuable documents the client would like to keep safe. CABS Custodial Services also offers Trustee Services. The physical scrip and documents are kept in a vault which is under 24-hour surveillance through a CCTV. Our Core offerings: Trustee Services, Electronic and Physical safekeeping of Assets, Trade Processing and Settlement (CSD and ATP), Registration of securities, Corporate Actions Management, Income Collection, Reconciliations, Compliance Monitoring and Reporting, Client Reporting. For further information, please contact the CABS Custodial Services Team: Physical Address - 3 Northend Close, Northridge Park, Highlands, Harare; Telephone - +263 (04) 883823; Email - custodialservices@cabs.co.zw," said the Old Mutual subsidiary in a public notice.

ICT DEVELOPMENTS

Steward Bank issued a Customer Notice in respect of a System Migration exercise. "Steward bank wishes to advise all our customers and stakeholders that as part of our digitisation process which is currently underway, we will be carrying out a system migration process from Saturday 24 June at 2030 to 0800 on Sunday 25 June. During this period, customers will not be able to perform any financial transactions. We encourage customers to make alternative arrangements such as loading your EcoCash wallets through our bank-to-wallet function to enable you

to access your funds during the upgrade period. Following this migration, all banking transactions across all our branches will be digitised with our customer transactions being authenticated through their debit cards. Customers will be required to produce their cards each time they transact in our branches or with our Agents. Customers without cards will be issued with one instantly in any of our branches. Further, this digitisation process will enable our customers to do self-registration for most services such as Square, Kambudzi Banking and EcoCash Banking Services. This process is expected to enhance speed and efficiency of all our platforms and improve on customer experience. Any inconvenience caused during the migration process is sincerely regretted," said the banking subsidiary of Econet Wireless Limited.

■ Zimnat announced the upgrading of its operating system. "As part of our commitment to always provide efficiency and an excellent customer experience we will be upgrading our operating system. We would like to inform our valued clients that we will be upgrading our system and going live 1 July 2017. Please note we will require your updated information as we continue to do business together. We apologize for any inconvenience that may be caused during this period," said the company which is an associate company of the Sanlam Group.

CORPORATE SOCIAL INVESTMENT (CSI) & SPONSORSHIP INITIATIVES

- FBC Holdings Limited was once again one of the sponsors of Project Management Zimbabwe's 7th Annual Project Managers Dinner held on 2 June 2017 at Holiday Inn, Harare under the theme "Reviewing Zim Asset Progress Through Project Monitoring & Evaluation."
- First Mutual, ZB Bank, NMB Bank Limited, Inclusive Financial Services, Old Mutual, MBCA Bank Limited, CBZ Bank Limited and National Building Society were among the event sponsors and partners of the Matabeleland Annual Business Awards Ceremony and Dinner hosted by the Zimbabwe National Chamber of Commerce (ZNCC) on the 9th of June 2017 at the Bulawayo Rainbow Hotel. The event ran under the theme "Consolidating the new normal economy through policy reforms"
- Agribank was the major sponsor of the Lupane State University 2017 Clinic Fundraising Golf Tournament held on 24 June 2017 at Harry Allen Golf Club in Bulawayo.
- ZB Bank called for entries to its Young Green Champions essay competition. "So you think you can write? Put pen to paper and you could win \$150 in the Young Green Champions essay completion. Simply answer the following question in less than 500 words: 'What does sustainable food production mean to you?' and you are in the running! Four best essays per district, across the seven ZB defined districts in the country, will each win \$150 plus school book vouchers worth \$100 each. Enter today, by dropping your school stamped essay at your nearest ZB bank branch! The competition is open to all school going children, even those who do not bank with ZB Bank, and the essay submission deadline is 31 August 2017. All schools whose pupils participate in the Young Green Champions essay competition, automatically enter the Harare Agricultural Show quiz competitions to be held in August 2017," said the bank, adding that winners would be advised in October 2017 and notified how to collect their prizes.
- Gateway High School held its Sixth Annual Career Fair one of the biggest school organised School Fairs in the country with an average of 110 exhibitors registering on the 27th of June 2017. The Gateway Career Fair was officially opened by the CEO of the Zimbabwe Olympic Committee (ZOC), Anna Mguni an advocate for sports and its advancement. ZOC also exhibited and provided students with information on sports vocations and the qualifications required. "We would like extend our sincere gratitude to the Gateway High School community staff, parents, board for continuously supporting this project. I would also like to thank our sponsors Lighthouse Print, Old Mutual, CABS, CBZ Holdings, PowerFM, Alpha Media and StarFM for investing in our Fair and investing in our future generation," said Liz Siyachitema.
- FBC Holdings sponsored the 2017 edition of the Central African Stock Exchange handbook which was launched at The Venue, Avondale in Harare on 22 June 2017 at an event attended by Brendon Flower and Ben Lemmer, the new publishers of the book.

Steward Bank, MBCA Bank Limited, First Mutual, Old Mutual, ZB Bank, Lion Finance and CBZ Holdings were among the partners and sponsors of the Zimbabwe National Chamber of Commerce (ZNCC) 2017 Annual Congress held from 28 - 30 June 2017 at the Elephant Hills Resort in Victoria Falls. The event ran under the theme "Consolidating The New Normal Economy through Policy Reforms".

CORPORATE ACTIONS

- Barclays Bank of Zimbabwe Limited issued a further cautionary statement in respect of the disposal of Barclays Bank Plc's stake in the Zimbabwean franchise. "Further to the Cautionary Statement issued by the Board on 12th May 2017, the Directors of Barclays Bank of Zimbabwe Limited ("BBZ") advise shareholders and other stakeholders that, following negotiations between Barclays Bank PLC ("BBPLC") and FMB Capital Holdings PLC ("FMB"), an agreement has been signed between BBPLC and FMB, pursuant to which FMB will acquire BBPLC's majority shareholding in BBZ, subject to certain terms and conditions ("the Transaction"). BBPLC and FMB are in the process of fulfilling the conditions precedent to the Transaction, which include, but are not limited to, approval of the Reserve Bank of Zimbabwe. Shareholders and the public are therefore advised that the Transaction is subject to statutory, regulatory and other approvals and, as such, they should continue to exercise caution and to consult their professional advisors when dealing in the shares of BBZ. Further details regarding this Transaction will be made available in the circulars of BBZ and FMB to be published in due course," said the Board of BBZ in the cautionary statement published on 2 June 2017.
- Barclays Bank of Zimbabwe Limited issued a Press Statement on 1 June 2017 in respect of the sale of Barclays Bank Plc's majority shareholding in the Zimbabwean franchise. "Barclays Bank PLC (BBPLC) has today announced the sale of its majority shareholding in Barclays Bank of Zimbabwe Limited (BBZ) to FMB Capital Holdings PLC (FMBCH). Completion of this transaction is subject to regulatory approvals, and is currently expected to conclude by the end of the third quarter (Q3) 2017. The transaction will be effected by the sale by BBPLC of shares in Afcarme Zimbabwe Holdings (Pvt) Limited, which is a holding company of BBZ. FMB is listed on the Malawi Stock Exchange and the FMB group has two wholly owned subsidiaries incorporated in Malawi: The Leasing and Finance Company of Malawi Limited, a licensed financial institution engaged in deposit taking and asset finance, and FMB Capital Markets Limited, a licensed portfolio manager. The FMB group also has interests in Capital Bank Limited in Mozambique and Botswana, and First Capital Bank Limited in Zambia. This transaction will be the FMB group's first operation in Zimbabwe. The sale will result in all 700 employees, 25 retail branches and 5 corporate service centres becoming a part of the FMB group. This transaction will see a £292m reduction in RWA (Risk Weighted Assets). Harry Harrison, Head of Barclays Non-Core, commented: "I am pleased to say following today's announcement, all of the operating businesses put into Barclays Non-Core are now either under new ownership or soon will be. We remain focused on closing Barclays Non-core on 30 June, as part of Group strategy to create a stronger, simpler Barclays. Barclays Bank Zimbabwe has an excellent reputation and I am confident FMB will continue to build on it. I want to thank our colleagues in Barclays Bank Zimbabwe for their continued hard work and commitment in serving our customers."
- The fight over Barclays Bank Zimbabwe escalated after the banking sector's union threw its weight behind new majority shareholders amid plans to block the bid. In a new twist to unfolding events, the Zimbabwe Banks and Allied Workers' Union (ZIBAWU), representing over 500 Barclays Zimbabwe employees, who initially backed a management buyout of the bank, made a U-turn when it announced that it opposed the bid. Before Malawi's First Merchant Bank (FMB) announced that it had taken over the bank, there were two competing bids for Barclays Zimbabwe on the table: one from FMB and the other a management buyout led by bank managing director George Guvamatanga under the banner of Msasa Capital. The National Social Security Authority (NSSA) indicated that it was ready to support the management buyout and this rekindled a bidding war for the bank. "The said threat (by those opposing FMB) in our view appears to be attempts by a self-servicing politically connected cabal which is attempting to scuttle the disposal of Barclays Bank of Zimbabwe. This clique, which has demonstrated that it has a bottomless pocket of resources to oil certain sections of the media and the system, has even roped in political actors as evidenced by recent utterances in Marondera," ZIBAWU acting secretary general Shepherd

Ngandu said in a statement. "Interestingly, the NSSA board chairperson appears to be at the forefront of championing purported indigenisation backing local Barclays management takeover as reported in the said article. This is despite the meeting which was held with NSSA executives in September 2016 at which Barclays Bank non-managerial employees sought for support in a bid for employee takeover. The bid by the employees sought to benefit the majority of workers who contribute to NSSA. The NSSA executives led by the general manager Ms. (Elizabeth) Chitiga, categorically refused to support the transaction citing its existing significant shareholding in various local banks and its 100%-owned National Building Society and purported lack of funds to support the proposal. We are surprised that for an organisation that categorically stated that it has no appetite for financing a financial sector investment is suddenly interested in supporting a management takeover. Further, it has all of a sudden mobilised the necessary resources contrary to its position just eight months ago. Our understanding of empowerment is one that is broad based and not one that uses poor workers' money to enrich a few thereby perpetuating inequalities," Ngandu continued.

