

Banking Regulations, 2000
Statutory Instrument 205 of 2000
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IT is hereby notified that the Minister of Finance has, in terms of section 81 of the Banking Act [Chapter 24:20] and with the approval of the Reserve Bank of Zimbabwe as required by subsection (5) of that section, made the following regulations:—

Title

1. These regulations may be cited as the Banking Regulations, 2000.

Interpretation

2. In these regulations—

“annual average asset size”, in relation to a banking institution, means the amount obtained by averaging the total book and off-book assets shown in each of the four

quarterly returns submitted by the banking institution in terms of paragraph (a) of section 19;

“business paper” and “commercial paper” bear the meanings assigned to those terms in paragraphs 12 and 37 of the Third Schedule;

“business plan” means a business plan incorporating the particulars specified in the First Schedule;

“capital base” bears the meaning assigned to that term in paragraph 1 of the Third Schedule;

“executive officer”, in relation to a banking institution, means any person whose duties require that person to report directly to the board of directors or chief executive officer of the banking institution, and includes the chief executive officer, chief accounting officer and the officers mentioned in section 5;

“external operation”, in relation to a banking institution whose head office is situated in Zimbabwe, means a subsidiary, branch or agency of the banking institution which is located and conducts banking business outside Zimbabwe;

“financial entity” means any of the following entities, whether or not incorporated as a company in terms of the Companies Act [Chapter 24:03], namely, a banking institution, building society registered in terms of the Building Societies Act [Chapter 24:04], company acting as trustee or manager of a unit trust scheme registered in terms of the Collective Investment Schemes Act, 1997, insurance company or mutual insurance society registered in terms of the Insurance Act [Chapter 24:07], pension fund registered in terms of the Pension and Provident Funds Act [Chapter 24:09], the Small Enterprises Development Corporation established in terms of the Small Enterprises Development Corporation Act [Chapter 24:12], the Zimbabwe Development Bank established in terms of the Zimbabwe Development Bank Act [Chapter 24:14], the People’s Own Savings Bank of Zimbabwe established in terms of the People’s Own Savings Bank of Zimbabwe Act [Chapter 24:22], or the successor company to the Agricultural Finance Corporation formed under the Agricultural Finance Act [Chapter 18:02];

“form” means the appropriate form prescribed in the Second Schedule;

“loan or advance” means the extension of any credit or the provision of any credit facility whatsoever, including the advance of funds arising from the fulfilment of the obligations of issuers and endorsers of commercial or business paper;

“quarter” means a period of three months ending on the 31st March, 30th June, 30th September and 31st December in each year;

“related interest”, in relation to an individual, means any company, co-operative, private business corporation, syndicate or association of persons which the individual controls or in which the individual has the largest single interest;

“relative” bears the meaning assigned to that term in subsection (1) of section 35 of the Act;

“voting shares” or “voting stock” means shares or stock in a company which entitle the holder thereof to vote at meetings of the company.

Registration of banking institution

3. An application for registration as a commercial bank, accepting house, discount house or finance house made in terms of subsection (1) of section 8 of the Act shall be in form BK 1, and shall be accompanied by a fee of two hundred and fifty thousand dollars and the following documents—

(a) in the case of an applicant whose head office is situated in Zimbabwe—
(i) a true copy, certified by the chairman and a director of the applicant, of the memorandum and articles of association or other document relating to the incorporation of the applicant as a body corporate, and regulating the conduct of the business of the applicant; and

(ii) a true copy, certified by the Registrar of Companies, of the certificate of incorporation of the applicant, issued in terms of the Companies Act [Chapter 24:03]; and

(iii) a statement, certified by the chairman, a director and the auditors of the applicant, showing the authorised and paid-up capital of the applicant at a date not earlier than thirty days before the date of application;

(iv) a business plan of the applicant;

(b) in the case of an applicant whose head office is situated outside Zimbabwe—

(i) a true copy, certified by the chairman and a director of the applicant, of the law, memorandum and articles of association, regulations or other document relating to the incorporation of the applicant as a body corporate, and regulating the conduct of the business of the applicant; and

(ii) a true copy, certified by the chairman, a director and the auditors of the applicant, of—

A. the balance sheet, showing the authorised and paid-up capital and any unencumbered reserve funds;

and

B. the profit and loss account;
of the applicant for the financial year of the applicant immediately preceding the date of the application as submitted to the annual general meeting of shareholders or members;

and

(iii) a statement of the assets and liabilities of the applicant at a date not earlier than ninety days before the date of application; and

(iv) a business plan with respect to the applicant's operations in Zimbabwe.

Additional requirements for registration as a banking institution

4. An applicant for registration as a banking institution shall, for the purposes of paragraph (i) of subsection (3) of section 8 of the Act, comply with the following additional requirements for registration—

(a) no part of the minimum paid-up equity capital of the applicant banking institution shall consist of borrowed funds;

(b) no individual or individual and his relatives and related interests may own or control, directly or indirectly, more than twenty-five per centum of the voting shares of the applicant banking institution;

(c) no company other than a financial entity may own or control, directly or indirectly, more than ten per centum of the voting shares of the applicant banking institution;

(d) no member of the board of directors of the applicant banking institution may be a member of the board of directors of any other banking institution unless such banking institution is an associate of the applicant banking institution.

Officers of banking institutions

5. In addition to the chief executive officer and chief accounting officer, every banking institution shall, where the nature of the institution's banking business requires it, appoint and (in terms of subparagraph (ii) of paragraph (b) of subsection (1) of section 8 of the Act) provide details of the qualifications and experience of the following individual officers (by whatever title they are called), that is, the officers who shall be responsible for—

- (a) risk management;
- (b) lending and credit administration;
- (c) operations and internal controls;
- (d) investments and asset/liability management;
- (e) treasury and foreign exchange operations;
- (f) trust and fiduciary operations, where a banking institution proposes to

engage in these activities.

Fee for inspection of register of banking institutions

6. (1) For the purposes of subsection (2) of section 11 of the Act, the fee payable by a member of the public for inspecting the register of banking institutions shall be one thousand dollars.

(2) A member of the public wishing to inspect the register of banking institutions may be requested to complete a form provided by the Registrar seeking disclosure of the reasons for the inspection and other particulars, but such completion is at that person's own option and is not a condition for inspecting the register.

Annual fee payable by registered banking institutions

7. (1) The annual fee payable to the Registrar by a registered banking institution in terms of section 12 of the Act shall be twenty dollars for every one million dollars worth of assets of the banking institution, calculated on the annual average asset size of the banking institution for each year ending on the 31st December.

(2) The annual fee referred to in subsection (1) shall be paid not later than the 31st March of the year following that in respect of which the fee is payable.

Acquisition of significant interest in banking institution

8. (1) The acquisition of ten per centum or more of the share capital of a banking institution or of the voting rights of members of a banking institution shall constitute the acquisition of a significant interest for the purposes of section 26 of the Act.

(2) An application by a person for the acquisition of a significant interest in a banking institution made in terms of subsection (2) of section 26 of the Act shall be in form BK 2, and shall be accompanied by a fee of fifty thousand dollars and the following documents—

(a) in the case of an individual, a business plan of the applicant, where the acquisition will result in a change of control of the banking institution;

(b) in the case of a corporate applicant whose head office is situated in Zimbabwe—

(i) a true copy, certified by the chairman and a director of the applicant, of the memorandum and articles of association or other document relating to the incorporation of the applicant as a body corporate, and regulating the conduct of the business of the applicant; and

(ii) a true copy, certified by the Registrar of Companies, of the certificate of incorporation of the applicant, issued in terms of the Companies Act [Chapter 24:03]; and

(iii) a business plan of the applicant, where the acquisition will result in a change of control of the banking institution;

(c) in the case of an applicant whose head office is situated outside Zimbabwe—

(i) a true copy, certified by the chairman and a director of the applicant, of the law, the memorandum and articles of association, regulations or other document relating to the incorporation of the applicant as a body corporate, and regulating the conduct of the business of the applicant; and

(ii) a true copy, certified by the chairman, a director and the auditors of the applicant, of the balance sheet and profit and loss account of the applicant for the financial year of the applicant immediately preceding the date of the application as submitted to the annual general meeting of shareholders or members;

(iii) a business plan of the applicant, where the acquisition will result in a change of control of the banking institution.

(3) If the Registrar makes no response to an application made in terms of subsection (2) within three months from the date of delivery of the application to the Registrar, the application shall be considered to have been granted in favour of the applicant.

Establishment of external operations by local banking institutions

9. An application in terms of section 27 of the Act by a banking institution whose head office is situated in Zimbabwe to establish an external operation shall be in form BK 3 and be accompanied by a fee of fifty thousand dollars and the following documents—

(a) a true copy, certified by the chairman, a director and the auditors of the applicant, of—

(i) the balance sheet, showing the authorised and paid-up capital and any unencumbered reserve funds;

and

(ii) the profit and loss account;
of the applicant for the financial year of the applicant immediately preceding the date of the application as submitted to the annual general meeting of shareholders or members;

and

(b) a business plan for the proposed external operation; and

(c) a revised business plan for the applicant banking institution if the establishment of the external operation will significantly alter the original business plan of the institution.

Establishment of representative offices of foreign banking institutions

10. An application in terms of section 28 of the Act, by a foreign banking institution to establish a representative office in Zimbabwe shall be in form BK 4 and be accompanied by a fee of five thousand United States dollars.

Refund and forfeiture of application fees

11. (1) Subject to subsection (2), no part of a fee submitted with an application made in terms of section 3, 8, 9 or 10 shall be refundable.

(2) Half the fee referred to in subsection (1) shall be refunded to the applicant if, in the case of an application for registration as a banking institution, the application has not been determined within the period or any extension of the period referred to in subsection (6) of section 8 of the Act, or, in the case of any of the other applications, the application

has not been determined within six months or any extension of that period agreed to by the applicant, and such failure is not attributable to any fault on the part of the applicant: Provided that the application concerned shall not be considered denied or otherwise determined solely by reason of such refund.

(3) If—

(a) any information required to be given in an application made in terms of section 3, 8, 9 or 10 is not received within six months of the date on which the application was first submitted; or

(b) any additional information requested by the Registrar in writing in connection with an application referred to in paragraph (a) is not furnished to the Registrar within thirty days from the date when the Registrar requested it; or

(c) any information or additional information given or furnished in terms of paragraph (a) or (b) is, to the knowledge of the applicant, false in any material particular, or was given or furnished by the applicant without having reasonable grounds for believing it to be true;

the application shall be considered denied and the fee forfeited.

(4) An applicant whose application in terms of section 3, 8, 9 or 10 failed on the grounds referred to in paragraph (a) or (b) of subsection (3) may make a new application.

Minimum equity capital of banking institutions

12. For the purposes of section 29 of the Act, the minimum paid-up equity capital of a banking institution whose head office is situated in Zimbabwe shall be—

(a) one hundred million dollars in the case of a commercial bank;

(b) sixty million dollars in the case of an accepting house;

(c) forty million dollars in the case of a discount house;

(d) sixty million dollars in the case of a finance house.

Minimum holding of specified liquid assets by certain banking institutions

13. (1) For the purposes of paragraph (d) of subsection (2) of section 31 of the Act, every registered commercial bank, accepting house and finance house shall maintain a minimum holding of the liquid assets set out in subsection (4) which shall not be less than ten per centum of the liabilities to the public of its offices and branches in Zimbabwe as shown in the last monthly statement submitted to the Registrar in terms of section 17.

(2) Every registered commercial bank, accepting house and finance house shall maintain the minimum holding of liquid assets referred to in subsection (1) at the close of each business day during the period from the eighth day of the calendar month in which a statement is required to be submitted to the Registrar in terms of section 17 until the seventh day of the following calendar month.

(3) For the purpose of computing the amount of the minimum holding of liquid assets referred to in subsection (1)—

(a) the value of any security referred to in paragraph (i) of subsection (4) shall be taken, if quoted in the official list of the Zimbabwean Stock Exchange, at the current market price and, if there is no quotation, at a price determined by the trustees appointed in connection with any sinking fund in terms of section 14 of the General Loans Act, 1963 (No. 41 of 1963) or section 11 of the State Loans and Guarantees Act [Chapter 22:13];

(b) the liquid assets specified in paragraph (j) of subsection (4) shall, unless already expressed in the currency of Zimbabwe, be calculated at the current rate of

exchange between Zimbabwean dollars and the currency in which such assets are expressed;

(c) the offices and branches in Zimbabwe of a registered banking institution of which the head office is situated outside Zimbabwe shall be regarded as if those offices and branches together constituted a separate institution carrying on business in Zimbabwe and all the liabilities to the public of any one of those offices and branches in Zimbabwe shall be regarded as if they constituted liabilities of that separate institution and all the assets held by or to the credit of any one of those offices and branches on behalf of or for account of that commercial bank or accepting house shall be regarded as if they were assets of that separate institution;

(d) the liabilities to the public of a registered banking institution of which the head office is situated outside Zimbabwe shall be deemed not to include liabilities to the head office or branches outside Zimbabwe of such banking institution;

(e) the liabilities to the public of a registered banking institution of which the head office is situated in Zimbabwe shall, with the approval of the Registrar, be deemed not to include liabilities to an equity shareholder outside Zimbabwe of that banking institution;

(f) the liabilities to the public of a registered commercial bank or registered accepting house shall be deemed not to include its acceptance liabilities.

(4) The liquid assets referred to in subsection (1) shall consist of all or any of the following—

(a) gold coin and bullion;

(b) notes and coin in the currency of Zimbabwe;

(c) the Zimbabwe dollar equivalent of the value of notes and coin held in any major traded foreign currency, at the average rate of exchange for the currency concerned during the calendar month for which a statement is required to be submitted to the Registrar in terms of section 17;

(d) balances at the Reserve Bank, not including any minimum reserve balance required to be maintained with the Reserve Bank in terms of section 30 of the Act;

(e) money at call with any registered banking institution;

(f) Treasury bills issued by the State;

(g) bills of exchange accepted and payable at any place in Zimbabwe and eligible for discount by the Reserve Bank of Zimbabwe;

(h) in the case of a registered commercial bank, notes and coin in transit between registered commercial banks in Zimbabwe or between branches of any one registered commercial bank in Zimbabwe;

(i) local registered securities which—

(i) are issued or guaranteed by the State or issued by a municipality; and

(ii) are quoted in the official list of the Zimbabwe Stock Exchange; and

(iii) have a final maturity date of not more than six years;

(j) balances held in call accounts with any banking institution approved by the Registrar carrying on banking business outside Zimbabwe:

Provided that the aggregate amount of the liquid assets specified in this paragraph shall be net of any balances held in call accounts with the banking institution by banking institutions carrying on banking business outside Zimbabwe. Reserve Bank's powers with respect to liquidity of banking institutions

14. (1) The Reserve Bank may, in pursuance of its responsibility for the formulation and implementation of monetary policy in terms of section 45 of the Reserve Bank Act [Chapter 22:15], by notice to the banking institutions concerned vary the percentage prescribed for the minimum holding of liquid assets in terms of subsection (1) of section 13 for any class of banking institution there mentioned.

(2) Any variation made in terms of subsection (1) shall, not later than thirty days after the issue of the notice of variation to the banking institutions concerned, be notified by the Reserve Bank by notice in the Gazette and be effective for such period as the Reserve Bank shall specify in that notice.

Banking institutions to comply with additional financial requirements

15. For the purposes of section 31 of the Act, the minimum requirements to be complied with by a banking institution with respect to the following matters—

- (a) capital adequacy; and
- (b) adequate financial disclosure; and
- (c) the issue of commercial paper; and
- (d) the evaluation of loans and advances, the accounting treatment of accrued but uncollected interest on non-performing assets and the making of provision for such assets; and
- (e) foreign currency exposure limits; and
- (f) prudential lending limits;

shall be as provided respectively in Parts I, II, III, IV, V and VI of the Third Schedule, without prejudice, however, to the powers of the Reserve Bank to issue written instructions of a general nature to banking institutions on these matters:

Provided that any such instruction which varies the Third Schedule or is intended to have effect for a period of thirty days or more shall, within thirty days of being issued, be notified by the Reserve Bank by notice in the Gazette and be effective for such period as the Reserve Bank shall specify in that notice.

Restriction on extending credit to insiders

16. (1) In this section—

“insider”, in relation to a banking institution, means any employee, officer, director or principal shareholder of the institution, and includes any related interest of such insider; “principal shareholder” means any person who owns or controls more than twenty per centum of the shares or voting stock of a banking institution.

(2) In addition to the requirements set out in section 35 of the Act, no banking institution shall knowingly extend any loan or advance to or for the benefit of any insider or any relative of such insider—

- (a) if the aggregate of the new loan or advance added to the total of any other loans or advances given to the insider and any of the relatives of the insider will exceed twenty-five per centum of the institution’s capital base;
- (b) if the aggregate of the new loan or advance added to the total of any other loans or advances given to the insider and any of the relatives of the insider will exceed five per centum of the institution’s capital base, unless, before the new loan or advance is granted—
 - (i) the other loans or advances have been disclosed to the institution’s board; and
 - (ii) the new loan or advance has been approved by the institution’s board; and

(iii) the insider has abstained from any discussion or vote taken by the institution's board on the question of the granting of the new loan or advance.

(3) Subject to subsection (4), the limits prescribed in subsection (2) shall not apply to loans or advances that are extended to an officer of a banking institution as part of the benefits or remuneration of the officer under the officer's contract of employment:

Provided that—

(a) no such loans or advances may be given for purposes other than those for which loans or advances are generally or customarily extended to officers and employees of banking institutions in Zimbabwe; and

(b) the magnitude of such loans or advances shall be reasonably commensurate with similar loans or advances offered to officers and employees of banking institutions in Zimbabwe generally.

