INVESTMENT MEMORANDUM TO INVESTORS

Submitted By

SMT Malaba

CHIEF EXECUTIVE OFFICER

January 2018
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Annexure: Investment Opportunities in Zimbabwe
1 Background and Overview

1.1 The Agricultural Bank of Zimbabwe, trading as Agribank, evolved from the Land and Agricultural Bank (LAB) of 1924 of the then Government of Southern Rhodesia and to become the Agricultural Finance Corporation, (AFC) established in 1971 by various Acts of Parliament.

1.2 The Bank was further transformed from AFC to The Agriculture Bank of Zimbabwe in June 1995, commencing operations as a Commercial Bank in January 2000.

1.3 Agribank is wholly owned (100%) by the Government of Zimbabwe. The Ministry of Finance and Economic Development and the Ministry of Agriculture, Mechanization and Irrigation Development own 50% shareholding apiece.

1.4 The Bank is a loan granting and deposit taking development financial institution, under the Supervision of the Reserve Bank of Zimbabwe. The Bank is registered and operates as a Commercial Bank, in terms of the Banking Act of Zimbabwe (Chapter 24:20).

1.5 The Bank has an express mandate conferred by Government to support agriculture financing and development.

1.6 In line with its mandate the Bank’s main business is as follows:

   i. Agricultural Finance & Development
   ii. Domestic Money and Capital Markets
   iii. Treasury, Foreign Currency Trading & International Banking Services
   iv. Retail Banking services
   v. Executive Banking
   vi. Corporate Banking
   vii. Microfinance
   viii. Corporate Finance services
   ix. Advisory services

1.7 The Bank delivers its products and services through ICT channels such as:

   i. Instant banking and Instant Issuance
   ii. Agency Banking
   iii. Point of Sale devices deployed in retail shops and Merchants
   iv. Mobile and Internet Banking
   v. Paynet,
   vi. Ecocash
   vii. ZINARA Licensing
   viii. Powertel (Electricity Vending)
1.8 In addition to being a Commercial Bank, as an institution owned by the Government of Zimbabwe, Agribank has been Government’s primary vehicle for channeling financial resources to the agricultural sector.

1.9 Agribank shareholders (Government of Zimbabwe) have accepted the need to transform its ownership structure in order to allow it better access to capital and technology transfer. The Government approved the broadening of the shareholder base to incorporate strategic investor/investors.

**Existing Lines of Credit**

1.10 The Bank has been a beneficiary of several lines of credit from international financers which include:

   i. The Industrial Development Corporation of South Africa with two credit facilities worth US$60 million

   ii. The Brazilian Facility of US$98 million

**Branch Network**

1.11 The Bank has one of the largest Branch networks in Zimbabwe, with 45 branches located in all the 10 provinces of the country. Service provision is through Branch Offices and designated National Banking Offices (NBOs) (See section 6)

**Agribank’s Vision**

1.12 To be the leading provider of financial services in Zimbabwe and beyond.

**The Mission**

1.13 To provide competitive agricultural and non-agricultural financial services for the prosperity of the bank, customers and other stakeholders through a committed, motivated and well resourced staff.

**Values**

   i. Integrity and Diligence
   ii. Consistency
   iii. Customer focus
   iv. Teamwork and cooperation
   v. Innovation
   vi. Accountability
   vii. Transparency
   viii. Commitment
2  Corporate Governance

The Bank is supervised by the Reserve Bank of Zimbabwe and is audited by Deloitte and Touché (Chartered Accountants).

Board of Directors

The Board of Directors, which is the bank’s highest authority outside the Annual General Meeting (AGM), provides governance and oversight on bank management. Representing the interest of shareholders the Board has the ultimate responsibility for risk management. Through the Committees, the Board has primary responsibility for policy formulation and approval of strategies and determination of risk management strategies.

Board Committees

The Board, however, fulfils this function through Board Committees. Agribank has six (6) Board Committees, which are listed below;

i. Board Audit Committee
ii. Board Loans and Advances Committee
iii. Board Risk and Compliance Committee
iv. Board Asset & Liability Committee
v. Board Human Resources Committee
vi. Board Loans Review Committee

2.1 Board Audit Committee

The Board Audit Committee reviews the Bank’s financial condition, its internal controls, performance, and findings of the internal auditors, recommending remedial action.

2.2 Board Loans and Advances Committee

The Board Loans and Advances Committee is ultimately responsible for providing overall strategic direction to the Bank through approving and reviewing the credit risk strategy and credit risk policies.

2.3 Board Risk and Compliance Committee

The Board Risk and Compliance Committee is responsible for ensuring quality, integrity and reliability of the Bank’s risk management and approving risk management policies and
procedures. The Committee also has oversight over legal regulatory best practice and ethical compliance within the Bank.

2.4 **Board Assets and Liabilities Committee**

The Board Asset and Liabilities Committee is responsible for liquidity risk management and for establishing the level of tolerance for liquidity risk.

2.5 **Board Human Resources Committee**

The Board Human Resources Committee is responsible for the Human Resource Policies and practices to attain the strategic goals of the bank.

2.6 **Board Loans Review Committee**

The Board Loans Review Committee ensures conformity of the loan Portfolio and lending function to sound lending policy documented, approved and adopted by the Board.

3 **Board and Management Structure**

**Board of Directors: Non-Executive**

**TBA (Chairman)**

The Government is in the process of appointing a new Chairman following the completion of term of office Mr S. Biyam, who retired from the Board in September 2017. He had served the maximum allowable tow (2) terms.

Mr T. Nherera who is the Deputy Chairman is the Acting Chairman, in the Interim, pending the appointment of a new Chairman.

**Mr. T. Nherera -Deputy Chairman**

Mr. Nherera is an accomplished agriculturalist who has served in Government, Agricultural Finance Corporation and a number of Agro-based organisations. He is the current Group CEO of Farmers World Holdings Group, which is a private group of companies involved in agriculture and mining. He has vast experience in the civil service, agriculture and business.

**Qualifications Held:**
- First Class Diploma in Agriculture – Chibero Agricultural College
- Bachelor’s degree in Agriculture – University of Zimbabwe
- Post Graduate Diploma in Irrigation Sciences and Development Economics – BARI, Italy
Mrs D. Tomana

Mrs Daphine Tomana is a lawyer by profession. She practiced law for 7½ years and worked for the Reserve Bank of Zimbabwe as a Bank Examiner during the period August 2004 to December 2006. Mrs Tomana is employed as Corporate Legal Services Manager by a private company. She has vast experience in legal advice, litigation, drafting contracts, arbitration and corporate legal services.

Qualifications Held:
- Bachelor of Laws (Honours) – University of Zimbabwe

Mrs. V. Mutiro

Mrs. Mutiro is a Consultant with the UN International Fund for Agricultural Development (IFAD). She has served in Government, Reserve Bank of Zimbabwe and the Food and Agricultural Organisation (FAO). She has vast experience in the financing of the agricultural sector.

Qualifications Held:
- BSc Agricultural Economics Degree - University of Zimbabwe
- Post graduate certificate in Management in the Agricultural sector – Nordic Agricultural College, Denmark
- Master of Agriculture, Agricultural Economics – University of Sydney, Australia
Mr. F. Ngorora
Mr. F. Ngorora has over sixteen years working experience as an Economist in the Ministry of Finance and Economic Development. Mr. Ngorora is currently the Director Public Sector Investment Programme (PSIP) in the Ministry of Finance and Economic Development.