- Alexander Forbes Group Holdings acquired a significant stake in African Actuarial Consultants (AAC), one of the largest independent actuarial consultancies in Zimbabwe with a growing presence in the region. The Johannesburg Stock Exchange listed insurer said that the acquisition was subject to regulatory approval by authorities in Zimbabwe. Alexander Forbes is a specialized financial services group with its head office in Sandton, South Africa and business interests in Africa, Europe and Middle East. The acquisition of AAC was in line with Alexander Forbes' growth strategy in sub-Saharan Africa under the Emerging Markets Division, which already has market leading businesses in Africa including Botswana, Namibia, Uganda and Nigeria. AAC which started operating in 1993, offers end-to-end actuarial and advisory services to leading insurers, reinsurers and large pension schemes in Zimbabwe as well as compensation and medical schemes. The company also has regional clients and a staff complement of 25 people. AAC was formed as the actuarial division of First Mutual Holdings. In 2003 the company was registered as a subsidiary of First Mutual and began offering actuarial and consultancy services outside of First Mutual. In 2015, AAC was acquired by Thomas Mashoko, who has extensive experience across all aspects of actuarial and consultancy services in Africa and Europe. Mashoko has held various leadership and board positions in leading multi-national financial institutions such as Old Mutual, PwC and Alexander Forbes.
- First Mutual Holdings Limited issued a cautionary announcement in respect of a potential acquisition of an insurance sector entity. "The Directors of First Mutual Holdings Limited (FMHL) wish to advise shareholders and other stakeholders that the Company is contemplating the acquisition of a controlling interest in a company in the insurance sector. This transaction, whose further details will be made available in a circular to be published by First Mutual Holdings Limited in due course, is subject to shareholder and regulatory approval. Shareholders and the investing public are thus advised to exercise caution and to consult their professional advisors when dealing in First Mutual Holdings Limited shares," said company secretary Sheila Lorimer on 14 June 2017.
- The Board of Directors of NicozDiamond Insurance Limited made a cautionary announcement in respect of the disposal of shareholding in the company by its major shareholder. "The Board of Directors of NicozDiamond Insurance Limited advises shareholders and other stakeholders that it has been informed by its major shareholder of the intention to dispose of its interest in NicozDiamond Insurance Limited to another insurance group subject to conditions precedent including regulatory approvals as well as shareholder approval. Shareholders and the investing public are therefore advised to exercise caution and to consult their professional advisors when dealing in NicozDiamond Insurance Limited's shares until such time when further details are made available," said company secretary, Gloria Zvaravanhu on 14 June 2017.
- The three-day 24th Annual General Meeting (AGM) of African Export-Import Bank (Afreximbank) opened on 28 June 2017 in Kigali, Rwanda bringing together global experts and shareholders to discuss the future of intra-African trade. Denys Denya, the executive vice president of Finance, Administration & Banking Services at Afreximbank, said the decision to hold the 2017 AGM of Afreximbank in Kigali was inspired by the continuous relationship with country. "We gather here at the time when the continent is embarking on the path of structural transformation for sustaining growth and development. The choice of Rwanda to host this AG meeting is partly because of the growing relations, but more importantly because Rwanda offers an enormous inspiration to the

continent," he said. Held at the Kigali Convention Centre, the meeting ran under the theme "Promoting African Trade and Economic Transformation." It convened senior government officials, including African and global CEOs, renowned academics, private sector practitioners and leading industrialists. Participants deliberated on how African countries could strategically invest in trade to boost intra-African trade so as to promote economic development, sustainably. President Paul Kagame delivered a key note speech at the meeting and other speakers included the former president of Nigeria, Olusegun Obasanjo, Strive Masiyiwa, Tony Elumelu and Aliko Dangote, among other leading African billionaires.

Listed diversified group, Zimre Holdings Limited (ZHL) said it was at an advanced stage of transferring its shareholding in regional operations into Emeritus International Reinsurance Company, an offshore structure registered under the Botswana International Financial Services Centre, to house all of ZHL's regional operations. The company would be used by the group to grow its regional footprint. Earlier in the year the group secured exchange control approvals for establishment of the reinsurance company in Botswana. "The central bank also approved that Baobab, our operation locally be allowed to setup an offshore account and transfer about \$2 million which will allow us to underpin our foreign underwritings," Zimre Holdings chief executive Stanley Kudenga told the group's annual general meeting on 28 June 2017. Kudenga said the group was still committed to its long term goal of listing on the Botswana Stock Exchange. He said that proceeds from Continental Reinsurance amounting to \$600 000 would be channelled through Emeritus to further strengthen its capital base in Mozambique.

EXTERNAL FINANCING: LINES OF CREDIT AND GRANT FINANCE/AID

- Local firm Life Brand Agriculture Services secured a US\$300 million loan from China to purchase and supply irrigation equipment. Farmers were expected to access the equipment, which has a hi-tech solar component, on concessionary credit terms. The Reserve Bank of Zimbabwe granted Life Brand exchange control approval for the facility under which Goldsun New Energy Science and Technology Company of China would supply the equipment. Goldsun would also provide technical support, training and installation services. Life Brand would initially draw down US\$65 million thorough BancABC, with the remainder coming in tranches. The first tranche would be channelled towards horticulture, with chillies exports as the predominant project. In a letter to Life Brand dated June 13, 2017, BancABC head of international banking Isaiah Mupfurutsa said, "Please be advised that your loan application has been considered by the external loans and exchange review committee. In light of their decision, Exchange Control is agreeable, in principle, to Life Brand Agriculture Services accessing the global facility...Exchange Control, however, wishes to advise that the balance of US\$234 750 000.00 which is earmarked for the solar project can only be drawn down after the company has successfully managed to implement the chillies project. The phased approach to draw-downs will also allow the borrower to obtain relevant approvals from relevant Government Departments, especially the Zimbabwe Energy Regulatory Authority. Life Brand Agriculture Services shall furnish Exchange Control with documentary evidence of receipt of funds on each loan drawn down. A pre-shipment valuation of the agricultural equipment shall be undertaken by an independent professional valuer prior to shipment of the equipment."
- Government gazetted the \$20 million loan secured from the Kuwait Fund for Arab Economic Development to finance the development of irrigation infrastructure at Zhove Dam in Beitbridge District, Matabeleland South. Finance and Economic Development Minister Patrick Chinamasa made the announcement in an Extraordinary Government Gazette published on 30 June 2017. "It is hereby notified, in terms of Section 300 (3) of the Constitution of Zimbabwe, as read with Section 18 (2) of the Public Debt Management Act (Chapter 22:21), that the Minister of Finance and Economic Development has published the terms of the loan agreement for Zhove irrigation project signed between the Republic of Zimbabwe and Kuwait Fund for Arab Economic Development on 24 March 2017," read the notice. The tenure of the loan is 25 years, with a grace period of five years at an interest rate of 1.5 percent per annum. The interest rate includes 0.5 percent per annum administration charges. "The loan will be utilised for the purpose of the construction of a conveyance system to supply adequate and sustainable water from the Zhove Dam to irrigate 2500 hectares of agriculture land to communities in Beitbridge District of Ferguson, Bishopstone, and Cawood Ranches as well as the communal lands of Mtengwe, Mabidi and Malala," read the notice.

CAPITAL MARKET DEVELOPMENTS

- Capital markets regulator, the Securities and Exchange Commission of Zimbabwe (SECZ), said there was an estimated \$16 million worth of unclaimed dividends since dollarization. Ideally, after dividend declarations, transfer secretaries are required to disburse the dividend proceeds to shareholders in the form of cheques or transfers. However, it emerged some shareholders did not cash in their cheques over time resulting in the accumulation of the unclaimed dividends. SECZ chief executive officer Tafadzwa Chinamo said the regulator had worked on modalities with transfer secretaries that would make them custodians and account for such dividends. "This came from auditors who found out there were many instances where companies declare dividend. But over the years, they found out that a lot of these dividend cheques were not being deposited. As of now, it should be about \$16 million worth of such dividends, the companies involved are those which pay dividend regularly," said Chinamo. Indications are that some of the dividend cheques came in small amounts, which were not motivating enough for shareholders to deposit. In line with this, Chinamo said the regulator would require transfer secretaries to open accounts for each dividend declaration, monitor the pay outs as well as the unclaimed amounts. This will enable the shareholders to claim their dividends anytime. "We don't want a situation where companies take back money; it is not theirs, it is shareholders' money. We are making the transfer secretaries accountable for such dividends. Transfer secretaries should create an account for each dividend payment and report to us on a regular basis the status of that, if someone does come to claim their dividend they should also show us how they have processed it," Chinamo continued.
- The Zimbabwe Stock Exchange mainstream Industrials Index continued with its bull run in early June, pushing market capitalisation to \$5 billion, its highest in nearly three. Since dollarization, the ZSE's market capitalisation peaked at \$6 billion in 2013. By the close of trade on 7 June 2017, the Industrials Index had added a further 0.47 percent to 172. Subsequently, the equities market extended year to date gains by 18.5 percent.
- Brainworks Limited, the Mauritian-based holding company with a diversified Zimbabwean investment portfolio, confirmed making its submission to list on the Johannesburg Stock Exchange (JSE) main board. Founder and non-executive director George Manyere said the listing of the portfolio of premium Zimbabwe-based assets was aimed at improving access to capital; both debt and equity. "We believe a listing on the JSE will provide the platform for us to access deeper and more liquid capital markets in South Africa thereby affording us greater financial flexibility to grow our business," he said. The initial public offering was set for July 2017. Brainworks was established in 2011 by George Manyere and Walter Kambwanji, with the aim of becoming a leading investment group as well as coinvestor of choice to foreign businesses seeking pro-active and value-adding equity partners. Since inception, the group has accumulated investments in; inter alia, the hospitality, real estate and financial services sector.
- GetBucks Financial Services Limited announced an extension of the offer to the public to subscribe to the 2nd Series of its Medium Term Note Programme. "Notice is hereby given that GetBucks Financial Services Limited (GetBucks Zimbabwe) has extended the offer period of the second series of the USD30 million Medium Term Note Programme. This has been necessitated by two material changes; the issuer obtained a credit rating on the 7th of June, obtained PRESCRIBED ASSET status for the issue on the 12th of June. To allow investors an opportunity to participate in this issue, the offer period extension was necessary. The salient features of the Notes are as follows:

Issuer	GetBucks Zimbabwe
Description	Medium Term Note
Currency	USD
Programme amount	USD30,000,000
Issue size	USD15,000,000
Tenor	3 years
Interest rate	10.25% per annum
Interest period	Quarterly
Special Features of the notes:	Prescribed Asset Status

Characteristics of the notes:	The Notes will be senior unsecured obligations of the Issuer and rank pari
	passu among themselves and at least pari passu with all other present and
	future unsecured and senior obligations of the Issuer.

The new timetable as at the date of this announcement is as follows:

Opening date of Offer at 0900hrs	22 May 2017
Closing date of Offer at 1600hrs	21 July 2017
Results of the Offer released on ZSE news services	26 July 2017
Results of the Offer published in the press	27July 2017
Issue Date	28 July 2017
Interest commencement date	28 July 2017
Listing of Notes and commencement of trading	28 July 2017

Copies of the Programme Memorandum dated 12 April 2017 and the Pricing Supplement dated by 19 May 2017 are available at the offices of the Issuer, at the website of the Issuer (http://www.getbuckszw.com) and at the offices of the Debt Sponsor [Lynton-Edwards Stockbrokers (Pvt) Limited]. Included in the Programme Memorandum in Annexure 3 is an Application Form which needs to be submitted to the Debt Sponsor in hard copy format or via email https://www.getbuckszw.com) and at the offices of the Debt Sponsor [Lynton-Edwards Stockbrokers (Pvt) Limited]. Included in the Programme Memorandum in Annexure 3 is an Application Form which needs to be submitted to the Debt Sponsor in hard copy format or via email https://www.getbuckszw.com) and at the offices of the Issuer (https://www.getbuckszw.com) and at the offices of the Debt Sponsor [Lynton-Edwards Stockbrokers (Pvt) Limited]. Included in the Programme Memorandum in Annexure 3 is an Application Form which needs to be submitted to the Debt Sponsor in hard copy format or via email https://www.getbuckszw.com) and at the offices of the Issuer (Pvt) Limited]. Included in the Programme Memorandum in Annexure 3 is an Application Form which needs to be submitted to the Debt Sponsor in hard copy format or via email https://www.getbuckszw.com) and at the offices of the Issuer (Pvt) Limited]. Included in the Programme Memorandum in Annexure 3 is an Application Form which needs to be submitted to the Debt Sponsor in hard copy format or via email https://www.getbuckszw.com) and at the offices of the Issuer (Pvt) Limited (Pvt) Limited (Pvt) Limited (Pvt) (Pvt

■ The Agricultural Marketing Authority (AMA)'s financial advisor CBZ Bank Limited announced results of the AMA Bills Tap issue which opened on the 12th of September 2016, as follows:

Amount on Offer	US\$50,000,000.00
Allotted	US\$49,940,000.00
Subscription Rate	99.9%
Interest Rate	8.5%
Tap Issue Opened	12 th September 2016
Tap Issue Closed	31st May 2017
Maturity Date	7 th September 2017

"The Agricultural Marketing Authority and CBZ Bank Limited wish to express their gratitude to all participants for their support," said the banking subsidiary of CBZ Holdings Limited.