(4) The aggregate of all outstanding loans and advances to insiders and their relatives—

(a) excluding the loans and advances referred to in subsection (3), shall not at any time at any time exceed one hundred per centum; or

(b) including the loans and advances referred to in subsection (3), shall not at any time at any time exceed two hundred per centum; of the banking institution's capital base.

(5) No banking institution shall knowingly extend loans or advances amounting to more than twenty-five per centum of its capital base to or for the benefit of any partnership of which any one or more insiders or any relatives or related interests of such insiders are partners who individually or collectively control the partnership.

Monthly statement of liabilities to the public and liquid assets of certain banking institutions

17. For the purposes of subsection (1) of section 38 of the Act every registered commercial bank, accepting house and finance house shall, within fourteen days after the last day of every calendar month, submit to the Registrar and the Reserve Bank a statement in form BK 5, BK 6 or BK 7, as the case may be, showing at the close of the last business day of that month—

(a) the liabilities to the public; and

(b) the liquid assets referred to in subsection (1) of section 13;

of the offices and branches of the reporting banking institution in Zimbabwe.

Monthly statement of assets and liabilities of banking institutions

18. For the purposes of subsection (1) of section 38 of the Act every banking institution shall, within fourteen days after the last day of every calendar month, submit to the Registrar and the Reserve Bank a statement in form BK 8 of the assets and liabilities of its offices and branches in Zimbabwe at the close of the last business day of that month:

Provided that, in respect of any associate of a banking institution which is a commercial bank, accepting house, discount house or finance house, a separate statement in form BK 8 shall be submitted in respect of each such associate.

Quarterly statement of assets of banking institutions and other periodic returns or reports

19. For the purposes of subsection (5) of section 38 of the Act every banking institution shall—

(a) within fourteen days after the last day of each quarter, submit to the Registrar and the Reserve Bank a return in form BSD 1, along with a balance sheet

reflecting the total book and off-book assets of the banking institution as on the last day of the quarter;

(b) supply to the Reserve Bank no later than the fourteenth day following the end of the reporting month a monthly return in the form required by the Reserve Bank showing—

(i) banker's acceptances issued during the reporting month;

(ii) the audited cost of funds for banking institutions during the reporting month;

(iii) bank coding or lending patterns;

(c) supply to the Reserve Bank no later than the Tuesday following the end of the reporting week a weekly return in the form required by the Reserve Bank showing—

(i) weekly deposit rates;

(ii) lending rates during the reporting week;

(d) supply to the Reserve Bank no later than the fourteenth day following the end of the reporting month a monthly return in the form required by the Reserve Bank showing maximum and minimum lending rates during the reporting month;

(e) supply to the Registrar or the Reserve Bank such additional reports or returns in such form and at such intervals as the Registrar or the Reserve Bank may require.

Penalties for non-compliance with Regulations

20. (1) Subject to this section and section 21, if a registered banking institution—

(a) fails, after registration, to comply with section 4; or

(b) fails to fill any vacancy occurring in the posts of chief executive officer, chief accounting officer or other officer referred to in section 5 within a reasonable time, or within thirty days commencing on the date on which the Registrar or the Reserve Bank, as the case may be, has reminded it, in writing, of its failure; or

(c) fails to pay the annual fee referred to in subsection (1) of section 7 within the period specified in subsection (2) of that section; or

(d) fails to make application in terms of subsection (2) of section 8 within thirty days after becoming aware that a person has acquired or obtained a significant interest in the banking institution; or

(e) fails to maintain the minimum holding of the liquid assets required in terms of subsection (1) or (2) of section 13; or

(f) contravenes subsection (2), (4) or (5) of section 16; or

(g) fails within the required period to submit the statement referred to in section 17 or 18; or

(h) fails within the required period to submit any report or return referred to in section 19;

it shall be guilty of an offence and liable to a fine of fifty thousand dollars.

(2) In the event of any failure by a banking institution to maintain the minimum holding of liquid assets required by section 13, or to comply with section 4, or subsection (2), (4) or (5) of section 16, or any of the provisions of Parts I to VI of the Third Schedule, the Reserve Bank may issue an instruction to it in terms of Part VII of that Schedule, and the banking institution shall not be deemed, for the purposes of section 14 or 31 of the Act or subsection (1), as the case may be, to have become disqualified for registration or to be in

contravention of these regulations while it is the subject of, and to the extent it complies with, such an instruction.

Extension of time limits and condonation of non-compliance therewith

21. The Registrar or the Reserve Bank, as the case may be, may for good cause shown extend or condone any non-compliance with the time limits prescribed by or under the following provisions—

Sections 7 (2), 11 (3) (b), 17, 18, 19 (a), (b), (c) and (d) and 20 (1) (b) and (d); in the Third Schedule, paragraphs 7 (3), 8, 9, 17 and 25.

Repeals

22. The regulations specified in the Fourth Schedule are repealed.

First Schedule (Section 2)

CONTENTS OF BUSINESS PLAN OF APPLICANT BANKING INSTITUTION

1. Identifying information—

- (a) name and location of the applicant banking institution including the location of any branches;
- (b) description and/or diagram of the applicant banking institution's corporate structure, including every associate of the applicant banking institution;
- (c) a brief discussion of the origin of the applicant banking institution, including how its founders came together and the reasons for wanting to form banking institution.

2. Market analysis—

- (a) identification of the market(s) to be served by the applicant banking institution;
- (b) description of the economic characteristics of the identified markets, including anticipated changes in the market, factors influencing such changes and possible effects on the applicant banking institution;
- (c) description of the developmental value of the applicant banking institution to the economy.

3. Business strategy and objectives—

- (a) brief description of the services (distinguished by type: depository, credit, fiduciary etc.) to be offered by the applicant banking institution;
- (b) enumeration of the major assumptions upon which the applicant banking institution's projections are based, with reference to market growth and inflation rates, provisions for bad and doubtful debts, competition, interest rates, cost of funds, overheads, asset-liability mix, returns on assets and equity, dividends and capital ratios (both leverage and risk based ratios, as calculated in accordance with Part I of the Third Schedule);
- (c) indication of the provisions made for the annual external audit of the applicant banking institution as required by the Act.

4. Leadership and management—

- (a) description of the fees, salaries, benefits and other forms of compensation to be given to each of the persons mentioned in items 7, 8, 9 and 10 of Form BK.1;
- (b) description of any agreement for leases or services the applicant banking institution intends to enter with any of the persons mentioned in items 7, 8, 9, 10 and 23

of Form BK.1, or with any entity controlled by such person, including specific details of the financial terms of such agreement and the comparative market data upon which those terms were based or can be assessed.

5. Capitalisation and additional capital sources—

(a) description of the plans for financing growth, internally or externally, over the first 4 years of operation;

(b) description of what additional capital sources are available should the need arise.

6. The business plan shall include, or be accompanied by, the following projections based on normal assumptions and the most and least favourable assumptions and showing, where necessary, compensation to be given to management and staff, expected mixes of assets and liabilities, volume of each type of service to be offered and fixed asset investment—

(a) a projected annual balance sheet for the first four years of operation;

(b) a projected annual income statement (profit and loss account) for the first four years of operation;

(c) a projected cash flow statement for the first four years of operation:

Provided that in the case of a business plan for an external operation, the above projections may be based on the first three years of operation of the external operation.

Second Schedule (Section 2)

PRESCRIBED FORMS

Form BK 1 Application for registration as a banking institution

Form BK 2 Application for change of control or acquisition of a significant interest in a banking institution

Form BK 3 Application for establishment of external operation by local banking institution

Form BK 4 Application for establishment of a representative office of a foreign banking institution

Form BK 5 Monthly statement of liabilities to the public, liquid assets of a commercial bank in Zimbabwe

Form BK 6 Monthly statement of liabilities to the public, liquid assets of an accepting house in Zimbabwe

Form BK 7 Monthly statement of liabilities to the public, liquid assets of a finance house in Zimbabwe

Form BK 8 Monthly statement of assets and liabilities of banking institution

Form BSD 1 Quarterly report of performance and condition of banking institution

Form BSD 2 Foreign currency exposure of banking institution

Form BK 1

Form BK 1

ZIMBABWE

BANKING ACT [Chapter 24:20] BANKING REGULATIONS 2000 (Section 3)

APPLICATION FOR REGISTRATION AS A BANKING INSTITUTION

Instructions on how to complete this form.

- Attach annexures wherever necessary.
- Do not leave any questions blank or unanswered: where necessary answer “Not applicable” or “Not known”.
- All responses in this form and all annexures shall be typewritten.
- Upon completion the original of this form and supporting annexures shall be submitted to:

The Registrar of Banking Institutions
Ministry of Finance
PO Box CY 7705
Causeway
Harare.

A copy of this form and supporting annexures shall at the same time be submitted to:

Director, Supervision and Surveillance
Reserve Bank of Zimbabwe
PO Box 1283
Harare.

- All inquiries concerning this form should be directed to the Registrar of Banking Institutions.

PRELIMINARY

State the name, address and telephone number of the person(s) who may be contacted regarding any questions in respect of this application:

SECTION I: PARTICULARS OF APPLICANT BANKING INSTITUTION

1. Name under which applicant banking institution (“the applicant”) seeks registration:
2. Class of banking institution with respect to which registration is desired:
3. What type of banking activities does the applicant propose to engage in? (Tick the applicable):
 - (a) receiving deposits on a current/time/savings account basis;
 - (b) granting of acceptance facilities;
 - (c) discounting of bills
 - (d) extending consumer/commercial/industrial loans;

- (e) extending commercial/residential mortgage credit;
- (f) hire-purchase financing/financial leasing/factoring (with/ without recourse);
- (g) financing commercial transactions;
- (h) export-import trade financing;
- (i) buying and selling instruments, whether for the account of the banking institution concerned or for the account of its customers, including the underwriting of—
 - (i) money market instruments including cheques, bills of exchange and certificates of deposit;
 - (ii) futures, options and other financial derivatives relating to debt securities or interest rates;
 - (iii) exchange and interest rate instruments;
 - (iv) debt securities and equity;
- (j) providing money transmission services;
- (k) buying and selling foreign currencies, including forward and option-type contracts for the future sale of foreign currencies;
- (l) issuing and administering credit cards/travellers' cheques/bankers' drafts;
- (m) money broking;
- (n) the safekeeping and administration of valuables/securities;
- (o) providing services as a portfolio manager or adviser or as a financial agent or consultant;
- (p) entering into or taking cession of hire-purchase contracts in accordance with the Hire-Purchase Act [Chapter 14:09];
- (q) buying and selling shares on behalf of customers;
- (r) providing credit reference services;
- (s) other banking activities (specify).

4. In the case of any other banking business or activity conducted or to be conducted by the applicant inside or outside Zimbabwe, any other name(s) under which it conducts or proposes to conduct such business or banking activity, the location and nature or class of such business or activity, the details of any licences, registrations or other authorisations issued and the names and addresses of the issuers of the same.

5. Address of applicant's head office:

6. Address of applicant's principal administrative office in Zimbabwe:

7. Names, addresses and occupations of directors:

8. Name and address of chief executive officer in Zimbabwe:

9. Name and address of chief accounting officer in Zimbabwe:

10. Names and addresses of the officers in Zimbabwe responsible for the following departments, portfolios or functions:

- (a) risk management:

- (b) lending and credit administration:
- (c) operations and internal controls:
- (d) investments and asset/liability management:
- (e) treasury and foreign exchange operations:
- (f) trust and fiduciary operations:
- (g) other executive officers:

11. Indicate the capital structure of the applicant under the following heads: authorised capital (Z\$), paid-up capital (Z\$), total authorised shares, total issued shares and par value per share (Z\$).

12. Describe all business relationships which any of the directors or officers mentioned in items 7 to 10 above have or propose to have with the applicant, giving details of the following, if applicable:

Borrowings (to what extent is any director or officer indebted to or permitted to borrow from the applicant? Yes/No. If yes, provide details)

Guarantees (has the applicant directly or indirectly guaranteed, underwritten or otherwise secured any business or obligation of any director or officer or does it propose to do? Yes/No. If yes, provide details)

Consulting, management or service contracts (to what extent will any director or officer directly or indirectly provide consulting, management, advisory or other types of services under contractual arrangement or otherwise to the applicant? Yes/No. If yes, provide details)

13. Name, address and qualifications of the applicant's auditors in Zimbabwe (in the case of a partnership, give the name of the partnership and of the partner principally responsible for the audit of the applicant):

14. Name, address and type of business of any associate of the applicant (please refer to the definition of "associate" in the Banking Act):

15. Will the applicant own or control 10% or more of the share capital or voting rights of any other banking institution? Yes/No. If yes, provide details, including percentage and form of ownership or control.

16. Provide details of applicant's past and present membership of or affiliation to any professional or trade association concerned with banking activities in Zimbabwe or

elsewhere, including details of any refusal, termination or lapsing of such membership or affiliation and the reasons therefor.

17. Has the applicant or any of its associates ever been censured, disciplined, penalised, suspended, prosecuted, convicted, warned as to conduct, investigated or subjected to proceedings by or at the instance of any governmental agency, regulatory authority or professional association within or outside Zimbabwe, whether in connection with its banking activities or otherwise? Yes/No. If yes, provide details.

18. Has the applicant or any of its associates ever been or is now the subject of any litigation, in Zimbabwe or elsewhere, which may have a material effect on its resources? Yes/No. If yes, provide details.

19. Has the applicant or any of its associates failed to satisfy within one year any judgment debt issued in Zimbabwe or elsewhere? Yes/No. If yes, provide details.

20. Has the applicant or any of its associates been adjudged by a court in Zimbabwe or elsewhere to be civilly liable for fraud, malfeasance or other misconduct on its part? Yes/No. If yes, provide details.

21. Has the applicant or any of its associates ever: been adjudged insolvent by a court, in Zimbabwe or elsewhere? (Yes/No); been served with an insolvency petition or petition for its compulsory winding-up within the last 10 years in Zimbabwe or elsewhere? (Yes/No); made any compromise with its creditors? (Yes/No); had any liquidator, receiver of property or judicial manager (final or provisional) appointed in relation to it or its property? (Yes/No); instituted proceedings for its voluntary winding up within the last 10 years in Zimbabwe or elsewhere? (Yes/No). If the answer to any of these questions is yes, provide details.

22. Are there any material disputes between the applicant and the Revenue Authority of Zimbabwe or the authority responsible for collecting taxes in any other country with respect to any assessment for income tax or other taxes payable by the applicant? Yes/No. If yes, provide details.

23. Provide a list of the names of and number of shares held by the initial members or shareholders of the applicant (if the number of shareholders exceeds 200, list only those holding 0,5% or more of the shares). If any member or shareholder of the applicant (hereafter in this form called "principal shareholders") holds 5% or more of the share capital of the applicant or of the voting rights of members of the applicant, give details of the name, address, nationality and extent of the holding of each such member or shareholder.

24. Has any acquisition debt been incurred by any of the initial shareholders of the applicant, that is, has any loan been taken by, or guarantee or surety given on behalf of, any of the initial shareholders of the applicant for the purpose of purchasing shares in the applicant? Yes/No. If yes, provide details.

25. Describe the premises and equipment (furniture, fixtures, office machines, vehicles, etc.) to be used by the applicant, indicating whether and from whom they are purchased, leased, acquired under a hire purchase agreement or instalment sale, or otherwise.

26. Provide any other information in connection with this Section of the application that may assist the Registrar and the Reserve Bank in fully evaluating the merits of this application.

Declaration

We, the undersigned chief executive officer and members of the Board of Directors of the applicant, do hereby certify that—

(i) all information given in response to and in support of the questions and items in Section I (and Sections II and III, to the extent completed by the undersigned) of this application is true and correct to the best of our knowledge and belief;

(ii) this application is made in good faith with the purpose and intent that the affairs and business of the applicant will at all times be honestly conducted in accordance with good and sound business principles and in full compliance with all applicable laws and lawful directives.

We further certify that to the best of our knowledge and belief there are no other facts or information relevant to this application of which the Registrar of Banking Institutions or the Reserve Bank of Zimbabwe should be aware, and we pledge to promptly inform the Registrar and the Reserve Bank of Zimbabwe of any changes material to this application which may arise while it is being considered by the Registrar and the Reserve Bank. We hereby authorise the Registrar and the Reserve Bank and any of its authorised staff to make an inquiry or obtain any information from any source for the purpose of determining the correctness of all representations made in connection with this application or of assessing its merits.

Chairman of the Board (print name)

Signature

Chief Executive Officer (print name)

Signature

Director (print name)

Signature

Director (print name)

Signature

Director (print name)

Signature

Director (print name)

Signature

SECTION II: FURTHER PARTICULARS OF DIRECTORS, AND OFFICERS AND PRINCIPAL SHAREHOLDERS

Instructions on how to complete this Section of the form.

- This Section applies to every person (hereafter in this Section called an “accountable person”) mentioned in items 8, 9, and 10 above, and to any director having

executive officer responsibilities mentioned in item 7 above, and to any principal shareholder who is an individual mentioned in item 23 above.

- This Section must be completed and submitted in respect of each accountable person, either by the accountable person himself/herself (in which event s/he shall subscribe to the declaration provided below) or by the applicant duly authorised in that behalf by the accountable person concerned.

- The Registrar or the Reserve Bank may require submission of additional information, including real estate or business valuations, in order to accurately assess financial strength and capacity.

27. State the date and place of birth and nationality and national identification or passport number of every accountable person.

28. In the case of an accountable person referred to in item 7, 8, 9 or 10, provide his or her job description, stating the person(s) or body/bodies from whom or which s/he receives directions and to whom or which s/he reports (a single organisational chart providing sufficient detail may be submitted in respect of all accountable persons here referred to).