Qualifications Held:
- Bachelor of Science Economics - University of Zimbabwe (UZ)
- Associate Member of the Chartered Institute of Secretaries and Administrators in Zimbabwe (ACIS).

Mr. E. Ngwarati
Mr. E. Ngwarati has worked for over 14 years as a Director Finance and Administration in various Government departments. Mr. Ngwarati is currently the Director Finance and Administration in the Ministry of Agriculture, Mechanisation and Irrigation Development

Qualifications Held:
- Masters Degree in Business Administration – University of Zimbabwe
- Association of Chartered Certified Accountants (ACCA)
- Associate Member of the Chartered Institute of Secretaries and Administrators in Zimbabwe (ACIS).
Board of Directors – Executive

Mr. S. M. T. Malaba - Chief Executive Officer
Mr Somkhosi Malaba was the Deputy Governor of the Reserve Bank of Zimbabwe for 6 years, from August 1998 to April 2004, after 16 years of service at various senior levels within the same institution.

He also served for two years on Secondment to Government as Head of Planning, (Permanent Secretary) in the National Economic Planning Commission, Office of the President and Cabinet (1996-1997).

He was appointed Chief Executive Officer of Agribank in May 2004.

Qualifications Held:
BSc Economics (University of Zimbabwe)
MA Economics (University of Manchester, UK)
Fellow of the Institute of Bankers (IOBZ)

Other Positions Held:
Position Period
Board of Trustees - SADC/DFRC - Vice Chair 2008 - 2009
Chairman of Council - Lupane State University 2007- Current
Chairman of Council -Institute of Bankers (Zimbabwe) 2008- 2014
Fidelity Printers & Refiners Limited Board Director 1998 – 2004
Deposit Protection Scheme Board Director 1998 – 2004
St. Lucia Park Board Director 2000 -2004
P.T.A Bank Board Director 1993 – 1995
Zimbabwe Development Bank Board Director 1988 – 1993
Bankers Association of Zimbabwe President 2014 - 2016

Mr. F. Macheka - Executive Director (Retail Banking and Agri. Development.)
Mr Francis Macheka is a seasoned Banker and Agriculturist having worked in the Agribusiness Divisions of several Banks in the Banking industry for over 20 years.

Qualifications Held:
• Master of Business Leadership; University of South Africa
• B.Sc Agricultural Honours; University of Zimbabwe.
• Diploma in Business Management (L.C.C.I, UK)
• Advanced Diploma in Bank Credit Management (Damelin School of Banking; SA)
• Diploma in Bank Credit Management (Damelin School of Banking, SA)

Mr. E. Chimbera – Executive Director (Finance)
Mr Elfas Chimbera is a member of the Institute of Chartered Accountants of Zimbabwe with over seventeen years senior financial management experience, eleven of which were in the financial services sector. An accomplished financial and management executive, he worked in various roles including internal audit management and financial management where he rose to become Financial Director. He trained with Deloitte, passing final qualifying examinations on first sittings.

His financial directorship roles includes 4 years regional postings. Two were under UNDP’s AMSCO financial management capacity building in the microfinance sector.
Qualifications Held:
- Chartered Accountant Zimbabwe
- Master in Business Administration (UZ)
- Bachelor of Accountancy (Hons) (UZ)

Mr. L. Rwazemba – Head (Corporate Affairs)/ Company Secretary
Mr. Lovemore Rwazemba has been with the Bank for over twenty years. Prior to his appointment to the current position, he was the Bank’s Finance Manager. Mr Rwazemba is an Associate Member of the Chartered Institute of Secretaries and Administrators in Zimbabwe (ACISZ). He worked for the Department of Taxes before joining Agribank.

Qualifications Held:
- Bachelor of Accounting (Honours) Degree (UZ)
- ACIS (Zimbabwe)
- Master in Business Administration (MBA) - UZ.

Senior Management

Mrs. P. Munyeza – Head (Corporate Banking) (2007 to Date)
Mrs Priscilla Munyeza has more than 18 years of experience in Development, Retail and Corporate Banking. She gained vast experience at senior levels from the Zimbabwe Development Bank, Trust Bank Zimbabwe and CFX Merchant Bank. Mrs Munyeza joined Agribank in May 2007 and set up the Corporate & Executive Banking.

Qualifications Held:
- BSc Economics (Honours) degree (University of Zimbabwe)
- Masters in Business Administration (Nottingham Trent University, UK)
- Member of Institute of Bankers (IOBZ)

Mr. J. Mverecha – Head (Strategy and Marketing) (2011 to Date)
Mr Joseph Mverecha commenced his career at the Reserve Bank of Zimbabwe as an Economist, becoming Assistant director in 2002 and Chief Economist in 2004. He worked at the Chamber of Mines as Chief Economist and at ZB Bank as Head of Strategy and Economics.

Qualifications Held:
- Bachelor of Science Honors in Economics from the University of Zimbabwe
- MBA in International Banking and Finance; University of Birmingham, UK.

Mr. C. Mpofu – Head (Credit and Debt Recoveries) (2007 to Date)
Mr. Clever Mpofu has more than 25 years banking experience, having held various positions, which include Head of Risk Management - CFX Bank Limited, Deputy General Manager - CFX Merchant Bank and Corporate Risk Manager - Barclays Bank of Zimbabwe Limited. His experience in risk management includes credit, liquidity and operational risks.

Qualifications Held:
- Masters in Business Administration Degree (Nottingham Trent UK).
- Certificate in Credit Management (University of Zimbabwe)
- Associate Member Institute of Bankers
Mrs. G. Chigunde – Head (Human Resources) (2008 to Date)
Mrs. Gladys Chigunde has more than 15 years of experience in Human Resources Management. She held various positions, which include Human Resources Executive – Imago, Young and Rubicam International, Regional Head: Human Resources (Zimbabwe/Zambia/Malawi) – Coca-Cola Company.

Mrs G Chigunde is a Member of the Institute of Personnel Management in Zimbabwe (IPMZ). She joined Agribank in October 2008.

Qualifications Held:
- Master in Business Administration – (MANCOSA S.A.)
- Bachelor of Management in Human Resources (ZOU)
- Diploma in Personnel Management (IPMZ)
- Certificate in Public Relations (ZIPAM)

Mr. D. Ngwenya – Head- Retail Banking (2005 to date)
Mr Divine Ngwenya has more than 25 years banking experience covering, Retail Banking, Consumer Banking, Corporate Banking and Development Banking. He gained most of his banking experience at ZB, CBZ and FBC where he worked at Senior Management level before he joined Agribank as Provincial Manager in 2005. He was promoted to Regional Manager Southern Region in 2009 and was appointed - Head Retail Banking in July 2015.

Qualifications Held:
- BSc Economics (Honours) degree (University of Zimbabwe)
- Master’s in Business Administration-MBA (NUST, ZIM)
- Diploma in Bank Credit Management (Damelin School of Banking, RSA)

Ms. T. Nhewede- Head (Business Risk) (2010 to date)
Ms Nhewede is a member of the Institute of Chartered Accountants of Zimbabwe. Ms Nhewede joined the Bank in August 2010 as Finance Manager. She has over 15 years of experience in accounting and finance. She held managerial positions in various organisations, which include Fidelity Life Asset Management Company, Delta Corporation and Intermarket Discount House.