FISCAL, PUBLIC DEBT & INVESTMENT ISSUES

- The International Monetary Fund (IMF) expressed reservations on Government's plans to issue \$600 million worth of Treasury Bills to clear debts owed to ZESA Holdings by local authorities, saying these entities should improve their operations and management to avoid debt pile up. In emailed responses to FinX, an online-based service, the IMF said: "The weak financial performance of SOEs (State-Owned Enterprises) in Zimbabwe constitutes a drain on the Government budget and a significant drag on growth. Intra-public sector arrears complicate efforts to improve governance and financial discipline. Making progress requires ending the continuous recapitalisations of SOEs by the Government. The need for the Government to recapitalise SOEs or clear arrears becomes particularly problematic when the fiscal deficit is significant and domestic debt is on a sharp upward trend. So while dealing with existing arrears is important, it should take place in the context of broader reforms, such as developing an electricity tariff structure that allows ZESA to return to cost-recovery, and improving the governance and oversight of the SOEs. SOEs should enhance their management and operations and prevent the build-up of future liabilities."
- The World Bank said government's fiscal position in 2016 expanded by 8% of the Gross Domestic Product (GDP), a sign that government continued borrowing despite not having revenues to match. This emerged as the World Bank's second edition of the Zimbabwe Economic Update (WBZEU) released on 21 June 2017 projected the

economy to grow by 2,8% this year, which is slightly higher than the International Monetary Fund's 2,7% projection. In a statement made in Harare at the official launch of the WBZEU report, World Bank senior country economist, Johannes Herderschee said the bank had also done a Public Expenditure Review (PER) and found that in the broader public sector, State-owned enterprises had become a major source of fiscal risk. "The PER recommends extending similar levels of oversight, that are currently applied to the National Budget, to all elements of broader public sector spending," he said. "This would allow for a more coordinated fiscal policy and efficient use of government resources." The second edition of the WBZEU found that the burgeoning public sector wage bill contributed to increasing expenditures in 2016. Finance minister Patrick Chinamasa told guests at the launch of WBZEU that government was moving to cut its runaway expenditure as a paper was presented to Cabinet on proposed cuts across all ministries. "I need to say that last week I put a paper to Cabinet on cost cutting measures in line ministries. I have since put together a joint technical team comprising the Office of the President and Cabinet, my ministry and the Reserve Bank of Zimbabwe to look and come up with a framework on the basis of which we can see how we can reduce the cost of running those ministries," he said.

DEPOSIT PROTECTION & TROUBLED INSTITUTIONS RESOLUTION INITIATIVES

- Baker Tilly Chartered Accountants issued a notice of the convening of the second meeting of Creditors and Contributories of Altfin Life Assurance (Pvt) Limited in Harare. "This serves to inform all creditors and contributories that there will be a second meeting of Creditors and Contributories for Altfin Life Assurance (Private) Limited (In liquidation) at Girls High School in Harare on Wednesday 14 June 2017 at 08:30 hours. The purpose of the meeting will be further proof of claims and presentation of the liquidators report. All claims against the company in Liquidation should be done on claim forms available at our offices. The proof of claim forms are also available via electronic mail, upon request. You will be required to complete these forms in duplicate and lodge them with the Master of High Court, Corner 2nd Street and Herbert Chitepo in Harare by the 9th of June 2017 at 1600hrs. On the date of the meeting, creditors and contributories are required to physically appear before the Master of the High Court or assign a duly appointed representative to appear on their behalf, "said the accounting firm.
- Baker Tilly Chartered Accountants issued a notice of the convening of the second meeting of Creditors and Contributories of Altfin Life Assurance (Pvt) Limited in Bulawayo. "This serves to inform all creditors and contributories that there will be a second meeting of Creditors and Contributories for Altfin Life Assurance (Private) Limited (In liquidation) at Bulawayo City Hall on Wednesday 21 June 2017 at 08:30 hours. The purpose of the meeting will be further proof of claims and presentation of the liquidators report. All claims against the company in Liquidation should be done on claim forms available at our offices. The proof of claim forms are also available via electronic mail, upon request. You will be required to complete these forms in duplicate and lodge them with the Master of High Court, Herbert Chitepo and 8th Avenue Bulawayo by the 16th of June 2017 at 1600hrs. On the date of the meeting, creditors and contributories are required to physically appear before the Master of the High Court or assign a duly appointed representative to appear on their behalf, "said the accounting firm.
- The Zimbabwe Amalgamated Housing Association (ZAHA) filed an application at the High Court seeking the dismissal of Allied Bank of Zimbabwe liquidator Cecil Madondo, in a bid to recover its \$1.4 million locked in the bank. In his founding affidavit filed at the court early June, ZAHA Chairperson Dr. Killer Zivhu said Madondo had failed to comply with his statutory duties as the liquidator of the bank. ZAHA was represented by Mugiya and Macharaga Law Chambers in the case in which Madondo was cited as the first respondent, Allied Bank of Zimbabwe Limited (in liquidation) the second respondent and the Master of the High Court the third respondent. "It is my humble submission that a person appointed as a liquidator owes some fiduciary duties to the creditors, amongst others which is to keep creditors well informed of the steps which he is taking to recover what is owed to them and the duty to comply with the provisions of the law regarding the lodging of accounts. It is my contention that the first respondent (Madondo) is failing in such duties. It is now a period in excess of two years since he was appointed liquidator, yet other than convening meetings, he has not done anything to recover and pay out monies owed to various creditors. The reports which ought to be lodged in terms of Section 277 of the Companies Act have not been filed with the third respondent (the Master of the High Court)," said Dr. Zivhu in his founding affidavit. Dr. Zivhu said Madondo "grossly failed to protect the interests of creditors and should as such

be relieved of such duties." He said if the court found Madondo was still fit to continue being the liquidator, it should issue an order compelling him to, in terms of Section 280 of the Companies act, "lodge his full and final distribution account with the Master of the High Court within seven working days from the date that this order is granted." Dr. Zivhu also wanted Madondo to be ordered to surrender Allied Bank's assets to the Master of the High Court, "including immovable, movable, documents, title deeds, records, bank accounts, liquidation accounts, legal documents and other assets in his possession within seven days of the order. If he fails, the housing association wants the Sheriff to be authorised to carry out "a diligent search and recover all such assets from Madondo."

- Baker Tilly Chartered Accountants issued a notice of the convening of the second meeting of Creditors and Contributories of Altfin Life Assurance (Private) Limited in Harare. "This serves to inform all creditors and contributories that there will be a second meeting for Altfin Life Assurance (Private) Limited (In liquidation) at Rainbow Towers in Harare on Thursday 13 July 2017 at 08:30 hours. The purpose of the meeting will be further proof of claims and presentation of the liquidators report. All claims against the company in Liquidation should be done on claim forms available at our offices. The proof of claim forms are also available via electronic mail, upon request. You will be required to complete these forms in duplicate and lodge them with the Master of High Court, Corner 2nd Street and Herbert Chitepo in Harare by Monday the 10th of July 2017 at 1600 hours. On the date of the meeting, creditors and contributories are required to physically appear before the Master of High Court or assign a duly appointed representative to appear on their behalf. Creditors who would have attended the Bulawayo meeting on the 21st of June 2017 are not required to attend," said the accounting firm in the Liquidation Alert.
- In an effort to enhance delivery and provide convenience to its clients, the Deposit Protection Corporation (DPC) partnered Zimpost the largest postal service provider in the country, enabling depositors of closed banks to approach any Zimpost branch across the country to collect or submit claim forms for free. Since the Deposit Protection Corporation was already compensating depositors of six closed banks namely AfrAsia (formerly Kingdom), Allied (formerly ZABG), Trust, Interfin, Royal Bank and Genesis Investment Bank, depositors of these closed banks who had not received any payment from Deposit Protection Corporation were encouraged to submit claim forms for reimbursements to be processed as the funds were readily available. The Deposit Protection Corporation is an independent statutory body established by the government of Zimbabwe in terms of the Deposit Protection Corporation Act (Chapter 24:29) to protect bank depositors by way of providing compensation in the event of a bank failure. In addition to compensating depositors, the Deposit Protection Corporation's objectives also entail: contributing to the stability and public confidence in the country's financial system; enhancing competition between different sectors and institutions in the country's financial system; promoting sound business practices in contributory institutions and participating in the problem-bank resolution framework.

BOND/TB ISSUE OUTLOOK

- Government said it would release Treasury Bills (TBs) worth about \$600 million to clear debts owed to ZESA Holdings by local authorities and State enterprises. The release of more TBs came amid concern that Government continued to add to its stock of debt which could have far-reaching implications on the economy given that to date, over \$4 billion TBs had been issued for various reasons. Energy and Power Development Permanent Secretary Partson Mbiriri told the Parliamentary Portfolio Committee on Mines and Energy on 5 June 2017, that an agreement had been reached with Treasury which would see it settling debts owed to the state power utility. "The bills that were owed by parastatals, local authorities and Sable Chemicals have been converted to Treasury Bills and we think that is a positive for the sector. We recently held a meeting with the treasury and an agreement was reached. It is our belief that this agreement is a welcome development as we seek to ensure the smooth operation of the utility," said Mbiriri. In 2016, ZESA approached the High Court suing at least 200 local authorities, State enterprises and private companies. On the list of debtors were at least 40 State and local authorities. "We are not taking the TBs to market but we are going to rely solely on the Reserve Bank of Zimbabwe because once we put them on the market, we are bound to see more discounts being asked for," Mbiriri continued.
- Liquid Telecoms on 23 June 2017 announced plans to launch a \$700 million bond and long-term financing package to support the group's existing debt and growth strategy. The Pan-African telecommunications group

said the funding would be raised through its subsidiary, Liquid Telecommunications Financing PLC. "Liquid Telecom, has today announced its intention to launch a \$700 million bond and long-term loan financing package to refinance the group's existing debt and to support its growth strategy," the company said. The new financing package is also expected to help deliver long-term benefits to Liquid Telecom's growing number of enterprise, carrier and retail customers, which at present includes over 113 000 customers across 13 countries of operation including Zimbabwe. "Today is another important step for Liquid Telecom as we continue our journey to bring high-speed connectivity to more of Africa. Through additional funding, we hope to be able to continue this period of accelerated growth for the group, enabling us to extend our network footprint across more of the continent," said Liquid Telecom group chief executive officer, Nick Rudnick.