29. Professional and academic qualifications and employment history (for the past 10 years, listing, in reverse chronological order, the name and address of the employer, the nature or type of business, the job title and duties, the date employed and reasons for leaving) of every accountable person. In relation to previous banking employment, details must be provided of all positions held, the departments or portfolios which and the number of employees whom the accountable person supervised, the nature and, if ascertainable, the volume of transactions handled by the accountable person and the person's professional performance and that of the department or portfolio concerned.

30. Will any accountable person act in the capacity of an accountable person in any other banking institution or in any associate of the applicant (please refer to the definition of "associate" in the Banking Act)? Yes/No. If yes, provide details.

31. Does any accountable person have past or present ownership or control of 10% or more of the share capital or voting rights of any other banking institution? Yes/No. If yes, provide details, including percentage and form of ownership or control.

32. Provide details of each accountable person's past and present membership of or affiliation to any professional or trade association concerned with banking activities in Zimbabwe or elsewhere, including details of any refusal, termination or lapsing of such membership or affiliation and the reasons therefor.

33. Has any accountable person ever been censured, disciplined, penalised, suspended, prosecuted, convicted, warned as to conduct, investigated or subjected to proceedings by or at the instance of any governmental agency, regulatory authority or professional association within or outside Zimbabwe, whether in connection with his/her banking activities or otherwise? Yes/No. If yes, provide details.

34. Has any accountable person ever been or is now the subject of any litigation, in Zimbabwe or elsewhere, which may have a material effect on his/her resources? Yes/No. If yes, provide details.

35. Has any accountable person failed to satisfy within one year any judgment debt issued in Zimbabwe or elsewhere? Yes/No. If yes, provide details.

36. Has any accountable person been adjudged by a court in Zimbabwe or elsewhere to be civilly liable for fraud, malfeasance or other misconduct on its part? Yes/No. If yes, provide details.

37. Has any accountable person ever: been adjudged insolvent by a court, in Zimbabwe or elsewhere? (Yes/No); been served with an insolvency petition within the last 10 years in Zimbabwe or elsewhere? (Yes/No); made any compromise with his/her creditors? (Yes/No); been declared insolvent? (Yes/No). If the answer to any of these questions is yes, provide details.

38. Are there any material disputes between any accountable person and the Revenue Authority of Zimbabwe or the authority responsible for collecting taxes in any other country with respect to any assessment for income tax or other taxes payable by the accountable person? Yes/No. If yes, provide details.

39. Provide details of the extent of any present or proposed holding (direct or indirect) of shares and voting rights in the applicant by each accountable person, and of the nature of any beneficial interest held by each accountable person in any shares of the applicant. Is any accountable person holding or proposing to hold any of the shares or voting rights in the applicant as trustee or nominee, or to pledge or assign the shares to another party? Yes/No. If yes, provide details.

40. In respect of each accountable person a net worth statement certified by an auditor registered as such in terms of the Public Accountants and Auditors Act [Chapter 27:12] and tax returns (or a certified summary thereof) for the past 5 years shall be attached. Supporting information should be included where necessary to explain summarised items, and must be used for establishing the value of real estate, notes and accounts receivable. If unlisted shares are shown as an asset and if such shares represent 20% or more of net worth, financial statements for the company or companies concerned must be provided for the 2 years immediately preceding the date of this application.

41. Provide any other information in connection with this Section of the application that may assist the Registrar and the Reserve Bank in evaluating the suitability of an accountable person to act as a director or executive officer of the applicant.

Declaration

I, the undersigned, do hereby certify that all information given in response to and in support of the questions and items in Section II of this application is true and correct to the best of my knowledge and belief.

Signature

SECTION III: FURTHER PARTICULARS OF PRINCIPAL CORPORATE SHAREHOLDERS

Instructions on how to complete this Section of the form.

- This Section applies where any principal shareholder mentioned under item 23 of Section I is a company or other juristic entity (hereafter in this Section called a “corporate shareholder”) and may be completed by the applicant duly authorised in that behalf by the corporate shareholder or by the corporate shareholder. If completed by the corporate

shareholder, it shall be completed by the chairman of the board of directors or managing body of the corporate shareholder, or the chief executive officer of the corporate shareholder, who shall subscribe to the declaration provided below.

- The Registrar or the Reserve Bank may require submission of additional information, including real estate or business valuations, in order to accurately assess financial strength and capacity.

42. Address of corporate shareholder's head office:

43. Address of corporate shareholder's principal administrative office in Zimbabwe:

44. Names, addresses and titles or positions within the corporate shareholder of the directors and officers of the corporate shareholder and of any persons holding more than 10% of the shares in the corporate shareholder:

45. Legal form of the corporate shareholder (financial entity [specify]/company other than a financial entity/partnership/trust/syndicate/joint venture/other [specify]) and date of its incorporation or formation

46. State how many shares of the applicant are or will be registered in the name of the corporate shareholder or of any of its associates, and the class of shares held if other than ordinary shares.

47. Is the corporate shareholder holding or proposing to hold any of the shares or voting rights in the applicant as trustee or nominee? Yes/No. Are any of the shares held by the corporate shareholder (whether held in its own right or as trustee or nominee) pledged or assigned or to be pledged or assigned to another party? Yes/No. If the answer to either or both of these questions is yes, provide details, including the name and address of any beneficiary or holder of the beneficial interest in the shares.

48. Names and addresses of the corporate shareholder's auditors and principal bankers in Zimbabwe during the past 10 years

49. Name, address and type of business of any associate of the corporate shareholder (apply the definition of "associate" used in relation to a banking institution under the Act as if it related to the corporate shareholder)

50. Does the corporate shareholder own or control, or has it ever owned or controlled, 5% or more of the share capital or voting rights of any other banking institution? Yes/No. If yes, provide details, including percentage and form of ownership or control.

51. Complete items 16 to 22 of Section I in relation to the corporate shareholder as if references to the applicant therein were references to the corporate shareholder.

52. In respect of each corporate shareholder detailed financial statements (balance sheet, income statement (profit and loss account) and cash flow statement) certified by an auditor registered as such in terms of the Public Accountants and Auditors Act [Chapter 27:12] shall be attached. Supporting information should be included where necessary to explain summarised items, and must be used for establishing the value of real estate, notes and accounts receivable. If unlisted shares are shown as an asset and if such shares represent 20% or more of net worth, financial statements for the company or companies concerned must be provided for the 2 years immediately preceding the date of this application.

53. Provide any other information in connection with this Section of the application that may assist the Registrar and the Reserve Bank in evaluating the suitability of the corporate shareholder to be a principal shareholder of the applicant.

Declaration

I, the undersigned, do hereby certify that all information given in response to and in support of the questions and items in Section III of this application is true and correct to the best of my knowledge and belief.

Signature and in what capacity signed

Form BK 2

Form BK 2

ZIMBABWE

**BANKING ACT [Chapter 24:20]
BANKING REGULATIONS 2000 (Section 8)**

**APPLICATION FOR CHANGE OF CONTROL OR ACQUISITION OF A
SIGNIFICANT INTEREST IN A BANKING INSTITUTION**

Instructions on how to complete this form.

- This form is required to be completed by every person (hereafter in this form called the “acquirer”), whether corporate or individual, wishing to acquire a significant interest in a registered banking institution.
- Attach annexures wherever necessary.
- Do not leave any questions blank or unanswered: where necessary answer “Not applicable” or “Not known”.
- All responses in this form and all annexures shall be typewritten.
- The Registrar or the Reserve Bank may, at their discretion, disclose to other regulatory authorities any information contained in this application or obtained from

other sources if it is deemed necessary and relevant for properly evaluating and deciding on this application.

- Upon completion the original of this form and supporting annexures shall be submitted to:

The Registrar of Banking Institutions
Ministry of Finance
PO Box CY 7705
Causeway
Harare.

A copy of this form and supporting annexures shall at the same time be submitted to:

Director, Supervision and Surveillance
Reserve Bank of Zimbabwe
PO Box 1283
Harare.

PRELIMINARY

State the name, address and telephone number of the person(s) who may be contacted regarding any questions in respect of this application:

SECTION I: PROPOSED ACQUIRER

1. Name, address and capacity (corporate or individual) of the acquirer. In the case of any other banking business or banking activity presently or previously conducted or to be conducted by the acquirer inside or outside Zimbabwe, any other name(s) under which the acquirer conducts or proposes to conduct such business or activity, the location and nature or class of such business or activity, the details of any licences, registrations or other authorisations issued and the names and addresses of the issuers of the same:
2. Home and business address (in the case of an individual acquirer) or address of head office (in the case of a corporate acquirer):
3. Address of principal administrative office in Zimbabwe (in the case of a foreign corporate acquirer):
4. Legal form of corporate acquirer (financial entity [specify]/company other than a financial entity/partnership/trust/syndicate/joint venture/other [specify]) and date of its incorporation or formation
5. Describe the nature and extent of the significant interest acquired:

6. As a result of the proposed acquisition, will there be any changes in the individuals serving as directors or executive officers of the banking institution? Yes/No. If yes, names, addresses and titles or positions of the proposed new directors and officers:

7. As a result of the proposed acquisition, will there be any changes in the banking institution's capital structure within one year after the acquisition? Yes/No. If yes, Indicate the new capital structure of the banking institution under the following heads: authorised capital (Z\$), paid-up capital (Z\$), total authorised shares, total issued shares and par value per share (Z\$)

8. Describe all business relationships which any of the directors or officers mentioned in item 5 above have or propose to have with the banking institution, giving details of the following, if applicable:

Borrowings (to what extent is any director or officer indebted to or permitted to borrow from the banking institution? Yes/No. If yes, provide details)

Guarantees (has the banking institution directly or indirectly guaranteed, underwritten or otherwise secured any business or obligation of any director or officer or does it propose to do? Yes/No. If yes, provide details)

Consulting, management or service contracts (to what extent will any director or officer directly or indirectly provide consulting, management, advisory or other types of services under contractual arrangement or otherwise to the banking institution? Yes/No. If yes, provide details)

9. As a result of the proposed acquisition, will there be any changes in the banking institution's auditors within one year after the acquisition? Yes/No. If yes, name and address of the new auditors (in the case of a partnership, give the name of the partnership and of the partner principally responsible for the audit of the banking institution):

10. Name, address and type of business of any associate of the acquirer which will be associated in any way with the banking institution (apply the definition of "associate" used in relation to a banking institution under the Act as if it related to an associate of the acquirer)

11. Does the acquirer own or control, or has it ever owned or controlled, 10% or more of the share capital or voting rights of any other banking institution? Yes/No. If yes, provide details, including percentage and form of ownership or control.

12. Provide details of acquirer's past and present membership of or affiliation to any professional or trade association concerned with banking activities in Zimbabwe or elsewhere, including details of any refusal, termination or lapsing of such membership or affiliation and the reasons therefor.

13. Has the acquirer or any of the associates of the acquirer ever been censured, disciplined, penalised, suspended, prosecuted, convicted warned as to conduct, investigated or subjected to proceedings at the instance of any governmental agency, regulatory authority or professional association within or outside Zimbabwe, whether in connection with banking activities or otherwise? Yes/No. If yes, provide details.

14. Has the acquirer or any of the associates of the acquirer ever been or is now the subject of any litigation, in Zimbabwe or elsewhere, which may have a material effect on its resources? Yes/No. If yes, provide details.

15. Has the acquirer or any of the associates of the acquirer failed to satisfy within one year any judgment debt issued in Zimbabwe or elsewhere? Yes/No. If yes, provide details.

16. Has the acquirer or any of the associates of the acquirer been adjudged by a court in Zimbabwe or elsewhere to be civilly liable for fraud, malfeasance or other misconduct on its part? Yes/No. If yes, provide details.

17. Has the acquirer or any of the associates of the acquirer ever: been adjudged insolvent by a court, in Zimbabwe or elsewhere? (Yes/No); been served with an insolvency petition or petition for its compulsory winding-up within the last 10 years in Zimbabwe or elsewhere? (Yes/No); made any compromise with its creditors? (Yes/No); had any liquidator, receiver of property or judicial manager (final or provisional) appointed in relation to it or its property? (Yes/No); instituted proceedings for its voluntary winding up within the last 10 years in Zimbabwe or elsewhere? (Yes/No). If the answer to any of these questions is yes, provide details.

18. Are there any material disputes between the acquirer and the Revenue Authority of Zimbabwe or the authority responsible for collecting taxes in any other country with respect to any assessment for income tax or other taxes payable by the acquirer? Yes/No. If yes, provide details.

19. In the case of a corporate acquirer, provide a list of the names of and number of shares held by the initial members or shareholders of the acquirer (if the number of shareholders exceeds 200, list only those holding 0,5% or more of the shares). If any member or shareholder of the acquirer holds 10% or more of the share capital of the acquirer or of the voting rights of members of the acquirer, give details of the name, address, nationality and extent of the holding of each such member or shareholder.

20. Has any acquisition debt been incurred by the acquirer, that is, has any loan been taken by, or guarantee or surety given on behalf of, the acquirer for the purpose of purchasing shares in the banking institution? Yes/No. If yes, provide details.

21. As a result of the proposed acquisition, will there be any changes to the banking activities undertaken by the banking institution within one year after the acquisition? Yes/No. If yes, what new banking activities does the banking institution propose to engage in, and what, if any, banking activities will be discontinued? Check against the following list:

- (a) receiving deposits on a current/time/savings account basis;

- (b) granting of acceptance facilities;
- (c) discounting of bills
- (d) extending consumer/commercial/industrial loans;
- (e) extending commercial/residential mortgage credit;
- (f) hire-purchase financing/financial leasing/factoring (with/ without recourse);
- (g) financing commercial transactions;
- (h) export-import trade financing;
- (i) buying and selling instruments, whether for the account of the banking institution concerned or for the account of its customers, including the underwriting of—
 - (i) money market instruments including cheques, bills of exchange and certificates of deposit;
 - (ii) futures, options and other financial derivatives relating to debt securities or interest rates;
 - (iii) exchange and interest rate instruments;
 - (iv) debt securities and equity;
- (j) providing money transmission services;
- (k) buying and selling foreign currencies, including forward and option-type contracts for the future sale of foreign currencies;
- (l) issuing and administering credit cards/travellers' cheques/bankers' drafts;
- (m) money broking;
- (n) the safekeeping and administration of valuables/securities;
- (o) providing services as a portfolio manager or adviser or as a financial agent or consultant;
- (p) entering into or taking cession of hire-purchase contracts in accordance with the Hire-Purchase Act [Chapter 14:09];
- (q) buying and selling shares on behalf of customers;
- (r) providing credit reference services;
- (s) other banking activities (specify).

22. Describe the premises and equipment (furniture, fixtures, office machines, vehicles, etc.) to be used by the acquirer, indicating whether and from whom they are purchased, leased, acquired under a hire purchase agreement or instalment sale, or otherwise.

23. Provide any other information in connection with this Section of the application that may assist the Registrar and the Reserve Bank in fully evaluating the merits of this application.

Declaration

I/We, the undersigned do hereby certify that all information given in response to and in support of the questions and items in Section I (and Section II, to the extent completed by the undersigned) of this application is true and correct to the best of my/our knowledge and belief;

I/We further certify that to the best of my/our knowledge and belief there are no other facts or information relevant to this application of which the Registrar of Financial Institutions or the Reserve Bank of Zimbabwe should be aware, and I/we pledge to promptly inform the Registrar and the Reserve Bank of Zimbabwe of any changes material to this application which may arise while it is being considered by the Registrar

and the Reserve Bank. I/We hereby authorise the Registrar and the Reserve Bank and any of its authorised staff to make an inquiry or obtain any information from any source for the purpose of determining the correctness of all representations made in connection with this application or of assessing its merits.

Acquirer (if an individual) (print name)

Signature

Chairman of the Board (print name)

Signature

Chief Executive Officer (print name)

FURTHER DECLARATION WHERE ACQUISITION WILL RESULT IN A CHANGE OF CONTROL OF THE BANKING INSTITUTION

I/We, the undersigned do hereby certify that this application is made in good faith with the purpose and intent that the affairs and business of the banking institution will at all times be honestly conducted in accordance with good and sound business principles and in full compliance with all applicable laws and lawful directives.

Signature

Chairman of the Board (print name)

Signature

Chief Executive Officer (print name)

SECTION II: FURTHER PARTICULARS OF DIRECTORS, AND OFFICERS AND PRINCIPAL SHAREHOLDERS

Instructions on how to complete this Section of the form.

- This section applies to every “accountable person”, that is, every: person mentioned under item 6 of Section I; director having executive officer responsibilities and executive officer of a corporate acquirer; and shareholder or member listed under item 19 of Section I as holding 10% or more of the share capital or voting rights of the acquirer (“principal shareholder”).
- This Section must be completed and submitted in respect of each accountable person, who shall subscribe to the declaration provided below.
- The Registrar or the Reserve Bank may require submission of additional information, including real estate or business valuations, in order to accurately assess financial strength and capacity.

23. State the date and place of birth and nationality and national identification or passport number of every accountable person.

24. In the case of an accountable person (other than one who is simply a principal shareholder), provide his or her job description, stating the person(s) or body/bodies from whom or which s/he receives directions and to whom or which s/he reports (a single organisational chart providing sufficient detail may be submitted in respect of all accountable persons here referred to).

25. Professional and academic qualifications and employment history (for the past 10 years, listing, in reverse chronological order, the name and address of the employer, the nature or type of business, the job title and duties, the date employed and reasons for leaving) of every accountable person. In relation to previous banking employment, details must be provided of all positions held, the departments or portfolios which and the number of employees whom the accountable person supervised, the nature and, if ascertainable, and the volume of transactions handled by the accountable person, the person's professional performance and that of the department or portfolio concerned.

26. Will any accountable person act in the capacity of an accountable person in any other banking institution or in any associate of the banking institution (please refer to the definition of "associate" in the Banking Act)? Yes/No. If so, provide details.

27. Does any accountable person have past or present ownership or control of 10% or more of the share capital or voting rights of any other banking institution? Yes/No. If yes, provide details, including percentage and form of ownership or control.