Qualifications Held:
- Bachelor of Commerce (Accounting) Bangalore University (South India)
- BCompt (Honours) (Accounting and Auditing) UNISA
- CA(Z)

Mr. D. Mbiba – Head (Treasury and International Banking) (Sep 2014 to Date)
Mr. Mbiba is a seasoned banker with over 25 years of Banking and Treasury experience having worked for various organizations, which include Reserve Bank of Zimbabwe, Kingdom Bank, Interfin, Kingdom Bank Africa Limited Botswana.

Qualifications Held:
- Bachelor of Science Honours in Economics – University of Zimbabwe
- Mphil in Economics – Cambridge University, UK.
Mr. G. Kudumba – Head (Internal Audit) (June 2015 to Date)

Mr. Godwin Kudumba is a certified internal auditor with more than 18 years’ working experience spanning central government, banking and insurance services sectors. He has a wealth of experience with both large and small audit teams, focusing on value-added results, developing effective partnerships, growing talent, improving processes and adding to the bottom line. He is passionate about internal audit, information systems risks, corporate governance, risk management and process improvement.

Qualifications Held:
- BSc Computer Science Honours (University of Hertfordshire- UK)
- Certified internal Auditor Institute of Internal Auditors (US)
- Higher Diploma in Information Systems (Institute for MIS- UK)
- Institute of Chartered Secretaries and Administrators (Zimbabwe)

Mr. D. Takawira – Head (Information and Communications Technology) (October 2015 to date)

Mr. Takawira has more than 20 years of experience in the technology industry primarily working in the banking sector. He has been involved in a wide range of ICT projects, including banking payment systems, during his tenure with various companies, among them, Arup & Partners, ICL, NMB Bank, Reserve Bank of Zimbabwe, KPMG, Tetrad and Niveau Consulting P/L.

Qualifications Held:
- MBA, Nottingham Business School, United Kingdom
- BSc. (Honours.) in Computer Science, NUST
- Certified Diploma in Accounts and Finance (ACCA)

Mrs P. Mahundi-Head Legal and Compliance (2016-Date)

Paidemoyo B Mahundi has 18 years of experience in the financial services sector. Paidemoyo started her career at Zimre Holding (now Baobab Reinsurance), before working for ZB Financial Holdings as a Manager in the Legal and Compliance Department and Colonnade Reinsurance and Cell Funeral Assurance as General Manager. Prior to her joining the Bank, she was the Group Company Secretary for Cell Holdings. Paidemoyo has extensive experience including legal, compliance, underwriting, corporate secretarial and risk management fields.

Qualifications Held:
- Master in Business Administration (MBA) University Of Zimbabwe
- Bachelor of Laws Honours Degree (LLBS) University Of Zimbabwe
- Certificate in Compliance Management (University of Cape Town)
AGRICULTURAL BANK OF ZIMBABWE LIMITED

GENERAL INFORMATION

Agricultural Bank of Zimbabwe Limited, is incorporated under the Zimbabwe Companies Act (Chapter 24:03) and is registered as a commercial bank in terms of the Zimbabwe Banking Act (Chapter 24:20). The Bank's main business is provision of agricultural related loans, retail banking services, discounting bills, treasury services and provision of bridging finance.

DIRECTORS
Mr. T. Nherera Acting Chairman Independent Non-Executive Director
Mrs. D. Tomana Independent Non-Executive Director
Mrs. V. Mutiro Independent Non-Executive Director
Mr. F. Ngorora Non-Executive Director
Mr. E. Ngwarati Non-Executive Director - (Appointed December 2016)
Mr. S. M. T. Malaba Chief Executive Officer
Mr. F. Macheka Executive Director - Retail Banking and Agricultural Development
Mr. E. Chimbera Executive Director - Finance

COMPANY SECRETARY
Mr. L. Rwazemba

REGISTERED OFFICE
Hurudza House
14 – 16 Nelson Mandela Avenue
P.O. Box 369
Harare

INDEPENDENT AUDITOR
Deloitte and Touche Chartered Accountants (Zimbabwe)
Borrowdale Office Park
Borrowdale Road., Borrowdale
P.O.Box 267
Harare

BANKERS
African Banking Corporation of Zimbabwe Limited
Endeavour Crescent
Mount Pleasant Business Park
Mount Pleasant
Harare

FBC Bank Limited
5th Floor FBC Centre
45 Nelson Mandela Avenue
P. O. Box 1227
Harare

CBZ Bank Limited
Union House
Kwame Nkrumah Avenue
Harare

People's Own Savings Bank
Causeway Building
Corner 3rd Street and Central Avenue
Harare
AGRICULTURAL BANK OF ZIMBABWE LIMITED

GENERAL INFORMATION (CONTINUED)

BANKERS (CONTINUED)

NMB Bank Limited
Corner Kwame Nkurumah Avenue and First Street
Harare
Zimbabwe

First National Bank Limited
6th Floor, 1 First Place FNB Bank City
Gaborone
Botswana

Simmonds Street
Johannesburg
South Africa

Bank of China
14-16th Floors
Alice Lane Towers
Sandton, Johannesburg
South Africa

LAWYERS

Chinamasa, Mudimu and Maguranyanga
4th Floor, East Wing, Takura House
67 Kwame Nkrumah Avenue
Harare

Dube Manikai and Hwacha
6th Floor Goldbridge Eastgate Complex
Corner S. Nujoma Street R. Mugabe Road
Harare

Coghlan and Welsh Legal Practitioners
Barclays Bank Building
Corner Eighth Street and Main Street
Bulawayo

Wintertons Legal Practitioners
Beverley Corner
11 Selous Avenue
Harare

Majoko & Majoko
1st Floor Triumphant House
111a Josiah Togogara Street
11th and 12th Avenue
Bulawayo

Muringani Mandikumba & Associates
9 Peterhead Drive
Eastlea
Harare

Stanbic Bank Limited
Private Bag 00168
Gaborone

Reserve Bank of South Africa
370 Helen Joseph Street

P.O. Box 427
Pretoria
Gauteng

Commerz Bank
60261 Frankfurt am Main
Germany

V. S. Nyangulu and Associates Legal Practitioners
8th Floor, Hurudza House
14 – 16 Nelson Mandela Avenue
Harare

Gambe and Partners Legal Practitioners
3rd Floor, Shanda House
Park Street
Harare

Dondo and Partners Legal Practitioners
7th Floor Michael House
Corner Nelson Mandela Avenue and First Street
Harare

C. Nhemwa and Associates Legal Practitioners
11 Peebles Road
Eastlea
Harare

Mokonyere and Associates
14th Floor Livingstone House
Samora Machel Avenue
Harare

Sande Legal Practitioners
15 Buckingham Road
Eastlea
Harare

(Closed on 31 March 2016)
4 Financial Highlights

4.1 Financial Highlights

The Bank’s performance has been on a positive trajectory effective 2014 with profitability improving from an audited loss of $9 million recorded for the year ended 2014 to an audited profit of $4.8 million for the year ended 2016 and an unaudited profit of $5.4 million for 2017. The Bank’s strategy for achieving turnaround and profitability has been effective. All the key ratios have been improving since 2014.