POLICY/REGULATORY/LEGAL DEVELOPMENTS

- Two retail outlets were on 1 June 2017 fined by a Harare regional magistrate for contravening section 13 of the Bank Use Promotion Act after they failed to bank their cash. Bathroom Boutique, which was represented by its general manager, Faith Chumbu, was fined \$9 700, while Eurostar Electricals Company, which was represented by its manager, Paul Muyengi, was fined \$20 000. Bathroom Boutique was then ordered to pay \$8 200 after magistrate Hosiah Mujaya suspended \$1 500 on condition that the company shall not be convicted of similar charges within the next five years, while Eurostar Electricals was ordered to pay \$18 000 after \$2 000 was suspended on the same conditions. The State proved that on June 30 201, Eurostar Electrical Company was served with a disclosure order by a Reserve Bank of Zimbabwe (RBZ) official, Tongesayi Murape, requiring the firm to submit daily returns of cash sales and deposits as provided for by the RBZ Act. The firm, through its director, Shi Haiyan, acknowledged the disclosure order by signing the order, but from the time the order was served, the company did not submit the requested returns to the RBZ as required by the Act. Bathroom Boutique also failed to submit the same documents from July 2016 to March 27 this year. George Manokore appeared for the State.
- The Reserve Bank of Zimbabwe issued a press statement on the ease of doing export business. "The Reserve Bank of Zimbabwe (the "Bank") wishes to inform exporters and member of the public that as part of its efforts to enhance the ease of doing business in Zimbabwe, it has introduced the Computerised Export Payments Exchange Control System (CEPECS), among other measures. In order to reduce time taken to prepare export documentation, and for the convenience of the exporters, the Form CD1 is now directly accessible via Internet, through the Computerised Export Payments Exchange Control System (CEPECS). The CEPECS is a robust, web-based and real time Exchange Control system that links the Bank to commercial banks, Zimbabwe Revenue Authority (ZIMRA), exporters and other Government agencies that facilitate and promote export of goods and services. Exporters are therefore invited to migrate to CEPECS for them to be able to raise Forms CD1, and generate export performance reports whilst in the comfort of their own offices. Effectively CEPECS enables exporters to raise Forms CD1 outside banking business hours, on weekends and/or during public holidays. There are no additional software installations required in order to have direct access to CEPECS. Any assistance required by an exporter to raise a Form CD1 or generate an export performance report, can be provided by contracting an Exports Facilitator/Analyst on +263 7 703 000 or +263 867 700 0477. Raisin of Forms CD1 through commercial banks remains in place to accommodate those exporters who may still want to access Forms CD1 via commercial banks," said the apex bank's Exchange Control Division in the statement dated 1 June 2017.
- The High Court removed a veil protecting companies under judicial management from having their assets attached to recover investments, a ruling likely to open the floodgates of writs of attachment of property, especially against banks. Justice Happias Zhou ruled in a case involving Bindura University of Science Education (BUSE) and Tetrad Investment Bank that placement under judicial management was not an excuse for not paying depositors their dues. In the landmark judgement, Justice Zhou gave BUSE the green light to recover nearly half a million dollars it invested with the financial institution eight years ago, before it was placed under judicial management for almost two and half years. Justice Zhou slammed Tetrad for trying to hide behind the facade of judicial management to deny the university its deposited funds. "The judicial management must not be used as an excuse to frustrate the just claims of those who have deposited their money with first respondent (Tetrad Bank). The students who pay their fees expect to get value for their investment which is being severely compromised by the fact that its funds

are locked in the first respondent (Tetrad Bank). It must be remembered that the applicant is not asking a loan, but is seeking to recover what is due to it," said Justice Zhou. The ruling was likely to open flood gates from depositors who lost millions of dollars to several banks placed under judicial management following turbulence that hit the banking sector in recent years. Justice Zhou noted that in opposing the attachment of its property, Tetrad Bank, in its affidavit, argued that it was entitled to the protection granted by the order from execution on the basis of the provisions of Section 301 (1) of the Companies Act (Chapter 24:03), which says, "while the company is under judicial management all actions and proceedings and the execution of all writs, summons and other processes against the company be stayed and be not proceeded with, without the leave of the court". In his judgement, Justice Zhou suspended the moratorium against BUSE and granted it leave to attach Tetrad Bank's assets to recover \$473 025.52 plus interest at the prescribed rate. Justice Zhou was sensitive to the reality that the interests of the State-run University should be protected, especially as a client which invested money with the bank. He said the bank should be aware that it had the responsibility to ensure that depositors got their money back when it becomes due and no technical barriers should be raised. Justice Zhou said judicial management was just a temporary arrangement and added that there was no evidence to suggest that the purpose of the judicial management would be defeated by allowing BUSE to execute its writ against the bank.

- The High Court judged in favour of former banker Patterson Timba and Renaissance Financial Holdings Limited (RFHL) to dismiss claims by the financial institution's former directors that they were still directors of the entity. The directors: Professor Christopher Chetsanga, Colin Kuhuni and Monica Mukonoweshuro claimed that they were improperly dismissed from their positions when the financial institution was placed under curatorship in 2011. Giving his declaratur on June 2, Justice Owen Tagu stated the following: "Once a banking institution has been placed under curatorship, the shareholder(s) directors and officer(s)' powers in relation to the management of the said institution are duly limited to the extent that the appointed curator would by his or her consent permit. Proceeding with and or commencing any litigation as against the bank placed under curatorship by any party would be or is a legal nullity without the granting of leave by the High Court. The operation of the doctrine of set off by any creditor as against the bank placed under curatorship is peremptorily suspended....Section 54 is quite clear in that "once a curator has been appointed he exercises all or some of the powers given to him in terms of Section 55 of Banking Act in as far as the affect the operations of the bank that has been placed under curatorship."
- The Insurance and Pension Commission (IPEC) said it would soon require all insurance companies to publish their financial statements regardless of whether they are publicly listed or not. IPEC commissioner Tendai Karonga on 14 June 2017 said the move was aimed at instilling market discipline as there would be transparency and disclosure. "The commission, through the proposed amendments to the Insurance Act, will require that all insurance companies publish their financial statements, regardless of whether they are listed on the Zimbabwe Stock Exchange or not. This will help in instilling market discipline since stakeholders will now be more informed and will therefore punish insurers whose financial statements will not be depicting a good standing," said Karonga.
- The Insurance and Pensions Commission (IPEC) on Friday 16 June 2017 launched a micro-insurance regulatory framework that facilitates provision of insurance to low income earners. In a speech read on his behalf at the launch, Finance and Economic Development Minister Patrick Chinamasa said micro-insurance services had an important role to play in the economy. "The development of the micro-insurance industry in Zimbabwe is a welcome move given the highly informalised nature of our economy. Micro-insurance forms an important aspect of financial inclusion given that it extends a range of financial products to adult individuals and households in particular to those at the bottom of the pyramid," Chinamasa said. IPEC commissioner, Tendai Karonga told the same gathering that a steering committee had been appointed to spearhead implementation of micro-insurance in the country, led by a high-ranking official from the Ministry of Finance and comprising of members from the Reserve Bank of Zimbabwe, Securities and Exchange Commission of Zimbabwe, Insurance Council of Zimbabwe, Zimbabwe Association of Micro-finance Institutions and the academia. He said micro-insurance products would include weather index, funeral assurance, health insurance, agricultural insurance and credit life. "Distribution channels for micro-insurance will be micro-finance institutions, mobile network operators, church organisations and burial societies," Karonga said, adding that the new innovation was informed by the national financial inclusion strategy, and was targeting previously marginalized groups such as small to medium entrepreneurs, peasant farmers, vendors and other low income earners. "As noted in the results of a FinScope survey done in

2014, at least 70 percent of adults in the country were not insured. Of the 30 percent with insurance, 77 percent were in respect of funeral insurance. This means there is a huge gap on the insurance uptake which needs to be filled. In essence, micro-insurance is a growth area, which will increase penetration ratio from the current 3.6 percent as more members of society can access and afford insurance products that match their needs."

■ The Reserve Bank of Zimbabwe's Registrar of Microfinanciers issued a public notice in respect of the Registration of Microfinanciers in terms of Section 13 of the Microfinance Act {Chapter 24:29}. "Please take notice that during the period January to March 2017, the Registrar of Microfinanciers registered the following additional institutions.

1	Old Mutual Finance (Private) Limited	100 The Chase, Emerald Hill, Harare	Credit-Only Microfinance Institution
2	Lyno Finance (Private) Limited	Office 201, 2 nd Floor Engineering House, Harare	Credit-Only Microfinance Institution
3	Zibuko Capital (Private) Limited	4 Fleetwood Road, Alexandra Park, Harare	Credit-Only Microfinance Institution
4	Loans For You (Private) Limited	275 Herbert Chitepo, Harare	Moneylending Institution
5	Amazing Destinations (Private) Limited	18 Block 4 (Flats), Tynwald North, Harare	Moneylending Institution

This brings the number of institutions authorised to conduct business of providing loans in terms of the Microfinance Act [Chapter 24:29] to 179 as at 31 March 2017," read the public notice.

- RioZim Limited lost its legal battle to have the loan it obtained from Trust Bank reduced to \$500 000 from \$1.8 million after the High Court reversed a default judgement the mining company had secured against the bank. Trust had in 2013 obtained a court order against RioZim for \$1.8million plus interest, which the bank had advanced to the company. In 2014, the bank was placed under liquidation with the Depositors Protection Corporation (DPC) subsequently being appointed the liquidator. In May 2015, RioZim applied to the High Court for variation of the court order, which the bank had earlier obtained to recover \$1.8 million. A default judgement was subsequently granted where the original order was varied and substitution thereof with the sum of \$634 336. The interest of 45 percent per annum was also reduced to 25 percent. This was done without the leave of the court in terms of the Companies Act. This prompted DPC to dash to the High Court for rescission of judgment citing several illegalities that culminated in the erroneous order. After hearing arguments from both counsel, Judge President Justice George Chiweshe ruled that RioZim's application for variation was made without leave of the court as required by the Companies Act. He found RioZim's opposition of the rescission to be without merit. "As a result the application for variation was not properly done before the court, rendering the resultant order a nullity. If the court had been informed that leave had not been sought to issue the application, it would have declined to entertain the matter. Clearly the variation order was granted in error and thus liable to being set aside," said Justice Chiweshe. The Judge President said the fact that the variation order was granted in the absence of DPC was beyond dispute. It was a default judgement, noted the judge. Given the provisions of the Banking Act, Justice Chiweshe said it was beyond doubt that the liquidator's rights and interest would have been affected one way or the other, hence the need to have cited DPC.
- Government reportedly started investigations to identify individuals and companies involved in externalising foreign currency from Zimbabwe and in turn fueling the current cash crisis, Finance and Economic Development Minister Patrick Chinamasa said on 28 June 2017. The country is battling an acute cash shortage attributed to several factors chiefly externalisation and low exports. Accordingly, the country's monetary authorities introduced several measures to curb the cash shortage including closely monitoring the way companies handle their cash following concerns that big firms, particularly retail businesses were not banking their daily takings. Responding to a question in the National Assembly, Chinamasa said externalisation continued to play a huge part in the cash challenges the country was facing. "We are in touch now with the authorities in countries where our money is being externalized. So sooner or later we should have information on who is externalising money," he said.
- President Robert Mugabe rejected the ZEP-RE Bill (Membership of Zimbabwe and Branch Office Agreement) that sought to provide some quasi-diplomatic privileges and immunities on a regional reinsurance company established by an agreement of the Preferential Trade Area member States, now referred to as COMESA. Mugabe withheld his assent on the Bill, which sailed through Parliament two months earlier. He rejected the Bill after he exercised

Section 131 (6) of the Constitution, which confers him such right whenever he has reservations on a proposed law that would have been sent to him for assent by Parliament. Parliament was now set to sit as a committee to consider the reservations and Finance and Economic Development Minister Patrick Chinamasa had since made the necessary amendments to accommodate President Mugabe's reservations. Speaker of the National Assembly Advocate Jacob Mudenda had since notified the House of the President's objection. "His Excellency, the President informed Parliament on June 2, 2017 that he had not assented to the ZEP-RE (Membership of Zimbabwe and Branch Office Agreement) Act No.4 of 2017 owing to reservations pertaining to the last paragraph of the preamble on the top page of the Act. The president noted that the sentence in question was not clear on what should be done and who was responsible for the stated enactment. Thus, in order to facilitate the reconsideration of the Bill, the Bill now stands recommitted to the committee of the whole House pursuant to Standing Order Number 121 (3) of the National Assembly," he said.