28. Provide details of each accountable person's past and present membership of or affiliation to any professional or trade association concerned with banking activities in Zimbabwe or elsewhere, including details of any refusal, termination or lapsing of such membership or affiliation and the reasons therefor.

29. Has any accountable person ever been censured, disciplined, penalised, suspended, prosecuted, convicted, warned as to conduct, investigated or subjected to proceedings at the instance of any governmental agency, regulatory authority or professional association within or outside Zimbabwe, whether in connection with his/her banking activities or otherwise? Yes/No. If yes, provide details.

30. Has any accountable person ever been or is now the subject of any litigation, in Zimbabwe or elsewhere, which may have a material effect on his/her resources? Yes/No. If yes, provide details.

31. Has any accountable person failed to satisfy within one year any judgment debt issued in Zimbabwe or elsewhere? Yes/No. If yes, provide details.

32. Has any accountable person been adjudged by a court in Zimbabwe or elsewhere to be civilly liable for fraud, malfeasance or other misconduct on its part? Yes/No. If yes, provide details.

33. Has any accountable person ever: been adjudged insolvent by a court, in Zimbabwe or elsewhere? (Yes/No); been served with an insolvency petition within the last 10 years in Zimbabwe or elsewhere? (Yes/No); made any compromise with his/her creditors? (Yes/No); been declared insolvent? (Yes/No). If the answer to any of these questions is yes, provide details.

34. Are there any material disputes between any accountable person and the Revenue Authority of Zimbabwe or the authority responsible for collecting taxes in any other country with respect to any assessment for income tax or other taxes payable by the accountable person? Yes/No. If yes, provide details.

35. Provide details of the extent of any present or proposed holding (direct or indirect) of shares and voting rights in the banking institution and the acquirer by each accountable person, and of the nature of any beneficial interest held by each accountable person in any shares of the banking institution or acquirer. Is any accountable person holding or required to hold any of the shares or voting rights in the banking institution as trustee or nominee, or to pledge or assign the shares to another party? Yes/No. If yes, provide details, including details of what proportion of the total voting rights each accountable person will be entitled to exercise (whether directly or on behalf of some other identified person) at meetings of the banking institution or acquirer.

36. In respect of each accountable person a net worth statement certified by an auditor registered as such in terms of the Public Accountants and Auditors Act [Chapter 27:12] and tax returns (or a certified summary thereof) for the past 5 years shall be attached. Supporting information should be included where necessary to explain summarised items, and must be used for establishing the value of real estate, notes and accounts receivable. If unlisted shares are shown as an asset and if such shares represent 20% or more of net worth, financial statements for the company or companies concerned must be provided for the 2 years immediately preceding the date of this application.

37. Provide any other information in connection with this Section of the application that may assist the Registrar and the Reserve Bank in evaluating the suitability of an accountable person to act as a director or executive officer of the banking institution or corporate acquirer.

Declaration

I, the undersigned, do hereby certify that all information given in response to and in support of the questions and items in section II of this application is true and correct to the best of my knowledge and belief.

Signature

Form BK 3

Form BK 3
ZIMBABWE

**BANKING ACT [Chapter 24:20]
BANKING REGULATIONS 2000 (Section 9)**

**APPLICATION FOR ESTABLISHMENT OF EXTERNAL OPERATION BY
LOCAL BANKING INSTITUTION**

Instructions on how to complete this form.

- Attach annexures wherever necessary.
- Do not leave any questions blank or unanswered: where necessary answer “Not applicable” or “Not known”.
- All responses in this form and all annexures shall be typewritten.
- Upon completion the original of this form and supporting annexures shall be submitted to:

The Registrar of Banking Institutions
Ministry of Finance
PO Box CY 7705
Causeway
Harare.

A copy of this form and supporting annexures shall at the same time be submitted to:

Director, Supervision and Surveillance
Reserve Bank of Zimbabwe
PO Box 1283
Harare.

• All inquiries concerning this form should be directed to the Registrar of Banking Institutions.

1. State the name, address and telephone number of the person(s) who may be contacted regarding any questions in respect of this application:

2. Name, mailing address, primary business location and class (Commercial Bank/Accepting House/Discount House/Finance House) of the applicant banking institution (“the applicant”):

3. Type of external operation proposed to be established (subsidiary/branch/agency) by the applicant and description of the banking activities to be conducted by the operation:

4. Physical and mailing address of proposed external operation:

5. Describe the premises and equipment (furniture, fixtures, office machines, vehicles, etc.) to be used by the external operation, indicating whether and from whom they are or will be purchased, leased, acquired under a hire purchase agreement or instalment sale, or otherwise. In the case of purchased premises and equipment, indicate the cost of the land, buildings or equipment, the cost of necessary improvements, how payment was made (whether in cash, by note payable, or other means), from whom purchased and whether the seller is or will be associated in any manner with the applicant or external operation. Include a copy of an appraisal prepared by an independent appraiser showing comparable data for similar sales which have occurred within the most recent 12-month period in the vicinity of the proposed operation. In the case of leased

premises and equipment, attach a copy of the actual or proposed lease agreement and particulars of the lessor/landlord, including whether the lessor/landlord is or will be associated in any manner with the applicant or external operation. Include a copy of an appraisal prepared by an independent appraiser showing comparable data for similar lease transactions which have occurred within the most recent 12-month period in the vicinity of the proposed operation.

6. Will any of the above premises or equipment be used by or subleased to persons other than the proposed external operation, or will any of the above premises or equipment be used for purposes other than the banking activities of the proposed external operation? Yes/No. If yes, provide full details.

7. Will any property or services acquired or used by the external operation be provided by or acquired from any director, executive officer, principal shareholder or associate of the applicant or any of its associates? Yes/No. If yes, provide full details, including a description of the property or service being acquired or used, the name/s of the person/s from whom acquired or who are providing the service/s, their relationship to the applicant, and the costs involved. Attach also a copy of the resolution/s passed by the Board of Directors of the applicant approving the details of the transaction/s.

8. Attach a list of the current executive officers of the applicant (indicating any changes from the list provided in the original application for registration of the applicant in form BK 1 and, if applicable, any list provided in an application for the acquisition of a significant interest in the applicant in form BK 3) and of the proposed executive officers of the proposed external operation. If the proposed external operation has its own board of directors, then include a list of the proposed board of directors of the operation. For every listed executive officer or director in respect of whom details were not previously provided under form BK 1 or BK 3, or in respect of whom developments materially affecting the details so provided have occurred, detailed information must be provided by or on behalf of each such person using Section II of form BK 1.

9. If the proposed external operation will not be wholly owned by the applicant, provide a list of any member or shareholder of the external operation holding 10% or more of the share capital of the external operation or of the voting rights of members of the external operation. For every listed member or shareholder in respect of whom details were not previously provided under form BK 1 or BK 3, or in respect of whom developments materially affecting the details so provided have occurred, detailed information must be provided by or on behalf of each such person using Section II or III, as the case may be, of form BK 1.

10. Provide any other information in connection with this application that may assist the Registrar and the Reserve Bank in fully evaluating the merits of this application.

Declaration

We, the undersigned chief executive officer and members of the Board of Directors of the banking institution submitting this application, do hereby certify that—

- (i) all information given in response to and in support of the questions and items in this application is true and correct to the best of our knowledge and belief;
- (ii) this application is made in good faith with the purpose and intent that the affairs and business of the applicant will at all times be honestly conducted in accordance with good and sound business principles and in full compliance with all applicable laws and lawful directives.

We further certify that to the best of our knowledge and belief there are no other facts or information relevant to this application of which the Registrar of Financial Institutions or the Reserve Bank of Zimbabwe should be aware, and we pledge to promptly inform the Registrar and the Reserve Bank of Zimbabwe of any changes material to this application which may arise while it is being considered by the Registrar and the Reserve Bank. We hereby authorise the Registrar and the Reserve Bank and any of its authorised staff to make an inquiry or obtain any information from any source for the purpose of determining the correctness of all representations made in connection with this application or of assessing its merits.

Chairman of the Board (print name)

Signature

Chief Executive Officer (print name)

Signature

Director (print name)

Signature

Director (print name)

Signature

Director (print name)

Signature

Director (print name)

Signature

Form BK 4

Form BK 4

ZIMBABWE

**BANKING ACT [Chapter 24:20]
BANKING REGULATIONS 2000 (Section 10)**

**APPLICATION FOR ESTABLISHMENT OF A REPRESENTATIVE OFFICE OF
A FOREIGN BANKING INSTITUTION**

Instructions on how to complete this form.

- Attach annexures wherever necessary.
- Do not leave any questions blank or unanswered: where necessary answer “Not applicable” or “Not known”.
- All responses in this form and all annexures shall be typewritten.

- Upon completion the original of this form and supporting annexures shall be submitted to:

The Registrar of Banking Institutions
Ministry of Finance
PO Box CY 7705
Causeway
Harare.

- A copy of this form and supporting annexures shall at the same time be submitted to:

Director, Supervision and Surveillance
Reserve Bank of Zimbabwe
PO Box 1283
Harare.

- All inquiries concerning this form should be directed to the Registrar of Banking Institutions.

1. State the name, address and telephone number of the person(s) who may be contacted regarding any questions in respect of this application:

2. Name, mailing address, primary business location and class (Commercial Bank/Accepting House/Discount House/Finance House) of the applicant foreign banking institution (“the applicant”):

3. Description of the banking activities to be engaged in or services to be offered by the proposed representative office:

4. Physical and mailing address of proposed representative office:

5. Describe the premises and equipment (furniture, fixtures, office machines, vehicles, etc.) to be used by the representative office, indicating whether and from whom they are or will be purchased, leased, acquired under a hire purchase agreement or instalment sale, or otherwise. In the case of purchased premises and equipment, indicate the cost of the land, buildings or equipment, the cost of necessary improvements, how payment was made (whether in cash, by note payable, or other means), from whom purchased and whether the seller is or will be associated in any manner with the applicant or representative office. Include a copy of an appraisal prepared by an independent appraiser showing comparable data for similar sales which have occurred within the most

recent 12-month period in the vicinity of the proposed representative office. In the case of leased premises and equipment, attach a copy of the actual or proposed lease agreement and particulars of the lessor/landlord, including whether the lessor/landlord is or will be associated in any manner with the applicant or representative office. Include a copy of an appraisal prepared by an independent appraiser showing comparable data for similar lease transactions which have occurred within the most recent 12-month period in the vicinity of the proposed representative office.

6. Will any of the above premises or equipment be used by or subleased to persons other than the proposed representative office, or will any of the above premises or equipment be used for purposes other than the banking activities of the proposed representative office? Yes/No. If yes, provide full details.

7. Will any property or services acquired or used by the representative office be provided by or acquired from any director, executive officer, principal shareholder or associate of the applicant or any of its associates? Yes/No. If yes, provide full details, including a description of the property or service being acquired or used, the name/s of the person/s from whom acquired or who are providing the service/s, their relationship to the applicant, and the costs involved. Attach also a copy of the resolution/s passed by the Board of Directors of the applicant approving the details of the transaction/s.

8. Attach a list of the executive officers of the proposed representative office. For every listed executive officer, detailed information must be provided by or on behalf of each such person using Section II of form BK 1.

9. If the proposed representative office will not be wholly owned by the applicant, provide a list of any member or shareholder of the representative office holding 10% or more of the share capital of the representative office or of the voting rights of members of the representative office.

10. Provide any other information in connection with this application that may assist the Registrar and the Reserve Bank in fully evaluating the merits of this application.

Declaration

We, the undersigned chief executive officer and members of the Board of Directors of the applicant, do hereby certify that—

(i) all information given in response to and in support of the questions and items in this application is true and correct to the best of our knowledge and belief;

(ii) this application is made in good faith with the purpose and intent that the affairs and business of the representative office of the applicant will at all times be honestly conducted in accordance with good and sound business principles and in full compliance with all applicable laws and lawful directives.

We further certify that to the best of our knowledge and belief there are no other facts or information relevant to this application of which the Registrar of Financial Institutions or the Reserve Bank of Zimbabwe should be aware, and we pledge to promptly inform the Registrar and the Reserve Bank of Zimbabwe of any changes material to this application which may arise while it is being considered by the Registrar and the Reserve Bank. We hereby authorise the Registrar and the Reserve Bank and any of its authorised staff to make an inquiry or obtain any information from any source for the purpose of determining the correctness of all representations made in connection with this application or of assessing its merits.

Chairman of the Board (print name)

Signature
Chief Executive Officer (print name)

Signature
Director (print name)

Signature
Director (print name)

Signature
Director (print name)

Signature
Director (print name)

Signature

Form BK 5

Form BK 5

ZIMBABWE

**BANKING ACT [Chapter 24:20]
BANKING REGULATIONS 2000 (Section 17)**

**MONTHLY STATEMENT OF—
(a) LIABILITIES TO THE PUBLIC
(b) LIQUID ASSETS
OF A COMMERCIAL BANK IN ZIMBABWE**

Reporting commercial bank:
Return for the month ending:

I. LIABILITIES TO THE PUBLIC

1. Demand deposits
2. Savings deposits
3. Time deposits
4. Bills payable

TOTAL LIABILITIES TO THE PUBLIC

II. LIABILITIES TO THE PUBLIC AT THE END OF PREVIOUS MONTH

III. LIQUID ASSETS

1. In Zimbabwe—
 - (a) notes and coin in the currency of Zimbabwe
 - (b) money at call with any registered banking institution in Zimbabwe

- (c) balances with the Reserve Bank excluding the minimum reserve balance referred to in section 30 of the Act
 - (d) Treasury bills issued by the State
 - (e) bills of exchange accepted and payable at any place in Zimbabwe, and eligible for discount by the Reserve Bank
 - (f) NCDs purchased
 - (g) local registered securities which are issued or guaranteed by the State or issued by a municipality, and which are quoted in the official list of the Zimbabwe Stock Exchange, having a final maturity date of not more than 6 years (at current prices)
- 2. External—
 - balances at any bank approved by the Registrar carrying on banking business outside Zimbabwe which are withdrawable or repayable on demand
 - Less:
 - balances due to banks carrying on banking business outside Zimbabwe
- Net total external liquid assets (insert NIL if total is negative)

SUMMARY OF LIQUID ASSETS—

- 1. In Zimbabwe
- 2. External

TOTAL LIQUID ASSETS

Total liquid assets as a percentage of the total liabilities to the public
Total liquid assets (as stated above) as a percentage of the total liabilities to the public at the end of the previous month (minimum ratio: 10%)

DATE:

CHIEF ACCOUNTING OFFICER

CHIEF EXECUTIVE OFFICER

Form BK 6

Form BK 6

ZIMBABWE

**BANKING ACT [Chapter 24:20]
BANKING REGULATIONS 2000 (Section 17)**

**MONTHLY STATEMENT OF—
(a) LIABILITIES TO THE PUBLIC
(b) LIQUID ASSETS
OF AN ACCEPTING HOUSE IN ZIMBABWE**

Reporting accepting house:
Return for the month ending:

I. LIABILITIES TO THE PUBLIC

1. Demand deposits
2. Time deposits

TOTAL LIABILITIES TO THE PUBLIC

II. LIABILITIES TO THE PUBLIC AT THE END OF PREVIOUS MONTH

III. LIQUID ASSETS

1. In Zimbabwe—
 - (a) notes and coin in the currency of Zimbabwe
 - (b) notes and coin in any major traded foreign currency held in Zimbabwe

 - (c) money at call with any registered banking institution in Zimbabwe
 - (d) balances with the Reserve Bank excluding the minimum reserve balance referred to in section 30 of the Act
 - (e) Treasury bills issued by the State
 - (f) bills of exchange accepted and payable at any place in Zimbabwe, and eligible for discount by the Reserve Bank
 - (g) NCDs purchased
 - (h) local registered securities which are issued or guaranteed by the State or issued by a municipality, and which are quoted in the official list of the Zimbabwe Stock Exchange, having a final maturity date of not more than 6 years (at current prices).

2. External—
 - balances at any bank approved by the Registrar carrying on banking business outside Zimbabwe which are withdrawable or repayable on demand
 - Less:
 - balances due to banks carrying on banking business outside Zimbabwe

Net total external liquid assets (insert NIL if total is negative)

SUMMARY OF LIQUID ASSETS—

1. In Zimbabwe
2. External

TOTAL LIQUID ASSETS

Total liquid assets as a percentage of the total liabilities to the public
Total liquid assets (as stated above) as a percentage of the total liabilities to the public at the end of the previous month (minimum ratio: 10%)

DATE:

CHIEF ACCOUNTING OFFICER

CHIEF EXECUTIVE OFFICER

Form BK 7

Form BK 7

ZIMBABWE

**BANKING ACT [Chapter 24:20]
BANKING REGULATIONS 2000 (Section 17)**

**MONTHLY STATEMENT OF—
(a) LIABILITIES TO THE PUBLIC
(b) LIQUID ASSETS
OF A FINANCE HOUSE IN ZIMBABWE**

Reporting finance house:

Return for the month ending:

I. LIABILITIES TO THE PUBLIC

1. Deposits repayable
 - (a) within 30 days
 - (b) after 30 days but within 6 months
 - (c) after 6 months but within 12 months
 - (d) after 12 months
2. Other assets

TOTAL LIABILITIES TO THE PUBLIC

II. LIABILITIES TO THE PUBLIC AT THE END OF PREVIOUS MONTH

III. LIQUID ASSETS

1. In Zimbabwe—
 - (a) notes and coin in the currency of Zimbabwe
 - (b) notes and coin in any major traded foreign currency held in Zimbabwe
 - (c) money at call with any registered banking institution in Zimbabwe
 - (d) balances with the Reserve Bank excluding the minimum reserve balance referred to in section 30 of the Act
 - (e) bills of exchange accepted and payable at any place in Zimbabwe, and eligible for discount by the Reserve Bank
 - (f) Treasury bills issued by the State
 - (g) NCDs purchased
 - (h) local registered securities which are issued or guaranteed by the State or issued by a municipality, and which are quoted in the official list of the Zimbabwe Stock Exchange, having a final maturity date of not more than 6 years (at current prices).