The table below summarises the performance over the four-year horizon

<table>
<thead>
<tr>
<th></th>
<th>December 2017 YTD Actual unaudited (USD’000)</th>
<th>Audited 2016 (USD’000)</th>
<th>Audited 2015 (USD’000)</th>
<th>Audited 2014 (USD’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest Income</td>
<td>12,308</td>
<td>25,873</td>
<td>17,813</td>
<td>7,381</td>
</tr>
<tr>
<td>Net Non-interest income</td>
<td>22,005</td>
<td>5,267</td>
<td>5,323</td>
<td>13,334</td>
</tr>
<tr>
<td>Total net operating income</td>
<td>29,213</td>
<td>31,140</td>
<td>23,136</td>
<td>20,715</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>21,697</td>
<td>22,252</td>
<td>26,031</td>
<td>22,844</td>
</tr>
<tr>
<td>Impairment</td>
<td>5,094</td>
<td>4,077</td>
<td>3,404</td>
<td>6,802</td>
</tr>
<tr>
<td>Net Profit / (Loss)</td>
<td>5,353</td>
<td>4,811</td>
<td>(6,299)</td>
<td>(9,056)</td>
</tr>
<tr>
<td>Interest</td>
<td>6,067</td>
<td>9,247</td>
<td>6,784</td>
<td>4,970</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>16,514</strong></td>
<td><strong>18,135</strong></td>
<td><strong>3,889</strong></td>
<td><strong>2,716</strong></td>
</tr>
</tbody>
</table>

**KEY RATIOS**

<table>
<thead>
<tr>
<th></th>
<th>December 2017</th>
<th>Audited 2016</th>
<th>Audited 2015</th>
<th>Audited 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost to income ratio</td>
<td>70%</td>
<td>80%</td>
<td>108%</td>
<td>110%</td>
</tr>
<tr>
<td>Staff cost to income ratio</td>
<td>33%</td>
<td>31%</td>
<td>58%</td>
<td>61%</td>
</tr>
<tr>
<td>Liquidity ratio (regulatory 30%)</td>
<td>87%</td>
<td>49%</td>
<td>37%</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>December 2017 (USD’000)</td>
<td>Audited 2016 (USD 000)</td>
<td>Audited 2015 (USD 000)</td>
<td>Audited 2014 (USD 000)</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------------------------</td>
<td>------------------------</td>
<td>------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Return on Assets</td>
<td>2%</td>
<td>2%</td>
<td>-3.6%</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Capital Adequacy ratio</td>
<td>41%</td>
<td>37%</td>
<td>25%</td>
<td>15%</td>
</tr>
<tr>
<td>(regulatory 12%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NPL</td>
<td>14%</td>
<td>20%</td>
<td>22%</td>
<td>40%</td>
</tr>
</tbody>
</table>

**Balance Sheet Highlights**

<table>
<thead>
<tr>
<th></th>
<th>December 2017 (USD’000)</th>
<th>Audited 2016 (USD 000)</th>
<th>Audited 2015 (USD 000)</th>
<th>Audited 2014 (USD 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and advances (net)</td>
<td>87,841</td>
<td>98,921</td>
<td>113,363</td>
<td>76,934</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>121,903</td>
<td>84,670</td>
<td>63,270</td>
<td>53,582</td>
</tr>
<tr>
<td>Lines of Credit</td>
<td>37,153</td>
<td>54,788</td>
<td>64,314</td>
<td>34,903</td>
</tr>
<tr>
<td>Shareholders’ funds</td>
<td>54,646</td>
<td>49,293</td>
<td>32,574</td>
<td>14,391</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>272,408</td>
<td>203,951</td>
<td>171,668</td>
<td>112,845</td>
</tr>
</tbody>
</table>

**SUMMARY CASH FLOW HIGHLIGHTS**

<table>
<thead>
<tr>
<th></th>
<th>December 2017 (USD’000)</th>
<th>Audited 2016 (USD 000)</th>
<th>Audited 2015 (USD 000)</th>
<th>Audited 2014 (USD 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from operations</td>
<td>64,338</td>
<td>24,276</td>
<td>(31,957)</td>
<td>6,789</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(4,194)</td>
<td>(3,929)</td>
<td>(683)</td>
<td>(1,723)</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>(7,568)</td>
<td>(14,553)</td>
<td>28,458</td>
<td>(2,502)</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>52,576</td>
<td>5,794</td>
<td>(4,182)</td>
<td>2,564</td>
</tr>
</tbody>
</table>
This positive performance marked a solid turnaround for the bank premised on the implementation of a range of turnaround initiatives following the capitalization of the Bank in 2015. The capitalization of the Bank amounting to US$4 million in December 2014, US$30 million in May 2015 and a further US$10 million in 2016. This enabled the Bank to implement staff rationalisation and underwrite new business, hence growth of income earning assets.

The Bank’s performance over the past three years was supported by:

i. Capitalisation from the shareholder.

ii. Positive returns from investment in ICT infrastructure covering hardware, virtualization and e-channels - mobile banking platform, electronic and card products. Income from e-channels continues to record growth.

iii. Sustained growth strategies supported by enhanced access adequate liquidity through the Aftrades availed by the Reserve Bank of Zimbabwe.

iv. The Year-end liquidity ratio was 87% compared to 30% regulatory.

v. Sustained cost containment initiatives limited to mission critical strategies.

vi. Transfer of some non-performing loans to ZAMCO.

In 2017, the Bank continued on the turnaround trajectory achieving an unaudited profit of $5.4 million for the year ended 31 December 2017, surpassing the revised budgeted profit target of $5 million. The 2017 performance was anchored on the following strategies: business growth, revenue generation and cost containment:

i. The Bank experienced exponential growth in ICT based transactions, a result of the Bank’s consistent strategic choice to invest in ICT infrastructure upgrading and delivery channels. The Bank’s e-products transactions and income grew by over 1 000% during the year 2017.

ii. The Bank expanded its support to agriculture, which sector represents the bedrock of the Zimbabwean economy and opportunities for investment
abound, including value addition and agro processing. The Bank unveiled facilities in partnership with RBZ to support agriculture value addition and agro based exports. The Bank also raised USD$20 million agro bills funding for the 2017/18 agricultural season. These facilities enabled the Bank to grow quality earning assets and income in 2017.

iii. Aggressive and continuous cost control also helped the Bank achieve profitability. The Bank significantly reduced cost of funds after paying off the US$40 million Aftrades facility and replacing it with cheaper deposits.

OPPORTUNITIES FOR INVESTORS

Investors have abiding opportunities in the following agriculture subsectors:

i. Tobacco
ii. Horticulture
iii. Cotton
iv. Livestock
v. Agro Processing and Value addition

5 Bank Achievements and Awards

Reflecting the sustained business growth initiatives, the Bank, this year won several awards as listed below:

I. BUY ZIMBABWE AWARDS
   a. Agribank Won the Bank of the Year Award
   b. Won Second Runner Up on Support to Micro SMEs

II. ZNCC Mutare
    a. Came 1st on the Banks supporting MSMEs Regional

III. ZNCC National
    a. Runner up on the Banks supporting MSMEs
IV. **Digital Financial Services**  
a. Most promising Agent Banking Services  

V. **Lowveld Community Development Trust**  
a. The Bank came 1st in the ‘Sugar Industry Farmers Bank of the Year’ category 2016/2017  

VI. **Public Sector Finance Management Awards**  
i) 2017 Financial Management Award of Excellence in “Financial Turnaround of the Year”  

ii) 2017 Financial Management Award of Excellence in “Revenue Collection, Credit and Risk Management”  

iii) 2017 Financial Management Award of Excellence for “Overall Best Financial Management”  

iv) First Runner Up 2017 Financial Management Award of Excellence in “Budgeting and Financial Planning”  

The business related awards represent a national recognition of the Bank and also attests to the efforts being sustained by the Bank towards entrenching turnaround, business growth and profitability.  