- Zimbabwean banks' aggregate net profit for the quarter to March rose 30 percent to \$50 million compared to \$38.55 million recorded in the corresponding quarter in 2016 as cost containment measures in the sector began to pay off. In its quarterly report, the Reserve Bank of Zimbabwe (RBZ) said profitability was also driven by an increase in non-funded income driven by the rise in use of plastic money. The use of plastic money increased when the country was hit by cash shortages which manifested in 2016. "The various policy measures put in place by the central bank to promote the usage of electronic payments have assisted in reducing demand for cash. Further, banking institutions continue increasing their focus on serving previously unserved and underserved segments in line with financial inclusion drive," the RBZ said. Zimbabwe has 19 banking institutions, 16 of which made profits during the quarter under review while the remaining loss-making institutions were "employing turnaround strategies to return to profitability." According to the RBZ, aggregate banking sector deposits as at 31 March 2017 marginally increased by 0.61 percent to \$6.55 billion from \$6.51 billion as at December 31, 2016. "The financial condition of the banking sector was considered satisfactory as at March 31, 2017, on account of adequate capitalisation, satisfactory earnings performance, satisfactory asset quality and high liquidity ratio." said the RBZ.
- Regulatory body, Insurance and Pension Commission (IPEC), on 28 June 2017 presided over the launch of the Compliance Society of Zimbabwe (CoSoZ) whose main objectives are to educate, train, promote and regulate compliance professionals and create a forum for them to exchange views and information, including encouraging international best practice. Speaking at the launch event in Harare, IPEC commissioner Tendai Karonga reemphasised the need to ensure professionals and companies are compliant with legislative and regulatory frameworks of the sectors in which they operate. "A culture of compliance across the entire spectrum of the economy boosts confidence and we know confidence is critical to investment. As you probably know, compliance requirements cut across all sectors of the state. In a sense, all laws, rules, regulations, including each organisation's requirement, require compliance. Examples from the financial services sector include the Insurance Act, the Pensions Act, the Banking Act, the Securities Act and DPC Act and the regulatory requirements these impose," said Karonga. As a Trust, CoSoZ - set up in terms of the Notarial Deed of Trust - is governed by a Board of Trustees, while the day-to-day operations are overseen by Executive Council. Authority is delegated to various key board committees. The founding trustee is Dr. Walter Zure who has over 19 years of banking experience and is presently employed by CBZ Holdings as a group principal governance and compliance executive. The board of trustees includes Desmond Jairosi-Chipunza, currently head of compliance for Barclays Bank Zimbabwe; Sithuthukile Sibanda, head of compliance at Stanbic Bank; Collin Mutambira, senior manager - compliance and money laundering reporting officer (MLRO) for FBC Holdings Limited; and Patience Chinomona, head of compliance for Metbank Limited.
- Newly appointed Reserve Bank of Zimbabwe Deputy Governor Dr. Jesimeni Tarisai Chipika said endemic financial indiscipline in Zimbabwe had resulted in money being treated as a commodity instead of a medium of exchange which was one of the three major reasons the country was battling chronic cash shortages. "There is financial indiscipline in Zimbabwe and I think part of it was picked from the era of 'burning' (arbitrage in currency trading). Money is now being treated as a commodity, instead of a medium of exchange. Basic economics say that money is a medium of exchange. If we have an economy driven by the parallel market for currency, we are destroying ourselves. We have a problem, because we are drifting back to the era of burning currency, where we also did not bank, but stashed money at home. We have been told that the money which we are saying is in shortage, be it

bond notes or otherwise, is all stashed up at the country's border posts. We have been told by our financial intelligence that the bond notes are now hard currency within the SADC region. The currency is now accepted as legal tender in countries such as Zambia, Mozambique and South Africa. When we introduced it, we only meant it as an internal currency to help us in transacting and as incentives for exporters," she said on 30 June 2017 while addressing Professional Women, Women Executives and Business (PROWEB), Women's Forum.

PUBLIC TENDER INVITATIONS/RESULTS, EOI & RFPs

- Agricultural Bank of Zimbabwe Limited (Agribank) invited bids from reputable companies for the engagement of an advertising agency under tender number: AGRINF11/2017. The bank said documents for the tender would be issued to interested bidders upon payment of a non-refundable tender fee of USD10.00 into Agribank Sundry Income Account P/L 62700 from: Procurement Department, Agricultural Bank of Zimbabwe Limited, 2nd Floor, Hurudza House, Head Office. "Tenders must be enclosed in sealed envelopes and deposited in the "Tender Box" addressed to Procurements Board Chairman, 11th floor, Agribank Hurudza House, Head Office on or before 10:00hrs on the closing date (21 June 2017)," said the bank in the invitation to informal tender.
- CBZ Holdings invited tenders from registered and reputable companies for the supply, installation, customisation and support of a comprehensive and integrated loan origination & management System with industry acceptable standards, which should be able to perform loan management for the Group's Operations (Tender Number CBZ05/2017) and the supply and Installation of 300 x 50W LED Solar Street Lights in Victoria Falls (Tender Number CBZ06/2017). "All companies that wish to participate in the tender may collect our tender documents for the respective tender upon paying a non-refundable tender fee of US\$100.00 per tender. The tender documents are available from: The Procurement Officer, CBZ Group Procurement Department, Sapphire House, 1st floor, Corner Speke and Angwa Street, Harare. Briefing for CBZ06/2017 tender will be held on 20 June 2017. Deadlines for queries submission for both tenders by 23 June 2017. CBZ Holdings will clarify queries for both tenders by 30 June 2017. The tender bids should be submitted to the undersigned (The Tendering Committee Secretary) no later than 10.00AM on 7 July 2017. Late submissions will not be accepted," said the diversified financial services group in the tender notice.
- The People's Own Savings Bank (POSB) invited sealed bids from eligible contractors registered with the Construction Industry Federation of Zimbabwe (CIFOZ) and/or the Zimbabwe Building Contractors Association (ZBCA) for the construction of 860m of roads and storm drainage, 2057m water reticulation and 1422m sewer reticulation works at POSB Barrington subdivision F. "Documents for this tender are obtainable from The Finance Office, 4th Floor, Causeway Building, Corner Third Street and Central Avenue Harare, upon payment of non-refundable deposit fee of US\$100.00 per set. Tenders shall be delivered and deposited in sealed envelopes in Tender Box installed in the 4th floor at Causeway Building, Corner 3rd Street and Central Avenue, Harare on or before 13 July at 10:00am where they will be opened in the presence of bidders who wish to attend. A compulsory site meeting will be conducted on Thursday 15 June 2017 at 10:00am on Site located opposite Buxton Wedding and Conference Venue approximately 3.0km from Beatrice Road along Cecil Rhodes Road," said the savings bank, noting that the closing date of the tender was the 13th of July 2017 at 10:00am.
- The Infrastructure Development Bank of Zimbabwe (IDBZ) issued a Request for expression of Interest (RFEOI) for Consulting Services under Project ID Number IDBZ/Manako/ES-Mhydro04072017. "The Infrastructure Development Bank of Zimbabwe (IDBZ) has allocated a budget for the development of a 2.5 MW Mini-hydro Power Plant at Osborne dam in Manicaland Province, Zimbabwe and intends to apply part of this budget allocation towards payments under the contract for engagement of Consulting Firms to undertake a detailed Feasibility Study which includes technical, economic, financial, social and environmental viability assessment. The IDBZ now invites eligible consultancy firms to indicate their interest in providing these services. Interested consultants must provide information demonstrating that they are qualified to undertake this assignment (Company profiles and registration documents, Curriculum Vitaes, brochures, description of similar assignments, experience under similar environment or conditions, availability of appropriate skills/experience among staff, etc.) Consultants may constitute joint-ventures where necessary. Eligibility criteria, establishment of the short-list and the selection procedure shall be in accordance with IDBZ "Rules and Procedure for the use of Consultants". Interested firms may

obtain further information from the Procurement Secretariat at IDBZ House, 99 Rotten Row Road, PO Box 1720, Harare, Zimbabwe during office hours, and 1000hours to 1600hours. Expression of interest must be delivered on or before 4th July 2017 by 1500hrs and clearly labelled "EOI for Contract Ref IDBZ/Manako/ES-Mhydro04072017: Feasibility Study for a 2.5 MW Mini-hydro Power Plant" said the Bank in the RFEOI.

- The State Procurement Board awarded CBZ Bank a tender to float energy bonds to raise \$200 million for the Gwanda solar and Gairezi hydro power projects, being undertaken by the State power utility Zimbabwe Power Company, with aggregate capacity of 130 megawatts. This followed approval by Government for the local portion of funding needed for the projects to be raised on the domestic market, which will quicken the pace of the projects as opposed to raising all funds offshore. In terms of the Gwanda solar project, Finance and Economic Development Minister Patrick Chinamasa had written to ZPC managing director Noah Gwariro saying much of the civil works could be sourced locally. In that regard, he asked ZPC to engage CBZ Bank to structure the bond save for engineering, procurement and construction contract for procurement of generators. "I (therefore) kindly request that you engage CBZ Bank to structure and issue a bond to raise funding locally. Any foreign currency component of the EPC contract of funding will be given priority in payment depending on availability of foreign currency," Chinamasa said. As such, SPB principal officer Samson Mutanhaurwa, through PBR 0518 of June 13, 2017 said there was no objection in terms of the request by the Zimbabwe Power Company for the direct engagement of CBZ Bank to structure and issue energy bonds for Gwanda and Gairezi. Mutanhaurwa said this was in line with Section 7(2) of Procurement Regulations for requirements of local interest. "There is no objection to the accounting officer's request for direct engagement of CBZ Holdings to structure and issue a bond to raise funding locally for Gwanda solar and Gairezi hydro projects, subject to submission of a report on the actual costs for the services," Mutanhaurwa said. CBZ Holdings chief executive Never Nyemudzo said the company had not received official communication yet on its appointment by SPB, but stressed the group would embrace the opportunity with both hands if given the assignment. He however confirmed that they had been communicating with ZPC over the request to appoint CBZ for the bonds.
- The People's Own Savings Bank (POSB) issued invitation to informal tenders for various products and services from registered and established agencies and vendors in the following disciplines:-

Tender Number	Agency/Vendor	Product Service
POSB 05/2017	Marketing and Advertising Agencies	Provision of Creative Marketing Services
POSB 06/2017	Information and Technology Vendors	Purchase of IBM Server Hardware
POSB 07/2017	Motor Vehicle Dealers	Supply of 4 X SUVs and/or 1 x Double Cab
POSB 08/2017	Human Resources Consultants	Business Process Re-Engineering

"Documents for these tenders are obtainable from The Finance Office, 4th floor Causeway Building, Corner Third Street and Central Avenue, Harare, upon payment of a non-refundable deposit fee of US\$10.00 per set. Tenders should be accompanied by the following documents: Copy of company profile, Certificate of Incorporation, C.R.14, Current Tax Clearance certificate for tenders (ITF263) and contact details of at least (3) recent traceable clients of which one must be a bank or financial institution. Tenders must be enclosed in sealed envelopes endorsed on the outside with the advertised tender number, description, closing date and must be posted in time to be sorted into Post Office Box 1628 Causeway or delivered by hand to POSB Head Office North Wing Corner Central Avenue and 3rd Street, Harare before 10.00 hours on the closing date (Thursday 20 July 2017)," said the bank.