TOTAL LIQUID ASSETS

Total liquid assets as a percentage of the total liabilities to the public

Total liquid assets (as stated above) as a percentage of the total liabilities to the public at the end of the previous month (minimum ratio: 10%)

DATE:

CHIEF ACCOUNTING OFFICER

CHIEF EXECUTIVE OFFICER

Form BK 8

Form BK 8

ZIMBABWE

BANKING ACT [Chapter 24:20]

BANKING REGULATIONS 2000 (Section 18)

MONTHLY STATEMENT OF ASSETS AND LIABILITIES OF BANKING INSTITUTION

Reporting institution:

Date to which this return refers:

Assets Statement in terms of section 38 (1) of the Act (not for publication) Summary for display in terms of section 39 (1) of the Act

1. Notes and Coin
2. Balances with the Reserve Bank of Zimbabwe
 - 2.1: Statutory reserves
 - 2.2: Clearing balances
 - 2.3: Current account
 - 2.4: Foreign currency balances
3. Balances with Deposit Money Banks
 - 3.1: Commercial banks—
 - 3.1.1: Clearing balances
 - 3.1.2: Other
 - 3.2: Accepting houses
 - 3.3: Discount houses
4. Balances with Other Banking or Deposit Taking Institutions
 - 4.1: Finance houses
 - 4.2: Building societies

- 4.3: Peoples Own Savings Bank
- 5. Assets in transit with branches
- 6. Money at call with Deposit Money Banks
 - 6.1: Commercial banks
 - 6.2: Accepting houses
 - 6.3: Discount houses
- 7. Balances with Other Banking or Deposit Taking Institutions
 - 7.1: Finance houses
 - 7.2: Building societies
 - 7.3: Peoples Own Savings Bank
- 8. Foreign Claims
 - 8.1: Notes and Coin
 - 8.2: Balances with banks abroad—
 - 8.2.1: Head Office
 - 8.2.2: Banks in UK
 - 8.2.3: Banks in RSA
 - 8.2.4: Banks in USA
 - 8.2.5: Banks in Zambia
 - 8.2.6: Banks in Malawi
 - 8.2.7: Banks in Botswana
 - 8.2.8: Banks in Western Europe
 - 8.2.9: Banks in other countries
 - 8.3: Foreign Travellers' Cheques
 - 8.4: Other
- 9. Claims on Central Government
 - 9.1: Stocks (at book value)—
 - 9.2.1: Liquid
 - 9.2.2: Non-liquid
 - 9.2: Bonds
 - 9.3: Treasury Bills
 - 9.4: Loans and advances—
 - 9.4.1: Ministries
 - 9.4.2: Departments
 - 9.4.3: Schools and Colleges
 - 9.4.4: Other
 - 9.5: Reserve Bank of Zimbabwe Bills
- 10. Claims on Central Government
 - 10.1: Municipal Stock—
 - 10.1.1: Harare
 - 10.1.2: Bulawayo
 - 10.1.3: Other
 - 10.2: Loans and advances
 - 10.3: Mortgage advances
 - 10.4: Hire purchase
 - 10.5: Leasing
 - 10.6: Other

- 11. Claims on Non-Financial Public Enterprises
 - 11.1: ZESA stock
 - 11.2: Mortgage advances—
 - 11.3: Hire purchase
 - 11.4: Leasing
 - 11.5: Other claims
 - 11.6: Other loans and advances
- 12. Claims on Financial Public Enterprises
 - 12.1: Loans and advances—
 - 12.1.1: Agribank
 - 12.1.2: Small Enterprises Development Corporation
 - 12.1.3: Industrial Development Corporation
 - 12.1.4: Other
 - 12.2: Hire Purchase—
 - 12.2.1: Agribank
 - 12.2.2: Small Enterprises Development Corporation
 - 12.2.3: Industrial Development Corporation
 - 12.2.4: Other
 - 12.3: Lease Hire—
 - 12.3.1: Agribank
 - 12.3.2: Small Enterprises Development Corporation
 - 12.3.3: Industrial Development Corporation
 - 12.3.4: Other
 - 12.4: Mortgage Advances
 - 12.5: Other—
 - 12.5.1: Agribank
 - 12.5.2: Small Enterprises Development Corporation
 - 12.5.3: Industrial Development Corporation
 - 12.5.4: Other
- 13. Claims on Other Financial Institutions
 - 13.1: Loans and advances
 - 13.2: Hire Purchase
 - 13.3: Leasing
 - 13.4: Mortgage Advances
 - 13.5: Other
- 14. Claims on Private Sector
 - 14.1: Bills of exchange—
 - 14.1.1: Bills discounted—
 - 14.1.1.1: internal financing
 - 14.1.1.2: international trade financing
 - 14.1.2: Bills receivable—
 - 14.1.2.1: internal financing
 - 14.1.2.2: international trade financing
 - 14.1.3: Acceptances purchased—
 - 14.1.3.1: internal financing
 - 14.1.3.2: international trade financing

- 14.2: Loans and advances—
 - 14.2.1: Individuals
 - 14.2.2: Corporate bodies
- 14.3: Other Investments
- 14.4: Claims financed by offshore borrowing—
 - 14.4.1: Bank's own borrowing
 - 14.4.2: Bank's borrowing on behalf of customers
- 14.5: Commercial paper
- 14.6: Hire purchase—
 - 14.6.1: Individuals
 - 14.6.2: Corporate bodies
- 14.7: Leasing—
 - 14.7.1: Individuals
 - 14.7.2: Corporate bodies
- 14.8: Mortgage advances—
 - 14.8.1: Residential low (define)
 - 14.8.2: Residential other
- 14.9: Mortgage advances—
 - 14.9.1: Commercial
 - 14.9.2: Industrial
- 15. Negotiable Certificates of Deposit Holdings Issued by Deposit Money Banks
 - 15.1: Commercial banks—
 - 15.1.1: 30 days and under
 - 15.1.2: Over 30 days to 2 years
 - 15.1.3: Over 2 years
 - 15.2: Accepting houses—
 - 15.2.1: 30 days and under
 - 15.2.2: Over 30 days to 2 years
 - 15.2.3: Over 2 years
 - 15.3: Discount houses—
 - 15.3.1: 30 days and under
 - 15.3.2: Over 30 days to 2 years
 - 15.3.3: Over 2 years
- 16. Negotiable Certificates of Deposit Holdings Issued by Other Banking Institutions
 - 16.1: Finance houses—
 - 16.1.1: 30 days and under
 - 16.1.2: Over 30 days to 2 years
 - 16.1.3: Over 2 years
 - 16.2: Building societies—
 - 16.2.1: 30 days and under
 - 16.2.2: Over 30 days to 2 years
 - 16.2.3: Over 2 years
 - 16.3: Peoples Own Savings Bank—
 - 16.3.1: 30 days and under
 - 16.3.2: Over 30 days to 2 years
 - 16.3.3: Over 2 years

17. Fixed assets
 - 17.1: Land and Buildings
 - 17.2: Furniture, fittings and equipment
 - 17.3: Vehicles
18. Other assets
(Please list all items and attach as an appendix)
Total Assets.....
19. Contingent assets and off-balance sheet items
 - 19.1: Undrawn Offshore Facilities—
 - 19.1.1: Bank's own borrowing
 - 19.1.2: Bank's borrowing on behalf of customers
 - 19.2: Undrawn loans and advance facilities—
 - 19.2.1: Individuals
 - 19.2.2: Corporate bodies
 - 19.3: Guarantees—
 - 19.3.1: Domestic
 - 19.3.2: Offshore
 - 19.4: Commercial paper issued and endorsed
 - 19.5: Commercial paper issued and not endorsed
20. Demand Deposits
 - 20.1: Private—
 - 20.1.1: Individuals—
 - 20.1.2: Corporate bodies
 - 20.1.3: Non-resident non-transferable
 - 20.1.4: Non-resident transferable
 - 20.2: Deposit Money Banks
 - 20.3: Other Banking Institutions
 - 20.4: Other Financial Institutions
 - 20.5: Government
 - 20.6: Local authorities
 - 20.7: Non-financial public enterprises
 - 20.8: Financial public enterprises
21. Savings Deposits
 - 21.1: Private—
 - 21.1.1: Individuals
 - 21.1.2: Corporate bodies
 - 21.1.3: Non-resident non-transferable
 - 21.1.4: Non-resident transferable
 - 21.2: Deposit Money Banks
 - 21.3: Other Banking Institutions
 - 21.4: Other Financial Institutions
 - 21.5: Government
 - 21.6: Local authorities
 - 21.7: Non-financial public enterprises
 - 21.8: Financial public enterprises
22. Time Deposits

- 22.1: Private—
 - 22.1.1: Individuals—
 - 22.1.1.1: 30 days and under
 - 22.1.1.2: Over 30 days to 2 years
 - 22.1.1.3: Over 2 years
 - 22.1.2: Corporate bodies—
 - 22.1.2.1: 30 days and under
 - 22.1.2.2: Over 30 days to 2 years
 - 22.1.2.3: Over 2 years
 - 22.1.3: Non-resident non-transferable—
 - 22.1.3.1: 30 days and under
 - 22.1.3.2: Over 30 days to 2 years
 - 22.1.3.3: Over 2 years
 - 22.1.4: Non-resident transferable—
 - 22.1.4.1: 30 days and under
 - 22.1.4.2: Over 30 days to 2 years
 - 22.1.4.3: Over 2 years
- 22.2: Deposit Money Banks—
 - 22.2.1: 30 days and under
 - 22.2.2: Over 30 days to 2 years
 - 22.2.3: Over 2 years
- 22.3: Other Banking Institutions—
 - 22.3.1: 30 days and under
 - 22.3.2: Over 30 days to 2 years
 - 22.3.3: Over 2 years
- 22.4: Other Financial Institutions—
 - 22.4.1: 30 days and under
 - 22.4.2: Over 30 days to 2 years
 - 22.4.3: Over 2 years
- 22.5: Government—
 - 22.5.1: 30 days and under
 - 22.5.2: Over 30 days to 2 years
 - 22.5.3: Over 2 years
- 22.6: Non-financial public enterprises—
 - 22.6.1: 30 days and under
 - 22.6.2: Over 30 days to 2 years
 - 22.6.3: Over 2 years
- 22.7: Financial public enterprises—
 - 22.7.1: 30 days and under
 - 22.7.2: Over 30 days to 2 years
 - 22.7.3: Over 2 years
- 22.8: Local authorities—
 - 22.8.1: 30 days and under
 - 22.8.2: Over 30 days to 2 years
 - 22.8.3: Over 2 years
- 23. Foreign Currency Deposits

- 23.1: Private—
 - 23.1.1: Demand
 - 23.1.2: Savings
 - 23.1.3: Time—
 - 23.1.3.1: 30 days and under
 - 23.1.3.2: Over 30 days to 2 years
 - 23.1.3.3: Over 2 years
- 23.2: Public enterprises—
 - 23.2.1: Demand
 - 23.2.2: Savings
 - 23.2.3: Time—
 - 23.2.3.1: 30 days and under
 - 23.2.3.2: Over 30 days to 2 years
 - 23.2.3.3: Over 2 years
- 23.3: Non-resident—
 - 23.3.1: Demand
 - 23.3.2: Savings
 - 23.3.3: Time—
 - 23.3.3.1: 30 days and under
 - 23.3.3.2: Over 30 days to 2 years
 - 23.3.3.3: Over 2 years
- 24. Negotiable Certificates of Deposit Payable in:
 - 24.1.1: 30 days and under
 - 24.1.2: Over 30 days to 2 years
 - 24.1.3: Over 2 years
- 25. Share capital
 - 25.1: Permanent Class B
 - 25.2: Tax Free Class C
 - 25.3: Fixed Period
 - 25.4: Subscription
 - 25.5: Accrued dividends
- 26. Amounts Owing to the Reserve Bank of Zimbabwe
 - 26.1: Accommodation
 - 26.2: Bills
 - 26.3: Loans and advances
 - 26.4: Other
- 27. Amounts Owing to Deposit Money Banks
 - 27.1: Commercial banks—
 - 27.1.1: Clearing balances
 - 27.1.2: Other
 - 27.2: Accepting houses
 - 27.3: Discount houses
- 28. Amounts Owing to Other Banking or Deposit Taking Institutions
 - 28.1: Finance houses
 - 28.2: Building societies
 - 28.3: Peoples Own Savings Bank

29. Amounts Owing to Other Financial Institutions
 30. Clearing Balances with the Reserve Bank of Zimbabwe
 31. Amounts Owing to Branches
 32. Foreign Liabilities
 - 32.1: Head Office
 - 32.2: Other banks in—
 - 32.2.1: UK
 - 32.2.2: RSA
 - 32.2.3: USA
 - 32.2.4: Zambia
 - 32.2.5: Malawi
 - 32.2.6: Botswana
 - 32.2.7: Western Europe
 - 32.2.8: Other countries
 - 32.3: Foreign Travellers' Cheques
 - 32.4: Other Investments
 - 32.5: Offshore borrowing—
 - 32.5.1: Bank's own borrowing
 - 32.5.2: Bank's borrowing on behalf of customers
 33. Bills Payable
 34. Capital and Reserves
 - 34.1: Paid up equity capital—
 - 34.1.1: Internal
 - 34.1.2: External
 - 34.2: Ordinary shares
 - 34.3: Preference shares
 - 34.4: Share premium
 - 34.5: Other paid up equity capital—
 - 34.5.1: Internal
 - 34.5.2: External
 - 34.6: Reserves, reserve funds and unappropriated profits—
 - 34.6.1: Revaluation reserves
 - 34.6.2: Retained earnings
 - 34.6.3: Net income/loss
 35. Creditors and provisions
 - 35.1: Sundry creditors
 - 35.2: Other provisions
 36. Subordinated term debt
 37. Other liabilities
- (Please list all items and attach as an appendix)
- Total Liabilities
39. Contingent liabilities and off-balance sheet items
 - 39.1: Undrawn Offshore Facilities—
 - 39.1.1: Bank's own borrowing
 - 39.1.2: Bank's borrowing on behalf of customers
 - 39.2: Undrawn loans and advance facilities—

- 39.2.1: Individuals
- 39.2.2: Corporate bodies
- 39.3: Other contingent liabilities—
 - 39.3.1: Domestic
 - 39.3.2: Offshore
- 39.4: Acceptances
- 39.5: Commercial paper issued and endorsed
- 39.6: Commercial paper issued and not endorsed
- 39.7: Buy-backs
- 19.6: Buy-backs Z\$ Z\$

Form BSD 1

Form BSD 1

RESERVE BANK OF ZIMBABWE

BANKING SUPERVISION DEPARTMENT

QUARTERLY REPORT OF PERFORMANCE AND CONDITION OF BANKING INSTITUTION

Reporting institution:

As at:

I certify that figures in this return, submitted to the Reserve Bank of Zimbabwe for the quarter ending on this reporting date, represent a true view of the banking institution's position. I undertake that if there are further material facts affecting the institution's affairs which, in my judgment, should be disclosed, I will send a letter under sealed cover setting out these to the attention of the Banking Supervision Department, Reserve Bank of Zimbabwe.

I confirm that I have read the relevant reporting instructions issued by Banking Supervision, including the capital adequacy guidelines, and this return has been completed in accordance with them.