6 **ICT Upgrade and e-Channels**  

The focus of the Bank is upgrading the ICT Core banking system in 2018 at an estimated cost of **US$6.0** million, of which about **US$3.0** million in foreign currency.  

6.1.1 **ICT Core Banking Upgrade Project**  

The Bank will be embarking on a core banking upgrade project with a total cost of $6.0 million. The project is very critical for the Bank’s going concern as the current system is no longer coping with the bank’s volume of transactions that grew by more than 1000% in 2017.  

The project will be implemented in two phases:
**PHASE 1:** which will involve database migration of the current flat file JBase to a more efficient Oracle relational database, we will also be migrating from the current Temenos T24 version to the latest version which uses modern architecture. Phase 1, is expected to be completed by June 2018, however, this is subject to confirmation by Temenos.

**PHASE 2:** Expected completion date is December 2018, it will involve the implementation of new modules for Compliance as well as improved service delivery. These include;

i. Loan Origination Management
ii. Customer Relationship Management
iii. Insight - Business Intelligence
iv. Anti-Money Laundering
v. IFRS 9
vi. Internet Banking

The Bank will expand on ICT products and e-channels in 2018, following phenomenal growth in 2017. The following will be implemented in 2018:-

**6.1.2 Mobile Banking**

i. Enrol additional billers with high traffic such as Nyaradzo, ZINARA, ZIMRA and Parastatals under the Ministry of Agriculture.

ii. Enable Overdraft applications and facilitate RTGS processing

iii. Enquiries on Mobile banking to include all customer accounts

iv. Direct all branches to register customers (including self-registration)

v. Scale up marketing of airtime sales and investment products

vi. Integrate mVisa on the MPOS

vii. Enable Account opening using Mobile App

viii. Distribute **2000** POS machines to retailers and informal traders
6.1.3 **Internet Banking**

i. Customers access to e-statements

ii. Enable self-registration through the use of the website

iii. Enable the online to process transactions and managing accounts

iv. Configure the system to pay bills, access credit and process messages

v. Integration of all social media platforms to the contact centre

6.1.4 **Merchant POS**

The Bank is targeting 6 000 additional POS machines for the year.

i. Develop new functionality for the Merchant POS

ii. Integrate POS with all MNOs and Retail systems

iii. Acquiring and distribution of 5 000 new POS machines

6.1.5 **Branch POS, Cards, Agency Banking and Paynet**

The Bank will expand on POS machines, Cards, Agency banking, including:

i. Facilitating bill payments, mini statements, transfers and ZIPIT

ii. Acquiring 8 Card Printers to enable issuance of instant personalised cards

iii. Issuing VISA International Cards

iv. Configure agencies to take deposits

6.2 **Financial Sustainability**

6.2.1 **Profit Target**

The Bank will expand business growth initiatives targeting both expanded lending and non-funded income growth target a profit level of **US$8.5 million** for the year 2018 (and a stretch target of **US$11.0 million**).
The Bank will achieve this profit target on the basis of business growth initiatives, NPLs management and cost containment as below:

i. Capital Raising and Deposit Mobilization

ii. Expanded lending to agriculture (on balance sheet and off balance sheet)

iii. ICT Products and e-channels (Core Banking Upgrade & system stability)

iv. Non-Funded Income growth

v. Business alliances and partnerships

vi. Cost Containment

6.2.2 Capital Raising and Deposit Mobilization

i. Capital Raising and Deposit Mobilization

The Bank is targeting **US$100** million Capitalization by Dec 2018. The Bank will engage the Ministry of Finance and Economic Planning for the **US$10** million capital allocated to the Bank in the 2018 budget to be disbursed before the 30th March 2018. The Bank also needs Government approval to commence preparations for strategic partners.

The Bank will also engage IDCSA for a US$100 million Facility to support agro based agricultural companies. The Bank will also raise US$40 million Agro bills for the 2018/19 agriculture sector.

ii. Deposit Mobilization

The Ministry of Lands, Agriculture and Rural Resettlement to ensure that all funding relating to Command Agriculture is disbursed through Agribank. The Ministry and the Ministry Parastatals are to use Agribank as their main bankers.

The Bank seeks to achieve significance in the market, while expanding the agriculture financing and development as per mandate. This implies the need to raise deposits from the current **US$142** million to **$210** million (stretch **$411** million) by December of 2018.
The drive for deposits will be targeted at corporate entities, Educational Institutions, Individuals, Farmers, Government Ministries, departments & Municipalities, marginalised groups, including Women & Youths.

Pursuant to the above, the Bank will implement the following strategies in 2018:-

a. Lobby for Command Agriculture financing to be done through Agribank
b. Lobby for the Ministry of Lands, Agriculture and Rural Resettlement and all Ministry Parastatals to bank with Agribank
c. Participating actively in targeted sectors (e.g. tobacco, cotton)
d. Lease financing for farming implements
e. Roll out Agency banking
f. Increased POS deployment
g. Schools Deposit Promotion Programme (and expanded schools initiatives)
h. Expanding on Brand Presence and Visibility (with Spidex)
i. Set up information hub / agricultural resource centre
j. Market existing low cost accounts e.g. Agriplus

The Bank will expand partnership initiatives with development partners, among them: Global climate funds, UN Sponsored Funds, Green Bills or Bonds, FAO and IFAD. These initiatives will be targeted at donor funds that are likely to increase in the near term.

There is a growing number of donor agencies supporting agriculture, particularly in rural areas and these will be among those targeted.

iii. **Non-Funded Income Growth**

The Bank will expand initiatives for Non-funded income growth including Pos Machines and Zimswitch Issuer commissions, Bancassurance, ZINARA, ZESA, Agency commissions, Ecocash and cross selling of products. Insurance for all lending will be mandatory. The Bank will also target new accounts a net increase of 21 300 net increase.
The following initiatives will be implemented for Non-Funded Income growth:

i. Deploy additional **6 000** POS machines (also Financial Inclusion)

ii. Promotion of e-Channels

iii. Promotion of Agency Banking – Brand Ambassadors

iv. Offer mobile banking to diaspora market

v. Agriculture equipment lease financing arrangements

vi. Banc assurance promotion

The above business growth initiatives will lead to end year profit of **$8.5 million**:

**Table 5: Projected Income Statement**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Yr. on Yr.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audited</td>
<td>Unaudited</td>
<td>Budget</td>
<td>%</td>
</tr>
<tr>
<td>Interest income</td>
<td>22 512 000</td>
<td>18 384 559</td>
<td>19 133 442</td>
<td>4%</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>4 242 180</td>
<td>6 076 415</td>
<td>4 918 551</td>
<td>-19%</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td><strong>18 269 820</strong></td>
<td><strong>12 308 144</strong></td>
<td><strong>14 214 891</strong></td>
<td><strong>15%</strong></td>
</tr>
<tr>
<td>Loan impairment charge</td>
<td>4 077 000</td>
<td>5 094 430</td>
<td>3 896 089</td>
<td>-24%</td>
</tr>
<tr>
<td><strong>Net interest after impairment</strong></td>
<td><strong>14 192 820</strong></td>
<td><strong>7 213 714</strong></td>
<td><strong>10 318 803</strong></td>
<td><strong>43%</strong></td>
</tr>
<tr>
<td>Non-interest income</td>
<td>13 294 000</td>
<td>22 004 557</td>
<td>26 270 739</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Net operating income</strong></td>
<td><strong>27 486 820</strong></td>
<td><strong>29 218 271</strong></td>
<td><strong>36 589 542</strong></td>
<td><strong>25%</strong></td>
</tr>
<tr>
<td>Staff expenses</td>
<td>11 187 204</td>
<td>11 640 859</td>
<td>13 222 791</td>
<td>14%</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>11 488 615</td>
<td>12 224 176</td>
<td>14 870 507</td>
<td>22%</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>22 675 820</strong></td>
<td><strong>23 865 035</strong></td>
<td><strong>28 093 298</strong></td>
<td><strong>18%</strong></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>4 811 000</td>
<td>5 353 236</td>
<td>8 496 244</td>
<td>59%</td>
</tr>
</tbody>
</table>
The Balance sheet is as per the table below

**Table 6: Projected BALANCE SHEET as at 31st December 2018**

<table>
<thead>
<tr>
<th>Item</th>
<th>Audited 2016</th>
<th>Unaudited 2017</th>
<th>Budget 2018</th>
<th>Yr. on Yr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank and cash balances</td>
<td>11 505 000</td>
<td>64 080 592</td>
<td>50 464 341</td>
<td>339%</td>
</tr>
<tr>
<td>Dealing and trade investments</td>
<td>61 942 000</td>
<td>82 196 663</td>
<td>85 988 344</td>
<td>39%</td>
</tr>
<tr>
<td>Loans and advances (net)</td>
<td>98 921 000</td>
<td>86 025 079</td>
<td>115 288 437</td>
<td>17%</td>
</tr>
<tr>
<td>IDC loans</td>
<td>-</td>
<td>1 816 004</td>
<td>1 041 055</td>
<td>100%</td>
</tr>
<tr>
<td>Fixed and intangible assets</td>
<td>25 032 000</td>
<td>26 712 748</td>
<td>33 157 993</td>
<td>32%</td>
</tr>
<tr>
<td>Other assets</td>
<td>1 844 000</td>
<td>6 869 389</td>
<td>6 717 698</td>
<td>264%</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>4 707 000</td>
<td>4 707 399</td>
<td>4 707 399</td>
<td>0%</td>
</tr>
<tr>
<td>Total assets</td>
<td>203 951 000</td>
<td>272 407 875</td>
<td>297 365 267</td>
<td>46%</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>49 294 839</td>
<td>54 646 113</td>
<td>70 013 864</td>
<td>42%</td>
</tr>
<tr>
<td>Demand deposits</td>
<td>37 174 000</td>
<td>113 313 979</td>
<td>120 409 286</td>
<td>224%</td>
</tr>
<tr>
<td>Fixed deposits</td>
<td>50 314 000</td>
<td>48 414 332</td>
<td>54 043 528</td>
<td>7%</td>
</tr>
<tr>
<td>Lines of credit</td>
<td>54 788 000</td>
<td>36 652 775</td>
<td>35 766 471</td>
<td>-35%</td>
</tr>
<tr>
<td>Deferred income</td>
<td>2 397 000</td>
<td>2 381 570</td>
<td>1 924 226</td>
<td>-20%</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>4 933 161</td>
<td>11 949 111</td>
<td>10 157 897</td>
<td>106%</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>5 050 000</td>
<td>5 049 995</td>
<td>5 049 995</td>
<td>0%</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>203 951 000</td>
<td>272 407 875</td>
<td>297 365 267</td>
<td>46%</td>
</tr>
</tbody>
</table>

**Table 7: Key Financial Ratios**

<table>
<thead>
<tr>
<th>Item</th>
<th>Unaudited Full 2017</th>
<th>Budget Full 2018</th>
<th>Stretch Budget 2018</th>
<th>Industry Average June 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs to income ratio</td>
<td>33%</td>
<td>30%</td>
<td>29%</td>
<td>27%</td>
</tr>
<tr>
<td>Cost to income ratio</td>
<td>70%</td>
<td>69%</td>
<td>64%</td>
<td>73%</td>
</tr>
<tr>
<td>Return on assets</td>
<td>1.97%</td>
<td>2.86%</td>
<td>2.46%</td>
<td>1.40%</td>
</tr>
<tr>
<td>NPL ratio</td>
<td>13.9%</td>
<td>7%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Liquidity ratio (with Capital TBs)</td>
<td>87%</td>
<td>78%</td>
<td>83%</td>
<td>66.87%</td>
</tr>
<tr>
<td>Liquidity ratio (without Capital TBs)</td>
<td>72%</td>
<td>61%</td>
<td>71%</td>
<td></td>
</tr>
<tr>
<td>Loans to deposit ratio</td>
<td>53%</td>
<td>64%</td>
<td>57%</td>
<td>52.11%</td>
</tr>
<tr>
<td>Capital adequacy ratio</td>
<td>43%</td>
<td>43%</td>
<td>35%</td>
<td>33.6%</td>
</tr>
</tbody>
</table>
6.3 NPLs Management, Credit and Debt Recovery

The Bank will continue to strengthen efforts to reduce Non-Performing Loans (NPLs) in 2018, building upon the progress and achievements gained so far. The objective is to achieve 7% NPLs ratio by December 2018 from the current 13.87% as of 31 December 2017. Whilst the NPL ratio is still high the trend is encouraging; 31 December 2014 – 39.53%; 31 December 2015 – 22.13%; 31 December 2016 – 20.50% and 31 December 2017 – 13.87%.

A summary of the NPLs and Debt recovery strategies is given below:

6.3.1 Aggressive Loan Follow Ups
The Bank will continue to enhance the loan monitoring system to enable timely loan follow up and close monitoring.

6.3.2 Training on Credit Management
The training will cover all critical departments involved in credit management from branches to Head Office and will impart analytical skills and knowledge critical for effective and efficient credit management.

6.3.3 Loan Application Turnaround Times
The Bank will work towards improving the loan turnaround times, targeting 14 days to complete the entire credit appraisal process. The Bank will achieve efficiency gains, enhancing customer retention and loyalty.

6.3.4 Improve on Credit Assessment
As part of the first line of defence against non-performing loans, lending officers will be provided training on effective credit appraisal and assessment. The training will also incorporate intensive internal and external training.

6.3.5 Implement Small Debt Management Measures
The Bank will implement measures for effective small debt management. These measures will include engaging local debt collectors, continuous engagement with customers, regular demand letters and conduct customer visits.
6.3.6 *Standardisation of the Credit Process*

The Bank will introduce clear credit processes that are specifically designed for Agribank and these will be implemented across the business.