Lion Finance Zimbabwe, a Deposit Taking Microfinance Institution, invited Advertising Agencies to register as approved suppliers to the company. "Applications are invited from current and prospective Advertising Agencies to participate in the supplier evaluation exercise for purpose of being registered as approved supplier. Suppliers of the following product/service categories are invited to supply detailed information on their capacity and creativity ability to provide the required services and past work in any of the areas listed below: Design and creativity focused; stakeholders engagement campaigns; digital fluency; media relations; advertising, marketing and communication services & market intelligence research. Interested companies should meet the following requirements and provide the listed documents: Company profile detailing the nature and type of business, history and physical address, Certificate of Incorporation, CR14, Tax Clearance certificate, VAT certificate, proof of residence of Directors,

payment terms, banking details and at least 3 reputable and verifiable references. Interested companies may submit their tender documents upon payment of \$20 (non-refundable fee) on or before 30th June, 2017 to: The Administration Office, 4th Floor Century Tower, 45 Samora Machel Avenue, Harare. Only successful companies will be contacted,' said the recently launched Microfinance Bank.

- The Reserve Bank of Zimbabwe announced results of the call for proposals for the implementation and administration of an Educational Loan Facility for Higher and Tertiary Education Programmes. "Following the request for proposals for the implementation and administration of the Educational Loan Facility for Higher and Tertiary Education Programmes which closed on 19 May 2017, the Reserve Bank of Zimbabwe is pleased to announce that the following institutions met all the criteria and were therefore selected to run with the programme: CBZ Bank Limited, Eduloan, GetBucks, NMB Bank Limited, People's Own Savings Bank and ZB Bank Limited. The six institutions, together with the Reserve Bank, Ministry of Finance and Economic Development and the Ministry of Higher and Tertiary Education, Science and Technology Development are expected to undertake a comprehensive feasibility study and come up with the most viable operational framework for the student loan facility model," said the apex bank in the public notice dated 26 June 2017.
- The National Building Society Limited issued an informal tender invitation for the Proposed Construction of Low Cost Housing at Glaudina under tender number NBS/GLD01/2017. "Tender documents are obtainable from 08:00am to 16:30pm at National Building Society, 14th Floor Social Security Centre, Corner Sam Nujoma and Julius Nyerere Avenue, Harare, upon payment of non-refundable deposit of US\$80.00 per tender. Only contractors with a proven track record in high rise construction and currently registered with The Registrar of Companies, Zimbabwe Revenue Authority, NSSA and the Ministry of Local Government, Public Works and National Housing in Category "A" are eligible to tender. Submitted bids shall remain valid for a period of 90 days from tender closing date. There will be compulsory pre-tender site visit on 14 July 2017 at 14:30pm. The meeting point for the tenderers is Pamuzinda Highway Escape, Bulawayo Road. Tenders must returned, enclosed in sealed envelopes and endorsed on the outside with Name of Tenderer, Address of Tenderer, Contact telephone number, the Tender Number, the description, the closing date and must be posted in time or delivered by hand to: The State Procurement Board, 5th Floor Old Reserve Bank Building, Bank Chambers, 76 Samora Machel Avenue, Harare on before 10:00am on 1 August 2017. Late bids will not be considered and will be returned to the tenderer," said NSSA-owned building society.

CUSTOMER SERVICE/RELATIONSHIP MANAGEMENT INITIATIVES

- Stanbic Bank held its annual Golf Day on 2 June 2017 at Royal Harare Golf Club, attracting close to 100 golfers comprising of staff, customers and other stakeholders. "Fancy a tee? Tee off with Stanbic Bank and other golfing enthusiasts at the annual Stanbic Bank Golf Day," said the bank, which is a member of the Standard Bank Group.
- CABS, a member of the Old Mutual Group issued a notice to all CABS account holders in respect of the updating of KYC information. "Dear Customer. This notice serves to advise Textacash account holders that CABS is in the process of updating our KYC (Know Your Customer) information for clients. If you wish to continue to use your Textacash account but the account has been inactive for 6 months or longer, please visit your nearest CABS Branch within the next 30 days with your Textacash card and a copy of your National I.D. Please kindly ensure that your KYC information is updated to avoid your account being closed. For further information on this issue please call 851331-3/851418/870863 for assistance," said the country's biggest mortgage lender by assets.
- The Reserve Bank of Zimbabwe issued a public notice informing members of the public of its toll free lines. "Pursuant to our vision of being a responsive and transformative Central bank we hereby informs members of the Public of the RBZ toll free lines for their convenience. The toll free lines are: 0800 6009 for TelOne landlines only; and 0808 6770 for Econet lines only. Please feel free to call us on these toll free lines and alert us of your concerns and views on our policies," said Governor Dr John P. Mangudya.

INDUSTRY AWARDS AND ACHIEVEMENTS

- GetBucks Financial Services Limited made a credit rating announcement on 7 June 2017. "On 6 June 2017, Global Credit Rating (GCR) assigned national scale ratings to GetBucks Financial Services Limited of BB (ZW) and B (ZW) in the long term and short term respectively; with the outlook accorded as Positive. The ratings are valid until May 2018. Being a new entrant to the market, we are pleased with the rating and will be looking to improve on this initial rating in the foreseeable future," said Company Secretary Paul Soko.
- Beverage processor, Delta Corporation was on Friday 2 June 2017 crowned the 2017 best performing company on the Zimbabwe Stock Exchange (ZSE) at the Financial Gazette's Top Companies Survey, bankrolled by financial services giant, Old Mutual Zimbabwe. Financial sector winners lined up as follow:

Category	Winner	Runner-up
Best Bank	Standard Chartered	Stanbic Bank
Best Company in the Assurance Sector	Zimnat Life	CBZ Life
Best Tangible Investor Returns	NicozDiamond	=

The awards were held under the theme "Adaptation for Growth", a message to the corporate world to adjust to the current operating environment to achieve growth. Speaking at the event, chairman of the panel of judges and analysts, Itai Chirume, a chartered financial analyst, said Zimbabwe's economy had continued to constrain growth, but innovative solutions had carried the day for many companies. "We are hopeful that the economy will consolidate the gains from a generous rainy season coupled with the command agriculture interventions. We believe that a constrained environment offers the best opportunities for supernormal growth," Chirume said. Guest of honour, Vusi Thembikwayo, urged Zimbabweans not to give up hope in his presentation. "Be patient to start small while thinking big. A lot has changed since the last time I was here, but the one thing has remained consistent – people in Zimbabwe refuse to give up hope. I can say the same about companies here. I was driving from the (Harare International) airport, and saw people are running their business. If entrepreneurs in Zimbabwe can thrive in an environment where there are limited lines of credit, no foreign currency, no funding for small businesses, you can make it (anywhere else). People should learn from Zimbabwean entrepreneurs. They do not give up hope," said Thembikwayo.

- FMC Finance chief executive officer Ranga Mavhunga was honoured at the 2016 Director of the Year Awards (DOYA) ceremony, were he walked away with the Large and Listed Companies: Merit Award. Hosted by the Institute of Directors Zimbabwe (IoDZ) at Crowne Plaza Hotel in May 2017, the DOYA Awards seek to especially celebrate and recognise their individual contribution to their boards' effectiveness, company direction, strategy and good corporate citizenship. The awards do not recognise management contribution of individuals, but rather one's contribution as a director in terms of the board role, responsibilities and director duties. A seasoned banker, Mavhunga worked for various banking institutions in Zimbabwe, holding various senior management positions in retail, corporate and merchant bank divisions. He worked for ZB Bank, FBC Bank, BancABC among others. An experienced microfinance professional, he established and managed Microfin Africa Zambia Limited for six years. Mavhunga holds a BSc (Econ Honours Degree); Post Graduate Diploma in Business Management (University of Natal) and IOBZ Diploma. He also attended various leadership courses at Oxford University SAID Business School.
- Microcred Zimbabwe Chief Executive Officer Lloyd Borerwe was awarded the Outstanding Innovative Leader of the year at the Megasfest Leadership Awards held on the 1st of June 2017. "We share and cherish your success and wish you more success in the years ahead," said Board, Management and Staff in a congratulatory message. Other winners from the financial sector lined up as follows:

Category	Name	Position
Leader in the Insurance Sector	Champions Insurance	Winner
Outstanding Company of the Year	Steward Bank	Winner
Outstanding Innovative Leader of the Year	Lloyd Borerwe (Microcred Zimbabwe)	Winner

Outstanding IT and Innovation Leader	Jonathan Muwanga (National Building Society)	2 nd Runner-up
Banking and Finance Leader	Lance Mambondiani (Steward Bank)	Winner
Banking and Finance Leader	Kupukile Mlambo (Reserve Bank of Zimbabwe)	First Runner-up

- The 2016 Zimbabwe National Chamber of Commerce (ZNCC) Mashonaland Region Business Awards were held on 9 June 2017 at the Zimbali Conference Centre and the financial sector winners included: CBZ Holdings (Second runner-up for the Sustainability Award and winner of the Financial Institution supporting MSMEs Award), CABS (First runner-up for the Financial Institution supporting MSMEs Award), MBCA Bank (Second runner-up for the Financial Institution supporting MSMEs Award), Never Nyemudzo of CBZ Holdings (Winner of the Business Leadership Award) and Ranga Mayhunga of FMC Finance (First runner-up of the Businessman of the Year Award).
- The 2017 Zimbabwe National Chamber of Commerce (ZNCC) Annual Manicaland Business Awards were held on 2 June 2017 at the Golden Peacock Villa Hotel in Mutare under the theme "Consolidating the New Normal Economy through Policy Reforms." Winners from the financial sector lined up as follows:

Award	Winner	1st Runner-up	2 nd Runner-up
Financial Institution Supporting MSME	Agribank	NMB Bank	FBC Bank
Financial Institution Supporting SMEs	Inclusive Financial Services	MBCA Bank	Metbank

- Untu, a registered microfinance institution won the Zimbabwe National Chamber of Commerce (ZNCC) Enterprise Development Support Award for Matabeleland Province at the ZNCC Business Awards Matabeleland Region held at Bulawayo Rainbow Hotel on 9 June 2017. "Untu would like to thank the Zimbabwe National Chamber of Commerce for the recognition of our work by awarding us with ZNCC Enterprise Development Support Award in Matabeleland Province. We are humbled to know that as we wake up every day to do our best to change the lives of the economically active people in Zimbabwe, ZNCC has taken note of our efforts. We will continue to improve our service delivery and add value to our customers as we build long lasting relationships with all stakeholders. Thank you, Siyabonga, Tatenda," said the MFI.
- The 2017 Zimbabwe National Chamber of Commerce (ZNCC) National Awards were held on 30 June 2017 at the Elephant Hills Resort in Victoria Falls. The event which ran under the theme "Consolidating The New Normal Economy Through Policy Reforms" included a number of award winners from the financial sector including:

Award	Winner	First runner-up	Second runner-up
Financial Institution	CBZ Holdings Limited	Inclusive Financial Services	Agribank
Supporting MSME's Award			
Business Leadership Award	Never Nyemudzo (CBZ		
	Holdings Limited)		

DOMESTIC LENDING AND FINANCING PERSPECTIVES

The National Building Society (NBS) issued a public notice dissociating itself from an organisation called Caleb Trust which was apparently engaged in a case of corporate name dropping. "It has come to our attention that there is communication circulating on various Social Media platforms by an organisation called Caleb Trust who are selling houses and offering loans for two, three and four bedroomed apartments in Cleverhills Harare purporting to be funded by the National Building Society (NBS). NBS would like to distance itself from this organisation and its representatives and further advice the public to be cautious in their dealings with them as the building society is not in partnership with Caleb Trust and neither have they been appointed as an NBS agent. Please note that NBS will not be liable to any losses that may be incurred by anyone in dealing with Caleb Trust. Investigations are currently under way to establish the origins of this communication and a report has since been made with relevant authorities. National Building Society does not take kindly to unauthorized use of its name and or trademarks for personal gain or benefit at the expense of unsuspecting members of the public," said the NSSA – owned mortgage lender in the notice.