Summary Indicators

- (i) Total Tier 1 Capital \$
- (ii) Total Tier 2 Capital \$
- (iii) Total Net Capital \$
- (iv) Total Risk Weighted Assets (TRWA) \$
- (v) Tier 1 Capital Ratio %
- (vi) Capital Adequacy Ratio (Total Capital Ratio) %

Name and signature of Chief Executive Officer

In the event of a query, Banking Supervision may contact:—

Name Telephone No. Extension

Return form within fourteen (14) days of reporting date to:—

The Chief Inspector
Reserve Bank of Zimbabwe
Banking Supervision Department
Samora Machel Avenue
Harare

I. REPORT OF INCOME AND EXPENSES

Schedule RI: Income Statement

Income and Expenses

1. Interest Income (Total)
 - (i) Interest and fee income on loans and leases (Total)
 - (a) Mortgage loans
 - (b) Agricultural loans
 - (c) Commercial and Industrial loans
 - (d) Individual and household loans
 - (e) Hire purchase
 - (f) Leasing
 - (g) Factoring debtors
 - (h) All other loans
 - (ii) Interest income on balances with other banks (Total)
 - (a) Domestic banks
 - (b) Banks abroad
 - (iii) Income on investment and securities (Total)
 - (a) Local registered stock
 - (b) Treasury bills
 - (c) Call money
 - (d) Inter-bank loans
 - (e) All other investments
 - (iv) All other interest income

2. Interest Expense (Total)
 - (i) Interest expense on deposit accounts (Total)
 - (a) Demand
 - (b) Savings
 - (c) Time
 - (ii) Interest expense on inter-bank loans
 - (iii) Interest expense on other borrowed funds

3. Net Interest Income (item 1 minus item 2)
4. Total provisions
 - (i) Specific
 - (ii) General (ties to Sch. RI-B)
5. Non-interest Income (Total)
 - (i) Fees and commission
 - (ii) Foreign Exchange

- (a) Fees from foreign exchange transactions
- (b) Profit/(loss) from foreign exchange dealing
- (iii) All other non-interest income
- 6. Non-interest Expenses (Total)
 - (i) Salaries and employee benefits
 - (ii) Occupancy (net of rental income)
 - (iii) Depreciation
 - (iv) All other non-interest expenses
- 7. Net Non-interest Income (item 5 minus item 6)
- 8. Income (loss) before taxes and extraordinary items
- 9. Taxation
- 10. Income (loss) after taxes before extraordinary items (item 8 minus item 9)

- 11. Extraordinary items
- 12. Net Income (loss)
- 13. Provision for dividends
- 14. Retained earnings

Supporting Schedules

SCHEDULE RI-A: CHANGES IN CAPITAL

- 1. Capital at beginning of period
- 2. Retained earnings (must equal item 14 Sch. R1)
- 3. Sale of shares
- 4. Other changes in capital accounts
- 5. Total capital at end of period

Supporting Schedules

SCHEDULE RI-B: PROVISIONS AGAINST BAD AND DOUBTFUL DEBTS

SPECIFIC PROVISIONS:—

- 1. Balance at the beginning of period
- 2. Net recoveries/(write-offs)

Recoveries	Write-offs
(a) Mortgage loans	
(b) Agricultural loans	
(c) Commercial and Industrial loans	
(d) Individual and household loans	
(e) Hire purchase	
(f) Leasing	
(g) Factoring debtors	
(h) All other loans	

3. New specific provisions (i.e. change to p/l and/or transfer from general reserves)
4. Balance at end of period

general **PROVISIONS:**—

5. Balance at beginning of period
6. Change to p/l a/c for new general provisions (ties to Sch. RI)
7. Transfer to specific provisions account
8. Balance at end of period
9. Total provisions

II. REPORT OF CONDITION

A. Asset Quality

Schedule RC-A: Loans and Leases:-

1. Mortgage loans
2. Agricultural loans
3. Commercial and Industrial loans
4. Individual and household loans
5. Hire purchase
6. Leasing
7. Factoring debtors
8. All other loans
9. LESS total provisions (General & Specific)
10. Net loans and leases

Schedule RC-B: Past Due and Nonaccrual Loans, Leases and other assets:

A

Past due 30-89 days B

Past due 90 days or more and still accruing C

Non-accrual

1. Mortgage loans
2. Agricultural loans
3. Commercial and Industrial loans
4. Individual and household loans
5. Hire purchase
6. Leasing
7. Factoring debtors
8. All other loans
9. Total

Schedule RC-C: Classification of Assets:-

A

Special Mention B

Sub-standard C

Doubtful D

Loss

1. Mortgage loans
2. Agricultural loans
3. Commercial and Industrial loans
4. Individual and household loans
5. Hire purchase
6. Leasing
7. Factoring debtors
8. All other loans
9. Total

Schedule RC-D: Memoranda

1. Extensions of credit to insiders, their relatives and related interests:
 - a. Aggregate amount of all advances of credit to insiders their relatives and related interests
 - b. Number of borrowers represented by the above total, distinguishing between insiders on the one hand and their relatives and related interests on the other
2. Concentrations of credit:
 - a. Aggregate amount of all lines of credit to individual borrowers or groups of related borrowers, which individually exceed 10% of total capital
 - b. Number of concentrations of credit represented by the above total
 - c. Attach a list of all concentrations of credit which individually exceed 25% of total capital
(Show name of borrower, limit and level of utilisation, % of capital and breakdown of total facility by type)
3. Ten largest exposures:

Customer	Maturity Date	Total Amount	Of which on balance sheet	Comments
----------	---------------	--------------	---------------------------	----------

(list in descending order 1-10)

TOTAL

4. Ten largest depositors:

Customer	Maturity Date	Total Amount
----------	---------------	--------------

(list in descending order 1-10)

TOTAL

5. Investments in unconsolidated subsidiaries and associated companies:
(list in descending order a ,b c ,etc.)

B. Capital Adequacy

1. Leverage Ratio:—
 - 1.1 Ordinary Paid-up Share Capital
 - 1.2 Paid-up Non-cumulative Irredeemable Preference Shares
 - 1.3 Share Premium
 - 1.4 Retained Earnings- Prior years
 - 1.5 Retained Earnings- Current year (ties to Sch. RI)
 - 1.6 Less: Investment in unconsolidated banking subsidiaries

Goodwill

- 1.7 Total capital (A)
- 1.8 Total assets- Book amount
- 1.9 Add: Allowances for loan losses (general)
- 1.10 Less: Revaluation reserves (fixed assets)
- 1.11 Total assets (adjusted) (B)
- 1.12 Leverage ratio (A divided by B) %

2.1. Risk-Based Capital Ratios:—

- 2.1.1 Ordinary Paid-up Share Capital
- 2.1.2 Paid-up Non-cumulative Irredeemable Preference Shares
- 2.1.3 Share Premium
- 2.1.4 Retained Earnings- Prior years
- 2.1.5 Retained Earnings- Current year (ties to Sch. RI)
- 2.1.6 Minority interest in subsidiaries
- 2.1.7 Gross Tier 1 Capital
- 2.1.8 Less: Goodwill
- 2.1.9 Tier 1 Capital (C)
- 2.1.10 Revaluation reserves
- 2.1.11 Subordinated term debt
- 2.1.12 General provisions
- 2.1.13 Unsecured & fully paid-up cumulative irredeemable preference shares
- 2.1.14 Other hybrid (debt/equity) capital instruments
- 2.1.15 Minority interests in Tier 2 Capital
- 2.1.16 Hidden reserves agreed by Banking Supervision
- 2.1.17 Other (Specify)
- 2.1.18 Tier 2 Capital
- 2.1.19 Sub-Total
- 2.1.20 Less: Investments in unconsolidated banking subsidiaries
- 2.1.21 Lendings of a capital nature to subsidiaries
- 2.1.22 Encumbered Assets
- 2.1.23 Total Capital (D)

2.2. Risk-Based Assets:—

On-Balance Sheet Assets Book amount Risk Weight Risk-adjusted amount

- 2.2.1. Notes and Coin (Cash) 0%
- 2.2.2. Balances with the Reserve Bank of Zimbabwe 0%
- 2.2.3. Claims on or guaranteed by Government 0%
- 2.2.4. Claims secured by cash 0%
- 2.2.5. Claims on OECD Governments 0%
- 2.2.6. Claims on or secured by regional Govern-ments (RBZ list) 0%
- 2.2.7. Claims on or secured by other regional Governments 20%
- 2.2.8. Claims on banking institutions 20%
- 2.2.9. Claims on other local financial entities 20%
- 2.2.10. Claims on parastatals 20%

2.2.11	Assets in transit	20%
2.2.12	Claims on local authorities within Zimbabwe or on RBZ list	20%
2.2.13	Claims on multilateral institutions listed by RBZ	20%
2.2.14	Claims on other local authorities	50%
2.2.15	Mortgage loans— residential	50%
2.2.16	Mortgage loans— other	50%
2.2.17	Claims on commercialised parastatals	100%
2.2.18	Claims on other multilateral institutions	100%
2.2.19	Claims on private sector (Total)	100%
2.2.20	Acceptances, endorsements, etc.	100%
2.2.21	All other assets	100%

Off-Balance Sheet Assets	Book amount	Conversion factor	Converted amount
Risk weight	Weighted amount		
2.2.22	Guarantees—		
	performance-related (list individually)	50%	
	lending-related (list individually)	100%	
2.2.23	Underwriting commitments (list individually)	50%	
2.2.24	Letters of credit (list individually)	20%	
2.2.25	Commitments to lend—		
	for facilities of less than a year	0%	
	for facilities of more than a year (list individually)	50%	
2.2.26	Forward exchange contracts (list individually)	2%	
2.2.27	Other contingent liabilities (list individually)	100%	
2.2.28	Total risk-weighted assets (TRWA)		
	TIER 1 risk-based capital ratio (C divided by E)		
	TOTAL (T1 & 2) risk-based ratio (D divided by E)		

C. Liquidity

1. Available Liquid Assets
 - 1.1 Notes and Coin
 - 1.2 Balances with the RBZ
 - 1.3 Balances with Domestic Banks
 - 1.4 Balances with Offshore Banks
 - 1.5 Treasury Bills issued by the Government of Zimbabwe
 - 1.6 Bills of exchange eligible for discount
 - 1.7 Quoted local registered securities issued or guaranteed by the Government with a maturity of up to 6 years (at current market price)
 - 1.8 Negotiable certificates of deposit
 - 1.9 Other liquid assets
 - 1.10 NET LIQUID ASSETS (A)
2. Total Deposits and Short-term Liabilities (B)
 - 2.1 Total deposits

- 2.2 Other liabilities and debt due in one year or less .
- 3. Prudential Liquidity Ratio (a divided by b) %

Maturity Analysis

Cash outflows

- | | 0-30 days | 0-90 days | 0-180 days | 0-360 days |
|--|-----------|-----------|------------|------------|
| 1. Deposit liabilities | | | | |
| 1.1 Zimbabwe banking institutions | | | | |
| 1.2 External banks | | | | |
| 1.3 Non-banking sector | | | | |
| 1.4 Certificates of deposit & other short-term paper | | | | |
| 2. Loans | | | | |
| 2.1 Granted by Zimbabwe banking institutions | | | | |
| 2.2 Granted by external banks | | | | |
| 3. All other liabilities | | | | |
| 4. Commitments to lend | | | | |
| 5. Contingent liabilities | | | | |
| 6. Interest payable | | | | |

Total outflows (A)

Cash outflows

- 7. Deposits
 - 7.1 Placed with Zimbabwe banking institutions
 - 7.2 Placed with external banks
- 8. Bills
 - 8.1 Treasury bills
 - 8.2 Bills of exchange
 - 8.3 Other bills
- 9. Loans and advances to:
 - 9.1 Banking sector
 - 9.2 External banks
 - 9.3 Non-banking sector
- 10. Investments
 - 10.1 Zimbabwe Government stocks and bonds
 - 10.2 Other stocks and bonds
 - 10.3 Other investments
- 11. All other assets
- 12. Established lines of credit
- 13. Interest receivable

Total Inflows (B)

Net Inflows (Outflows) [B minus A]

D. Interest Rate Sensitivity

Assets subject to interest rate adjustment within the following time horizons: 3
 months 6 months 12 months

Loans and leases:-

- Fixed rate fixed maturity
- Floating rate by repricing interval
- Scheduled payments due on all other loans

Securities:-

- Fixed rate fixed maturity
- Floating rate by repricing interval

Interest-bearing balances

Interbank loans

Other

Total rate sensitive assets (RSA) (A)

Liabilities subject to interest rate adjustment:-

Demand deposits

Savings deposits

Time deposits

Other borrowings

Long-term debt

Other

Total rate sensitive liabilities (RSL) (B)

Net position of assets/(liabilities) (A minus B)-Gap

Net position as a percent of total assets (C divided by Total Assets)

Interest rate sensitivity ratio (%)- (A/B x 100)

Provide a list of significant off-balance sheet activities that the banking institution uses for hedging purposes

Form BSD 2

Form BSD 2

FOREIGN CURRENCY EXPOSURE OF BANKING INSTITUTION (Banking Regulations, 2000, Third Schedule, paragraph 8)

Reporting institution:

Capital base as at (specify date and amount):

Analysis by Currency 1. Gross Spot Claims 2. Gross Spot Liabilities 3. Net Spot Claims (Col. 1 minus Col. 2) 4. Net Forward Purchases 5. Known Net Future Income/ (Expenses) not included in Col. 4 6. Other Net Purchases (Sales) 7.

Adjustment for profit & Loss & specific provision account 8. Net Long 9. Net Short

10. Net Long/ Capital

% 11. Net Short/ Capital

%

US Dollar USD

British Sterling GBP

South African Rand ZAR

German Mark DEM

Swiss Franc CJF

Italian Lire LIT

French Franc FFR

Japanese Yen YEN

Netherlands Guilders NLG

Canadian Dollar CAD

Australian Shillings AUS

Danish KronerDKR

Swedish Kroner SWK

Norwegian Kroner NKR

Belgian Francs BFR

Portuguese Escudo PES

Spanesh Peseta SPP

Botswana PulaBOP

(a), (b)

TOTALS

(a) Enter here other major traded currencies not separately specified above (b) Enter here other currencies traded (c) In columns 10 & 11, express the net long & net short positions as a percentage of capital (not to exceed 10% of capital base) (d) The overall net position

for all currencies should not exceed 20% of capital base (e) Where the limits of 10% or 20% are exceeded, type in an explanatory note below this return giving details pertaining to: foreign currency amount, name of client & value date (where applicable) & the action the bank is taking to regularise the situation Local Currency Equivalent

Aggregate of net long or short positions

Third Schedule (Section 15)

ADDITIONAL FINANCIAL REQUIREMENTS TO BE COMPLIED WITH BY BANKING INSTITUTIONS

Part I

CAPITAL ADEQUACY OF BANKING INSTITUTIONS

Interpretation in Part I

1. In this Part—

“capital base” or “total capital” means the net capital of a banking institution arrived at by deducting from its gross capital any—

(a) investments in or lendings of a capital nature to subsidiaries engaged in banking and financial activities which are not consolidated;

(b) encumbered assets, that is, those funds acquired by using the bank’s capital funds which have subsequently been pledged as collateral for borrowings or are encumbered by any caveats rendering them unavailable to meet losses arising from the institution’s operations;

“conversion factor” means a factor fixed by the Reserve Bank under its prudential guidelines issued to banking institutions from time to time for the purpose of bringing any class of off-balance sheet asset to its on-balance sheet equivalent;

“core capital” (or “tier 1 capital”) means capital representing a permanent commitment of funds by the shareholders of the banking institution (net of any loans and advances given to an insider as defined in section 16 (1)) which is available to meet losses incurred without imposing a fixed unavoidable charge on the institution’s earnings, and includes such of the following elements as are available to the institution after making any required deductions—

(a) issued and fully paid up ordinary shares or common stock;

(b) paid up non-cumulative irredeemable preference shares;

(c) reserves consisting of —

(i) non-repayable share premiums;

(ii) disclosed reserves created by a charge to net income in the financial year immediately preceding the current one;

(iii) published retained earnings for the current year, including interim earnings, where these have been verified by external auditors;

(d) minority interests in subsidiaries arising on consolidation;

“core risk-based capital ratio” means the ratio of core capital to total risk-based assets;

“gross capital” means the sum of the core capital and supplementary capital of a banking institution;

“leverage capital ratio” means the ratio of core capital to total assets;

“required deductions”, in relation to core capital, means the following deductions required to be made from core capital where they arise—

- (a) the current financial year’s unpublished losses;
- (b) goodwill;
- (c) equity funded through the capitalisation of revaluation reserves;

“risk-based assets” means assets in respect of which a risk weight Part is applied;

“risk weight” means a risk weight assigned by the Reserve Bank to any class of asset under the Reserve Bank’s prudential guidelines issued to banking institutions from time to time;

“supplementary capital” (or “tier 2 capital”) means capital other than core capital which imparts strength to a banking institution, and includes such of the following elements as are available to the institution—

- (a) the current financial year’s unpublished profits where provisions for taxation, dividends and bad debts have been made;
- (b) the full extent of fixed assets revaluation reserves where they are carried through to the balance sheet;
- (c) revaluation reserves arising from the holding of equity securities at historic cost and not at market values to the extent of 55% of the reserve;
- (d) general bad debt provisions to the extent of 1,25% of total risk weighted assets;
- (e) the full extent of any subordinated term debt (loan capital) whose remaining term to maturity is more than five years, and so much of any subordinated term debt whose remaining term to maturity is five years or less as is calculated by amortising or discounting such debt by a cumulative factor of 20% per year of the remaining term to maturity:

Provided that this element will not be included to the extent that it exceeds 50% of the core capital of the banking institution;

- (f) hybrid (debt/equity) capital instruments such as cumulative preference shares which are unsecured and fully paid up and are available to meet losses;
- (g) equity funded through the capitalisation of revaluation reserves;
- (h) the full extent of any minority interests in cumulative redeemable preference shares;
- (i) such hidden reserves as a supervisor may agree to be included in supplementary capital;

“total risk-based capital ratio” means the ratio of total capital to total risk-based assets.

Contribution of core capital to capital base of banking institutions

2. The core capital of a banking institution shall comprise not less than 50% of the capital base of the institution.

Minimum leverage capital ratio

3. The minimum leverage capital ratio for a banking institution shall be 6%.

Minimum core risk-based capital ratio

4. The minimum core risk-based capital ratio for a banking institution shall be 5%.

Minimum total risk-based capital ratio

5. The minimum total risk-based capital ratio for a banking institution shall be 10%.

Risk weights

6 (1) The focus of the risk weights assigned by the Reserve Bank is credit risk, that is, the risk of default by a counterparty and country transfer risk.

(2) In applying a risk weight to off-balance sheet items, the conversion factors (based on the estimated size and likely occurrence of the credit exposure and relative degree of credit risk) fixed by the Reserve Bank in relation to such items are used to bring the off-balance sheet assets to their on-balance sheet equivalent; after the off-balance sheet amount is converted to its on-balance sheet equivalent, the equivalent on-balance sheet risk weights are then applied to the assets.

(3) The Reserve Bank will, from time to time, issue to banking institutions lists of regional Governments that qualify for a 0% risk weight, and of multilateral institutions which qualify for a 20% risk weight.

Evaluation of capital adequacy of banking institutions by Reserve Bank

7. (1) For the purposes of evaluating capital adequacy, the following capital categories shall apply to banking institutions—

- (a) well-capitalised, that is—
 - (i) having a leverage capital ratio of more than 9%;
 - (ii) having a core capital risk-based ratio of more than 8%;
 - (iii) having a total risk-based capital ratio of more than 12%;
- (b) adequately capitalised, that is—
 - (i) having a leverage capital ratio of 6% to 9% (except in the case of a banking institution referred to in subparagraph (c) (i));
 - (ii) having a core capital risk-based ratio of 5% to 8%;
 - (iii) having a total risk-based capital ratio of 10% to 12%;
- (c) undercapitalised, that is—
 - (i) having a leverage capital ratio of 3% to 6% (except in the case of a banking institution referred to in subparagraph (d) (i)) or, in the case of a banking institution pursuing or experiencing rapid growth, 6% to 9%;
 - (ii) having a core capital risk-based ratio of more than 3% but less than 5%;
 - (iii) having a total risk-based capital ratio of more than 6% but less than 10%;
- (d) significantly undercapitalised, that is—
 - (i) having a leverage capital ratio of more than 2% but less than 3%, or, in the case of a banking institution pursuing or experiencing rapid growth, of 3% to 6%;
 - (ii) having a core capital risk-based ratio of less than 3%;
 - (iii) having a total risk-based capital ratio of less than 6%;
- (e) critically undercapitalised, that is, having a leverage capital ratio of less than 2 %.