6.3.7 *Pre and Post Disbursement Visits*

Effective credit management requires understanding the borrower’s business and taking prompt action where necessary. It is necessary to stay close to borrowing customers particularly the significant borrowers in relation to the branch total loan book and this will be done through continuous pre and post disbursement visits.

6.3.8 *Implement Effective Microfinance Management Measures*

The Bank will implement Microfinance measures as recommended by the Microfinance Consultant. The Consultant will provide a branch by branch comprehensive report and the consolidated recommendations will guide the way forward. Microfinance is an integral part of the Bank’s business growth and financial inclusion strategy.

6.3.9 *Separation of Loan Origination and Administration*

In line with regulatory requirements the Bank will introduce measures to separate official involved in loan origination and administration.

6.4 *Governance and Regulatory Compliance*

Good corporate governance together with regulatory compliance issues have become key topical areas the world over and in Zimbabwe, especially if an organisation is looking to attract strategic partners and additional capital.

Under this area, the Bank intends to cover the following:
  i. Properly constituted Board by end February 2018
  ii. Comply with Regulatory requirements:
      a. AML and CFT
      b. ICAAP
      c. BASEL II
      d. IFRS 9
6.4.1 Properly Constituted Board by February 2018

The objective is to have a properly constituted Board of Directors by end of February 2018, with the appointment of the Board Chairman. The Board will have qualified members, with relevant skills for the various Committees of the Board.

6.4.2 Regulatory Compliance

The Bank will achieve regulatory Compliance on the Regulatory issues as below.

6.4.2.1 AML, CFT and Compliance

In respect of (AML) and CFT Compliance, the Bank is engaging a consultant for status review and come up with an implementation plan by March 2018.

The Bank will give priority and focus on AML, CFT and Compliance awareness. Already internal training and awareness programs have commenced and these will be expanded in 2018. All Staff at all levels will go through Compliance awareness in the Bank – branches and Head Office.

6.4.2.2 ICAAP

The Bank is submitting the full ICAAP returns effective second quarter 2017.

6.4.2.3 Basel II and IFRS 9

The Bank is implementing BASEL II and IFRS 9 and progress is satisfactory.

6.4.3 Training

Training will be conducted for the Board, Management, Staff and agents on governance, AML and CFT compliance, Risk assessment, monitoring, fraud detection and reporting.

6.4.4 Customer Awareness

Awareness material will be developed and distributed. Customer visits and Publicity campaigns will also be undertaken in 2018 to enhance awareness.

6.4.5 Implement the Enterprise Wide Risk Management Framework

The Bank will engage PwC for a comprehensive risk analysis and assessment to come up with a complete Enterprise Wide Risk Management Framework.
6.5 Financial Inclusion Strategies

The Bank will expand Financial Inclusion during the year, targeting the unbanked and underbanked. These will be supported by low cost cards and accounts, as well as targeted low cost facilities, including Women and Youth Facilities.

6.5.1 Agency Banking

The Bank will target an additional 200 Agencies by March and 1200 by December 2018.

6.5.2 Mobile Banking and e-Channels

Mobile banking and e-channels have been the engine for business growth in 2017. The e-channels will be expanded during the year targeting the marginalised and underbanked. These will also embed low cost cards, including the Agriplus, Youth Entrepreneurial Account (YES) and All Weather Women Savings Account (AWWSA) cards.

6.5.3 Internet Banking

The Bank will engage a consultancy firm for the development and activation of internet banking by March 2018.

6.5.4 Women and Youth Empowerment Facilities

Statistics have indicated that women and the youth have been largely excluded from meaningful banking activities. It is against this background that the Bank has taken introduced packages that are specifically designed for women and the youth. This is in line with the national financial inclusion strategies. In addition to the provision of low cost empowerment facilities for Women and Youth, the Bank will offer low cost cards. The Bank will also embark of road-shows training to address customer queries and concerns.

6.5.5 Pos Machines Deployment

The Bank will deploy 1000 POS machines by March and 6 000 by December 2018.
6.5.6 Microfinance

The Bank will expand Microfinance initiatives targeting increasing the number of branches availing Microfinance from 20 to 30 during the year. A comprehensive diagnostics of Microfinance was carried out and some of the agreed strategies include:

i. Identification of profitable segments.
ii. Enhancing the collection processes.
iii. Setting up an effective Microfinance debt recovery team.
iv. Continuous review of incentive systems in place for effectiveness.
v. Identifying training needs and gaps and taking prompt corrective action.
vi. Conducting a branch by branch analysis of among other things, business potential, NPLs status, challenges and the way forward.
vii. Refining Microfinance policies and procedures to suit the Bank structure.
iii. Appropriate remuneration and performance tracking for Field Officers
x. Debt management strategies to deal with the current NPLs.

7 Delivery Channels

7.1 Branch Distribution

The Bank’s branch network is administered through a provincial structure in line with the countries geographical provincial distribution. The Bank has one of the largest branch network (45 branches) and provides its services in ten provinces as shown in the table overleaf:
Table 2: Agribank Branch Distribution

<table>
<thead>
<tr>
<th>Branch Classification</th>
<th>Harare</th>
<th>Byo</th>
<th>Manica-Land</th>
<th>Mash Central</th>
<th>Mash East</th>
<th>Mash West</th>
<th>Masvingo</th>
<th>Mat South</th>
<th>Mat North</th>
<th>Mid-Lands</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Nelson Mandela*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Gwanda*</td>
</tr>
<tr>
<td></td>
<td>Inala*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kopje*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Westgate</td>
<td>Jason Moyo</td>
<td>Mutare*</td>
<td>Bindura</td>
<td>Marondera*</td>
<td>Chinhoyi</td>
<td>Masvingo*</td>
<td></td>
<td></td>
<td>Gweru*</td>
</tr>
<tr>
<td></td>
<td>Agrigold</td>
<td>York House</td>
<td>Mvurwi</td>
<td>Chegutu</td>
<td>Chiredzi</td>
<td>Hwange</td>
<td>Gokwe</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
</tr>
<tr>
<td>C</td>
<td>Rusape</td>
<td>Mt Darwin</td>
<td>Murewa</td>
<td>Gutu</td>
<td>Filabusi</td>
<td>Binga</td>
<td>Mataga</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Checheche</td>
<td>Mutoko</td>
<td>Magunje</td>
<td>Jerera</td>
<td>Mphisa</td>
<td>Lupane</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Murambinda</td>
<td>Hwedza</td>
<td>Mubaira</td>
<td>Nyika</td>
<td></td>
<td></td>
<td>Zvishavane</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chipinge</td>
<td>Guruve</td>
<td>Kotwa</td>
<td>Chivi</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Nyanga</td>
<td>Rushinga</td>
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Classification of Branches is according to business volumes; ‘A’ branches having high level of business volumes followed by ‘B’ and ‘C’ branches.

*these are Provincial Centre’s headed by a Provincial Manager. Provincial Managers are also responsible for all other ‘B’ and ‘C’ branches in their administrative provinces.
The MAP OF ZIMBABWE SHOWING AGRIBANK BRANCH DISTRIBUTION
Harare Province
Harare Province currently has four branches whose catchment area encompasses the greater Harare area encroaching into the surrounding provinces to a radius of approximately 100km from the city centre. Harare is the capital City of Zimbabwe and the branches serve a well-diversified productive sector spanning across all the major sectors of the economy. Agricultural activities around the capital include mostly grain and cash crop farming together with horticulture. The Harare branches also focus on professionals residing in Harare and the surrounding areas. There are two agencies at Boka and Tobacco Sales Floors.