- The Zimbabwe Asset Management Corporation (ZAMCO) shifted focus to resolving bad loans after completing the second phase of its mandate. Chief executive Dr. Cosmas Kanhai on 13 June 2017 said that ZAMCO had completed the second phase of its task, which was the acquisition of bad loans under which a total of \$840 million was acquired and the third and final phase was resolving the NPLs. On 12 June 2017, Finance and Economic Development Minister Patrick Chinamasa told an Agribank annual general meeting that the bank needed to continue working on reducing its NPLs, currently at 14 percent, to the RBZ threshold of 5 percent, as ZAMCO would not be taking any more bad loans from the local banks. The ZAMCO CEO stated candidly that the special purpose vehicle had never been set up to merely warehouse bad loans, but to take the burden of NPLs belonging to firms with realistic chances of being redeemed, off the books of banks and to allow the banks to extend fresh credit to productive sectors. He said focus was now on resolving the NPLs, looking at loans individually and determining if they could be turned around to perform and therefore remain on ZAMCO books, or were beyond redemption and had to be foreclosed or swapped for collateral. Dr. Kanhai said ZAMCO had always had a phased approach to tackling the problem of NPLs in banking sector with the first stage being setting up of the SPV, then loan acquisition and finally the mandate being the resolution of bad loans acquired from the banks. He said ZAMCO had only acquired NPLs after evaluating and satisfying itself that the loans in question were secured and burdening companies that had a good chance of being turned around. Companies that benefited from the acquisition of bad loans by ZAMCO included Cairns, Border Timbers, RioZim and Cottco. "The second phase of the process ended on March 31, 2017 which is the date when we last acquired loans and as at March 31, we had \$840 million. We acquired loans from businesses that are capable of being turned around. We are now looking at resolution of the loans. For the loans that cannot be paid because the businesses cannot afford, we will find ways of resolving the NPLs such as foreclosure or swapping the loan for security," he said.
- The Zimbabwe Miners Federation (ZMF) invited all gold miners wishing to be funded under the Fidelity Printers and Refinery loan facility to visit or contact their offices. "Gold miners who meet the following conditions need to apply: Fidelity returns, Ministry of Mines returns, Custom Millers returns, Registered mining claim, Assets moved or fixed, Loan of below \$15 000-00. This loan offer is available for miners who want minimum packages of mining and processing in their own claims e.g. the purchase of hammer mills, jaw crushers, water pumps, compressors and jack hammers," said the Federation, adding that loan assessment forms were available at their offices MMCZ Complex, 90 Mutare Rd, Msasa, Harare (Harare Offices) and 112 JM Nkomo/Main St, Between 11 and 12 Avenue, Bulawayo (Southern Region Offices).
- FBC Bank said it was now offering 10-year Equity Release Mortgage Loans for individual clients. The product is designed to assist clients in accessing loans for various uses against property that can be mortgaged. FBC spokesperson Priscilla Sadomba said that both formally and informally employed customers could benefit from the product. "The formally employed can borrow up to 50 percent of the value of their paid up property. Those who are informally employed with a defined source of income from existing projects can borrow up to 15 percent of the value of their paid up property. Limits of above 15 percent up to 50 percent may be considered subject to proof of ability to service the debt from the proven source of income or project. As such, the product is accessible to anyone with the capacity to repay and who can provide the required security. The qualification criteria for the home loans are flexible and within the reach of an array of existing and prospective clients," said Sadomba. The mortgaged property itself should fall under one of the following diverse lending criteria; it is either under the name of the borrower or a Trust where the borrower is the settler (beneficiaries are not minors), it is under a non-trading property owning company controlled by the borrowers, it must be encumbered, the income source must be reasonably sustainable over the duration of the loan, salaried borrowers must be permanently employed or the contract of employment must cover the loan duration with the salary or proceeds from identified source of repayment having been banked with FBC for at least three months.
- Government said it had secured a \$487 million facility to fund the 2017-18 agricultural season and movement of inputs under the Command Agriculture and Presidential Input Support schemes was expected to begin in July 2017. This marked the first time Government signed a summer cropping facility on time since 1980. Sakunda Holdings, which funded the 2016-17 agricultural season to the tune of \$192 million, would this time work with CBZ Bank, Ecobank and Barclays Bank to provide the funding. Finance and Economic Development Minister Patrick Chinamasa on June 12 signed a term sheet for the \$487 million facility with Sakunda Holdings. Inputs supply

agreements were also sealed and about 70 percent of all inputs would be sourced locally to boost local producers. Documents showed the \$487 million facility was targeting 350 000 hectares, up from the 172 000ha planted in 2016. Of this hectarage, 290 000ha would be under maize, while 60 000ha would be under soya beans. The presidential Input Support Scheme, would be covered by \$153 million while the remaining \$334 million would be used for Command Agriculture. "Delivery of inputs will start on July 1 and that is expected to be completed by September 30, 2017. Following the success of the agricultural schemes last season, banks are stampeding to be part of the process and Sakunda Holdings is negotiating with two other banks other than CBZ, Barclays and Ecobank, who want to be part of the programmes" read the documents.

- Non-performing loans (NPLS) for local banks worsened to 8.39 percent in the first quarter ended March 31, 2017 from 7.87 percent in the same period a year earlier, the Reserve Bank of Zimbabwe (RBZ) said. The central bank's quarterly review published in late June noted that though banks scaled down on loans and advances from \$3.7 billion to \$3.6 billion in the period, souring loans remained relatively high. Monetary authorities targeted to slash the ratio to 5 percent, which is considered to be the internationally accepted level. Overall, NPLs peaked at 20.5 percent as at September 31, 2014, before declining to 7.87 percent by close of 2016. The Credit Reference Bureau, which recently went live, was however expected to reverse the recent uptick. "The level of NPLs is however, expected to return to the downward trend in response to a number of holistic NPL resolution policy measures by the Reserve Bank, including operationalisation of the credit reference system," said the RBZ in the report. "The sustainable reduction in NPLs is expected to strengthen banks' balance sheets and position them to meaningfully contribute to the revival of the economy. The Reserve Bank continues to monitor the NPL trends and the effectiveness of banks' credit risk management practices," added RBZ.
- The National Railways of Zimbabwe (NRZ) secured a \$5 million loan from a local bank to repair part of its fleet and was also negotiating with a Russian firm to supply it with 100 new wagons, Transport and Infrastructure Development deputy Minister Michael Madanha said, adding that sourcing finance from local banks was an interim measure to improve capacity and business volumes. "To date, the organisation has secured a loan of \$5 million form a local financial institution, which will be used to repair five locomotives and 200 wagons. The NRZ has also been involved in negotiations with a Russian wagon manufacturer, UNIWAGON for the supply of 100 new wagons through a \$10 million facility from Russian Exim Bank. The NRZ has submitted a business case on its capacity to service the loan and other relevant documentation, which the Russians are currently going through," he said. The parastatal, which has said it requires \$2 billion to fully recapitalise, has failed to run profitably for years due to under-capitalisation and ageing rolling stock, incurring losses of over \$200 million between 2009 and 2013.
- Zimbabwe's biggest bank by assets, CBZ Bank, said it had completed the servicing of 1309 stands in Victoria Falls and was set to roll out a \$12 million mortgage facility to takers. CBZ Holdings Marketing and Corporate Affairs executive Laura Gwatiringa said that the bank expected the housing project to take shape as building loans were readily available. "CBZ is pleased to advise that it has completed the servicing of all 1309 stands in Victoria Falls. Our entire infrastructure projects are of very high standards, with all the roads tarred. CBZ will also provide building finance in addition to the loans for stands purchase so that the clients can build houses of their own designs at their own pace. It should be noted that the CBZ will look at the individual client's needs vis-a-vis their income and offer them appropriate mortgage facilities. The uptake of the stands has been oversubscribed mainly from clients registered on the Victoria Falls Town Council housing waiting list. The stands were taken up by those formally employed and also those informally employed through CBZ's Cash Plus Housing Savings product. This way CBZ wanted to dispel the myth that banking is only for the formally employed," said Gwatiringa. CBZ reduced the unit price for the Victoria Falls housing stands from \$45 per square metre to \$34.50 per square metre, excluding value added tax (VAT), to cushion potential home-seekers who are struggling to make ends meet.
- Agribank launched three facilities namely the Export Facility (US\$50 million), the Horticulture Facility (US\$10 million) and Value Addition Facility/Business Linkages Facility (US\$10 million). The facilities are being offered in conjuction with the Reserve Bank of Zimbabwe as support for production of exports, horticulture crops, and for value addition. The features of the facility are as follows:

Facility	Purpose	Availability	Eligibility	Interest	Tenor
Export Facility	To support	Immediate	All Exporters	Up to 7.5%	Up to 12 months
(US\$50 million)	(US\$50 million) Exporters (Any			per annum	for (Working
	company	Approval)			Capital) and up
	producing for				to 3 years
	Exports)				(Capital
					expenditure)
Value	Financing value	Immediate	Farmers	Up to 10%	Up to 1 year for
Addition/Business	chain linkages for	(Upon Project	requiring	per annum	(Working
Linkages Facility	farmers to	Approval)	linkages to		Capital) and up
(US\$10 million)	manufacturing		manufactures		to 36 months
	entities for value				(Capital
	addition and				expenditure)
	beneficiation				
Horticulture	Financing of	Upon signing	Horticulture	Up to 10%	Up to 12 months
Facility (US\$10	horticultural	of the	Farmers: Cut	per annum	for (Working
million)	produce	agreement	flowers		Capital) and
		between			up to 3 years
		lender and			(Capital
		Agribank			expenditure)

CURRENCY, PRICING & LIQUIDITY PERSPECTIVES(CP & LP)

- Tight market conditions and economic uncertainty rocking the property market forced listed short-term insurer, NicozDiamond Insurance Limited (Nicoz), to put on hold the sale of its cluster homes. The group's Diamond Villas in Hatfield, previously meant for disposal, were now being leased out in light of prevailing market conditions as a means to preserve value, NicozDiamond managing director Grace Muradzikwa said in a trading update for the period to May 2017. "The company has put the disposal of the units on hold to maximise on rental returns, while preserving value until the market conditions present lucrative opportunities to dispose," Muradzikwa said. So far, she said good rental yields were being obtained from Diamond Villas. The final phase of the project was completed in 2016 but leasing was delayed by the connection of key utilities. The units were now expected to be fully leased out by July 1, 2017. The Diamond Villas project features 58 three bedroomed cluster homes on 60 000 square metres of land and was estimated at about US\$6 million on completion. This came after listed property firm Pearl Properties in March also an announced it had resolved to reverse a decision to dispose of residential units under its multimillion dollar George Square Mews Kamfinsa cluster homes to avert a potential loss of value apparently stemming from fears of roaring inflation driven by introduction of bond notes.
- The Reserve Bank of Zimbabwe (RBZ) confirmed that it had released a total US\$160 million worth of bond notes into circulation since November 2016 as part of measures to ease shortages of cash in the country. At least US\$60 million worth of bond notes were said to have been injected into the market since March 2017 to boost the US\$100 million that was already in circulation. Speaking on the sidelines of the sidelines of Standard Chartered Bank's Africa Unity Square Branch Relaunch, RBZ Deputy Governor Dr. Kupukile Mambo said the central bank would continue to release bond notes in batches in tandem with foreign currency generated from exports. "On the bond notes (issue), it is important to mention that there is no way it would be prudent for us to print too much because we get hyperinflation, nobody wants that. The central bank is careful on how it manages the bond notes... I think it is about US\$160 million (in circulation now) if I am not wrong," he said.
- Inflation rose slightly in May, with the price of goods and services going up by an average of 0, 75%, the highest it has been in more than three-and-a-half years, the Zimbabwe National Statistical Agency (ZimStat) revealed. In April, year-on-year inflation, measured by the all items Consumer Price Index (CPI) was 0,48%, meaning it gained by 0,27 percentage points. The month-on-month inflation rate in May 2017 was 0,03%, shedding 0,02 percentage points on the April 2017 rate of 0,05%. Economist, Clemence Machadu noted that the gain in inflation was largely driven

by food items, forecasting that it would hit 2% at the beginning of September. "Well, we haven't had inflation as high as this in the past three-and-half years. It seems inflation is continuing to gain sharply, largely driven by the food inflation, which rose to 1, 84 %. If inflation continues to make these substantial gains, I see it surpassing 1% by end of June and possibly rising to hit the 2% mark by the beginning of the fourth quarter," he said. Machadu said it appeared that food inflation might continue gaining, reinforced by the government's plans to implement the food fortification programme. "As manufacturers now have to add more ingredients in the production of basic goods, by including the legislated micro-nutrients, it obviously translates to higher costs of production, which will be passed on to the consumer, which will fuel price increases," Machadu said.

