Building legacies & growing together.

AGRICULTURAL BANK OF ZIMBABWE LIMITED
AUDITED FINANCIAL RESULTS
For The Year ended 31 December 2016

CHAIRMAN’S STATEMENT

The Agricultural Bank of Zimbabwe Limited (the Bank) is in a strong position to provide the vital financial needs for the year ahead. December 2016.

The Board of Directors of the Bank is pleased to present its Annual Report and Financial Statements for the year ended 31 December 2016. The success and strength of the Bank is the result of its commitment to the mission and vision, the dedication of our employees and the support received from shareholders and customers.

CORPORATE GOVERNANCE

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Agricultural Bank of Zimbabwe Limited
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1. CORPORATE INFORMATION

The Agricultural Bank of Zimbabwe Limited (‘the Bank’) is a limited company incorporated in Zimbabwe, under the Companies Act, passed by the Parliament of Zimbabwe, and registered with the Registrar of Companies. The Bank provides a wide range of commercial banking and related financial services in Zimbabwe.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Bank’s financial statements have been prepared in accordance with International Financial Reporting Standards (‘IFRS’), as issued by the International Accounting Standards Board (‘IASB’), and the International Financial Reporting Interpretations Committee (‘IFRIC’), and the Accounting Practices, Reporting Standards relating to Bank’s Accounting (Chapter 143) and Companies Act Chapter 225 and internal accounting policies. The statements have been prepared on the historical cost basis and include all items except financial assets and financial liabilities which are measured at fair value through profit or loss of the Bank. The Bank has applied the revised standards and interpretations which are in substance the same as the current standards. These standards became effective for the Bank for the financial year ended December 2016. Under the revised standards, the financial statements have been prepared with the same accounting policies and methods used in the historical financial statements. Furthermore, the Bank has also applied the revised standards and interpretations for the financial year ended December 31, 2016, in conformity with these standards and interpretations. The Bank has been audited by BDO Zimbabwe Chartered Accountants (Henderson), and the auditor’s report on the financial statements is presented in this document.

2.2 Financial and operating summary

The Bank’s financial statements are presented in USD which is the Bank’s functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

4. FINANCIAL RISK MANAGEMENT

4.1 Credit risk

The Bank does not engage in any financial instruments with a credit risk and also does not accept any financial instruments with a credit risk. The Bank’s credit risk management strategy is to ensure that the Bank is able to manage its credit risk effectively and efficiently.

5. TAXATION

The Bank’s taxation affairs are managed by the Bank’s tax professionals in accordance with the current tax laws and regulations. The Bank’s tax position is reviewed annually and any potential tax risks and liabilities are carefully assessed.

6. GOVERNANCE

The Bank has a Board of Directors that is responsible for the strategic direction and management of the Bank. The Board is composed of independent directors, and the Bank has a formal Corporate Governance framework in place. The Bank also has an Audit Committee, a Risk Management Committee, and a Human Resources Committee.

7. ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

The Bank is committed to promoting corporate social responsibility and sustainability in its operations. The Bank has implemented various initiatives to promote environmental awareness and reduce its carbon footprint. The Bank also contributes to various social development projects and supports local communities through corporate social responsibility initiatives.

8. CHANGE over previous year

The Bank’s financial results for the year ended December 31, 2016, show a positive change compared to the previous year. The Bank’s net profit increased significantly, which is attributed to the Bank’s effective risk management and prudent asset allocation. The Bank has also maintained a strong capital adequacy ratio, which is a key indicator of the Bank’s financial stability.

9. RECOGNIZED (accomplished) objectives

The Bank has achieved several strategic objectives throughout the year. These objectives include the expansion of its customer base, the implementation of new technology initiatives, and the enhancement of its corporate social responsibility efforts. The Bank has also improved its loan portfolio and strengthened its risk management framework.

10. ACCOMPLISHMENT of targets

The Bank has successfully achieved its targets for the year ended December 31, 2016. The Bank’s strategic initiatives and risk management practices have enabled the Bank to meet its performance expectations and deliver strong financial results.

11. ECONOMIC FACTORS

The Bank’s financial results are influenced by several macroeconomic factors, such as interest rates, inflation, and exchange rates. The Bank has taken into account these factors in its risk management and strategic planning processes.

12. MANAGEMENT DISCUSSION AND ANALYSIS

The Bank’s management is committed to maintaining a robust risk management framework and prudent asset allocation. The Bank’s strategic initiatives and risk management practices have enabled the Bank to deliver strong financial results and meet its performance expectations.
Agricultural Bank of Zimbabwe Limited
Audited Financial Results
For The Year Ended 31 December 2016

We carry you through any stormy financial weather.

The Bank’s strong financial performance during the year ended 31 December 2016 enabled it to continue on a sound and sustainable growth path.

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The Bank’s strong financial performance during the year ended 31 December 22
AGRICULTURAL BANK OF ZIMBABWE LIMITED
AUDITED FINANCIAL RESULTS
For The Year Ended 31 December 2016

5 FAIR VALUE ESTIMATES

5.1 "Fair value" means an entry in terms of assets and liabilities according to an amount that reduces the carrying amount of an asset or liability. The fair value is the value that will be obtained by selling an asset in an orderly market or, in the absence of an orderly market, according to current market conditions. An orderly market is one in which transactions are executed in such a way that they have the possibility of pricing information on an ongoing basis.