Bulawayo Province
This province encompasses the second largest city and the traditional heavy manufacturing hub of the country. It has three branches all located within the City of Bulawayo. Clientele also includes agricultural clients specializing in ranching and irrigated cultivation of grain crops due to the arid nature of its catchment.

Manicaland
This province is located in region one and two of Zimbabwe that involves intensive agricultural activities as well as cash crops plantations. Activities also include mixed livestock, crocodile, dairy, horticulture, cash and grain crop production. Manicaland is also home to the third largest City in Zimbabwe, Mutare that is home to a number of agro processing, manufacturing and distribution companies together with associated labour and supporting services. There are six branches.

Mashonaland West
The traditional grain crop hub of the country with significant cash crop and livestock farming, it has six branches. Clientele include agricultural, agricultural related industries and individuals, mostly civil servants, and communal farmers.

Mashonaland Central
The five branches in this province are strategically located to tap into the significant cash, grain livestock and mixed farming community that operate both on commercial and communal scale. Clientele include agricultural and agricultural related light industries and individuals, mostly civil servants, and communal farmers. There are also a significant number of small scale miners mainly in gold.
**Mashonaland East**
This is a major tobacco producing region together with grain, horticulture and other cash crops. There are five branches that currently serve this province. Marondera which is the provincial capital also has a thriving light and food processing industry that forms part of the clientele.

**Masvingo**
Masvingo province is most commonly known for its sugar cane production together with irrigated grain and cash crop production. It is also an important transit town handling a large volume of traffic between Zimbabwe and South Africa, Zimbabwe’s largest trading partner. Masvingo has six branches.

**Midlands**
Midlands is the most centrally located province in Zimbabwe, Gweru and plays an important role in distribution and light manufacturing sectors. The region is rich in gold and plays host to a significant number of small scale miners. Agricultural activities vary from grain and cash crop production to extensive ranching. Four branches currently service this province.

**Matabeleland South**
This is the gateway to Zimbabwe’s most important trading partner South Africa, through the border post at Beitbridge. Farming activities are centred on ranching and irrigated plantations of citrus and other cash crops. There are currently three branches located in this area.

**Matabeleland North**
This province is home to one of the Seven Wonders of the World, the mighty Victoria Falls. That together with the largest national parks in the country (Hwange National Park) makes it an important province in terms of tourism and related industries. Agricultural activities are limited to ranching, gaming, crocodile and small scale horticultural activities. Hwange is a coalmining town that provides significant power for the country. The Province has three branches.
7.2 Corporate Banking Division

The Bank has a growing Corporate Banking Division to cater for the corporate client base of the bank. The Corporate Division functions include:

i. Structured Financing for Corporate Clients
ii. Servicing Export Clients of the Bank
iii. Assessing and Evaluating Credit Applications of Corporate Clients
iv. Building a growing Portfolio of Corporate business
v. Negotiating Lines of Credit
vi. Relationship Management; and
vii. Facilitating local and international payments

7.3 Micro Finance

The Bank has a growing Micro Finance unit, with 20 branches now effectively operating Micro Finance desks. More branches will open Micro Finance desks, going forward. Through the Micro Finance unit, the Bank has designed a suite of products, specifically focused on the low income, the semi-formal and informal businesses. This has also enhanced access to banking and financial services for the previously unbanked, expanding on Financial Inclusion.

7.4 ICT Delivery Channels

The Bank has expanded on ICT delivery channels, with particular focus on new low cost products targeting the low income and the unbanked. Over the past few years, the Bank has introduced a number of low cost ICT based delivery channels, which have increased the customer base. These include:

i. Agriplus low cost card;
ii. Mobile banking channels;
iii. Instant Banking and Instant Issuance;
iv. Bill Payments
v. Mobile RTGS and ZIPPIT
8 Business Opportunities for Investors

The Bank has a growing portfolio in agriculture, across all subsectors, including:

i. Smallholder irrigation schemes (Over 50 smallholder irrigation schemes)

ii. Smallholder Sugarcane farmers

iii. Smallholder tobacco farmers

iv. Small holder soya and Sunflower farmers

v. Smallholder Horticulture farmers

vi. Smallholder banana, sugar beans, sunflower and other crops

8.1 Funding Partnership

The Bank is seeking partnerships for funding business growth, particularly as it relates to agriculture with special focus on agriculture, smallholder and micro financing. This is a focus area, which the Bank is already deploying in depth as already highlighted above and the opportunities for further growth abound. Funding could be in the form of direct lines of credit or venture/project financing.

8.2 Agency Relationship

The Bank is seeking Agency banking relationships, encompassing the following:

i. Assist in the collection and remittance of funds from clients in Zimbabwe;

ii. Assist with field work verification when doing credit assessments;

iii. Perform specific due diligence checks as requested

The above could form the core of an Agency banking relationship, which can be, flexibly modified progressively to accommodate emerging requirements.

8.3 Equity Partners

Agribank Shareholder (Government) accepted the need to transform the Bank’s ownership structure to broaden the shareholder base by allowing a strategic investors with a bias towards agriculture to take up equity stake.
9 Corresponding Banking Relationship

9.1 Lines of Credits

The Bank is seeking strategic business alliances, in particular lines of credit to support business growth, including agriculture and agro processing value addition. There are serious business opportunities in agriculture and other sectors of the economy, which require patient capital. The returns for investors are good. A combination of Debt or equity financing is required.

9.2 Existing Lines of Credit

The bank secured the following lines of credit:

1. More Food Facility

Lender: Government of Brazil
Borrower: Government of Zimbabwe
Implementing Agency: Agribank
Loan Facility: EUR28 259 962.26
Purpose: Import of Agricultural Equipment, under the More Food Africa Program – Zimbabwe project
Term/ Tenor: 15 years
Beneficiaries: Various Irrigation Schemes across the country

2. IDCSA Facility

Lender: Industrial Development Corporation, South Africa
Loan Facility: USD31 115 882.00
Purpose: Financing SMEs and Corporates in Zimbabwe
Term/ Tenor: 3 years
Beneficiaries: Various SMEs and Corporates
10 Conclusion

The Bank is strengthening the fundamentals for profitability and growth, beyond the medium term. Business growth is being realized across key business lines; in particular, the exponential growth in ICT based transactions, a result of the Bank’s consistent strategic choice to invest in ICT infrastructure upgrading. The Bank is implementing a comprehensive program to upgrade the ICT core banking system for enhanced delivery channels and service delivery.

The Bank is expanding support to agriculture, which sector represents the bedrock of the Zimbabwean economy and opportunities for investment abound, including value addition and agro processing.

The Bank is Compliant with all RBZ regulatory, AML/CFT requirements according to international best practice. As such, the Bank is now positioned for international correspondent banking relationships, covering a diverse range of international banking, Nostro, Treasury and international banking business. For those international strategic partners seeking a footprint in the agriculture and agribusiness in Zimbabwe, Agribank is the natural place to seek such comprehensive partnerships.

January 2018