- Econet Wireless slashed EcoCash tariffs by 50 percent as it moved to promote cashless payments. The reduction of EcoCash tariffs would see customers being charged US\$0.01 for purchases starting from US\$1. EcoCash general manager Natalie Jabangwe-Morris added: "Our 'Zero Fees Thursdays', where we were not charging our customers merchant fees, ended on 30 June 2017 and the reduction of merchant fees is part of our vision to continue giving our customers value for their money."
- Afreximbank revealed that Zimbabwe was negotiating for an expansion of the \$200 million export incentive facility from the pan-African trade finance bank, used as an anchor for bond notes as the central bank scrambled for a solution to the long running cash crisis. Speaking at the at the bank's 24th annual general meeting in Kigali, Rwanda president Benedict Oramah said that the institution would continue to help Zimbabwe deal with its liquidity challenges. He said negotiations were underway to review the \$200 million facility. "For us, we have discussions every time with the government (of Zimbabwe). I think the issue of the incentive being increased is under discussion. There are people who are working on it. I am sure to the extent that whatever is being requested is within country limits." Speaking on the sidelines of the Kigali Meeting, RBZ governor John Mangudya said that the central bank was confident the facility would be extended. "Once the facility that has been given to us has been exhausted we need to find ways and means of ensuring that we negotiate for more so that at the end of the day we do not destroy the export generation scheme or plan. As you are aware, an export substitute scheme is there to develop exports and we want it to be a continuous process. We don't want to allow these quys (exporters) to collapse, such that when subsidies are being given these companies are competitive in the region. When the facility is exhausted we need to request for an extension or a top up of the facility such that at the end of the day we continue to support our exporters. As long as the facilities are there to bank bond notes it's more like a gold standard, you issue an instrument that is backed by something so that it becomes convertible. We can't just issue something out of a thumb suck," he said.

Source of Reference

The Monthly Financial Sector Bulletin (MFSB) is data-based and not news-driven since it is intended to be a source of reference, so keep an archive of the bulletins as there is some cross-referencing between the issues. You can also compile cumulative information from past issues.

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Index of Names

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MFSB SPORT: FSSL FACTS AND FIGURES

THE FSSL TIMELINE SO FAR THIS SEASON



Financial Services Socce League Est. 1996

9 March 2017: The Financial Services Soccer League (FSSL) Annual General Meeting (AGM) is held, ushering in the new executive chaired by Kudzai Kwangwari of FBC Holdings.

29 April 2017: 2017 Fixtures commence with three matches being played while the fourth is a walkover. The standout development is the 22-0 drubbing of Payserv by FBC, prompting the League's Executive Committee to deliberate on the result and pass a decision in the spirit of sportsmanship.

8 May 2017: The withdrawal of the NMB Bank team from the League is formally communicated after the team reportedly fails to secure sponsorship from the employer and accordingly, revised fixtures are released.

25 June 2017: Window period opens, enabling clubs to de-register and register players.

8 July 2017: Window period closes, signalling the end of the process of registration and deregistration of players.

29 July 2017: Resumption of week 10 games after all outstanding matches were played.

LEAGUE NEWS

On 24 July 2017, Peckins Kamupira the Fixtures Secretary announced that the second half of the season would resume on 29 July 2017 and requested all home teams to arrange for ground bookings on time and advise the away teams. On the same day, the League also released the second half fixtures for the teams' planning purposes. (See Page 45)

MFSB SPORT: WEEK 9 FSSL LEAGUE TABLE

ollowing the 2-2 draw between CBZ and Ecobank in a match on Saturday, 22 July 2017 in the Financial Services
 Soccer League (FSSL) which cleared all outstanding matches, FBC Holdings led the 10-team league with 24 points after eight wins and a loss while Payserv, still without a win or a draw anchored the league table.

Latest	FSSL League Table 2017								
Position	Team	P	W	D	L	F	A	GD	PTS
1	FBC	9	8	0	1	45	9	36	24
2	SCB	9	7	0	2	36	13	23	21
3	CABS	9	7	0	2	28	10	18	21
4	ZB	9	6	0	3	39	15	24	18
5	CBZ	9	5	1	3	29	11	18	16
6	OM	9	5	0	4	34	14	20	15
7	ECO	9	3	1	5	20	30	-10	10
8	RBZ	9	1	1	7	13	64	-51	4
9	AGRI	9	1	1	7	14	67	-53	4
10	PAYSERV	9	0	0	9	6	31	-25	0
	Totals	90	43	4	43	264	264	0	133

MFSB SPORT: 2017 FSSL FIXTURES (WEEK 10-18)

	2017 FSSL FIXTURES	
	Week 10 (29/07/17)	
Agribank	Versus (V)	Reserve Bank of Zimbabwe
FBC Bank	V	Ecobank
CBZ Holdings	V	Old Mutual
PAYSERV	V	CABS
Standard Chartered Bank	V	ZB Bank
	Week 11 (05/08/17)	
Agribank	V	FBC Bank
CBZ Holdings	V	Reserve Bank of Zimbabwe
Ecobank	V	PAYSERV
Old Mutual	V	ZB Bank
CABS	V	Standard Chartered Bank
	Week 12 (12/08/17)	
Agribank	V	CBZ Holdings
PAYSERV	V	FBC Bank
ZB Bank	V	Reserve Bank of Zimbabwe
Ecobank	V	Standard Chartered Bank
Old Mutual	V	CABS
	Week 13 (19/08/17)	
Agribank	V	PAYSERV
CBZ Holdings	V	ZB Bank
Standard Chartered Bank	V	FBC Bank
Reserve Bank of Zimbabwe	V	CABS
Old Mutual	V	Ecobank
	Week 14 (26/08/17)	
Agribank	V	ZB Bank
Standard Chartered Bank	V	PAYSERV
CBZ Holdings	V	CABS
FBC Bank	V	Old Mutual
Reserve Bank of Zimbabwe	V	Ecobank
	Week 15 (02/09/17)	
Agribank	V	Standard Chartered Bank
CABS	V	ZB Bank
Old Mutual	V	PAYSERV
Ecobank	V	CBZ Holdings
FBC Bank	V	Reserve Bank Of Zimbabwe
I BC Barik	<u> </u>	Keselve Balik Ol Zillibabwe
	Week 16 (09/09/17)	6.00
Agribank	V	CABS
Standard Chartered Bank	V	Old Mutual
ZB Bank	V	Ecobank
PAYSERV	V	Reserve Bank Of Zimbabwe
CBZ Holdings	V	FBC Bank
Old Market	Week 17 (16/09/17)	A 1
Old Mutual	V	Agribank
Ecobank	V	CABS
Reserve Bank Of Zimbabwe	V	Standard Chartered Bank
FBC Bank	V	ZB Bank
PAYSERV	V	CBZ Holdings
	Week 18 (23/09/17)	
Ecobank	V	Agribank
Reserve Bank Of Zimbabwe	V	Old Mutual
CABS	V	FBC Bank
CBZ Holdings	V	Standard Chartered Bank
ZB Bank	V	PAYSERV

MFSB SPORT: FSSL IN PICTURES



The Standard Chartered Bank team lines up after beating FBC 2-1 in a closely contested Financial Services Soccer League (FSSL) match played at the FBC OH Sports Club on Saturday, 1 July 2017. Standard Chartered Bank brought FBC's eight-match unbeaten run to an end.



MFSB Sport witnessed the 1 - 1 draw between Agribank (pictured) and the Reserve Bank of Zimbabwe at Barclays Bank Sports Club on Saturday, 1 July 2017.

	JUNE 2017: KEY FINANCIAL SECTOR DATES
1 June 2017:	Two retail outlets (Bathroom Boutique and Eurostar Electricals Company) were fined by a Harare regional magistrate for contravening section 13 of the Bank Use Promotion Act after they failed to bank their cash.
1 June 2017:	Megafest Leadership Awards held at Rainbow Towers under the theme "A brighter future is possible in Zimbabwe."
1 June 2017:	Barclays Bank of Zimbabwe Limited issued a Press Statement in respect of the sale of Barclays Bank Plc's majority shareholding in the Zimbabwean franchise.
2 June 2017:	Delta Corporation is crowned the 2017 best performing company on the Zimbabwe Stock Exchange (ZSE) at the Financial Gazette's Top Companies Survey, which is bankrolled by financial services giant, Old Mutual Zimbabwe.
2 June 2017:	ZNCC Business Awards Manicaland Region held at Golden Peacock under the theme "Consolidating the New Normal Economy through Policy Reforms."
6 June 2017:	MBCA Bank officially opened the bank's Borrowdale branch.
7 June 2017:	Global Credit Rating (GCR) assigned national scale ratings to GetBucks Financial Services Limited of BB $_{[ZW]}$ and B $_{[ZW]}$ in the long term and short term respectively; with the outlook accorded as Positive.
9 June 2017:	ZNCC Business Awards Mashonaland Region were held at Zimbali Conference Centre.
9 June 2017:	ZNCC Business Awards Matabeleland Region were held at Bulawayo Rainbow Hotel.
12 June 2017:	The 16^{th} Annual General Meeting of the members of Agricultural Bank of Zimbabwe Limited is held at Chapman Golf Club, Functions Room in Harare.
14 June 2017:	Fourteenth Annual General Meeting of the shareholders of First Mutual Holdings Limited held at Royal Harare Golf Club, Harare at 1430hrs.
14 June 2017;	The Universal Postal Union Digital Financial Services and Financial Inclusion workshop was held in Harare and attended by Information Communication Technology Postal and Courier Services Minister Supa Mandiwanzira.
16 June 2017:	ZNCC Business Awards Midlands Region were held at The Village Lodge.
16 June 2017:	The Insurance and Pensions Commission (IPEC) launched a micro-insurance regulatory framework facilitating provision of insurance to low income earners.
21 June 2017:	The Extraordinary General Meeting (EGM) of the shareholders of GetBucks Financial Services Limited held at the Conference Room1, Monomotapa Hotel, 54 Parklane, Harare at 10:00am, for considering and if thought fit, passing with or without modification the resolution for the change of name of the company from "GetBucks Financial Services Limited" to "GetBucks Microfinance Bank Limited."
23 June 2017:	The Zimbabwe Association of Microfinance Institutions (ZAMFI) Annual General Meeting held at the Cresta Jameson Hotel in Harare from 0800 to 1300hrs.
30 June 2017:	The Zimbabwe Institute of Management 2016 Northern Leadership Awards were held under the theme "Business unusual, Swim or Sink."

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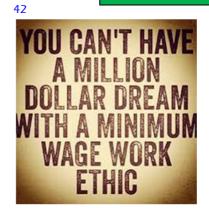
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