5.2 The fair values of certain assets and liabilities are measured at fair value, and the associated measurement techniques include (a) discounting future cash flows using market rates of interest and (b) using observable prices that are not based on quoted prices for identical assets or liabilities.

5.3 The fair values of other assets and liabilities are measured using techniques that are not based on quoted prices for identical assets or liabilities, such as discounted cash flow techniques. The measurement techniques include (a) discounting future cash flows using market rates of interest and (b) using observable prices that are not based on quoted prices for identical assets or liabilities. The fair values are estimated using the techniques that provide the most current market information on an ongoing basis.

6 CASH AND BANK BALANCES

6.1 Cash on hand: 3.842
Bank balances with the Reserve Bank of Zimbabwe: 3.842
Bank balances with the Reserve Bank of Zimbabwe (less note payable): 3.842

7 FINANCIAL ASSETS HELD TO MATURITY

7.1 Financial assets held to maturity: 2016 2015
Note payable: 934 1,050
Cash and cash equivalents: 934 1,050
Total financial assets held to maturity: 934 1,050

8 LOANS AND ADVANCES

8.1 Non-performing loans

8.2 Non-performing loans

8.3 Analysis of allowances for loan impairment changes

9 OTHER ASSETS

9.1 Other assets: 2016 2015
Capital allowance: 934 934
Prepaid expenses: 934 934
Investment in associates: 934 934
Property, plant and equipment: 934 934
Intangible assets: 934 934
Total Other Assets: 934 934

10 PROPERTY AND EQUIPMENT

11 OTHER LIABILITIES

11.1 Other liabilities: 2016 2015
Note payable: 934 934
Capital reserve: 934 934
Prepaid expenses: 934 934
Investment in associates: 934 934
Property, plant and equipment: 934 934
Intangible assets: 934 934
Total Other Liabilities: 934 934

12 SHARE CAPITAL

12.1 Authorized share capital: 18,100,000 ordinary shares of US$1.00 each

13.5 Share capital contribution

13.6 Regulatory capital

13.7 Regulatory capital: 2016 2015
Minority shareholders' participation in the subscribed capital in terms of the Companies Act: 934 934
Minority shareholders' participation in the issued capital in terms of the Companies Act: 934 934

14 DEPOSITS FROM CUSTOMERS

14.1 Deposits from customers: 2016 2015
Demand deposits: 32,750 32,750
Savings deposits: 57,766 32,750
Arrears deposits on Accounts Agreed: 17,126 17,126
Ministry of Finance: 3,722 7,576
Others: 10,000 10,000
Total Deposits from customers: 107,654 95,476

15 NET PROFIT FOR THE YEAR

15.1 Net profit for the year: 2016 2015
Income: 934 934
Expenses: 934 934
Profit before tax: 934 934
Income tax: 934 934
Profit for the year: 934 934

16 SUMMARY OF INCOME STATEMENT

16.1 Summary of income statement: 2016 2015
Interest income: 934 934
Interest expense: 934 934
Net interest income: 934 934
Other income: 934 934
Other expenses: 934 934
Net profit for the year: 934 934

17 MAJOR ACCOUNTING POLICIES

17.1 Major accounting policies: 2016 2015
Financial instruments: 934 934
Revenue: 934 934
Goodwill: 934 934
Depreciation: 934 934
Provisions: 934 934
Cash and cash equivalents: 934 934

18 IMPORTANT ACCOUNTING POLICIES

18.1 Important accounting policies: 2016 2015
Financial instruments: 934 934
Revenue: 934 934
Goodwill: 934 934
Depreciation: 934 934
Provisions: 934 934
Cash and cash equivalents: 934 934

16 DETERMINED TAX AMOUNT
The tax in determined tax amounts and liabilities during the year, having taken into consideration the offering of shares within the same tax jurisdiction. The given amount for the determined tax amount is as follows:

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,000,000</td>
</tr>
<tr>
<td>2017</td>
<td>2,000,000</td>
</tr>
<tr>
<td>2018</td>
<td>3,000,000</td>
</tr>
</tbody>
</table>

17 INCOME AND DETERMINED TAX EXPENSE

18 OTHER OPERATING EXPENSES

19 TAXATION

20 SHAREHOLDERS' EQUITY

21 MANAGEMENT REPORT

22 CONCLUSIONS

23 PENSION AND RETIREMENT BENEFITS

24 RELATED PARTIES

25 MATERIAL EVENTS

26 LEASES AND OTHER ADVANCES

27 EVENTS AFTER REPORTING DATE

Agricultural Bank of Zimbabwe Limited
Audited Financial Results
For the Year Ended 31 December 2016

1.0 PRELIMINARY REMARKS

The performance of this year was not as expected mainly due to the following:
1.0.1.1 The increase in determined tax amount
1.0.1.2 The decrease in other income
1.0.1.3 The increase in administrative expenses

Building legacies & growing together.
Now you can grow your wealth and build relationships that last forever with AgricBank on us for unmatched financial services in Retail Banking, Corporate Banking, Baccusurance and Treasury.
Growing your potential and reaping great rewards.

Directors: Mr. S.J. Bryan, Chairman; Mr. T. Nzwewe (Vice Chairman); Mr. S.M.T. Mafoko (Chief Executive Officer); Mr. V. Matthews; Mr. B. Tamuka, Mr. L.S. Mzimba, Mr. K. Kavita, Mr. M. P. Nyamare, Mr. E. Mupfumira; *Mr. J. Mudzura, *Mr. K. Chiwenga Executive Director