(2) The Reserve Bank may reclassify a “well-capitalised” banking institution as only “adequately capitalised”, and may require an “adequately capitalised” or “undercapitalised” banking institution to comply with a corrective order, if the Reserve Bank has determined—

- (a) that the institution is in a potentially unsound financial condition; or
- (b) after examination, that the institution has not corrected previously identified weaknesses in asset quality, management, earnings or liquidity.

(3) Failure by a banking institution to comply with a corrective order made in terms of subparagraph (2) within the period, not exceeding 30 days, stated in the order, shall

render it liable to the sanctions provided in Part VII of this Schedule or section 49 of the Act.

(4) A banking institution that is found on inspection to be “significantly undercapitalised” or “critically undercapitalised” shall be liable to the sanctions provided in section 18 or 53 of the Act.

Reports to be furnished under Part I

8. Every banking institution shall, within 14 days after the last day of each quarter, submit to the Reserve Bank, Banking Supervision and Surveillance Division, a report in form BSD 1 of its capital adequacy ratios.

PART II

Minimum Financial Disclosures by Banking Institutions

General nature and frequency of disclosures

9. Every banking institution shall report on a half-yearly (interim and year-end) basis on its financial position in at least two widely circulated national newspapers not later than 60 days after the end of the interim period and 90 days from the production of its final year-end audited results, and such report shall comment on the financial performance of the institution since the previous reporting and on significant matters of corporate governance, including the following—

(a) risk exposures covering credit risk, market risk, liquidity risk, operational risk, legal risk and other types of risk;

(b) risk management systems, strategies and practices;

(c) any issues that arose in connection with the compliance or otherwise by the institution with the Act and regulations.

Minimum disclosures

10. The following minimum disclosures shall be made in the income statements and balance sheets of banking institutions or in the notes to these financial statements—

Income Statement (Profit and Loss Account)

Interest income

Interest expense

Dividend income

Fee and commission income

Gains less losses arising from dealing securities

Gains less losses arising from investment securities

Gains less losses arising from dealing in foreign currencies

Other operating income Other operating expenses

Profit before charge for bad and doubtful debts

Charge for bad and doubtful debts

Profit (loss) before taxation

Taxation

Profit (loss) after taxation

Transfer to reserves

Dividends

Balance sheet

Assets Liabilities

Cash and balances with Reserve Bank	Deposits from other banks
Treasury Bills	Other money market deposits
Investments in Government securities	Customer deposits
Investments in subsidiaries and associates	Certificates of deposit
Other investments	
Placements with, and loans and advances to other banking institutions	Promissory notes and other liabilities evidenced by paper
Other borrowed funds	
Other money market placements	Shareholders' funds
Loans and advances to customers	
Fixed assets	
Other assets	

Additional disclosures

11. The following additional disclosures shall be made as applicable—

- (a) income and expense items shall not be offset except for those relating to hedges;
- (b) the market value of securities shall be stated if different from carrying amounts in the balance sheet;
- (c) a maturity analysis of both assets and liabilities shall be provided;
- (d) any significant concentration of assets, liabilities and off-balance sheet items shall be disclosed in terms of geographical areas, customer or industry groups or other concentrations of risk;
- (e) the nature and amount of commitments to extend credit that are irrevocable;
- (f) the nature and amount of contingencies and commitments arising from off-balance sheet items;
- (g) with respect to losses on loans and advances—
 - (i) the accounting policy describing the basis on which uncollectible loans and advances are recognised as an expense and written off (all other accounting policies may be disclosed in the year end results only, except where changes have occurred);
 - (ii) the details of movements in the provision for losses on loans and advances (specific provision) during the period, that is, charge to income statement, amount written off, any recoveries and the balance;
 - (iii) the aggregate amount included in the balance sheet for loans and advances on which interest is not being accrued and the basis used to determine such loans and advances (non-performing loans);
- (h) any amounts set aside in respect of general banking risks (general provision).

PART III

Issuance or Endorsement of Commercial Paper through or by Banking Institutions Interpretation in Part III

12. In this Part—

“commercial paper” means any unsecured promissory note or other short term negotiable debt instrument;

“endorse”, in relation to the issuing of commercial paper, includes underwrite or guarantee;

“issuer” means the person issuing commercial paper;

“placing document” means the document providing for the terms of issuance of commercial paper.

Banking institution may act as agent for or endorse the issue of commercial paper

13. Subject to this Part, a banking institution may issue, act as agent for the issue or endorse the issue of commercial paper.

General conditions for the issue of commercial paper

14. The issuance of commercial paper by or for endorsement by a banking institution, or by a banking institution as agent for the issuer, shall be subject to the following general conditions—

(a) commercial paper may be issued or transferred only in denominations of \$250 000 or more;

(b) commercial paper may be issued only by banking institutions, public companies, parastatals, public utilities and local authorities;

(c) no person other than the issuer, the holding company of the issuer or a wholly owned subsidiary of the issuer shall be the ultimate borrower of the money obtained from the public by a general issue of commercial paper;

(d) where the ultimate borrower referred to in subparagraph (c) is a banking institution, the proceeds of the issue of commercial paper shall—

(i) be reflected as deposits;

(ii) be subject to the minimum reserve requirements prescribed by or under the Act;

(e) the original maturity of commercial paper shall not be less than seven days nor exceed one year;

(f) where a banking institution acts as endorser or agent for the issue of commercial paper, the initial placement and distribution of the commercial paper shall be handled by the banking institution concerned;

(g) no banking institution shall act as agent for the issue of commercial paper without a prior written mandate from the principal;

(h) no banking institution shall endorse any issue of commercial paper before conducting an adequate risk assessment of the issue;

(i) any endorsement by a banking institution in the form of a guarantee shall be recorded as an off-balance sheet exposure in the institution’s books of accounts;

(j) where a banking institution issues commercial paper as principal or agent and such issue is guaranteed by the State or any other third party, the banking institution shall ensure that the guarantee is current and that its amount is not exceeded;

(k) the funds raised through the issuance of commercial paper shall be used for working capital requirements only.

Form of commercial paper instrument

15. The commercial paper instrument shall conform to the following requirements—

(a) the instrument shall bear the name of the issuer and carry a statement that it is commercial paper; and

(b) the instrument shall be printed in chemical reactive ink in “Guilloche” design (fine print) on security paper similar to that used for cheque forms, and have the following security features—

(i) a watermark, preferably registered; and

(ii) a sequence number; and

(iii) an anti-colour-copying feature; and
and

(c) the instrument shall indicate whether or not the issue to which it relates has been endorsed, and if so shall indicate the name of the endorser.

Placing document

16. (1) Where any commercial paper is issued by a banking institution as principal or agent or is endorsed by a banking institution, the issuer shall publish a placing document in at least two widely circulated national newspapers containing the following—

(a) the name of the issuer and, where the issuer is not the ultimate borrower, the name of the ultimate borrower;

(b) the issuer’s audited financial statements, or those of the ultimate borrower where the issuer is not the ultimate borrower, for the three years immediately preceding the issue, and a projected cash flow statement for the next 12 months from the date of issue;

(c) a statement in which it is confirmed that the issuer or ultimate borrower, as the case may be, is a going concern (that is, that the issuer or ultimate borrower will continue in operation for the foreseeable future), and a statement of the directors’ responsibility in terms of corporate governance, signed by all the directors of the issuer;

(d) if the most recently audited financial statements of the issuer or ultimate borrower, as the case may be, are more than six months old, a certificate made in accordance with acceptable auditing standards by the auditors of the issuer or ultimate borrower relating to the period of six months immediately preceding the issue certifying the following—

(i) the capital, reserves and other liabilities of the issuer or ultimate borrower;

(ii) that the issue is made in pursuance of a resolution of the board of directors of the issuer or ultimate borrower acting in compliance with the borrowing powers of the issuer or ultimate borrower contained in its memorandum and articles of association;

(iii) details of any encumbrance of assets made or to be made for the purpose of the issue;

(e) a disclosure of the extent to which any unutilised lines of credit are available to the to the issuer or ultimate borrower and the names of the banking or other lending institutions granting the facility;

(f) a disclosure of the total amount of commercial paper already issued by the issuer or ultimate borrower, and an estimate of the commercial paper still to be issued during the current financial year of the issuer or ultimate borrower;

- (g) a statement disclosing whether there has been any material change to the issuer's financial position since the date of its last audited financial statements;
 - (h) a disclosure of the specific purpose for which the funds to be raised by the issue will be used;
 - (i) a statement by the auditors of the issuer or ultimate borrower that the issue complies in all respects with this Part.
- (2) In the case where a banking institution acts as agent for the issuer, the placing document shall contain a disclaimer in bold face type that purchasers of the commercial paper have no recourse to the institution, coupled with a statement by the institution that it has taken all due care in issuing the commercial paper.
- (3) A placing document shall be signed and dated by all the directors of the issuer, and the latest of such dates shall be deemed to be the date of the placing document.

Returns to be furnished under Part III

17. Every banking institution issuing commercial paper as a principal or agent shall furnish to the Reserve Bank, Banking Supervision and Surveillance Division, the following information within 21 days of the end of each quarter, arranged under the headings "endorsed", "not endorsed" and "total"—

- (a) the amounts of outstanding commercial paper at the beginning of the quarter;
- (b) the amounts of commercial paper issued during the quarter;
- (c) the amounts of commercial paper redeemed during the quarter;
- (d) the amounts of outstanding commercial paper at the beginning of the quarter.

PART IV

asset Classification, provisioning and Non-accrual of interest

Interpretation in Part IV

18. In this Part—

"capitalised interest" means any accrued and uncollected interest which has been added to the principal amount of a loan at the payment date or maturity of the loan, and includes unpaid interest which is refinanced or rolled-over into a new loan;

"general provisions" means provisions for assets classified "pass" or "special mention" in terms of paragraph 22;

"loans and advances" bears the meaning assigned to that term in section 2 and includes the fulfilment of the obligations of issuers and endorsers of commercial or business paper arising from the discounting of such paper;

"non-accrual asset" means any asset, including every non-performing asset, that is placed on a cash basis for financial reporting purposes and in respect of which interest is no longer accrued on the books of the banking institution nor taken into income unless paid by the borrower in cash;

"non-performing", in relation to any asset, means that the asset is not generating any income, or is deemed in terms of paragraph 19 not to be generating any income;

"net realisable value", in relation to collateral, means the net amount of the collateral after discounting the reasonable and estimable costs of recovery and sale, including, but not limited to, legal fees, valuation costs, estate agent's fees, insurance cover to date of

sale, the costs of maintenance and security and the expenses necessary to put the collateral in a saleable condition;

“past due or overdue”, in relation to any asset, means—

- (a) that principal or interest is due and unpaid for 30 days or more; or
- (b) that interest payments equal to 30 days or more have been capitalised, refinanced or rolled over;

and includes any current account overdraft or other credit extension referred to in paragraph 19 (3);

“provision for loan losses account” means an account, otherwise known as “allowance for loan losses”, “reserve for loan losses” or “bad debt reserve”, established in terms of paragraph 23;

“provisions” means amounts set aside to the provisions for loan losses account consisting of specific provisions and general provisions;

“reliable guarantee” means an irrevocable and unconditional guarantee given by the Government of Zimbabwe, or a banking institution rated not lower than the three highest grades by a bank rating agency of recognised international standing, or a third party who has pledged notes, bonds, treasury bills or other similar certificates of indebtedness issued by the Government of Zimbabwe or other tangible security in support of the guarantee;

“specific provisions” means provisions for assets classified “substandard”, “doubtful” or “loss” in terms of paragraph 22;

“suspended interest account”, otherwise known as “interest in suspense”, means an account to which interest is credited when a loan ceases to perform as agreed and there is doubt as to the ultimate collection of interest.

Certain assets deemed to be non-performing or past or overdue

19. (1) An asset shall be deemed to be non-performing when—

- (a) principal, interest or both is due and unpaid for 90 days or more; or
- (b) interest payments equal to 90 days or more have been capitalised, refinanced or rolled over.

(2) Current account overdrafts and other credit extensions not having pre-established repayment programmes are to be deemed non-performing if—

- (a) advances exceed the customer’s approved borrowing limit for 90 consecutive days or more; or
- (b) the customer’s borrowing line has expired for 90 days or more; or
- (c) interest is due and unpaid for 90 days or more; or
- (d) the account has been inactive for 90 days and deposits are insufficient to cover the interest capitalised during that period.

(3) Current account overdrafts and other credit extensions not having pre-established repayment programmes are to be deemed past or overdue if—

- (a) advances exceed the customer’s approved borrowing limit for 30 consecutive days or more; or
- (b) the customer’s borrowing line has expired for 30 days or more; or
- (c) interest is due and unpaid for 30 days or more; or
- (d) the account has been inactive for 30 days and deposits are insufficient to cover the interest capitalised during that period.

(4) In calculating the aggregate amount of past or overdue obligations the principal balance outstanding and not the amount of delinquent payments is to be used.

Loan reviews

20. (1) Every banking institution shall review the quality of its loan portfolio not less frequently than each quarter, with a view to achieving the following objectives—

(a) to ensure the conformity of the loan portfolio and lending function to a sound lending policy documented, approved and adopted by the board; and

(b) to keep executive officers and the board adequately informed regarding portfolio risk; and

(c) to properly identify and classify problem credits and, as necessary, place them on a non-accrual basis in accordance with this Part; and

(d) to ensure that appropriate provisions for potential losses are made to the provision for loan losses account so as to maintain the account at an adequate level at all times; and

(e) to ensure that write-offs of identified losses are made in a timely manner.

(2) Loan reviews shall be conducted by a committee which is independent of any person or committee responsible for sanctioning credit, and shall consist of at least three persons, including a member of the board without executive officer responsibilities.

(3) Reports of such loan reviews shall be made directly and timeously to the board of the banking institution and provide sufficient information to enable the board to require lenders to correct significant problems within a specified time frame.

(4) Every banking institution shall maintain sufficient records of every loan review, of evaluations of individual loans and advances, and of the entries made to its provision for loan losses account, and shall make these available to an inspector on request.

Suspended interest account and evaluation of assets as accrual or non-accrual assets

21. (1) Interest on every non-accrual loan or advance shall be transferred to the suspended interest account.

(2) The suspended interest account shall be offset against the gross value of loans and advances for financial reporting purposes.

(3) All interest which has accrued and was taken into income but was not collected from the beginning of the financial year must be transferred out of income into the suspended interest account.

(4) A non-accrual loan or advance may only be restored to accrual status when—

(a) subject to subparagraph (5), none of its principal and interest is past due or overdue; and

(b) the banking institution expects repayment of the remaining contractual principal and interest.

(5) For the purposes of subparagraph (4) (a), a banking institution must have received repayment of all the principal and interest in arrears unless the loan in question has been formally restructured:

Provided that the restructured loan shall revert to non-accrual status if thereafter it becomes past due or overdue.

(6) If a banking institution has extended multiple loans or advances to a single borrower that are outstanding and any one of those loans or advances is classifiable as a non-accrual asset, the institution shall forthwith evaluate every other such loan or advance to ascertain whether they should be reclassified as non-accrual assets.

Classification of assets

22. For the purposes of this Part, every banking institution shall classify all assets according to the following gradations—

(a) “pass” or “acceptable”, if the asset in question is fully protected by the current sound worth and paying capacity of the obligor, is performing in accordance with contractual terms and is expected to continue to do so;

(b) “special mention” if the asset in question—

(i) is past due for more than 30 days but less than 90 days; or

(ii) although currently protected, exhibits potential weaknesses which may, if not corrected, weaken the asset or inadequately protect the institution’s position at some future date, for example, where—

A. the asset in question cannot be properly supervised due to an inadequate loan agreement; or

B. the condition or control of the collateral for the asset in question is deteriorating; or

C. the repayment capacity of the obligor is jeopardised because of deteriorating economic conditions or adverse trends in the obligor’s financial position; or

D. there is an unreasonably long absence of current and satisfactory financial information or inadequate collateral documentation in regard to the asset:

Provided that, generally, a loan or advance shall require special mention only if its risk potential is greater than that under which it was originally granted;

(c) “substandard”, if the asset in question—

(i) is past due for more than 90 days but less than 180 days; or

(ii) is a renegotiated loan, unless all past due interest is paid by the borrower in cash at the time of renegotiation and a sustained record of timely repayment of principal and interest under a realistic repayment programme has been demonstrated for a period of not less than 180 days; or

(iii) whether or not it is past due, is inadequately protected by the current sound worth and paying capacity of the obligor by reason of the fact that—

A. the primary source of repayment is insufficient to service the debt and the institution must look to secondary sources such as collateral, sale of fixed assets, refinancing or additional capital injections for repayment; or

B. there is an unduly long absence of current and satisfactory financial information or inadequate collateral documentation in regard to the asset; or

C. generally, there is more than a normal degree of risk attaching to the asset due to the borrower’s unsatisfactory financial condition;

(d) “doubtful”, if the asset in question—

(i) is past due for more than 180 days but less than 360 days; or

(ii) exhibits all the weaknesses of a substandard asset and, in addition, is not well-secured by reason of the fact that collection in full, on the basis of currently existing facts, is highly improbable, but the actual amount of the loss is indeterminable due to pending events that have a more than reasonable prospect of mitigating the loss, such as a proposed merger, acquisition or liquidation, a capital injection, perfecting liens on additional collateral, refinancing plans, new projects or asset disposal;

(e) “loss”, if the asset in question—

(i) is past due for more than 360 days, unless such asset is well secured and legal action has actually commenced which is expected to result in the timely realisation of the collateral or enforcement of any guarantee relating to the asset; or

(ii) had been characterised as doubtful on account of any pending event referred to in subparagraph (d) (ii), and the event concerned did not occur within 360 days, whether or not the event is still pending thereafter; or

(iii) is otherwise considered uncollectible or of such little value that its continuance as an asset is not warranted:

Provided that a loss classification shall not preclude the possibility of recovering the asset or securing a salvage value for it.

Provisioning requirements

23. (1) Every banking institution shall establish a provision for loan losses account consisting of specific and general provisions created through charges to provision expense in the income statement and maintained at a level adequate to absorb expected losses in the loan portfolio and in respect of other assets.

(2) The provision for loan losses account shall be offset against the gross value of loans, advances and other assets for financial reporting purposes.

(3) Every loan loss shall be debited, and every recovery of a loan previously written off shall be credited, to the provision for loan losses account, and at no time shall either of these items be charged or credited directly to “retained earnings” or any other capital account.

(4) In determining the amount of potential loss in specific loans or in the aggregate loan portfolio all relevant factors shall be considered, including, but not limited to, the following—

- (a) historical loan loss experience;
- (b) current economic conditions;
- (c) loan delinquency trends;
- (d) the effectiveness of the banking institution’s lending policies and collection procedures;
- (e) the timeliness and accuracy of the banking institution’s loan review function.

(5) Subject to the subparagraphs (6), (7) and (8), the following minimum percentage amounts are to be maintained as provision against the outstanding balance on loans or assets (after deducting any suspended interest accruals) according to their classification in terms of paragraph 22, regardless of whether the loans or assets are analysed and provided for individually or as a group—

- (a) 1% for loans or assets graded “pass” or “acceptable”;
- (b) 3% for loans or assets graded “special mention”;
- (c) 20% for loans or assets graded “substandard”;
- (d) 50% for loans or assets graded “doubtful”;
- (e) 100% for loans or assets graded “loss”.

(6) A banking institution shall make larger provisions than provided for in subparagraph (5) (a) to (d) where it is reliably informed that expected losses will exceed the minimum provisions.

(7) A loan graded “substandard”, “doubtful” or “loss” shall be exempt from the provisioning requirement to the extent to which it is secured by cash or cash-substitutes, a

segregated deposit held by the banking institution, the net realisable value of any collateral, or a reliable guarantee.

(8) An inspector may require a banking institution to make adjusting entries in its provision for loan losses account if the inspector determines that the provisions made are inadequate by more than 5%.

Write-offs

24. A loan or asset graded “loss” shall be immediately written off, whether or not the banking institution intends or is in the process of attempting to recover the loan or asset
Reports to be furnished under Part IV

25. Every banking institution shall, within 21 days after the last day of each quarter, submit to the Reserve Bank, Banking Supervision and Surveillance Division, a report in form BSD 1 of its loan portfolio as on the last day of the quarter classified in accordance with paragraph 22 and showing the amount of its general and specific provisions and suspended interest.

PART V

Foreign Currency Exposure Limits

Interpretation in Part V

26. In this Part—

“foreign currency exposure” means the domestic currency equivalent sum, currency by currency, of all foreign currency-denominated assets and liabilities;

“intra-day foreign exchange risk exposure” means the foreign exchange risk exposure, either in a single currency or as a sum of all currencies, which a banking institution incurs between the opening of business on one day and the close of business on the same day;

“overall foreign exchange risk exposure” means the sum of the potential gains or losses, expressed as the domestic currency equivalent amount at the spot mid-rate and using the shorthand method of measurement, that a banking institution may incur as a result of a fluctuation in the exchange rate of the underlying foreign currencies;

“single currency exchange risk exposure” means the potential gain or loss, expressed as the domestic currency equivalent amount at the spot mid-rate, that a banking institution may incur as a result of a fluctuation in the exchange rate of the foreign currency;

“shorthand method of measurement” means the measurement of the overall foreign exchange risk exposure obtained by—

(a) adding separately all short positions on one side and all the long positions on the other side; and

(b) comparing the two totals; and

(c) taking the biggest of the two totals as the overall open position;

“spot mid-rate” means the rate, expressed as a factor of the domestic currency equivalent, at which a foreign currency is converted to the domestic currency equivalent.

Computation of foreign exchange risk exposure

27. No foreign currency-denominated asset or liability, whether on-balance sheet or off-balance sheet, may be omitted in computing the foreign exchange risk exposure of a banking institution unless prior permission to do so has been given, in writing, by the Reserve Bank.

Limit on overall foreign exchange risk exposure

28. The overall foreign exchange risk exposure of a banking institution shall not exceed 20% of the banking institution's capital base as at the close of business.

Limit on single currency exchange risk exposure

29. Risk exposure in any single currency, irrespective of short or long position, of a banking institution shall not exceed 10% of the banking institution's capital base as at the close of business.

Intra-day foreign exchange risk exposure

30. The intra-day foreign exchange risk exposure of a banking institution, both in single currencies and overall, shall be monitored and maintained within prudent limits set by the board of the institution in a written policy document governing foreign exchange risk exposure.

Global limits

31. The single currency and overall foreign exchange risk exposure limits prescribed by this Part shall apply to each banking institution on a "global" basis, that is, an institution may have different internal limits for its various branches, but compliance with the prescribed limits will be measured considering the institution as a single consolidated entity.

Exemptions

32. If, in the normal course of business, a banking institution, anticipates that it will exceed either a single currency or the overall foreign exchange risk exposure limit, or if a limit is exceeded due to circumstances beyond the institution's reasonable ability to anticipate and control, then the institution may apply, in writing, to the Reserve Bank for a temporary exemption from the limit or limits concerned, giving the reasons for the excess and stating how and when the excess position will be corrected.

Computation of foreign exchange risk exposures

33. Every banking institution shall calculate its single currency and overall foreign exchange risk exposures daily and render a return of the results to the Reserve Bank in form BSD 2.

Correction of excess foreign exchange risk exposures

34. Every banking institution shall take every reasonable action possible to immediately correct any foreign exchange risk exposures which exceed the limits prescribed by this Part or under paragraph 30.

Computation of foreign exchange risk exposures

35. Every banking institution shall maintain such records as will enable its treasury management department to know at all times its single currency and overall foreign exchange risk exposures, and daily records showing close-of-business foreign exchange risk exposures, both single currencies and overall, and a reconciliation of opening and closing positions.

Reports to be furnished under Part V

36. Every banking institution shall submit to the Reserve Bank, Banking Supervision and Surveillance Division, periodic reports at such intervals as the Reserve Bank may require showing the amounts of its single currency and overall foreign exchange risk exposures.

PART VI PRUDENTIAL LENDING LIMITS

Interpretation in Part VI

37. In this Part—

“bankers’ acceptances” means drafts or bills of exchange drawn upon a banking institution having a term of not more than six months, exclusive of days of grace, and which—

(a) arise out of transactions involving the importation or exportation of goods, the domestic shipment of goods or the financing of domestic operations; or

(b) are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title over readily marketable securities;

“business paper” means a short-term IOU or unsecured money market obligation issued on a discount basis or as interest-bearing paper by companies or financial entities having a term of not more than six months and used to finance current obligations;

“common enterprise” means a common enterprise deemed to such in terms of paragraph 38;

“corporate group” means a holding company and all its subsidiaries;

“large exposure” means any outstanding loan or advance or aggregate of outstanding loans or advances to any single person, common enterprise or corporate group equalling or exceeding 10% of a banking institution’s capital base;

“loan or advance” bears the meaning assigned to that term in section 2 and includes the fulfilment of the obligations of issuers and endorsers of commercial or business paper arising from the discounting of such paper;

“member”, in relation to a member of a corporate group, means the holding company or a subsidiary of a corporate group;

“non-conforming loan or advance” means a loan or advance made in excess of the lending limits prescribed by paragraph 39;

“partnership” includes a joint venture or unincorporated association;

“readily marketable commodities” means agricultural or mining commodities such as tobacco, cotton, tea, sugar, iron, nickel and other commodities which are commonly traded on established international markets and for which there are recognised daily price quotations.

When loans or advances may be combined for purposes of this Part

38. (1) Loans or advances made to one person may be combined for the purposes of this Part with loans or advances made to another person if a common enterprise is deemed to exist between them or if they are deemed to be the common beneficiaries of a loan or advance made to either of them.

(2) A common enterprise shall be deemed to exist between persons when—

(a) the expected source of repayment of loans or advances for a pair or group of borrowers is the same for each or every borrower; or

(b) loans or advances are made to a pair or group of persons who are related through common control, that is, where any one or more of them acting in concert—

(i) directly or indirectly own or control 20% or more of the voting stock of the other person or another person in the group;

(ii) control in any manner the election of a majority of the directors, trustees or other office-bearers exercising similar functions of the other person or another person in the group;

(iii) otherwise exercise a controlling influence over the management or policies of the other person or another person in the group; or

(c) a pair or group of persons is engaged in businesses that are financially interdependent to a substantial degree.

(2) Two or more persons shall be deemed to be the common beneficiaries of any loan or advance if the proceeds of the loan or advance to any one person are used for the direct benefit of another person.

(3) For the purposes of this Part, a loan or advance—

(a) to a partnership will be considered to be loan or advance to each member of the partnership;

(b) to any member of a partnership will be combined with loans or advances to the partnership as a whole if the loan is deemed to be made pursuant to a common enterprise between that member and the partnership, or if the member and the partnership are deemed to be the common beneficiaries of the loan or advance;

(c) to a member of a partnership for the purpose of acquiring an interest in the partnership will be combined with loans or advances to the partnership.

(4) In the case of a limited partnership, that is, an arrangement whereby certain of the partners (commonly known as “general partners”) are liable for all the debts and actions of the partnership while the other members (commonly known as “limited partners”) are so liable only to an extent specified in the partnership agreement, the provisions of subparagraph (2) shall apply to the general partners only.

(5) For the purposes of this paragraph the Reserve Bank may, in its discretion, determine when a loan or advance nominally made to one person shall be combined with loans or advances made to another person.

Limits on lending to single borrowers

39. (1) Subject to this paragraph and paragraph 40, the aggregate of loans and advances outstanding at any time to any single person, partnership or common enterprise other than a corporate group, shall not exceed 25% of a banking institution’s capital base.

(2) Subject to this paragraph and paragraph 40, the aggregate of loans and advances outstanding at any time to any single corporate group shall not exceed 75% of a banking institution’s capital base for the whole group or 25% to any single member of a corporate group.

(3) The aggregate of large exposures at any one time shall not exceed 800% of a banking institution’s capital base.

(4) The limits specified in this paragraph shall—

(a) also apply to existing loans or advances that have been written off in whole or in part, except to the extent that such loans or advances have been discharged in insolvency or are otherwise no longer legally enforceable;

(b) apply to syndicated loans or advances, that is, loans or advances made by two or more banking institutions collectively to a single borrower, only to the extent of the amount actually loaned or advanced by each institution and representing a pro rata share of the syndicated loan or advance;

(c) not apply to any portion of a loan or advance which represents accrued interest, unless such interest has been capitalised or in any other manner been converted to principal.

Certain amounts not subject to lending limits

40. The following amounts shall not be included in the aggregate of loans and advances for the purposes of paragraph 39, to the full extent or to such extent as is specified below in relation to the amount in question—

(a) loans or advances made by a banking institution to a purchasing banking institution in the discounting of commercial or business paper with recourse;

(b) the aggregate amount of bankers' acceptances, including participations therein, purchased by another banking institution:

Provided that such amount shall not exceed 200% of the purchasing institution's capital base;

(c) loans or advances which are secured by readily marketable commodities, to the extent of 50% of the lending institution's capital base beyond the limits prescribed under paragraph 39 (1) or, in relation to a single member of a corporate group, paragraph 39 (2), or to the extent of 200% of its capital base beyond the limits prescribed under paragraph 3 (2) for a corporate group as a whole:

Provided that, for this exception to apply, the readily marketable commodities must at all times constitute at least 125% of the value of the loans or advances secured by them, and be fully insured whenever it is customary to insure such commodities;

(d) any loan or advance which is fully secured at all times by notes, treasury bills or other similar certificates of indebtedness issued by the Government of Zimbabwe, or which the Government of Zimbabwe has unconditionally guaranteed as to payment of both principal and interest;

(e) any loan or advance which is fully secured at all times by a segregated deposit account in the lending banking institution, and in respect of which the institution has a written acknowledgement signed by the borrower of the institution's legal right to offset the deposit against the loan or advance:

Provided that if the deposit is denominated in a different currency to that of the loan or advance, the deposit shall be revalued monthly using the rate of exchange prevailing on the day of the revaluation, and if the deposit as revalued does not fully secure the loan or advance and such loan or advance exceeds the limit prescribed under paragraph 39 (1) or (2), the loan or advance must be brought into conformance within five business days;

(f) deposits by a banking institution in another banking institution registered in Zimbabwe or in a foreign banking of recognised soundness, and loans and advances to another banking institution having settlement periods of not more than 30 days;

(g) loans or advances which are unconditionally guaranteed by another banking institution as to both principal and interest, to the extent of 50% of the lending institution's capital base beyond the limit prescribed under paragraph 39 (1) or (2):

Provided that, for this exception to apply, the guaranteeing banking institution must be rated not lower than the three highest grades by a bank rating agency of recognised international standing, and the aggregate of loans or advances guaranteed by any such institution shall not exceed 200% of the lending institution's capital base;

(h) participations in any loan or advance which are sold by a banking institution pursuant to a participation agreement requiring that, in the event of default, all participants will share in the repayments and collections in proportion to their respective percentages of participation at the time of default.

Non-conforming loans or advances

41. (1) If a loan or advance that was in conformance with the limits prescribed by paragraph 39 at the time it was made becomes non-conforming by reason of the fact that—

- (a) the banking institution's capital base declines; or
- (b) the borrower merges or forms a common enterprise with another borrower; or
- (c) the banking institution merges with another banking institution which is also lending to the borrower; or
- (d) limits prescribed by paragraph 39 or the provisions with respect to the capital adequacy of banking institutions under Part I are amended; or
- (e) the loan or advance can no longer for any reason be excluded under paragraph 40 from the aggregate amount of loans or advances subjected to the limits prescribed by paragraph 39;

then, if the loan or advance becomes non-conforming—

- (i) for any reason specified in subparagraph (a), (b), (c) or (d), the banking institution must use all reasonable efforts to promptly bring the loan or advance into conformance, unless to do so would be inconsistent with safe and sound banking practices; or
- (ii) for the reason specified in subparagraph (e), the banking institution must bring the loan or advance into conformance within 30 calendar days of the date of the loan becoming non-conforming, unless judicial proceedings, regulatory actions or other circumstances beyond the institution's control prevent the institution from taking action.

PART VII

Action by the Reserve Bank in the Event of Non-Compliance with Third Schedule and Other Specified Provisions of These Regulations

Instructions in the case of non-compliance with section

4, 13 (1) or (2), 16 (2) or (5) or Third Schedule

42. In addition to any other action which the Registrar or the Reserve Bank may take, whether in terms of section 48 of the Act or otherwise, to enforce compliance by any banking institution with section 4, 13 (1) or (2), 16 (2) or (5) or any of the provisions of Parts I to VI of this Schedule, the Reserve Bank may, in the event of non-compliance by a banking institution with any of these provisions, and after affording the institution concerned (except where it is considered that immediate action is necessary in terms of the proviso to subsection (2) of section 48 of the Act) an adequate opportunity to make representations in the matter, issue such instruction as it thinks appropriate to the banking institution, its board or any of its directors, officers or employees as may be specified in the instruction (hereafter in this Part called "the addressee") requiring the addressee to take the remedial action specified in the instruction and prohibiting, either absolutely or indefinitely or until such time as the addressee has taken the remedial action, from—

- (a) having access to Reserve Bank credit facilities; or
- (b) engaging in any further foreign exchange activities; or
- (c) paying dividends or other income to the shareholders of the institution; or
- (d) establishing new branches or operations; or
- (e) engaging in or continuing to engage in specified types of banking activity;

or

- (f) acquiring additional fixed assets; or
- (g) accepting further deposit liabilities; or
- (h) declaring, paying or receiving additional bonuses, salary incentives, severance packages, management fees or other discretionary compensation.

Suspension or removal of specified directors, officers and employees

43. As part of the remedial action specified in an instruction issued under paragraph 42, or additionally or alternatively to any prohibition referred to in that paragraph, the Reserve Bank may instruct the addressee to suspend or remove from their duties such director, officer or employee as may be specified in the instruction.

Monetary penalties

44. An instruction issued for the purposes of this Part—

(a) shall be written and dated and specify the reasons why it was issued, citing, where necessary, the provision of this Schedule or other provision of these Regulations which the addressee is believed to be contravening;

(b) may, additionally or alternatively to any prohibition referred to in paragraph 42, provide for a specified penalty not exceeding \$100 000 a day payable by the addressee or banking institution concerned for each day that any contravention specified in the instruction continues from the date when the instruction is issued.

Fourth Schedule (Section 22)

REPEALS

Title RGN No.

Banking Regulations, 1976 852 of 1976

Statutory Instrument

Banking (Amendment) Regulations, 1986 (No. 1) 214 of 1986

Banking (Amendment) Regulations, 1992 (No. 3) 114 of 1992

Banking (Amendment) Regulations, 1993 (No. 4) 276 of 1993

Banking (Amendment) Regulations, 1993 (No. 5) 376 of 1993